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

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL SUMMARY

	For the year ended 31 December		
	2022	2021	Change
Revenue *(RMB million)*	**15,378.6**	14,080.1	9.2%
Gross profit *(RMB million)*	**3,384.0**	3,868.7	-12.5%
Gross profit margin	***22.0%***	*27.5%*	*-5.5 percentage points*
Net profit *(RMB million)*	**1,934.9**	2,565.6	-24.6%
Net profit margin	***12.6%***	*18.2%*	*-5.6 percentage points*
Profit attributable to shareholders of the Company *(RMB million)*	**1,839.6**	2,308.5	-20.3%
Basic earnings per share *(RMB)*	**1.30**	1.67	-22.2%
Cash and cash equivalents *(RMB million)*	**3,799.3**	4,390.5	-13.5%

- For the year ended 31 December 2022 (the "**Year**"), the Group recorded a revenue of RMB15,378.6 million, representing an increase of 9.2% 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: (i) the revenue from the property management services increased by 15.8% to RMB10,029.2 million as compared with the corresponding period of last year; (ii) the revenue from property owners value-added services increased by 24.3% to RMB2,320.0 million as compared with the corresponding period of last year; (iii) the revenue from city services increased by 88.3% to RMB1,314.7 million as compared with the corresponding period of last year; and (iv) the revenue from extended value-added services decreased by 40.0% to RMB1,714.7 million as compared with the corresponding period of last year.

- During the Year, the Group recorded (i) a gross profit of RMB3,384.0 million, representing a decrease of 12.5% as compared with the corresponding period of last year, and a gross profit margin of 22.0%, representing a year-on-year decrease of 5.5 percentage points; (ii) a core gross profit margin of 23.4% excluding the effect of the amortisation of intangible assets due to the merger and acquisition (M&A); (iii) a profit attributable to shareholders of the Company (the "**Shareholders**") of RMB1,839.6 million, representing a decrease of 20.3% as compared with the corresponding period of last year; (iv) a net profit margin of 12.6%, representing a year-on-year decrease of 5.6 percentage points; (v) a net profit margin of 13.6% excluding the effect of the amortisation of intangible assets due to the M&A and the depreciation of appraised appreciation of fixed assets; and (vi) basic earnings per share of RMB1.30.

- The Board did not recommend any payment of final dividend for the year ended 31 December 2022 (2021: RMB0.41 per share (before tax)).

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2022	2021
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**15,378,576**	14,080,089
Cost of sales		**(11,994,599)**	(10,211,343)
Gross profit		**3,383,977**	3,868,746
Selling and marketing expenses		**(93,446)**	(141,635)
Administrative expenses		**(851,665)**	(778,131)
Net impairment losses on financial assets		**(465,623)**	(160,181)
Other income	*4*	**232,246**	178,059
Other gains – net	*5*	**208,634**	102,070
Operating profit		**2,414,123**	3,068,928
Finance costs	*6*	**(18,565)**	(24,888)
Share of post-tax profits of joint ventures and associates		**56,393**	31,534
Profit before income tax		**2,451,951**	3,075,574
Income tax expenses	*7*	**(517,019)**	(510,005)
Profit for the year		**1,934,932**	2,565,569
Profit attributable to:			
– Shareholders of the Company		**1,839,601**	2,308,458
– Non-controlling interests		**95,331**	257,111
		1,934,932	2,565,569
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	*8*	**1.30**	1.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Profit for the year	**1,934,932**	2,565,569
Other comprehensive (loss)/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	**(8,357)**	3,764
Total comprehensive income for the year	**1,926,575**	2,569,333
Attributable to:		
– Shareholders of the Company	**1,834,625**	2,310,717
– Non-controlling interests	**91,950**	258,616
	1,926,575	2,569,333

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2022	2021
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment ("PPE")	*9*	**602,543**	506,831
Right-of-use assets	*9*	**51,716**	73,868
Investment properties		**252,796**	88,916
Other intangible assets	*10*	**1,372,249**	1,350,661
Goodwill	*10*	**3,314,901**	3,123,231
Deferred income tax assets		**258,961**	137,701
Investment accounted for using the equity method		**1,169,571**	1,111,141
Prepayments	*11*	**362,280**	350,952
Financial assets at fair value through other comprehensive income ("FVOCI")		**12,593**	23,868
Financial assets at fair value through profit or loss ("FVPL")		**3,238**	3,249
		7,400,848	6,770,418
Current assets			
Trade and other receivables and prepayments	*11*	**10,353,331**	5,105,345
Inventories		**46,968**	38,533
Financial assets at fair value through profit or loss		**1,043,514**	527,043
Restricted cash	*12*	**57,791**	3,349,493
Cash and cash equivalents	*12*	**3,799,262**	4,390,545
		15,300,866	13,410,959
Total assets		**22,701,714**	20,181,377

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	*13*	**1,420,001**	1,420,001
Other reserves	*14*	**5,687,588**	5,614,759
Retained earnings		**5,356,798**	4,156,348
		12,464,387	11,191,108
Non-controlling interests		**1,660,207**	1,719,820
Total equity		**14,124,594**	12,910,928
LIABILITIES			
Non-current liabilities			
Other payables	*15*	**6,672**	35,190
Contract liabilities		**19,727**	84,344
Borrowings		**11,749**	12,445
Lease liabilities		**25,298**	30,590
Deferred income tax liabilities		**325,539**	351,060
		388,985	513,629
Current liabilities			
Trade and other payables	*15*	**6,022,128**	4,808,002
Contract liabilities		**1,340,277**	1,180,991
Current income tax liabilities		**561,434**	547,217
Borrowings		**93,071**	66,084
Lease liabilities		**26,892**	47,168
Financial liabilities for put options		**144,333**	107,358
		8,188,135	6,756,820
Total liabilities		**8,577,120**	7,270,449
Total equity and liabilities		**22,701,714**	20,181,377

NOTES TO THE 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

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

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) 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 2022 and there is no material impact on the Group's consolidated financial statement:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

(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 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined

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

3 REVENUE

Revenue mainly comprises proceeds from property management services, 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 2022 and 2021 is as follows:

	Timing of revenue recognition	**Year ended 31 December** **2022** ***RMB'000***	2021 *RMB'000*
Property management services	over time	**10,029,210**	8,658,423
Value-added services related to property management			
– Other value-added services	over time	**3,667,730**	4,395,219
– Sales of goods	at a point in time	**366,920**	328,345
City sanitation and cleaning services	over time	**1,314,716**	698,102
		15,378,576	14,080,089

4 OTHER INCOME

	Year ended 31 December **2022** ***RMB'000***	2021 *RMB'000*
Interest income:		
– from deposits and loans to third parties	**98,443**	72,903
– from loans to related parties	**2,222**	2,518
Tax incentives *(Note (b))*	**44,480**	47,421
Government grants *(Note (a))*	**84,861**	43,795
Rental income	**1,015**	5,465
Late payment charges	**–**	4,085
Miscellaneous	**1,225**	1,872
	232,246	178,059

(a) Government grants consisted mainly of financial subsidies granted by the local governments. There are no unfulfilled conditions or other conditions attached to the government grant recognised during the year ended 31 December 2022.

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

5 OTHER GAINS – NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Gains from disposal of investments accounted for using the equity method	**403**	58,748
Net fair value gains on financial assets at FVPL	**–**	31,549
Gains on redemption and disposal on financial assets at FVPL	**222,358**	–
(Losses)/Gains from disposal of subsidiaries	**(1,301)**	22,039
Fair value (losses)/gains on put options	**(31,086)**	2,330
Fair value gains on investment properties	**23,271**	595
Net foreign exchange losses	**(4,997)**	(2,110)
Losses on disposal of PPE and investment properties	**(3,277)**	(6,300)
Miscellaneous	**3,263**	(4,781)
	208,634	102,070

6 FINANCE COSTS

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Unwinding of discount on financial liabilities for put options	**5,889**	14,913
Interest expense of borrowings	**3,284**	4,686
Interest and finance charges paid/payable for lease liabilities	**6,974**	3,507
Interest expense of long-term payables	**2,418**	1,782
	18,565	24,888

7 INCOME TAX EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current income tax:		
– PRC corporate income tax	**715,759**	615,407
Deferred income tax:		
– PRC corporate income tax	**(198,740)**	(105,402)
	517,019	510,005

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% (2021: 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 2022 was 15% (2021: 15%). The tax rate applicable to the Company during the year ended 31 December 2022 was 15% (2021: 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 2022 (2021: 15%).

Hong Kong income tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2022. 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 2022 (2021: nil).

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2022 and 2021.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2022 and 2021. Diluted earnings per share was equal to basic earnings per share.

	Year ended 31 December	
	2022	2021
Profit attributable to shareholders of the Company *(RMB'000)*	**1,839,601**	2,308,458
Weighted average number of ordinary shares in issue (in thousands)	**1,420,001**	1,383,435
Basic earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)	**1.30**	1.67

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

	Buildings	Transportation equipment	Office equipment	Machinery	Subtotal	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022							
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**
Year ended 31 December 2022							
Opening net book amount	**133,242**	**94,645**	**24,750**	**254,194**	**506,831**	**73,868**	**580,699**
Additions	**31,547**	**59,133**	**17,111**	**129,400**	**237,191**	**29,399**	**266,590**
Acquisition of subsidiaries	**–**	**2,153**	**729**	**518**	**3,400**	**–**	**3,400**
Other disposals	**(29,856)**	**(2,168)**	**(318)**	**(19,795)**	**(52,137)**	**(6,129)**	**(58,266)**
Depreciation and amortisation charge	**(3,520)**	**(22,053)**	**(11,210)**	**(55,959)**	**(92,742)**	**(45,422)**	**(138,164)**
Closing net book amount	**131,413**	**131,710**	**31,062**	**308,358**	**602,543**	**51,716**	**654,259**
As at 31 December 2022							
Cost	**165,578**	**180,700**	**59,875**	**413,847**	**820,000**	**147,666**	**967,666**
Accumulated depreciation and amortisation	**(34,165)**	**(48,990)**	**(28,813)**	**(105,489)**	**(217,457)**	**(95,950)**	**(313,407)**
Net book amount	**131,413**	**131,710**	**31,062**	**308,358**	**602,543**	**51,716**	**654,259**
Year ended 31 December 2021							
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
Acquisitions of subsidiaries	80,465	26,953	6,501	207,613	321,532	34,636	356,168
Other 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							
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 consolidated income statement:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Cost of sales	**101,051**	64,421
Selling and marketing expenses	**991**	958
Administrative expenses	**36,122**	43,221
	138,164	108,600

As at 31 December 2022, certain self-used PPE with net book value of RMB90,706,000 (2021: RMB55,039,000) were pledged as collateral for the Group's borrowings.

10 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 2022						
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**
Year ended 31 December 2022						
Opening net book amount	**32,037**	**42,358**	**1,276,266**	**1,350,661**	**3,123,231**	**4,473,892**
Additions	**2,644**	**–**	**–**	**2,644**	**–**	**2,644**
Acquisition of subsidiaries *(Note (a))*	**–**	**–**	**232,033**	**232,033**	**191,670**	**423,703**
Other disposals	**(32)**	**–**	**–**	**(32)**	**–**	**(32)**
Amortisation	**(4,843)**	**(5,169)**	**(203,045)**	**(213,057)**	**–**	**(213,057)**
Closing net book amount	**29,806**	**37,189**	**1,305,254**	**1,372,249**	**3,314,901**	**4,687,150**
As at 31 December 2022						
Cost	**52,026**	**63,342**	**1,824,143**	**1,939,511**	**3,314,901**	**5,254,412**
Accumulated amortisation	**(22,220)**	**(26,153)**	**(518,889)**	**(567,262)**	**–**	**(567,262)**
Net book amount	**29,806**	**37,189**	**1,305,254**	**1,372,249**	**3,314,901**	**4,687,150**
As at 1 January 2021						
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						
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
Acquisition of subsidiaries	3,556	34,942	577,518	616,016	1,027,350	1,643,366
Other disposals	(128)	–	–	(128)	–	(128)
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						
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 consolidated income statement as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Cost of sales	**208,214**	169,850
Selling and marketing expenses	**–**	38
Administrative expenses	**4,843**	3,637
	213,057	173,525

(a) During the year ended 31 December 2022, the Group acquired several companies. Total identifiable net assets of these entities acquired as at their respective acquisition dates amounting to RMB212,240,000 (2021: RMB1,036,136,000), including identified customer relationship, backlogs and trademarks of RMB232,033,000 (2021: RMB612,460,000) recognised by the Group.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*		
– Related parties	**3,424,242**	1,524,003
– Third parties	**3,505,099**	2,423,908
	6,929,341	3,947,911
Less: allowance for impairment of trade receivables	**(776,135)**	(329,312)
	6,153,206	3,618,599
Other receivables		
– Related parties	**896,161**	278,178
– Third parties	**2,989,207**	1,059,295
	3,885,368	1,337,473
Less: allowance for impairment of other receivables	**(65,703)**	(24,024)
	3,819,665	1,313,449
Prepayments		
– Related parties	**300,125**	288,788
– Third parties	**442,615**	235,461
	742,740	524,249
Subtotal	**10,715,611**	5,456,297
Less: non-current portion of prepayments	**(362,280)**	(350,952)
Current portion of trade and other receivables and prepayments	**10,353,331**	5,105,345

(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 2022 and 2021, the aging analysis of the trade receivables based on recognition date were as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
0-180 days	**3,672,465**	2,504,546
181-365 days	**1,906,021**	657,041
1 to 2 years	**855,678**	429,257
2 to 3 years	**247,669**	188,457
Over 3 years	**247,508**	168,610
	6,929,341	3,947,911

(b) As at 31 December 2022, trade and other receivables were denominated in RMB and the fair values of trade and other receivables approximated their carrying amounts.

(c) Trade receivables of RMB10,000,000 (31 December 2021: RMB15,620,000) were pledged as collateral for a subsidiary's borrowings. The associated secured borrowings amounted to RMB7,092,000 (31 December 2021: RMB3,000,000).

(d) Other receivables of RMB870,000,000 bear interest rate of 2% to 8% per annum and repayable within one year.

12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Cash at bank and in hand:		
– Denominated in RMB	**3,798,294**	4,359,709
– Denominated in HK$	**966**	30,166
– Denominated in US$	**2**	670
	3,799,262	4,390,545

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet.

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.

13 SHARE CAPITAL

	Number of shares		Share capital	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
			RMB'000	*RMB'000*
Issued and fully paid *(Note (a))*	**1,420,000,800**	1,420,000,800	**1,420,001**	1,420,001

(a) Movements in share capital

	Number of shares	Share capital
		RMB'000
Details		
As at 1 January 2021	1,333,334,000	1,333,334
Placing of new H Shares	86,666,800	86,667
As at 31 December 2021, 1 January 2022 and 31 December 2022	**1,420,000,800**	**1,420,001**

14 OTHER RESERVES

	Share premium	Statutory reserve	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021	3,138,053	249,196	15,262	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	(458,677)	–	–	(458,677)
As at 31 December 2021 and 1 January 2022	**5,270,220**	**327,152**	**17,387**	**5,614,759**
Revaluation – gross	**–**	**–**	**(6,634)**	**(6,634)**
Deferred tax	**–**	**–**	**1,659**	**1,659**
Other comprehensive expenses	**–**	**–**	**(4,975)**	**(4,975)**
Appropriation of statutory reserves *(Note (a))*	**–**	**56,951**	**–**	**56,951**
Share-based payments	**–**	**–**	**39,990**	**39,990**
Other transaction with NCI *(Note (b))*	**(19,137)**	**–**	**–**	**(19,137)**
As at 31 December 2022	**5,251,083**	**384,103**	**52,402**	**5,687,588**

(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 2022, the Group further acquired certain equity interest of a subsidiary from NCI. The difference of RMB19,137,000 between the carrying value of the NCI acquired and the consideration paid was recorded as other reserve.

15 TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade payables *(Note (a))*		
– Related parties	**76,942**	66,818
– Third parties	**2,588,139**	1,691,101
	2,665,081	1,757,919
Other payables		
– Related parties	**252,927**	107,235
– Third parties	**1,820,781**	1,676,774
	2,073,708	1,784,009
Dividends payables	**117,126**	127,309
Accrued payroll	**1,010,843**	1,039,706
Other taxes payables	**162,042**	134,249
	6,028,800	4,843,192
Less: non-current portion of other payables	**(6,672)**	(35,190)
Current portion of trade and other payables	**6,022,128**	4,808,002

(a) As at 31 December 2022 and 2021, 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	
	2022	2021
	RMB'000	*RMB'000*
Up to 1 year	**2,492,235**	1,656,020
1 to 2 years	**120,633**	79,110
2 to 3 years	**29,424**	10,711
Over 3 years	**22,789**	12,078
	2,665,081	1,757,919

As at 31 December 2022, trade and other payables were all denominated in RMB and the fair values of trade and other payables approximated their carrying amounts (31 December 2021: same).

16 DIVIDENDS

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Dividends	**582,200**	693,334

(a) A final dividend of RMB0.41 per share for the year ended 31 December 2021, totalling RMB582,200,000 were declared at the annual general meeting held on 17 June 2022. These dividends have been distributed out of the Company's retained earnings and paid in cash.

(b) The Board did not recommend any payment of final dividend for the year ended 31 December 2022.

CHAIRMAN'S STATEMENT

Dear Shareholders,

We are pleased to present the audited consolidated results of A-Living Smart City Services Co., Ltd. ("**A-Living**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022.

2022 was a special year marked by difficulties for many industries. The macroeconomic environment was challenging due to the complicated international political and economic conditions and a recurrent COVID-19 pandemic in China. During the Year, the real estate market in China was in decline, with a slowdown in both the property development and a weak supply of firsthand residential projects. New home sales dropped in both volume and unit price for the first time in the past seven years. Liquidity crises occurred frequently at real estate companies. At the end of the Year, although governments in various regions introduced policies on stabilising the real estate sector, the sector's fundamentals had not yet improved significantly due to a slow recovery in demand and the impact of the COVID-19 pandemic.

The property management sector was affected by the doldrums in both the macro economy and the upstream industries. Property management companies' operation and growth encountered challenges. As a result, the valuation of the entire sector was significantly adjusted. Due to the shrinking supply of new residential units, property management companies turned to the existing residential projects and non-residential properties service opportunities on the market, thus intensifying the competition. In the past five years, property management companies had been trying to gradually wean themselves off real estate companies for business and developing independently with a market-oriented approach, branding and specialisation. With capital as a catalyst, the property management sector underwent rapid consolidation and differentiation. As the industry became better regulated and underwent standardization, leading property management companies gradually focused on the quality of service as the essence of their business, and further improved quality and built up their brands as their fundamental strengths in response to the market-oriented competition and property owners' increasing demand and higher requirements.

The Group actively responded to the challenges and changes in the market and the industry, refocused itself on its original aspiration to serve property owners, reviewed its own deficiencies in the course of development, took great efforts to remedy problems and ensure service quality, and sought to provide better services for property owners. Meanwhile, the Group adjusted its business strategies in view of the situation, adhered to long-termism, and pursued high-quality, sustainable development. During the Year, the overall strength was widely recognized of the Group and it ranked third among the "2022 Top 100 Property Management Companies in China".

BUSINESS REVIEW

All the staff of the Group worked hard together to overcome many difficulties and protected the communities against the COVID-19 pandemic in the past three years by providing quality services for the property owners in the frontline. During the Year, the Group flexibly adjusted its development strategy by focusing on the existing residential projects as well as the non-residential properties that are not as sensitive to cyclical fluctuation and exploring opportunities of business diversification in the value chain of the industry. The Group still recorded steady growth in property services, city services and value-added services to property owners during the Year. Due to its adherence to market-oriented development strategies for years and the enhanced branding and regional expansion strategies, the Group ranked among the top-tier industry players in terms of market expansion capability. It also achieved breakthroughs in extending the range of property types and project portfolios. During the Year, the Group provided services to the venues of Beijing 2022 Winter Olympics and other international events. The Group recorded a steady growth in the scale of property management with relentless pursuit of excellence in service.

During the Year, the revenue of the Group was RMB15,378.6 million, representing an increase of 9.2% compared with the corresponding period of last year. Gross profit decreased by 12.5% to RMB3,384.0 million. Gross profit margin was 22.0%. Net profit decreased by 24.6% to RMB1,934.9 million. Net profit margin was 12.6%. Profit attributable to the Shareholders decreased by 20.3% to RMB1,839.6 million. Basic earnings per share were RMB1.30. Affected by the continued decrease in property sales in the market, the receivables and profits from the Group's extended value-added service businesses were under pressure, and the profit fell compared to that for the previous year. However, the revenues in respect of the Group's property management services, value-added services to property owners and city services increased by 21.7% for the Year.

As at 31 December 2022, the GFA under management and the contracted GFA of the Group were 545.8 million sq.m. and 731.5 million sq.m. respectively, of which, 56.9 million sq.m. were new GFA under management and 68.4 million sq.m. were new contracted GFA. Third-party property projects accounted for 79.8% of the total contracted GFA.

The Group forged ahead with its core strategy for market-oriented development. Third-party market expansion, therefore, was the main source of management scale growth. Despite such difficulties as the shrinkage of the new housing supply, fierce market competition, the pandemic and weak economic conditions, the Group consolidated its business strengths through its "product branding strategy" and still achieved remarkable results in market expansion by applying flexible, diverse strategies such as "city classification" and "city-specific strategy". The Group made breakthroughs in geographical layout, enriched the property management portfolios, and enhanced project quality. During the Year, its newly-added contracted GFA through third-party expansion reached 60.55 million sq.m. As a result, the Group ranked among the top three property management companies in terms of the newly-added contracted GFA and the contract value generated from third-party property projects. The Group increased the density of its projects in key cities by further developing the existing residential property market as well as the non-residential property market that are less affected by the economic cycle. More than 70% of the new annualised contract value came from the projects in tier-1 and tier-2 cities, and during the Year, over one-third of the Group's newly-obtained residential properties came from existing property projects. In addition, by further enhancing its advantage in providing property management services for public buildings, the Group won tenders for nearly 40 projects with annualised contract value of more than RMB10 million each. The Group continued to reinforce its advantage in providing property management services for public buildings, especially public facilities and venues, large-scaled educational institutions and traffic hubs, etc. It won biddings for property management services to a number of cultural and sports venues, including Xiaoshan Sports Centre for Asian Games Hangzhou, Guangzhou Art Museum, Guangzhou Panyu New Library; to rail transit projects in Chengdu, Kunming and Changzhou, etc., and to educational institutions such as Shantou University and Guangxi Minzu Normal University. The Group actively formed joint ventures or cooperated with state-owned enterprises, including establishing strategic partnerships with China City Industrial Group Co., Ltd.（中城工業集團有限公司）(formerly known as CRRC Urban Traffic Co., Ltd.（中車城市交通有限公司）) and Zhongjiang Real Estate Group under Jiangsu Zhongnong Group. Moreover, the Group also won a number of super large-sized benchmark projects from large enterprises, financial institutions and industrial parks, including CRRC Transport Fenhu Starship Super Factory, CDB Daoxianghu Data Centre, CDB Wuhan, and CGN Shanghai Technology Park. The Group continued to improve its "product branding strategy", which yielded preliminary results in the coordination of its member companies' resources and brand synergy. The Group effectively coordinated resources and offered technical supports through its Market Development Centre, and won over 10 quality property management projects through successful cooperation with its member companies.

The value-added services to property owners are an important driving force of the Group's business diversification and sustainable development. The Group continued its branding and market-oriented approach when specialising the value-added services to property owners in response to their demand by means of business incubation, joint ventures and collaboration, etc. It also extended the business coverage of its value-added services to peripheral communities and property projects. Although some businesses, such as property space operation and childcare, were affected by the pandemic, the Group realised growth in the adverse market conditions thanks to prompt adjustment of its business strategy and pace of business expansion, focused on property owner's needs in their daily life, launched services and products in a timely manner that met the needs, such a community retail, housekeeping and home improvement. During the Year, the Group further integrated its value-added service to institutions and established a joint venture in group catering service, generating strong synergy between its value-added services and its property management services to public buildings. The Group had thereby developed its preliminary capability to expand the group catering business independently.

City services are another important business segment that had resulted from the Group's business diversification in the value chain of the industry. In 2022, property management companies tended to be prudent when it came to the business expansion and integration of the city services, especially in the areas of cash flow management and risk control. During the Year, the Group developed its business with the asset-light model so it paid more attention to cash flow management when conducting investment and business expansion. It also decided to suspend some plans of service projects that required for heavy investment and prolonged cash collection. By strategically targeting quality projects in tier-1 and tier-2 cities, the Group recorded steady growth in the annualised contract value of city service projects, and made a breakthrough in tier-1 and large-sized cities by winning a tender for the provision of city services to Henggang Subdistrict, Longgang District, Shenzhen, with a single project contract value exceeding RMB600 million.

Quality is the lifeblood of a property management company. The quality and reputation of services are vital to the development or even the survival of property management companies amid the intensifying market competition. In the era of a property market dominated by housing inventory, the standardised operation and management efficiency in property management projects are critical to companies' long-term development. In the second half of 2022, the pandemic situation was volatile in China. As a provider of community-based services at primary level, the Group is committed to the corporate vision of "lifelong caring". Thousands of its employees were stationed at the front lines of its property management projects and spared no efforts to protect property owners' life and health, regardless of dangers and hardships. For their dedication and efforts, they won praises widely from local governments and property owners. During the Year, the Group established the Operation and Management Centre, realised efficient planning and management for the operation of all its business units, collectively tracked the progress of its property management projects, and analysed and managed their quality, fee collection, standards, and risk control, etc. and allocated more resources to project level. The Group prioritized the improvement of owners' satisfaction, and pressed on with the "5-Star Campaign" to improve customers' experience with its services, thus enhancing its quality management system. During the Year, the Group carried out the "Sword Showing Campaign" for quality control at nearly 100 key property management projects by conducting management team inspections and interviews to get in-depth understanding of owners' needs and demand, thus practically solving the pain points and difficulties in quality management. The Group optimized its system for standardization by developing the standards for property management for all types of properties and the project classification model. It established over 100 service standards, covering property services for five major business portfolios. In addition, the Group piloted the national-level advanced standard system for residential property management, and many projects under its management were listed as "China's Exemplary Bases of Property Services in 2022", including China Art Museum, Shenzhen Civic Centre and Hainan Agile Clearwater Bay. Due to weakening economy and the pandemic, cash collection at property management projects became more challenging. Therefore, the Group fully reviewed and refined project operation, identified key projects and overcame difficulties through its three-level fee collection mechanism, and made great efforts to improve the cash flow at the property management projects. In post-acquisition management, the Group entered a stage of the deep integration of member companies' business management and operation. Guided by the principles of integration and empowerment, the Group further optimised the management systems of its member companies, and refined the business management by adopting "one strategy for one enterprise" that adapted flexibly to the member companies' development, so as to help them enhance their capabilities and thus support their distinctive and differentiated development.

Property management companies can effectively improve their service efficiency with information technology. This can ensure the standardisation of management and offer smart convenient services for property owners. During the Year, the Group upgraded the integrated information system structure, drove the connection and integration between business units and service scenarios, improved intelligentised operation and management capabilities, thus helping to reduce cost and raise efficiency at operation. The Group continued to build a platform for the whole organisation to share information and resources. For instance, together with DingTalk (China), it built an online platform for communication and collaboration across the Group, covering production operation, market management, contract management, office automation system, resources management and customer service, etc. This effectively raised the Group's efficiency in communication, collaboration and management and its digitalised operation capability among all the member companies and operations within the organization. To build up its smart service capability, the

Group strengthened professional service quality and capability through strategic cooperation with leading technology companies. During the Year, the Group and Zhongchang Technology Co., Ltd. (眾暢科技有限公司) established a joint venture company, Yachang Technology (Wuxi) Co., Ltd. (雅暢科技(無錫)有限公司), to create the Group's smart system for passage and parking, thus enabling the unified management of vehicle traffic in communities. This reduces cost and raises efficiency by increasing both the space utilisation rate and property owners' satisfaction.

PROSPECT AND STRATEGY

In the past five years, with the aid of capital, the property management industry rapidly evolved from a downstream, subsidiary sector of the real estate industry into a market-oriented, diversified, public service industry that can develop independently. In recent years, macroeconomic control and shrinking demand have ushered in an era of existing property inventory for real estate market. This has a profound impact on the development mode of property management companies. In the course of rapid development, property management companies also faced such problems as excessively fast business expansion, negligence in maintaining service quality and brand building, and intensifying competition in a homogeneous way. In the past five years, the enactment of the Civil Code and the gradual improvement of property management laws and regulations have led to the better regulation and standardization of property management companies' business practices. That the property management companies are refocusing their efforts on the maintenance of both service quality and reputation is key to long-term and sustainable development of property management companies.

2023 marks the 5th anniversary of the listing of the Company. In the past 5 years, the Group grasped the window of the industry's consolidation by improving its service capability rapidly, realizing exponential growth in the scale of management, extending the scope of its business in the value chain of the industry. With the concerted efforts of all the staff, the Group has become a leading, market-oriented property management company with diversified businesses. To cope with the new situation and new challenges in the industry, the Group will focus on the major tasks that can be summed up as "brand enhancement, steady development, enhancing competence, facilitating integration". It will adhere to its original aspiration to ensure service quality, continue to improve operational efficiency, keep the leading market expansion capability, and continue to extend its scope of business in the value chain of the industry by specialization and with a market-oriented approach so as to tap the potential of value-added services to property owners.

Adherence to a market-oriented business strategy is key to the Group's rapid development and maintenance of its leading position in the industry. Although the macroeconomic control measures have been relaxed and the real estate industry is in slowly recovery, it takes time for both the supply and demand sides to recover. Furthermore, the real estate industry is not able to have high asset turnover ratio and rapid growth nowadays. Property management companies must have differentiated strengths to stand out in the market of existing properties. The Group will continue to refine its "product branding" strategy and make a slight adjustment to the priorities in its business expansion according to market trends. It will also continue to further develop the markets of key cities through the strategy of "city classification" and comprehensively improve the level of professionalism of its products and both the market penetration and efficiency of its services. The Group mainly focuses on its services to public buildings, corporations, and the existing properties in tier-1 and tier-2 cities, and will further improve its brand's competitiveness. In the post-pandemic era, the pent-up demand for property management services in some key cities and noncyclical industries is expected to be released in 2023. To gear up for the opportunities, the Group has already conducted a comprehensive analysis of the market. It will give full play to its diverse product lines, collaborate with its member companies which have geographical and resource advantages such as their existing services to various types of properties, broaden flexibly the sources of projects through more channels, and maintain its industry-leading capability to expand market by actively participating in the mixed ownership reform of state-owned enterprises and in-depth strategic cooperation with other corporations.

The core competitiveness of property management companies lies in service quality, so the industry has to refocus itself on its original aspiration to serve people and render good service. The Group has established a property owner-oriented, value creation-centered philosophy of service and business operation. It is committed to offering property owners quality and value-added services. In 2023, the Group's first priority is to ensure property owners' and customers' satisfaction in all of its work. Therefore it will continue to enhance property owners' experience and satisfaction with its services by implementing a 3-level quality control mechanism. It will use information technology and diverse means to supervise the operation. The Group will improve its management mode, wisely allocate resources, consolidate its basic capability to operate property management projects, and practically solve the problems in the front line of the services. Currently, the Group has more than 4,500 property management projects. If without a standardised management system, the Group can hardly ensure the uniformity of quality and services. The Group will push forward with its project classification in order to allocate resources according to its product and service differentiation and thus refine its management. This will enable the Group ensure the quality of the business operation along continuous scale growth. It will further focus on such performance indicators as the fee collection rate and cash flow and improve the efficiency of management. In addition, the Group will continue to build up its information technology platform which allows the whole organisation to share information and resources throughout the entire business process, a platform for technology-enabled operation and a platform for smart city. The three platforms will enable the Group to use information technology to fully improve the efficiency of communication, collaboration and management within the whole organization as well as its digitalised operation capability and business innovation capability.

In terms of business diversification, the Group will actively analyse the demand for service, adhere to the asset-light business model for development, make the principal business of property management service a platform on which it extends the scope of specialised, market-oriented value-added service for communities, corporations and public buildings. When the pandemic was volatile and the disease control measures were in place, both the operation and expansion of some value-added services were affected to a certain extent. Therefore, the Group will concentrate its resources on the development of businesses which are less affected by the economic cycle and can expect a faster recovery in demand. It will flexibly adjust its modes of cooperation and operation, optimise the supply chain, and adopt asset-light business model to develop product types which have huge potential for development but only require low input. In the future, the Group will also continue focusing on living and comprehensive services that can make property owners' life better and more convenient, including housekeeping, community retail. It will also focus on value-added services targeted at corporations and governments, including group catering and energy-saving transformation. The increasingly market-oriented city service will present more opportunities after the pandemic subsides so the Group will continue to leverage its advantages of rich experience and resources in its services to public buildings by seeking for suitable projects in high-tier cities while keeping a balance between the pace of development and operational risk.

China has optimised the COVID-19 pandemic control policies as the disease has been brought under control. Production of the society and people's life are returning to normal gradually. As a result, the year of 2023 has started off with expectations that can be summed up as "relaxation of control measures, recovery, stable growth". The Group will adhere to its original aspiration, prosper together with the industry, serve every property owner and every city with dedication, align its development with the well-being of community and environment, save resources, protect the environment, and build our green home together. "The road to success is uneven and long, but every step taken counts towards the goal." Although the industry is very competitive and challenging, the Group is fully confident about its the long-term development of the property management industry. We believe that, with the joint efforts of all business units and the whole staff, we will be able to overcome the difficulties, provide better services for property owners, and create greater value for the society, shareholders and employees.

ACKNOWLEDGEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, we would like to extend our heartfelt gratitude to the enormous support from our Shareholders and customers, as well as the dedicated efforts of our staff members, which contributed to the growth of the Group.

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

Hong Kong, 28 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2022, affected by various factors such as recurrent outbreaks of the COVID-19 pandemic and profound adjustments in the real estate market, the domestic macroeconomy faced multiple downward pressures and the operating environment of property management companies was full of challenges. Despite the complex and ever-changing macro environment, as an indispensable part of people's living services, the government has vigorously guided market forces to develop service industries such as community childcare, and encouraged the development of living service industries such as community property management, maintenance, housekeeping, retail, etc. At the same time, the industry has focused on improving service quality and constantly expanding the scope of services so that the whole industry is moving steadily in the direction of high quality, diversification and intelligence.

During the Year, the Group proactively responded to the operational challenges, continuously enhanced its professional service capabilities and improved its service quality, and strived to enhance the refined operation capabilities of value-added services to continuously enrich its product and service offerings. Against the backdrop of reduced property supply, the Group fully exploited its market expansion capabilities and maintained its leading position in the industry, with good performance in third-party expansion in various regions and different business portfolios.

During the Year, the revenue of the Group amounted to RMB15,378.6 million, representing an increase of 9.2% as compared with RMB14,080.1 million in 2021. Profit attributable to the shareholders of the Company amounted to RMB1,839.6 million, representing a decrease of 20.3% as compared with RMB2,308.5 million in 2021. As at 31 December 2022, the GFA under management and contracted GFA of the Group reached 545.8 million sq.m. and 731.5 million sq.m., respectively.

The Group also received numerous recognitions from society and the industry. The Group's overall industry ranking was improved to third among the "2022 Top 100 Property Management Companies in China", and ranked first and second in the "2022 Top 100 Property Management Companies in terms of Operating Results in China" and " Listed Property Management Companies in terms of Comprehensive Capabilities in China" respectively.

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.

For the year ended 31 December 2022, the Group's revenue amounted to RMB15,378.6 million (2021: RMB14,080.1 million), representing an increase of 9.2% as compared with that of the last year.

Among which, for the year ended 31 December 2022, revenue from property management services, property owners value-added services and city services businesses of the Group totalled RMB13,663.9 million, representing a year-on-year increase of 21.7%, and accounted for 88.9% of the Group's total revenue.

	For the year ended 31 December				
	2022 *(RMB million)*	**Percentage of revenue** %	2021 *(RMB million)*	Percentage of revenue %	**Growth rate** %
Property management	**10,029.2**	**65.2%**	8,658.4	61.5%	15.8%
– Residential property projects	**4,172.0**	**27.1%**	3,667.6	26.1%	13.8%
– Non-residential property projects	**5,857.2**	**38.1%**	4,990.8	35.4%	17.4%
Property owners value-added services	**2,320.0**	**15.1%**	1,866.6	13.2%	24.3%
City services	**1,314.7**	**8.6%**	698.1	5.0%	88.3%
Subtotal:	**13,663.9**	**88.9%**	11,223.1	79.7%	21.7%
Extended value-added services	**1,714.7**	**11.1%**	2,857.0	20.3%	-40.0%
– Sales centre property management services	**769.0**	**5.0%**	1,232.6	8.8%	-37.6%
– Other extended value-added services	**945.7**	**6.1%**	1,624.4	11.5%	-41.8%
Total	**15,378.6**	**100.0%**	14,080.1	100.0%	9.2%

Property management services

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

During the Year, revenue from property management services amounted to RMB10,029.2 million (2021: RMB8,658.4 million), representing an increase of 15.8% as compared with that of the last year. Among which, revenue from residential property projects amounted to RMB4,172.0 million (2021: RMB3,667.6 million), representing an increase of 13.8% as compared with that of the last year; revenue from non-residential property projects amounted to RMB5,857.2 million (2021: RMB4,990.8 million), representing an increase of 17.4% as compared with that of the last year.

The breakdown of the Group's total GFA under management

As at 31 December 2022, the Group's total GFA under management was 545.8 million sq.m., representing an increase of 56.9 million sq.m. or a growth rate of 11.6% as compared with 488.9 million sq.m. as at 31 December 2021. Among which, the GFA under management from third-party projects was approximately 452.9 million sq.m., accounting for more than 83.0% of the total GFA under management. Third-party projects accounted for the majority of the GFA of the Group. The GFA under management from Agile Group Holdings Limited（雅居樂集團控股有限公司）and its subsidiaries (collectively, the "**Agile Group**") and Greenland Holdings Group Company Limited（綠地控股集團股份有限公司）("**Greenland Holdings**") was approximately 92.9 million sq.m.. During the Year, the newly increased GFA under management converted from third-party expansion projects was approximately 42.5 million sq.m..

The project portfolio for GFA under management

The Group has established balanced and diversified business portfolio layout with first-mover advantage in niche markets including residential property, public buildings and commercial and office buildings, etc. As at 31 December 2022, for the GFA under management of the Group, the proportion of residential property business portfolio accounted for 43.6% (as at 31 December 2021, 42.5%) and the proportion of non-residential property business portfolio accounted for 56.4% (as at 31 December 2021, 57.5%) (public buildings accounting for 44.4%, commercial buildings and others accounting for 12.0%).

The geographic coverage for GFA under management

During the Year, the Group's projects under management reached 4,532 in 223 cities, covering 31 provinces, municipalities and autonomous regions nationwide.

As at 31 December 2022, of the Group's GFA under management by regions, 33.8% was located in the Yangtze River Delta Region, 19.6% was located in the Guangdong-Hong Kong-Macao Greater Bay Area, 9.4% was located in the Shandong peninsula city cluster, 7.6% was 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 99.8% during the Year (2021: 99.7%) 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 breakdown of the Group's total contracted GFA

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 contracted (reserved) 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 2022, the contracted GFA reached 731.5 million sq.m., representing an increase of 68.4 million sq.m. or a growth rate of 10.3% as compared with 663.1 million sq.m. as at 31 December 2021. Among which, the contracted GFA from third-party projects was approximately 583.5 million sq.m., accounting for more than 79.8% of the total contracted GFA. The contracted GFA from Agile Group and Greenland Holdings was approximately 148.0 million sq.m.. During the Year, benefiting from the balanced and strong third-party expansion capabilities, the Group obtained new contracted GFA of 60.6 million sq.m. through market expansion, which demonstrated the Group's steady endogenous growth momentum.

Property owners value-added services

Property owners value-added services mainly include living and comprehensive services, home improvement services, community space and other services, and value-added services to institutions and enterprises, which focus on improving the work and living experience of property owners and residents at the properties under management and preserving and increasing the value of their properties.

During the Year, the recurrence of the COVID-19 pandemic had a profound impact on residents' lives, families and communities. Service consumption continued to be impacted and the value-added services faced great challenges. Despite the challenging macro environment, the Group proactively responded to the call of policy, continued to focus on the home-living service industry, adhered to the professional development strategy, and continuously improved its diversified value-added service capabilities based on the needs of property owners. At the same time, the Group built a new business incubation platform and entered into joint ventures (JVs) and cooperation in a number of fields throughout the year, thereby preliminarily establishing its presence in the core scenarios of the value-added services business. During the Year, the revenue from property owners value-added services amounted to RMB2,320.0 million, representing an increase of 24.3% as compared with RMB1,866.6 million in 2021, and accounting for approximately 15.1% of the total revenue.

(1) Living and comprehensive services include property maintenance, housekeeping, courtyard gardening, community group buying, express delivery, tourism, community second-hand leasing & sales and comprehensive consulting services, etc.

    During the Year, the Group continued to develop living services such as housekeeping, retail, maintenance and childcare. In response to the challenges posed by the pandemic, the Group flexibly adjusted the product structure of the housekeeping business and shifted the focus to promoting high-margin monthly subscription products, implementing the B2C model, actively carrying out omni-channel marketing as well as optimizing and upgrading the informatization system to improve customer experience. The housekeeping business has bucked the trend and exceeded RMB150 million in the top-up amount. In terms of retail business, the Group established a retail platform with Tianfu Juqing Group（天府聚擎集團）through JV and also formed a JV with its supplier of fresh produce to consolidate the upstream and downstream of supply chain and enhance the closed-loop retail business. In 2022, the transaction amount of the Group's retail business was approximately RMB200 million. In terms of maintenance business, the Group established a JV with Zhuomuniao（啄木鳥）, a leading brand in the home maintenance industry, to create a professional maintenance brand "Lexiangxiu"（樂享修）, which provides maintenance services to both public areas and households in communities. Although the outbreak of the epidemic has impacted on the childcare service business, policies have continued to encourage the development of the childcare sector. During the Year, the Group entered into cooperation with Haogugu (好姑姑), a leading childcare brand in Eastern China, and continued to improve the integration of operational teams and refine its products to maintain a robust business operation.

During the Year, revenue from living and comprehensive services amounted to approximately RMB1,152.9 million, representing an increase of 35.5% as compared with RMB850.6 million in 2021, and accounted for approximately 49.7% of revenue from property owners value-added services.

(2) Home improvement services primarily include decoration, turnkey furnishing and community renewal services, etc. During the Year, the Group established "H-smart House", a JV in home improvement services, and achieved rapid growth in market-oriented turnkey furnishing business. Revenue from home improvement services amounted to approximately RMB348.1 million, representing an increase of 43.4% as compared with RMB242.7 million in 2021, and accounted for approximately 15.0% 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 revitalized the community space resources, actively developed charging pile business by entering into a number of strategic cooperation in this field. Revenue from space operation and other services amounted to approximately RMB514.0 million, representing an increase of 12.8% as compared with RMB455.6 million in 2021, and accounted for approximately 22.2% of the revenue from property owners value-added services.

(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 customized services for enterprises, conferencing services, as well as centralized procurement and retailing for enterprises, etc. During the Year, revenue from value-added service to institutions and enterprises amounted to approximately RMB305.0 million, representing a decrease of 4.0% as compared with RMB317.7 million in 2021, and accounted for approximately 13.1% of revenue from property owners value-added services.

During the Year, the growth in property owners value-added services was mainly due to the flexible adjustment of business strategies, the in-depth development of living service scenarios in asset-light model, and the income growth from turnkey furnishing and community retail businesses.

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 city services business of the Group focuses on the exploration of comprehensive services, including urban space management, urban resource operation, community coordination and governance, and the construction of smart city service systems, with the aim of building 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 actively engaged in market expansion, and obtained a city steward project in Henggang Street, Longgang District with an annualized contract value of over RMB100 million, as well as many large integrated urban-rural sanitation projects.

During the Year, revenue from city services reached RMB1,314.7 million, representing an increase of 88.3% as compared with RMB698.1 million in 2021, and accounting for approximately 8.6% of the total revenue of the Group.

Extended value-added services

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

During the Year, the Group recorded revenue from extended value-added services of RMB1,714.7 million (2021: RMB2,857.0 million), representing a decrease of 40.0% from last year, and accounting for approximately 11.1% of the total revenue, including:

(1) Sales centre property management services (accounting for 44.8% of the revenue from the extended value-added services): the revenue for the Year amounted to RMB769.0 million, representing a decrease of 37.6% as compared with RMB1,232.6 million in 2021. The decrease of revenue from sales centre property management services was primarily due to the slow recovery of real estate development and sales and the limited supply of incremental market, and the corresponding decrease in demand for sales centre services.

(2) Other extended value-added services (accounting for 55.2% of the revenue from the extended value-added services): include property agency services and housing inspection services, etc. The revenue for the Year amounted to RMB945.7 million, representing a decrease of 41.8% as compared with RMB1,624.4 million in 2021, mainly due to the decrease in the provision of agency services as a result of the decline in real estate sales.

Cost of sales

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

During the Year, the Group's cost of sales was RMB11,994.6 million (2021: RMB10,211.3 million), representing an increase of 17.5% 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, primarily because of the adjustment of revenue structure and the significant decrease in the proportion of extended value-added services with higher gross profit margin.

Gross profit and gross profit margin

	For the year ended 31 December				
	2022		2021		
	Gross profit *(RMB million)*	**Gross profit margin** *%*	Gross profit *(RMB million)*	Gross profit margin *%*	**Growth rate** *%*
Property management services	**1,918.7**	**19.1%**	1,741.9	20.1%	10.1%
Property owners value-added services	**794.3**	**34.2%**	852.7	45.7%	-6.8%
City services	**253.3**	**19.3%**	154.0	22.1%	64.5%
Subtotal:	**2,966.3**	**21.7%**	2,748.6	24.5%	7.9%
Extended value-added services	**417.7**	**24.4%**	1,120.1	39.2%	-62.7%
Total	**3,384.0**	**22.0%**	3,868.7	27.5%	-12.5%

During the Year, the Group's gross profit amounted to RMB3,384.0 million, representing a decreased of 12.5% as compared with RMB3,868.7 million in 2021. Gross profit margin decreased by 5.5 percentage points to 22.0% from 27.5% in 2021.

Excluding the impact from extended value-added service businesses, the total gross profit of property management services, property owners value-added services and city services was RMB2,966.3 million, representing a year-on-year increase of 7.9% as compared with RMB2,748.6 million in 2021; the gross profit proportion increased to 87.7% from 71.0% in 2021; the overall gross profit margin was 21.7%, representing a year-on-year decrease of 2.8 percentage points.

– The gross profit margin in respect of property management services was 19.1% (2021: 20.1%), representing a decrease of 1.0 percentage point as compared with 2021, which was mainly due to (1) the increase in the amortization cost of intangible assets – contract and customer relationship arising from M&A; (2) the increase in costs due to the active improvement of project quality. Excluding the effect of amortization of intangible assets due to the M&A, the gross profit was RMB2,073.9 million and the gross profit margin was 20.7%.

– The gross profit margin in respect of property owners value-added services was 34.2% (2021: 45.7%), representing a decrease of 11.5 percentage points as compared with 2021, which was mainly attributable to (1) the recurrent outbreak of the pandemic that affected the development and promotion of certain businesses; (2) changes in cost structure caused by active engagement in emerging business segments, changes in business model, and some businesses in development stage with low gross profit margin.

– The gross profit margin in respect of city services was 19.3% (2021: 22.1%), representing a decrease of 2.8 percentage point as compared with 2021, which was mainly attributable to (1) the increased investment in improving the service quality of frontline staff in response to the pandemic; (2) substantial initial investment for projects from market expansion.

– The gross profit margin in respect of extended value-added services was 24.4% (2021: 39.2%), representing a decrease of 14.8 percentage points as compared with 2021, which was mainly attributable to the increase in cost cause by the decrease in demand for developer services and the improvement in quality requirements as affected by the macro environment.

Selling and marketing expenses

During the Year, the Group's selling and marketing expenses amounted to RMB93.4 million (2021: RMB141.6 million), accounting for 0.6% of the revenue, a decrease of 0.4 percentage point as compared with last year, which was mainly attributable to the decrease in marketing activities as affected by the pandemic.

Administrative expenses

During the Year, the Group's administrative expenses amounted to RMB851.7 million, representing an increase of 9.5% as compared with RMB778.1 million in 2021, and accounting for 5.5% of the revenue, which remained stable.

Net impairment losses on financial assets

During the Year, the Group's net impairment losses on financial assets amounted to RMB465.6 million (2021: RMB160.2 million), representing an increase of 190.7% as compared with last year, which was mainly due to the increase in impairment provision of trade and other receivables caused by increased credit risk of several customers, acquisition deposits and loans to third parties.

Other income

During the Year, other income of the Group amounted to RMB232.2 million (2021: RMB178.1 million), representing an increase of 30.4% as compared with last year, which was mainly due to the increase in interest income and government grants.

Income tax

During the Year, the Group's income tax expense was RMB517.0 million (2021: RMB510.0 million). The income tax rate was 21.1% (2021: 16.6%). The income tax rate for the Year represented a year-on-year increase of 4.5 percentage points, which was primarily because there were more preferential tax policies in the same period of 2021.

Profit

During the Year, the Group's net profit was RMB1,934.9 million, representing a decrease of 24.6% as compared with RMB2,565.6 million in 2021, which was mainly attributable to the adjustment of business structure and the increase in the proportion of market-oriented business; the active development of innovative business and some businesses in development stage with low gross profit margin; the increase in provision for impairment losses of financial assets and labour costs. Net profit margin was 12.6%, representing a decrease of 5.6 percentage points as compared with 18.2% in 2021. Excluding the effect of the amortization of intangible assets and depreciation of appraisal appreciation of fixed assets due to the M&A, the net profit margin was 13.6%. Profit attributable to the Shareholders for the year was RMB1,839.6 million, representing a decrease of 20.3% as compared with RMB2,308.5 million in last year. Basic earnings per share were RMB1.30, decrease by 22.2% as compared with last year.

	For the year ended 31 December				
	2022		2021		
	Net profit *(RMB million)*	**Net profit margin** %	Net profit *(RMB million)*	Net profit margin %	**Growth rate of net profit** %
Property management services	**979.8**	**9.8%**	1,022.9	11.8%	-4.2%
Property owners value-added services	**478.4**	**20.6%**	616.5	33.0%	-22.4%
City services	**157.8**	**12.0%**	94.1	13.5%	67.7%
Subtotal:	**1,616.0**	**11.8%**	1,733.5	15.4%	-6.8%
Extended value-added services	**318.9**	**18.6%**	832.1	29.1%	-61.7%
Total	**1,934.9**	**12.6%**	2,565.6	18.2%	24.6%

Excluding the impact from extended value-added service businesses, net profit from property management services, property owners value-added services and city services was RMB1,616.0 million, representing a year-on-year decrease of 6.8% as compared with RMB1,733.5 million in 2021, an increase accounting for the total profit from 67.6% in 2021 to 83.5%. The profit structure was further optimized. The net profit margin of these businesses was 11.8%, representing a year-on-year decrease of 3.6 percentage points.

- The net profit margin in respect of property management services was 9.8% (2021: 11.8%), representing a decrease of 2.0 percentage point as compared with that of 2021, which was mainly attributable to the delay in cash collation process and the increase in net impairment losses on financial assets under the impact of the pandemic and macro-economy.

- The net profit margin in respect of property owners value-added services was 20.6% (2021: 33.0%), representing a decrease of 12.4 percentage points as compared with that of 2021, which was mainly attributable to the fact that the innovative business is in the development stage, and there is investment demand in the early stage of team building and business pilot.

- The net profit margin in respect of city services was 12.0% (2021: 13.5%), representing a decrease of 1.5 percentage points as compared with that of 2021, which was mainly attributable to the increase in net impairment losses on financial assets as a result of the increase in project settlement cycle under the impact of the pandemic and macro-economy.

- The net profit margin in respect of extended value-added services was 18.6% (2021: 29.1%), representing a decrease of 10.5 percentage points as compared with that of 2021, which was mainly attributable to the decrease in the scale of value-added services to developers as a result of the decrease in demand for developer services and the Group's active adjustment of business structure and the increase in impairment losses on financial assets caused by the increase in settlement cycle.

Current assets, reserve and capital structure

During the Year, the Group maintained a sound financial position. As at 31 December 2022, current assets amounted to RMB15,300.9 million, representing an increase of 14.1% from RMB13,411.0 million as at 31 December 2021. As at 31 December 2022, cash and cash equivalents of the Group amounted to RMB3,799.3 million, representing a decrease of 13.5% from RMB4,390.5 million as at 31 December 2021. As at 31 December 2022, the Group's cash and cash equivalents were mainly held in Renminbi and Hong Kong dollars.

As at 31 December 2022, the Group's total equity was RMB14,124.6 million, representing an increase of RMB1,213.7 million or 9.4% as compared with RMB12,910.9 million as at 31 December 2021, which was primarily due to the profit contribution achieved and dividend declaration during the year.

Property, plant and equipment

The Group's property, plant and equipment mainly comprise buildings, office equipment, machinery equipment and other fixed assets. As at 31 December 2022, the net value of the Group's property, plant and equipment amounted to RMB602.5 million, representing an increase of 18.9% as compared with RMB506.8 million as at 31 December 2021, which was primarily derived from the asset procurement involved in city service business.

Other intangible assets

As at 31 December 2022, the net book value of other intangible assets of the Group was RMB1,372.2 million, representing an increase of 1.6% as compared with RMB1,350.7 million as at 31 December 2021. Intangible assets of the Group mainly included (i) RMB63.3 million from the trademark value of acquired companies; (ii) RMB1,824.1 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

As at 31 December 2022, the Group recorded goodwill of RMB3,314.9 million, representing an increase of 6.1% as compared with RMB3,123.2 million as at 31 December 2021. The increase of goodwill during the Year was mainly derived from new M&A business. 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 2022.

Financial assets at fair value through profit or loss ("FVPL")

As at 31 December 2022, the Group's financial assets at FVPL amounted to RMB1,046.8 million, representing an increase of 97.4% as compared with RMB530.3 million as at 31 December 2021, which was mainly due to the Group's purchase of several financial assets to increase the return on its fund.

Trade and other receivables and prepayments

As at 31 December 2022, trade and other receivables and prepayments (including current and non-current portions) amounted to RMB10,715.6 million, representing an increase of 96.4% from RMB5,456.3 million as at 31 December 2021. Among which, trade receivables amounted to RMB6,929.3 million, representing an increase of 75.5% as compared with RMB3,947.9 million as at 31 December 2021, which was mainly due to the delay in overall collection as affected by the cyclical nature of the real estate industry. Other receivables amounted to RMB3,885.4 million, representing an increase of 190.5% from RMB1,337.5 million as at 31 December 2021, which was mainly due to the increase in the balance of receivables from third parties, deposits and project cooperation intention funds in response to the business needs of the Group.

Trade and other payables

As at 31 December 2022, trade and other payables (including current and non-current portions) amounted to RMB6,028.8 million, representing an increase of 24.5% as compared with RMB4,843.2 million as at 31 December 2021, which was primarily attributable to the increase in the cost of materials procurement and labour outsourcing and energy consumption due to the expansion of the Group's business.

Borrowings

As at 31 December 2022, the Group had long-term borrowings of RMB17.3 million, among which 5.6 million will be repayable within one year. The Group also had short-term borrowings of RMB87.5 million with a term of less 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. As at 31 December 2022, the gearing ratio was 0.7%.

Current and deferred income tax liabilities

As at 31 December 2022, the current income tax liabilities of the Group amounted to RMB561.4 million, representing an increase of 2.6% as compared with RMB547.2 million as at 31 December 2021, which was mainly because of a year-on-year increase in income tax rates during the year. Deferred income tax liabilities decrease to RMB325.5 million from RMB351.1 million as at 31 December 2021, which was primarily attributable to temporary differences arising from the appreciation of asset valuation of newly acquired subsidiaries.

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 of the Company ("**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 rice of HK$40.25 per H Share as quoted on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 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 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. The net proceeds from the Placing were planned to be used for replenishment of working capital and general corporate purposes of the Company. For details, please refer to the Company's announcement dated 28 May 2021.

As disclosed in the annual report of the Company for the year ended 31 December 2021, approximately HK$28 million of the net proceeds from the Placing, which were used for replenishment of working capital and general corporate purposes of the Company, remained unused. During the Year, the net proceeds from the Placing have been fully utilised as planned and there was no material change between the planned use and actual use of net proceeds from the Placing.

Pledge of assets

As at 31 December 2022, the long-term bank loans and other borrowings amounting to RMB15.3 million and short-term bank loans amounting to RMB51.2 million were secured by certain property, plant and equipment of the Group. Details of the Group's pledge of assets as at 31 December 2022 are set out in note 9 to the annual financial information contained in this announcement.

Significant investment held, material acquisitions and disposals of subsidiaries, associates and joint ventures

There was no significant investment held, no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group.

Contingent liabilities

As at 31 December 2022, the Group had no significant contingent liabilities.

Key risk factors and uncertainties

The following content lists out the key risks and uncertainties confronted by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Industry risk

The Group's operations are subject to the economy of the PRC and changes in the macro environment of the real estate industry, as well as the regulatory environment and measures affecting the property management industry in the PRC. In particular, the Group's business performance primarily depends on the total contracted and revenue bearing GFA, level of fees and the number of properties the Group manages, but the Group's business growth is, and will likely continue to be, subject to factors of macro development of the industry and the upstream industries.

Business risk

The Group's ability to maintain or improve the current level of profitability depends on the Group's ability to control operating costs (including labour costs), and the Group's profit margins and results of operations may be adversely affected by the increase in labour or other operating costs; should the Group be unable to procure new property management service contracts or renew existing management service contracts as planned or at desirable pace or price, the Group's revenue may also be adversely affected; should the Group be unable to collect property management fees from customers on time, it may incur impairment losses on receivables; the above may also affect the assessment and impairment risk of goodwill, the performance of operating cash flows and adversely affect the Group's financial position and results of operations.

Foreign exchange risk

The Group's businesses were principally located in the PRC. Except for bank deposits 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 2022, the Group had 95,102 employees (31 December 2021: 87,603). Total staff costs amounted to RMB5,917.5 million, representing an increase of 12.3% as compared with RMB5,267.4 million in 2021. 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 the Directors. Appropriate benefit schemes are in place for the Directors.

Subsequent events

Continuing connected transactions

On 13 February 2023, the Company entered into five supplemental agreements with Agile Holdings to amend and supplement the payment terms under each of the (i) turnkey furnishing services framework agreement; (ii) advertising and public relations services framework agreement; (iii) pre-delivery inspection services framework agreement; (iv) technology services framework agreement; and (v) consultation services framework agreement dated 23 September 2020 entered into between the Company and Agile Holdings, respectively.

FINAL DIVIDEND

The Board did not recommend any payment of final dividend for the year ended 31 December 2022 (2021: RMB0.41 per share (before tax)).

CLOSURE OF REGISTER OF MEMBERS FOR THE 2022 AGM

The 2022 annual general meeting of the Company (the "**2022 AGM**") will be held on Tuesday, 30 May 2023 and for the purpose of determining the Shareholders' eligibility to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Saturday, 29 April 2023 to Tuesday, 30 May 2023, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the 2022 AGM, shareholders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 28 April 2023.

NOTICE OF ANNUAL GENERAL MEETING

Notice of 2022 AGM will be published on the respective websites of the Company at www.agileliving.com.cn and the Hong Kong Stock Exchange at www.hkex.com.hk and will be despatched to the Shareholders within the prescribed time and in such manner as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

REVIEW OF ACCOUNTS

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

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022 and reviewed with the management of the Group the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

The Audit Committee comprises Mr. Wan Kam To, Mr. Weng Guoqiang and Mr. Li Jiahe 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 2022.

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 2022.

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 Part 2 of 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 2022.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group has no other future plans for material investments and capital assets as at 31 December 2022.

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 2022 and as at the date of this announcement, the Company had maintained sufficient public float as required under the Listing Rules.

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

This 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. The annual report of the Company for the year ended 31 December 2022 containing all the information required under the Listing Rules will be despatched to the Shareholders and made available on the above websites in due course.

BOARD OF DIRECTORS

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

^ *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, 28 March 2023

*Scope of work of Grant Thornton Hong Kong Limited ("**Grant Thornton**")*

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group's auditor, Grant Thornton, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton on this preliminary announcement.

Any discrepancy between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

* *for identification purposes only*