

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



2019

Interim Report

Lifelong Caring

*For identification purposes only

VISION

- Develop a national leading and world class resident service platform

MISSION

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

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. (“A-Living” or the “Company”, together with its subsidiaries, collectively, the “Group”) is a reputable property management service provider focusing on mid-to high-end properties. The Group offers a comprehensive portfolio of services. The Group has developed three business lines, namely property management services, community value-added services and extended value-added services. The Group has expanded its business coverage into whole industry chain with diversified business portfolio, and has formed the synergetic development of four major business segments, namely “property management services”, “asset management services”, “public services” and “community commercial services”. As of 30 June 2019, the Group’s total contracted GFA increased to approximately 324.6 million sq.m. and the total contracted GFA under management was approximately 211.2 million sq.m.

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)
Mr. Huang Fengchao* (Co-chairman, Chief Executive Officer and General Manager) (appointed as Chief Executive Officer and General Manager on 28 May 2019)
Mr. Feng Xin* (Vice President)
Mr. Wei Xianzhong**
Ms. Yue Yuan** (appointed on 28 May 2019)
Mr. Wan Kam To#
Mr. Wan Sai Cheong, Joseph#
Mr. Wang Peng#

* 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. Wan Kam To
Mr. Wang Peng

Risk Management Committee

Mr. Huang Fengchao (Committee Chairman)
Mr. Chan Cheuk Hung
Mr. Wan Kam To

Supervisory Committee

Ms. Chen Liru (President of the Supervisory Committee, Employee representative Supervisor)
Ms. Huang Zhixia (Employee representative Supervisor)
Mr. Shi Zhengyu (Shareholder representative Supervisor)
Mr. Li Jianhui (External Supervisor)
Mr. Wang Shao (External Supervisor)

Joint Company Secretaries

Mr. Li Dalong
Ms. Choy Yee Man

Authorised Representatives

Mr. Huang Fengchao
Mr. Li Dalong

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 Zhujiang 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

Listing Information

Equity Securities

The Company's ordinary shares include domestic shares, unlisted foreign shares and overseas listed foreign shares (H shares).

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

Despatch of Corporate Communications

This interim report (both Chinese and English versions) will be delivered to shareholders of the Company. This interim 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 the shareholders of the Company to view this interim report posted on the aforesaid websites where possible.

Principal Place of Business in Hong Kong

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

H Share Registrar

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Telephone: (852) 2980 1333
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Investor Relations

Investor Relations Department
E-mail: ir@agileliving.com.cn
Telephone: (852) 2740 8921

Website

www.agileliving.com.cn

Financial Summary

Summary of the Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2019	2018
Revenue (RMB million)	2,241.2	1,405.7
Gross profit (RMB million)	829.5	510.3
Gross profit margin	37.0%	36.3%
Net profit (RMB million)	568.4	335.8
Net profit margin	25.4%	23.9%
Profit attributable to shareholders of the Company (RMB million)	541.3	332.3
Basic earnings per share (RMB)	0.41	0.26

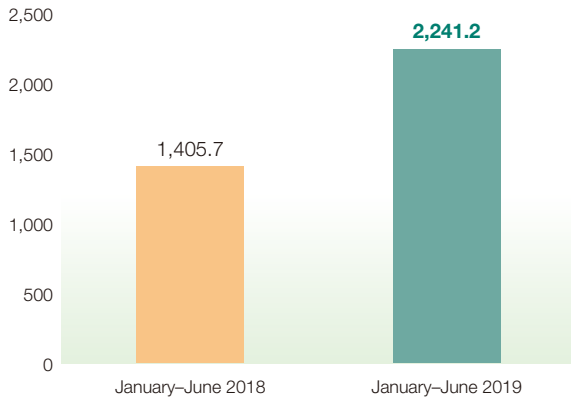
Summary of the Consolidated Balance Sheet

	As at	As at
	30 June	31 December
	2019	2018
Total assets (RMB million)	8,689.6	7,296.5
Cash and cash equivalents (RMB million)	4,349.7	4,808.0
Shareholders' equity (RMB million)	5,772.7	5,510.0
Return on shareholders' equity (ROE)*	18.6%	14.5%
Total liabilities/total assets	33.6%	24.5%

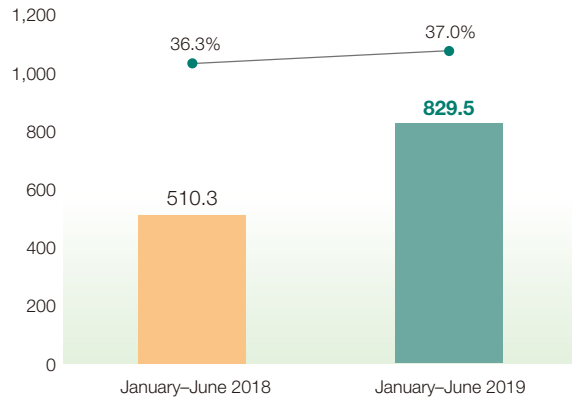
* Profit attributable to shareholders of the Company for the twelve months ended 30 June 2019 is adopted for calculation of ROE as at 30 June 2019.

Financial Summary (continued)

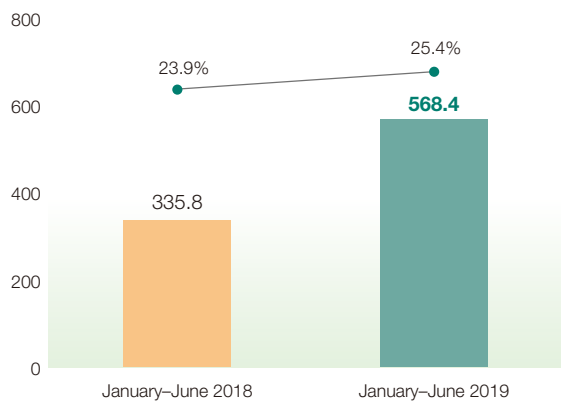
Revenue
(RMB million)



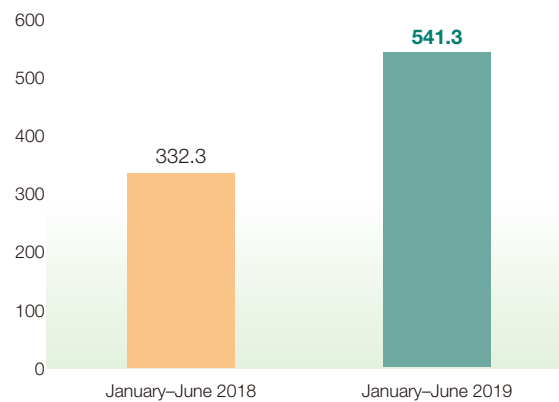
Gross profit and gross profit margin
(RMB million)/%



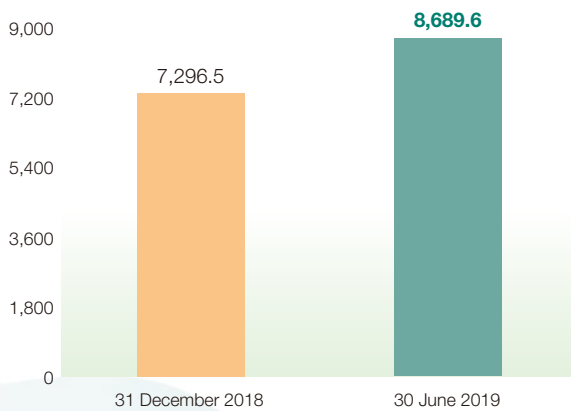
Net profit and net profit margin
(RMB million)/%



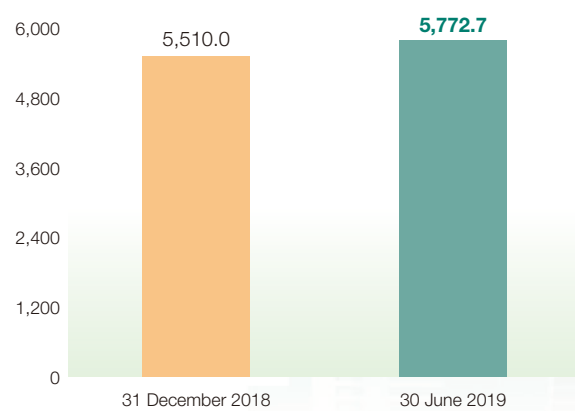
Profit attributable to shareholders of the Company
(RMB million)



Total assets
(RMB million)



Shareholders' equity
(RMB million)



Major Recognition and Awards



1
2019 TOP 7 Property Management Companies in China



2
2019 China TOP10 Property Management Companies in terms of business performance



3
2019 China leading Property Management Companies in terms of customer satisfaction



4
2019 China TOP10 Property Management Companies in terms of growth potential



5
2019 Blue-chip Property Management Company's Annual Meeting — Blue-chip Property Management Company



6
2019 Top 50 Most Valuable Brand of Property Management Service



7
2019 Top 5 Listed Company of Property Management Service



8
LACP 2018 Vision Awards: Annual Report Competition — Gold Award



9
LACP 2018 Vision Awards: Annual Report — Technical Achievement Award



10
2018–2019 Property Management Services Innovation Pioneer Award

Chairman's Statement



Chan Cheuk Hung
*Co-chairman of
the Board*

Huang Fengchao
*Co-chairman of
the Board*

Dear Shareholders,

We are pleased to present the interim results of A-Living Services Co., Ltd. (“A-Living” or the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2019 (the “Period”).

In the first half of 2019, the “Report on the Work of the Government” further clarified to support meeting people’s need for a better life. The government effectively relieved the burden of enterprises, and made the pricing policy more market-oriented, providing a favorable environment for the development of the property management industry. At the same time, the industry consolidation has been accelerated by leveraging on the capital market platform, and the scale advantage of “strong ones becoming stronger” has become increasingly pronounced. Property management companies were setting the trend to pursue quality development, further explore the potential of community economy, and expand through multi-portfolio development. During the Period, the Group focused on enhancing service quality, improving regional and business portfolio layouts, expanding management scale at high speed, optimizing operating

efficiency, and improving scale advantages. According to the China Index Academy, the Group ranked the seventh in the “2019 Top 100 Property Management Companies in the PRC”, bringing its comprehensive strength to the next level.

Business Review

In the first half of 2019, the Group continued to enhance the synergy among its business lines and further expanded its foothold to comprehensive business portfolio and the whole industry chain layout and a new landscape thus formed with the synergetic development of four major business segments, namely “property management services”, “asset management services”, “public services” and “community commercial services”. The Group continued to maintain rapid growth both in terms of business scale and financial performance.

During the Period, the revenue of the Group was RMB2,241.2 million, representing an increase of 59.4% as compared with the corresponding period of last year. The gross profit was RMB829.5 million, representing a year-on-

Chairman's Statement (continued)

year increase of 62.6%. The gross profit margin was 37.0%, representing a year-on-year increase of 0.7 percentage point. The net profit was RMB568.4 million, representing a year-on-year increase of 69.3%. Net profit margin was 25.4%, representing a year-on-year increase of 1.5 percentage points. Profit attributable to the shareholders of the Company amounted to RMB541.3 million, representing a year-on-year increase of 62.9%. The basic earnings per share amounted to RMB0.41.

During the Period, supported by its two major shareholders, Agile Group Holdings Limited (雅居樂集團控股有限公司) ("Agile Holdings", and together with its subsidiaries, "Agile Group") and Greenland Holdings Group Company Limited (綠地控股集團股份有限公司) ("Greenland Holdings"), the Group continued to implement the dual-brand development strategy of "Agile Property Management" and "Greenland Property Services". With the complementarity of two brands' edges and a deep integration of business development in different areas from both sides, the Group managed to improve the efficiency of regional operations, expand business scale, and continued to stably undertake the GFA from these two major shareholders, so as to establish brands and enhance economies of scale in the field of property management services. At the same time, the Group actively accelerated the scale expansion to projects from third-party developers and mergers and acquisitions ("M&A"), and further enhanced the coverage and leverage in different regions and business portfolios.

During the Period, the Group acquired Qingdao Huaren Property Co., Ltd. ("Qingdao Huaren") and Harbin Jingyang Property Management Co., Ltd. ("Harbin Jingyang"), and its business footprint expanded to Shandong Peninsula and Northeast China, filling the regional market gap and further expanding the nationwide business coverage. The Group also completed the acquisition of Lanzhou Chengguan Property Services Group Co., Ltd. ("Lanzhou Chengguan") during the Period, laying a solid foundation for its development in Northwest China. Through the acquisition of Guangzhou Yuehua Property Co., Ltd. ("Guangzhou Yuehua"), leveraging on Guangzhou Yuehua's brand reputation in the non-residential sector, the Group quickly entered into the market of public buildings management

services, implemented its business portfolio development strategy, and established the fourth business segment — the public services, so as to optimize comprehensive business portfolio coverage. In addition, through sharing the resources and advantages to empower the acquired companies, the Group accelerated post-acquisition management and integration, and helped the acquired companies grow rapidly in terms of scale expansion, operational efficiency improvement and management team building.

At the same time, the Group proactively expanded business scale through projects from third-party developers. The Group has set foot in the Central China and North China markets and stepped into the southwest and northwest regions in China, obtaining numerous benchmark projects in these regions while consolidating the existing business in the Greater Bay Area, the Yangtze River Delta, and the Beijing-Tianjin-Hebei region, in order to successfully expand geographical coverage and lay a solid foundation for regional development. In addition, the Group deepened its strategic cooperation with third-party developers through various expansion approaches, while further improving the development of comprehensive business portfolio that covers all segments of the property management service market. During the Period, the Group significantly improved the quality of newly obtained projects and achieved growths in both project quantity and property management fee.

In respect of asset management, the Group serves high-end commercial and office buildings through its wholly-owned subsidiary, Johnson Property Management Co., Ltd. ("Johnson Property Management"), whose business scope includes early stage planning, operation management, property leasing services and agency services. At present, Johnson Property Management is integrating high-quality resources, accelerating market expansion, establishing a pipeline containing a large number of potential projects with target-focused follow-up. During the Period, the Group identified several landmark projects in different cities and Johnson Property Management successfully won the bid for "Gate of Hangzhou" project, which will be a new landmark of Hangzhou in the future and as one of the supporting buildings for Hangzhou Asian Games, indicating that its strengths were recognized. Based on joint venture

cooperation, fully entrusted management, partnership and post-acquisition collaboration, the Group established a leasing and sales center to empower the obtained projects and improve the price premium for products, so as to achieve mutual benefits with business partners and obtain high recognition from customers.

As of 30 June 2019, the GFA under management and contracted GFA of the Group were 211.2 million sq.m. and 324.6 million sq.m. in total, respectively, among which, the contracted GFA from Agile Group and Greenland Holdings amounted to 73.2 million sq.m. and 34.1 million sq.m., respectively, representing an increase of 4.0% and 55.0% respectively as compared with that as of 31 December 2018. The contracted GFA from the two major shareholders accounted for 33.1% of the total contracted GFA. The contracted GFA from third-party developers (including contribution from M&A) amounted to 217.3 million sq.m. in total, representing an increase of 58.1% as compared with that as of 31 December 2018, accounting for 66.9% of the total contracted GFA.

As for value-added services, through operating the community commercial services segment professionally, the Group deeply explored the community economic ecosphere centered on the residents, houses, vehicles and public resources in the communities. The income and profit generated from value-added services hit record high in the first half of the year. During the Period, the Group integrated the community resources, sorted out the needs for value-added services, and matched the needs with professional suppliers, in an effort to realize innovations and synergetic development in the aspects of service quality, living experience, smart community operation and management. In order to precisely meet owners' needs and solve their sore points, the Group focused on household consumption and implemented a business division partnership scheme to nurture small-scaled yet dedicated community value added-services in line with actual needs. By cooperating with well-known enterprises and institutions, the Group innovatively developed new businesses such as community vehicle insurance and pet services. As for community asset management, the Group sorted out and integrated the public resources in the communities in various regions, and

substantially reduced the vacancy rate of public resources such as club houses, advertising billboards and temporary parking spaces through communication and intelligent transformation, aiming at increasing the bargaining power with suppliers.

For the property management industry in PRC, 2019 is a "Year of Standard Establishment". Adhering to the philosophy of "quality is the lifeline to business", the Group always gives top priority to the improvement of service quality. During the Period, the Group carried out quality inspection on key projects in all seven regions, covering its self-owned projects and projects obtained from acquired companies. Considering property owners' experience, the Group improved quality management in all aspects, aiming at improving property owners' satisfaction. The Group continued to improve the performance of the 400 Hotline Call Center, EBA monitoring equipment and other integrated management and control platforms, so as to improve the service efficiency and property owners' satisfaction. The Group also conducted nationwide training and assessments on the knowledge of quality standardization to lay a sound foundation for providing high quality service.

During the Period, the Group adjusted and optimized the regional offices in different cities into seven regional companies, to implement centralized management of projects in each region, clearly define duties and expand management scope of each company so as to maximize the economies of scale in the regions. To deliver standardized services and efficient management, the Group planned and set up a large smart communication platform equipped with functions including real-time monitoring, providing reference for decision-making, collaborative operation and risk management in order to ensure that each business decision is supported by multidimensional precaution and analysis and the performance management can be monitored. The Group also established risk control index systems and models to realize automatic information processing.

During the Period, the Group kept receiving recognitions from the market and the industry, thanks to its high-quality services as well as diversified and integrated development. The Group was ranked the seventh out of the "2019 Top 100

Chairman's Statement (continued)

Property Management Companies in the PRC", accredited as "TOP 10 of 2019 Top 100 Property Management Companies in the PRC in terms of Growth Potential", "TOP 10 of 2019 Top 100 Property Management Companies in the PRC in terms of Business Performance", "Leading Company among 2019 Top 100 Property Management Companies in the PRC in terms of Service Quality" and "Leading Company among 2019 Top 100 Property Management Companies in the PRC in terms of Customer Satisfaction" and "2019 TOP 5 Listed Property Management Companies" and received many other awards as well.

Prospects and Strategy

Looking forward, the development of urbanization and people's pursuit of a better life imply greater development potential for the property management industry, and market concentration will increase gradually in turn. The Group will boost its comprehensive competitiveness by means of achieving high-quality services, high-speed and sustainable scale expansion as well as high operating efficiency, so as to establish its brand advantages and earnestly further its strategic blueprint for the synergetic development of the four major business segments.

The Group will continue to secure various mid- to high-end projects, enhance its comprehensive strengths via multi-channel expansion and diversified services, so as to achieve economies of scale in different regions, reduce costs and improve efficiency. At the same time, the Group will further increase the conversion rate and profitability of the projects from third-party property developers, attach importance to service quality, and constantly improve the satisfaction rate of the property owners, so as to realize the synchronized growth in scale and quality.

Amid the continuously intensified industry competition, scale expansion remains the essential strategy for property management companies. Capitalizing on the window of opportunity for industry consolidation, the Group will also continue to promote M&A and expansions through third-party developers, actively expand property management portfolios of residential, commercial and public buildings, and optimize the property management services in terms of

regions and business portfolios to cover the entire industry chain, so as to consolidate its leading position in the industry. Meanwhile, by adhering to the principle of "in mutual respect, seeking common grounds while holding back differences to achieve inclusive symbiosis" with acquired companies, the Group will share its resources and experience in business scale expansion, branding, operation system and value-added services with the acquired companies to improve the post-acquisition operating efficiency.

To optimize the layout of comprehensive business portfolio, the Group will develop "Johnson Asset Management" brand and position itself as an "expert in high-end commercial and office building management" and strive to establish a national benchmark for providing services to Super Grade A office buildings. By consolidating footholds in the market of high-end commercial and office buildings in the first-tier cities such as Beijing, Shanghai and Guangzhou, and focusing on the new first-tier cities with low vacancy rate and strong appeal, such as Hangzhou, Wuhan and Nanjing, etc., the Group will replicate its services throughout the surrounding cities. Meanwhile, the Group will further expand its presence in the public buildings sector. With its business expanding to government offices, schools, hospitals and other public institutions, as well as infrastructure sectors such as airports and rail transit on a national scale, the Group strives to become a nationwide public buildings management service provider, extensively tapping the huge market potential in the field of public buildings management services.

With the rapid growth of each property management business portfolio, the Group will become an integrator of high-quality services and community resources, furnishing full life-cycle services covering comprehensive business portfolio management and complete life scenarios. The Group will continue to adopt an asset-light operation model, increase the penetration rate of value-added services, accelerate the business model replication to newly obtained projects and explore the potential of value-added services for projects from M&A. Meanwhile, the Group will strive to enhance its innovation capability of the community commercial business, introduce high-quality service providers, reform and incubate new business models, establish an extensive and precise

brand line, and constantly improve the one-stop household consumption service platform to improve service quality and user stickiness.

In the future, the Group will wholeheartedly dedicate to the “Lifelong Caring” for property owners, continue to export the “China’s Delicate Life” to the whole industry chain, focus on service quality and comprehensively improve its operating efficiency, while refining major business in depth and with strengths, laying a solid foundation for future development with premier quality and high standards. The Group will proceed to enlarge the scale of operations and optimize the revenue structure through multi-channel expansions and offering diversified services on the basis of the synergetic development of four major business segments. While committing to the goal of building lifelong livable homes for property owners, the Group will also target its efforts on operation cost optimization and profitability enhancement, and create better and longer-term returns for its shareholders.

Acknowledgement

On behalf of the Board (the “Board”) of Directors (the “Directors”) of the Company, we would like to extend our heartfelt gratitude to the enormous support from our shareholders and customers, as well as the dedicated efforts of all our staff members, which contribute to the growth of the Group.

Chan Cheuk Hung / Huang Fengchao

Co-Chairman of the Board

Hong Kong, 7 August 2019

Management Discussion and Analysis

Business Review

The Group is a reputable property management services provider in the PRC focusing on mid- to high-end properties. It has more than 26 years of experience in the property management industry. With the strong support from Agile Group and Greenland Holdings, two leading property developers, the Group upholds the development strategy of “Consolidating footholds in Beijing, Shanghai and Guangzhou, serving the whole PRC”, proactively expands our business through projects from third-party property developers and M&A, so as to realize balanced scale expansion and development. The Group’s excellent service quality and brand are widely recognized by the market, securing its leadership position in the industry. During the Period, the Group ranked the seventh among the “2019 Top 100 Property Management Companies in the PRC”, was awarded as “2019 TOP 5 Listed Property Management Companies” and “2018-2019 Property Management Services Innovation Pioneer Award”, and won other awards.

In the first half of 2019, with rapid growth in its business, the Group continuously optimized its income structure and enhanced its operating efficiency. As of 30 June 2019, the GFA under management and contracted GFA reached 211.2 million sq.m. and 324.6 million sq.m. respectively, representing a respective growth of 52.9% and 41.2% as compared with those as at 31 December 2018. During the Period, the Group’s revenue amounted to RMB2,241.2 million, representing an increase of 59.4% as compared with RMB1,405.7 million in the corresponding period in 2018. Net profit was RMB568.4 million, representing an increase of 69.3% as compared with RMB335.8 million in the corresponding period in 2018.

Financial Review

Revenue

For the six months ended 30 June 2019, revenue of the Group amounted to RMB2,241.2 million (the corresponding period of 2018: RMB1,405.7 million), representing an increase of 59.4% as compared with the corresponding period in the last year.

The Group’s revenue was derived from three major business lines, i.e. (i) property management services; (ii) extended value-added services; and (iii) community value-added services.

	Six months ended 30 June				
	2019	Percentage of revenue	2018	Percentage of revenue	Growth rate
	RMB'000	%	RMB'000	%	%
	(Unaudited)		(Unaudited)		
Property management services	1,227,486	54.8%	750,334	53.4%	63.6%
Extended value-added services	807,584	36.0%	575,428	40.9%	40.3%
— Sales center property management services	379,395	16.9%	296,630	21.1%	27.9%
— Other extended value-added services	428,189	19.1%	278,798	19.8%	53.6%
Community value-added services	206,158	9.2%	79,931	5.7%	157.9%
Total	2,241,228	100.0%	1,405,693	100.0%	59.4%

Property management services

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

During the Period, revenue from property management services amounted to RMB1,227.5 million (the corresponding period of 2018: RMB750.3 million), representing an increase of 63.6% as compared with the corresponding period in the last year.

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

Project sources	As of	Percentage	As of	Percentage	Growth	Growth Rate
	30 June 2019	of areas	31 December 2018	of areas	in the first half of 2019	
	('000 sq.m.)	%	('000 sq.m.)	%	('000 sq.m.)	%
Agile Group	50,503	23.9%	48,192	34.9%	2,311	4.8%
Greenland Holdings	7,829	3.7%	4,729	3.4%	3,100	65.5%
Third-party property developers ¹	152,857	72.4%	85,200	61.7%	67,657	79.4%
Total	211,189	100.0%	138,121	100.0%	73,068	52.9%

Note 1: Included the accumulated GFA under management provided by third-party property developers through property management contracts and that of acquired companies.

As of 30 June 2019, the Group's GFA under management was 211.2 million sq.m., representing an increase of 73.1 million sq.m. from 138.1 million sq.m. as of 31 December 2018, with a growth rate of 52.9%. The increase was mainly attributed to: (i) the Group continued to take over the projects developed by Agile Group, with the newly increased GFA under management of 2.3 million sq.m. during the Period; (ii) the newly increased GFA of 3.1 million sq.m. from the projects of Greenland Holdings during the Period; (iii) the GFA contribution from projects developed by third-party property developers and M&A during the Period, including the respective GFA under management of 5.9 million sq.m. and 9.8 million sq.m. from the acquisition of Qingdao Huaren and Harbin Jingyang, the GFA under management of 30.0 million sq.m. resulting from the acquisition of Guangzhou Yuehua, and 17.9 million sq.m. resulting from the acquisition of Lanzhou Chengguan.

Property management fee

For the six months ended 30 June 2019, the median management fee of the residential properties projects provided by Agile Group and Greenland Holdings was RMB3.04/m²/month (for the year ended 31 December 2018: RMB2.99/m²/month). During the Period, the median property management fee of the residential projects from third-party property developers (excluding those from M&A) was RMB2.04/m²/month (for the year ended 31 December 2018: RMB1.86/m²/month).

The Group believes that the property management market is still fragmented, but consolidation is accelerating with support of capital. At present, scale expansion is still one of the important development strategies of the Group. The Group needs to develop into the areas and projects with potentials to increase the property management fee so as to rapidly enrich the geographic coverage and business portfolios. The Group's bargaining power with third-party developers and the capability to acquire mid- to high-end projects have been constantly improving. During the Period, the average price of the Group's newly acquired projects from third-party developers increased.

Management Discussion and Analysis (continued)

In terms of the management of existing projects, adhering to the principle of “quality is the lifeline to business”, the Group strives to improve the management quality and efficiency, and precisely meet owners’ needs, preparing for the reasonable increase of management fee in the future. During the Period, the Group steadily promoted the price enhancement procedure of some projects and achieved preliminary results.

During the Period, the overall collection rate of the Group’s projects was 91.4%.

The project portfolio for GFA under management

As of 30 June 2019, for the GFA under management, the proportion of residential property business accounted for 58.7%, and the proportion of non-residential property business accounted for 41.3%. The increase in the proportion of non-residential property business was mainly due to the relative high proportion of non-residential projects of the newly acquired companies during the Period.

Residential property business is still the foundation of the Group’s scale expansion. The Group is now focusing on providing property management services to mid- to high-end residential properties. Looking forward, the Group will continuously improve its brand awareness in the non-residential sector by adjusting its business structure, optimizing its project portfolio, and expanding its business in the property management of commercial buildings and public buildings.

The geographic coverage for GFA under management

During the Period, the Group’s projects under management reached 1,031, covering 25 provinces, municipalities and autonomous regions nationwide, in 83 cities. As of 30 June 2019, among the Group’s GFA under management by regions, 37.9% were located in the Guangdong-Hong Kong-Macao Greater Bay Area, 18.7% were located in the Yangtze River Delta city cluster, 12.8% were located in the Lanzhou-Xining city cluster, 6.1% were located in Harbin-Changchun city cluster, and 4.4% were located in Shandong Peninsula city cluster while the remainder spread across other regions in the PRC.

The charging mode

The revenue of the Group from property management services was mainly based on the lump sum contract basis, which accounted for 98.4% of that from property management services (the corresponding period of 2018: accounted for 96.1% of that from property management services). The lump sum contract basis the Group primarily adopted is conducive to improving service quality and operational efficiency.

The following table sets forth a breakdown of the Group’s total contracted GFA

Project Sources	As of	Percentage of areas	As of	Percentage of areas	Year-on-year growth	Growth rate
	30 June 2019		31 December 2018		in the first half of 2019	
	('000 sq.m.)	%	('000 sq.m.)	%	('000 sq.m.)	%
Agile Group	73,175	22.6%	70,371	30.6%	2,804	4.0%
Greenland Holdings	34,132	10.5%	22,026	9.6%	12,106	55.0%
Third-party property developers ¹	217,277	66.9%	137,402	59.8%	79,875	58.1%
Total	324,584	100.0%	229,799	100.0%	94,785	41.2%

Note 1: Included the accumulated contracted GFA provided by third-party property developers through property management contracts and that of acquired companies.

The contracted GFA, which is defined by the Group as areas agreed in the contracts signed with property developers for providing property management services and include delivered and to-be-delivered (reserved) GFA, and the to-be-delivered (reserved) GFA will become the Group's GFA under management in the future and expand the base of the Group's revenue. As of 30 June 2019, the contracted GFA reached 324.6 million sq.m., representing an increase of 94.8 million sq.m. or a growth rate of 41.2% as compared with that of 229.8 million sq.m. as of 31 December 2018.

During the Period, the Group obtained newly increased contracted GFA of 2.8 million sq.m. from Agile Group, 12.1 million sq.m. from Greenland Holdings, and 79.9 million sq.m. from third-party property developers.

Extended value-added services

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

During the Period, the Group recorded revenue from extended value-added services of RMB807.5 million (the corresponding period of 2018: RMB575.4 million), representing an increase of 40.3% as compared with the corresponding period in 2018, and accounting for approximately 36.0% of the total revenue, including:

- (1) The revenue from sales center property management services (accounted for 47.0% of the revenue from the extended value-added services): amounted to RMB379.4 million during the Period, representing an increase of 27.9% as compared with that of RMB296.6 million in the corresponding period of last year. The increase of the revenue from sales center property management services was primarily due to the increase of sales center projects provided by Agile Group, and the increase of the sales center services provided to the third-party property developers.
- (2) Other extended value-added services (accounted for 53.0% of the revenue from the extended value-added services): including property agency services and housing inspection services, etc. The revenue amounted to RMB428.1 million during the Period, representing an increase of 53.6% as compared with that of RMB278.8 million in the corresponding period of last year, which was mainly due to the increase in business volume of property agency services, and the increase in the business volume of the housing inspection service brought by the increase of the GFA completed and delivered by Agile Group.

Community value-added services

Community value-added services mainly include living and comprehensive services, community asset management services and home improvement services. Community value-added services focus on improving the community living experience of property owners and residents at the properties under management and preserving and increasing the value of their properties.

During the Period, the revenue from community value-added services amounted to RMB206.2 million, representing an increase of 157.9% as compared with RMB79.9 million for the corresponding period in 2018 and accounting for approximately 9.2% of total revenue during the Period.

- (1) Living and comprehensive services include: property repair and maintenance, housekeeping, community-based group purchase, and comprehensive consulting services, etc. The revenue from living and comprehensive services accounted for approximately 35.4% of the revenue from community value-added services during the Period.

Management Discussion and Analysis (continued)

- (2) Community asset management services primarily include: club house operation services, property lease services, apartment operation, community-based advertising, parking lot management services, community property operation, and second-hand property agency services. Community asset management services accounted for approximately 42.2% of the revenue from community value-added services during the Period.
- (3) Home improvement services primarily include turnkey furnishing services. Such services accounted for approximately 22.4% of the revenue from community value-added services during the Period.

During the Period, the remarkable growth in community value-added services was mainly due to the Group's effort to explore the potential in community resources. Through the renovation of smart parking lots and the centralized management of club houses and advertising resources, the utilization rate of resources was significantly improved. Meanwhile, the Group promoted community living services, including property repair and maintenance, housekeeping and community retail, and launched pilot innovative products of community value-added services.

Cost of sales

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

During the Period, cost of sales of the Group was RMB1,411.8 million (the corresponding period of 2018: RMB895.3 million), representing an increase of 57.7% as compared with that of the corresponding period in 2018, which was primarily due to the increase in relevant costs in response to an increase in turnover with the rapid development of the Group's businesses. In general, the Group's growth of the cost of sales was slower than that of revenue, primarily because the Group made great efforts in developing value-added services with higher gross profit margin, which grew fast and gross profit margin further improved; the Group also conducted the nationwide integration work of various business lines and regionalized operation of property management services, to effectively improve the property management service efficiency and control the costs.

Gross profit and gross profit margin

	For the six months ended 30 June				
	2019		2018	Growth rate	
	Gross Profit (Unaudited)	Gross Profit Margin	Gross Profit (Unaudited)	Gross Profit Margin	Changes in Gross Profit Margin
Property management services	325,916	26.6%	217,746	29.0%	-2.4 percentage points
Extended value-added services	397,540	49.2%	255,123	44.3%	+4.9 percentage points
Community value-added services	105,996	51.4%	37,479	46.9%	+4.5 percentage points
Total	829,452	37.0%	510,348	36.3%	+0.7 percentage point

Management Discussion and Analysis (continued)

During the Period, the Group's gross profit amounted to RMB829.5 million, representing an increase of 62.6% as compared with that of RMB510.3 million for the corresponding period in 2018. The Group's gross profit margin increased by 0.7 percentage point to 37.0% from 36.3% for the corresponding period in 2018.

The gross profit margin of property management services was 26.6% (the corresponding period of 2018: 29.0%), representing a decrease of 2.4 percentage points as compared with that of the corresponding period in 2018, primarily due to (i) during the Period, the Group actively undertook projects from third-party developers with relatively low gross profit margin, caused by investment in the early stage; (ii) synergy effects of post-acquisition integration need time to be enhanced gradually.

The gross profit margin of extended value-added services was 49.2% (the corresponding period of 2018: 44.3%), representing an increase of 4.9 percentage points as compared with that of the corresponding period in 2018, primarily due to (i) previous investment in market expansion bringing about economies of scale in property agency business and sales center property management business, which effectively improved gross profit; (ii) during the Period, the Group internally integrated its service teams to reduce costs and improve efficiency.

The gross profit margin of community value-added services was 51.4% (the corresponding period of 2018: 46.9%), representing an increase of 4.5 percentage points as compared with that of the corresponding period in 2018, primarily due to continuously enriching types of value-added services of the Group. While continuing to actively develop living services, community asset management, turnkey furnishing and community-based economy services, the Group gradually commenced to cooperate with distributors in launching new services such as community insurance and community new retail, to build an ecosystem of community value-added services. With the early-stage investment and the economies of scale effect formed during the Period, the overall gross profit margin increased.

Selling and marketing expenses

During the Period, the Group's selling and marketing expenses amounted to RMB18.2 million, representing an increase of 15.9% as compared with that of RMB15.7 million for the corresponding period in 2018. It accounted for 0.8% of the revenue, representing a decrease of 0.3 percentage point as compared with that of the corresponding period in 2018, primarily due to the remarkable brand effect brought by the substantial brand promotion in 2018. "Agile Property Management" and "Greenland Property Services" have established their coverage and leverage in different regions and business portfolios through dual-brand development strategy, enabling the Group to transform from general distribution to precise positioning in brand promotion, which effectively reduced market promotion expenses.

Administrative expenses

During the Period, the Group's administrative expenses amounted to RMB124.7 million, representing an increase of 15.1% as compared with that of RMB108.3 million for the corresponding period in 2018. It accounted for 5.6% of the revenue, representing a decrease of 2.1 percentage points as compared with that of the corresponding period in 2018. The increase in the daily administrative expenses was mainly attributable to the rapid business development of the Group. However, the regional integration of the property management service and the cost control partially offset the impacts brought by the increase in administrative expenses.

Other income

During the Period, other income of the Group amounted to RMB63.4 million (the corresponding period of 2018: RMB25.9 million), representing an increase of 144.8% as compared with that of the corresponding period in 2018. The aforementioned increase primarily resulted from the income from the capital raised from its listing and its operating cash, as well as the government grants.

Management Discussion and Analysis (continued)

Income tax

During the Period, the Group's income tax expense was RMB182.1 million (the corresponding period of 2018: RMB104.7 million). The income tax rate was 24.3% (the corresponding period of 2018: 23.8%). The income tax rate during the Period basically maintained flat year-on-year. Some subsidiaries of the Group continuously enjoyed a preferential enterprise income tax rate.

Profits

During the Period, the Group's net profit was RMB568.4 million, representing an increase of 69.3% as compared with that of RMB335.8 million for the corresponding period in 2018. Net profit margin was 25.4%, representing an increase of 1.5 percentage points as compared with that of 23.9% for the corresponding period in 2018, due to the rapid development of the Group's business, and the costs and management fees were effectively controlled benefiting from economies of scale. During the Period, profit attributable to shareholders of the Company was RMB541.3 million, representing an increase of 62.9% as compared with that of RMB332.3 million for the corresponding period in 2018. Basic earnings per share amounted to RMB0.41.

Current assets, reserves and capital structure

During the Period, the Group maintained a sound financial position. As of 30 June 2019, current assets amounted to RMB6,418.8 million (as of 31 December 2018: RMB5,988.7 million), representing an increase of 7.2% as compared with that as of 31 December 2018. Cash and cash equivalents of the Group amounted to RMB4,349.7 million, representing a decrease of 9.5% as compared with that of RMB4,808.0 million as of 31 December 2018, primarily because of the payment of the consideration for the acquired companies.

As of 30 June 2019, the Group's total equity was RMB5,772.7 million, representing an increase of RMB262.7 million or 4.8% as compared with RMB5,510.0 million as of 31 December 2018, which was primarily due to (i) the impact of the increase in the net assets brought by the acquired companies; and (ii) the significant increase of the profit before tax of the Group.

Property, plant and equipment

The Group's property, plant and equipment primarily comprise buildings, office equipment, machinery equipment and other fixed assets. As of 30 June 2019, the Group's net property, plant and equipment amounted to RMB162.2 million, representing an increase of 102.8% as compared with RMB80.0 million as of 31 December 2018, which was primarily due to (i) the new addition of property, plant and equipment by the acquired companies; (ii) the increase of the purchasing of office equipment and machinery, etc. to meet the needs of the Group's business development, which was partly offset by the depreciation for the current Period.

Other intangible assets

As of 30 June 2019, the net book amount of other intangible assets of the Group was RMB412.1 million, representing an increase of 147.7% as compared with RMB166.4 million as of 31 December 2018. The Group's other intangible assets primarily included (i) RMB28.4 million from the trademark value of acquired companies; (ii) RMB404.7 million generated from customer relations as confirmed by acquired companies; (iii) the softwares developed and purchased by the Group; and (iv) partially offset by amortisation of trademarks, customer relationships and software. Trademarks and customer relationship have a specific validity period and are carried at cost less accumulated amortisation.

Goodwill

As of 30 June 2019, the Group recorded goodwill of RMB1,361.9 million, representing an increase of 30.3% as compared with RMB1,045.4 million as of 31 December 2018. The increase in goodwill of the Group primarily included RMB316.5 million in relation to the goodwill from the acquisition of Guangzhou Yuehua, Qingdao Huaren, Harbin Jingyang and Lanzhou Chengguan. The goodwill primarily derived from the expected future business developments of the acquired companies, improvement on market coverage, expansion of service portfolio, integration of value-added services and improvement of management efficiency.

The management confirmed that no significant goodwill impairment risk had been incurred as at 30 June 2019.

Trade and other receivables

As of 30 June 2019, trade and other receivables amounted to RMB1,808.2 million, representing an increase of 55.2% as compared with that of RMB1,164.9 million as of 31 December 2018, which was primarily attributable to (i) conversion of newly undertaken projects and development of diversified business, leading to an increase of the trade receivables; (ii) the newly increased trade receivables brought by the acquired companies; and (iii) with the scale expansion of acquired companies and the Group, the year-on-year increase of deposit, margin, imprest and account current with business partners in daily operation.

Trade and other payables

As of 30 June 2019, trade and other payables amounted to RMB1,879.1 million, representing an increase of 57.6% as compared with that of RMB1,192.6 million as of 31 December 2018, which was primarily attributable to (i) the increase in the GFA under management and subcontracting of more services to independent third-party service providers so as to enhance professionalism; (ii) stage consideration payable for acquired companies; (iii) the increase of trade and other payables brought by the acquired companies.

Borrowings

As of 30 June 2019, the Group had borrowings of RMB40.2 million with a term of less than one year and RMB6.6 million with a term of more than one year.

Gearing ratio

The gearing ratio is calculated as total borrowings 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 of 30 June 2019, the gearing ratio was 0.8%.

Current and deferred income tax liabilities

As of 30 June 2019, current income tax of the Group amounted to RMB298.3 million, representing an increase of 55.4% as compared with that of RMB191.9 million as of 31 December 2018, which was primarily attributable to the significant increase of the profit before tax of the Group. Deferred income tax liabilities increased from RMB36.6 million as of 31 December 2018 to RMB90.4 million as of 30 June 2019, which was primarily due to the impact brought by the increased value incurred from the intangible assets valuation against the acquired companies.

Management Discussion and Analysis (continued)

Proceeds from the Listing

The Company's H Shares were listed on the main board of Hong Kong Stock Exchange on 9 February 2018 (the "Listing"), with a total of 333,334,000 new H Shares issued. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK\$3,958.8 million (equivalent to RMB3,199.3 million). Subject to the requirements of relevant PRC laws and regulations, approximately HK\$3,600.0 million of the proceeds from the Listing will be remitted to its bank accounts in the PRC, the rest of approximately HK\$358.8 million of the proceeds from the Listing will be kept in overseas bank accounts. As of 30 June 2019, approximately HK\$30.4 million and RMB272.6 million of bank deposits were in Hong Kong.

As of 30 June 2019, the Group has used approximately RMB1,033.9 million of the proceeds, of which: RMB717.5 million was used for strategic investments and acquisitions; approximately RMB11.9 million was used for the development of management digitalization, service specialization, procedure standardization and operation automation; and approximately RMB304.5 million was used for working capital and general corporate purposes. Such used proceeds were allocated in accordance with the purposes set out in the prospectus of the Company dated 29 January 2018 (the "Prospectus"). The unused proceeds will be used for the purposes set out in the Prospectus as below:

- approximately 65% will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances;
- approximately 10% will be used to further develop the one-stop service platform of the Group;
- approximately 15% will be used to develop the "management digitalization, service specialization, procedure standardization and operation automation" of the Group; and
- approximately 10% will be used for working capital and general corporate purpose.

The Group has adjusted the intended use and allocation of the net proceeds on 15 August 2019. For details, please refer to the announcement of the Company dated 15 August 2019 (the "Announcement"). As set out in the Announcement, the unused proceeds are intended to be used according to the following revised allocation and purposes:

- approximately 85% will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic alliances — inject capital into subsidiary companies, acquire (including injecting capital into subsidiary companies for acquisitions) other property management companies and other companies in related businesses and invest in property management industry funds jointly with our business partners;
- approximately 5% will be used to further develop the one-stop service platform of the Group and develop "management digitalization, service specialization, procedure standardization and operation automation" of the Group; and
- approximately 10% will be used for working capital and general corporate purposes.

The net proceeds are currently held as bank deposits and will be used according to the distribution as set out in the Announcement.

Pledge of assets

As of 30 June 2019, the Group had pledged certain properties of its subsidiary in Chengguan District, Lanzhou City for its loan guarantee.

Major acquisitions

Acquisition of shares in Qingdao Huaren

On 23 January 2019, the Company entered into share transfer agreements to acquire 89.6643% shares of Qingdao Huaren at a consideration of approximately RMB133.6 million. The consideration for the acquisition under the share transfer agreement was determined after arm's length negotiation with reference to, among other things, the audited net profit of Qingdao Huaren for the year ended 31 December 2017 and the asset condition as of 30 June 2018. The Company had completed the acquisition of such shares in the first half of 2019. Qingdao Huaren is currently a direct non-wholly owned subsidiary of the Company.

The acquisition of Qingdao Huaren further expanded the Group's business scale and coverage, and enhanced the Group's leverage and competitiveness in Shandong Peninsula. After the completion of acquisition, the Group can share its resources and advantages in brand, technology, management and expansion capability with Qingdao Huaren, assisting Qingdao Huaren to achieve balanced development in business scale and project quality.

Acquisition of equity interest in Harbin Jingyang

On 26 February 2019, the Company entered into an equity interest transfer agreement to acquire 60% equity interest of Harbin Jingyang at a consideration of approximately RMB113.9 million. The consideration for the acquisition under the equity interest transfer agreement was determined after arm's length negotiation with reference to, among other things, certain times the audited net profit after deducting non-recurring profit and loss of Harbin Jingyang for the year ended 31 December 2018. The Company had completed the acquisition of such equities in the first half of 2019, and Harbin Jingyang is currently a direct non-wholly owned subsidiary of the Company.

The Group expanded its business into Northeast China after the acquisition of Harbin Jingyang, which further enhanced its coverage and competitiveness in the market of Northeast China and offered strong support in improving its regional layout, rapidly expanding and enhancing its business.

Acquisition of equity interest in Guangzhou Yuehua

On 28 March 2019, the Company entered into an equity interest transfer agreement to acquire 51% equity interest of Guangzhou Yuehua at a consideration of approximately RMB195.3 million. The consideration for the acquisition under the equity interest transfer agreement was determined after arm's length negotiation with reference to the audited net profit after deducting non-recurring profit and loss of Guangzhou Yuehua for the year ended 31 December 2018. The Company had completed the acquisition of such equities in the first half of 2019, and Guangzhou Yuehua is currently an indirect non-wholly owned subsidiary of the Company.

The acquisition of Guangzhou Yuehua filled the business gap of the Group in the public building property management market of South China, further diversified the Group's business portfolio, and assisted the Group to develop its whole industry chain layout covering mid- to high-end residential properties as the principal portfolio, and high-end commercial buildings and public buildings as the complementary. By leveraging A-Living's brand and scale advantages and its nationwide market network, the Group will empower Guangzhou Yuehua to develop the nationwide business coverage so as to become a national leading public building property management enterprise from a regional player. After the acquisition, the Group established the fourth business segment — the public services, with Guangzhou Yuehua as the major entity, and will horizontally expand to the public building property management market in the PRC with huge potential and increasing openness through building a flagship brand of the Group.

Management Discussion and Analysis (continued)

Acquisition of equity interest in Lanzhou Chengguan

On 11 July 2018, the Company entered into an equity transfer agreement to acquire 51% equity interest of Lanzhou Chengguan at a consideration of RMB147.9 million. The Company had completed the acquisition of such equities in the first half of 2019, and Lanzhou Chengguan is currently a direct non-wholly owned subsidiary of the Company.

Major disposals

During the Period, the Group had no major disposals of subsidiaries and associated companies.

Major investment

During the Period, the Group held no major investment.

Contingent liabilities

As of 30 June 2019, the Group had no significant contingent liabilities.

Foreign exchange risk

In 2018, the Company has exchanged most of the proceeds from the Listing into Renminbi in tranches. As of 30 June 2019, the Group had no significant exchange rate risk.

Employees and remuneration policies

As of 30 June 2019, the Group had 30,129 employees, representing an increase of 59.8% as compared with 18,859 employees as of 31 December 2018. Total staff cost amounted to RMB965.6 million, representing an increase of 58.5% as compared with that of RMB609.2 million for the corresponding period in 2018. The increase of staff costs was mainly due to (i) the increase brought by the acquired companies; (ii) the rapid development of the community value-added services, the expansion of the GFA to projects from the third-party developers etc., leading to a significant increase in employee remuneration; (iii) the increased demand for high-quality talents in response to the requirements of the Group's business development.

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

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

Subsequent events

On 15 August 2019, Guangzhou Yaxin Engineering Consulting Co., Ltd.* (廣州市雅信工程諮詢有限公司), a wholly-owned subsidiary of the Company, entered into a pre-delivery inspection services supplemental agreement with Agile Holdings, to revise the existing annual caps for the provision of the pre-delivery inspection services for the financial year ending 31 December 2019 and 2020 from RMB60,000,000 and RMB73,000,000 to RMB115,000,000 and RMB140,000,000, respectively.

On 15 August 2019, Guangzhou Yatao Advertising Co., Ltd.* (廣州市雅韜廣告有限公司), a wholly-owned subsidiary of the Company, entered into an advertising and public relations services supplemental agreement with Agile Holdings, to revise the existing annual caps for the provision of the advertising and public relations services for the financial year ending 31 December 2019 and 2020 from RMB13,500,000 and RMB17,550,000 to RMB40,000,000 and RMB114,600,000, respectively.

On 15 August 2019, the Group has changed the use in proceeds from the Listing.

For details, please refer to the announcements of the Company all dated 15 August 2019.

* for identification purpose only

Corporate Governance

Corporate Governance Practices

The board of directors (the “Board”) of A-Living Services Co., Ltd. (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.

The Board currently comprises eight members, with three executive Directors, two non-executive Directors and three independent non-executive Directors. Each of the independent non-executive Directors either possesses professional qualifications or experiences in various areas of financial accounting or property management. The Board holds at least four physical Board meetings every year. The Board will review the corporate governance practices of the Group from time to time with an aim to meet international best practices.

The Company has been reporting the business performance and latest development of the Group to its Shareholders and investors through various channels and platforms and a briefing on the businesses of the Company and the question and answer session are available in the annual general meeting allowing the Shareholders to have a better understanding of the Group’s strategies and goals.

Review of interim results

The Company’s audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2019.

The interim results of the Group for the six months ended 30 June 2019 had not been audited but had been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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 Codes”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Specific enquiry has been made of all the Directors and Supervisors and they have confirmed that they had complied with the Securities Dealing Codes during the six months ended 30 June 2019.

Corporate Governance (continued)

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 during the six months ended 30 June 2019.

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules.

The Board reviewed the Company’s corporate governance practices and is satisfied that the Company has been in full compliance with all the applicable code provisions set out in the CG Code during the six months ended 30 June 2019 save for code provision A.2.1 of the CG Code.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Mr. Huang Fengchao’s in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Mr. Huang Fengchao, in his dual capacity as the co-chairman of the Board and chief executive officer of the Company, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

Other Information

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 of 30 June 2019, the interests and short positions of the directors (the "Directors"), the supervisors (the "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 Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (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 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 Codes as defined in the Corporate Governance section in this interim report (the "Securities Dealing Codes"), were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Class of Shares ⁽¹⁾	Number of Shares ⁽²⁾	Approximate Percentage of the Relevant Class of Shares in Issue	Approximate 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. Huang Fengchao ⁽⁴⁾	Interest of a controlled corporation	Unlisted shares	39,920,000 (L)	4.44%	2.99%

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 is deemed to be interested in 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. Huang Fengchao is a limited partner of Gongqingcheng A-Living Investment Management Limited Partnership* 共青城雅生活投资管理合夥企業 (有限合夥) (holding 80,000,000 unlisted shares of the Company), which 49.9% of interests is owned by Mr. Huang.

* for identification purposes only

Other Information (continued)

(ii) Interest in Shares of Associated Corporation of the Company

Name of Director	Name of Associated Corporation	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding Interest
Mr. Chan Cheuk Hung	Agile Group Holdings Limited	Beneficiary of a trust	2,453,096,250(L)	62.63%
Mr. Huang Fengchao	Agile Group Holdings Limited	Beneficial owner	1,400,000(L)	0.04%
Ms. Yue Yuan	Agile Group Holdings Limited	Beneficial owner	22,000(L)	0.00%

Note: The letter "L" denotes the person's long position in the shares.

Save as disclosed above, as of 30 June 2019, 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 Codes.

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

So far as known to any Director or chief executives of the Company, as of 30 June 2019, the persons (other than Directors, Supervisors 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 Divisions 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 ⁽²⁾	Approximate Percentage of the Relevant Class of Shares in Issue	Approximate Percentage of the Company's Issued Share Capital
Zhongshan A-Living Enterprises Management Services Co., Ltd.* (中山雅生活企業管理服務有限公司)	Beneficial owner	Unlisted shares	712,800,000(L)	79.20%	53.46%
Deluxe Star International Limited ⁽³⁾	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%

* for identification purposes only

Other Information (continued)

Name of Shareholder	Nature of Interest	Class of Shares ⁽¹⁾	Number of Shares ⁽²⁾	Approximate Percentage of the Relevant Class of Shares in Issue	Approximate Percentage of the Company's Issued Share Capital
Makel International (BVI) Limited ⁽⁴⁾	Interest of a controlled corporation	Unlisted shares	720,000,000(L)	80.00%	54.00%
Genesis Global Development (BVI) Limited ⁽⁵⁾	Interest of a controlled corporation	Unlisted shares	720,000,000(L)	80.00%	54.00%
Eastern Supreme Group Holdings Limited ⁽⁶⁾	Interest of a controlled corporation	Unlisted shares	720,000,000(L)	80.00%	54.00%
Agile Group Holdings Limited ⁽⁷⁾	Interest of a controlled corporation	Unlisted shares	720,000,000(L)	80.00%	54.00%
Full Choice Investments Limited ⁽⁸⁾	Trustee of a trust	Unlisted shares	720,000,000(L)	80.00%	54.00%
Top Coast Investment Limited ⁽⁹⁾	Interest of a controlled corporation	Unlisted shares	720,000,000(L)	80.00%	54.00%
Mr. Chen Zhuo Lin ⁽¹⁰⁾	Beneficiary of a trust	Unlisted shares	720,000,000(L)	80.00%	54.00%
Mr. Chan Cheuk Yin ⁽¹⁰⁾	Beneficiary of a trust	Unlisted shares	720,000,000(L)	80.00%	54.00%
Ms. Luk Sin Fong, Fion ⁽¹⁰⁾	Beneficiary of a trust	Unlisted shares	720,000,000(L)	80.00%	54.00%
Mr. Chan Cheuk Hei ⁽¹⁰⁾	Beneficiary of a trust	Unlisted shares	720,000,000(L)	80.00%	54.00%
Mr. Chan Cheuk Nam ⁽¹⁰⁾	Beneficiary of a trust	Unlisted shares	720,000,000(L)	80.00%	54.00%
Ms. Zheng Huiqiong ⁽¹¹⁾	Spouse	Unlisted shares	720,000,000(L)	80.00%	54.00%
Ms. Lu Liqing ⁽¹²⁾	Spouse	Unlisted shares	720,000,000(L)	80.00%	54.00%
Ms. Lu Yanping ⁽¹³⁾	Spouse	Unlisted shares	720,000,000(L)	80.00%	54.00%
Ms. Chan Siu Na ⁽¹⁴⁾	Spouse	Unlisted shares	720,000,000(L)	80.00%	54.00%
Ningbo Lvjin Investment Management Co., Ltd.* (寧波綠礁投資管理有限公司)	Beneficial owner	Unlisted shares	100,000,000(L)	11.11%	7.50%
Greenland Financial Overseas Investment Group Co., Ltd. (“Greenland Overseas”)	Beneficial owner	Overseas listed foreign shares	100,000,000(L)	23.08%	7.50%
Greenland Financial Holdings Group Co., Ltd. ⁽¹⁵⁾	Interest of a controlled corporation	Unlisted shares	100,000,000(L)	11.11%	7.50%
	Interest of a controlled corporation	Overseas listed foreign shares	100,000,000(L)	23.08%	7.50%
Greenland Holding Group* (綠地控股集團有限公司) ⁽¹⁶⁾	Interest of a controlled corporation	Unlisted shares	100,000,000(L)	11.11%	7.50%
	Interest of a controlled corporation	Overseas listed foreign shares	100,000,000(L)	23.08%	7.50%

* for identification purposes only

Other Information (continued)

Name of Shareholder	Nature of Interest	Class of Shares ⁽¹⁾	Number of Shares ⁽²⁾	Approximate Percentage of the Relevant Class of Shares in Issue	Approximate Percentage of the Company's Issued Share Capital
Greenland Holdings Group Company Limited* (綠地控股集團股份有限公司) ("Greenland Holdings") ⁽¹⁷⁾	Interest of a controlled corporation	Unlisted shares	100,000,000(L)	11.11%	7.50%
	Interest of a controlled corporation	Overseas listed foreign shares	100,000,000(L)	23.08%	7.50%
Gongqingcheng A-Living Investment Management Limited Partnership* (共青城雅生活投資管理合夥企業 (有限合夥)) ("Gongqingcheng Investment")	Beneficial owner	Unlisted shares	80,000,000(L)	8.89%	6.00%
Gongqingcheng Yagao Investment Management Co., Ltd.* (共青城雅高投資管理有限公司) ⁽¹⁸⁾	Interest of a controlled corporation	Unlisted shares	80,000,000(L)	8.89%	6.00%
Pan Zhiyong ⁽¹⁹⁾	Interest of a controlled corporation	Unlisted shares	80,000,000(L)	8.89%	6.00%
Toscafund Asset Management LLP	Investment manager	Overseas listed foreign shares	29,918,840(L)	6.90%	2.24%
VanEck Funds: Emerging Markets Fund	Beneficial owner	Overseas listed foreign shares	23,450,000(L)	5.41%	1.76%
Van Eck Associates Corporation	Investment manager	Overseas listed foreign shares	32,275,000(L)	7.45%	2.42%

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/corporation's long position in the shares.
- (3) 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.*
- (4) 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.
- (5) 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

Other Information (continued)

- (6) 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.
- (7) 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.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) 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.
- (12) 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.
- (13) 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.
- (14) 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.
- (15) 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.
- (16) 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.
- (17) 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*.
- (18) 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.
- (19) 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.*

Save as disclosed above, as of 30 June 2019, 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

Other Information (continued)

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Changes in Board Composition

Ms. Yue Yuan has been appointed as a non-executive Director of the Company with effect from 28 May 2019.

Changes in Information of Directors

Pursuant to Rule 13.51B of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, the changes in information of Directors subsequent to the date of the 2018 annual report are set out below:

1. Mr. Huang Fengchao has been appointed as the chief executive officer and general manager of the Company with effect from 28 May 2019.
2. Mr. Wan Kam To has retired as an independent non-executive director of the following companies:
 - (i) Kerry Logistics Network Limited (stock code of the Hong Kong Stock Exchange: 636) with effect from 31 May 2019;
 - (ii) Shanghai Pharmaceuticals Holding Co., Ltd. (stock code of the Hong Kong Stock Exchange: 2607; stock code of Shanghai Stock Exchange: 601607) with effect from 27 June 2019; and
 - (iii) Huaneng Renewables Corporation Limited (stock code of the Hong Kong Stock Exchange: 958) with effect from 28 June 2019.

Interim Dividend

The Board did not recommend any payment of interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

Interim Condensed Consolidated Statement of Comprehensive Income

(All amounts in RMB thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	5	2,241,228	1,405,693
Cost of sales	6	(1,411,776)	(895,345)
Gross profit		829,452	510,348
Selling and marketing costs	6	(18,173)	(15,702)
Administrative expenses	6	(124,737)	(108,259)
Net impairment losses on financial assets		(9,833)	(1,672)
Other income	8	63,356	25,903
Other gains — net	9	6,503	14,539
Operating profit		746,568	425,157
Finance (expenses)/income — net	10	(1,909)	15,322
Share of post-tax profits of joint ventures and associates	15	5,816	—
Profit before income tax		750,475	440,479
Income tax expenses	11	(182,084)	(104,708)
Profit and total comprehensive income for the period		568,391	335,771
Profit and total comprehensive income attributable to:			
— Shareholders of the Company		541,314	332,332
— Non-controlling interests		27,077	3,439
		568,391	335,771
Earnings per share (expressed in RMB per share)			
— Basic and diluted earnings per share	12	0.41	0.26

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

Interim Condensed Consolidated Balance Sheet

(All amounts in RMB thousands unless otherwise stated)

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	13	162,159	80,006
Right-of-use assets	3(c)	23,628	—
Other intangible assets	14	412,069	166,448
Goodwill	14	1,361,906	1,045,362
Deferred income tax assets		56,017	15,629
Investments accounted for using the equity method	15	254,658	422
Financial assets at fair value through profit or loss	18	411	—
		2,270,848	1,307,867
Current assets			
Inventories	16	18,182	15,190
Trade and other receivables	17	1,808,165	1,164,913
Financial assets at fair value through profit or loss	18	238,466	—
Cash and cash equivalents		4,349,720	4,807,993
Restricted cash		4,247	586
		6,418,780	5,988,682
Total assets		8,689,628	7,296,549
Equity			
Share capital	19	1,333,334	1,333,334
Reserves	20	3,248,271	3,265,887
Retained earnings		919,870	823,119
Capital and reserves attributable to the shareholders of the Company		5,501,475	5,422,340
Non-controlling interests		271,208	87,697
Total equity		5,772,683	5,510,037

Interim Condensed Consolidated Balance Sheet (continued)

(All amounts in RMB thousands unless otherwise stated)

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	21	6,600	—
Lease liabilities	3(c)	10,849	—
Financial liabilities at fair value through profit or loss	18	62,179	—
Other payables	22	19,045	23,656
Deferred income tax liabilities		90,444	36,562
		189,117	60,218
Current liabilities			
Borrowings	21	40,150	—
Trade and other payables	22	1,860,062	1,168,900
Contract liabilities		515,346	365,499
Current income tax liabilities		298,334	191,895
Lease liabilities	3(c)	13,936	—
		2,727,828	1,726,294
Total liabilities		2,916,945	1,786,512
Total equity and liabilities		8,689,628	7,296,549

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

The financial statements on pages 31 to 72 were approved by the Board of Directors on 7 August 2019 and were signed on its behalf.

Chan Cheuk Hung

Director

Huang Fengchao

Director

Interim Condensed Consolidated Statement of Changes in Equity

(All amounts in RMB thousands unless otherwise stated)

	Notes	Attributable to shareholders of the Company					Total equity RMB'000
		Share capital RMB'000 (Note 19)	Reserves RMB'000 (Note 20)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2019 (Audited)		1,333,334	3,265,887	823,119	5,422,340	87,697	5,510,037
Comprehensive income							
Profit for the period		—	—	541,314	541,314	27,077	568,391
Transactions with shareholders of the Company							
Dividends	23	—	—	(400,000)	(400,000)	(16,884)	(416,884)
Put options granted during the acquisition of subsidiaries	18	—	(62,179)	—	(62,179)	—	(62,179)
Acquisition of subsidiaries	25	—	—	—	—	173,318	173,318
Appropriation of statutory reserves	20(a)	—	44,563	(44,563)	—	—	—
		—	(17,616)	(444,563)	(462,179)	156,434	(305,745)
Balance at 30 June 2019 (Unaudited)		1,333,334	3,248,271	919,870	5,501,475	271,208	5,772,683
Balance at 1 January 2018 (Audited)		1,000,000	373,543	98,409	1,471,952	2,117	1,474,069
Comprehensive income							
Profit for the period		—	—	332,332	332,332	3,439	335,771
Transactions with shareholders of the Company							
Dividends	23	—	—	(50,000)	(50,000)	—	(50,000)
Acquisition of a subsidiary		—	—	—	—	74,674	74,674
Capital contribution from the non-controlling interests (the "NCI")		—	—	—	—	490	490
Issue of shares		333,334	2,870,340	—	3,203,674	—	3,203,674
Appropriation of statutory reserves	20(a)	—	5,000	(5,000)	—	—	—
		333,334	2,875,340	(55,000)	3,153,674	75,164	3,228,838
Balance at 30 June 2018 (Unaudited)		1,333,334	3,248,883	375,741	4,957,958	80,720	5,038,678

The above Interim Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

(All amounts in RMB thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		652,604	248,718
Income tax paid		(115,576)	(41,624)
Net cash generated from operating activities		537,028	207,094
Cash flows from investing activities			
Purchases of property, plant and equipment ("PPE")		(4,078)	(12,322)
Proceeds from disposal of PPE		223	204
Purchase of other intangible assets		(5,040)	(5,114)
Loans repayments received from related parties		—	13,248
Acquisition of financial assets at fair value through profit or loss		(1,436,420)	—
Proceeds from disposal of financial assets at fair value through profit or loss		1,215,001	—
Interest received		5,661	—
Cash repayment from/(advances to) related parties		68,645	(2,492)
Acquisition of subsidiaries (net of cash and cash equivalent acquired)	25	(272,237)	(104,860)
Investments in joint venture and associate		(242,450)	—
Loans to a third party		(300,000)	—
Dividend received		3,445	—
(Increase)/decrease in restricted bank deposits		(3,661)	100
Net cash used in investing activities		(970,911)	(111,236)
Cash flows from financing activities			
Capital contribution from NCI		—	490
Proceeds from issuance of ordinary shares		—	3,238,500
Repayments of borrowings		(1,350)	—
Repayments of lease liabilities		(9,884)	—
Interest paid		(668)	(327)
Receipt of cash advances from related parties		11,589	3,847
Dividends paid to the then shareholders		—	(50,000)
Dividends paid to non-controlling interests		(16,884)	—
Listing expenses paid		(6,957)	(8,376)
Net cash (used in)/generated from financing activities		(24,154)	3,184,134
Net (decrease)/increase in cash and cash equivalents		(458,037)	3,279,992
Net cash and cash equivalents at 1 January		4,807,993	879,771
Effect of exchange rate changes on cash and cash equivalents		(236)	13,304
Cash and cash equivalents at 30 June		4,349,720	4,173,067

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

Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

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.

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

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2019 ("Interim Financial Information") has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information is to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2018 and any public announcements made by the Group during the interim reporting period.

3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see note 3(a)) and adoption of new and amended standards as set out below.

(a) Income taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(b) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting HKFRS 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 3(c) below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

3 Accounting policies (continued)

(c) Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(i) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.75%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	2019 RMB'000 (Unaudited)
Operating lease commitments disclosed as at 31 December 2018 (Audited)	39,344
Discounted using the lessee's incremental borrowing rate of at the date of initial application	37,317
Less: short-term leases recognised on a straight-line basis as expense	(1,501)
Less: low-value leases recognised on a straight-line basis as expense	(1,573)
Less: contracts reassessed as service agreements	(12,986)
Lease liabilities recognised as at 1 January 2019	21,257
Of which are:	
Current lease liabilities	15,316
Non-current lease liabilities	5,941
	21,257

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

3 Accounting policies (continued)

(c) Changes in accounting policies (continued)

(i) Adjustments recognised on adoption of HKFRS 16 (continued)

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 RMB'000 (Unaudited)	1 January 2019 RMB'000 (Restated)
Properties	23,270	21,114
Equipment	358	143
Total right-of-use assets	23,628	21,257

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increase by RMB21,257,000
- lease liabilities — increase by RMB21,257,000.

There is no impact on retained earnings on 1 January 2019.

<1> Impact on disclosures and earnings per share

Profit before income tax for the six months ended 30 June 2019 increased by RMB1,174,000, while assets and liabilities as at 30 June 2019 increased by RMB23,628,000 and RMB24,785,000 respectively as a result of the change in accounting policy.

There is no material impact for earnings per share for the six months ended 30 June 2019 as a result of the adoption of HKFRS 16.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

3 Accounting policies (continued)

(c) Changes in accounting policies (continued)

(i) Adjustments recognised on adoption of HKFRS 16 (continued)

<2> Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 Determining whether an Arrangement contains a Lease.

(ii) The Group's leasing activities and how these are accounted for

The Group leases certain properties and equipment. Rental contracts are typically made for fixed periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of properties and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

3 Accounting policies (continued)

(c) Changes in accounting policies (continued)

(ii) The Group's leasing activities and how these are accounted for (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise staff dormitory and small items of office furniture.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

4 Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (“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 six months ended 30 June 2019 and 2018, the Group was principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance services, property agency services and other services, in the PRC.

Historically, the Group provided property management services under the brand “Agile Property Management”. On 30 June 2017, the Group acquired Greenland Property Services and implemented a dual-brand driven strategy of “Agile Property Management” and “Greenland Property Services”. Subsequent to the Company’s listing on the Stock Exchange on 9 February 2018, the Group acquired certain property management companies from third parties.

All the acquired subsidiaries were principally engaged in the provision of property management services and related value-added services. After acquisition, management reviews the operating results of the business of the acquired subsidiaries and the original business to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are several operating segments, which are used to make strategic decisions.

For the six months ended 30 June 2019, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

As at 30 June 2019, all of the assets were located in the PRC except bank deposits of HKD30,440,000 and RMB272,569,000 in Hong Kong.

5 Revenue

Revenue mainly comprises proceeds from property management services and related value-added services. An analysis of the Group’s revenue by category for the six months ended 30 June 2019 and 2018 was as follows:

		Six months ended 30 June	
		2019	2018
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Property management services	Timing of revenue recognition over time	1,227,486	750,334
Value-added services related to property management			
— Other value-added services	over time	1,007,585	629,887
— Sales of goods, parking lots and shops	at a point in time	6,157	25,472
		2,241,228	1,405,693

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

6 Expenses by nature

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Employee benefit expenses (Note 7)	965,636	609,236
Cleaning expenses	149,852	88,264
Security charges	97,202	24,847
Maintenance costs	59,874	67,273
Utilities	59,396	53,859
Depreciation and amortisation charges	40,163	14,300
Greening and gardening expenses	38,608	24,601
Cost of consumables	35,762	35,695
Travelling and entertainment expenses	24,432	20,581
Business taxes and other levies	15,137	8,646
Office expenses	11,285	8,673
Advertising expenses	5,678	9,800
Consulting fees	6,692	9,651
Operating lease payments	3,960	11,388
Cost of selling parking lots and shops	—	1,273
Auditor's remuneration		
— Audit services	1,369	1,100
Others	39,640	30,119
	1,554,686	1,019,306

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

7 Employee benefit expenses

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Wages and salaries	800,609	504,780
Social insurance expenses (Note (a))	105,726	62,458
Housing benefits	20,479	14,008
Other employee benefits	38,822	27,990
Total (including emoluments of directors and supervisors)	965,636	609,236

- (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.

8 Other income

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest income	49,959	22,549
Government grants (Note (a))	8,475	—
Penalties	967	1,166
Miscellaneous	3,955	2,188
	63,356	25,903

- (a) Government grants mainly consisted of financial subsidies granted by the local governments.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

9 Other gains – net

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Net investment income relating to financial assets at fair value through profit or loss	5,661	—
Fair value gains on financial assets at fair value through profit or loss – net	1,047	—
Losses on disposal of property, plant and equipment	(98)	(102)
Exchange losses	(107)	—
Gains on forward foreign exchange contracts	—	14,641
	6,503	14,539

10 Finance (expense)/income – net

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Finance expenses:		
– Interest expense of amortisation of long-term payables	(522)	—
– Interest expense of bank borrowings	(668)	(501)
– Interest expense of lease liabilities	(719)	—
	(1,909)	(501)
Finance income:		
– Exchange gains	—	15,823
Finance (expense)/income – net	(1,909)	15,322

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

11 Income tax expenses

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current income tax		
— PRC corporate income tax	222,015	123,776
Deferred income tax		
— PRC corporate income tax	(39,931)	(19,068)
	182,084	104,708

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:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Profit before income tax	750,475	440,479
Tax charge at effective rate applicable to profits in the respective group entities	177,907	104,420
Tax effects of:		
— Expenses not deductible for tax purposes	5,631	288
— Associates' and joint ventures' results reported net of tax	(1,454)	—
	182,084	104,708

The effective income tax rate was 24% for the period ended 30 June 2019 (six months ended 30 June 2018: 24%).

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

11 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% (six months ended 30 June 2018: 25%) according to the Corporate Income Tax Law of the PRC.

In 2018, Guangzhou Yatian Network Technology Co.,Ltd. ("Guangzhou Yatian") obtained the Certificate of High-Tech Corporation with valid period from 2017 to 2019. According to the Corporation Income Tax Law of the PRC, corporations which obtain the Certificate of High-Tech Corporation are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to Guangzhou Yatian during the period ended 30 June 2019 was 15% (six months ended 30 June 2018: 15%). Zhuhai Hengqin Yaheng Engineering Consultancy Co., Ltd. has enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15% during the period ended 30 June 2019. Certain subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% in certain years.

Hong Kong income tax

No Hong Kong profits tax was applicable to the Group for the period ended 30 June 2019. There were two Hong Kong incorporated subsidiaries during the period ended 30 June 2019. No Hong Kong profits tax was provided for those two Hong Kong subsidiaries as there was no estimated assessable profits that was subject to Hong Kong profits tax during period ended 30 June 2019.

12 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares deemed to be in issue during the six months ended 30 June 2019 and 2018.

The Company did not have any potential ordinary shares outstanding during the six months ended 30 June 2019 and 2018. Diluted earnings per share was equal to basic earnings per share.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to Shareholders of the Company (RMB'000)	541,314	332,332
Weighted average number of ordinary shares deemed to be in issue (in thousands)	1,333,334	1,260,001
Basic earnings per share for profit attributable to the Shareholders of the Company during the period (expressed in RMB per share)	0.41	0.26

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

13 Property, plant and equipment

	Buildings RMB'000	Transportation equipment RMB'000	Office equipment RMB'000	Machinery RMB'000	Total RMB'000
As at 31 December 2018 (Audited)					
Cost	65,101	17,484	20,252	35,253	138,090
Accumulated depreciation	(18,902)	(10,694)	(8,745)	(19,743)	(58,084)
Net book amount	46,199	6,790	11,507	15,510	80,006
Period ended 30 June 2019 (Unaudited)					
Opening net book amount	46,199	6,790	11,507	15,510	80,006
Additions	46	560	959	2,513	4,078
Acquisition of subsidiaries (Note 25)	59,458	4,889	1,135	21,158	86,640
Disposals	—	(113)	(88)	(120)	(321)
Depreciation charge	(1,726)	(1,485)	(1,213)	(3,820)	(8,244)
Closing net book amount	103,977	10,641	12,300	35,241	162,159
As at 30 June 2019 (Unaudited)					
Cost	124,581	22,001	22,151	58,203	226,936
Accumulated depreciation	(20,604)	(11,360)	(9,851)	(22,962)	(64,777)
Net book amount	103,977	10,641	12,300	35,241	162,159

As at 30 June 2019, certain self-used properties with net book value of RMB58,196,000 (31 December 2018: nil) were pledged as collateral for the Group's borrowings (note 21).

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

14 Intangible assets

	Computer software RMB'000	Trademarks RMB'000	Customer relationship RMB'000	Subtotal RMB'000	Goodwill RMB'000	Total RMB'000
As at 31 December 2018 (Audited)						
Cost	27,919	28,400	143,860	200,179	1,045,362	1,245,541
Accumulated amortisation	(6,183)	(6,093)	(21,455)	(33,731)	—	(33,731)
Net book amount	21,736	22,307	122,405	166,448	1,045,362	1,211,810
Period ended 30 June 2019 (Unaudited)						
Opening net book amount	21,736	22,307	122,405	166,448	1,045,362	1,211,810
Additions	5,040	—	—	5,040	—	5,040
Acquisition of subsidiaries (Note (a))	1,363	—	260,815	262,178	316,544	578,722
Amortisation	(1,614)	(2,320)	(17,663)	(21,597)	—	(21,597)
Closing net book amount	26,525	19,987	365,557	412,069	1,361,906	1,773,975
As at 30 June 2019 (Unaudited)						
Cost	34,322	28,400	404,675	467,397	1,361,906	1,829,303
Accumulated amortisation	(7,797)	(8,413)	(39,118)	(55,328)	—	(55,328)
Net book amount	26,525	19,987	365,557	412,069	1,361,906	1,773,975

- (a) During the six months ended 30 June 2019, the Group acquired several property management companies (Note 25). Total identifiable net assets of these entities acquired as at their respective acquisition dates were amounted to RMB440,678,000, including identified customer relationships of RMB260,815,000 recognised by the Group. The excess of the consideration transferred and the amount of the non-controlling interests in the acquires over the fair value of the identifiable net assets acquired is recorded as goodwill.

15 Investments accounted for using the equity method

The carrying amount of equity-accounted investments has changed as follows in the six months ended 30 June 2019:

	Six months ended 30 June 2019 RMB'000 (Unaudited)
Beginning of the period	422
Additions	242,450
Additions arising from business combination (Note 25)	9,415
Profit for the period	5,816
Dividends paid	(3,445)
End of the period	254,658

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

16 Inventories

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Parking lots and shops	1,852	1,852
Consumables	16,330	13,338
	18,182	15,190

17 Trade and other receivables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables (Note (a))		
— Related parties (Note 26(d))	563,373	507,646
— Third parties	622,394	342,766
	1,185,767	850,412
Less: allowance for impairment of trade receivables	(44,358)	(21,385)
	1,141,409	829,027
Other receivables		
— Related parties (Note 26(d))	42,761	70,669
— Third parties	588,388	232,736
	631,149	303,405
Less: allowance for impairment of other receivables	(5,190)	(3,472)
	625,959	299,933
Prepayments		
— Related parties (Note 26(d))	478	—
— Third parties	40,319	35,953
	40,797	35,953
	1,808,165	1,164,913

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

17 Trade and other receivables (continued)

- (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.

- (b) During the six months ended 30 June 2019, impairment provision of RMB8,885,000 and RMB948,000 was made against the gross amount of trade receivables and other receivables, respectively. (six months ended 30 June 2018: reversal of provision of RMB1,243,000 against trade receivables and provision of RMB2,915,000 against other receivables)
- (c) As at 30 June 2019 and 31 December 2018, the aging analysis of the trade receivables based on invoice date were as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables		
0–180 days	590,444	556,855
181–365 days	354,894	142,015
1 to 2 years	154,490	101,565
2 to 3 years	43,696	24,557
Over 3 years	42,243	25,420
	1,185,767	850,412

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

18 Fair value estimation

The Group's financial assets at fair values included wealth management products, trust products, structural deposits and contingent consideration, fair value of which are estimated based on unobservable inputs (level 3). The following table presents the changes in level 3 instruments for six months ended 30 June 2019:

	Financial assets at fair value through profit or loss			Financial liabilities at fair value through profit or loss RMB'000	Total RMB'000
	Wealth management products RMB'000	Structural deposits RMB'000	Contingent consideration RMB'000		
Opening balance as at 31 December 2018 (Audited)	—	—	—	—	—
Addition	218,420	1,218,000	—	(62,179)	1,374,241
Acquisition of subsidiaries (Note 25)	16,000	—	411	—	16,411
Gains recognised in profit or loss	1,058	5,650	—	—	6,708
Disposal	(21,172)	(1,199,490)	—	—	(1,220,662)
Closing balance as at 30 June 2019 (Unaudited)	214,306	24,160	411	(62,179)	176,698
Includes unrealised gains recognised in profit attributable to balances held at 30 June 2019	886	161	—	—	1,047

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for wealth management products, structural deposits, contingent consideration and put option liability.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

19 Share capital

	30 June 2019 number of shares	31 December 2018 number of shares	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Issued and fully paid	1,333,334,000	1,333,334,000	1,333,334	1,333,334

20 Reserves

	Statutory reserves RMB'000	Share premium RMB'000	Other reserves RMB'000	Total RMB'000
Six months ended 30 June 2019				
Balance at 1 January 2019 (Audited)	59,859	3,138,053	67,975	3,265,887
Appropriation of statutory reserves (Note (a))	44,563	—	—	44,563
Put options granted during the acquisition of subsidiaries (Note 25(v))	—	—	(62,179)	(62,179)
Balance at 30 June 2019 (Unaudited)	104,422	3,138,053	5,796	3,248,271
Six months ended 30 June 2018				
Balance at 1 January 2018 (Audited)	33,524	272,044	67,975	373,543
Appropriation of statutory reserves (Note (a))	5,000	—	—	5,000
Issue of H shares	—	2,870,340	—	2,870,340
Balance at 30 June 2018 (Unaudited)	38,524	3,142,384	67,975	3,248,883

(a) PRC statutory reserves

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.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

21 Borrowings

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
Long-term bank borrowings		
— secured	9,000	—
Less: current portion of non-current borrowings	(2,400)	—
	6,600	—
Borrowings included in current liabilities:		
Short-term bank borrowings		
— secured	28,650	—
Short-term other borrowings		
— unsecured	9,100	—
Current portion of non-current borrowings	2,400	—
	40,150	—
	46,750	—

- (a) As at 30 June 2019, the loans are attributable to Lanzhou Chengguan Property Services Group Co., Ltd. ("Lanzhou Chengguan"), a subsidiary acquired by the Company on 31 March 2019. The loans are repayable within one year with fixed interest rates of 6.48%–7.32% per annum. The loans are secured by certain of its self-used properties and guaranteed by the NCI of Lanzhou Chengguan.

The loans are RMB denominated loans which are carried at amortised cost. It therefore did not have any impact on the Group's exposure to foreign exchange and cash flow interest rate risk.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

22 Trade and other payables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables (Note (a))		
— Related parties (Note 26 (d))	2,572	7,333
— Third parties	349,285	306,051
	351,857	313,384
Other payables		
— Related parties (Note 26 (d))	52,344	40,755
— Third parties	648,761	487,265
	701,105	528,020
Dividends payables	421,172	—
Accrued payroll	290,208	274,974
Other taxes payables	114,765	76,178
	1,879,107	1,192,556
Less: non-current portion of other payables (Note (b))	(19,045)	(23,656)
Current portion	1,860,062	1,168,900

- (a) As at 30 June 2019 and 31 December 2018, the aging analysis of the trade payables (including amounts due to related parties of a trade nature) based on invoice date were as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables		
Up to 1 year	332,315	283,634
1 to 2 years	12,675	21,379
2 to 3 years	295	2,864
Over 3 years	6,572	5,507
	351,857	313,384

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

- (b) Non-current portion of trade and other payables primarily represented the consideration payable for the acquisition of Nanjing Zizhu Property Management Services Co., Ltd., Harbin Jingyang Property Management Co., Ltd. ("Harbin Jingyang") and Qingdao Huaren Property Co., Ltd. ("Qingdao Huaren") to be settled beyond one year from 30 June 2019.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

23 Dividends

	Six months ended 30 June	
	2019 RMB'000 (Unaudited) (Note (a))	2018 RMB'000 (Unaudited) (Note (b))
Final dividend	200,000	—
Special dividend	200,000	50,000

(a) The final dividend of RMB0.15 per ordinary share and a special dividend of RMB0.15 per ordinary share (collectively the "Annual Dividend") in respect of 2018 were approved by the shareholders at the Annual General Meeting on 28 May 2019. The Annual Dividend in aggregate amount of RMB400,000,000 has been distributed out of the Company's retained earnings.

(b) A special 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.

24 Commitments

(a) Capital commitments

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Other intangible assets	2,705	3,060

(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.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short term and low-value leases, see note 3(c) for further information.

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Commitments for minimum lease payments in relation to noncancellable operating leases are payable as follows:		
No more than 1 year	—	24,224
More than 1 year but no more than 5 years	—	15,073
More than 5 years	—	47
	—	39,344

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

25 Business combinations

Business combinations during the period included the acquisitions of Harbin Jingyang, Qingdao Huaren, Lanzhou Chengguan and Guangzhou Yuehua Property CO., Ltd. (“Guangzhou Yuehua”), at an aggregate purchase consideration of RMB583,904,000. Goodwill of RMB316,544,000 and identifiable net assets of RMB440,678,000 were recognised. The directors of the Company consider that none of these subsidiaries acquired during the period was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

Details of the purchase considerations, the net assets acquired are as follows:

	RMB'000
Purchase consideration	
Total fair value of cash consideration	584,315
Contingent consideration (ii)	(411)
Total purchase consideration	583,904
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	243,372
Financial assets at fair value through profit or loss (Note 18)	16,000
Property, plant and equipment (Note 13)	86,640
Investments accounted for using the equity method (Note 15)	9,415
Inventories	1,174
Other intangible assets (Note 14)	262,178
Trade and other receivables (iii)	267,345
Trade and other payables	(257,314)
Contract liabilities	(86,607)
Borrowings	(48,100)
Deferred income tax assets	4,709
Deferred income tax liabilities	(58,134)
Total identifiable net assets	440,678
Less: non-controlling interests	(173,318)
Identifiable net assets attributable to the Company	267,360
Goodwill (Note 14)	316,544

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

25 Business combinations (continued)

- (i) Net cash outflow arising on acquisition during the period ended 30 June 2019:

	RMB'000
Total cash considerations	584,315
Less: cash considerations payable as at 30 June 2019	(72,874)
Less: cash considerations paid in prior year	(24,345)
Cash considerations paid in the period	487,096
Less: cash and cash equivalents in the subsidiaries acquired	(243,372)
Cash outflow in the period	243,724

- (ii) Contingent considerations

The contingent consideration arrangement entitles the Group to have the receivable from the former owners of Harbin Jingyang, Qingdao Huaren and Lanzhou Chengguan, if they are unable to achieve their targets of adjusted profit during 2019 to 2021.

The fair value of the contingent consideration arrangement of RMB411,000 was estimated calculating the present value of the future expected cash flows. The estimates are based on their individual discount rate and probability of achieving the target, and might be modified by inspecting the performance from the acquisition date.

As at 30 June 2019, the fair value of the contingent considerations was same as those at the acquisition dates. The asset is presented within financial assets at fair value through profit or loss in the balance sheet.

- (iii) Acquired receivables

The fair value of trade and other receivables is RMB267,345,000 and includes trade receivables with a fair value of RMB195,279,000. The gross contractual amount for trade receivables due is RMB207,365,000, of which RMB12,086,000 is expected to be uncollectible.

- (iv) Revenue and profit contribution

The acquired businesses contributed revenues of RMB352,918,000 and net profits of RMB32,526,000 to the Group for the period from the respective acquisition date to 30 June 2019.

If the acquisitions had occurred on 1 January 2019, the Group's consolidated pro-forma revenue and comprehensive income for the period ended 30 June 2019 would have been RMB2,520,741,000 and net profit of RMB596,240,000, respectively.

No contingent liability has been recognised for the business combination.

- (v) Put option arrangements

The Group has written put options over the equity of Harbin Jingyang and Qingdao Huaren which permit the NCI shareholders to put their shares in the subsidiaries back to the Group at their fair value over respective specified periods. The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount with a corresponding charge directly to equity.

The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

- (vi) Information not disclosed as not yet available

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisitions. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 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 International Limited 旺紀國際有限公司	Intermediate holding company
Greenland Holdings Group Company Limited ("Greenland Holdings") 綠地控股集團有限公司	Non-controlling shareholder of the Company
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
Mr. Chan Cheuk Yin 陳卓賢先生	A Founding Shareholder of Agile Holdings
Hainan Agile Real Estate Development Co., Ltd.* 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 Real Estate Development Co., Ltd.* 海南雅恒房地產發展有限公司	Controlled by the same ultimate holding company
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

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

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

Name	Relationship
Zhongshan Agile Majestic Garden Real Estate Co., Ltd.* 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
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

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

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

Name	Relationship
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
Wuhan Changkai Property Development Co., Ltd.* 武漢長凱物業發展有限公司	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 Co., Ltd.* 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
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.* 騰沖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

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

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

Name	Relationship
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
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
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
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
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 Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 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
Changshu Agile Land Co., Ltd.* 常熟雅居樂置業有限公司	Controlled by the same ultimate holding company
Changzhou Jintan Yaxin Real Estate Development Co., Ltd.* 常州金壇雅信房地產開發有限公司	Controlled by the same ultimate holding company
Dongfang Yanhucheng Land Co., Ltd.* 東方鹽湖城置業有限公司	Controlled by the same ultimate holding company
Suzhou Agile Property Development Co., Ltd.* 蘇州雅居樂置業有限公司	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
Tianjing Yarun Real Estate Development Co., Ltd.* 天津雅潤房地產開發有限公司	Controlled by the same ultimate holding company
Jurong Agile Real Estate Development Co., Ltd.* 句容雅居樂房地產開發有限公司	Controlled by the same ultimate holding company

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

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

Name	Relationship
Foshan Yashun Real Estate Development Co., Ltd.* 佛山雅順房地產開發有限公司	Controlled by the same ultimate holding company
Zhongshan Yuehong Investment Co., Ltd.* 中山市粵宏投資有限公司	Controlled by the same ultimate holding company
Shanxi Jinshui Real Estate Development Co., Ltd.* 陝西金水房地產開發有限公司	Controlled by the same ultimate holding company
Zhenjiang Yarun Real Estate Development Co., Ltd.* 鎮江雅潤房地產開發有限公司	Controlled by the same ultimate holding company
Chongqing Yajin Real Estate Development Co., Ltd.* 重慶雅錦房地產開發有限公司	Controlled by the same ultimate holding company
Chongqing Yaheng Real Estate Development Co., Ltd.* 重慶雅恒房地產開發有限公司	Controlled by the same ultimate holding company
Zhengzhou Yahong Real Estate Development Co., Ltd.* 鄭州雅宏房地產開發有限公司	Controlled by the same ultimate holding company
Zhuhai Yahan Real Estate Development Co., Ltd.* 珠海市雅瀚房地產開發有限公司	Controlled by the same ultimate holding company
Huzhou Yazhi Real Estate Development Co., Ltd.* 湖州雅致房地產開發有限公司	Controlled by the same ultimate holding company
Hainan Longxin Land Co., Ltd.* 海南隆興置業有限公司	Controlled by the same ultimate holding company
Shanwei Agile Real Estate Development Co., Ltd.* 汕尾市雅居樂房地產開發有限公司	Controlled by the same ultimate holding company
Hanzhong Longteng Agile Real Estate Development Co., Ltd.* 漢中龍騰雅居房地產開發有限公司	Controlled by the same ultimate holding company
Yangzhou Yaheng Real Estate Development Co., Ltd.* 揚州雅恒房地產開發有限公司	Controlled by the same ultimate holding company

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

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

Name	Relationship
Yangzhou Shunhong Land Co., Ltd.* 揚州舜鴻置業有限公司	Controlled by the same ultimate holding company
Huizhou Yasheng Real Estate Development Co., Ltd.* 惠州市雅生房地產開發有限公司	Controlled by the same ultimate holding company
Guangzhou Yafeng Construction Material Co., Ltd.* 廣州市雅豐建築材料有限公司	Controlled by the same ultimate holding company
Beijing Jingxi Jingrong Property Development Co., Ltd.* 北京京西景榮置業有限公司	Controlled by Greenland Holdings
Beijing Greenland Jingmao Real Estate Development 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 Development Co., Ltd.* 北京綠地京源房地產開發有限公司	Controlled by Greenland Holdings
Foshan Bosheng Property Development Co., Ltd.* 佛山鉑晟置業有限公司	Controlled by Greenland Holdings
Foshan Jiayi Property Co., Ltd.* 佛山嘉逸置業有限公司	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 Lvgang 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

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

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

Name	Relationship
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
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
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
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 Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 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.* 武漢新高興谷置業有限公司	Controlled by Greenland Holdings
Yangjiang Lvhao Real Estate Development Co., Ltd.* 陽江市綠浩房地產開發有限公司	Controlled by Greenland Holdings
Chongqing Greenland Shenpu Real Estate Development Co., Ltd.* 重慶綠地申浦房地產開發有限公司	Controlled by Greenland Holdings
Suzhou Greenland Jiangcheng Land Co., Ltd.* 蘇州綠地江城置業有限公司	Controlled by Greenland Holdings
Greenland Xi'an Fengdong Land Co., Ltd.* 綠地集團西安豐東置業有限公司	Controlled by Greenland Holdings
Greenland Jinan Lvlv Land Co., Ltd.* 綠地集團濟南綠魯置業有限公司	Controlled by Greenland Holdings
Greenland Chengdu Qinyang Real Estate Development Co., Ltd.* 綠地集團成都青羊房地產開發有限公司	Controlled by Greenland Holdings
Greenland Suzhou Land Co., Ltd.* 綠地集團宿州置業有限公司	Controlled by Greenland Holdings
Greenland Ningxia Land Co., Ltd.* 綠地集團寧夏置業有限公司	Controlled by Greenland Holdings
Greenland Lanzhou Xinqu Land Co., Ltd.* 綠地集團蘭州新區置業有限公司	Controlled by Greenland Holdings
Greenland (Guiyang Lvgui) Real Estate Development Co., Ltd.* 綠地集團（貴陽綠貴）房地產開發有限公司	Controlled by Greenland Holdings

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

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

Name	Relationship
Greenland (Guiyang Baiyun) Real Estate Development Co., Ltd.* 綠地集團（貴陽白雲）房地產開發有限公司	Controlled by Greenland Holdings
Hubei Zichuang Real Estate Development Co., Ltd.* 湖北梓創房地產有限公司	Controlled by Greenland Holdings
Wuhan Greenland Binjiang Land Co., Ltd.* 武漢綠地濱江置業有限公司	Controlled by Greenland Holdings
Kaifeng Greenland Land Co., Ltd.* 開封綠地置業有限公司	Controlled by Greenland Holdings
Ningbo Hangzhouwan Xinqu Linghai Land Co., Ltd.* 寧波杭州灣新區領海置業有限公司	Controlled by Greenland Holdings
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	Joint venture of Agile 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
Zhongshan Minsen Real Estate Development Co., Ltd.* 中山市民森房地產發展有限公司	Joint venture of Agile Holdings
Chongqing Jinbi Agile Real Estate Development Co., Ltd.* 重慶金碧雅居房地產開發有限公司	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
Guangzhou Lihe Real Estate Development Co., Ltd.* 廣州利合房地產開發有限公司	Joint venture of Agile Holdings

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

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

Name	Relationship
Haimen Xinya Real Estate Development Co., Ltd.* 海門新雅房地產開發有限公司	Associate of Agile Holdings
Foshan Sanshui Qingmei Real Estate Development Co., Ltd.* 佛山市三水區擎美房地產有限公司	Associate of Agile Holdings
Xinxing Country Garden Real Estate Development Co., Ltd.* 新興縣碧桂園房地產開發有限公司	Associate 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
Greenland Hangzhou Shuangta Property Co., Ltd.* 綠地控股集團杭州雙塔置業有限公司	Joint venture of Greenland Holdings
Zhongshan Changjiang Golf Course* 中山長江高爾夫球場	Controlled by the Founding Shareholders

The above table lists the principal related parties of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group.

* 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 Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

(b) Transactions with related parties

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Provision of services		
Controlled by the same ultimate holding company	736,607	487,888
Greenland Holdings and entities controlled by Greenland Holdings	42,330	74,528
Joint venture and associate of Agile Holdings	81,445	45,268
Controlled by the Founding Shareholders	908	494
Joint venture of Greenland Holdings	601	—
	861,891	608,178

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Rental expenses		
Controlled by the same ultimate holding company	3,444	1,853
Controlled by the Founding Shareholders	1,660	1,501
A Founding Shareholder of Agile Holdings	220	223
	5,324	3,577

(c) Key management compensation

Compensations for key management other than those for directors and supervisors during the period were as follows:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Salaries and other short-term employee benefits	1,611	4,277

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

(d) Balances with related parties

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Due from related parties		
– Trade receivables		
Controlled by the same ultimate holding company	277,081	242,803
Greenland Holdings and entities controlled by Greenland Holdings	232,683	227,136
Joint venture and associate of Agile Holdings	45,795	26,257
Controlled by the Founding Shareholders	7	4,280
Joint venture of Greenland Holdings	7,807	7,170
	563,373	507,646
– Other receivables (Note (i))		
Controlled by the same ultimate holding company	36,209	56,947
Greenland Holdings and entities controlled by Greenland Holdings	122	706
Joint venture and associate of Agile Holdings	5,693	6,115
Controlled by the Founding Shareholders	603	6,767
Intermediate holding company	134	134
	42,761	70,669
– Prepayments		
Controlled by the same ultimate holding company	478	–
Total receivables from related parties	606,612	578,315

- (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.

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

(d) Balances with related parties (continued)

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Due to related parties		
– Trade payables		
Controlled by the same ultimate holding company	2,572	6,616
Greenland Holdings and entities controlled by Greenland Holding	–	605
A Founding Shareholder of Agile Holdings	–	112
	2,572	7,333
– Other payables		
Controlled by the same ultimate holding company	51,910	38,455
Greenland Holdings and entities controlled by Greenland Holdings	8	1,923
Joint venture and associate of Agile Holdings	230	181
Controlled by the Founding Shareholders	196	196
	52,344	40,755
– Contract liabilities		
Controlled by the same ultimate holding company	51,487	46,995
Greenland Holdings and entities controlled by Greenland Holding	667	1,135
Joint venture and associate of Agile Holdings	8,024	3,530
Controlled by the Founding Shareholders	10	–
	60,188	51,660
Total payables to related parties	115,104	99,748

(e) Loans and interest receivables due from related parties

	30 June 2019 RMB'000 (Unaudited)	30 June 2018 RMB'000 (Unaudited)
As at beginning of the period	–	13,248
Loans repayments received	–	(13,248)
As at end of the period	–	–

Notes to the Interim Financial Information (continued)

(All amounts in RMB thousands unless otherwise stated)

26 Related party transactions (continued)

(f) Guarantee for borrowings

As at 30 June 2019 and 31 December 2018, no building was pledged for related parties.

(g) Pledges and guarantees provided by related parties

As at 30 June 2019 and 31 December 2018, no guarantee was provided by related parties.