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 IN RELATION TO THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Reference is made to the interim results announcement of 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**") for the six months ended 30 June 2024 (the "**2024 Interim Results Announcement**"). Capitalised terms used herein shall have the same meanings as those defined in the 2024 Interim Results Announcement.

The board of directors of the Company (the "**Board**") wishes to provide the following information to the shareholders of the Company (the "**Shareholders**") and potential investors.

(a) Details of the Impairment

As stated in the 2024 Interim Results Announcement, the Company recognised net impairment losses on financial assets of RMB2,884 million (the "**Impairment**") for the six months ended 30 June 2024.

A breakdown of the financial assets involved in the Impairment is summarized as follows:

	Note	RMB' million
Impairment loss on trade receivables due from Agile Group Holdings Limited ("**Agile Holdings**")	(i)	2,296
Impairment loss on other receivables due from Agile Holdings	(ii)	514
Impairment loss on trade and other receivables due from third parties	(iii)	74
Total		**2,884**

(i) Trade receivables

The trade receivables were due from Agile Holdings, the controlling shareholders of the Company, with a gross carrying amount of RMB3,519 million, which were all overdue as at 30 June 2024 and 81% of which were overdue more than one year. Most of such trade receivables represented the property management services and property owners value-added services incurred by Agile Holdings under the property management services framework agreement dated 20 October 2023. According to the terms of the property management services framework agreement dated 20 October 2023, the trade receivables will be settled in the following month after services have been provided. For details, please refer to the circular of the Company dated 4 January 2024.

(ii) Deposit receivables

The other receivables were due from Agile Holdings with a gross carrying amount of RMB700 million as at 30 June 2024. Such other receivables represented the deposit paid to Agile Holdings under the parking space leasing and sales agency services framework agreement dated 22 April 2022 (the "**Parking Space Framework Agreement**"), pursuant to which Agile Holdings will return the deposits at the end of each service period, with the next return of deposit falling on 31 December 2024. Therefore, the payment of the deposit receivables is not overdue. For details of the terms of the Parking Space Framework Agreement, please refer to the announcement of the Company dated 22 April 2022.

(iii) Receivables due from third parties

The trade and other receivables were due from third parties with a gross carrying amount of RMB7,733 million as at 30 June 2024. For the expected credit loss (the "**ECL**") model for such trade and other receivables due from third parties, the management of the Company (the "**Management**") initially considered using the same methodology adopted as at 31 December 2023. The ECL rate was determined based on the historical loss rates and adjusted to reflect current and forward-looking information on macroeconomic factors which may affect the ability of the customers to settle such trade and other receivables.

(b) Expected credit loss and accounting treatment to the trade receivables and the deposit receivables due from Agile Holdings (the "Agile Receivables")

After the Management had considered the nature of the Agile Receivables, the credit rating of Agile Holdings, data from rating agencies and management judgment with incorporation of forward-looking information, industry peers' information and market information of Agile Holdings, and having discussed with Agile Holdings, the Management estimated the ECL rate for the Agile Receivables as at 30 June 2024 to be around 75% to be within reasonable range. Thus, the provision for the trade receivables and other receivables owed by Agile Holdings was approximately RMB2,296 million and RMB514 million respectively during the period ended 30 June 2024, and the relevant loss allowance provision was approximately RMB2,653 million and RMB525 million respectively as at 30 June 2024.

Although the other receivables owed by Agile Holdings were the deposit paid under the Parking Space Framework Agreement, which should have a lower ECL rate as compared to the unsecured trade receivables owed by Agile Holdings, the Management considered that it should adopt a prudent approach as there was uncertainty in the valuation and recoverable amount of the car parking spaces owned by Agile Holdings since the publication of the announcement of Agile Holdings on 14 May 2024, and assumed the same trade receivables ECL for the deposit receivables solely due to the credit-impairment indication.

The significant increase in the ECL rate for the Agile Receivables is therefore driven primarily by:

(a) the announcement of Agile Holdings dated 14 May 2024 (which was not applicable to the Company as at 31 December 2023);

(b) observed relevant ECL rates from peers companies with announced default;

(c) uncertainty in recovery based on prevailing market conditions with incorporation of forward-looking information.

The Company has been assessing the ECL of receivables due from Agile Holdings as a single group as disclosed in the financial statements. The Management considered using the same methodology adopted as at 31 December 2023 to estimate the ECL rate for the Agile Receivables for the six months ended 30 June 2024 and other factors. According to Hong Kong Financial Reporting Standards 9, an entity shall measure ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that in determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The actual subsequent recovery from Agile Holdings depends on numerous factors which are beyond the control of the Company, in particular the progress and outcome of Agile Holdings' debt restructuring. The Management considered that the ECL rate of 75% for the Agile Receivables adopted represented the Company's best estimation for the current period, which was neither excessive nor insufficient.

(c) The Company's plans for recovery

With respect to the repayment of the unpaid amounts, due to the nature of the PRC real estate industry where recovery of unpaid amounts largely depends on negotiations between the creditor and debtor, the Company is committed to active communication and negotiation with Agile Holdings. The Company will continue to communicate with Agile Holdings regarding the settlement methods as to the Agile Receivables such as property transfer, cash collection and etc. The Company has established a special task force with members from the legal department, business department and finance department of the Company to assess and evaluate the recoverability of the Agile Receivables and the transferable assets of Agile Holdings so as to formulate a concrete and feasible recovery plan.

Considering that Agile Holdings is the controlling shareholder of the Company, the Company has a better grasp of Agile Group's operating conditions and asset value than other third-party creditor, which should be conducive to the Company's formulation of a favourable repayment plan. The Company will continue to monitor the development of the debt restructuring by Agile Holdings and actively assert its rights.

In summary, given the unprecedented difficulties faced by the PRC real estate industry, the Board is of the view that the above measures are currently the best way to protect the interests of the Company.

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, 25 October 2024

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. Chen Siyang^ (Vice President), Ms. Yue Yuan^^, Mr. Wang Gonghu^^^, Mr. Weng Guoqiang^^^ and Mr. Li Jiahe^^^.

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

* *for identification purposes only*