

A-LIVING SERVICES CO., LTD.* 雅居樂雅生活服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 3319



*For identification purposes only

MISSION

- Provide high quality services with ingenuity, build delicate life with sincerity

VISION

- Develop a national leading and world class resident service platform

CORE VALUE

- Lifelong caring

BUSINESS PHILOSOPHY

- Achieve greater, higher, better, more and flexible business services

SPIRIT

- Develop our future with vision and enthusiasm

Corporate Profile

A-Living Services Co., Ltd. (the “Company”, together with its subsidiaries, the “Group”) is a reputable property management service provider focusing on mid- to high-end properties. We offer a comprehensive portfolio of services. The Group has three major business lines, namely property management services, value-added services to non-property owners and value-added services to property owners, forming an integrated service spectrum covering the entire value chain of property management. As of 31 December 2017, the Group provided management services in 69 cities in China with a total contracted GFA of approximately 126.1 million sq.m. and a total contracted GFA under management of approximately 78.3 million sq.m., and served more than one million property owners and residents.

On 9 February 2018, the Group successfully spun off from Agile Group Holdings Limited (“Agile Holdings”, and together with its subsidiaries, “Agile Group”) and became the first property management company in the People’s Republic of China (the “PRC” or “China”) that officially spun off from a red-chip holding company to list on the H-Share market.

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Corporate Information

Board of Directors

Mr. Chan Cheuk Hung** (*Co-chairman*)

(appointed on 21 July 2017)

Mr. Huang Fengchao* (*Co-chairman*)

(appointed on 21 July 2017)

Mr. Liu Deming* (*Chief Executive Officer*)

(appointed on 21 July 2017)

Mr. Feng Xin* (*Vice President*)

(appointed on 21 July 2017)

Mr. Wang Wei* (appointed on 21 July 2017)

Mr. Wei Xianzhong** (appointed on 21 August 2017)

Mr. Wan Kam To# (appointed on 21 August 2017)

Mr. Wan Sai Cheong, Joseph#

(appointed on 21 August 2017)

Mr. Wang Peng# (appointed on 21 August 2017)

* Executive Directors

** Non-executive Directors

Independent Non-executive Directors

Board Committees

Audit Committee

Mr. Wan Kam To (*Committee Chairman*)

Mr. Wan Sai Cheong, Joseph

Mr. Wang Peng

Remuneration and Appraisal Committee

Mr. Wang Peng (*Committee Chairman*)

Mr. Huang Fengchao

Mr. Wan Kam To

Mr. Wan Sai Cheong, Joseph

Nomination Committee

Mr. Wan Sai Cheong, Joseph (*Committee Chairman*)

Mr. Huang Fengchao

Mr. Liu Deming

Mr. Wan Kam To

Mr. Wang Peng

Risk Management Committee

Mr. Huang Fengchao (*Committee Chairman*)

Mr. Chan Cheuk Hung

Mr. Liu Deming

Mr. Wan Kam To

Supervisory Committee

Ms. Chen Liru (*President of the Supervisory Committee, Employee representative Supervisor*)

(appointed on 21 July 2017)

Ms. Huang Zhixia (*Employee representative Supervisor*)

(appointed on 21 July 2017)

Mr. Shi Zhengyu (*Supervisor representing a Shareholder*)

(appointed on 21 July 2017)

Mr. Li Jianhui (*External Supervisor*)

(appointed on 21 August 2017)

Mr. Wang Shao (*External Supervisor*)

(appointed on 21 August 2017)

Joint Company Secretaries

Mr. Li Dalong (appointed on 27 August 2017)

Ms. Choy Yee Man (appointed on 27 August 2017)

Authorised Representatives

Mr. Liu Deming (appointed on 27 August 2017)

Mr. Li Dalong (appointed on 27 August 2017)

Auditor

PricewaterhouseCoopers

Legal Advisors

as to Hong Kong law:

Sidley Austin LLP

as to PRC law:

King & Wood Mallesons

Compliance Adviser

Ballas Capital Limited

Principal Bankers

Bank of China, Guangzhou Haizhu Branch
Industrial and Commercial Bank of China,
Zhongshan Sanxiang Wenchang Branch
Industrial and Commercial Bank of China, Lingshui Branch
Agricultural Bank of China, Sanxiang Branch

Principal Place of Office in the PRC

35/F, Agile Center
26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province, PRC
Postal Code: 510623

Registered Office in the PRC

Management Building, Xingye Road
Agile Garden, Sanxiang Town
Zhongshan
Guangdong Province, PRC

Principal Place of Business in Hong Kong

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

H Share Registrar

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2861 1465

Investor Relations

Investor Relations Department
E-mail: ir@agileliving.com.cn
Telephone: (86) 20 8883 9353

Website

www.agileliving.com.cn

Listing Information

Equity Securities

The Company's ordinary shares include domestic shares, unlisted foreign shares and H shares.

H shares (stock code: 3319) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Financial Calendar

Annual results announcement	20 March 2018
2017 annual general meeting (the "2017 AGM")	31 May 2018

Closure of Register of Members and other Key Dates

The Company's register of members will be closed during the following period:

To determine the identity of shareholders of the Company (the "Shareholders") who are entitled to attend and vote at the 2017 AGM

Latest time for lodging transfer documents of shares	: 4:30 p.m. on Monday, 30 April 2018
Period of closure of register of members	: Tuesday, 1 May 2018 to Thursday, 31 May 2018 (both dates inclusive)

To qualify for attending and voting at the 2017 AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 April 2018.

Annual General Meeting

The 2017 AGM will be held on Thursday, 31 May 2018. Notice of the 2017 AGM will be set out in the Company's circular dated 12 April 2018 and will be despatched together with this annual report to the Shareholders. Notice of the 2017 AGM, the reply slip and the proxy form will also be published on the A-Living's website (www.agileliving.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk).

Despatch of Corporate Communications

This annual report (both Chinese and English versions) will be delivered to Shareholders. This annual report is also published on the Company's website (www.agileliving.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk).

For environmental protection reasons, the Company encourages Shareholders to view this annual report posted on the aforesaid websites where possible.

Financial Summary

Summary of the Consolidated Statement of Comprehensive Income

Year ended 31 December

	2017	2016
Revenue (RMB million)	1,761	1,245
Gross profit (RMB million)	591	312
Gross profit margin	33.5%	25.0%
Net profit (RMB million)	300	169
Net profit margin	17.0%	13.6%
Profit attributable to shareholders of the Company (RMB million)	290	161
Basic earnings per share (RMB)	0.35	0.22

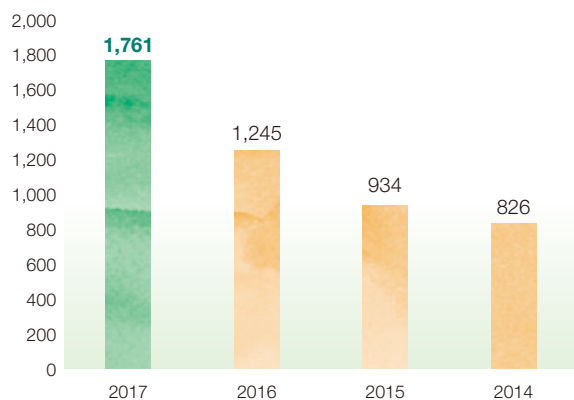
Summary of the Consolidated Balance Sheet

As at 31 December

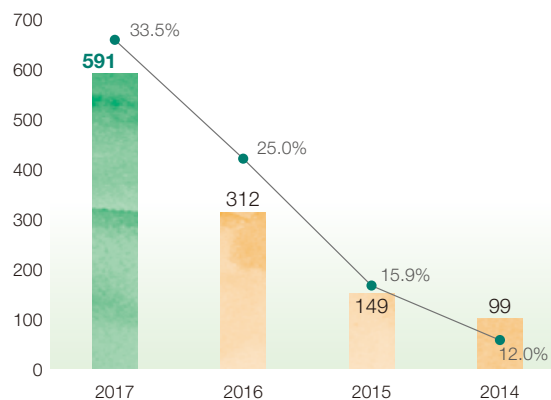
	2017	2016
Total assets (RMB million)	2,511	1,899
Cash and cash equivalents (RMB million)	880	523
Short-term borrowings (RMB million)	—	200
Long-term borrowings (RMB million)	—	596
Shareholders' equity (RMB million)	1,474	303
Return on shareholders' equity	19.7%	52.9%
Total liabilities/Total assets	41.3%	84.0%
Net borrowing/total equity	—	262.1%

Financial Summary (continued)

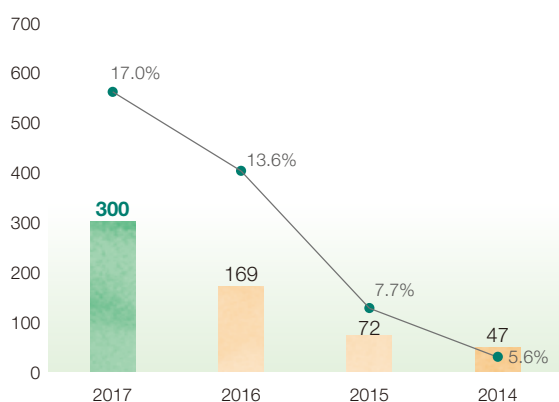
Revenue
(RMB million)



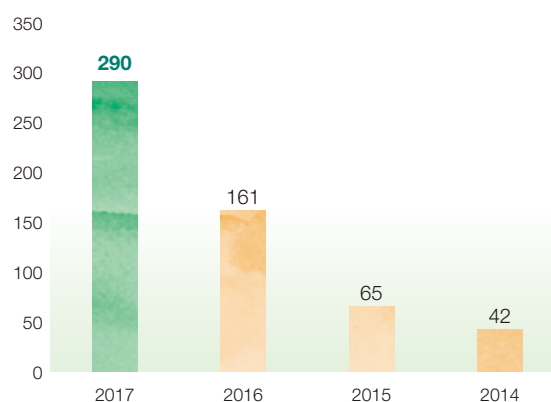
Gross profit and gross profit margin
(RMB million)/%



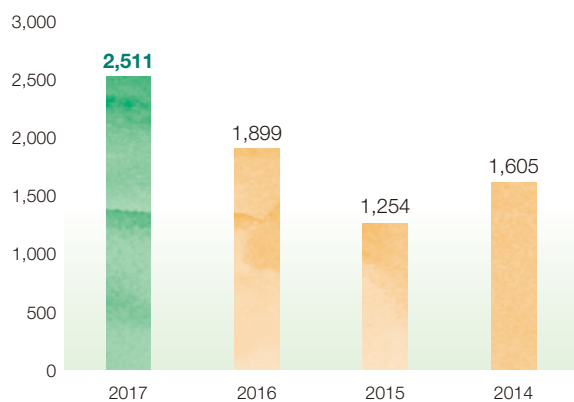
Net profit and net profit margin
(RMB million)/%



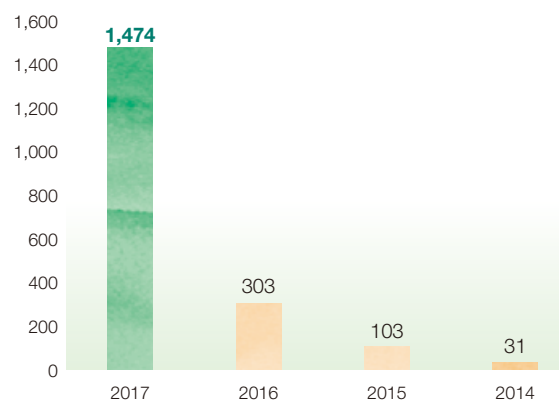
Profit attributable to shareholders of the Company
(RMB million)



Total assets
(RMB million)



Shareholders' equity
(RMB million)



Major Recognition and Awards



June 2017

- 1** Award: 2017 Top 100 Property Management Enterprise in China
 Issued by: China Index Academy
- 2** Award: 2017 China Leading Property Management Enterprise in terms of Specialty Services — Leading Brand in Vacation Property Management
 Issued by: China Index Academy
- 3** Award: 2017 China Leading Property Management Enterprise in terms of Service Quality
 Issued by: China Index Academy
- 4** Award: 2017 China Leading Property Management Enterprise in terms of Customer Satisfaction
 Issued by: China Index Academy

- 5** Award: 2017 Leading Brand in Property Management Operations of China
 Issued by: China Index Academy

October 2017

- 6** Award: Organization Standard Drafting Entity (Tourism Property Management Services Standards)
 Issued by: Standardization Working Committee Secretariat of China Property Management Association

Chairman's Statement

Huang Fengchao
Co-Chairman of the Board

Chan Cheuk Hung
Co-Chairman of the Board



The Group has almost 25 years of experience in property management services. We have always adhered to the principle of providing high quality service to owners. Successfully listing on the international capital market marks the start of a new journey of the Group. Against the backdrop of the transformation and upgrading of the property management industry, the Group will continue to deepen reform and innovation, embrace capital and technology, seize market opportunities, fully respect customer needs and experience, continue to enhance the reputation of the brand, further expand the business scale and enhance the profitability.

Dear shareholders,

I am pleased to present the audited consolidated results of A-Living Services Co., Ltd. ("A-Living" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 (the "Year").

On 9 February 2018, the Group successfully spun off from Agile Group Holdings Limited ("Agile Holdings", and together with its subsidiaries, "Agile Group") and to become the first property management company in the People's Republic of China (the "PRC" or "China") that officially spun off from a red-chip holding company to list on the H-Share market. In 2017, by seizing the development opportunities, the Group's profitability has increased significantly and the operating performance commitments have been fulfilled with the joint efforts of all employees.

In 2017, China's economy showed steady and strong momentum of development and domestic urbanization and per capita disposable income continued to grow significantly, making it the main driving force for growth in the property management industry. Chinese consumers have an increasing demand for quality property management services to meet the "needs for a better life", which provided China's property management industry with a tremendous development opportunity.

As a well-known high-end property management service provider in China with 25 years of industry experience, the Group implemented a diversified development strategy based on the needs of Chinese residents and our own competitive advantages. The Group provided services covering the complete value chain of property management including basic property services, housing inspection services, property agency services, tourism services and advertising for property developers and continued to deepen the development strategy of "management digitalization, service specialization, procedure standardization and operation automation", with a view to bringing "satisfactory and

Chairman's Statement (continued)

exceptional" services to each owner and meeting their longing for a better life. As at 31 December 2017, the Group provided property management services in 69 cities in China with a total GFA under management of approximately 78.3 million sq.m. and served more than one million property owners and residents.

In June 2017, the Group acquired Shanghai Greenland Property Services Co., Ltd. ("Greenland Property Services") and implemented a dual-brand driven strategy of "Agile Property Management" and "Greenland Property Services". Agile Property Management is a first-mover in the management of mid- to high-end residential properties and tourism real estate properties. Greenland Property Services is a benchmarking company for non-residential properties such as super high-rises and business offices. Hainan Clear Water Bay project of Agile Property Management has ranked first in sales for eight consecutive years in China and is a world-class tourist resort. Wuhan Greenland Center project of Greenland Property Services is the world's third highest and China's highest commercial building. The two brands complemented each other and helped the Group to develop into an integrated industrial group with reasonable structure.

In August 2017, the Group brought in Greenland Holdings Group Company Limited (綠地控股集團股份有限公司) ("Greenland Holdings") as one of its strategic shareholders. As one of the world's top 500 companies, Greenland Holdings is a diversified enterprise group engaged in the property development business with a global strategy. This strategic alliance will help the Group to expand its business scale, increase its market coverage, enrich its service portfolio, expand its mid- to high-end customer base and integrate its value-added services. Since the cooperation with Greenland Holdings, the Group had took over a total contracted GFA of 5.2 million sq.m. from Greenland Holdings in advance since the second half of 2017. At the same time, the two groups have achieved comprehensive links in areas such as elderly care, community finance, community insurance, and community medical care, which significantly improved the Group's competitiveness among its peers.

The Group has strived to be a leader in the vacation property management sector in China. As of 31 December 2017, the Group provided management services to 18 vacation property projects in Guangdong, Hainan, Yunnan, Hunan and other regions with potential for development, with a total GFA under management of approximately 5.8 million sq.m. In 2017, the Group was the only property management company invited by the Standardization Working Committee of China Property Management Association to draft the industry standards for vacation property management, which was also recognition of the Group's leading position in the vacation property management sector. In addition, the Group is also a pioneer in large scale property management. As of 31 December 2017, 12 projects under the Group's management each exceeded one million sq.m. in GFA. Due to its complexity, large-scale property management typically has higher requirements for the qualification of the service providers and their service quality. The diversity of large-scale properties gives rise to greater demands for value-added services, which in turn helps property management companies to expand their sources of revenue.

While refining and reinforcing the Agile Group and Greenland Holdings projects, A-Living capitalized on its own brand advantage and continued to identify prime property developers with strong development capability and adequate land reserves in the market for cooperation. In 2017, the Group has signed a property management GFA of 41.7 million sq.m. with prime independent property developers which has become an important growth point for the Group's revenue.

As a traditional industry, a series of new technologies and new business models are rapidly promoting the transformation and upgrading of property management. Technological innovation has become the key driving force behind the social development. In 2017, A-Living corresponded to the development trend of the industry, actively explored the path of transformation and upgrading, and launched an "A-Steward" platform. The platform provides a comprehensive solution for community services from the aspects of "people, wealth, property and management" and integrates the online and offline resources of the communities under the management of the Group to diversify the sources of income. At the same time,

the platform worked together with small and medium-sized property services enterprises to help them achieve the goal of increasing revenue and reducing costs to improve efficiency. As at 31 December 2017, the Group's "A-Steward" mobile APP has covered all residential properties under management (excluding properties under the management of Greenland Property Services) and attracted over 287,000 registered users and over 110,998 active users. As at 31 December 2017, property management company members of the A-Steward Alliance jointly managed a GFA of approximately 816.8 million sq.m.

The Group also achieved good results in strengthening its internal management and enhancing its management level. We are committed to improving our management structure, simplifying processes and enhancing our overall operational capabilities and competitiveness. In the meantime, the Group implemented a two-track talent development mechanism through internal training and external introduction of talents to continuously improve its personnel training and development system so as to complement the rapid development of the Group.

Results review

During the Year, the Group's revenue and gross profit were RMB1,760.8 million and RMB590.6 million, respectively, representing an increase of 41.5% and 89.5%, respectively, as compared to that of 2016. The net profit was RMB300.2 million. Before listing expense and other related costs (after tax) of approximately RMB11.9 million (before tax: approximately RMB15.8 million), the net profit for the Year would be RMB312.1 million, representing an increase of 84.7% as compared to that of 2016.

Prospects and strategy

The year of 2018 is the "Year of Service Quality Improvement" put forward by China's property management industry and also the first year for the Group's entry into the international capital market. Taking this historical opportunity, on the principle of providing high quality service, the Group will make good use of the funds raised through fundraising. All business segments will present a good momentum of comprehensive and coordinated development and the business scale and market share will also increase exponentially.

The Group will fully undertake the area developed by Agile Group and the area of no less than 10 million sq.m. per year under management injected by Greenland Holdings. Real estate is still one of the important pillars of China's economic development. The planning for the development of the urban agglomerations of Guangdong, Hong Kong, Macau and the Greater Bay Area provides tremendous opportunities for the Agile Group, which originated in Zhongshan and has cultivated strong presence in the Pearl River Delta region for 25 years. The property development projects of Greenland Holdings and its subsidiaries are located in more than 80 cities in 29 provinces (municipalities and autonomous regions) throughout the PRC and they have successfully entered the United States, Britain, Canada, Australia and other overseas markets. With the booming development of business of the two major developers as well as the business injection by them, the Group's revenue from property services and property management area will be significantly enhanced. The overseas strategy of the two developers also provides the Group with opportunities to enter the international market.

In terms of market expansion, we will continue our strong growth momentum in 2017 and continue to thoroughly implement the three strategies of "building strong foothold in the rural areas before advancing into the cities, complete marketization, and striving for breakthroughs in all operations". The Group will fully utilize its own brand appeal and resource advantages to accelerate the process of nationwide expansion and provide its excellent services to more projects of property developers.

Chairman's Statement (continued)

The property management industry is entering the golden period of market development. With the abolition of the property management qualification assessment, the industry competition is gradually intensifying. Mergers and acquisitions are the inevitable way to increase industry concentration and competitiveness of enterprises. The Group will focus on the merger and acquisition of property companies in Yangtze River Delta, the Pearl River Delta and the Beijing-Tianjin-Hebei region which are considered as the Group's strategic strongholds. The Group will persist in grasping "major" and "excellent" projects, in-depth study of the property management industry chain, optimizing merger and acquisition targets based on the long-term development strategy of the Group, enriching its industrial sectors, and investing in the community-based economy, online-to-offline and other industry sectors related to life services.

The Group will continue to implement the diversified development strategy and provide pre-advisory consulting services, property inspection, property sales, tourism, advertising and other services throughout the value chain based on the development plans of the two major shareholder developers. In addition, the Group will fully exploit the community economic market, and carry out diversified services such as property agency, turnkey furnishing, community group purchase and home services to build a residential economic ecosystem centering on family consumption to meet the growing needs of our customers for a better life. The Group will also strive to strengthen team building, become more market oriented, enhance professionalism, and expand the scope of business coverage to drive the optimization of the Group's revenue structure and increase the level of profitability.

The Group has almost 25 years of experience in property management services. We have always adhered to the principle of providing high quality service to owners. Successfully listing on the international capital market marks the start of a new journey of the Group. Against the backdrop of the transformation and upgrading of the property management industry, we will continue to deepen reform and innovation, embrace capital and technology, seize market opportunities, fully respect customer needs and experience, continue to enhance the reputation of the brand, further expand the business scale and enhance the profitability of the Group.

Acknowledgement

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I would like to extend my heartfelt gratitude to the enormous support from our shareholders and customers, as well as the dedicated efforts of all our staff members, which enable A-Living to grow and to achieve good results.

Chan Cheuk Hung/Huang Fengchao

Co-Chairman of the Board

Hong Kong, 20 March 2018

Management Discussion and Analysis

Business review

As a famous property management service provider in China that boasts 25 years' experience in the property management field, the Group has always maintained a leading position in the industry due to its well-praised services and widely-known reputation. Relying upon two leaders of Agile Group and Greenland Holdings in the property management field, the Group runs its business under the dual branding strategies of "Agile Property" and "Greenland Property". During the Year, the Group was awarded by the China Real Estate Industry Association and the China Real Estate Assessment Center, the 12th Most Valued Brand among China's Property Management Enterprises and the 12th Most Competent Brand among China's Property Management Enterprises. The Group was awarded by China Index Academy the honor of "2017 China's Leader Enterprise for Featured Property Services – Leading Brand for Property Management of Tourism Properties".

Being one of the pioneers of China's property management industry, the Company is devoted to diversify its services and income sources. Among the several measures adopted by the Group during the Year, the Company endeavoured to control cost, expand service coverage and improve service quality through its one-stop service platform, thus offering the owners and residents a more convenient, efficient and comfortable community living experience and further improving the Group's profitability.

Major acquisitions and sales

Acquisition of equity interests in Greenland Property Services

The Company entered into an equity transfer agreement (the "Agreement") with Greenland Holdings Group Company Limited (綠地控股集團有限公司) ("Greenland Holding Group") and Greenland Holdings on 29 June 2017. Pursuant to the Agreement, the Company purchased 90.9091% and 9.0909% equity interests in Greenland Property Services held by Greenland Holding Group and Greenland Holdings, respectively, for a total consideration of RMB1,000.0 million. The consideration was determined based on fair negotiation and consideration for future cooperation between Greenland Holdings and the Company. The purchase of the entire equity interests in the Greenland Property Services was completed on 30 June 2017 in accordance with the terms and conditions of the Agreement. Greenland Property Services has become a wholly-owned subsidiary of the Company after completion of the Agreement.

Save as disclosed in the prospectus of the Company dated 29 January 2018 (the "**Prospectus**"), the Company has no purchases or sales for other equity interests throughout the Year.

Major investment

As at 31 December 2017, the Group held no major investment.

Financial Review

The Group's income chiefly originates from three major businesses, namely (i) property management services; (ii) value-added services to non-property owners; and (iii) value-added service to property owners.

	For the year ended 31 December	
	2017 RMB'000	2016 RMB'000
Property management services	1,205,589	977,863
Value-added services to non-property owners	453,364	212,247
Value-added services to property owners	101,800	54,625
Total	1,760,753	1,244,735



Management Discussion and Analysis (continued)

Property management services include security, cleaning, greening, gardening, repair and maintenance, and consultancy services, which generated an income of RMB1,205.6 million, up 23.3% from the RMB977.9 million yielded in 2016. As the major contributor, it accounted for 68.5% of the total income of the Group in 2017. Property management service offered to projects developed by Agile Group yielded RMB946.6 million in 2017, accounting for 78.5% of the income from property management service in 2017.

The table below sets forth a breakdown of the Group's total GFA under management as of the date indicated.

As of or for the year ended 31 December				
	2016	2017	Growth	Growth
	('0000 sq.m.)	('0000 sq.m.)	in 2017	Rate of 2017
			('0000 sq.m.)	
Agile Group	3,428.0	4,218.9	790.9	23.1%
Third-party property developers	1,577.5	3,346.2	1,768.7	112.1%
Greenland Holdings	—	268.4	268.4	100.0%
Total	5,005.5	7,833.5	2,828.0	56.5%

The increase in income was mainly due to the growth in aggregate GFA under management. The total aggregate GFA under management was 78.335 million sq.m. in 2017, representing an increase of 56.5% compared to that of last year. The aggregate GFA under management was mainly attributable to the projects developed by Agile Group and undertaken by the Group, which accounted for 53.9% of the total aggregate GFA under management, and the properties developed by independent third property developers, which accounted for 42.7% of the total aggregate GFA under management in 2017. Furthermore, the GFA under management generated from the acquisition of Greenland Property Services accounted for 3.4% of the total aggregate GFA under management in 2017.

The table below sets forth a breakdown of the Group's Contracted GFA as of the date indicated.

As of or for the year ended 31 December				
	2016	2017	Growth	Growth
	('0000 sq.m.)	('0000 sq.m.)	in 2017	Rate of 2017
			('0000 sq.m.)	
Agile Group	5,698.2	5,867.7	169.5	3.0%
Third-party property developers	1,643.2	5,808.9	4,165.7	253.5%
Greenland Holdings	—	933.5	933.5	100%
Total	7,341.4	12,610.1	5,268.7	71.8%

Management Discussion and Analysis (continued)

With regard to contracted area, the Group defined it as construction areas delivered and undelivered in accordance with the property service contract entered into with developers, which will become the area under the property management services in the future and the base of the revenue expansion. As at 31 December 2017, the contracted GFA amounted to 126.1 million sq.m., representing an increase of 71.8% from 73.4 million sq.m. in 2016. The significant increase in the contracted GFA of the Group was mainly attributable to the increase in contracted GFA of 41.7 million sq.m. from independent third-party property developers in 2017, of which 22.5 million sq.m. under property management services and 19.2 million sq.m. under consultancy services. Based on the area from the contracted GFA and the area to be injected as promised by Greenland Holdings and its subsidiaries, the management is full of confidence for enhancing market expansion capabilities to increase the contracted GFA.

The proportion of non-residential properties in the area under management of the Group has increased significantly from 2.5% in 2016 to 26.6% in 2017. This mainly benefits from the leading position of Greenland Holdings in the non-residential properties including super high-rise and business office. By expanding projects with higher management fees and optimising the project portfolio of the Group to increase the average property service fee, the brand of the Group will be widely known in the non-residential field.

Income for the Group's property management business is mainly collected on lump sum basis, accounting for 97.2% of the property management service income. The average property management service fee for residential properties was RMB3.01 per sq.m. per month; of which the average management fees for vacation properties was RMB4.13 per sq.m. per month, higher than the industrial average. The Group's high quality service and widespread industrial recognition allow the Group to charge property management fees higher than the industrial average.

Value-added services to non-property owners mainly include sales assistance services, property agency, home inspection services and advertising services, revenue derived from which amounted to RMB453.4 million, representing an increase of 113.7% as compared to that of RMB212.2 million in 2016 and accounting for approximately 25.7% of the Group's total income. Income from sales assistance services accounts for 71.3% of the total income from value-added services to non-property owners. As for other services, the income is primarily generated by property agency services, accounting for 22.1% of value-added services to non-property owners. As at 31 December 2017, the Group had 62 property agency projects.

Property agency services gradually commenced in July 2017. The Group has a strong property agency team comprised of a number of members experienced in the real estate industry and property agency business, offering feasibility studies, marketing planning, sales consultancy, and channel development and integration services. As at 31 December 2017, the Group's subsidiary, Guangzhou Yazhuo Real Estate Sales Co., Ltd. operated 27 branches with 610 employees in 27 cities or regions in China. As the real estate market remains steady development, future growth for this business is guaranteed.

Value-added services to property owners, mainly involve resident services and property value management services, revenue derived from which amounted to RMB101.8 million, representing an increase of 86.4% as compared to that of RMB54.6 million in 2016, accounting for approximately 5.8% of the Group's total income. Value-added services to property owners focus on improving the community living experience of property owners and residents at the properties we manage and preserving and increasing the value of their properties. Residents services include property maintenance and repair, housekeeping and cleaning services, decoration and turnkey furnishing services, purchase assistance and travel services. Property value management services committee to preserving and increasing the value of our customers' assets, including residential property lease services.

Other income

Other incomes of the Group amounted to RMB11.4 million, representing an increase of 137.5% as compared to that of RMB4.8 million in 2016, accounting for approximately 0.6% of the Group's total income. The increase was primarily due to the income from the Group's investment in wealth management products of RMB6.3 million.

Gross profit and gross profit margin

The Group's gross profit amounted to RMB590.6 million, representing an increase of 89.5% as compared to that of RMB311.6 million in 2016. The Group's gross profit margin increased to 33.5% in 2017 from 25.0% in 2016. Among which, the Group's gross profit margin for property management services increased to 26.9% in 2017 from 24.9% in 2016, primarily due to (i) economies of scale; (ii) effective cost control; (iii) decrease in business tax and other levies; and (iv) increase in average residential property management fees per sq.m. per month from RMB2.94 in 2016 to RMB3.01 in 2017.

Benefiting from economies of scale, labour optimization and higher gross profit rate of the property agency service carried out in the fourth quarter of 2017, non-property owner value-added services have witnessed a growth in gross profit rate from 24.8% in 2016 to 49.3% in 2017, The property owner value-added services have observed a climb in gross profit rate from 28.1% in 2016 to 41.7% in 2017, mainly due to economies of scale as well as the increase in gross profit rate brought by the Group's constantly enriched value-added services scope, including the group purchases conducted by the Group and upgrade of the parking lot entrance system in the second half of 2017.

Cost of sales

For the year ended 31 December 2017, the Group's cost of sales amounted to RMB1,170.2 million, representing an increase of 25.4% as compared to that of RMB933.1 million in 2016. The lower growth in cost than in income was mainly due to the subcontract of the greening, gardening, cleaning, servicing and repair services to qualified third parties to better control cost, and the decrease in business tax and additional expense when China's reform initiatives for business tax took effect in May 2016.

Sales and marketing expense

The Group's sales and marketing expense amounted to RMB32.6 million during the Year, representing an increase of 70.7% as compared to that of RMB19.1 million yielded in 2016, which is mainly due to the intensified promotion of the Group's one-stop service platform, the expansion in business, and the increase in advertisement expense for the development of the A-Steward Alliance strategy.

Administrative expense

The Group's administrative expenses were RMB170.0 million for the Year, representing an increase of 116.0% as compared to that of RMB78.7 million in 2016, which is mainly due to the setup of the collective control center in the headquarters in Guangzhou, the competitive salary package offered to the new members of the senior management and administrative professionals in 2017, and the increase in operation rental payment, employee and staff training expense and other expenses. All the expenses incurred are consistent with the business diversification strategy and business expansion of the Group.

Income tax

Income tax during the Year amounted to RMB102.5 million, representing an increase of 63.5% as compared to that of RMB62.7 million in 2016.

Profit for the Year

Net profit during the Year recorded RMB300.2 million, representing an increase of 77.6% as compared to that of RMB169.0 million in 2016. Before listing expense and other related costs (after tax) of approximately RMB11.9 million (before tax: approximately RMB15.8 million), the net profit for the Year would be RMB312.1 million, representing an increase of 84.7% as compared to that of 2016. Profit attributable to equity Shareholders within the Year was RMB289.7 million, representing an increase of 80.3% as compared to that of RMB160.7 million in 2016. Before listing expense and other related costs, the profit attributable to the Shareholders of the Company would be RMB301.6 million during the year. The Group's non-controlling interests for the Year was RMB10.5 million in aggregate, with RMB10.9 million attributed by a subsidiary of the Group, namely Hainan Agile Property Services Co., Ltd. from January to July in 2017. The Group acquired the remaining interests of Hainan Agile Property Services Co., Ltd. in August 2017.

Current assets, reserve and capital structure

The Group has maintained good financial conditions within the Year, with (i) current assets amounted to RMB1,399.0 million, representing an increase of 18.6% from RMB1,179.2 million in 2016; and (ii) cash and equivalent of RMB879.8 million, representing an increase of 68.2% from RMB523.2 million in 2016. Such increase was primarily attributable to an increase in cash and cash equivalents generated from operations due to business growth.

The Group's total equity amounted to RMB1,474.1 million in 2017, representing an increase of 385.7% compared to RMB303.5 million in 2016. Such increase was mainly attributable to the capital increase of approximately RMB1,200.0 million in aggregate by shareholders in July and August of 2017. The Group's reserves in 2017 was RMB373.5 million, representing an increase of 254.0% when compared to RMB105.5 million in 2016.

Property, plant and equipment

The Group's properties, plants and equipment mainly include the buildings, office equipment, mechanical equipment and other fixed assets. As at 31 December 2017, the Group's property, plant and equipment amounted to RMB70.7 million, representing an increase of 14.8% from RMB61.6 million in 2016. Such increase was mainly due to the purchases of machines, office and transportation equipment, being offset by amortization of machines, transportation equipment and building.

Other intangible assets

Other intangible assets of the Group recorded a significant increase from RMB10.7 million as at 31 December 2016 to RMB110.3 million as at 31 December 2017, which is mainly due to (i) the RMB18.0 million generated from the right to use the trademarks of Greenland Holdings; (ii) the contractual relationship between Greenland Holdings and the Group which yielded RMB77.0 million; (iii) the increase of computer software by RMB12.7 million; and (iv) partially offset by amortization of customer relationship and computer software as trademarks and customer relationship have a specific validity period and are carried at cost less accumulated amortization.

Goodwill

As at 31 December 2017, the Group recorded RMB919.0 million of goodwill in relation to the acquisition of Greenland Property Services, which reflects the difference between the total acquisition consideration of RMB1,000.0 million and the total identifiable net assets of Greenland Property Services of RMB 81.0 million as at 30 June 2017. The purchase price of RMB1,000.0 million was determined after fair negotiations and taking into account the prospect of business cooperation between Greenland Holdings and the Company.

The goodwill was mainly generated from the expected future business development of Greenland Property Services, the improvement of market coverage, the expansion of service portfolio, the integration of value-added services and the upgrade in management efficiency.

The Board assessed the recoverable amount as at 31 December 2017 with reference to the appraiser's assessment to determine that as at 31 December 2017, no provision for impairment is required against goodwill and other intangible assets.

Trade and other receivables

As at 31 December 2017, trade and other receivables amounted to RMB488.2 million, representing an increase of RMB265.1 million or 118.8% as compared to that of RMB223.1 million in 2016, which is mainly due to contributions made by Greenland Property Services when being acquired by the Group on 30 June 2017, and from the growth in business due to greater areas under the Group's management.

Loans and interest receivables due from related parties

The Group's total amount of loans and interest receivables due from related parties (including current and non-current portion) decreased from RMB1,036.0 million as at 31 December 2016 to RMB13.2 million as at 31 December 2017, mainly due to the Group's efforts to clear all borrowings due from related parties. All of the Group's loans and interest receivables due from related parties as at 31 December 2017 were fully settled prior to the listing.

Trade and other payables

As at 31 December 2017, trade and other payables was RMB952.4 million, representing an increase of RMB191.1 million or 25.1% as compared to that of RMB761.3 million in 2016, which primarily due to the increase in the GFA under the Group's management and more services subcontracted to independent third party service providers.

Borrowings

The Group settled all borrowings in September 2017, and the total borrowings (including current and non-current portion) decreased from RMB795.4 million as at 31 December 2016 to nil.

Income tax liability

The current income tax liability increased significantly from RMB38.6 million as at 31 December 2016 to RMB62.2 million as at 31 December 2017, representing an increase of 61.1%, which is mainly due to the significant increase in net profit. Deferred income tax liabilities increased from RMB0.1 million as at 31 December 2016 to RMB22.1 million on 31 December 2017, mainly due to the impact of acquisition of Greenland Property Services.

Management Discussion and Analysis (continued)

Proceeds from the Listing

The H shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 9 February 2018 (the “Listing”) and issued 333,334,000 new H shares. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK\$3,944.6 million (equivalent to RMB3,187.8 million). Such proceeds will be applied in the manner consistent with that in the Prospectus dated 29 January 2018:

- Approximately 65% will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliance;
- Approximately 10% will be used to further develop our one-stop service platform;
- Approximately 15% will be used to develop our “management digitalization, service specialization, procedure standardization and operation automation”; and
- Approximately 10% will be used for working capital and general corporate purpose.

In accordance with the requirements of relevant Chinese laws and regulations, approximately 50% of the proceeds from the Listing (approximately HK\$1,972.3 million) will be remitted to the PRC for use. The remaining approximately 50% (approximately HK\$1,972.3 million) of the proceeds from the Listing will be retained overseas for use.

The net proceeds is currently held in bank deposits and it is intended that it will be applied in the manner consistent with the proposed allocations in the Prospectus.

Dividend distribution

With the Group’s business development demand and taking into account the shareholders’ investment return, on 15 January 2018, the Group declared a cash dividend of RMB50.0 million to pre-listing shareholders, with RMB0.05 per share. The Group has completed the distribution on 7 February 2018.

Asset charges

As at 31 December 2017, none of the assets of the Group were pledged.

Gearing ratio

The gearing ratio is calculated as total loans divided by total equity, and the sum of long-term and short-term interest-bearing bank loans and other loans as of the corresponding date divided by the total equity as of the same date. As at 31 December 2016 and 31 December 2017, the gearing ratios were 262.1% and nil, respectively, and the decrease in the gearing ratio was mainly attributable to the Group’s repayment of all loans during the Year.

Exchange risk

As at the date of this annual report, the funds raised from the Listing of the Company were deposited in the Hong Kong account of the Company. The Company signed the RMB and foreign exchange forward transaction agreements with Agricultural Bank of China and HSBC, respectively, on 2 March 2018. The main terms are as follows:

Forward Exchange Settlement Banks	Forward foreign exchange amount (HK\$'000,000)	Agreed exchange rate	Forward RMB amount (RMB'000,000)	Agreed settlement date
Agricultural Bank of China	1,000	0.8142	814	6 April 2018
Agricultural Bank of China	1,000	0.8180	818	7 June 2018
HSBC	1,950	0.8170	1,593	5 June 2018
Total	3,950		3,225	

After signing the above forward transaction agreements, the foreign exchange risk of funds raised by the Company is basically controlled.

Contingent liability

Up to 31 December 2017, the Group did not have any significant contingent liabilities.



Business Development

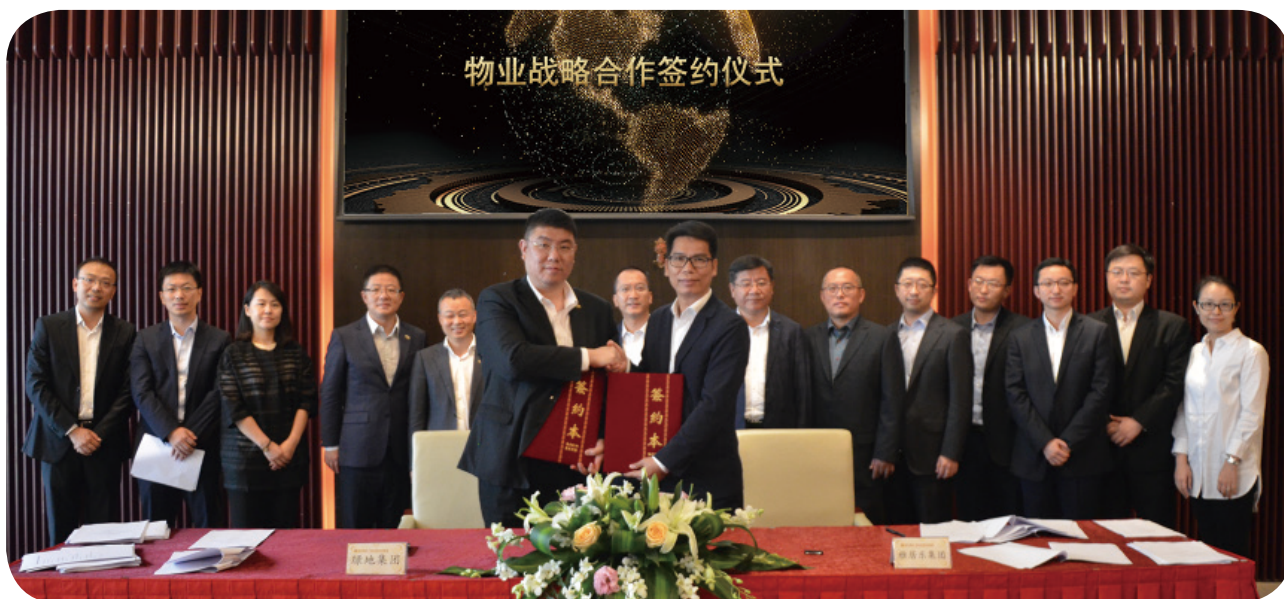
During the year, the Group implemented the “1+N” diversified development strategy. While the group focused on providing high-quality property management service to property owners, all the business segments presented a good momentum of comprehensive and coordinated development. Thereby significantly enhancing its competitiveness and brand recognition.





Business Development

Dual-Brand Driven Strategy



Wuhan Greenland Center



Agile Garden Guangzhou

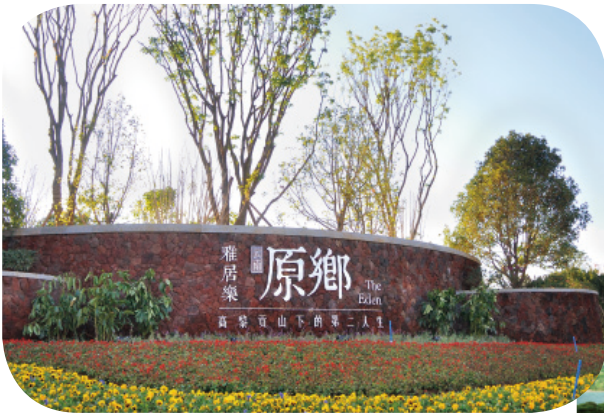
In June 2017, the Group acquired Shanghai Greenland Property Services Co., Ltd. and implemented a dual-brand driven strategy of “Agile Property Management” and “Greenland Property Services”. Agile Property Management is a first-mover in the management of mid- to high-end residential properties and vacation properties. Greenland Property Services is a benchmarking company for non-residential properties such as super high-rises and commercial properties. Complementary to each other, these two brands help us to become a comprehensive property group with more diverse business and healthier structure.

While refining and reinforcing the Agile Group and Greenland Holdings projects, the Group capitalized on its own brand advantage and continued to identify prime property developers with strong development capability and adequate land reserves in the market for cooperation. In 2017, the Group has signed a total contracted GFA of 41.7 million sq.m. with prime independent property developers.

Expert in Vacation Property Management



Hainan Clearwater Bay



Agile Eden Yunnan

Pioneer in Large-scale Property Management



La Cité Greenville Zhongshan



Agile Cambridgeshire Guangzhou

The Group has strived to be the leader in the vacation management sector in China and has strategically and proactively selected well-known tourist destinations (AAAA level and above) located in Guangdong, Hainan, Yunnan and Hunan to develop vacation properties. As of 31 December 2017, the Group provided management services for 18 vacation property projects with a total GFA under management of 5.8 million sq.m. The outstanding performance of A-Living in management of vacation properties is well recognized by the industry. In 2017, A-Living had been awarded the Organizational Standard Drafting Entity (Vacation Property Management Services Standards) in the first International Property Management Industry Exposition.

More than just an expert in vacation property management, the Group also pioneers in large-scale property management. As of 31 December 2017, each of the 12 projects under the Group's management exceeded a million sq.m. in GFA.

Serving Property Owners Build Harmonious, Intelligent and Technological Communities



Life Services

- Focusing on owners' demand for clothing, food, housing and transportation, the Group fully explores a market of community economy, provides diversified services including housekeeping, group purchasing, fully furnished tenements, smart home, travel agency, other professional customized services utilizing off-line property management services and on-line integrated one-stop service platform, and dedicates to build an ecosystem of community economy to meet increasing demand of delicate lives for clients.



Assets Management

- The Group's asset management services focus on achieving the presentation of and increase in owner's assets value, which primarily include the services regarding hotel apartments, especially travel and vacation properties, our property management company provides housing trust services to owners. The Group provides operation plans for owners to allocate resources in order to meet their actual demand. The Group is also engaged in the lease and sale of second-hand houses and parking lots. The Group also conducts the operation of clubhouses with excellent services and comprehensive facilities so that owners may enjoy a healthy and harmonious leisure time.

Specialized Companies Provide Full Value Chain Integrated Service System



● **Guangzhou Yaxin**

In promotion of our quality of delivery and evaluation system of inspection services, we provide home inspection services for property developers, strictly control the delivery standards and quality and actively carry out a variety of consulting services featuring property quality improvement.



● **Guangzhou Yazhuo**

The Group offers feasibility studies, marketing planning, sales consultancy, and channel development and integration services. We provide property developers with property agency services with respect to (i) newly developed properties in selected cities and (ii) unsold units at the properties we manage. We act as a sales agent for property developers, sourcing potential property buyers and assisting property developers in entering into property sale and purchase agreements with the buyers.

The Group focuses on community related advertisements designed to facilitate service diversification and provide information of services and products closely tied to residents' daily life and basic needs. By introducing top international communication ideas and operation mode, the Group provides customers with professional and systematic communication strategy to help enterprises enhance their brand influence and marketing efforts.



● **Guangzhou Yatao**

The Group is committed to providing business trips, conference reception, personalized travel customization and various themed tours with features. The Group innovates from traditional tourism operation mode and integrates tourism with community, hence having built a comprehensive service platform of "Community + Property + Travel" with its own features in China and a networked and stereoscopic graph of tour-ecology and consumption.



● **Guangzhou Yafang**

“Strategy of Four Specialization” to Enhance Service Quality And Improve Efficiency

- ▼ The Group has established a centralized control platform at our Guangzhou headquarters, comprising a 400 Call Center, an EBA control platform, a quality verification system, a video surveillance command system, a parking management system, etc. to further improving service efficiency and customer satisfaction.



Service Specialization

- ▲ The Group focuses our resources on key featured services, such as property asset management, maintenance and repair of facilities and equipment, customer service. The Group has comprehensively introduced the “Golden Key International Alliance” system to make efficient use of our professional personnel, in order to ensure the quality of our services and implementation of “Satisfaction + Surprise” concept.

Management Digitalization



Operation Automation

- ▲ According to the characteristics and needs of properties management industry, the Group deploys cleaning and security equipments such as large sanitation trucks and self-balancing patrol vehicles to replace manual operation. Operation automation on one hand helped establish unified property service standard and on the other hand reduced labor costs and improved service efficiency.



Procedure Standardization

- ▲ The Group has implemented a three-level control system, namely “Group quality centers – regional offices – property service centers”, and also published institutional documents including A-Living Property Standardization Manual (《雅居樂物業標準化手冊》) in 2017, striving to improve operating capabilities through standardized procedures.

A-Steward Alliance

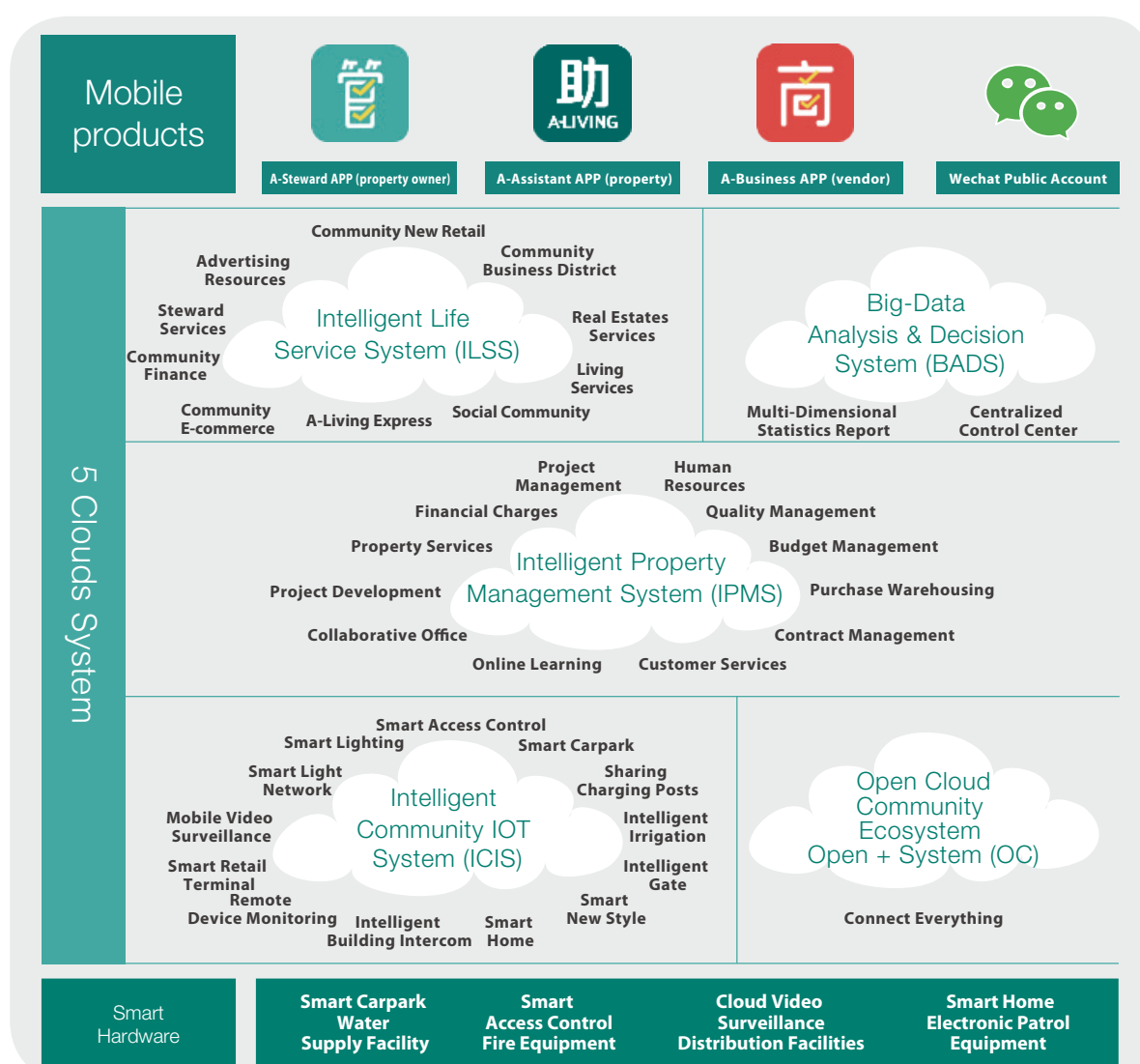
To assist more property companies in restructuring and upgrade towards “Internet + Properties”, leveraging the ecosystem of A-Steward, the Group launched the A-Steward Alliance on 31 March 2017.

The A-Steward Alliance turns property management and services into a platform enabled by technology. Together with well-known strategic partners, it fully utilizes technologies including mobile internet, internet of things, big data and artificial intelligence to provide a comprehensive community services solution for small and medium-sized property companies, building up a brand new owner-oriented smart ecosystem of community services. As at 31 December 2017, the Group’s “A-Steward” mobile application covered all of the residential properties under our management (other than those under Greenland Property Services’ management), and attracted more than 287,000 registered users and over 110,998 active users. The contracted area of A-Steward Alliance has reached 816.8 million sq.m.



A-Steward Platform Intelligent Community Management System

A-Steward aims at improve the smart living experience by providing (i) resident services and property value management services to property owners; (ii) intelligent community construction solutions Including intelligence products, programme design and management of engineering to property developers; and (iii) intelligent community services solutions Including property management information systems and internet living service platform to property management companies.



Biographies of Directors

The table below shows information in respect of members of the Board of the Company:

Name	Age	Position
Mr. Chan Cheuk Hung	61	Co-chairman
Mr. Huang Fengchao	55	Co-chairman
Mr. Liu Deming	49	Executive Director and Chief Executive Officer
Mr. Feng Xin	46	Executive Director and Vice President
Mr. Wang Wei	46	Executive Director
Mr. Wei Xianzhong	54	Non-executive Director
Mr. Wan Kam To	65	Independent non-executive Director
Mr. Wan Sai Cheong, Joseph	64	Independent non-executive Director
Mr. Wang Peng	42	Independent non-executive Director

Mr. Chan Cheuk Hung (陳卓雄), aged 61, is a non-executive Director and the co-chairman of the Board of the Company. He is also a member of the risk management committee of the Board. Mr. Chan served as a non-executive Director of the Company since 21 July 2017 and as the co-chairman of our Board since 27 August 2017. Mr. Chan is responsible for the formulation of development strategies and provision of guidance for the overall development of the Group. He has been an executive director and senior vice president of Agile Group Holdings Limited ("Agile Holdings") (stock code of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"): 3383) since November 2005 and responsible for its overall strategic decisions, business planning and major operational decisions. Mr. Chan has over 24 years of experience in real estate development and related businesses.

Mr. Chan received various awards including pioneer worker (先進工作者) for the year of 1998 by Zhongshan Individual Workers Association (中山市個體勞動者協會) and Zhongshan Private Enterprise Association (中山市私營企業協會) and the Outstanding Contribution Award for Community Development (小區建設突出貢獻獎) in the Evaluation of the National Representative Well-off Residential Community (國家小康住宅示範小區評比) by the Ministry of Construction of the PRC (中華人民共和國國家建設部) in 2000. Mr. Chan also served as an executive director of the second council of Zhongshan Private Enterprise Association (中山市私營企業協會第二屆理事會) and the fourth council of the Zhongshan Individual Workers Association (中山市個體勞動者協會第四屆理事會) in 1999, and a director and executive director of Guangdong Real Estate Association (廣東省房地產業協會) in 2004.

Biographies of Directors (continued)

Mr. Huang Fengchao (黃奉潮), aged 55, has served as an executive Director and the co-chairman of the Board of the Company since 21 July 2017. He is also the chairman of the risk management committee of the Board, a member of each of the remuneration and appraisal committee and the nomination committee of the Board. He is responsible for overall strategic decisions, business planning and major operational decisions of our Group. Mr. Huang has over 18 years of experience in real estate development and property management. Mr. Huang joined Agile Holdings in October 1999 and has successively served as a general manager of Zhongshan Agile Real Estate Development Co., Ltd. (中山市雅居樂房地產開發有限公司), director of the property management center of Agile Holdings and general manager of Guangzhou Nanhu Agile Real Estate Development Co., Ltd. (廣州南湖雅居樂房地產開發有限公司) and Guangzhou Huadu Agile Real Estate Development Co., Ltd. (廣州花都雅居樂房地產開發有限公司). Mr. Huang has been serving as an executive director and vice president of Agile Holdings and president of the Hainan and Yunnan region since May 2014, where he was in charge of the real estate development and property management in Hainan province and Yunnan province. Mr. Huang has been in charge of the investment department, cost center, human resources center, legal department and audit and supervision department of Agile Holdings since May 2015.

Mr. Huang graduated from Guangdong Petroleum School (廣東石油學校) (now known as Guangdong University of Petrochemical Technology (廣東石油化工學院)) in the PRC in July 1983 majoring in turbine management.

Mr. Liu Deming (劉德明), aged 49, has served as an executive Director of the Company since 21 July 2017. He is also a member of the nomination committee of the Board and a member of the risk management committee of the Board. Mr. Liu joined the Group as chief executive officer in September 2016. He is responsible for overall business operations and management of the Group, major decision making and executing the decisions of the Board. Mr. Liu has over 16 years of experience in property management.

Prior to joining the Group, from August 1991 to April 2004, Mr. Liu successively served as an editor of Shandong Dazhong News Group Limited (山東大眾報業(集團)有限公司), a company primarily engaged in newspaper publication, a manager of property management department of Dazhong News Group (大眾報業集團) and a general manager of a property management company affiliated to Dazhong News Group (大眾報業集團). Since April 2004, Mr. Liu has been the chairman of Shandong Mingde Property Management Group Co., Ltd. (山東明德物業管理集團有限公司), a company primarily engaged in property management for properties owned by higher education institutions, hospitals and local governments in various provinces including Shandong, Heilongjiang, Anhui and Yunnan, where he is responsible for its overall strategic planning.

Mr. Liu is currently a member of the Shandong Committee of the Chinese People's Political Consultative Conference (山東省政協), the vice chairman of China Property Management Institute (中國物業管理協會) and a member of the expert committee of the working committee of standardization of China Property Management Institute (中國物業管理協會標準化工作委員會專家委員會). He is also the vice president of the Guangdong Property Management Institute (廣東省物業管理協會), the vice president of Shandong Province Real Estate Association (山東省房地產業協會) and the vice president of Jinan City Property Management Industry Association (濟南市物業管理行業協會) in the PRC. Mr. Liu also have various publications on property management research including Classic Property Management Planning (精典物業管理方案), Classic Cases on Property Management Disputes (物業管理糾紛精典案例) and Standardization of Property Management Services for Higher Education Institutions (高校物業管理服務規範).

Mr. Liu obtained his bachelor's degree in literature from Qufu Normal University (曲阜師範大學) in the PRC in June 1991.

Mr. Feng Xin (馮欣), aged 46, has served as an executive Director of the Company since 21 July 2017 and is responsible for assisting the chief executive officer of the Company with business planning, overall management of property management and business development of the Group. Mr. Feng has over 20 years of experience in property management. Mr. Feng joined the Company as the property manager in Nanhai project in June 2002 and was promoted to deputy director of Foshan region in March 2008, managing director of South China region in March 2012, and general manager of property management center in April 2015. Mr. Feng has been the vice president of the Group since January 2017.

Prior to joining the Group, from February 1993 to April 1995, Mr. Feng was a director of Guangzhou World Trade Center Complex Property Management Co., Ltd. (廣州世界貿易中心大廈物業管理有限公司), which is under Pearl River Property Hotel Management Co., Ltd. (珠江物業酒店管理有限公司), a company primarily engaged in hotel and property management. In May 1995, he was promoted to manager of one of the subsidiaries of Pearl River Property Hotel Management Co., Ltd. and was responsible for the management and operations of commercial properties. In April 1997, Mr. Feng was further promoted to deputy general manager of outsourcing projects and was responsible for the overall management of outsourcing projects.

Mr. Feng graduated from Jinan University (暨南大學) in the PRC majoring in Chinese language and literature in July 1992 and graduated from Beijing International University (北京外事研修學院) majoring in English in the PRC in July 2007.

Mr. Feng was elected as an elite representative in March 2016 and as an elite in the property management industry in September 2016 by Guangdong Property Management Industry Institute (廣東省物業管理行業協會).

Mr. Wang Wei (王煒), aged 46, has served as an executive Director of the Company since 21 July 2017 where he was responsible for overall management and operations of Shanghai Greenland Property Services Co., Ltd. (上海綠地物業服務有限公司) ("Greenland Property Services"). Mr. Wang has over 18 years of experience in property management. Mr. Wang served as the general manager of Greenland Property Services since November 2012, where he was responsible for its overall operations and management of the company.

From July 1990 to November 1999, Mr. Wang served as the assistant general manager of Shanghai Electrical Light Sources Co. (上海電光源公司), a company primarily engaged in light source manufacturing, where he was responsible for technology, security and education training. From December 1999 to December 2000, Mr. Wang served as a deputy director of building property of Raventon (Shanghai) Co., Ltd. (偉恒通 (上海) 有限公司), a company primarily engaged in property development and management, where he was responsible for administration and customer management services.

Mr. Wang graduated from Shanghai University of Engineering Science (上海工程技術大學) in the PRC majoring in operations management in April 1999 and graduated from Sichuan University (四川大學) in the PRC through online education majoring in human resources management in June 2010. He also obtained his registered property manager certificate from Shanghai Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in February 2012.

Mr. Wang was elected as an elite representative by the Trade Association of Shanghai Property Management (上海市物業管理行業協會) in January 2015 on its 20th anniversary.

Biographies of Directors (continued)

Mr. Wei Xianzhong (魏憲忠), aged 54, has served as a non-executive Director of the Company since 21 August 2017 and is responsible for provision of the guidance for the overall development of the Group.

Mr. Wei served as an engineer at Xi'an Design and Research Institute of the Ministry of Coal Industry (煤炭工業部西安設計研究院), a company primarily engaged in coal mine survey, mining area construction, and project planning and design, where he was responsible for project budget and accounting, and technical and economic analysis from August 1985 to February 1993. He successively served as office manager, manager of business department and assistant general manager at Shanghai Jiabin Real Estate Development Company (上海佳信房地產開發公司), a real estate development company, where he was responsible for project marketing and company administration from February 1993 to December 2001. Mr. Wei served as sales director at Shanghai Zhongjian Real Estate (Group) Co., Ltd. (上海中建房產(集團)有限公司), a real estate development company, where he was responsible for project marketing from January 2002 to December 2002. Since February 2003, Mr. Wei has successively served as marketing director and deputy general manager of business division, and general manager of marketing management department at Greenland Holdings Group Company Limited (綠地控股集團股份有限公司) ("Greenland Holdings"), where he was responsible for project marketing.

Mr. Wei obtained his bachelor's degree in coal mine management engineering from China Mining Institute (中國礦業學院) (now known as China University of Mining and Technology (中國礦業大學)) in the PRC in July 1985.

Mr. Wei was awarded as a meritorious character for the "20th anniversary of Greenland Holdings" (綠地20年功勳人物) by Greenland Holdings.

Mr. WAN Kam To (尹錦滔), aged 65, has served as an independent non-executive Director of the Company since 21 August 2017. He is also the chairman of the audit committee of the Board, a member of each of the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board. Mr. Wan was a former partner of PricewaterhouseCoopers and has been a practicing accountant in Hong Kong for over 40 years with extensive experience in auditing, finance, advisory and management.

Mr. Wan currently serves as an independent non-executive director in China Resources Land Limited (stock code of Hong Kong Stock Exchange: 1109), Fairwood Holdings Limited (stock code of Hong Kong Stock Exchange: 52), Huaneng Renewables Corporation Limited (stock code of Hong Kong Stock Exchange: 958), KFM Kingdom Holdings Limited (stock code of Hong Kong Stock Exchange: 3816), Shanghai Pharmaceuticals Holding Co., Ltd. (stock code of Hong Kong Stock Exchange: 2607; stock code of Shanghai Stock Exchange: 601607), Harbin Bank Co., Ltd. (stock code of Hong Kong Stock Exchange: 6138), Kerry Logistics Network Limited (stock code of Hong Kong Stock Exchange: 636), Target Insurance (Holdings) Limited (stock code of Hong Kong Stock Exchange: 6161), and an independent director of China World Trade Center Co. Ltd (stock code of Shanghai Stock Exchange: 600007).

Mr. Wan served as an independent non-executive director of Dalian Port (PDA) Company Limited (stock code of Hong Kong Stock Exchange: 2880; stock code of Shanghai Stock Exchange: 601880) from June 2011 to June 2017, and an independent non-executive director of S. Culture International Holdings Limited (stock code of Hong Kong Stock Exchange: 1255) from May 2013 to July 2017.

Mr. Wan is currently a council member of The Open University of Hong Kong and a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Wan graduated from the accountancy department of Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in 1975.

Mr. Wan Sai Cheong, Joseph (溫世昌), aged 64, has served as an independent non-executive Director of the Company since 21 August 2017. He is also the chairman of the nomination committee of the Board, a member of each of the audit committee and the remuneration and appraisal committee of the Board.

Mr. Wan has over 39 years of experience in accounting and finance. From April 1978 to March 1987, Mr. Wan worked for KPMG in Hong Kong, spending a year at its London Office. From April 1987 to June 1992, he served as a finance director at Dickson Concepts (International) Limited, a company engaged in luxury goods distribution in Southeast Asia (stock code of Hong Kong Stock Exchange: 113), and was responsible for the acquisitions of S.T. Dupont, Paris in 1987 and Harvey Nichols, London in 1991. From August 1992 to March 2014, Mr. Wan was the chief executive of Harvey Nichols Group in the United Kingdom, a company engaged in department store retailing and listed on the London Stock Exchange from 1996 to 2003. Since May 1999, Mr. Wan served as a member of the supervisory board of S. T. Dupont S. A., a company engaged in the manufacturing and distribution of lighter, writing instrument, leather good and accessories and menswear under the S.T. Dupont brand and listed on the Paris Bourse (stock code of Paris Bourse: DPT) and as its chairman since January 2008 until his retirement in September 2014.

Mr. Wan currently serves as an independent non-executive director of Hop Hing Group Holdings Limited (合興集團控股有限公司) (stock code of Hong Kong Stock Exchange: 47), and is currently the chairman of its audit committee.

Mr. Wan currently serves as a vice chairperson of the Hong Kong International Arbitration Centre and chairperson of its finance and administration committee. He was a director of the London Court of International Arbitration from February 2012 to September 2014 and a director of the International Dispute Resolution Centre in the UK from June 2009 to September 2014.

Mr. Wan is currently a fellow member of the Institute of Chartered Accountants in England and Wales, the Chartered Institute of Arbitrators, the Institute of Directors, the Royal Society of Arts and the Hong Kong Institute of Certified Public Accountants.

Mr. Wang Peng (王鵬), aged 42, has served as an independent non-executive Director of the Company since 21 August 2017. He is also the chairman of the remuneration and appraisal committee of the Board, and a member of each of the audit committee and the nomination committee of the Board.

Since July 2003, Mr. Wang successively served as director of publicity department, deputy secretary general, secretary general and vice president at China Property Management Institute (中國物業管理協會), an industry association of property management enterprises, where he is responsible for administration, human resources, financial budgeting and internal management.

Mr. Wang obtained his executive master of business administration (EMBA) from Hebei University of Technology (河北工業大學) in the PRC in January 2015.

Save as otherwise disclosed, there is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board, and no information relating to the Directors which is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

Biographies of Supervisors

The table below sets forth information in respect of the supervisors of the Company (the “Supervisor(s)”):

Name	Age	Position
Ms. Chen Liru	49	Employee representative Supervisor
Ms. Huang Zhixia	35	Employee representative Supervisor
Mr. Shi Zhengyu	45	Supervisor representing a shareholder
Mr. Li Jianhui	54	External Supervisor
Mr. Wang Shao	46	External Supervisor

Ms. Chen Liru (陳麗茹), aged 49, has served as a Supervisor and the president of the Supervisory Committee since 21 July 2017. Ms. Chen has over 24 years of experience in financial management. Ms. Chen joined the Group as the financial manager of the Zhongshan branch office of the Group in May 2009 where she was responsible for financial management. She joined Agile Group Holdings Limited (“Agile Holdings”) (stock code of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”): 3383) as a financial director in March 1991, and was promoted to financial manager, where she was responsible for accounting and financial analysis for the real estate projects developed in Zhongshan.

Ms. Chen graduated from South China Normal University (華南師範大學) in the PRC with a major in accounting in June 2013 through online education. She obtained her junior accountant certificate and intermediate accountant certificate from MOF in May 2000 and September 2015, respectively. She also obtained the certificate of senior international finance manager (高級國際財務管理師) from the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in December 2014.

Ms. Huang Zhixia (黃智霞), aged 35, has served as a Supervisor since 21 July 2017. She has been the administrative manager of the Company since April 2015 and is responsible for administration. Ms. Huang has over 12 years of experience in administration. Ms. Huang joined Agile Holdings in June 2004 as an administrative manager and was responsible for administration and management of Agile Holdings.

Ms. Huang graduated from Guangdong AIB Polytechnic College (廣東農工商職業技術學院) in the PRC with a major in e-commerce in June 2003 and graduated from Sun Yat-sen University (中山大學) in the PRC with major of business management through online education in July 2013.

Mr. Shi Zhengyu (施征宇), aged 45, has served as a Supervisor since 21 July 2017. Mr. Shi held various positions in Agricultural Bank of China from July 1995 to May 2017, where he last served as a general manager of real estate finance department of the Shanghai branch and was responsible for overall business development and planning, and market expansion of real estate sector. Since June 2017, he has been a deputy general manager and person in charge of finance at Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司), where he is responsible for corporate accounting management, financial management and supervision, establishment of internal control and major financial affair supervision.

Mr. Shi obtained his master’s degree in applied economics from Xi’an Jiaotong University (西安交通大學) in the PRC in June 2005.

Mr. Li Jianhui (李健輝), aged 54, has served as a Supervisor since 21 August 2017.

Mr. Li served various positions in Guangzhou Yuehua Property Co., Ltd. (廣州粵華物業有限公司) (formerly known as Guangzhou Yuehua Property Company (廣州粵華物業公司)) (“Guangzhou Yuehua”), a property management company, since July 1996. Including served as a director of building management office since July 1996, the general manager of Guangzhou Yuehua from April 1998 to February 2002, the chairman and general manager of Guangzhou Yuehua from February 2002 to December 2016, and the chairman of Guangzhou Yuehua since January 2017, and is currently responsible for the overall operational and strategic planning of Guangzhou Yuehua.

Mr. Li obtained his bachelor’s degree in guidance radar high frequency communication from a military academy under the People’s Liberation Army Air Force in July 1983.

Mr. Li is currently the vice chairman of China Property Management Institute (中國物業管理協會). He is also the executive director and executive president of Guangdong Property Management Industry Institute (廣東省物業管理行業協會). Mr. Li was certified by People’s Liberation Army Air Force as mechanical engineering engineer for professional and technical posts in April 1989. Mr. Li obtained the certificate of senior operator (高級經營師) from the Ministry of Labor and Social Security of the PRC (中華人民共和國勞動和社會保障部) (now known as the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)) in June 2004, Executive Master of Business Administration (EMBA) from Hong Kong International Business College in September 2006 and the certificate of senior international finance manager (高級國際財務管理師) from International Financial Management Association (國際財務管理協會) in January 2007.

Mr. Wang Shao (王韶), aged 46, has served as a Supervisor since 21 August 2017.

Mr. Wang has been serving Guangdong Real Estate Association (廣東省房地產行業協會) since October 1994, and is currently the president where he is responsible for its overall management, including strategic planning, public relations and presiding the council meeting. Since June 2003, he has also served various positions in Southern Real Estate Magazine (南方房地產雜誌社), an affiliate to Guangdong Real Estate Association, where he is currently the president and is responsible for its overall management, including planning, management by objectives and communications and cooperations.

Mr. Wang graduated from Sun Yat-sen University (中山大學) in the PRC majoring in real estate brokerage and management in June 1994, and his bachelor’s degree in administration management from the same university in July 1999.

Mr. Wang is currently an executive director of China Real Estate Association (中國房地產協會).

Save as otherwise disclosed, there is no relationship (including financial, business, family or other material/relevant relationship) between any Supervisor, and no information relating to the Supervisors which is required to be disclosed pursuant to rules 13.51(2) and 13.51B(1) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

Biographies of Senior Management

The table below sets forth information in respect of the senior management members of the Group:

Name	Age	Position
Mr. Mao Jianping	48	Vice president
Mr. Dong Yafu	40	Vice president
Mr. Li Dalong	33	Chief financial officer and joint company secretary

Mr. Mao Jianping (毛建平), aged 48, has been the vice president of the Company since May 2017 and is responsible for property sales, property inspection, advertising and tourism services of the Group. Mr. Mao has over 23 years of experience in real estate development and property management. Mr. Mao joined Agile Group Holdings Limited ("Agile Holdings") (stock code of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"): 3383) in September 1994 and was responsible for construction and budget management. He served as deputy general manager of Nanjing project of Agile Holdings from June 2006 to July 2009, and general manager from August 2009 to January 2011, where he was responsible for real estate development, sales and property management. He served as a regional manager of eastern China of Agile Holdings from February 2011 to March 2015, where he was responsible for general operational management, formulation of long term development plans, and cost control and execution of Agile Holdings in eastern China. Mr. Mao served as a general manager of the Nanjing branch of Agile Holdings from April 2015 to April 2017, where he was responsible for real estate development, sales and property management.

Mr. Mao obtained his certificate of engineering cost assessor (造價工程師) from Guangdong Human Resources and Social Security Department (廣東省人事廳) in 2002 and certificate of senior economist (高級經濟師) from Jiangsu Human Resources and Social Security Department (江蘇省人力資源和社會保障廳) in 2010.

Mr. Mao received various awards including New Leaders of Nanjing Real Estate (南京地產新領軍人物獎項) in 2010 and Top Ten Characters in Nanjing Real Estate (南京地產十大魅力人物獎項) in 2011. He also served as a deputy for the second national people's congress in the Qinhuai District of Nanjing City.

Mr. Mao graduated from Guizhou Radio and Television University (貴州廣播電視大學) in the PRC majoring in industry automation in September 1991.

Mr. Dong Yafu (董亞夫), aged 40, has been the vice president of the Company since August 2015 and is responsible for overall management of the intelligent technology center and value-added services in network technology platform of the Group. Mr. Dong has over 10 years of experience in internet business.

Prior to joining the Group, from March 2006 to December 2006, he was a sales manager at Guangdong branch of Yeepay Co., Ltd. (易寶支付有限公司) (previously known as Beijing Tongrongtong Information Technology Co., Ltd. (北京通融通信息技術有限公司)), a company primarily engaged in electronic payment, where he was responsible for business development of electronic payment system. From January 2007 to November 2010, Mr. Dong was the sales director of 99 Bill Payment Clearing Information Co., Ltd. (快錢支付清算信息有限公司), a company primarily engaged in electronic payment, where he was responsible for business development in South China. From September 2012 to July 2015, he was a senior director of community center and deputy general manager of internet technology of Color Life Services Group Co., Limited (彩生活服務集團有限公司), a property management company listed on the Hong Kong Stock Exchange (Hong Kong Stock Exchange stock code: 1778), where he was responsible for the construction and operation of internet platform.

Mr. Dong obtained his bachelor's degree in industrial engineering from Zhengzhou University of Aeronautics (鄭州航空工業管理學院) in the PRC in June 1998.

Mr. Li Dalong (李大龍), aged 33, is the chief financial officer and joint company secretary of the Company. He has been the chief financial officer and joint company secretary since August 2016 and August 2017, respectively. Mr. Li is responsible for financial management, accounting, investment, mergers and acquisitions and company secretarial matters of the Group. He has over 11 years of experience in accounting and capital market.

Prior to joining the Group, from November 2013 to June 2016, Mr. Li was a senior manager of the capital market department at PricewaterhouseCoopers (Hong Kong), an accounting firm, where he primarily provided a series of professional services in connection with capital markets transactions, including initial public offerings in A share and Hong Kong markets as well as mergers and acquisitions. From August 2005 to November 2013, Mr. Li successively served as auditor, senior auditor, manager and senior manager at PricewaterhouseCoopers Zhongtian LLP (Shanghai), an accounting firm, where he primarily provided auditing, internal control, accounting consultation and other professional services for various customers, including listed companies, private enterprises, state-owned enterprises and foreign enterprises.

Mr. Li is a member of the Chinese Institute of Certified Public Accountants in the PRC. He obtained his bachelor's degree in literature in July 2005, and second bachelor's degree in administration management in June 2005, from Shanghai Jiao Tong University (上海交通大學) in the PRC.

Corporate Governance Report

Corporate Governance Practices

The board of directors (the “Board”) of A-Living Services Co., Ltd. (“A-Living” or the “Company”, together with its subsidiaries, the “Group”) is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders of the Company (the “Shareholders”), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

Since the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 9 February 2018 (the “Listing Date”), the Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) and complied with the applicable code provisions throughout the period from the Listing Date to the date of this annual report.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted a code for securities transactions by directors of the Company (the “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 Code”) 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 have complied with the relevant Securities Dealing Code throughout the period from the Listing Date to date of this annual report.

The Company has also established written guidelines (the “Employees Written Guidelines”) no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company as at the date of this annual report.

Board of Directors

The Board oversees the Group’s businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises nine Directors, consisting of four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The details of the Board composition are as follows:

Executive Directors

Mr. Huang Fengchao (Co-chairman)
Mr. Liu Deming (Chief Executive Officer)
Mr. Feng Xin (Vice President)
Mr. Wang Wei

Non-executive Directors

Mr. Chan Cheuk Hung (Co-chairman)
Mr. Wei Xianzhong

Independent Non-executive Directors

Mr. Wan Kam To
Mr. Wan Sai Cheong, Joseph
Mr. Wang Peng

The biographical information of the Directors are set out in the section headed “Biographies of Directors” on pages 31 to 35 of this annual report. None of the members of the Board is related to one another.

Board Meetings and Directors’ Attendance Records

Since the Listing Date, one Board meeting was held to consider the final results of the Group for the year ended 31 December 2017 and Directors attended the Board meeting in person or by proxies.

Going forward, regular Board meetings will be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Co-chairman will also hold meeting with the Non-executive Directors (including Independent Non-executive Directors) without the presence of Executive Directors during each year.

Co-chairman and Chief Executive Officer

The positions of Co-chairman are held by Mr. Chan Cheuk Hung and Mr. Huang Fengchao, while the position of Chief Executive Officer is held by Mr. Liu Deming.

The Co-chairman provides leadership for the Board and ensure the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The Co-chairman is responsible for formulating the overall strategies and policies of the Company and monitoring their implementation. The chief executive officer of the Company shall be delegated the authority by the Board to lead the senior management of the Company (the “Senior Management”) for the daily operation and business management of the Group in accordance with the objectives, directions, and risk management and internal control policies laid down by the Board.

Independent Non-executive Directors

During the period from the Listing Date to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence as set out in Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors are independent.

Appointment and Re-election of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

As each of the Directors is engaged on a service agreement (for executive Directors and Non-Executive Directors) or an appointment letter (for Independent Non-executive Directors) for a term of three years or for a term expiring on 20 July 2020, and their re-election are subject to the provisions of the Company's articles of association ("Articles of Association"), no Directors are required to be re-elected at the forthcoming annual general meeting of the Company.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The Board is accountable for formulating the business and management directions of the Group and that they are managed in such a way as to achieve the objectives of the Company. The Board's responsibilities are to formulate corporate strategy and long-term business model of the Group and to monitor and control operating and financial performance in pursuit of strategic objectives of the Group.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Board delegates day-to-day operations of the Group to the management of the Company. The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as accounting, financial and property management industries. Their extensive experiences significantly contribute to enhancing the decision making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead where potential conflicts of interests arise.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

The Company has established procedures for training and development of Directors. Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment and subsequently, necessary briefing and professional development to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills that enable the Directors to discharge their duties properly. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Prior to the Listing Date, all Directors have been given the relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interests. In addition, relevant reading materials including legal and regulatory updates will be provided to the Directors for their reference and studying.

Board Committees

The Board has established four committees, namely, the Audit Committee, the Risk Management Committee, the Remuneration and Appraisal Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of each of the Board Committees are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to the Shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 2 of this annual report.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Wan Kam To, Mr. Wan Sai Cheong, Joseph and Mr. Wang Peng. Mr. Wan Kam To is the chairman of the Audit Committee.

Corporate Governance Report (continued)

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The major duties of the Audit Committee are to review accounting policy, to monitor the performance of the Company's external auditor and the internal audit center, to review financial information, to oversee the financial reporting system, risk management and internal control systems, to consider and review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and to report the results to the Board. The Audit Committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expenses of Company.

From the Listing Date and up to the date of this annual report, one Audit Committee meeting was held on 15 March 2018. All members of the Audit Committee attended the meeting in person.

Risk Management Committee

The Risk Management Committee consists of four members, namely Mr. Chan Cheuk Hung (Non-executive Director), Mr. Huang Fengchao (Executive Director) and Mr. Liu Deming (Executive Director) and Mr. Wan Kam To (Independent Non-executive Director). Mr. Huang Fengchao is the chairman of the Risk Management Committee.

The major duties of the Risk Management Committee are to consider and formulate risk management framework, to review and assess the effectiveness of the Group's risk management framework, to monitor the implementation of risk control and ensure it is effectively implemented.

From the Listing Date and up to the date of this annual report, one Risk Management Committee meeting was held on 15 March 2018. All members of the Risk Management Committee attended the meeting in person.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of four members, namely Mr. Huang Fengchao (Executive Director), Mr. Wan Kam To (Independent Non-executive Director), Mr. Wan Sai Cheong, Joseph (Independent Non-executive Director) and Mr. Wang Peng (Independent Non-executive Director). Mr. Wang Peng is the chairman of the Remuneration and Appraisal Committee.

The terms of reference of the Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code. The major duties of the Remuneration and Appraisal Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy, as well as to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

Remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment. In determining remuneration of Directors and Senior Management, the Board will consider the remuneration level of comparable companies, the time commitment and responsibilities and employment conditions elsewhere in the Group, individual performance of respective Directors and the Company's performance. No Director shall be involved in deciding his/her own remuneration.

From the Listing Date and up to the date of this annual report, one Remuneration and Appraisal Committee meeting was held on 15 March 2018. All members of the Remuneration and Appraisal Committee attended the meeting in person.

Details of the remuneration of the Senior Management by band are set out in note 34 to the consolidated financial statements.

Nomination Committee

The Nomination Committee consists of five members, namely Mr. Huang Fengchao (Executive Director), Mr. Liu Deming (Executive Director), Mr. Wan Kam To (Independent Non-executive Director), Mr. Wan Sai Cheong, Joseph (Independent Non-executive Director) and Mr. Wang Peng (Independent Non-executive Director). Mr. Wan Sai Cheong, Joseph is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The major duties of the Nomination Committee are to review the Board composition, to identify individuals suitably qualified to become Board members, to make recommendations to the Board on the appointment, re-appointment and succession planning of Directors, to assess the independence of Independent non-executive Directors and to review board diversity policy of the Company.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience etc. The Nomination Committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expense of the Company.

From the Listing Date and up to the date of this annual report, one Nomination Committee meeting was held on 15 March 2018. All members of the Nomination Committee attended the meeting in person.

Corporate Governance Functions

The Audit Committee is delegated by the Board to perform the functions set out in the code provision D.3.1 of the CG Code. The terms of reference of the Audit Committee include (1) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (2) to review and monitor the training and continuous professional development of Directors and Senior Management; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Company and Directors; and (5) to review the Company's compliance with the code and disclosure in the Corporate Governance Report of the Company.

Risk Management and Internal Control

The Group considers that the effective risk management is of high importance for the Group to achieve sustainable development and long-term business success.

Responsibilities of the Broad and the management

The Board recognizes its responsibilities to evaluate and determine the nature and level of risks to be exposed of for achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains applicable and effective risk management and internal control systems, and to oversee the management in design, implementation and monitoring of the risk management and internal control systems.

The management is responsible for designing, implementing and monitoring the risk management system and the internal control system, and provides the recognition of the effectiveness of risk management and internal control to the Board.

Risk Management

The design, implementation and maintenance of the risk management system

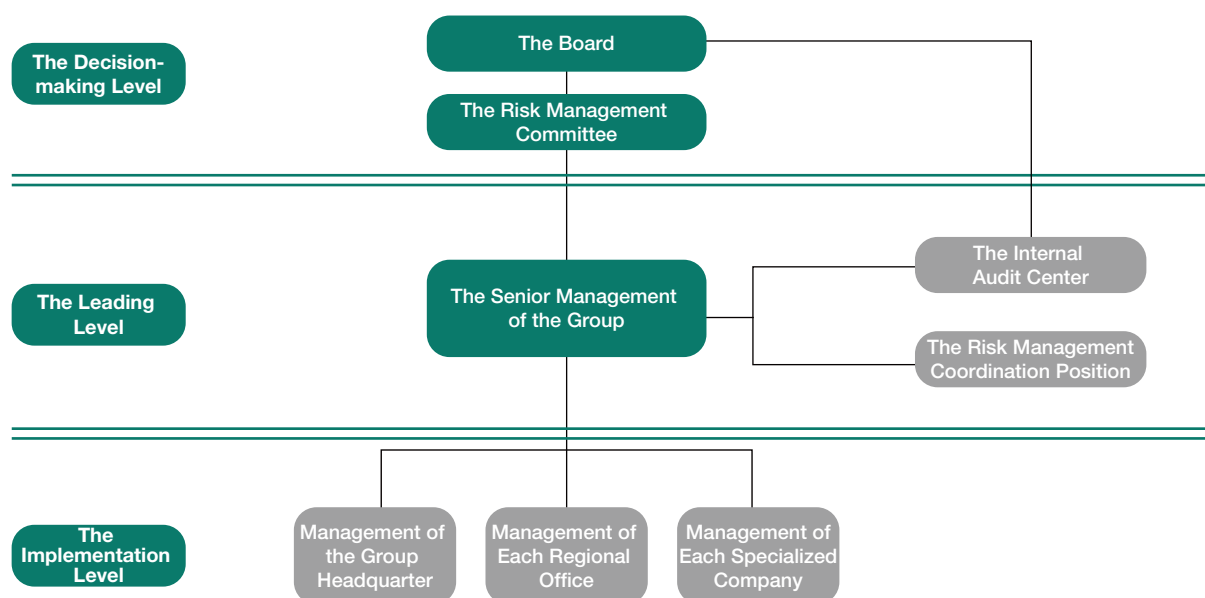
1) Establishing the Risk Management Committee: The Board has established the Risk Management Committee to oversee the design, implementation and maintenance of the risk management system of the Group and has issued the "Terms of Reference of the Risk Management Committee":

- Authorizing the Risk Management Committee and define its duties: the Risk Management Committee's duties regarding risk management and its authorization have been recognized in the "Terms of Reference of the Risk Management Committee";
- Determining the organization of the Risk Management Committee: providing the composition and quorum, requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and
- Determining the procedure of reporting to the Board: stipulating the time of reporting to the Board by the Risk Management Committee, including the minutes mechanism.

2) Establishing the structure of the risk management organization: it has built up the official risk management organization structure from the level of the Group to its subsidiaries (see figure 1 below: risk management organization chart of A-Living), and confirmed the direct management obligation of risk management and the risk information reporting procedure and frequency, and clarified the responsibilities of risk management positions, including integrating the requirement of risk management into the functional description of each position. The main features of the risk management organization structure comprised:

- Clear levels and responsibilities: the levels of risk management organization included the Risk Management Committee at the decision-making level, with the composition of leading level and implementation level and carrying out the division of the duties of risk management. It has confirmed the direct management obligation of risk management and the risk information reporting procedure and frequency;
- The wide span of level: the structure of risk management organization is from the senior management of the Group to its managements of each regional office and specialized company;

- Specific communication mechanism: it has confirmed that the management of each level communicate with each other with regard to the responsibilities, reporting procedure and reporting frequency of the risk management.



(Figure 1: risk management organization chart of A-Living)

Corporate Governance Report (continued)

The roles and major responsibilities of different levels under the risk management structure are shown below:

The roles in the risk management structure	Major responsibilities
The Board (decision-making organisation)	<ul style="list-style-type: none"> To evaluate and determine the nature and extent of the risks that the Group willing to take in achieving the strategic objectives To ensure that the effective risk management and internal control systems are established and maintained To oversee management in the design, implementation and monitoring of the risk management and internal control systems
The Risk Management Committee (decision-making organisation)	<ul style="list-style-type: none"> To review and formulate the framework of risk management To review and assess the effectiveness of the framework of the risk management of the Group on a regular basis To coordinate and assist the Group's senior management in promoting risk management works To oversee each business segment for setting up and implementing risk response programme and measures To report any material risk management matters and recommend solutions to the Board To monitor the frequency of major control failures or weak points, resulting in the extent of unforeseen consequences or emergencies which have caused, may have caused or will cause material impact on the financial performance or condition of the Company
The senior management of the Group (leading organisation)	<ul style="list-style-type: none"> To carry out risk assessment from the Group's holistic perspective and each business segment, in order to formulate risk management measures To design, implement and monitor the risk management and internal control systems To confirm the effectiveness of risk management and internal control systems to the Board
The Group headquarter and the management of its subsidiaries (implementation organisation)	<ul style="list-style-type: none"> To formulate and implement the relevant risk response programme of their business segment To promote and implement specific risk management measures To monitor and control different risks of their business and adjust risk management measures in time

The roles in the risk management structure
Major responsibilities

The risk management coordination position	<ul style="list-style-type: none"> • The Office of the Secretary of the Board acts as the role of risk management coordination, including organising risk management committee meetings and preparing minutes for record • To coordinate the commencement of risk recognition and assessment • To prepare periodic risk assessment report and propose the summary of the report to the risk management work leading team • To organise and coordinate risk management training and guidance
The Internal Audit Center	<ul style="list-style-type: none"> • To act as the risk management monitoring organisation and be responsible for overseeing and evaluating risk management works implemented by the Group and its subsidiaries

3) Established a systematic risk management system structure, which comprised the following main elements and features:

- Comprehensive framework of risk management: the model of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the model of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;
- Clear risk management procedure: the risk management procedure includes recognition, analysis, response, monitor and control, and summarizing and reporting, which form a closed loop to control and manage the risks continuously; and
- Appropriate standard of risk assessment for the Group: according to the industry nature and operation features, strategic objectives of the Group as well as the risk preference of management, set up the applicable dimension and standard of risk assessment to each business segment. By using mutually agreed assessment method and standard, carry out assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which is actually fitted with corporation.

Risk Management Strategies:

Building up management's foundation of risk management, determining the nature and extent of risks willing to take and establishing risk management structure

Risk Management Procedure:

Establishing the steps and instruments monitoring and reporting procedure of risk management

Foundation of Risk Management:

Organization, staff and technologies required in order to support, facilitate and promote the development of risk management of the Group



(Figure 2: The model of risk management)

Through the above efforts, the Group has clarified direct management obligation of risk management and risk information reporting procedure and frequency, and established an official risk management framework which recognizes, analyzes, evaluates and determines procedure of corporate risks to integrate with and control risks systematically.

The commencement of risk assessment for the Group in 2017

On the basis of the above risk management system of the Group, with the assistance of external advisory body, the Group's management commenced a major risks recognition and assessment for the year of 2017.

Management has adopted a systematic evaluation to review the changes of nature and extent of major risks, recognized material risks exposed, streamlined the current condition of risk control and the next response measures and key risk management program, and reported to the risk management committee with the assessment result.

The Risk Management Committee, on behalf of the Board, reviews and assesses the changes of nature and extent of major risks. It has finished the review of risk management system and considers the systems are effective and sufficient. Management will report major risks control situation formally to the Risk Management Committee on a half-yearly basis.

The internal control

The Board is responsible for formulating proper internal control system for the Group to safeguard the assets of the Group and the interests of Shareholders. The audit committee shall conduct regular review on the effectiveness of the internal control system to ensure that the system is adequate.

The internal audit center of the Group is accountable and reports directly to the audit committee. It is responsible for constantly monitoring the work flow and risk assessment of each department of the Group, to assist the Board and Senior Management in complying with the regulatory requirements and guidelines, so as to improve the efficiency of internal control system. Through continuous internal audit and reporting from time to time, the internal audit center shall ensure the effective operation of the internal control system.

During 2017, the Audit Committee reviewed the effectiveness of internal control system of the Group in respect of finance, operation, compliance and business matters and reported the result to the Board. Should any material fault or any material weakness in monitoring is found, the internal audit center will report the same to the Audit Committee in timely manner.

The Group shall review the efficiency of the internal control system at least twice every year to ensure the efficiency and adequacy of the system.

During 2017, the Board engaged an external professional agency to conduct an assessment on internal audit function based on the international professional practice standards of the Institute of Internal Auditors and review the internal audit function in comparison with good practices in the industry. The Board has reviewed the resources, staff qualifications and experience in internal audit as well as training courses and related budgets accepted by staff and considered it adequate.

The Review and Summary of the Effectiveness of the Risk Management and Internal Control Systems

The Board has continuously overseen the management in the design, implementation and monitoring of the risk management and internal control systems, and conducted a comprehensive review of the risk management and internal control systems of the Company during 2017, and continuously oversaw major risks and regularly review the implementation of management and control measures covering the period of 2017 and considered that the systems are effective and sufficient.

Directors' Responsibility in Respect of the Consolidated Financial Statements

The Directors have acknowledged their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2017.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 74 to 77 of this annual report.

Auditors' Remuneration

The remuneration paid to the external auditors of the Company in respect of audit services for the year ended 31 December 2017 amounted to RMB1,500,000.

Joint Company Secretaries

Mr. Li Dalong, the chief financial officer of the Company, acts as a joint company secretary of the Company. Ms. Choy Yee Man of Tricor Services Limited has been engaged by the Company as its joint company secretary.

All Directors have access to the advice and services of the joint company secretaries of the Company on corporate governance and board practices and matters.

Shareholders' Rights

The Company engages with Shareholders through various communication channels and a shareholders' communication policy is in place to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Extraordinary general meetings may be convened by the Board on requisition of Shareholder(s) individually or jointly holding 10% or more of the Company's issued shares carrying voting rights in writing.

Putting Forward Proposals at General Meetings

When a general meeting is convened by the Company, the Board, Supervisory Committee and Shareholders who individually or jointly hold more than 3% or more of the Shares may propose resolutions to the Company.

Shareholders who individually or jointly hold more than 3% of the Shares may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the holding of the general meeting. The convener will issue a supplemental notice of the general meeting within two days upon receipt of the proposals.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company to the following:

Address: Tricor Investor Services Limited
Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

Communication with Shareholders and Investor Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

Constitutional Documents

The Articles of Association were approved on 27 August 2017 (as amended from time to time) and the Company has not made any changes to its Articles of Association from the Listing Date and up to the date of this annual report. The Articles of Association is available on the Company's website and the Hong Kong Stock Exchange's website.

Environmental, Social and Governance Performance

The Group understands its environmental and social responsibilities as a corporate citizen, implements the sustainable development principle in business development and daily operation and listens to stakeholders' appeals and expectations, with a view to building a world class comprehensive living service management platform and creating lasting value for markets and communities.

Environmental responsibility

The Group strictly complies with state laws and regulations relating to environmental protection and earnestly implements environment-related management measures to realize effective control of environmental risks and help achieve the goal of sustainable business development.

The Group actively explores and adopts various energy-saving measures to improve utilization efficiency of energy and resources for our business, in a bid to transform toward low-carbon operation. For years, the Group has gradually retrofitted the parking lot lighting systems of our projects under management by installing energy-saving lights to reduce power consumption. Meanwhile, we use a spray irrigation system for green area irrigation and explore the possibility of secondary use of water resources, in an effort to minimize the impact of operations on environment.

Social responsibility

Keenly aware that stakeholders' support and trust is essential to an enterprise's success, the Group is industrious, honest and steadfast in performing our commitments to stakeholders by developing businesses and improving service quality, maintaining compliance operation, and caring for social groups and the disadvantaged groups.

Human resources are valuable assets of the Group. The Group earnestly protects employees' interests, formulate remuneration and welfare plans with market competitiveness and continuously improve the working environment to provide employees with an all-round training and development platform that inspires employees to release their maximum potentials, so as to achieve a positive interaction of personal growth and corporate development.

Adhering to the development strategy of "management digitalization, service specialization, process standardization and operation automation, the Group is dedicated to providing customers with high-quality considerate services. The Group has made heavy investment in building intelligence and information platform in recent years and leverages the industry ecosystem to have customers enjoy convenience and comfort from smart communities; meanwhile, the Group improves the formulation of our property management standards, create exemplary benchmark projects to give play to their demonstration effect, introduce advanced facilities and equipment and strengthen training of service teams' ability to improve the management efficiency and service level in a comprehensive manner.

Environmental, Social and Governance Performance (continued)

The Group implements a strict supplier access and evaluation mechanism. While guaranteeing the product and service quality, the Group also urges our suppliers to make constant self-improvement to achieve common development. The Group attaches great importance to promoting the sustainable business philosophy and encourage its suppliers and partners to fulfil environmental and social responsibilities, so as to work together to promote the sustainable development of supply chain.

The Group strictly abides by the laws and regulations, insists on effective and transparent corporate governance and remains committed to business ethics and integrity culture of enterprises. The Group regularly inspects our internal risk management and control systems to ensure their effective operation. Meanwhile, The Group assigns a high priority to the building of anti-corruption and a clean enterprise, continuously strengthen our internal and external supervision system and constantly enhance our employees' awareness of combating corruption and upholding integrity to ensure our operating and management efficiency.

The Group actively participates in community building and fully utilizes our resources to hold diversified community activities to enhance neighbourhood communication and exchanges, so as to promote the harmonious co-existence of communities. In the meantime, the Group devotes itself to social welfare undertakings and plays its part in giving back to the society through community promotion and publicity and education.

As a listed company in Hong Kong, the Group strictly complies with the disclosure requirements of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Group will publish an independent environmental, social and governance report pursuant to the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, which will cover our environmental and social performance data, management system and compliance situation in 2017 to comprehensively demonstrate our strategies, commitments and performances in fulfilling our environmental and social responsibilities.

Report of the Board of Directors

The board (the “Board”) of directors (the “Directors”) of A-Living Services Co., Ltd. (the “Company”, together with its subsidiaries, the “Group”) is pleased to present the annual report of the Company together with the audited consolidated financial statements for the year ended 31 December 2017.

Principal Place of Business

The Company is a company established and has its registered office in the People’s Republic of China (the “PRC” or “China”). The Company’s principal place of business in Hong Kong is situated at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

Principal Activities

The Group is principally engaged in property management, property sales, property inspection, advertising and public relations and tourism services.

Business Review

The business review of the Group during the year and a discussion of the Group’s future business development and the major risks and uncertainties of the Group are set out in the section headed “Chairman’s Statement” on pages 8 to 12 of this annual report and the section headed “Management Discussion and Analysis” on pages 13 to 21 of this annual report, respectively. An analysis of the Group’s performance during 2017 based on the financial key performance indicators is set out on pages 149 to 150 of this annual report under the section headed “Four-Year Financial Summary”.

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the corporate. The Company will issue separately an Environmental, Social and Governance Report under the Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2017 and the state of the Company’s and the Group’s affairs as at 31 December 2017 are set out in the consolidated financial statements on pages 78 to 148 of this annual report.

Environmental Protection and Compliance with Laws and Regulations

The Group is principally engaged in property management, property sales, property inspection, advertising and public relations and tourism services in China. As a property manager in China, the Group is required to comply with various national and local laws and regulations on environmental protection, including laws and regulations of air pollution, sound pollution, waste and sewage. The Group has complied with the laws and regulations which are significant to the operation of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

Relationship with Stakeholders

The Group is of the view that its employees, customers and business partners are important to its sustainable development. The Group is committed to maintaining close relationship with its employees, providing quality services to customers and strengthening the cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to the staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the services so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to develop good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. The Group reinforces business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

Results and Appropriations

Profits attributable to shareholders of the Company ("Shareholders") for the year ended 31 December 2017, before dividends, of RMB289,727,000 (2016: RMB160,670,000) have been transferred to reserves. During the year ended 31 December 2017, entities within the Group declared dividends of RMB297,975,000 (of which, RMB28,370,000 was declared to the non-controlling interest holders) to their then shareholders before the restructuring was completed. A final dividend in respect of 2017 of RMB50,000,000 was declared by the Company at the Board Meeting on 15 January 2018. The final dividend will be distributed out of the Company's retained earnings. The payments of the dividend above have been paid to the pre-listing shareholders of the Company prior to announcement date of listing. These consolidated financial statements have not reflected these dividends payable. Other movements in reserves are set out on pages 81 to 82 of this annual report under the section headed "Consolidated Statement of Changes in Equity".

Closure of Register of Members

The 2017 annual general meeting of the Company ("AGM") will be held on Thursday, 31 May 2018 and for the purpose of determining the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 1 May 2018 to Thursday, 31 May 2018, both days inclusive, during which period no transfer of the shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 April 2018.

Share Capital

Details of the movements in the share capital of the Company for the year ended 31 December 2017 and as at 31 December 2017 is set out in note 22 to the consolidated financial statements.

Report of the Board of Directors (continued)

Reserves and Distribution Reserve

Details of the movements in the reserves of the Company and of the Group for the year ended 31 December 2017 are set out in note 33, note 23 to the consolidated financial statements and pages 81 to 82 of this annual report under the section headed “Consolidated Statement of Changes in Equity”.

As at 31 December 2017, the aggregate amount of reserve available for distribution to equity Shareholders was approximately RMB70 million.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2017 are set out in note 15 to the consolidated financial statements.

Intangible Assets

Details of the movements in intangible assets of the Group for the year ended 31 December 2017 are set out in note 16 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings are set out in note 25 to the consolidated financial statements.

Charitable Donations

The Group did not make any charitable donations for the year ended 31 December 2017.

Retirement Benefit Scheme

Details of retirement benefit scheme of the Group are set out in note 8 to the consolidated financial statements.

Four Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past four financial years is set out on pages 149 to 150 of this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

H Shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 9 February 2018. The over-allotment option in relation to allot and issue up to an aggregate of 50,000,000 additional H Shares was not exercised.

Save as disclosed above, from 9 February 2018 (the "Listing Date") and up to the date of this annual report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-Emptive Rights

There is no arrangement of pre-emptive rights in accordance with the laws of the PRC and the requirements of the articles of association of the Company.

Directors and Supervisors

The Directors and the supervisors of the Company (the "Supervisors") during 2017 and up to the date of this annual report are:

Directors

Executive Directors

Mr. Huang Fengchao (Co-chairman of the Board) (appointed on 21 July 2017)
Mr. Liu Deming (Chief Executive Officer) (appointed on 21 July 2017)
Mr. Feng Xin (Vice President) (appointed on 21 July 2017)
Mr. Wang Wei (appointed on 21 July 2017)

Non-executive Directors

Mr. Chan Cheuk Hung (Co-chairman of the Board) (appointed on 21 July 2017)
Mr. Wei Xianzhong (appointed on 21 August 2017)

Independent Non-executive Directors

Mr. Wan Kam To (appointed on 21 August 2017)
Mr. Wan Sai Cheong, Joseph (appointed on 21 August 2017)
Mr. Wang Peng (appointed on 21 August 2017)

Supervisors

Ms. Chen Liru (appointed on 21 July 2017)
Ms. Huang Zhixia (appointed on 21 July 2017)
Mr. Shi Zhengyu (appointed on 21 July 2017)
Mr. Li Jianhui (appointed on 21 August 2017)
Mr. Wang Shao (appointed on 21 August 2017)

Independence Confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Directors' and Supervisors' Service Contracts

Each of the executive Directors, the non-executive Directors and the Supervisors had entered into a service contract with the Company and each of the independent non-executive Directors has signed an appointment letter with the Company.

The appointment of all the Directors is effective from the respective appointment date until the expiry of the term of the first session of the Board. The appointment of all the Supervisors is effective from the respective appointment date until the expiry of the term of the first session of the Supervisory Committee.

No Director or Supervisors has a service contract/ letter of appointment with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts of Significance

Other than those transactions disclosed in note 34 to the consolidated financial statements, no Director or Supervisor had a material beneficial interest in, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year of 2017 and up to the date of this annual report.

Directors' and Supervisors' Interest in Competing Business

As disclosed in the prospectus of the Company dated 29 January 2018 and as at the date of this annual report, Mr. Liu Deming, an executive Director, holds certain equity interests in Shandong Mingde Property Management Group Co., Ltd. (山東明德物業管理集團有限公司) ("Shandong Mingde"), Anhui Mingde Property Management Co., Ltd. (安徽明德物業管理有限公司) ("Anhui Mingde"), Yunnan Mingde Property Services Co., Ltd. (雲南明德物業服務有限公司) ("Yunnan Mingde"), Heilongjiang Mingde Property Management Co., Ltd. (黑龍江明德物業管理有限公司) ("Heilongjiang Mingde"), Shenyang Mingde Property Services Co., Ltd. (瀋陽明德物業服務有限公司) ("Shenyang Mingde") and Qingdao Fuwanjia Property Management Co., Ltd. (青島富萬家物業管理有限公司) ("Qingdao Fuwanjia") (collectively referred to as the "Mingde Group").

The table below sets forth the shareholding structure and business scope of each member of the Mingde Group.

Company	Shareholding Structure	Business Scope
Shandong Mingde	24.5% by Mr. Liu Deming; 25.5% by the spouse of Mr. Liu Deming	Provision of property management services to nationwide properties of or occupied by higher education institutions and hospitals; government facilities; and residential properties
Anhui Mingde	51% by Shandong Mingde; 25% directly by Mr. Liu Deming	Provision of property management services to properties of or occupied by higher education institutions and hospitals; government facilities; and residential properties in Anhui province
Yunnan Mingde	51% by Shandong Mingde; 19% directly by Mr. Liu Deming	Provision of property management services to properties of or occupied by higher education institutions and hospitals; industrial parks; government facilities; and residential properties in Yunnan province, Jiangsu province and Guizhou province
Heilongjiang Mingde	70% by Mr. Liu Deming	Provision of property management services to properties of or occupied by higher education institutions and hospitals; and government facilities in Heilongjiang province and Inner Mongolia autonomous region
Shenyang Mingde	60% by Mr. Liu Deming	Provision of property management services to properties of or occupied by higher education institutions and hospitals in Liaoning province
Qingdao Fuwanjia	40% by Mr. Liu Deming	Provision of property management services to residential buildings in Qingdao

The Directors are of the view that apart from the management of residential properties, there is no overlap between the business of Mingde Group and the Group given the different types of real estate for which management services are provided by each group. Having taken into account that (a) the Company provides property management services primarily to mid-to high-end residential development projects which, as confirmed by Mr. Liu Deming, is not the category of residential market in which Mingde Group operates and is not the target market of Mingde Group; and (b) Mr. Liu Deming has undertaken to procure Mingde Group not to engage in any business that may compete with the business of the Group (save for continuation of the categories of residential properties for which management services are provided by Mingde Group as of the date of the undertaking), the Directors are of the view that no material competition exists between Mingde Group and the Group.

Although Mr. Liu Deming serves as the chairman of Shandong Mingde and holds certain equity interests in Mingde Group, he does not participate in the daily operations of Mingde Group. On the contrary, Mr. Liu Deming primarily focuses on the business operations of the Group as an executive Director and chief executive officer and is responsible for the Group's overall operations and management and major decision making.

Furthermore, as one of the nine members of the Board, Mr. Liu Deming is not able to exercise control over the Board and does not have veto power on any matter. The Directors believe that the Group has formulated adequate corporate governance measures to monitor and manage any potential conflict of interests of the Directors.

Save as disclosed in this annual report, at no time during the year of 2017, the Directors, the Supervisors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during 2017.

Permitted Indemnity Provision

According to the duty indemnity policy for the Directors, the Supervisors and the senior management members of the Company, every Director, Supervisor and senior management member of the Company is entitled to be indemnified by the Company against all losses or liabilities which he/she may sustain or incur in carrying out his/her functions. The Company has also arranged appropriate insurance in respect of potential legal actions against the Directors, the Supervisors and the senior management members of the Company arising out of corporate activities.

Compliance with the Deed of Non-Competition

None of the controlling shareholders of the Company (the “Controlling Shareholders”) is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of the Controlling Shareholders has entered into the Deed of Non-Competition (as defined below) in favor of the Company.

Each of the Controlling Shareholders has undertaken to us in the deed of non-competition and compensation (the “Deed of Non-Competition”) on 22 January 2018 that it/he/she will not, and will procure its/his/her close associates (other than members of the Group) not to directly or indirectly be involved in or undertake any business (other than the Group’s business) that directly or indirectly competes, or may compete, with the Group’s business, which includes providing property management services, property agency services, property inspection services, advertising and public relations services and tourism services (collectively referred to as the “Restricted Activities”), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time except where the Controlling Shareholders and their close associates hold less than 5% of the total issued share capital of any company (whose shares are listed on the Hong Kong Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group and they do not control 10% or more of the composition of the board of directors of such company.

The Deed of Non-Competition will lapse automatically if the Controlling Shareholders and their close associates cease to hold, whether directly or indirectly, 50% or above of the shares of the Company with voting rights or the shares of the Company cease to be listed on the Hong Kong Stock Exchange.

For details of the above deed of non-competition, please refer to the section “Relationship with Our Controlling Shareholders” in the prospectus of the Company dated 29 January 2018.

Each of the Controlling Shareholders has provided written confirmation to the Company pursuant to which the Controlling Shareholders confirmed that from the Listing Date and up to the date of this annual report, (1) each of them has fully complied with all terms and requirements of the Deed of Non-competition, (2) each of them not to directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with the Restricted Activities, and (3) each of them does not hold more than 5% of the shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time and controls 10% or more of the composition of the board of directors of such company.

The independent non-executive Directors have reviewed all the necessary information provided by the Controlling Shareholders for compliance with the Deed of Non-Competition and confirmed that as of the date of this annual report, the Controlling Shareholders have fully complied with and did not breach all terms and requirements of the Deed of Non-Competition.

Biographical Details of Directors, Supervisors and Senior Management

Biographical details of the Directors, the Supervisors and senior management members of the Company are set out in the sections headed “Biographies of Directors”, “Biographies of Supervisors” and “Biographies of Senior Management”, respectively, of this annual report.

Equity Linked Agreement

No equity linked agreements were entered into by the Company during 2017.

Directors’, Supervisors’ and the Chief Executives’ Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations

As the Company had not been listed on the Hong Kong Stock Exchange on 31 December 2017, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the “SFO”) and Section 352 of the SFO did not apply to the Directors, Supervisors and chief executives of the Company as at 31 December 2017.

As at the Listing Date, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Securities Dealing Code as defined in the Corporate Governance Report in this annual report (the “Securities Dealing Code”), were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Class of Shares ⁽¹⁾	Number of Shares ⁽²⁾	Percentage of the relevant class of Shares in issue	Percentage of the Company's issued share capital
Mr. Chan Cheuk Hung ⁽³⁾	Beneficiary of a trust	Unlisted Shares	720,000,000 (L)	80.00%	54.00%
Mr. Liu Deming ⁽⁴⁾	Interest of a controlled corporation	Unlisted Shares	80,000,000 (L)	8.89%	6.00%

Notes:

(1) Unlisted shares of the Company include domestic shares and unlisted foreign shares of the Company.

(2) The letter “L” denotes the person's long position in the shares.

(3) Mr. Chan Cheuk Hung is the beneficiary of a family trust (“Chen's Family Trust”, which owned 720,000,000 unlisted shares of the Company), therefore, Mr. Chan Cheuk Hung is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.

(4) Mr. Liu Deming owned 49.9% of 共青城雅生活投資管理合夥企業(有限合夥) (Gongqingcheng A-Living Investment Management Limited Partnership*) (the “Gongqingcheng Investment”), which in turns owned 80,000,000 unlisted shares of the Company. Hence, Mr. Liu Deming is deemed to be interested in the shares of the Company held by Gongqingcheng Investment.

* for identification purposes only

Report of the Board of Directors (continued)

(ii) Interest in Associated Corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares	Percentage of shareholding interest
Mr. Chan Cheuk Hung	Agile Group Holdings Limited	Beneficiary of a trust	2,453,096,250	62.63%
Mr. Huang Fengchao	Agile Group Holdings Limited	Beneficial owner	1,400,000	0.04%

Save as disclosed above, as at the Listing Date, neither any of the Directors, the Supervisors nor the chief executives had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Securities Dealing Code.

Substantial Shareholders' Interests and Short Positions in Shares or Underlying Shares of the Company

As the Company had not been listed on the Hong Kong Stock Exchange on 31 December 2017, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO did not apply to any substantial Shareholders as at 31 December 2017.

So far as known to any Director or chief executives of the Company, as at the Listing Date, the persons (other than Director or chief executives of the Company) or corporations who had interest or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Nature of Interest	Class of Shares ⁽¹⁾	Number of Shares ⁽¹⁹⁾	Percentage of the relevant class of Shares in issue	Percentage of the Company's issued share capital
Zhongshan A-Living Enterprises Management Services Co., Ltd.* ⁽²⁾	Beneficial owner	Unlisted Shares	712,800,000(L)	79.20%	53.46%
Deluxe Star International Limited ⁽²⁾	Interest of a controlled corporation	Unlisted Shares	712,800,000(L)	79.20%	53.46%
	Beneficial owner	Unlisted Shares	7,200,000(L)	0.80%	0.54%
Makel International (BVI) Limited ⁽³⁾	Interest of a controlled corporation	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Genesis Global Development (BVI) Limited ⁽⁴⁾	Interest of a controlled corporation	Unlisted Shares	720,000,000(L)	80.00%	54.00%

* for identification purposes only

Report of the Board of Directors (continued)

Name of Shareholder	Nature of Interest	Class of Shares ⁽¹⁾	Number of Shares ⁽¹⁹⁾	Percentage of the relevant class of Shares in issue	Percentage of the Company's issued share capital
Eastern Supreme Group Holdings Limited ⁽⁵⁾	Interest of a controlled corporation	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Agile Group Holdings Limited ⁽⁶⁾	Interest of a controlled corporation	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Full Choice Investments Limited ⁽⁷⁾	Trustee of a trust	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Top Coast Investment Limited ⁽⁸⁾	Interest of a controlled corporation	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Mr. Chen Zhuo Lin ⁽⁹⁾	Beneficiary of a trust	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Mr. Chan Cheuk Yin ⁽⁹⁾	Beneficiary of a trust	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Ms. Luk Sin Fong, Fion ⁽⁹⁾	Beneficiary of a trust	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Mr. Chan Cheuk Hei ⁽⁹⁾	Beneficiary of a trust	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Mr. Chan Cheuk Nam ⁽⁹⁾	Beneficiary of a trust	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Ms. Zheng Huiqiong ⁽¹⁰⁾	Spouse	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Ms. Lu Liqing ⁽¹¹⁾	Spouse	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Ms. Lu Yanping ⁽¹²⁾	Spouse	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Ms. Chan Siu Na ⁽¹³⁾	Spouse	Unlisted Shares	720,000,000(L)	80.00%	54.00%
Ningbo Lvjin Investment Management Co., Ltd.*	Beneficial owner	Unlisted Shares	100,000,000(L)	11.11%	7.50%
Greenland Financial Overseas Investment Group Co., Ltd. ("Greenland Overseas")	Beneficial owner	H Shares	100,000,000(L)	23.08%	7.50%
Greenland Financial Holdings Group Co., Ltd. ⁽¹⁴⁾	Interest of a controlled corporation	Unlisted Shares	100,000,000(L)	11.11%	7.50%
	Interest of a controlled corporation	H Shares	100,000,000(L)	23.08%	7.50%
Greenland Holding Group ⁽¹⁵⁾	Interest of a controlled corporation	Unlisted Shares	100,000,000(L)	11.11%	7.50%
	Interest of a controlled corporation	H Shares	100,000,000(L)	23.08%	7.50%
Greenland Holdings Group Company Limited* (綠地控股集團股份有限公司) ("Greenland Holdings") ⁽¹⁶⁾	Interest of a controlled corporation	Unlisted Shares	100,000,000(L)	11.11%	7.50%
	Interest of a controlled corporation	H Shares	100,000,000(L)	23.08%	7.50%
Gongqingcheng Investment	Beneficial owner	Unlisted Shares	80,000,000 (L)	8.89%	6.00%

* for identification purposes only

Report of the Board of Directors (continued)

Name of Shareholder	Nature of Interest	Class of Shares ⁽¹⁾	Number of Shares ⁽¹⁹⁾	Percentage of the relevant class of Shares in issue	Percentage of the Company's issued share capital
Gongqingcheng Yagao Investment Management Co., Ltd. ^{*(17)}	Interest of a controlled corporation	Unlisted Shares	80,000,000 (L)	8.89%	6.00%
Pan Zhiyong ⁽¹⁸⁾	Interest of a controlled corporation	Unlisted Shares	80,000,000 (L)	8.89%	6.00%
Xu Chongfan	Beneficial owner	H Shares	25,000,000 (L)	5.77%	1.87%
UBS Group AG	Person having a security interest in shares/interest of a controlled corporation	H Shares	37,444,688 (L)	8.64%	2.81%
			2,595,961 (S)	0.60%	0.19%
The Hongkong and Shanghai Banking Corporation Limited	Underwriter	H Shares	65,991,750 (L)	15.23%	4.95%
			50,000,000 (S)	11.54%	3.75%
HSBC Holdings Plc	Interest of a controlled corporation	H Shares	65,995,800 (L)	15.23%	4.95%
			50,002,700 (S)	11.54%	3.75%
HSBC Holdings B.V.	Interest of a controlled corporation	H Shares	65,991,750 (L)	15.23%	4.95%
			50,000,000 (S)	11.54%	3.75%
HSBC Finance (Netherlands)	Interest of a controlled corporation	H Shares	65,991,750 (L)	15.23%	4.95%
			50,000,000 (S)	11.54%	3.75%
HSBC Asia Holdings BV	Interest of a controlled corporation	H Shares	65,991,750 (L)	15.23%	4.95%
			50,000,000 (S)	11.54%	3.75%
HSBC Asia Holdings (UK) Limited	Interest of a controlled corporation	H Shares	65,991,750 (L)	15.23%	4.95%
			50,000,000 (S)	11.54%	3.75%

Notes:

- (1) Unlisted shares of the Company include domestic shares and unlisted foreign shares of the Company.
- (2) Zhongshan A-Living Enterprises Management Services Co., Ltd. is wholly-owned by Deluxe Star International Limited and Deluxe Star International Limited is deemed under the SFO to be interested in the shares of the Company held by Zhongshan A-Living Enterprises Management Services Co., Ltd.
- (3) Deluxe Star International Limited is wholly-owned by Makel International (BVI) Limited and Makel International (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Deluxe Star International Limited.
- (4) Makel International (BVI) Limited is wholly-owned by Genesis Global Development (BVI) Limited and Genesis Global Development (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Makel International (BVI) Limited.

* for identification purposes only

- (5) Genesis Global Development (BVI) Limited is wholly-owned by Eastern Supreme Group Holdings Limited and Eastern Supreme Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Genesis Global Development (BVI) Limited.
- (6) Eastern Supreme Group Holdings Limited is wholly-owned by Agile Group Holdings Limited and Agile Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Eastern Supreme Group Holdings Limited.
- (7) Full Choice Investments Limited is the trustee of Chen's Family Trust, therefore, Full Choice Investments Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.
- (8) Top Coast Investment Limited is the settlor of Chen's Family Trust, therefore, Top Coast Investment Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.
- (9) Each of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam is the beneficiary of Chen's Family Trust, therefore, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam are deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust. In addition, by virtue of the SFO, Ms. Luk Sin Fong, Fion is deemed to be interested in the shares of the Company held by her spouse, Mr. Chen Zhuo Lin.
- (10) By virtue of the SFO, Ms. Zheng Huiqiong is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Yin.
- (11) By virtue of the SFO, Ms. Lu Liqing is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hung.
- (12) By virtue of the SFO, Ms. Lu Yanping is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hei.
- (13) By virtue of the SFO, Ms. Chan Siu Na is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Nam.
- (14) Ningbo Lvjin Investment Management Co., Ltd.* and Greenland Overseas are wholly-owned by Greenland Financial Holdings Group Co., Ltd., and Greenland Financial Holdings Group Co., Ltd. is deemed under the SFO to be interested in the shares of the Company held by Ningbo Lvjin Investment Management Co., Ltd. and Greenland Overseas.
- (15) Greenland Financial Holdings Group Co., Ltd. is wholly owned by Greenland Holding Group and Greenland Holding Group is deemed to be interested in the shares of the Company held by Greenland Financial Holdings Group Co., Ltd.
- (16) Greenland Holding Group is wholly-owned by Greenland Holdings, and Greenland Holdings is deemed under the SFO to be interested in the Shares held by Greenland Holding Group.
- (17) Gongqingcheng Yagao Investment Management Co., Ltd.* is a general partner of and has full control over Gongqingcheng Investment. Gongqingcheng Yagao Investment Management Co., Ltd. is deemed to be interested in the shares of the Company held by Gongqingcheng Investment.
- (18) Gongqingcheng Yagao Investment Management Co., Ltd.* is wholly-owned by Mr. Pan Zhiyong, and Mr. Pan Zhiyong is a senior management member of Agile Group Holdings Limited. Mr. Pan Zhiyong is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Yagao Investment Management Co., Ltd.
- (19) The letter "L" denotes the person's/ corporation's long position in the shares, while the letter "S" denotes the person's/ corporation's short position in the shares.

Save as disclosed above, as at the Listing Date, the Directors, the Supervisors and the chief executives of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

* for identification purposes only

Major Customers and Suppliers

For the year ended 31 December 2017, the aggregate sales and purchases attributable to the Group's five largest customers and suppliers were approximately 30.15% of the Group's total revenue and approximately 22.15% of the Group's total purchase respectively during 2017.

For the year ended 31 December 2017, the aggregate sales attributable to the Group's largest customer was approximately 26.73% of the Group's total revenue.

None of the Directors, Supervisors and their respective close associates nor any Shareholders (who are interested in more than 5% of the issued shares of the Company according to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

Employee and remuneration policies

As at 31 December 2017, the Group had a total of 12,192 employees. The related employees' costs amounted to approximately RMB777.2 million. The compensation plan of the Group is determined with reference to the market levels, the performance of employees and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training 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 each Director. Appropriate benefit schemes are in place for the Directors.

Related Party Transactions

Details of the related party transactions entered into by the Group during the year ended 31 December 2017 are set out in note 31 to the consolidated financial statements.

As the Company had not been listed on the Hong Kong Stock Exchange on 31 December 2017, the transactions do not fall under "Connected Transactions" or "Continuing Connected Transactions" in accordance with Chapter 14A of the Listing Rules during the year ended 31 December 2017.

Agreements for the continuing connected transactions as disclosed in the Company's prospectus dated 29 January 2018 were signed after the reporting period. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Events after the Reporting Period

The important events occurred since the year ended 31 December 2017 are disclosed in note 32 to the consolidated financial statements.

Litigation

During the year ended 31 December 2017 and up to the date of this annual report, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

Public Float

H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 9 February 2018. Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules.

Corporate Governance

As H Shares of the Company were not yet listed on the Stock Exchange during 2017, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “CG Code”) was not applicable to the Group during 2017. Since the Listing Date, the Company has adopted the principles and code provisions as set out in the CG Code and complied with the applicable code provisions throughout the period from the Listing Date to the date of this annual report.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2017 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who shall retire at the 2017 annual general meeting of the Company (the “AGM”). A resolution will be proposed at the AGM to re-appoint PricewaterhouseCoopers, Certified Public Accountants, as auditor of the Company.

Audit Committee

The audit committee of the Company had discussed with the management, and reviewed, the audited consolidated financial statements of the Group for the year ended 31 December 2017 as set out in this annual report.

Sustainable Development

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group is committed to strengthening its management’s efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 to the Listing Rules. The report will present the Company’s commitment to sustainable development during the year under review, and it will cover the significant economic, environmental and social achievements and impacts arising from the activities of the Group and its joint ventures.

On behalf of the Board

A-Living Services Co., Ltd.

Chan Cheuk Hung / Huang Fengchao

Co-chairman

Hong Kong, 20 March 2018

Report of the Supervisory Committee

I. Composition of the Supervisory Committee

As of 31 December 2017, the supervisory committee of the Company (the “Supervisory committee”) consisted of five members (the “Supervisors”) comprising two employee representative Supervisors, one Supervisor representing a shareholder and two external Supervisors. The terms of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of his/her term in accordance with the requirements of articles of association of the Company.

The composition of the Supervisory Committee of the Company is as follows:

Name	Position	Date of Appointment	Responsibilities
Ms. Chen Liru	President of the Supervisory Committee, employee representative Supervisor	21 July 2017	Presiding the work of the Supervisory Committee, responsible for supervising the board of directors (the “Board”) and the senior management of the Company
Ms. Huang Zhixia	Employee representative Supervisor	21 July 2017	Responsible for supervising the Board and the senior management of the Company
Mr. Shi Zhengyu	Supervisor representing a Shareholder	21 July 2017	Responsible for supervising the Board and the senior management of the Company
Mr. Li Jianhui	External Supervisor	21 August 2017	Responsible for supervising the Board and the senior management of the Company
Mr. Wang Shao	External Supervisor	21 August 2017	Responsible for supervising the Board and the senior management of the Company

II. Major Works of the Supervisory Committee in 2017

In 2017, being accountable to all shareholders of the Company (the “Shareholders”), the members of the Supervisory Committee of the Company strengthened the coordination and cooperation between the Board and the senior management and seriously performed the duties of supervision, for purposes of better playing a supervisory role of the Supervisory Committee, promoting the standardized operation and healthy development of the Company, and safeguarding the rights and interests of the Company and the Shareholders.

(i) Convening meetings of the Supervisory Committee according to law, and earnestly performing supervisory duties

In 2017, the Supervisory Committee held a total of 3 meetings of the Supervisory Committee.

Report of the Supervisory Committee (continued)

The Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee. The Supervisors attended all meetings of the Supervisory Committee in person and earnestly performed supervisory duties. The details of Supervisors attendance at the meetings of the Supervisory Committee held are as follows:

Name	Number of supervisory meetings to be attended	Attendance in person	Attendance by proxy	Absence
Ms. Chen Liru	3	3	0	0
Ms. Huang Zhixia	3	3	0	0
Mr. Shi Zhengyu	3	3	0	0
Mr. Li Jianhui	1	1	0	0
Mr. Wang Shao	1	1	0	0

(ii) Supervising the Directors and Senior Management Members of the Company in their performance of their duties

In 2017, the members of the Supervisory Committee reviewed the resolutions of the Board by attending board meetings, examined the daily operation and management of the Company and supervised the directors and senior management members of the Company in their performance of their duties. In the view of the Supervisory Committee, directors and senior management members of the Company were in compliance with laws and carried out their duties responsibly and they performed their work in a practicable, diligent and due manner. The decision-making procedures were legal. When performing their duties, none of the directors or senior management members of the Company acted illegally nor in violation of laws nor in such manner the rights and interests of the Company and shareholders were damaged.

(iii) Focusing on strategy fulfillment and implementation of effective supervision

The Supervisory Committee actively supported the Company's key work to promote the successful completion of the Company's H-Share issuance and listing, paid close attention to the Company's major events and performed well in supervision and promotion duties.

III. Major Initiatives for 2018

The Supervisory Committee will be strictly in accordance with the laws and regulations, Articles of Association and the Terms of Reference of the Supervisory Committee of the Company and other requirements of the relevant provisions to conduct discussion of daily business of the Supervisory Committee and diligently and responsibly perform their duties, including (1) to convene meetings of the Supervisory Committee according to the actual situation of the Company and review and consider various resolutions; (2) to review the Company's financial position by regularly understanding and reviewing financial reports, and monitor the financial operation of the Company in order to prevent against operational risks; and (3) diligently, responsibly and actively to participate in the Board meetings, general meetings and other important meetings as well as the decision-making process in relation to material matters to better safeguard the interests of the Company and all Shareholders.

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FINANCIAL SECTION

Independent Auditor's Report



羅兵咸永道

To the Shareholders of A-Living Services Co., Ltd.

(incorporated in the PRC with limited liability)

Opinion

What we have audited

The consolidated financial statements of A-Living Services Co., Ltd. (the “Company”, formerly known as Agile Property Management Service Co., Ltd.) and its subsidiaries (the “Group”) set out on pages 78 to 148, which comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2017;
- the consolidated balance sheet as at 31 December 2017;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to goodwill impairment assessment:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Goodwill impairment assessment</p> <p><i>Refer to Note 4(a) and Note 16 to the consolidated financial statements</i></p> <p>Upon the acquisition of Shanghai Greenland Property Services Co., Ltd. ("Greenland Property Services") on 30 June 2017 (the "Acquisition Date"), the Company recorded a goodwill balance of approximately RMB919 million in the consolidated balance sheet as at 31 December 2017, reflecting the difference between the total acquisition consideration of RMB1,000 million and Greenland Property Services' total identifiable net assets of approximately RMB81 million as at the Acquisition Date.</p> <p>Goodwill is tested for impairment annually. For the purpose of impairment assessment, goodwill of RMB919 million was allocated to the property management business operated by Greenland Property Services. The management assessed the recoverable amount of Greenland Property Services with the assistance of an independent external valuer (the "External Valuer") and determined based on a value-in-use ("VIU") calculation using cash flow projections based on financial budgets covering a seven-year period approved by management. As at 31 December 2017, the recoverable amount of Greenland Property Services exceeded its carrying value by RMB225 million. The key assumptions considered primarily include (i) annual revenue growth rate, (ii) gross margin, (iii) long-term growth rate; and (iv) pre-tax discount rate.</p> <p>We focused on this area because of the materiality of the goodwill balance and because it involves complex and subjective judgements by the management about the key assumptions.</p>	<p>In connection with the goodwill impairment assessment, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Evaluated the competency, capabilities and objectivity of the External Valuer; • Evaluated the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation specialists; • Assessed the pre-tax discount rate with reference to comparable listed companies based on our industry knowledge and independent research done by us. For the annual revenue growth rate during the forecast period and gross margins, we compared them with historical financial data and approved budgets of Greenland Property Services. For the long-term growth rate, we assessed it with reference to the long-term expected inflation rate based on our independent research; • Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets; and • Performed sensitivity analysis on the key assumptions adopted in the impairment assessment so as to assess the potential implication on the results of the impairment assessment if these key assumptions are to be changed within a reasonable range. <p>We found that the valuation methodology was appropriate and the key assumptions adopted in the goodwill impairment assessment were supported by available evidence.</p>

Independent Auditor's Report (continued)

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Chor Ho.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 20 March 2018

Consolidated Statement of Comprehensive Income

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2017 RMB'000	2016 RMB'000
Revenue	6	1,760,753	1,244,735
Cost of sales	6, 7	(1,170,188)	(933,088)
Gross profit		590,565	311,647
Selling and marketing expenses	7	(32,629)	(19,057)
Administrative expenses	7	(170,015)	(78,692)
Other income	9	11,395	4,802
Other expenses		(799)	(1,331)
Other losses — net	10	(100)	(219)
Operating profit		398,417	217,150
Finance income — net	11	4,279	14,606
Profit before income tax		402,696	231,756
Income tax expenses	13	(102,489)	(62,710)
Profit and total comprehensive income for the year		300,207	169,046
Profit and total comprehensive income attributable to:			
— Shareholders of the Company		289,727	160,670
— Non-controlling interests		10,480	8,376
		300,207	169,046
Earnings per share (expressed in RMB per share)			
— Basic and diluted earnings per share	14	0.35	0.22

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
	Note	2017 RMB'000	2016 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	15	70,704	61,603
Other intangible assets	16	110,303	10,738
Goodwill	16	918,967	—
Deferred income tax assets	26	11,834	16,672
Loans and interest receivables due from related parties	20	—	630,666
		1,111,808	719,679
Current assets			
Inventories	18	17,397	24,261
Trade and other receivables	19	488,189	223,116
Loans and interest receivables due from related parties	20	13,248	405,334
Cash and cash equivalents		879,771	523,163
Restricted cash	21	384	3,304
		1,398,989	1,179,178
Total assets		2,510,797	1,898,857
Equity			
Equity attributable to shareholders of the Company			
Share capital	22	1,000,000	50,000
Reserves	23	373,543	105,497
Retained earnings		98,409	124,144
		1,471,952	279,641
Non-controlling interests		2,117	23,841
Total equity		1,474,069	303,482

Consolidated Balance Sheet (continued)

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December	
		2017 RMB'000	2016 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	25	—	595,592
Deferred income tax liabilities	26	22,118	99
		22,118	595,691
Current liabilities			
Trade and other payables	24	952,375	761,306
Current income tax liabilities		62,235	38,585
Borrowings	25	—	199,793
		1,014,610	999,684
Total Liabilities		1,036,728	1,595,375
Total equity and liabilities		2,510,797	1,898,857

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 78 to 148 were approved by the Board of Directors on 20 March 2018 and were signed on its behalf.

Huang Fengchao

Director

Liu Deming

Director

Consolidated Statement of Changes in Equity

(All amounts in RMB thousands unless otherwise stated)

Attributable to shareholders of the Company						
Note	Share capital RMB'000 (Note 22)	Reserves RMB'000 (Note 23)	(Accumulated losses)/ Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016	50,000	64,366	(26,871)	87,495	15,465	102,960
Comprehensive income						
Profit for the year	—	—	160,670	160,670	8,376	169,046
Transactions with shareholders of the Company						
Capital contribution from the then shareholders	—	15,500	—	15,500	—	15,500
Contribution from a related party	23(b)	—	15,976	15,976	—	15,976
Appropriation of statutory reserves	23(a)	—	9,655	(9,655)	—	—
	—	41,131	(9,655)	31,476	—	31,476
Balance at 31 December 2016	50,000	105,497	124,144	279,641	23,841	303,482

Consolidated Statement of Changes in Equity (continued)

(All amounts in RMB thousands unless otherwise stated)

	Note	Attributable to shareholders of the Company					Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000 (Note 22)	Reserves RMB'000 (Note 23)	(Accumulated losses)/ Retained earnings RMB'000	Total RMB'000			
Balance at 1 January 2017		50,000	105,497	124,144	279,641	23,841		303,482
Comprehensive income								
Profit for the year		—	—	289,727	289,727	10,480		300,207
Transactions with shareholders of the Company								
Capital contribution from the then shareholders		—	1,000	—	1,000	—		1,000
Dividends	27	—	—	(269,605)	(269,605)	(28,370)		(297,975)
Effect of the Company's conversion from a limited liability company into a joint stock company	22(a)	—	5,103	(5,103)	—	—		—
Transaction with non-controlling interests(the "NCI")	23(c)	—	4,944	—	4,944	(6,324)		(1,380)
Effect of the Reorganisation of the Group	23(c)	—	(32,392)	—	(32,392)	—		(32,392)
Capital contribution from the NCI		—	—	—	—	2,490		2,490
Issue of shares	22(c),(d)	28,000	1,170,637	—	1,198,637	—		1,198,637
Transfer from capital reserve into share capital	22(b),(e)	922,000	(922,000)	—	—	—		—
Appropriation of statutory reserves	23(a)	—	40,754	(40,754)	—	—		—
		950,000	268,046	(315,462)	902,584	(32,204)		870,380
Balance at 31 December 2017		1,000,000	373,543	98,409	1,471,952	2,117		1,474,069

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
Cash generated from operations	28(a)	363,731	412,100
Income tax paid		(76,432)	(68,216)
Net cash generated from operating activities		287,299	343,884
Cash flows from investing activities			
Purchases of property, plant and equipment ("PPE")		(16,851)	(6,103)
Proceeds from disposal of PPE		380	345
Purchase of other intangible assets		(12,713)	(7,920)
Loans granted to related parties		—	(1,400,000)
Loans repayments received from related parties		1,036,000	950,100
Purchase of wealth management products		(2,790,000)	—
Redemption of wealth management products		2,790,000	—
Interest received		46,108	96,897
(Cash advances to)/repayment of cash advances from related parties		(25,392)	151,539
Acquisition of a subsidiary (net of cash and cash equivalent acquired)	30	(981,182)	—
Decrease/(increase) in restricted bank deposits		2,920	(14)
Net cash generated from/(used in) investing activities		49,270	(215,156)
Cash flows from financing activities			
Capital contribution from then shareholders		1,000	15,500
Capital contribution from NCI		2,490	—
Proceeds from issuance of ordinary shares		1,198,637	—
Proceeds from borrowings		—	1,078,200
Repayments of borrowings		(809,000)	(877,100)
Interest paid		(32,727)	(61,799)
Receipt of cash advances from related parties		6,700	35,260
Acquisition of subsidiaries from then shareholders for reorganisation		(33,772)	—
Dividends paid to the then shareholders		(269,605)	—
Dividends paid to the NCI		(28,370)	—
Listing expenses paid		(15,314)	—
Net cash generated from financing activities		20,039	190,061
Net increase in cash and cash equivalents		356,608	318,789
Cash and cash equivalents at beginning of year		523,163	204,374
Cash and cash equivalents at end of year		879,771	523,163

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

1 General information and reorganisation

1.1 General information

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 "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 Stock Exchange.

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

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

1.2 Reorganisation

Prior to the completion of the reorganisation (the "Reorganisation"), the Listing Business was principally operated by the Company, and the other PRC companies of the Group (collectively the "Operating Companies"). The Listing Business is ultimately controlled by Agile Holdings throughout the years ended 31 December 2017 and 2016.

In preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Reorganisation was undertaken pursuant to which the equity interests of the Operating Companies engaging in the Listing Business were transferred to the Company. Prior to the Reorganisation, the Company was owned by Deluxe Star International Limited ("Deluxe Star"), the Reorganisation involves the following major steps:

- (a) Zhongshan A-Living was established in the PRC on 2 June 2017 with an initial registered capital of RMB300,000,000. Upon establishment, Zhongshan A-Living is wholly-owned by Deluxe Star, a wholly-owned subsidiary of Agile Holdings.
- (b) On 20 June 2017, Zhongshan A-Living entered into an equity transfer agreement with Deluxe Star, pursuant to which 99% of the equity interests of the Company was transferred from Deluxe Star to Zhongshan A-Living at a consideration of RMB300,950,000. Upon completion of the transfer, Zhongshan A-Living held 99% of the equity interests of the Company with a paid-in capital of RMB49,500,000, and the remaining 1% of equity interests of the Company was still held by Deluxe Star.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

1 General information and reorganisation (continued)

1.2 Reorganisation (Continued)

- (c) During the period from 4 July 2017 to 9 August 2017, the Company acquired the entire equity interests in the following Operating Companies from the respective intermediate holding companies under Agile Holdings:

Name of the Operating Companies being acquired	Cash consideration
Foshan Nanhai Agile Property Management Services Co., Ltd. ("Nanhai Agile")	RMB5,000,000
Guangzhou Agile Property Management Services Co., Ltd. ("Guangzhou Agile")	RMB1,000,000
Guangzhou Yatao Advertisement Co., Ltd. ("Guangzhou Yatao")	RMB1,000,000
Guangzhou Yafang Travel Co., Ltd. ("Guangzhou Yafang")	RMB1,000,000
Guangzhou Yazhuo Real Estate Marketing Co., Ltd. ("Guangzhou Yazhuo")	RMB1,000,000
Guangzhou Yatian Network Technology Co., Ltd. ("Guangzhou Yatian")	RMB1,000,000
Guangzhou Harrogate Property Management Services Co., Ltd. ("Guangzhou Harrogate")	RMB1,000,000
Harrogate Property Services (Shanghai) Co., Ltd. ("Shanghai Harrogate")	RMB5,707,258
Guangzhou Huadu Agile Property Management Services Co., Ltd. ("Huadu Agile")	RMB3,464,715
Hainan Agile Property Services Co., Ltd. ("Hainan Agile") (Note 12)	RMB4,600,000

Upon completion of these share transfers, the Company became the holding company of the Group.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2017:

- Amendments to HKAS 12, 'Income taxes'
- Amendments to HKAS 7, 'Statement of cash flows'
- Amendment to HKFRS 12, 'Disclosure of interest in other entities'

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New and amended standards not yet adopted

The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2017 and have not been early adopted:

		Effective for annual years beginning on or after
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures	1 January 2018
HKAS 40 (Amendment)	Transfers of investment property	1 January 2018
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16	Leases	1 January 2019

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and position of the Group is expected when they become effective.

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an approach of transfer of risk and rewards to an approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) *New and amended standards not yet adopted (continued)*

Management is currently assessing the effects of applying the new standards on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service — the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.
- accounting for certain costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and
- rights of return — HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

The Group considers that the adoption of the new standard of HKFRS 15 will not have a significant impact on the Group's financial position and results of operations.

HKFRS 9 replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk.

While the Group has yet to undertake a detailed assessment, there will be no impact on the Group's accounting for financial assets and liabilities. As the Group expects that its financial assets currently measured at amortised cost will continue with their respective classification and measurements, and the Group did not hold financial assets currently classified as available-for-sale (AFS) or financial assets currently measured at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) *New and amended standards not yet adopted (continued)*

The Group assesses that adopting HKFRS 9 will not have a material impact on the Group's financial position and results of operations.

The Group is a lessee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17 based on the accounting policy as set out in Note 2.21(a). As at 31 December 2017, the Group's minimum lease payments under non-cancellable operating lease agreements amounted to RMB42,893,000 as separately disclosed in Note 29(b). Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees. The Group is expected to apply the new standard starting from the financial year beginning on or after 1 January 2019.

The directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated balance sheet as right-of-use assets and lease liabilities.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations under common control

The Historical Financial Information incorporates the financial statement items of the entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

Business combinations under common control (continued)

The consolidated statement of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Business combinations not under common control

Except for the reorganisation, the Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

Acquisition-related costs are expensed as incurred (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within “other (losses)/gains — net” in the consolidated statement of comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

— Buildings	20–60 years
— Transportation equipment	4–10 years
— Office equipment	5–10 years
— Machinery	10 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “other gains/(losses) — net” in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.6 Intangible assets

(a) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 years.

(c) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of 8 years for the customer relationship.

(d) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (2 to 10 years).

2 Summary of significant accounting policies (continued)

2.6 Intangible assets (continued)

(d) Computer software (continued)

Research and development costs that are directly attributable to the design and testing of identifiable and unique software products, for example, applications, controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the research and development and to use the software product are available; and
- The expenditure attributable to the software product during its research and development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" (Note 19), "loans and interest receivables due from related parties" (Note 20), "cash and cash equivalents" and "restricted cash" (Note 21) in the consolidated balance sheet.

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 Summary of significant accounting policies (continued)

2.9 Impairment of financial assets (continued)

Assets carried at amortized cost (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.12 Cash and cash equivalents, restricted cash

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

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (continued)

2.17 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.18 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the governments.

The Group's retirement scheme are expensed as incurred.

(b) Housing benefits

Full-time PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 Summary of significant accounting policies (continued)

2.19 Provisions

Provisions for environmental restoration, restructuring costs, and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) Property management services and value-added services

Revenue from property management services (including property management services under commission basis or lump sum basis) and value-added services (including pre-delivery services, household assistance services, property agency services and other services) is recognised when services are rendered.

For property management services income from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management services fee received or receivable by the properties. For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner, the Group entitles revenue at a pre-determined percentage of the property management fee received or receivable by the properties.

(b) Sale of parking lots and shops

Revenue from sale of parking lots and shops is recognised when the Group has delivered the relevant parking lots and shops to the purchaser and the collectability of related consideration is reasonably assured.

(c) Interest income

Interest income is recognised using the effective interest method.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.21 Leases

(a) The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(b) The Group is the lessor

When assets are leased out under operating lease, the assets are included in the balance sheet based on the nature of the assets. Rental income is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Interest rate risk

The Group's interest rate risk arises from non-current loans and interest receivables due from related parties and non-current borrowings, including asset-backed securities and other borrowings. Loans and interest receivables due from related parties and asset-backed securities at fixed rates expose the Group to fair value interest rate risk. Other borrowings at variable rates exposes the Group to cash flow interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2017, the Group had no borrowings at variable rates (2016: nil).

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, loans and interest receivables due from related parties and cash deposits with banks.

The carrying amounts of trade and other receivables, loans and interest receivables due from related parties, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. See Note 19 for further disclosure on credit risk.

For credit exposures to loans and interest due from related parties, the Group had not encountered any significant difficulties in collecting from the related parties in the past, and is not aware of any significant financial difficulties experienced by the related parties.

To manage credit risk of cash deposits with banks, deposits are mainly placed with licensed banks which are all high- credit-quality financial institutions.

3.1.3 Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term borrowings and capital injection by the shareholders to meet its daily operation working capital requirements.

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheets, as the impact of discount should not be significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2017				
Borrowings	—	—	—	—
Trade and other payables (*)	481,794	—	—	481,794
As at 31 December 2016				
Borrowings	247,063	240,641	417,519	905,223
Trade and other payables (*)	368,361	—	—	368,361

* Excluding non-financial liabilities

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimize the cost of capital.

The Group monitors its capital structure by maintaining its gearing ratio at a prudent level. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Total borrowings (Note 25)	—	795,385
Less: cash and cash equivalents	(879,771)	(523,163)
Restricted cash (Note 21)	(384)	(3,304)
Net debt	(880,155)	268,918
Total equity	1,474,069	303,482
Gearing ratio	N/A	88.6%

The decrease in the gearing ratio during the year ended 31 December 2017 primarily resulted from the increase in share capital (Note 22) and the early redemption of asset-backed securities (Note 25).

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions in the preparation of the Group's consolidated financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6, where the recoverable amounts of the CGU is determined based on value-in-use calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in note 16.

4 Critical accounting estimates and judgements (continued)

(b) Estimation of the useful life of customer relationship identified in business combination

On 30 June 2017, the Company completed its acquisition of 100% of the equity interests in Shanghai Greenland Property Services Co., Ltd. ("Greenland Property Services", 上海綠地物業服務有限公司) (note 16 and 30). Customer relationship identified in the business combination as at acquisition date of 30 June 2017 amounted to RMB77,000,000. Customer relationship primarily related to the existing contracts of Greenland Property Services on the acquisition date, and Greenland Property Services' entitlement to the yearly incremental property gross floor areas under management committed by Greenland Holdings Group Company Limited ("Greenland Holdings") for the period from 1 January 2018 to 31 December 2022 according to the investment cooperation framework agreement with Greenland Holdings. As at 31 December 2017, the carrying amount of the customer relationship identified in the acquisition was RMB72,187,000. A large portion of the existing contracts of Greenland Property Services are with no specific expiration date and the remaining contracts are with contract periods of two to five years. Based on past experience, termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon. The Group thus estimates the useful life and determines the amortisation period of the customer relationship to be eight years based on the expected contract duration of the property management contracts. However, the actual useful life may be shorter or longer than eight years, depending on Greenland Property Services' ability to secure its contracts with property developers or renew the contracts with property owners' associations in the future. Where the actual contract duration is different from the original estimate, such difference will impact the carrying amount of the intangible asset of customer relationship and the amortisation expenses in the periods in which such estimate has been changed.

(c) Allowance on doubtful receivables

The Group makes allowances on doubtful receivables based on an assessment of the recoverability of the receivables. Allowances are provided on receivables where events or changes in circumstances indicate that the receivables may not be collectible. The identification of doubtful receivables requires the use of judgment and estimates.

To determine whether there is any objective evidence of doubtful receivables, the Group takes into consideration a number of indicators, including, among others, subsequent settlement status, historical write-off experience and management fee collection rate of the residents in estimating the future cashflows from the receivables.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed.

(d) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2017 and 2016, the Group was principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, property agency services and other services, in the PRC.

Before 30 June 2017, the Group's business was primarily operated under a single brand "Agile Property Management". The CODM of the Company examined the Group's performance as a whole and has identified only one reportable segment.

On 30 June 2017, the Group acquired Greenland Property Services. Since then, the Group has been operating under two brands, "Agile Property Management" and "Greenland Property Services". Management reviews the operating results of the business under these two brands to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are two segments which are used to make strategic decisions.

The CODM of the Company assesses the performance of the operating segments based on a measure of segment revenue, segment results, segment assets and segment liabilities. Segment results excluded other income, other losses — net, finance income and income tax expenses, and segment assets excluded wealth management products, as these activities are centrally driven by the Group.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue are derived in the PRC.

As at 31 December 2017, all of the assets were located in the PRC.

For the year ended 31 December 2017, revenues of approximately RMB470,605,000 (2016: RMB305,174,000) were derived from Agile Holdings and its subsidiaries. These revenues were attributed to the business operated by Agile Property Management.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (continued)

Segment Revenue and Results

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2017 are as follows:

	Business operated by Agile Property Management RMB'000	Business operated by Greenland Property Services RMB'000	Total RMB'000
Gross segment sales	1,678,152	82,601	1,760,753
Segment results	312,418	25,913	338,331
Other income			11,395
Other losses — net			(100)
Finance income			53,070
Income tax expense			(102,489)
Profit for the period			300,207
Segment results include:			
Depreciation	7,333	21	7,354
Amortisation	1,535	6,613	8,148

Segment assets and liabilities

The segment assets and liabilities and the reconciliation with total assets and liabilities of the Group as at 31 December 2017 are as follows:

	Business operated by Agile Property Management RMB'000	Business operated by Greenland Property Services RMB'000	Total RMB'000
Segment assets	1,348,819	1,150,144	2,498,963
Unallocated assets			
— Deferred income tax assets			11,834
Total segment assets			2,510,797
Segment liabilities	885,185	129,425	1,014,610
Unallocated liabilities			
— Deferred income tax liabilities			22,118
Total liabilities			1,036,728
Capital expenditure	29,482	82	29,564

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

6 Revenue and cost of sales

Revenue mainly comprises proceeds from property management services and related value-added services. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2017 and 2016 is as follows:

	Year ended 31 December		2016	
	2017 RMB'000		2016 RMB'000	
	Revenue	Cost of sales	Revenue	Cost of sales
Property management services	1,205,589	880,918	977,863	734,119
Value-added services to non-property owners	453,364	229,874	212,247	159,691
Value-added services to property owners	101,800	59,396	54,625	39,278
	1,760,753	1,170,188	1,244,735	933,088

7 Expenses by nature

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Employee benefit expenses (Note 8)	777,194	564,613
Cleaning expenses	131,233	108,501
Utilities	106,105	85,122
Maintenance costs	63,251	61,387
Cost of consumables	61,969	33,192
Greening and gardening expenses	46,224	35,900
Travelling and entertainment expenses	27,104	11,041
Consulting fees	24,341	32,856
Depreciation and amortisation charges	15,502	6,341
Business taxes and other levies	15,205	30,809
Advertising expenses	15,186	12,846
Operating lease payments	13,138	9,815
Office expenses	12,617	7,044
Cost of selling parking lots and shops	12,303	10,011
Security charges	12,167	6,155
Employees training expenses	5,994	1,160
Expenses for staff activities	3,409	1,463
IT system maintenance expenses	3,162	2,072
Insurance charges	2,529	1,697
Allowance for impairment of receivables/inventories	1,539	5,675
Auditors' remuneration		
— Audit services	1,500	729
Labor protection fees	1,004	444
Others	20,156	1,964
	1,372,832	1,030,837

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

8 Employee benefit expenses

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Wages and salaries	619,097	440,448
Social insurance expenses (Note(a))	89,773	63,373
Housing benefits	19,974	11,774
Other employee benefits	48,350	49,018
Total (including emoluments of directors and supervisors)	777,194	564,613

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated based on certain percentages of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2017 include 2 directors (2016: 2 directors), whose emoluments are reflected in the analysis shown in Note 34. The emoluments payable to the remaining 3 individuals during the year ended 31 December 2017 (2016: 3 individuals) were as follows:

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	8,808	4,701

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December	
	2017	2016
Emolument bands (in HK dollar)		
HK\$500,001–HK\$1,000,000	—	1
HK\$1,000,001–HK\$1,500,000	—	1
HK\$2,000,001–HK\$2,500,000	1	—
HK\$3,000,001–HK\$3,500,000	—	1
HK\$3,500,001–HK\$4,000,000	1	—
HK\$4,000,001–HK\$4,500,000	1	—

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

9 Other income

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Interest income (Note (a))	6,286	—
Penalties	2,961	2,769
Miscellaneous	2,148	2,033
	11,395	4,802

(a) Interest income was derived from wealth management products from reputable PRC banks with fixed interest rate and a short term maturity of approximately 13 to 36 days.

10 Other losses — net

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Losses on disposal of property, plant and equipment	(100)	(219)

11 Finance income — net

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Finance expenses:		
— Interest expenses of other borrowings	—	(19,461)
— Interest expenses of asset-backed securities ("ABS") (Note 25)	(48,791)	(52,031)
	(48,791)	(71,492)
Finance income:		
— Interest income from loans due from related parties (Note 31(e))	53,070	86,098
Finance income — net	4,279	14,606

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

12 Subsidiaries

The following is a list of the principal subsidiaries (all being limited liability companies) at 31 December 2017 and 2016:

Company name	Place and date of incorporation/ establishment	Registered/ issued and paid-up capital	Attributable equity interest of the Group as at 31 December 2017	Attributable equity interest of the Group as at 31 December 2016	Principal activities and place of operation
Nanhai Agile 佛山市南海區雅居樂物業管理服務有限公司	The PRC, 20 September 2002	RMB5,000,000	100%	100%	Property management services in Foshan
Guangzhou Agile 廣州雅居樂物業管理服務有限公司	The PRC, 18 April 2003	RMB1,000,000	100%	100%	Property management services in Guangzhou
Huadu Agile 廣州市花都雅居樂物業管理服務有限公司	The PRC, 23 April 2003	RMB3,000,000	100%	100%	Property management services in Guangzhou
Hainan Agile 海南雅居樂物業服務有限公司	The PRC, 3 June 2010	RMB3,000,000	100%	70%	Property management services in Hainan
Shanghai Harrogate 雅萊格物業服務（上海）有限公司	The PRC, 9 September 2011	RMB5,000,000	100%	100%	Property management services in Shanghai
Guangzhou Harrogate 廣州雅萊格物業管理服務有限公司	The PRC, 17 November 2015	RMB1,000,000	100%	100%	Property management services in Guangzhou
Guangzhou Yatian 廣州市雅天網絡科技有限公司	The PRC, 8 October 2015	RMB10,000,000	100%	100%	Software engineering services in Guangzhou
Guangzhou Yafang 廣州市雅方旅遊有限公司	The PRC, 8 October 2015	RMB1,000,000	100%	100%	Travel agency services in Guangzhou
Zhongshan Agile Security Services Co., Ltd* 中山市雅居樂保安服務有限公司	The PRC, 22 April 2016	RMB1,010,000	100%	100%	Property management services in Zhongshan
Guangzhou Yatao 廣州市雅韜廣告有限公司	The PRC, 30 June 2016	RMB1,000,000	100%	100%	Advertising services in Guangzhou
Guangzhou Yazhuo 廣州市雅卓房地產營銷有限公司	The PRC, 11 July 2016	RMB1,000,000	100%	100%	Real estate marketing services in Guangzhou
Guangzhou Yaxin Engineering Consultancy Co., Ltd* 廣州市雅信工程諮詢有限公司	The PRC, 10 April 2017	RMB1,000,000	100%	N/A	House inspection services in Guangzhou
Greenland Property Services 上海綠地物業服務有限公司	The PRC, 25 November 2010	RMB5,500,000	100%	N/A	Property management services in Shanghai
Guangzhou Yatong Intelligent Technology Co., Ltd.* ("Guangzhou Yatong") 廣州市雅通智能科技有限公司	The PRC, 5 July 2017	RMB1,000,000	51%	N/A	Information technology consulting service in Guangzhou
Heilongjiang Yatian Network Technology Co., Ltd. * ("Heilongjiang Yatian") 黑龍江雅天網絡科技有限公司	The PRC, 29 September 2017	RMB8,000,000	60%	N/A	Software engineering services in Heilongjiang
Nantong Yazhuo Real Estate Marketing Co., Ltd. * 南通雅卓房地產營銷有限公司	The PRC, 8 August 2017	RMB1,000,000	100%	N/A	Real estate marketing services in Nantong

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

12 Subsidiaries (continued)

Material non-controlling interests

One of the Operating Companies, Hainan Agile was indirectly held by Crown Golden Investments Limited, now known as Hainan Clearwater Bay Holdings Limited ("Hainan Clearwater Bay"), an entity with 70% of its equity interest held by Agile Holdings during the year ended 31 December 2016 and the period from 1 January 2017 to 20 July 2017.

As at 20 July 2017, Hainan Clearwater Bay repurchased its own 30% issued shares held by the non-controlling interest holder. Upon completion of the repurchase transaction, Hainan Clearwater Bay became a wholly-owned subsidiary of Agile Holdings, and the entire equity interest of Hainan Agile has been controlled by Agile Holdings.

On 9 August 2017, the Group acquired 100% equity interest of Hainan Agile in total from its immediate holding companies Hainan Agile Real Estate Development Co., Ltd. ("Hainan Real Estate") and Hainan Yaheng Real Estate Development Co., Ltd. ("Hainan Yaheng"), subsidiaries of Hainan Clearwater Bay at a total consideration of RMB4,600,000. Upon completion of the acquisition, Hainan Agile became a wholly-owned subsidiary of the Company.

The non-controlling interests of RMB2,117,000 as at 31 December 2017 were attributed to Guangzhou Yatong and Heilongjiang Yatian, which are not considered material to the Group.

13 Income tax expenses

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Current income tax		
— PRC corporate income tax	98,634	70,847
Deferred income tax (Note 26)		
— PRC corporate income tax	3,855	(8,137)
	102,489	62,710

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

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Profit before income tax	402,696	231,756
Tax calculated at domestic tax rates applicable to profits in the respective group entities	100,674	57,939
Tax effects of:		
— Expenses not deductible for tax purposes	796	4,771
— Reversal of deferred tax assets recognised for tax loss in prior years	1,019	—
	102,489	62,710

The effective income tax rate was 25% for the year ended 31 December 2017 (2016: 27%).

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

13 Income tax expenses (continued)

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 assessable 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% according to the Corporate Income Tax Law of the PRC.

14 Earnings per share

For the purpose of computing basic and diluted earnings per share, ordinary shares were assumed to have been issued and allocated on 1 January 2016 as if the Company has been established by then. In addition, the number of ordinary shares outstanding during each year of 2017 and 2016 have also been adjusted retroactively for the proportional changes in the number of ordinary shares outstanding as a result of the conversions from other reserve to share capital as described in Note 22(b) and (e) in the computation of both basic and diluted earnings per share for the years ended 31 December 2017 and 2016.

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares deemed to be in issue during the years ended 31 December 2017 and 2016.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2017 and 2016. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2017	2016
Profit attributable to Shareholders of the Company (RMB'000)	289,727	160,670
Weighted average number of ordinary shares deemed to be in issue (in thousands)	832,400	720,000
Basic earnings per share for profit attributable to the Shareholders of the Company during the year (expressed in RMB per share)	0.35	0.22

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

15 Property, plant and equipment

	Buildings RMB'000	Transportation equipment RMB'000	Office equipment RMB'000	Machinery RMB'000	Total RMB'000
As at 1 January 2016					
Cost	64,294	16,053	6,557	18,889	105,793
Accumulated depreciation	(13,885)	(13,052)	(3,899)	(13,217)	(44,053)
Net book amount	50,409	3,001	2,658	5,672	61,740
Year ended 31 December 2016					
Opening net book amount	50,409	3,001	2,658	5,672	61,740
Additions	118	1,537	539	3,909	6,103
Disposals	(4)	(396)	(21)	(143)	(564)
Depreciation charge	(1,609)	(1,234)	(738)	(2,095)	(5,676)
Closing net book amount	48,914	2,908	2,438	7,343	61,603
As at 31 December 2016					
Cost	64,408	11,315	6,940	21,356	104,019
Accumulated depreciation	(15,494)	(8,407)	(4,502)	(14,013)	(42,416)
Net book amount	48,914	2,908	2,438	7,343	61,603
Year ended 31 December 2017					
Opening net book amount	48,914	2,908	2,438	7,343	61,603
Additions	350	2,990	2,972	10,539	16,851
Acquisition of a subsidiary (Note 30)	—	—	—	84	84
Disposals	(2)	(54)	(319)	(105)	(480)
Depreciation charge	(1,712)	(1,654)	(750)	(3,238)	(7,354)
Closing net book amount	47,550	4,190	4,341	14,623	70,704
As at 31 December 2017					
Cost	64,753	13,320	9,692	30,858	118,623
Accumulated depreciation	(17,203)	(9,130)	(5,351)	(16,235)	(47,919)
Net book amount	47,550	4,190	4,341	14,623	70,704

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

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Cost of sales	5,718	5,471
Selling and marketing expenses	1,087	109
Administrative expenses	549	96
	7,354	5,676

As at 31 December 2017, there was no asset pledged as collateral for related parties' borrowings. As at 31 December 2016, buildings with net book value of RMB29,892,000 were pledged as collateral for related parties' borrowings (Note 31(f)).

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

16 Intangible assets

	Computer software RMB'000	Trademarks RMB'000	Customer relationship RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2016					
Cost	4,912	—	—	—	4,912
Accumulated amortisation	(1,429)	—	—	—	(1,429)
Net book amount	3,483	—	—	—	3,483
Year ended 31 December 2016					
Opening net book amount	3,483	—	—	—	3,483
Additions	7,920	—	—	—	7,920
Amortisation	(665)	—	—	—	(665)
Closing net book amount	10,738	—	—	—	10,738
As at 31 December 2016					
Cost	12,832	—	—	—	12,832
Accumulated amortisation	(2,094)	—	—	—	(2,094)
Net book amount	10,738	—	—	—	10,738
Year ended 31 December 2017					
Opening net book amount	10,738	—	—	—	10,738
Additions	12,713	—	—	—	12,713
Acquisition of a subsidiary (Note 30)	—	18,000	77,000	918,967	1,013,967
Amortisation	(1,535)	(1,800)	(4,813)	—	(8,148)
Closing net book amount	21,916	16,200	72,187	918,967	1,029,270
As at 31 December 2017					
Cost	25,544	18,000	77,000	918,967	1,039,511
Accumulated amortisation	(3,628)	(1,800)	(4,813)	—	(10,241)
Net book amount	21,916	16,200	72,187	918,967	1,029,270

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

16 Intangible assets (continued)

Amortisation of intangible assets has been charged to profit or loss as follows:

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Cost of sales	7,157	537
Selling and marketing expenses	757	65
Administrative expenses	234	63
	8,148	665

On 30 June 2017, the Company completed its acquisition of 100% of the equity interests in Greenland Property Services (the "Acquisition") at a consideration of RMB1,000,000,000 (Note 30). Total identifiable net assets of Greenland Property Services amounted to RMB81,033,000, including trademarks of RMB18,000,000 and customer relationship of RMB77,000,000 recognised by the Group.

According to the investment cooperation framework agreement with Greenland Holdings, Greenland Property Services was authorised to use the trademark and brand of "Greenland Property Services" which is held by Greenland Holdings on a royalty-free basis for a period of five years. Management thus considered that the trademark of "Greenland Property Services" is separable and meets the definition of an asset. The useful life of trademark is determined with reference to the royalty-free period.

Customer relationship primarily related to the existing contracts of Greenland Property Services on the acquisition date, and Greenland Property Services' entitlement to the yearly incremental property gross floor areas under management committed by Greenland Holdings for the period from 1 January 2018 to 31 December 2022 according to the investment cooperation framework agreement with Greenland Holdings. A large portion of the existing contracts of Greenland Property Services are with no specific expiration date and the remaining contracts are with contract periods of two to five years. Considering that Greenland Holdings will commit the incremental gross floor areas during the five-year period from 1 January 2018 to 31 December 2022 and termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon, the Group estimates the useful life and determines the amortisation period of the customer relationship to be eight years with reference to its industry experience.

The excess of the consideration paid over the fair value of the identifiable net assets acquired is recorded as goodwill.

A valuation was performed by an independent valuer to determine the amount of the trademarks and customer relationship. Methods and key assumptions in determining the fair value of trademarks and customer relationship as at 30 June 2017 are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets
Trademarks	Discounted cash flow	15%	5 years
Customer relationship	Discounted cash flow	16%	8 years

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

16 Intangible assets (continued)

Goodwill of RMB918,967,000 arising from the Acquisition was allocated to the property management business operated by Greenland Property Services.

The consideration of RMB1,000,000,000 was based on an arm's-length negotiation taking into account the prospect of the business cooperation between Greenland Holdings and its subsidiaries and the Company.

As at 31 December 2017, management performed an impairment assessment on the goodwill and other intangible assets. The recoverable amount of the property management business operated by Greenland Property Services has been assessed by an independent valuer and determined based on value-in-use ("VIU") calculation. The calculation used cash flow projections based on financial budgets covering a seven-year period approved by management. Management extended the five-year projections as suggested by HKAS 36 for additional two years projection based on the considerations as follows:

- (i) Based on past experience, termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon. In addition, the monthly property management fee and the percentage of cost to income generated from property management are stable. These provide a reasonable basis for management to forecast cash flows reliably over a longer period.
- (ii) During the period from 1 January 2018 to 31 December 2022, the significant increment in projected revenue of Greenland Property Services is primarily attributable to the 10 million sq.m. incremental gross floor areas under management offered by Greenland Holdings each year according to the investment cooperation framework agreement with Greenland Holdings. Management considers that before the projections move into a long term stable period, such momentum of revenue growth during 2018 to 2022 will continue for another two years after 2022, during which the annual revenue growth rate gradually drops from 30% in year 2022 to 16% in year 2023 and further drops to a normal level of 7% in year 2024.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and other intangible assets:

Revenue 2018 (% annual growth rate)	333%
Revenue 2019 (% annual growth rate)	130%
Revenue — 2020 to 2024 (% annual growth rate)	7%–60%
Gross margin (% of revenue)	23%
Long-term growth rate	3%
Pre-tax discount rate	18%

As at 31 December 2017, the recoverable amount of RMB1,225 million of the property management business operated by Greenland Property Services calculated based on VIU exceeded its carrying value of RMB1,000 million by 225 million. A 4.51% decrease in estimated annual revenue growth rate, a 1.06% decrease in estimated gross margin, a 9.69% decrease in estimated long term growth rate or a 2.88% increase in estimated discount rate, all changes taken in isolation in the VIU calculations, would remove the remaining headroom.

By reference to the recoverable amount assessed by the independent valuer as at 31 December 2017, the directors of the Company determined that no impairment provision on goodwill and other intangible assets was required as at 31 December 2017.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

17 Financial instruments by category

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Financial assets		
Trade and other receivables excluding prepayments	437,404	212,764
Loans and interest receivables due from related parties	13,248	1,036,000
Cash and cash equivalents	879,771	523,163
Restricted cash	384	3,304
	1,330,807	1,775,231
Financial liabilities at amortised costs		
Borrowings	—	795,385
Trade and other payables excluding non-financial liabilities	481,794	368,361
	481,794	1,163,746

18 Inventories

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Parking lots and shops	3,708	18,684
Consumables	13,961	8,456
Food and beverages	—	92
Less: allowance for impairment	(272)	(2,971)
	17,397	24,261

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

19 Trade and other receivables

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Trade receivables (Note (a))		
— Related parties (Note 31(d))	199,717	37,872
— Third parties	108,287	104,855
	308,004	142,727
Less: allowance for impairment of trade receivables	(7,443)	(6,407)
	300,561	136,320
Other receivables		
— Related parties (Note 31(d))	35,737	10,345
— Third parties	102,362	67,701
	138,099	78,046
Less: allowance for impairment of other receivables	(1,256)	(1,602)
	136,843	76,444
Prepayments		
— Third parties	50,785	10,352
	488,189	223,116

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

Property management services income and value-added service income are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of demand note.

In determining the recoverability of trade receivables from the property management and value-added services, the Group takes into consideration a number of indicators, including, among others, subsequent settlement status, historical write-off experience and management/service fee collection rate of the customers in estimating the future cashflows from the receivables.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

19 Trade and other receivables (continued)

As at 31 December 2017 and 2016, the aging analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2017 RMB'000	2016 RMB'000
0-180 days	218,208	106,989
181-365 days	44,214	17,361
1 to 2 years	22,709	9,128
2 to 3 years	9,387	3,861
Over 3 years	13,486	5,388
	308,004	142,727

As at 31 December 2017, trade receivables of RMB300,561,000 (2016:RMB136,320,000) were considered as fully recoverable.

The aging analysis of trade receivables which are past due but not impaired based on due date is as follows:

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Up to 1 year	197,792	123,827
1 to 2 years	20,773	7,373
2 to 3 years	7,561	2,571
Over 3 years	10,182	2,549
	236,308	136,320

Included in the Group's trade receivables balance are debtors with carrying amounts of approximately RMB7,443,000 as at 31 December 2017 (2016: RMB6,407,000), which are fully impaired. The Group did not hold any collateral over these balances.

Movements on the provision for impairment of trade receivables are as follows:

	As at 31 December	
	2017 RMB'000	2016 RMB'000
At the beginning of the year	6,407	5,040
Provision for receivables impairment	3,272	1,498
Receivables written off as uncollectable	(349)	(111)
Unused amounts reversed	(1,887)	(20)
At the end of the year	7,443	6,407

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

20 Loans and interest receivables due from related parties

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Loans and interest receivables due from related parties (Note (a))		
— Non-current	—	630,666
— Current	13,248	405,334
	13,248	1,036,000

(a) Loans due from related parties (Note 31(e)) carry variable interest rates ranging from 3.86% to 8.33% per annum, the maturities of the loans are between 6 months to 71 months. The principal of the loans have been repaid in full by the related parties during 2017.

21 Restricted cash

Restricted cash primarily represents a subsidiary's cash deposits in the bank as performance security for property management services according to the requirements of local government authority.

22 Share capital

The paid-in capital of the Company as at 31 December 2016 was RMB50,000,000.

On 21 July 2017, the Company was converted from a limited liability company into a joint stock company with limited liability. The share capital as at 31 December 2017 represented the share capital of the Company as follows:

	Number of ordinary shares	Share capital RMB'000
Authorised		
As at 31 December 2017	1,000,000,000	1,000,000
Issued and fully paid		
Issue of shares upon the Company's conversion from a limited liability company into a joint stock company (Note (a))	50,000,000	50,000
Transfer from other reserve to share capital (Note (b))	22,000,000	22,000
Issue of shares to Gongqingcheng A-Living Investment Management Limited Partnership ("Gongqingcheng Investment") (Note (c))	8,000,000	8,000
Issue of shares to Ningbo Lvjin Investment Management Co., Ltd. ("Ningbo Lvjin", 寧波綠進投資管理有限公司) and Greenland Financial Overseas Investment Group Co., Ltd. ("Greenland Overseas", 綠地金融海外投資集團有限公司) (Note (d))	20,000,000	20,000
Transfer from other reserve to share capital (Note (e))	900,000,000	900,000
Total share capital as at 31 December 2017	1,000,000,000	1,000,000

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

22 Share capital (continued)

- (a) On 21 July 2017, the Company was converted from a limited liability company into a joint stock company with limited liability. By reference to the Company's net asset value as at 30 June 2017, the Company issued 50,000,000 shares with a nominal value of RMB1 each to two shareholders, where Zhongshan A-Living held 49,500,000 shares, representing 99% of the share capital of the Company, and Deluxe Star held 500,000 shares, representing 1% of the share capital of the Company. The difference between the net asset value and the share capital was recognised as capital reserve of the Company. Upon completion of the conversion, the Company's name was changed from Agile Property Management Services Co., Ltd. to A-Living Services Co., Ltd.
- (b) On 24 July 2017, pursuant to a resolution of the Company's extraordinary general meeting, the Company's capital reserve of RMB22,000,000 was converted into share capital of the Company. Upon completion of the conversion, the Company's share capital increased by RMB22,000,000 from RMB50,000,000 to RMB72,000,000.
- (c) Pursuant to the board resolution dated March 27, 2017, it was approved that the Company would implement a senior management share incentive plan (the "Incentive Plan"). According to the Incentive Plan, on 26 July 2017, the Company and Gongqingcheng A-Living Investment Management Limited Partnership ("Gongqingcheng Investment") entered into a capital increase agreement, pursuant to which Gongqingcheng Investment shall subscribe for 8,000,000 shares of the Company at a cash consideration of RMB200,000,000. The subscription price was by reference to the fair value of the Group as appraised by an independent valuer with 31 December 2016 as the base date of the valuation. Upon completion of the subscription, the Company's share capital and capital reserve increased by RMB8,000,000 and RMB192,000,000 respectively.

Gongqingcheng Investment was established under the laws of the PRC with Gongqingcheng Yagao Investment Management Co., Ltd. ("Gongqingcheng Yagao") as its general partner and Mr. Liu Deming (劉德明), Mr. Feng Xin (馮欣) and Mr. Li Dalong (李大龍) as its limited partners. Gongqingcheng Investment has a total capital commitment of RMB10,000,000, among which Gongqingcheng Yagao Investment Management Company Limited, Mr. Liu Deming, Mr. Feng Xin and Mr. Li Dalong should contribute RMB10,000, RMB4,990,000, RMB2,500,000 and RMB2,500,000 in cash, respectively. Gongqingcheng Yagao is a limited liability company which is owned by Mr. Pan Zhiyong (潘智勇), a member of the senior management of Agile Holdings. Mr. Liu Deming (劉德明) and Mr. Feng Xin (馮欣) are our executive Directors and Mr. Li Dalong (李大龍) is a member of our senior management. As of 31 July 2017, all contributions had been paid up, of which RMB190,000,000 of the capital injection was borrowed from Zhongshan A-Living Enterprise Management Services Company Limited, the Company's Controlling Shareholder, to Gongqingcheng Investment based on general commercial terms.

- (d) Pursuant to the capital increase agreements dated 10 August 2017, Ningbo Lvjin and Greenland Overseas agreed to subscribe for 10,000,000 shares and 10,000,000 shares of the Company respectively at cash consideration of RMB500,000,000 and HKD584,795,000 (translated into RMB498,637,000 using the spot exchange rate of 15 August 2017) respectively. The payment for the subscription amounts were completed on 11 August 2017 and 15 August 2017 respectively. Upon completion of the subscription, the Company's share capital and capital reserve increased by RMB20,000,000 and RMB978,637,000 respectively.
- (e) On 21 August 2017, the Company passed a resolution of shareholders' general meeting to increase the share capital of the Company from RMB100,000,000 to RMB1,000,000,000. The increased portion was converted from the capital reserve of the Company and the shareholding structure of the Company remains unchanged.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

23 Reserves

	Statutory reserve RMB'000	Other reserve RMB'000	Total RMB'000
As at 1 January 2016	1,419	62,947	64,366
Appropriation of statutory reserves (Note (a))	9,655	—	9,655
Capital contribution from the then shareholders	—	15,500	15,500
Contribution from a related party (Note (b))	—	15,976	15,976
As at 31 December 2016	11,074	94,423	105,497
Appropriation of statutory reserves (Note (a))	40,754	—	40,754
Capital contribution from the then shareholders	—	1,000	1,000
Effect of the Company's conversion from a limited liability company into a joint stock company (Note 22(a))	(18,304)	23,407	5,103
Effect of the Reorganisation (Note (c))	—	(32,392)	(32,392)
Transactions with NCI (Note (c))	—	4,944	4,944
Issue of shares (Note 22(c), (d))	—	1,170,637	1,170,637
Transfer from capital reserve to share capital (Note 22(b), (e))	—	(922,000)	(922,000)
As at 31 December 2017	33,524	340,019	373,543

(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 2016, certain expenses of the Group amounting to RMB15,976,000 were settled by Agile Property Land Co., Ltd. ("Agile Property Land"), a related party controlled by Agile Holdings. Such expenses were not recharged to the Group and therefore deemed as contribution from the then shareholder and recorded directly in equity.

(c) During the period from 4 July 2017 to 9 August 2017, the Company acquired the entire equity interest in the Operating Companies from their intermediate holding companies under Agile Holdings at a total consideration of RMB33,772,000, of which, RMB1,380,000 was deemed as consideration for repurchasing the 30% of the NCI of Hainan Agile (Note 12). The difference of RMB4,944,000 between the carrying value of the NCI of Hainan Agile and the consideration paid was recorded as other reserve.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

24 Trade and other payables

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Trade payables (Note (a))		
— Related parties (Note 31 (d))	235	231
— Third parties	151,867	103,270
	152,102	103,501
Other payables		
— Related parties (Note 31 (d))	60,304	53,604
— Third parties	269,388	211,256
	329,692	264,860
Advances from customers		
— Related parties (Note 31 (d))	19,769	17,890
— Third parties	276,886	271,745
	296,655	289,635
Accrued payroll	145,652	91,128
Other taxes payables	28,274	12,182
	952,375	761,306

- (a) As at 31 December 2017 and 2016, the aging analysis of the trade payables (including amounts due to related parties of a trade nature) based on invoice date were as follows:

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Up to 1 year	140,687	93,963
1 to 2 years	4,135	3,584
2 to 3 years	2,799	1,989
Over 3 years	4,481	3,965
	152,102	103,501

The balances of trade payables over 1 year mainly represent the amounts due to third party contractors for renovation and maintenance services.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

25 Borrowings

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Non-current		
ABS (Note (a))	—	795,385
Less: current portion of non-current borrowings	—	(199,793)
	—	595,592
Current		
Current portion of non-current borrowings	—	199,793
	—	795,385

All of the Group's borrowings were denominated in RMB.

- (a) On 13 January 2016, the Company entered into an ABS arrangement with a third party assets management company by pledging the future 5 years' right of receiving management fee for certain properties under its management. On 26 February 2016, the ABS was formally established with an aggregate nominal value of RMB 1,100,000,000, with a 5-year maturity, amongst which RMB 100,000,000 was subordinated securities purchased by the Company. The net proceeds from the ABS, after deducting the issuance costs and the subordinated securities purchased by the Company, amounted to approximately RMB 975,200,000. The ABS carries nominal interest rate ranging from 5% to 6% per annum.

According to the agreement of ABS, the Company as the issuer is eligible to exercise the right to redeem at a redemption start date that corresponds to each of the expected maturity date, and the redemption is irrevocable once started.

The repayment of the ABS was secured by the ultimate holding company, Agile Holdings (Note 31(g)).

During the six months ended 30 June 2017 and the year ended 31 December 2016, the Company repaid a portion of the principal amount of the ABS, amounting to RMB102,000,000 and RMB291,000,000 respectively.

On 26 September 2017 (the "Redemption Date"), the Company redeemed the remaining ABS in full at a redemption price that equals to 100% of the principal amount of the ABS and the accrued and unpaid interests as at the Redemption Date. (There is no redemption premium recognised in the consolidated income statement).

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

25 Borrowings (continued)

(b) As at 31 December 2017 and 2016, the Group's borrowings were repayable as follows:

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Within 1 year	—	199,793
Between 1 and 2 years	—	204,996
Between 2 and 5 years	—	390,596
	—	795,385

(c) The fair value of borrowings approximates their carrying amount, as the impact of discounting is not significant.

26 Deferred income tax

An analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Deferred tax assets:		
— Deferred tax asset to be recovered after more than 12 months	9,236	13,247
— Deferred tax asset to be recovered within 12 months	2,598	3,425
	11,834	16,672
Deferred tax liabilities:		
— Deferred tax liability to be recovered after more than 12 months	(18,790)	—
— Deferred tax liability to be recovered within 12 months	(3,328)	(99)
	(22,118)	(99)
	(10,284)	16,573

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Deferred income tax (Continued)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2017 and 2016, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts RMB'000	Deferred tax assets – impairment of inventories RMB'000	Deferred tax assets – deductible tax losses RMB'000	Deferred tax assets – accrued expenses RMB'000	Deferred tax liabilities – excess of carrying amount of other intangible assets over the tax bases RMB'000	Deferred tax liabilities – differences on recognition of depreciation RMB'000	Total RMB'000
As at 1 January 2016	1,659	1,649	3,253	3,004	—	(1,129)	8,436
Credited to the consolidated statement of comprehensive income	343	—	183	7,575	—	36	8,137
As at 31 December 2016	2,002	1,649	3,436	10,579	—	(1,093)	16,573
As at 1 January 2017	2,002	1,649	3,436	10,579	—	(1,093)	16,573
Charged to the consolidated statement of comprehensive income	(302)	(1,580)	(838)	(2,158)	1,653	(630)	(3,855)
Acquisition of a subsidiary (Note 30)	474	—	—	274	(23,750)	—	(23,002)
At 31 December 2017	2,174	69	2,598	8,695	(22,097)	(1,723)	(10,284)

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

27 Dividends

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Dividends	297,975	—

During the year ended 31 December 2017, entities within the Group declared dividends of RMB297,975,000 (of which, RMB28,370,000 was declared to the non-controlling interest holder) to their then shareholders before the Reorganisation was completed.

A final dividend in respect of 2017 of RMB50,000,000 was declared by the Company to the then shareholders at the Board Meeting on 15 January 2018. The final dividend was distributed out of the Company's retained earnings. These consolidated financial statements have not reflected these dividends payable. The payments of the dividend above was made on 7 February 2018.

28 Cash flow information

(a) Cash generated from operations

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Profit before income tax	402,696	231,756
Adjustments for:		
— Depreciation of property, plant and equipment (Note 15)	7,354	5,676
— Amortisation of intangible assets (Note 16)	8,148	665
— Impairment provision for trade and other receivables, net	(1,207)	1,484
— Reversal of provision for inventories	(27)	—
— Losses on disposal of property, plant and equipment	100	219
— Finance income (Note 11)	(53,070)	(86,098)
— Finance cost (Note 11)	48,791	71,492
— Other income (Note 9)	(6,286)	—
Changes in working capital:		
— Inventories	6,936	12,133
— Trade and other receivables	(115,416)	(21,398)
— Trade and other payables	65,712	196,171
	363,731	412,100

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

28 Cash flow information (Continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year 2017 and 2016 presented.

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Cash and cash equivalents	879,771	523,163
Borrowings — repayable within one year	—	(199,793)
Borrowings — repayable after one year	—	(595,592)
Net debt	879,771	(272,222)
Cash and cash equivalents	879,771	523,163
Gross debt — fixed interest rates	—	(795,385)
Net debt	879,771	(272,222)

A reconciliation of liabilities arising from financing activities is as follows:

	Borrowings RMB'000	Other payables — related parties RMB'000	Dividends payable RMB'000	Total RMB'000
As at 1 January 2017	795,385	53,604	—	848,989
Cash flows				
— Inflow from financing activities	—	6,700	—	6,700
— Outflow from financing activities	(809,000)	—	(297,975)	(1,106,975)
Non-cash changes				
— Finance expense recognised	13,615	—	—	13,615
— Accrued dividends payable	—	—	297,975	297,975
As at 31 December 2017	—	60,304	—	60,304

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

29 Commitments

(a) Capital commitments

Capital expenditures contracted but not provided for at the end of the year were as follows:

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Other intangible assets	4,403	—

(b) Operating lease commitments — as lessee

The Group leases offices and staff dormitories under non-cancellable operating lease agreements. The lease terms are between 1 and 8 years, and the majority of lease agreements are entered into with related parties and renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2017 RMB'000	2016 RMB'000
No more than 1 year	19,663	12,720
More than 1 year but no more than 5 years	22,911	23,966
More than 5 years	319	2,645
	42,893	39,331

30 Business combinations

On 30 June 2017, the Company completed its acquisition of 100% of the equity interests in Greenland Property Services at a consideration of RMB1,000,000,000.

Goodwill of RMB918,967,000 primarily arose from the expected future development of Greenland Property Services' business, improvement on market coverage, enriching the service portfolio, integrating value-added services, and improvement on management efficiency, etc.. Goodwill recognised is not expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Greenland Property Services, the fair value of assets acquired, liabilities assumed at the acquisition date.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

30 Business combinations (Continued)

Consideration:

As at 30 June 2017	RMB'000
— Consideration (Note (a))	1,000,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	18,818
Property, plant and equipment	84
Trademarks (included in other intangible assets) (Note 16, Note (c))	18,000
Customer relationship (included in other intangible assets) (Note 16, Note (c))	77,000
Deferred income tax assets	748
Inventories	45
Trade and other receivables	95,427
Trade and other payables	(103,891)
Deferred income tax liabilities	(23,750)
Current income tax liabilities	(1,448)
Total identifiable net assets	81,033
Goodwill (Note 16)	918,967

- (a) As at 30 June 2017, 51% of the consideration (equivalent to RMB510,000,000) had been paid by the Group. The remaining consideration of RMB490,000,000 was paid on 10 August 2017.
- (b) Had Greenland Property Services been consolidated from 1 January 2017, the consolidated statement of comprehensive income for the year ended 31 December 2017 would have shown pro-forma revenue of RMB1,821,227,000 and profit of RMB295,473,000.
- (c) Other intangible assets including trademarks of RMB18,000,000 and customer relationship of RMB77,000,000 in relation to the acquisition of Greenland Property Services have been recognised by the Group.
- (d) Net cash outflow arising on acquisition during the year ended 31 December 2017:

	RMB'000
Cash consideration paid	(1,000,000)
Cash and cash equivalents acquired at the acquisition date	18,818
	(981,182)

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
Agile Holdings 雅居樂集團控股有限公司	Ultimate holding company
Zhongshan A-Living 中山雅生活企業管理服務有限公司	Controlling shareholder of the Company
Deluxe Star 旺紀國際有限公司	Shareholder of the Company
Gongqingcheng Investment 共青城雅生活投資管理合夥企業（有限合夥）	Shareholder of the Company
Greenland Holdings 綠地控股集團股份有限公司	Non-controlling shareholder of the Group
Mr. Chan Cheuk Yin 陳卓賢先生	A Founding Shareholder of Agile Holdings
Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the "Founding Shareholders")	Founding shareholders of Agile Holdings
Hainan Real Estate 海南雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Zhongshan Ever Creator Real Estate Development Co., Ltd.* 中山市雅建房地產發展有限公司	Controlled by the same ultimate holding company
Sichuan Agile Real Estate Development Co., Ltd.* 四川雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Guangzhou Yaheng Real Estate Development Co., Ltd.* 廣州雅恒房地產開發有限公司	Controlled by the same ultimate holding company
Guangzhou Panyu Agile Realty Development Co., Ltd.* 廣州番禺雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Hainan Yaheng 海南雅恒房地產發展有限公司	Controlled by the same ultimate holding company

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Zhongshan Greenville Realty Development Co., Ltd.* 中山市凱茵豪園房地產開發有限公司	Controlled by the same ultimate holding company
Zhongshan Agile Majestic Garden Real Estate Co., Ltd.* ("Zhongshan Majestic Garden") 中山雅居樂雍景園房地產有限公司	Controlled by the same ultimate holding company
Nanjing Binjiang Agile Real Estate Development Co., Ltd.* 南京濱江雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Nanjing Jiangning Agile Real Estate Development Co., Ltd.* 南京江寧雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Huizhou Bailuhu Tour Enterprise Development Co., Ltd.* 惠州白鷺湖旅遊實業開發有限公司	Controlled by the same ultimate holding company
Guangzhou Huadu Agile Realty Development Co., Ltd.* 廣州花都雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Foshan Shunde Agile Real Estate Development Co., Ltd.* 佛山市順德區雅居樂房地產有限公司	Controlled by the same ultimate holding company
Guangzhou Conghua Agile Real Estate Development Co., Ltd.* 廣州從化雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Zhongshan Yajing Real Estate Development Co., Ltd.* 中山市雅景房地產開發有限公司	Controlled by the same ultimate holding company
Shanghai Jing'an Chengtou Chongqing Land Co., Ltd.* 上海靜安城投重慶市置業有限公司	Controlled by the same ultimate holding company
Liaoning Agile Real Estate Development Co., Ltd.* 遼寧雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Foshan Agile Real Estate Development Co., Ltd.* 佛山市雅居樂房地產有限公司	Controlled by the same ultimate holding company

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Zhongshan Yaxin Real Estate Development Co., Ltd.* 中山市雅信房地產開發有限公司	Controlled by the same ultimate holding company
Heyuan Agile Real Estate Development Co., Ltd.* 河源市雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Zhongshan Yachuang Real Estate Development Co., Ltd.* 中山市雅創房地產開發有限公司	Controlled by the same ultimate holding company
Guangzhou Yayue Real Estate Development Co., Ltd.* 廣州雅粵房地產開發有限公司	Controlled by the same ultimate holding company
Foshan Sanshui Agile Majestic Garden Real Estate Co., Ltd.* 佛山市三水雅居樂雍景園房地產有限公司	Controlled by the same ultimate holding company
Xi'an Agile Property Investment Management Co., Ltd.* 西安雅居樂物業投資管理有限公司	Controlled by the same ultimate holding company
Changzhou Agile Real Estate Development Co., Ltd.* 常州雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Nanjing Yajian Land Co., Ltd.* 南京雅建置業有限公司	Controlled by the same ultimate holding company
Zhongshan Yacheng Real Estate Development Co., Ltd.* 中山市雅誠房地產開發有限公司	Controlled by the same ultimate holding company
Agile Property Land 雅居樂地產置業有限公司	Controlled by the same ultimate holding company
Xi'an Qujiang Agile Real Estate Development Co., Ltd.* 西安曲江雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Chongqing Gangya Land Co., Ltd.* 重慶港雅置業有限公司	Controlled by the same ultimate holding company

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Zhongshan Yashang Real Estate Development Co., Ltd.* 中山市雅尚房地產開發有限公司	Controlled by the same ultimate holding company
Tengchong Agile Resort Co., Ltd.* 騰冲雅居樂旅遊置業有限公司	Controlled by the same ultimate holding company
Hainan Yahang Travel Property Co., Ltd.* 海南雅航旅遊置業有限公司	Controlled by the same ultimate holding company
Ruili Agile Resort Co., Ltd.* 瑞麗雅居樂旅遊置業有限公司	Controlled by the same ultimate holding company
Lai'an Agile Real Estate Development Co., Ltd.* 來安雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Nanjing Gaochun Agile Real Estate Development Co., Ltd.* 南京高淳雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Xi'an Changya Real Estate Development Co., Ltd.* 西安常雅房地產開發有限公司	Controlled by the same ultimate holding company
Huizhou Huiyang Agile Real Estate Development Co., Ltd.* 惠州市惠陽雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Xishuangbanna Agile Resort Co., Ltd.* 西雙版納雅居樂旅遊置業有限公司	Controlled by the same ultimate holding company
Wuxi Agile Real Estate Development Co., Ltd.* 無錫雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Ningxiang Agile Resort Development Co., Ltd.* 寧鄉雅居樂旅遊發展有限公司	Controlled by the same ultimate holding company
Yangzhou Agile Real Estate Development Co., Ltd.* 揚州雅居樂房地產開發有限公司	Controlled by the same ultimate holding company

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Nantong Agile Real Estate Development Co., Ltd.* 南通雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Zhenjiang Agile Real Estate Development Co., Ltd.* 鎮江雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Shanghai SongJiang Agile Real Estate Development Co., Ltd.* 上海松江雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Hangzhou Yuhang Agile Real Estate Development Co., Ltd.* 杭州余杭雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Kunshan Fuheng Real Estate Development Co., Ltd.* 昆山市富恒房地產開發有限公司	Controlled by the same ultimate holding company
Changsha Agile Real Estate Development Co., Ltd.* 長沙雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Henan Yatong Land Co., Ltd.* 河南雅同置業有限公司	Controlled by the same ultimate holding company
Guangzhou Yayue Real Estate Development Co., Ltd.* 廣州雅悅房地產開發有限公司	Controlled by the same ultimate holding company
Guangzhou Liwan Agile Real Estate Development Co., Ltd.* 廣州荔灣雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Nanjing Agile Real Estate Development Co., Ltd.* 南京雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Guangzhou Yasheng Real Estate Development Co., Ltd.* 廣州雅生房地產開發有限公司	Controlled by the same ultimate holding company

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Zhongshan Agile Hotel Co., Ltd.* 中山市雅居樂酒店有限公司	Controlled by the same ultimate holding company
Guangdong Xiqiao Commerce Plaza Co., Ltd. 廣東西樵商貿廣場有限公司	Controlled by the same ultimate holding company
Hong Kong Agile Property Management Services Limited* 香港雅居樂物業管理服務有限公司	Controlled by the same ultimate holding company
Zhongshan Fashion Decoration Co., Ltd.* 中山市時興裝飾有限公司	Controlled by the same ultimate holding company
Shanghai Yaheng Real Estate Development Co., Ltd.* 上海雅恒房地產開發有限公司	Controlled by the same ultimate holding company
Guangzhou Agile Hotel Co., Ltd.* 廣州雅居樂酒店有限公司	Controlled by the same ultimate holding company
Shanxi Haorui Real Estate Development Co., Ltd.* 陝西昊瑞房地產開發有限責任公司	Controlled by the same ultimate holding company
Foshan Sanshui Agile Real Estate Development Co., Ltd.* 佛山市三水雅居樂房地產有限公司	Controlled by the same ultimate holding company
Foshan Shunde Yaxin Real Estate Development Co., Ltd.* 佛山市順德區雅新房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Agile Howard Johnson Hotel* 四川雅居樂房地產開發有限公司雅居樂豪生酒店分公司	Controlled by the same ultimate holding company
Shandong Laiwu Agile Eco Technology Co., Ltd.* 山東萊蕪雅居樂環保科技有限公司	Controlled by the same ultimate holding company
Changzhou Hupan Land Co., Ltd.* 常州湖畔置業有限公司	Controlled by the same ultimate holding company

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Foshan Nanhai Yaheng Real Estate Development Co., Ltd.* 佛山市南海區雅恒房地產開發有限公司	Controlled by the same ultimate holding company
Changzhou Sanxin Real Estate Development Co., Ltd.* 常州市三鑫房地產開發有限公司	Controlled by the same ultimate holding company
Changzhou Hepan Land Co., Ltd.* 常州河畔置業有限公司	Controlled by the same ultimate holding company
Changzhou Jintan Agile Real Estate Development Co., Ltd.* 常州金壇雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Guangzhou Agile Real Estate Development Co., Ltd.* 廣州雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Guangzhou Yajin Real Estate Development Co., Ltd.* 廣州雅錦房地產開發有限公司	Controlled by the same ultimate holding company
Hainan Agile Clearwater Bay Hotel Investment and Development Co., Ltd.* 海南雅居樂清水灣文旅投資發展有限公司	Controlled by the same ultimate holding company
Beijing Jingxi Jingrong Property Co., Ltd.* 北京京西景榮置業有限公司	Controlled by Greenland Holdings
Beijing Greenland Jingmao Real Estate Co., Ltd.* 北京綠地京懋房地產開發有限公司	Controlled by Greenland Holdings
Beijing Greenland Jingyuan Real Estate Co., Ltd.* 北京綠地京源房地產開發有限公司	Controlled by Greenland Holdings
Foshan Bosheng Property Co., Ltd.* 佛山鉅晟置業有限公司	Controlled by Greenland Holdings

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Foshan Jiayi Property Co., Ltd.* 佛山嘉逸置業有限公司	Controlled by Greenland Holdings
Guangzhou Haizhu Greenland Real Estate Co., Ltd.* 廣州海珠綠地房地產開發有限公司	Controlled by Greenland Holdings
Guangzhou Jierui Property Co., Ltd.* 廣州傑瑞置業有限公司	Controlled by Greenland Holdings
Guangzhou Lingyue Market Management Co., Ltd.* 廣州領越市場管理有限公司	Controlled by Greenland Holdings
Guangzhou Greenland Real Estate Co., Ltd. 廣州綠地房地產開發有限公司	Controlled by Greenland Holdings
Guangzhou Lvjang Real Estate Co., Ltd.* 廣州綠港房地產開發有限公司	Controlled by Greenland Holdings
Guangzhou Huibang Property Co., Ltd.* 廣州市暉邦置業有限公司	Controlled by Greenland Holdings
Guangzhou Mantingfang Real Estate Co., Ltd.* 廣州市滿庭芳房地產開發有限公司	Controlled by Greenland Holdings
Greenland Jinan Real Estate Co., Ltd.* 綠地地產（濟南）有限公司	Controlled by Greenland Holdings
Greenland Jinan Binhe Property Co., Ltd.* 綠地地產濟南濱河置業有限責任公司	Controlled by Greenland Holdings
Greenland Foshan Chancheng Property Co., Ltd.* 綠地集團佛山禪城置業有限公司	Controlled by Greenland Holdings

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Greenland Foshan Shunde Lvan Property Co., Ltd.* 綠地集團佛山順德綠安置業有限公司	Controlled by Greenland Holdings
Greenland Foshan Shunde Property Co., Ltd.* 綠地集團佛山順德置業有限公司	Controlled by Greenland Holdings
Greenland Jinan Xihe Property Co. Ltd.* 綠地集團濟南西河置業有限公司	Controlled by Greenland Holdings
Greenland Shandong Property Co., Ltd.* 綠地集團山東置業有限公司	Controlled by Greenland Holdings
Greenland Zhejiang Real Estate Co., Ltd.* 綠地控股集團（浙江）房地產開發有限公司	Controlled by Greenland Holdings
Greenland Hangzhou Dongcheng Real Estate Co., Ltd.* 綠地控股集團杭州東城房地產開發有限公司	Controlled by Greenland Holdings
Greenland Hangzhou Shuangta Property Co., Ltd.* 綠地控股集團杭州雙塔置業有限公司	Controlled by Greenland Holdings
Shanghai Hengshen Property Co., Ltd.* 上海恒申置業有限公司	Controlled by Greenland Holdings
Shanghai Greenland Baoli Property Co., Ltd.* 上海綠地寶裏置業有限公司	Controlled by Greenland Holdings
Shanghai Greenland Hengbin Property Co., Ltd.* 上海綠地恒濱置業有限公司	Controlled by Greenland Holdings
Shanghai Ouwenxi Business Consulting Co., Ltd.* 上海歐聞希商務諮詢有限公司	Controlled by Greenland Holdings
Shijiazhuang Zhongdi Real Estate Co., Ltd.* 石家莊中迪房地產開發有限公司	Controlled by Greenland Holdings

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Wuhan Jiupai Xingu Property Co., Ltd.* 武漢九派鑫穀置業有限公司	Controlled by Greenland Holdings
Wuhan Juguan Industry Co., Ltd.* 武漢聚冠實業有限公司	Controlled by Greenland Holdings
Wuhan Xingao Xinggu Property Co., Ltd.* 武漢新高興穀置業有限公司	Controlled by Greenland Holdings
Zhongshan Yahong Real Estate Development Co., Ltd.* 中山市雅鴻房地產開發有限公司	Joint venture of Agile Holdings
Foshan Yazhan Property Development Co., Ltd.* 佛山雅展房地產開發有限公司	Joint venture of Agile Holdings
Guangxi Fuya Investments Co., Ltd.* 廣西富雅投資有限公司	Joint venture of Agile Holdings
Wuhan Changkai Property Development Co., Ltd.* 武漢長凱物業發展有限公司	Joint venture of Agile Holdings
Hainan Yahai Travel Development Co., Ltd.* 海南雅海旅遊發展有限公司	Joint venture of Agile Holdings
Suzhou Agile Property Development Co., Ltd.* 蘇州雅居樂置業有限公司	Joint venture of Agile Holdings
Guangzhou Greenland Baiyun Property Co., Ltd.* 廣州綠地白雲置業有限公司	Joint venture of Greenland Holdings
Zhongshan Changjiang Golf Course* 中山長江高爾夫球場	Controlled by the Founding Shareholders
Hainan Agile Hanhai Hotel Management Co., Ltd.* 海南雅居樂瀚海酒店管理有限公司	Controlled by the Founding Shareholders

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(b) Transactions with related parties

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Provision of services		
Controlled by the same ultimate holding company	470,605	305,174
Greenland Holdings and entities controlled by Greenland Holdings	43,766	—
Joint venture and associate of Agile Holdings	18,889	378
Controlled by the Founding Shareholders	526	1,866
	533,786	307,418
Interest income received/receivable on loans due from related parties		
Controlled by the same ultimate holding company	53,070	86,098

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Rental expenses		
Controlled by the same ultimate holding company	3,608	1,626
Controlled by the Founding Shareholders	2,406	2,335
A Founding Shareholder of Agile Holdings	445	445
	6,459	4,406

(c) Key management compensation

Compensations for key management other than those for directors and supervisors as disclosed in Note 34 is set out below.

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
Salaries and other short-term employee benefits	8,637	6,018

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(d) Balances with related parties

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Receivables from related parties		
— Trade receivables		
Controlled by the same ultimate holding company	118,179	35,246
Greenland Holdings and entities controlled by Greenland Holdings	69,763	—
Joint venture of Greenland Holdings	1,483	—
Joint venture of Agile Holdings	6,306	—
Controlled by the Founding Shareholders	3,986	2,626
	199,717	37,872
— Other receivables (Note (i))		
Controlled by the same ultimate holding company	27,507	4,757
Greenland Holdings and entities controlled by Greenland Holdings	221	—
Joint venture of Agile Holdings	1,459	—
Controlled by the Founding Shareholders	6,550	5,588
	35,737	10,345
— Loans and interest receivables due from related parties (Note (ii))		
Controlled by the same ultimate holding company	13,248	1,036,000
Total receivables from related parties	248,702	1,084,217

(i) Other receivables due from related parties are unsecured and interest-free. Except for the balances paid as deposits, which are repayable upon maturity of rental period according to the respective contracts, the remaining balances are repayable on demand.

(ii) For details of interest rates and maturities of loans to related parties, please refer to Note 20(a).

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(d) Balances with related parties (continued)

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Payables to related parties		
— Trade payables		
Controlled by the same ultimate holding company	235	231
— Other payables		
Controlled by the same ultimate holding company	54,974	53,583
Ultimate holding company	—	—
Shareholder of the Company	—	16
Controlled by the Founding Shareholders	—	5
Greenland Holdings and entities controlled by Greenland Holdings	5,330	—
	60,304	53,604
— Advances from customers		
Controlled by the same ultimate holding company	19,768	17,890
Controlled by the Founding Shareholders	—	—
Joint venture of Agile Holdings	1	—
	19,769	17,890
Total payables to related parties	80,308	71,725

(e) Loans and interest receivables due from related parties

	Year ended 31 December	
	2017 RMB'000	2016 RMB'000
As at beginning of the year	1,036,000	596,899
Loans advanced during year	—	1,400,000
Loans repayments received	(1,036,000)	(950,100)
Interest charged (Note 11)	53,070	86,098
Interest received	(39,822)	(96,897)
As at end of the year	13,248	1,036,000

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

31 Related party transactions (continued)

(f) Guarantee for borrowings

As at 31 December 2017, no buildings was pledged. As at 31 December 2016, buildings of RMB29,892,000, together with the properties owned by a related party, were pledged as collateral for a related party, Zhongshan Majestic Garden.

(g) Pledges and guarantees provided by related parties

As at 31 December 2017, no guarantees was provided by related parties. As at 31 December 2016, the repayment of the Group's asset-backed securities of RMB795,385,000 was guaranteed by the ultimate holding company, Agile Holdings(Note 25(a)).

32 Events after the balance sheet date

- (a) On 15 January 2018, the Company declared a dividend of RMB0.05 per ordinary share, totalling RMB50,000,000, for the year ended 31 December 2017.
- (b) The Company's newly issued H shares of 333,334,000 were listed on the Main Board of the Stock Exchange at the offer price of HK\$12.3 per share on 9 February 2018. The gross proceeds and the estimated net proceeds amounted to approximately HK\$4,100,000,000 and HK\$3,944,600,000 respectively.

33 Balance sheet and reserve movement of the Company

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Assets		
Non-current assets		
Property, plant and equipment	63,301	57,450
Other intangible assets	2,969	3,050
Deferred income tax assets	5,978	11,026
Investments in subsidiaries	1,017,965	1,010
Loans and interest receivables due from related parties	—	630,666
	1,090,213	703,202
Current assets		
Inventories	15,485	23,314
Trade and other receivables	254,769	182,211
Loans and interest receivables due from related parties	13,248	405,334
Cash and cash equivalents	733,961	419,547
Restricted cash	384	82
	1,017,847	1,030,488
Total assets	2,108,060	1,733,690

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

33 Balance sheet and reserve movement of the Company (continued)

	As at 31 December	
	2017 RMB'000	2016 RMB'000
Equity		
Equity attributable to shareholders of the Company		
Share capital	1,000,000	50,000
Reserves (Note (a))	333,406	63,097
Retained earnings	70,011	81,639
Total equity	1,403,417	194,736
Liabilities		
Non-current liabilities		
Borrowings	—	595,592
Current liabilities		
Trade and other payables	680,441	709,659
Current income tax liabilities	24,202	33,910
Borrowings	—	199,793
	704,643	943,362
Total Liabilities	704,643	1,538,954
Total equity and liabilities	2,108,060	1,733,690

The balance sheet of the Company was approved by the Board of Directors on 20 March 2018 and was signed on its behalf:

Huang Fengchao

Director

Liu Deming

Director

(a) Reserve movement of the Company

	Statutory reserve RMB'000	Other reserve RMB'000	Total RMB'000
As at 1 January 2016	—	49,347	49,347
Appropriation of statutory reserves (Note 23 (a))	9,071	—	9,071
Contribution from a related party	—	4,679	4,679
As at 31 December 2016	9,071	54,026	63,097

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

33 Balance sheet and reserve movement of the Company (continued)

(a) Reserve movement of the Company (continued)

	Statutory reserve RMB'000	Other reserve RMB'000	Total RMB'000
Appropriation of statutory reserves (Note 23 (a))	34,386	—	34,386
Effect of the Company's conversion from a limited liability company into a joint stock company (Note 22(a))	(18,304)	23,407	5,103
Effect of the Reorganisation	—	(17,817)	(17,817)
Issue of shares (Note 22(c), (d))	—	1,170,637	1,170,637
Transfer from capital reserve to share capital (Note 22(b), (e))	—	(922,000)	(922,000)
As at 31 December 2017	25,153	308,253	333,406

34 Directors' and supervisors' benefits and interests

During 2017, the following directors and supervisors were appointed:

Executive directors

Mr. Huang Fengchao (Note (a)(i))

Mr. Liu Deming (Note (a)(ii),(iii))

Mr. Feng Xin (Note (a)(ii))

Mr. Wang Wei (Note (a)(vi))

Non-executive directors

Mr. Chan Cheuk Hung (Note (a)(i),(f))

Mr. Wei Xianzhong (Note (a)(iv))

Independent Non-executive Directors (Note (a)(iv))

Mr. Wan Kam To

Mr. Wan Sai Cheong, Joseph

Mr. Wang Peng

Supervisors

Ms. Chen Liru (Note (a)(ii))

Ms. Huang Zhixia (Note (a)(iii))

Mr. Shi Zhengyu (Note (a)(v))

Mr. Li Jianhui (Note (a)(v))

Mr. Wang Shao (Note (a)(vi))

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

34 Directors' and supervisors' benefits and interests (continued)

(a) Directors' and supervisors' emoluments

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended 31 December 2017 as follows:

Name	Fees RMB'000	Salaries RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Total RMB'000
Executive directors				
Mr. Liu Deming (Note (ii)(iii))	—	3,275	144	3,419
Mr. Feng Xin (Note (ii))	—	1,800	19	1,819
Mr. Wang Wei (Note (vi))	—	898	72	970
Supervisors				
Ms. Chen Liru (Note (ii))	—	711	45	756
Ms. Huang Zhixia (Note (ii))	—	402	27	429
	—	7,086	307	7,393

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended 31 December 2016 as follows:

Name	Fees RMB'000	Salaries RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Total RMB'000
Executive directors				
Mr. Liu Deming (Note (ii)(iii))	—	2,150	—	2,150
Mr. Feng Xin (Note (ii))	—	855	28	883
Supervisors				
Ms. Chen Liru (Note (ii))	—	397	23	420
Ms. Huang Zhixia (Note (ii))	—	208	17	225
	—	3,610	68	3,678

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

34 Directors' and supervisors' benefits and interests (continued)

(a) Directors' and supervisors' emoluments (continued)

- (i) The directors, Mr. Huang Fengchao and Mr. Chan Cheuk Hung received emoluments totaling RMB12,611,000 during the year ended 31 December 2017 (2016: RMB9,855,000), which were borne by related parties of the Group. Mr. Huang Fengchao, Mr. Chan Cheuk Hung were also directors of Agile Holdings during the year ended 31 December 2017, and their emoluments were not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.
- (ii) The directors, Mr. Feng Xin and Mr. Liu Deming, and the supervisors, Ms. Chen Liru and Ms. Huang Zhixia did not receive any emoluments from the related parties of the Group for the year ended 31 December 2017 (2016: nil).
- (iii) Mr. Liu Deming joined the Group in September 2016.
- (iv) The non-executive director Mr. Wei Xianzhong, and the independent non-executive directors did not receive any emoluments from the Group or the related parties of the Group for the year ended 31 December 2017 (2016: nil).
- (v) The supervisors, Mr. Shi Zhengyu, Mr. Li Jianhui and Mr. Wang Shao did not receive any emoluments from the Group or the related parties of the Group for the year ended 31 December 2017 (2016: nil).
- (vi) The executive director Mr. Wang Wei received emoluments totalling RMB970,000 during the year ended 31 December 2017.

(b) Retirement benefits of directors and supervisors

During the year ended 31 December 2017, there were no additional retirement benefit received by the directors and supervisors except for the contribution to a retirement benefit scheme as disclosed in note (a) above (2016:nil).

(c) Termination benefits of directors and supervisors

During the year ended 31 December 2017, there were no termination benefits received by the directors and supervisors (2016: nil).

(d) Consideration provided to third parties for making available the services of directors and supervisors

During the year ended 31 December 2017, no consideration was paid for making available the services of the directors or supervisors of the Company (2016: nil).

Notes to the Consolidated Financial Statements (continued)

(All amounts in RMB thousands unless otherwise stated)

34 Directors' and supervisors' benefits and interests (continued)

(e) Information about loans, quasi-loans and other dealings in favor of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors

During the year ended 31 December 2017, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of directors and supervisors (2016: nil).

(f) Material interests of directors and supervisors in transactions, arrangements or contracts

The non-executive director, Mr. Chan Cheuk Hung, is one of the founding shareholders and executive directors of Agile Holdings, the Company's ultimate holdings company. Mr. Chan Cheuk Hung, is one of the beneficiaries of a family trust, which indirectly held 62.63% equity interests in Agile Holdings as at 31 December 2017 (2016: 62.63%). The Group's transactions with Agile Holdings and related entities are set out in Note 31(b).

Gongqingcheng Investment was established under the laws of the PRC with Gongqingcheng Yagao as its general partner and Mr. Liu Deming (劉德明), Mr. Feng Xin (馮欣) and Mr. Li Dalong (李大龍) as its limited partners. On 26 July 2017, the Company and Gongqingcheng Investment entered into a capital increase agreement, pursuant to which Gongqingcheng Investment shall subscribe for 8,000,000 shares of the Company at a cash consideration of RMB200,000,000. Details of the capital increase are set out in Note 22(c).

Except for those mentioned above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had interests, whether directly or indirectly, subsisted at the years ended 31 December 2017 and 2016 or at any time during the years ended 31 December 2017 and 2016.

Four-Year Financial Summary

Consolidated statement of comprehensive income

	Year ended 31 December			
	2017 RMB'000	2016 RMB'000	2015 RMB'000	2014 RMB'000
Revenue	1,760,753	1,244,735	934,412	826,099
Cost of sales	(1,170,188)	(933,088)	(785,597)	(727,279)
Gross profit	590,565	311,647	148,815	98,820
Selling and marketing expenses	(32,629)	(19,057)	(8,810)	(6,830)
Administrative expenses	(170,015)	(78,692)	(51,681)	(31,694)
Other income	11,395	4,802	2,088	3,276
Other expenses	(799)	(1,331)	(2,258)	(471)
Other losses — net	(100)	(219)	(327)	(260)
Operating profit	398,417	217,150	87,827	62,841
Finance income — net	4,279	14,606	11,581	1,010
Profit before income tax	402,696	231,756	99,408	63,851
Income tax expenses	(102,489)	(62,710)	(27,377)	(17,188)
Profit and total comprehensive income for the year	300,207	169,046	72,031	46,663
Profit and total comprehensive income attributable to:				
— Owners of the Company	289,727	160,670	64,966	41,604
— Non-controlling interests	10,480	8,376	7,065	5,059
	300,207	169,046	72,031	46,663
Earnings per share (expressed in RMB per share)				
— Basic and diluted earnings per share	0.35	0.22	0.09	0.06

Four-Year Financial Summary (continued)

Consolidated assets, equity and liabilities

	2017 RMB'000	As at 31 December		
		2016 RMB'000	2015 RMB'000	2014 RMB'000
Assets				
Non-current assets	1,111,808	719,679	659,819	858,267
Current assets	1,398,989	1,179,178	594,173	747,165
Total assets	2,510,797	1,898,857	1,253,992	1,605,432
Equity and Liabilities				
Total equity	1,474,069	303,482	102,960	30,929
Non-current liabilities	22,118	595,691	442,160	605,183
Current liabilities	1,014,610	999,684	708,872	969,320
Total Liabilities	1,036,728	1,595,375	1,151,032	1,574,503
Total equity and liabilities	2,510,797	1,898,857	1,253,992	1,605,432