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

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

Stock Code: 3319

ANNUAL REPORT 2020

LIFELONG CARING

*For identification purposes only

VISION

- Develop a national leading and world class living service platform

MISSION

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

CORE VALUE

- Lifelong caring for a better you

BUSINESS PHILOSOPHY

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

SPIRIT

- Develop our future with vision and enthusiasm

Corporate Profile

A-Living Smart City 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 ranks the 4th of the "Top 100 Property Management Companies in China" with five major business segments, namely "property management services", "asset management services", "public services", "city services" and "community commercial services". The Group has developed three business lines, namely property management services, property owners value-added services and extended value-added services, with a nationwide coverage and diversified business portfolio. Capitalizing on the integrated resources advantage of seven regional offices, acquired companies and joint ventures, the Group strives to grow into a comprehensive smart city service provider with business coverage into the whole industry chain and diversified business portfolio. As of 31 December 2020, the Group's total contracted GFA (excluding GFA of the consultant projects and its associates) increased to approximately 522.6 million sq.m. and the total GFA under management (excluding GFA of the consultant projects and its associates) exceeded 374.8 million sq.m.

On 9 February 2018, the Group successfully spun off from 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 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.

Contents

Corporate Information

Board of Directors

Mr. Chan Cheuk Hung* *(Co-chairman)*
Mr. Huang Fengchao* *(Co-chairman)*
Mr. Li Dalong* *(President (General Manager) and Chief Executive Officer)*
Mr. Wei Xianzhong**
Ms. Yue Yuan**
Mr. Wan Kam To#
Ms. Wong Chui Ping Cassie#
Mr. Wang Peng#

* Executive Directors
** Non-executive Directors
\# Independent Non-executive Directors

Board Committees

Audit Committee

Mr. Wan Kam To *(Committee Chairman)*
Ms. Wong Chui Ping Cassie
Mr. Wang Peng

Remuneration and Appraisal Committee

Mr. Wang Peng *(Committee Chairman)*
Mr. Huang Fengchao
Mr. Li Dalong
Mr. Wan Kam To
Ms. Wong Chui Ping Cassie

Nomination Committee

Mr. Huang Fengchao *(Committee Chairman)*
Mr. Li Dalong
Mr. Wan Kam To
Ms. Wong Chui Ping Cassie
Mr. Wang Peng

Risk Management Committee

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

Supervisory Committee

Mr. Liu Jianrong *(President of the Supervisory Committee, Employee representative Supervisor)*
Ms. Huang Zhixia *(Employee representative Supervisor)*
Mr. Shi Zhengyu *(Shareholder representative Supervisor)*
Mr. Wang Gonghu *(External Supervisor)*
Mr. Wang Shao *(External Supervisor)*

Company Secretary

Ms. Lai Kuen

Authorised Representatives

Mr. Li Dalong
Ms. Lai Kuen

Auditor

PricewaterhouseCoopers
Certified Public Accountant and Registered PIE Auditor

Legal Advisors

as to Hong Kong law:
Sidley Austin LLP

as to PRC law:
King & Wood Mallesons

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
China Construction Bank, Guangzhou Huacheng Branch

Principal Place of Office in the PRC

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

Registered Office in the PRC

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

Principal Place of Business in Hong Kong

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

H Share Registrar

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2861 1465

Investor Relations

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

Website

www.agileliving.com.cn

Listing Information

Equity Securities

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

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

Financial Calendar

Annual results announcement	:	Monday, 22 March 2021
2020 annual general meeting (the "2020 AGM")	:	Tuesday, 25 May 2021

Closure of Register of Members and other Key Dates

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

To determine the shareholders of the Company (the "Shareholders") who are entitled to attend and vote at the 2020 AGM

Latest time for lodging transfer documents of shares	:	4:30 p.m. on Friday, 23 April 2021
Period of closure of register of members	:	Saturday, 24 April 2021 to Tuesday, 25 May 2021 (both dates inclusive)

To determine the Shareholders' entitlement to the final dividend and special dividend (the "Annual Dividend")

Ex-entitlement date for Annual Dividend	:	Thursday, 27 May 2021
Latest time for lodging transfer documents of shares	:	4:30 p.m. on Friday, 28 May 2021
Period of closure of register of members	:	Monday, 31 May 2021 to Thursday, 3 June 2021 (both dates inclusive)
Record date	:	Thursday, 3 June 2021

To qualify for attending and voting at the 2020 AGM and entitlement to the Annual Dividend, shareholders of overseas listed shares of the Company must lodge all properly completed share transfer forms accompanied by the relevant share certificates with the Company's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than the above latest time for lodging transfer documents of shares.

Subject to the approval by the Shareholders in the 2020 AGM, the proposed Annual Dividend will be paid on or about Friday, 2 July 2021 to Shareholders whose names appear on the register of members of the Company on Thursday, 3 June 2021.

Annual General Meeting

The 2020 AGM will be held on Tuesday, 25 May 2021. Notice of the 2020 AGM will be set out in the Company's circular dated 20 April 2021 and will be despatched together with this annual report to the Shareholders. Notice of the 2020 AGM and the proxy form will also be published on the Company's website (www.agileliving.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk).

Despatch of Corporate Communications

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

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

Financial Summary

Summary of the Consolidated Statement of Comprehensive Income

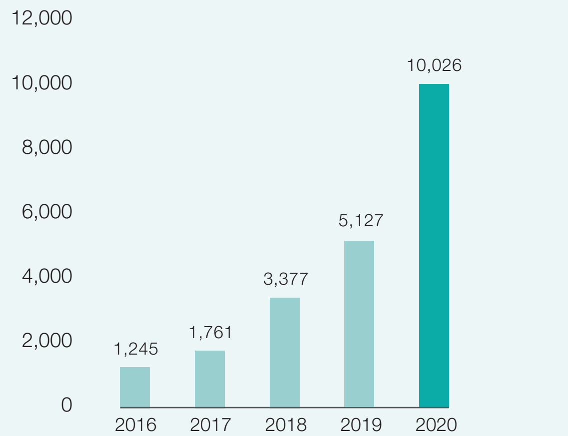
	Year ended 31 December	
	2020	2019
Revenue (RMB million)	**10,026**	5,127
Gross profit (RMB million)	**2,973**	1,883
Gross profit margin	**29.7%**	36.7%
Net profit (RMB million)	**1,973**	1,292
Net profit margin	**19.7%**	25.2%
Profit attributable to the Shareholders (RMB million)	**1,754**	1,231
Basic earnings per share (RMB)	**1.32**	0.92

Summary of the Consolidated Statement of Balance sheet

	As at 31 December	
	2020	2019
Total assets (RMB million)	**13,975**	9,388
Cash and cash equivalents (RMB million)	**5,057**	4,207
Shareholders' equity (RMB million)	**8,657**	6,506
Return on shareholders' equity attribute to the Company	**25.9%**	21.2%
Total liabilities/Total assets	**38.1%**	30.7%

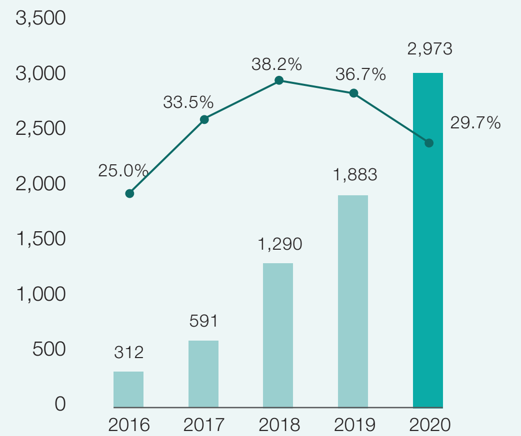
Revenue

(RMB million)



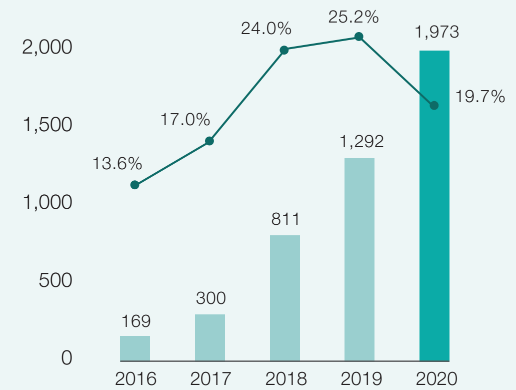
Gross profit and gross profit margin

(RMB million)/%



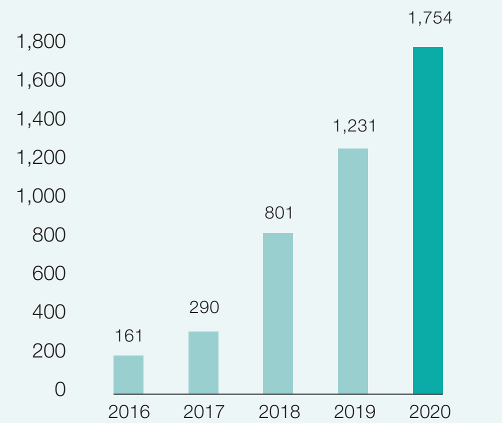
Net profit and net profit margin

(RMB million)/%



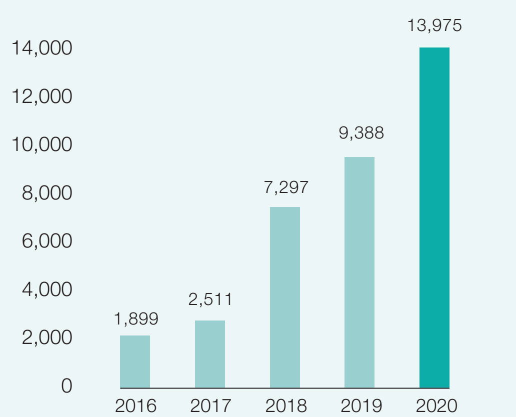
Profit attributable to the Shareholders of the Company

(RMB million)



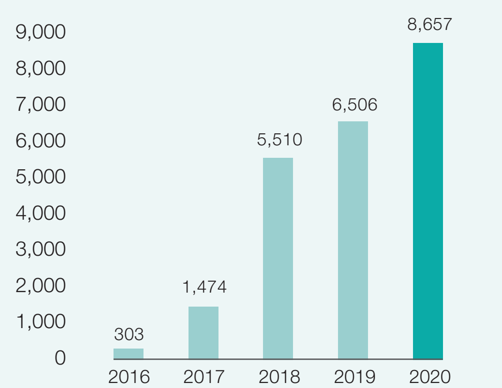
Total assets

(RMB million)



Shareholders' equity

(RMB million)



Major Events in 2020

February

A-Living was included in the Hang Seng Composite Index.

March

A-Living announced its 2019 annual results with net profit up by nearly 60%, and the GFA under management exceeded 500 million sq.m.[#].

May

A-Living leaped to the 4th of the 2020 Top 100 Property Management Companies in China.

May

A-Living officially established Strategic Development Committee.

June

Gansu Culture Tourism A-Living Property Management Services Co., Ltd.* (甘肅文旅雅生活物業服務有限公司) was officially established, marking a new level of A-Living's mixed-ownership reform of SOEs.

July

A-Living's application to H Share full circulation was approved, which strengthened the foundation for the long-term development of the Company.

[#] Including GFA of CMIG PM, consult projects and associates

July

A-Living released its brand image film titled "Lifelong Caring for a Better You", starting a new journey of upgraded care.

July

Hunan Zhuzhou Agile Shuimu Property Services Co., Ltd.*（湖南株洲市雅居樂水木物業服務有限公司）was successfully acquired and became the first controlled subsidiary of the A-Living through mixed-ownership reform of SOEs.

August

A-Living released its 2020 interim results with revenue up by nearly 80%, and has achieved leap-frog growth in profitability.

September

A-Living strategically acquired equity interest in ZHS Beautiful Urban and Rural Areas Sanitation Group Co., Ltd.* (中航美麗城鄉環衛集團有限公司) to compose a new chapter of smart city service with united efforts.

November

The Company changed its name to A-Living Smart City Services Co., Ltd., and transformed and upgraded itself to a "comprehensive smart city services provider".

Major Recognition and Awards

Major Recognition and Awards

- The 4th of the "2020 Top 100 Property Management Companies in China"
- 2020 Leading Specialized Property Management Company in China-A Leading Brand in the Provision of Comprehensive Public Building Services
- The 1st of the "2020 Top 100 Leading Property Management Companies in terms of Growth Potential in China"
- 2020 Top 100 Leading Property Management Company in terms of Customer Satisfaction in China
- 2020 Top 100 Leading Property Management Company in terms of Service Quality in China
- The 2nd of the "2020 Top 100 Property Management Companies in terms of Business Performance in China"
- The 2nd of the "2020 Listed Property Management Company in terms of Comprehensive Strength in China"
- The 4th of the "2020 Listed Property Management Company in China"
- 2020 Top 100 Blue Chip Property Management Companies
- The 4th of the "2020 Property Management Company in terms of Comprehensive Strength"
- 2020 Top 100 Most Valuable Brand of Property Management Service Company
- Top 50 of the "Property Management Company in terms of Service Capacity in China"
- Benchmark Service Project of Property Management Company in China
- "Most Honored Company" awarded by "Institutional Investor Magazine"

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 audited consolidated results of the Group for the year ended 31 December 2020 (the "Year").

In 2020, the outbreak of Coronavirus Disease 2019 ("COVID-19") brought severe challenges to all walks of life. With the epidemic situation well under control in the second half of the Year as well as gradually stabilized political and economic environment in China, social production and the economy have recovered rapidly. During the epidemic, property management companies bravely took the social responsibilities and made great contributions to epidemic prevention and control works, therefore receiving high recognition from the government and the public. 50,000 employees of the Group worked hard together and went to the front-line of epidemic prevention and control against all odds, taking concrete actions to protect the lives and health of all the property owners.

2020 also marked the peak of the industry's capitalization with property management companies proactively embracing capital market. During the Year, a total of 18 property management companies were listed, and the total market capitalization of the Hong Kong-listed property management companies exceeded HK$700 billion. Backed by capital, the industry witnessed a surge in consolidation and cross-sector cooperation. The property management industry was moving fast while breaking through its business boundaries in all aspects. The development of the industry can be described as changing with each passing day. While growing in scale, the leading companies actively extended the industrial chain layout to secure new growth drivers and create differentiated advantages. The market for merger and acquisition ("M&A") activities in property management industry is unprecedentedly active and the industry players are heading toward intelligent and technological transformation.

During the Year, the Group forged ahead to seize the trend of industry upgrading and transformation, and comprehensively upgraded itself to a smart city service platform. The Company officially changed its company name to "A-Living Smart City Services Co., Ltd." with an aim to break through the service boundaries and establish a strong foothold in the blue ocean market with a market size exceeding trillions of yuan. During the Year, the Group completed a sizable acquisition in the industry, following which, the Group's contracted gross floor area ("GFA") approximated to 680 million sq.m. and the GFA under management exceeded 500 million sq.m., demonstrating that its management scale has reached a new level. The Group has developed a comprehensive business portfolio layout covering mid- to high-end residential properties, public services, commercial and office buildings, city services and consolidated competitive advantages in the non-residential market. With its comprehensive strengths and brand influence, the Group leaped to the 4th of the "2020 Top 100 Property Management Companies in China" and was included in the Hang Seng Composite Index, and eligible stocks for Shenzhen-Hong Kong Stock Connect, etc. during the Year.

Business Review

2020 marked the first year of the Group's new three-year plan. The Group adhered to the original intention of quality service, and the satisfaction rate of property owners has increased for three consecutive years. Five major business segments, seven regional offices and acquired companies obtained a number of landmark projects through active expansion into third-party markets. The Group deeply explored the needs of property owners to provide them with diversified value-added services, and its capability for organic growth has been significantly improved. During the Year, the Group overcame the adversities brought by the epidemic, achieved considerable growth in its operating results, continued to expand its management scale and improve its profitability and became one of the first batch of property management companies in the industry with annual revenue exceeding RMB10 billion, further consolidating its leading position as a leading player in the industry.

During the Year, the revenue of the Group was RMB10,026.1 million, representing a significant increase of 95.5% as compared with the corresponding period of last year, and the revenue mix was further optimized. Gross profit was RMB2,973.0 million, representing a year-on-year increase of 57.9%, and gross profit margin was 29.7%. Net profit was RMB1,972.7 million, representing a year-on-year increase of 52.7%, and net profit margin was 19.7%. Profit attributable to the Shareholders amounted to RMB1,754.4 million, representing a year-on-year increase of 42.5%. The basic earnings per share amounted to RMB1.32.

During the Year, the Group completed the acquisition of equity interest in CMIG Futurelife Property Management Limited* (中民未來物業服務有限公司)("CMIG PM"), which significantly expanded Group's scale and improved its capabilities on market expansion. The Group has further optimized its comprehensive business portfolio layout and nationwide business coverage with a number of influential leading brands under its umbrella. While undertaking the mid-to high-end residential property and quality commercial and office building projects developed by Shareholders, the Group flexibly accelerated its expansion into the third-party markets and made breakthroughs in terms of business portfolio and geographical presence. As a result, the newly obtained annualized contract value through market expansion reached a record high. Leveraging its advantages of scale and experience in the non-residential property management sector, the Group has obtained a number of large-scale landmark projects in certain cities since joining the race in various featured niche markets.

As at 31 December 2020, the GFA under management and contracted GFA of the Group (excluding GFA of consultant projects and its associates) were 374.8 million sq.m. and 522.6 million sq.m., respectively. Among which, the contracted GFA from Agile Group and Greenland Holdings Group Company Limited (綠地控股集團股份有限公司) ("Greenland Holdings") amounted to 82.1 million sq.m. and 53.1 million sq.m., respectively, representing an increase of 6.5% and 32.5% respectively as compared with that as at 31 December 2019. The contracted GFA from third-party projects amounted to 387.4 million sq.m.. The newly obtained contracted GFA exceeded 205.7 million sq.m., representing a significant increase of 113.2% compared with that as at 31 December 2019, and accounting for 74.1% of the total contracted GFA. The proportion of the contracted GFA from third-party projects increased significantly.

The Group started its market-oriented development in 2017. With its influential brands, especially its first-mover advantages in the non-residential and public building management sectors, the Group has made continuous progress in market expansion through flexible approaches including developing long-term customers, seeking cooperation through joint ventures and participating in the mixed-ownership reform of state-owned enterprises ("SOE"). During the Year, the Group newly entered into 74 cities, realizing a full coverage of all provincial-level administrative regions in China. In terms of the business portfolio, the Group made breakthroughs in the expansion into niche markets such as military logistics, highway, cultural and sports venues, etc., and successively obtained a number of large-scale landmark projects. Meanwhile, both the quality and scale of the projects obtained through market expansion have been improved. There were approximately 30 newly obtained projects, each with an annualized contract value of over RMB10 million, including a featured industrial park in Shenzhen, and more than 10 rail transits in Shanghai, Nanjing, Hefei, Xi'an and other cities, as well as large-scale government office buildings and medical institution projects. During the Year, the Group joined hands with an enterprise under Stated-owned Assets Supervision and Administration Commission of Zhuzhou People's Government to establish Hunan Zhuzhou Agile Shuimu Property Services Co., Ltd.* (湖南株洲市雅居樂水木物業服務有限公司) through mixed-ownership reform, which was the first subsidiary of the Group through mixed-ownership reform of SOE. During the Year, the Group completed a number of projects related to the mixed-ownership reform of SOEs, which fully demonstrated the trust and recognition of local governments and SOEs in the Group.

The Group is committed to becoming a professional service provider in managing high-rise commercial office buildings. During the Year, the Group obtained a number of super high-rise projects, including Xi'an Greenland Energy International Finance Center, a super high-rise high-end commercial office building with a height of over 300 meters, Xi'an Greenland Silk Road Global Trade Port, and Luohe Greenland Central Plaza, etc. With the gradual establishment of a professional team during the Year and joint market expansion with acquired companies, the Group successfully secured a number of potential projects, and significantly improved its expansion capabilities in third-party markets. The Group won the bid for the R&D Center of Agricultural Bank of China in Shanghai, South Tower of Guangzhou International Commerce Place, a 5A Grade office building, Shanghai Bijiang Commerce Plaza, a large-scale open space commercial complex, and other projects.

In terms of value-added services for property owners, the Group innovated and launched diversified value-added services and products by leveraging its advantages in resources and convenience in offline services. As for new retail in communities, the Group cooperated with JD Alliance, Xiaomi Youpin and other E-commerce platforms as well as well-known brands in different industries such as Wuliangye, Vinda and China Unicom Guangzhou branch to integrate online and offline marketing channels and resources. The cross-sector cooperation enabled the Group to develop a variety of products designed for community group buying, successfully developing a number of products with sales amount of over millions or even tens of millions yuan, such as distinctive fresh produce and smart electronic door locks. During the Year, the Group incubated divisions such as housekeeping, maintenance and gardening, formulated service standards, launched various distinctive service products, and successfully brought its professional services such as cleaning, disinfection and maintenance outside the communities. As for the home improvement services, the Group selected quality brands as its suppliers to form a supplier matrix for home improvement business, and developed services such as house rehabbing, wall renovation, and group purchase of furniture and home appliances through asset-light model. As for new business lines, the Group introduced well-known nursery service brands through an asset-light model and launched 10 community nursery service centers. The Group also cooperated with leading insurance companies to develop insurance products designed for property owners and provide supporting offline services in the communities. As for the value-added services for business enterprises, the Group actively explored the needs of property owners and offered customized value-added services to government authorities and business enterprises, especially in the fields of catering, commuting, conference affairs, logistics management and space operations.

The Group has established the city services segment, its fifth major business segment, which focuses on the comprehensive city service market with a market size of trillions of yuan to provide intelligent and comprehensive services to cities. In 2020, the Group obtained a number of national-level qualifications and business licenses within a short period of time, including seven professional qualifications in the cleaning industry, such as the national Level 1 qualification certificate for cleaning industry, license for road transport operation and qualification for providing cleaning and maintenance service (waste sorting and transportation) for urban environment, and obtained ISO 9001 certification, environmental management system certificate, etc. During the Year, the Group also made breakthroughs in the market expansion in city services. By securing projects such as the operation and maintenance of small public restrooms in Shenzhen and the ecological restoration of Dingtang River, the Group successfully made its foray into eco-environmental protection and city services. During the Year, the Group strategically invested in ZHS Beautiful Urban and Rural Areas Sanitation Group Co., Ltd.* (中航美麗城鄉環衛集團有限公司), one of the top 10 urban sanitation service companies in China, to further implement its business layout of city services.

After the outbreak of COVID-19 epidemic, the Group immediately initiated an emergency plan and established a three-level prevention and control mechanism, and took the lead in compiling the TCPMI 004 - "Operation Guidelines for the Prevention and Control of COVID-19 in the Residential Property Management Area" issued by China Property Management Institute, the very first guideline in the industry for epidemic prevention and control which sets standards and provides important reference for epidemic prevention and control for the industry. Against the backdrop of the occasional recurrence of COVID-19 cases, the Group continued to improve its service quality, normalized the epidemic prevention and control work and established a solid defence line by adopting group-wide prevention measures in an effort to guard the health and life safety of property owners. At the same time, to lessen the inconvenience in the daily life of property owners, the Group provided services such as fresh grocery delivery and other delivery services. Due to the outstanding contribution to the epidemic prevention, the Group won the "2020 Special Contribution Award of Property Management Industry in Guangdong".

The Group upheld its original vision of "lifelong caring for property owners", put quality first and continued to improve service standards to meet property owners' needs for higher quality and more personalized services in an effort to create "heart-warming communities". According to a survey conducted by China Index Academy, a third-party authority, the property owners' satisfaction rate of the Group increased for the third consecutive year to 91.1% in 2020, representing an increase of 0.6 percentage point as compared with that in 2019. The overall satisfaction rate was 14.5% higher than the average level of the industry, 7.8% higher than the average of the top 20 enterprises and 1.8% higher than the benchmark level of the industry, demonstrating that the Group's service quality was highly recognized by the property owners. During the Year, the Group's 400 Customer Service Hotline was fully upgraded, and the functions of customer service counters nationwide were integrated into one command center. The center answers calls from property owners nationwide, responds to their requests and addresses their problems in a timely manner, and realizes real-time monitoring of service quality powered by big data, with the resolution rate reaching 97.8%.

In terms of digital transformation, the Group has planned in four aspects. On the F-side (Infrastructure), the Group started to implement an integrated architecture that has holistic cloud service with multi-terminals and empower multi-terminals. On the G-side (Group), the Group started to build synergetic and shared capabilities of finance, human resources and organization covering various business portfolios and the entire business chain. On the B-side (Business), the Group will build an enterprise-level IT service architecture in two years, which can be used to output standardized management with high replicability to meet the growth needs of rapid expansion in multiple industries and business portfolios. On the C-side (Customer), the Group reached a strategic cooperation with Huawei in terms of smart homes, 5G technology applications, Internet of Things (IoT) and incubation of innovative projects, etc., to develop value-added services and platforms that can connect private and public domain traffic, so as to provide the property owners with more convenient, flexible, and intelligent user experience.

During the Year, the Group continued to improve its efficiency and integrated business operation and financial analysis through a BI (Business Intelligence) visual data system that provides strong support for decision-making in operation management. The Group also achieved efficient operation management in human efficiency, cost control, cash collection, performance appraisal and other aspects, establishing an intelligent operation management system featuring "business + finance". Through intelligent and lean management, the Group was able to monitor entire operational processes of each project, provided early alert and implemented targeted management and control over each project in a goal-oriented manner. The operation efficiency of projects was significantly improved.

In terms of the post-acquisition integration and empowerment of acquired companies, the Group established a post-acquisition evaluation system during the year, improving standardized work procedures, talent flow mechanisms, and incentive mechanisms, to promote development momentum of acquired companies. Regarding the construction of informatization platform, the Group's business systems, including a cash collection system and a centralized procurement system, realized output to the acquired companies. Therefore, the capital and cost control capabilities of the Group as a whole have been strengthened. At the same time, the Group further integrated branding and marketing resources to achieve collaborative market expansion and ensure the long-term and sustainable development of acquired companies.

The Group actively participated in the innovation and reform of the capital market, becoming the first batch of companies in the market to complete H Share full circulation. During the Year, the Company converted a total of 900,000,000 domestic shares and unlisted foreign shares into overseas listed shares, and such shares have been listed on the Hong Kong Stock Exchange. H Share full circulation can strengthen the foundation for the long-term development of the Company, make it possible to implement a long-term incentive scheme to enhance the motivation of senior management and staff team, and promote the value enhancement and sustainable development of the Company, which is in line with the long-term interests of the Shareholders.

With its leading scale and comprehensive strength, the Group continued its steady climb up the rankings in the industry. The Group ranked fourth among the "2020 Top 100 Property Management Companies in China", among which its seven major brands were also listed. Meanwhile, according to the "2020 Property Services Enterprise Brand Valuation Report", the brand value of A-Living hit a record high of RMB9.796 billion. With its advantages in terms of scale and brand strength in public building services, the Group was awarded the "2020 Leading Specialized Property Management Company in China-A Leading Brand in the Provision of Comprehensive Public Building Services".

Prospects and Strategy

In January 2021, ten government departments including the Ministry of Housing and Urban-Rural Development (MoHURD) jointly issued the "Notice on Strengthening and Improving Residential Property Management" (the "Notice"), which fully recognizes the contribution of property management companies to governance at the primary level and shows the government's support for the long-term and quality growth of the industry, bringing a significant favorable policy to large-scale property management companies. The Notice optimizes the governance structure of the property owners' committee, regulates the use of funds and strives to improve the level of property services. It also supports the formulation of a market-oriented pricing mechanism with service fees consistent with service quality and the establishment of an industry credit management system. The Notice shows support for the acquisition and integration of property management companies, fueling a "survival of the fittest" contest in the industry. At the same time, the Notice promotes the development of the living service industry, advocates strengthening the capabilities of smart property services and improving the level of intelligent services, and encourages the development of value-added services such as elderly care, childcare and housekeeping and the exploration of the model of "property services + living services". Boosted by capital and policy tailwind, the industry is expected to step up the consolidation and differentiation, and front runners in the industry with high service quality and diversified business portfolio will maintain a relatively high growth rate. The industry is poised to see a huge amount of opportunities for consolidation and extension of the value chain.

The scale of an enterprise determines its position in the industry and the stability of its long-term development in the future, and the trend that the leading players are dominating the property management industry will become more prominent. After three years of leap-frog development since its listing, the Group has become one of the largest property management enterprises that own the most comprehensive business portfolio. The Group will give full play to its scale and brand strengths, break through the current scope of services and upgrade services in an all-round way, seek and cultivate business from upstream and downstream along the industry value chain, striving to build itself into a smart service platform enterprise that serves various living scenarios in the cities.

Market expansion ability is one of the keys to the long-term sustainable development of an enterprise. The Group has formed a balanced business portfolio layout and strong expansion capabilities covering residential properties, commercial and office buildings, industrial parks, public buildings, city services and various niche markets. With excellent brands and team, the Group has established the first-mover advantage of marketization. In the future, the Group will integrate market resources, further develop the collaborative expansion system, cultivate long-term partners and obtain more third-party high-quality projects of diversified business portfolio through the flexible approaches of expansion including mixed-ownership reform of SOEs and business or equity cooperation. The Group is currently one of the largest non-residential property management enterprises. It will further streamline the non-residential business lines and optimize the strategic integration of brands by integrating the brands and resources to create a public building service business platform and achieve product standardization and customization. Meanwhile, the Group will cultivate specialized service teams, provide service products, seize market-oriented development opportunities, and consolidate its leading position in scale.

City services covers all aspects of living services in the cities, and the upgrade of services from basic municipal sanitation to comprehensive management with wider range requires more advanced city governance methods as well as lean, professional and intelligent services. The Group will seize the window of opportunity created by market-oriented development of city services industry, strive to provide cities with all-scenario services, and carry out professional expansion and operation through city services, its fifth major business segment. The Group will give full play to the existing advantages of resources and experience in the field of large-scale and public buildings, and at the same time, quickly complement experience and professional capabilities, select and obtain high-quality projects through M&A, government-enterprise cooperation and other methods to build the city services sector into an important driver of the Group's business growth.

The Group upholds its original aspiration, always puts quality first, focuses on quality improvement and promotes service standardization to build a property management brand benchmark. With further standardization of laws and regulations and concentrated consolidation and intensified competition in the industry, new challenges will be posed against the service capabilities and innovation capabilities of enterprises. Property management enterprises with high standards, high quality and good reputation will have a brighter prospect for development. The Group will continue to strengthen its service foundation to meet the diversified and personalized needs of property owners, improve their satisfaction level, and encourage property owners to participate in supervision and management in communities. The Group will enhance its professional service capabilities and actively participate in the formulation of national industry standards. It plans to set up dedicated and professional teams for different businesses and corresponding service standards, break through the boundary of projects and expand its business to surrounding communities and projects.

The Group serves over one million households and is one of the largest property management platforms in the industry. It owns extensive GFA under management and enjoys significant benefits from demographic dividend. The Group will actively respond to national policies, conform to industry development trends, explore extensively the possibility of value-added services in communities and business enterprises, cooperate with leading companies in different industries to create value-added service platform with focus on housekeeping, elderly care and other "property services + living services" industries encouraged by national policies. The Group will give full play to its scale advantages, channel resources and offline service capabilities to create value-added service products that are beyond the GFA under management by innovative investment and joint venture cooperation model, build trust with quality, drive business with scale, and break through boundaries with brand.

At the same time, the Group will also attached great importance to intelligence, make great efforts to promote digitalization construction to realize intelligent upgrade and management service output capabilities. In terms of data, the Group will work with its strategic partners of cloud service to sort and upgrade the underlying data structure, improve the efficiency of information infrastructure applications, and strengthen collection and analysis capabilities of big data. In terms of management, the Group will establish financial, budget, expense and human resource management systems to strengthen the empowerment of the systems and its capabilities in providing management service, and truly and effectively solve business pain points. In terms of business, the Group will improve intelligent management level of facilities and equipment, enhance the efficiency of on-site services with IoT and AI technology to build an intelligent service and management platform.

The Group has established a brand and market development center, and will comprehensively upgrade the brand matrix strategy, deepen market synergy, strengthen the positioning of distinctive brands and enhance brand influence, and build all of its brands into industry benchmarks. The Group will share platform resources and experience advantages, deepen the big market system, set foot in each of the key areas and business portfolios, quickly participate in the competition in commercial buildings, highway services, scenic spots and renovation of old communities and other characteristic fields, so as to consolidate its leading advantages of strong business portfolios such as public services and commercial and office buildings, and expand aggressively to acquire more market share.

The property management industry has gone through a stage of rapid scale expansion, and the key to future development lies in the ability to build an integrated platform of multiple business portfolios and industries. The Group has accumulated rich experience in post-acquisition integration, and is committed to leading the platform-based transformation in the industry and building a service system based on algorithms. With a standardized process for integration and empowerment in human resources, operation and digitalization to be established, coupled with market-oriented talent incentive mechanism, the Group is committed to becoming a platform enterprise featured by "co-creation, co-construction and sharing" with strong industrial integration capabilities.

With the original intention of "creating a better life for every city and every person", the Group will live up to the mission of "lifelong caring" to take the lead in the evolution of the industry, redefine future community and commercial services to formulate a blueprint for all-scenario services, and strive to become a smart city service provider with high quality, strong brands and diversified business portfolio. With a scale of ten-billion-yuan level and new target of reaching hundred-billion-yuan level to pursue, the Group will start from such ten-billion-yuan scale to cultivate a hundred-billion-yuan level business in property management industry in China under the model of "talent + technology + capital", earnestly serve the property owners and give back to society by creating long-term and sustainable value.

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 all greatly contributed to the growth of the Group.

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

Hong Kong, 22 March 2021

Management Discussion and Analysis

Business Review

In 2020, the COVID-19 epidemic continued its spread worldwide. Communities became the frontline of epidemic control and prevention in China, and the property management industry, where the Group operates, fully assumed corporate social responsibilities in the areas of community disease prevention and control, emergency response, diversified services and so on, contributing to the periodical victory secured by China in its efforts dedicated to epidemic prevention and control. With the social value of the property management industry being widely recognized, the Group, being an excellent service provider with 28 years of experience in the field, will benefit from the state's policy support to strengthen and improve residential property management and promote property management enterprises to upgrade to high quality and diversification.

During the Year, the Group successfully completed the acquisition of CMIG PM, strengthened its capabilities for organic growth with its dominant business layout featuring nationwide coverage and diversified business portfolio, further exploited the potential of value-added services for property owners and explored digital construction and operation. The Group also developed the business segment of city services to upgrade and transform itself into an integrated smart city services operator, and maintained rapid growth in its comprehensive profitability during the Year. Revenue of the Group amounted to RMB10,026.1 million, representing an increase of 95.5% as compared with RMB5,127.3 million in 2019. Net profit was RMB1,972.7 million, representing an increase of 52.7% as compared with RMB1,291.6 million in the corresponding period of last year.

During the Year, with the continuous support of its two major shareholders, the Group further conducted third-party expansion in a number of niche markets through its seven regional offices and acquired companies, whereby it experienced continuous expansion of its scope of business. As at 31 December 2020, the GFA under management and contracted GFA of the Group (excluding GFA of consultant projects and its associates) reached 374.8 million sq.m. and 522.6 million sq.m., respectively, representing a respective growth of 112.3% and 74.9% as compared with those of last year. If including the contracted GFA of consultant projects and its associates, the Group's total contracted GFA approximated to 680 million sq.m. as at 31 December 2020.

Given its leading service quality, ever-expanding scale, mature management capabilities and multi-brand operational capabilities, the Group experienced continuous enhancements in its comprehensive strength, brand reputation and influence. During the Year, the Group leaped to the 4th of the "2020 Top 100 Property Management Companies in China" and received several authoritative awards including the 1st of the "2020 Top 100 Leading Property Management Companies in terms of Growth Potential in China", the 2nd of the "2020 Listed Property Management Company in terms of Comprehensive Strength in China", "2020 Leading Specialized Property Management Company in China – A Leading Brand in the Provision of Comprehensive Public Building Services" and "2020 Top 100 Blue Chip Property Management Companies". It has also been included in the Hang Seng Composite Index and eligible stocks for Shenzhen-Hong Kong Stock Connect, etc., demonstrating the industry and capital market's full recognition of the Group's comprehensive strength.

Financial Review

Revenue

For the year ended 31 December 2020, revenue of the Group amounted to RMB10,026.1 million (2019: RMB5,127.3 million), representing an increase of 95.5% as compared with the corresponding period of last year.

The Group's revenue was derived from three major business lines: (i) property management services; (ii) extended value-added services; and (iii) property owners value-added services.

	For the year ended 31 December				
	2020 **(RMB million)**	**Percentage of revenue** **%**	2019 (RMB million)	Percentage of revenue %	Growth rate %
Property management services	**6,482.1**	**64.7%**	2,829.7	55.2%	129.1%
– Residential property projects	**2,792.8**	**27.9%**	1,727.2	33.7%	61.7%
– Non-residential property projects	**3,689.3**	**36.8%**	1,102.5	21.5%	234.6%
Extended value-added services	**2,491.3**	**24.8%**	1,812.3	35.3%	37.5%
– Sales center property management services	**990.9**	**9.9%**	701.8	13.7%	41.2%
– Other extended value-added services	**1,500.4**	**14.9%**	1,110.5	21.6%	35.1%
Property owners value-added services	**1,052.7**	**10.5%**	485.3	9.5%	116.9%
Total	**10,026.1**	**100.0%**	5,127.3	100.0%	95.5%

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 Year, revenue from property management services amounted to RMB6,482.1 million (2019: RMB2,829.7 million), representing an increase of 129.1% as compared with the corresponding period of last year. Among which, revenue from residential property projects amounted to RMB2,792.8 million (2019: RMB1,727.2 million), representing an increase of 61.7% as compared to the corresponding period of last year; revenue from non-residential property projects amounted to RMB3,689.3 million (2019: RMB1,102.5 million), representing an increase of 234.6% as compared to the corresponding period of last year.

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

Project sources	**As at 31 December 2020 ('000 sq.m.)**	**Percentage of areas %**	As at 31 December 2019 ('000 sq.m.)	Percentage of areas %	Growth ('000 sq.m.)	Growth rate %
Agile Group	**59,797**	**16.0%**	53,826	30.5%	5,971	11.1%
Greenland Holdings	**13,922**	**3.7%**	8,558	4.8%	5,364	62.7%
Third-party property developers[1]	**301,070**	**80.3%**	114,178	64.7%	186,892	163.7%
Total	**374,789**	**100.0%**	176,562	100.0%	198,227	112.3%

Note 1: Including the GFA under management provided by the Group and third-party property developers through property management contracts and the GFA under management contributed by the projects from acquired companies, but excluding the GFA under management of the consultant projects and its associates.

As at 31 December 2020, the Group's total GFA under management (excluding GFA of the consultant projects and its associates) was 374.8 million sq.m., representing an increase of 198.2 million sq.m. from 176.6 million sq.m. as at 31 December 2019, with a growth rate of 112.3%. The increase was mainly attributable to: (i) the Group's continuous effort to take over the projects developed by Agile Group, with a newly increased GFA under management of approximately 6.0 million sq.m. during the Year; (ii) the newly increased GFA of 5.4 million sq.m. from the projects of Greenland Holdings during the Year; (iii) the newly increased GFA of 186.9 million sq.m. from third-party expansion, in which 158.9 million sq.m. of GFA under management was incorporated from CMIG PM at the time of the acquisition and 28.0 million sq.m. of newly increased GFA under management was obtained through third-party expansion.

If including the GFA under management of consultant projects and its associates, the Group's total GFA under management amounted to approximately 530 million sq.m. as at 31 December 2020.

During the Year, the Group continued to focus on improving its service quality and constantly enhanced the staff team's service capability by strengthening the standardization of service, centralization of management and informatization of operation. Against the backdrop of the recurrence of the COVID-19 epidemic, the Group proactively implemented epidemic prevention and control measures and endeavoured to safeguard the health and life safety of property owners. Meanwhile, the Group continued to provide a wide range of convenient value-added services to property owners, which helped increase the loyalty and satisfaction of property owners. During the Year, the satisfaction rate of property owners in respect of our epidemic management and control measures reached 93.5% and the overall satisfaction rate of the Group's property management services was 91.1%, representing an increase of 0.6 percentage point as compared with 2019.

During the Year, the overall collection rate of the Group's residential property projects reached 94.1% (2019: 94.9%).

The project portfolio for GFA under management

The property management industry is still at the peak of intensive integration and is gradually expanding the diversity of business portfolios, among which the non-residential property sector has taken the center stage. Reaching the turning point of the industry, the Group is well-positioned to ride the wave of industrial transformation. The Group has actively engaged in the expansion of its business portfolio by penetrating into non-residential property business portfolio such as public buildings and commercial and office buildings to achieve a more diversified business portfolio.

As at 31 December 2020, for the GFA under management of the Group, the proportion of residential property business portfolio accounted for 40.4% (as at 31 December 2019, 58.9%) and the proportion of non-residential property business portfolio accounted for 59.6% (as at 31 December 2019, 41.1%) (public buildings accounted for 46.5%, commercial buildings and complex accounted for 13.1%). The increase in the proportion of non-residential property business portfolio was mainly due to a higher proportion of public building projects brought by the acquisition of CMIG PM.

The geographic coverage for GFA under management

During the Year, the Group's projects under management reached 3,296, covering 31 provinces, municipalities and autonomous regions nationwide, in 167 cities.

As at 31 December 2020, among the Group's GFA under management by regions, 35.7% were located in the Yangtze River Delta Region, 25.0% were located in the Guangdong-Hong Kong-Macao Greater Bay Area, 9.5% were located in the Chengyu city cluster, 8.1% were located in the Lanzhou-Xining city cluster while the remaining spread across other regions in the PRC.

The charging mode

The revenue from property management services of the Group was mainly based on a lump sum contract basis, which accounted for 99.4% (2019: 97.8%) of revenue from property management services. The lump sum contract basis the Group primarily adopted is conducive to improving service quality and operational efficiency.

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

Project Sources	As at 31 December 2020 ('000 sq.m.)	Percentage of areas %	As at 31 December 2019 ('000 sq.m.)	Percentage of areas %	Growth ('000 sq.m.)	Growth rate %
Agile Group	**82,085**	**15.7%**	77,053	25.8%	5,032	6.5%
Greenland Holdings	**53,089**	**10.2%**	40,076	13.4%	13,013	32.5%
Third-party property developers	**387,421**	**74.1%**	181,684	60.8%	205,737	113.2%
Total	**522,595**	**100.0%**	298,813	100.0%	223,782	74.9%

The contracted GFA, which is defined by the Group as areas agreed in the contracts signed with property developers for providing property management services, includes delivered and to-be-delivered GFA, and the to-be-delivered (reserved) GFA will become the Group's GFA under management and enlarge the source of the Group's revenue in the future.

As at 31 December 2020, the contracted GFA (excluding GFA of the consultant projects and its associates) reached 522.6 million sq.m., representing an increase of 223.8 million sq.m. or a growth rate of 74.9% as compared with 298.8 million sq.m. as at 31 December 2019, which was mainly due to (i) contracted GFA of 160.1 million sq.m. incorporated from CMIG PM at the time of the acquisition; and (ii) the Group's continuous efforts in strengthening its market expansion strategy, with seven regional offices in cooperation with M&A to identify quality projects, which has achieved a steady growth in projects of independent third-party property developers. If including the contracted GFA of consultant projects and its associates, the Group's total contracted GFA approximated to 680 million sq.m. as at 31 December 2020.

During the Year, the Group obtained newly increased contracted GFA of 5.0 million sq.m. from Agile Group, 13.0 million sq.m. from Greenland Holdings, and 205.7 million sq.m. from third-party property developers, in which 160.1 million sq.m. was contracted GFA incorporated from CMIG PM at the time of the acquisition and 45.6 million sq.m. of newly increased contracted GFA was obtained through third-party expansion.

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 Year, the Group recorded revenue from extended value-added services of RMB2,491.3 million (2019: RMB1,812.3 million), representing an increase of 37.5% from the corresponding period of last year, and accounting for approximately 24.8% of the total revenue, including:

(1) The revenue from sales center property management services (accounting for 39.8% of the revenue from the extended value-added services): amounted to RMB990.9 million during the Year, representing an increase of 41.2% as compared with RMB701.8 million in 2019. The increase of revenue from sales center property management services was primarily due to the increase of sales center property management services for third-party property developers and the increase of the disinfection and hygiene services, which effectively offset the delay of some new sales centers' opening.

(2) Other extended value-added services (accounting for 60.2% of the revenue from the extended value-added services): include property agency services and housing inspection services, etc. The revenue for the Year amounted to RMB1,500.4 million, representing an increase of 35.1% as compared with RMB1,110.5 million in 2019, mainly due to the increase in commission rate of property agency service, and the accelerated development of smart community construction services.

Property owners value-added services

Property owners value-added services mainly include living and comprehensive services, community asset management services, home improvement services and value-added services for non-residential property business portfolio. Property owners 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 Year, revenue from property owners value-added services amounted to RMB1,052.7 million, representing an increase of 116.9% as compared with RMB485.3 million in 2019, and accounting for approximately 10.5% of the total revenue.

(1) Living and comprehensive services include: property maintenance, housekeeping, courtyard gardening, community group buying, express delivery, and comprehensive consulting services, etc. During the Year, the Group further developed community new retail business, implemented innovation of service models as well as models of cooperation in sales channels, and joined forces with renowned brands such as JD Alliance, Vinda Group, Wuliangye to launch hot-selling products and targeted services. Meanwhile, with the focus on household services in post-epidemic era, the Group explored several business lines of homecare services such as maintenance and parcel pickup services, implemented a pilot of flexible staffing mechanism and expanded the business coverage to outside of communities, therefore enhancing the platform revenue of professional household services. During the Year, revenue from living and comprehensive services amounted to approximately RMB394.9 million, representing an increase of 130.8% as compared with RMB171.1 million in 2019. It accounted for approximately 37.5% of revenue from property owners value-added services.

(2) Community asset management services primarily include: club house operation services, property lease services, community-based advertising, parking lot management services, community asset operation and agency services of second-hand property and parking space. During the Year, focusing on the demands for community consumption and promotion, the Group proactively introduced quality suppliers such as China Unicom Guangzhou Branch, developed online and offline promotion channels, carried out integrated product marketing and sales activities, and continued to explore asset value-added businesses, with a view to implementing new business such as second-hand property lease and sales services and community nursery services under an asset-light model, thus liquidating the idle resources. During the Year, revenue from community asset management services amounted to approximately RMB303.0 million, representing an increase of 38.4% as compared with RMB219.0 million in 2019. It accounted for approximately 28.8% of revenue from property owners value-added services.

(3) Home improvement services primarily include: decoration, turnkey furnishing and community renewal services. During the Year, the Group upgraded its service chains by consolidating decoration business into the full life cycle of houses. Developing an innovative model for integrated marketing, the Group refined categories of suppliers, and reached strategic alliances with leading home improvement companies such as Suofeiya Home Collection and Royale Home to specifically cater to the needs of property owners. During the Year, revenue from home improvement services amounted to approximately RMB118.3 million, representing an increase of 24.3% as compared with RMB95.2 million in 2019. It accounted for approximately 11.2% of revenue from property owners value-added services.

(4) Value-added services for non-residential projects include: featured value-added services for public buildings such as catering, commuting services and material procurement services, as well as featured value-added services for commercial and office buildings such as customized services for enterprises, conferencing services, car after-sales services, etc, so as to further expand the range of value-added services. During the Year, revenue from value-added services for non-residential projects amounted to approximately RMB236.5 million, accounting for approximately 22.5% of revenue from property owners value-added services.

During the Year, the remarkable growth in property owners value-added services was mainly due to the specialized operation, service channels upgrading, comprehensive utilization of community public resources, introduction of quality suppliers, as well as value-added services revenue from acquired companies.

Cost of sales

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

During the Year, cost of sales of the Group was RMB7,053.1 million (2019: RMB3,244.4 million), representing an increase of 117.4% year-on-year, which was primarily due to the increase in relevant costs in response to an increase in turnover with the rapid growth of the Group's businesses. Overall, the Group's growth of the cost of sales was higher than that of revenue, primarily because the gross profit margin of the acquired companies was at the market level due to their adoption of market-oriented development strategies and the effect of amortisation of intangible assets such as customer relationship attributable to M&A purchase price allocation was recorded with an amount of RMB110.4 million.

Gross profit and gross profit margin

	For the year ended 31 December				
	2020		2019		
	Gross profit (RMB million)	Gross profit margin %	Gross profit (RMB million)	Gross profit margin %	Changes in gross profit margin Percentage points
Property management services	**1,414.0**	**21.8%**	715.4	25.3%	-3.5 Percentage points
Extended value-added services	**999.2**	**40.1%**	903.2	49.8%	-9.7 Percentage points
Property owners value-added services	**559.8**	**53.2%**	264.3	54.4%	-1.2 Percentage points
Total	**2,973.0**	**29.7%**	1,882.9	36.7%	-7.0 Percentage points

During the Year, the Group's gross profit amounted to RMB2,973.0 million, representing an increase of 57.9% as compared with that of RMB1,882.9 million in 2019. Gross profit margin decreased by 7.0 percentage points to 29.7% from 36.7% in 2019.

– The gross profit margin of property management services was 21.8% (2019: 25.3%), representing a decrease of 3.5 percentage points as compared with that of 2019, which was mainly due to a higher proportion of projects from third-party property developers with more efforts made by the Group on expansion, and the gross profit margin of the acquired companies being at the market level due to their adoption of market-oriented development strategies. If excluding the effect of amortisation of intangible assets due to the M&A, the core gross profit was RMB1,524.4 million and core gross profit margin was 23.5% (2019: 26.9%), which is in the leading level of the industry.

– The gross profit margin of extended value-added services was 40.1% (2019: 49.8%), representing a decrease of 9.7 percentage points as compared with that of 2019, which was mainly due to an increase in cost for the prevention and control of the COVID-19 and the improvement of service quality.

– The gross profit margin of property owners value-added services was 53.2% (2019: 54.4%), representing a decrease of 1.2 percentage points as compared with that of 2019, which was mainly due to the Group's continuous endeavours to diversify the types of value-added services and explore featured value-added services for non-residential projects. At the same time, the Group kept conducting community living services and community asset management services to achieve economies of scale, which offset the effect of gross profit margin brought by the initial investment of new types of featured value-added services.

Selling and marketing expenses

During the Year, the Group's selling and marketing expenses amounted to RMB77.1 million (2019: RMB43.1 million), accounting for 0.8% of the revenue, which is almost the same as compared with that of 2019.

Administrative expenses

During the Year, the Group's administrative expenses amounted to RMB548.3 million, representing an increase of 85.9% as compared with that of RMB295.0 million in 2019, and accounting for 5.5% of the revenue, a decrease of 0.3 percentage points as compared with that in 2019, which was mainly due to the reduction in unnecessary costs and improvement of management efficiency through measures adopted by the Group such as the implementation of regional centralized management, stringent control over expenses, proactive resources synergies with acquired companies and centralized procurement, which offset the increase in the administrative expenses from the consolidation of CMIG PM during the Year.

Other income

During the Year, other income of the Group amounted to RMB198.5 million (2019: RMB131.1 million), representing an increase of 51.4% as compared with that of 2019. The increase was mainly resulted from the government subsidies received, tax rebates and the additional deduction of input value-added tax.

Income tax

During the Year, the Group's income tax expense was RMB515.0 million (2019: RMB402.9 million). The income tax rate was 20.7% (2019: 23.8%). The income tax rate for the Year represented a year-on-year decrease of 3.1 percentage points, which was mainly because (i) certain of the subsidiaries of the Group enjoyed the 15% preferential enterprise income tax rate for High-Tech Corporation; (ii) certain of the Group's subsidiaries enjoyed the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and were eligible to have their tax calculated based on 25% or 50% of their taxable income; (iii) certain of the subsidiaries in the western region enjoyed the 15% preferential enterprise income tax rate under the "Great Western Development Strategy"; and (iv) certain of the subsidiaries in Hainan enjoyed the preferential income tax in "Hainan Free Trade Port".

Profit

During the Year, the Group's net profit was RMB1,972.7 million, representing an increase of 52.7% as compared with that of RMB1,291.6 million in 2019, which was mainly attributable to (i) the increase of profit brought by the consolidation of CMIG PM during the Year; (ii) economies of scale achieved by the overall business expansion of the Group, and the rapid development of the community value-added services. Net profit margin was 19.7%, representing a decrease of 5.5 percentage points as compared with that of 25.2% in 2019. If excluding the effect of the amortisation of intangible assets and depreciation of appraised appreciation of fixed assets due to the M&A, the core net profit margin was 20.5%. Profit attributable to the equity Shareholders of the Company for the Year was RMB1,754.4 million, representing an increase of 42.5% as compared with RMB1,230.8 million in the corresponding period of last year. Basic earnings per share were RMB1.32.

Current assets, reserve and capital structure

During the Year, the Group maintained a sound financial position. As at 31 December 2020, current assets amounted to RMB9,100.1 million, representing an increase of 33.4% from RMB6,823.6 million as at 31 December 2019. Cash and cash equivalents of the Group amounted to RMB5,057.0 million, representing an increase of 20.2% as compared with that of RMB4,207.3 million as at 31 December 2019, primarily because of the year-on-year increase of operating cash inflow resulting from enhanced cash collection of the Group. As at 31 December 2020, the Group's cash and cash equivalents were mainly held in Renminbi and Hong Kong dollars.

As at 31 December 2020, the Group's total equity was RMB8,657.4 million, representing an increase of RMB2,151.7 million or 33.1% as compared with RMB6,505.7 million as at 31 December 2019, which was primarily due to a significant increase of the profit after tax of the Group.

Property, plant and equipment

The Group's property, plant and equipment mainly comprised buildings, office equipment, machinery equipment and other fixed assets. As at 31 December 2020, the net value of the Group's property, plant and equipment amounted to RMB255.0 million, representing an increase of 60.1% as compared with RMB159.3 million as at 31 December 2019, which was primarily due to the new addition of property, plant and equipment from the acquisition of CMIG PM, which was partially offset by the depreciation for the Year.

Other intangible assets

As at 31 December 2020, the book value of intangible assets of the Group was RMB961.2 million, representing an increase of 150.0% as compared with RMB384.5 million as at 31 December 2019. Intangible assets of the Group mainly included (i) RMB28.4 million from the trademark value of acquired companies; (ii) RMB1,079.7 million generated from customer relationship attributable to acquired companies; (iii) the software developed and purchased by the Group; and (iv) partially offset by amortisation of trademarks, customer relationships and software. Trademarks, customer relationship and software have a specific validity period and are carried at cost less accumulated amortization.

Goodwill

As at 31 December 2020, the Group recorded goodwill of RMB2,182.0 million, representing an increase of 59.2% as compared with RMB1,370.9 million as at 31 December 2019. The increase of goodwill for the Year was mainly due to the goodwill of RMB762.2 million from the acquisition of CMIG PM. The goodwill was primarily derived from the expected future business developments of the acquired companies, expansion of market coverage, diversification of service portfolio, integration of value-added services and improvement of management efficiency.

The management confirmed that there was no significant goodwill impairment risk as at 31 December 2020.

Trade and other receivables

As at 31 December 2020, trade and other receivables (including current and non-current portions) amounted to RMB3,659.3 million, representing an increase of 67.1% from RMB2,189.3 million as at 31 December 2019. It was mainly due to the effect of the consolidation of CMIG PM and the increase of business scale and improvement of cash collection of the Group at the same time.

Trade and other payables

As at 31 December 2020, trade and other payables (including current and non-current portions) amounted to RMB3,421.9 million, representing an increase of 94.8% as compared with RMB1,757.0 million as at 31 December 2019. It was primarily attributable to (i) the increase in the GFA under management and subcontracting of more services to third-party service providers so as to enhance professional level; and (ii) the increase of trade and other payables brought by acquired companies.

Borrowings

As at 31 December 2020, the Group had short-term borrowings of RMB224.5 million with a term of less than one year and borrowings of RMB9.2 million with a term of more than one year. The short-term borrowings mainly include Asset-backed securities ("ABS") amounted to RMB206.0 million. The ABS was repayable in ten biannual instalments from 3 January 2017 to 3 July 2021 bearing fixed interest rate of 5.4%.

Gearing ratio

The gearing ratio is calculated as total borrowings divided by total equity, which is the sum of long-term and short-term interest bearing bank loans and other loans as at the corresponding date divided by the total equity as at the same date. As at 31 December 2020, the gearing ratio was 2.7%.

Current and deferred income tax liabilities

As at 31 December 2020, the current income tax liabilities of the Group amounted to RMB425.3 million, representing an increase of 37.4% as compared with RMB309.6 million as at 31 December 2019, which was primarily attributable to the increase of profit before tax of the Group. Deferred income tax liabilities increased to RMB225.3 million from RMB84.0 million as at 31 December 2019, which was primarily attributable to the deferred income tax recognised on temporary differences arising from the M&A.

Proceeds from the Listing

The Company's H Shares were listed on the Main Board of the 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).

The intended uses of the net proceeds as set out in the prospectus of the Company dated 29 January 2018 (the "Prospectus") were allocated in the following manner:

- 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 purposes.

As set out in the announcement of change in use of proceeds from the global offering dated 15 August 2019 (the "2019 Announcement"), the Group adjusted the intended use and allocation of the net proceeds on 15 August 2019 as follows:

- 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 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 purposes.

Subsequently, as set out in the further announcement of change in use of proceeds from the global offering dated 18 December 2020 (the "2020 Announcement"), the Group further adjusted the intended use and allocation of the net proceeds on 18 December 2020 as follows:

- approximately 82.35% 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 0.46% will be used to further develop the one-stop service platform of the Group and develop the "management digitalization, service specialization, procedure standardization and operation automation" of the Group; and

- approximately 17.19% will be used for working capital and general corporate purposes.

Use of the net proceeds	Percentage of the revised allocation as stated in the 2020 Announcement %	Revised allocation as stated in the 2020 Announcement RMB million	Used amount as at 31 December 2020[1] RMB million	Remaining balance as at 31 December 2020 RMB million	Expected timeline for utilising the remaining unused net proceeds[2] Day/month/year
• 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*	82.35%	2,634.65	2,634.65[3]	0	–
• Further develop the one-stop service platform of the Group and develop "management digitalization, service specialization, procedure standardization and operation automation" of the Group	0.46%	14.6	14.6	0	–
• Working capital and general corporate purposes	17.19%	550.05	304.8	245.25	On or before 31 December 2022
Total	100%	3,199.30	2,954.05	245.25	

(1) Such used proceeds were allocated in accordance with the purposes set out in the Prospectus, the 2019 Announcement and the 2020 Announcement.

(2) The expected timeline for utilising the remaining unused proceeds is based on the best estimation of the present and future business market conditions in the PRC made by the Board. It will be subject to change based on the current and future development of the market conditions.

(3) As at 31 December 2020, the Group has used approximately RMB2,634.65 million to pursue selective strategic investment and acquisition opportunities and further develop strategic alliances, including RMB1,800.00 million for injecting capital into subsidiaries, RMB594.65 million for acquiring other property management companies and other companies in related businesses and RMB240.00 million for investing in property management industry funds jointly with our business partners.

The Directors are not aware of any material change to the planned use of net proceeds as at the date of this report. The unutilised net proceeds and its following intended timeframe for utilisation will be applied in the manner consistent with that mentioned in the 2020 Announcement. The unutilised net proceeds are currently held as bank deposits and will be used according to the distribution as set out in the 2020 Announcement.

Pledge of assets

As at 31 December 2020, the Group had pledged certain property, plant and equipment of its subsidiaries for its loan guarantee. Details of the Group's pledge of assets as at 31 December 2020 are set out in note 15 to the annual financial information contained in this report.

Major acquisitions

On 25 September 2019, the Company entered into an equity transfer agreement in relation to, inter alia, the acquisition of the 60% equity interest in CMIG PM at a consideration of approximately RMB1.56 billion. On 12 December 2019, the Group entered into an equity transfer agreement (as supplemented on 30 November 2020 and 22 February 2021, respectively) to conditionally acquire 60% equity interest in New CMIG PM at the final consideration of RMB344,250,000 from Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership). The consideration for these acquisitions was determined after arm's length negotiations between the parties, with reference to 12.5 times of the net profit guarantee set out in the relevant agreements, and was funded in instalments by internal resources of the Group. Upon completion of the acquisition of equity interest in CMIG PM by the Company in the first half of 2020, CMIG PM has now become a non-wholly owned subsidiary of the Group. As set out in the notice of the 2021 first extraordinary general meeting dated 26 February 2021, an extraordinary general meeting will be held and convened on 13 April 2021 to approve the equity transfer agreement of New CMIG PM (as supplemented). Upon completion of the acquisition, New CMIG PM will become a non-wholly owned subsidiary of the Group.

CMIG PM and New CMIG PM have established an extensive presence in economically developed city clusters across the country, covering a wide range of business portfolios such as public buildings, commercial offices and residential properties. They have several leading brands in the niche property markets to manage numerous city landmark projects, and have leading market shares and strong brand reputation in public buildings and other niche markets in different regions nationwide. Upon completion of these acquisitions, CMIG PM and New CMIG PM can effectively complement the Group's existing businesses and geographical presence, consolidate its leading position and create synergies. In addition, these acquisitions can effectively enhance the management scale, profitability and brand competitiveness of the Group, thereby strengthening the Group's position as a leading property management service enterprise with nationwide layout, comprehensive business portfolio and reputable brands.

Fulfillment of performance targets

(a) In relation to the acquisition of Nanjing Zizhu

Reference is made to the announcements of the Company dated 9 April 2018 and 12 April 2018 (the "NZ Announcements") in relation to the acquisition of an aggregate of 51% equity interest in Nanjing ZiZhu Property Management Co., Ltd. ("Nanjing Zizhu"). As the Board has yet to receive the audited financial statements of Nanjing Zizhu, the Company will publish further announcement in relation to the fulfilment of the performance target for the year ended 31 December 2020, as set out in the NZ Announcements, as and when appropriate.

(b) *In relation to the acquisition of Qingdao Huaren*

Reference is made to the announcements of the Company dated 23 January 2019 and 21 February 2019 (the "QH Announcements") in relation to the acquisition of an aggregate of 89.6643% shares in Qingdao Huaren Property Co., Ltd. ("Qingdao Huaren"). As the Board has yet to receive the audited financial statements of Qingdao Huaren, the Company will publish further announcement in relation to the fulfilment of the performance target for the year ended 31 December 2020, as set out in the QH Announcements, as and when appropriate.

(c) *In relation to the acquisition of Harbin Jingyang*

Reference is made to the announcements of the Company dated 23 January 2019 and 26 February 2019 (the "HJ Announcements") in relation to the acquisition of an aggregate of 60% equity interest in Harbin Jingyang Property Management Co., Ltd. ("Harbin Jingyang"). As the Board has yet to receive the audited financial statements of Harbin Jingyang, the Company will publish further announcement in relation to the fulfilment of the performance target for the year ended 31 December 2020, as set out in the HJ Announcements, as and when appropriate.

Major disposals

During the Year, the Group had no material disposals of subsidiaries and associated companies.

Major investment

During the Year, the Group held no major investment.

Contingent liabilities

As at 31 December 2020, the Group had no significant contingent liabilities (2019: Nil).

Foreign exchange risk

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to the shareholders of the Company outside of the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value. As at 31 December 2020, the Group had no significant exchange rate risk.

Employees and remuneration policies

As at 31 December 2020, the Group had 55,888 employees, representing an increase of 94.3% as compared with 28,771 employees as at 31 December 2019. Total staff costs amounted to RMB4,064.1 million, representing an increase of 88.1% as compared with that of RMB2,160.7 million in 2019. The increase in 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

Acquisition of equity interest in New CMIG PM

On 12 December 2019, the Group entered into an equity transfer agreement (as supplemented on 30 November 2020 and 22 February 2021, respectively) to conditionally acquire 60% equity interest in New CMIG PM at the final consideration of RMB344,250,000 from Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership). The circular had been despatched to the Shareholders on 26 February 2021. Upon completion of such acquisition, New CMIG PM will become a non-wholly owned subsidiary of the Group.

*Acquisition of equity interest in Shaanxi Mingtang Sanitation Co., Ltd.**

On 12 March 2021, the Group entered into an equity transfer agreement to acquire 60% equity interest in Shaanxi Mingtang Sanitation Co., Ltd.* (陝西明堂環衛有限公司) at a total consideration of RMB144,000,000 from Zhengzhou Huangda Decoration Co., Ltd.* (鄭州煌達裝飾有限公司). Upon completion of such acquisition, Shaanxi Mingtang Sanitation Co., Ltd.* will become a non-wholly owned subsidiary of the Group.

*Acquisition of equity interest in Beijing Huifeng Qingxuan Environmental Technology Group Co., Ltd.**

On 22 March 2021 (after the publication of the announcement of annual results of the Company for the year ended 31 December 2020), the Group entered into an equity transfer agreement to conditionally acquire 51% equity interest in Beijing Huifeng Qingxuan Environmental Technology Group Co., Ltd.*（北京慧豐清軒環境科技集團有限公司）at a total consideration of RMB280,500,000 from Linzhou Enran Enterprise Management Consulting Partnership (Limited Partnership)*（林州市恩然企業管理諮詢合夥企業（有限合夥））. Upon completion of such acquisition, Beijing Huifeng Qingxuan Environmental Technology Group Co., Ltd.* will become a non-wholly owned subsidiary of the Group.

Disposal of equity interest in Lanzhou Chengguan Property Services Group Co., Ltd.*

Reference is made to the announcements of the Company dated 11 July 2018, 19 July 2018 and 11 October 2019, respectively, in relation to the acquisition of 51% equity interest in Lanzhou Chengguan Property Services Group Co., Ltd.* (蘭州城關物業服務集團有限公司) ("Lanzhou Chengguan") by the Group from Mr. Yang Mingzhao and Mr. Yang Jialin, and the fulfillment of performance target for the year ended 31 December 2018 under the relevant equity transfer agreement dated 11 July 2018 (the "Lanzhou Chengguan Announcements").

On 1 April 2021, the Group entered into an equity transfer agreement to dispose 51% equity interest in Lanzhou Chengguan at a total consideration of RMB150,000,000 to Tianjin Xuyue Construction Technique Company Limited* (天津旭粵工程技術有限公司), an Independent Third Party. The consideration was determined upon the basis that the payment obligations of the fourth and fifth instalments of the consideration as disclosed in the Lanzhou Chengguan Announcements totaling RMB29,580,000 have been assigned to Tianjin Xuyue Construction Technique Company Limited*. Pursuant to the relevant equity transfer agreements, the respective rights and obligations of the Group, Mr. Yang Mingzhao and Mr. Yang Jialin under the performance target as disclosed in the Lanzhou Chengguan Announcements shall be assigned to Tianjin Xuyue Construction Technique Company Limited*. Upon completion of such disposal, Lanzhou Chengguan will cease to be a non-wholly owned subsidiary of the Group and Mr. Yang Mingzhao and Mr. Yang Jialin will no longer owe any obligations (including the performance target) to the Group under the relevant equity transfer agreement dated 11 July 2018.

Business Development

During the year, the Group upheld its original vision of "lifelong caring", continued to improve service standards, and strived to improve property owners' satisfaction and service experience. The Group fully upgraded itself to a comprehensive service platform to provide all-scenario services in cities. While its management scale achieving a leap-forward growth, the Group continued to improve its industrial chain and business portfolio layout. As a result, the capability for organic growth of the Group has been significantly improved and it successfully secured a number of large-scale landmark property service projects.

Building brand matrix with five major business segments

The Group has initially formed a comprehensive business coverage, with five major segments of property management services, community commercial services, asset management services, public services and city services have developed to create synergy. Leveraging the advantages of two major brands of "Agile Property Management" and "Greenland Property Services", the Group constantly and thoroughly integrated the excellent brands of acquired companies to form a brand matrix strategy of "multiple brands for a specific business portfolio" in different niche markets, so as to establish leading advantages in the competition of various business portfolio.

Focusing on organic growth and striving for market expansion

Leveraging the Group's experience in different regions, business portfolio and brand advantages, its market expansion capability has been significantly improved, with a balanced business portfolio combination, covering residential properties, commercial and office buildings, public buildings and industrial parks, etc., and the Group is currently managing a number of landmark projects in various business portfolio, each with an annualized contract value of over RMB10 million.

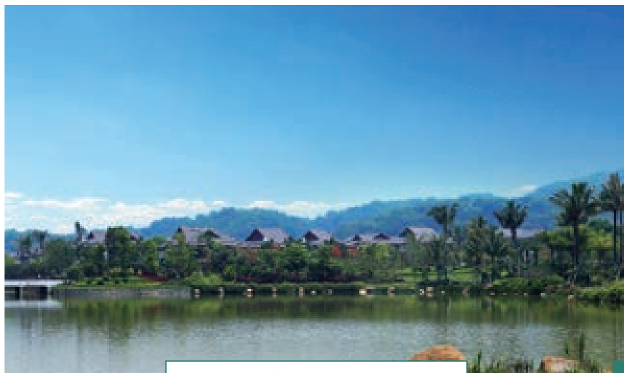
Mid- to high-end residential projects

Agile Dream Lake Fairy Hill Changzhou

Agile Territory Epic Taiyuan

Large-scale vacation projects

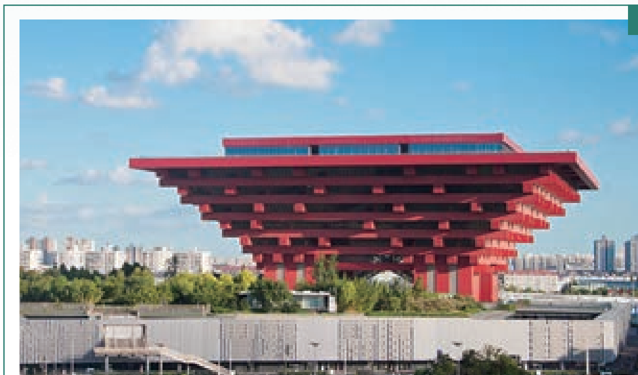
Agile Hainan Clearwater Bay



Agile Quenya Yunnan

City landmark public buildings


Government office building - Shenzhen Civic Center


Cultural and sports venue - China Art Museum

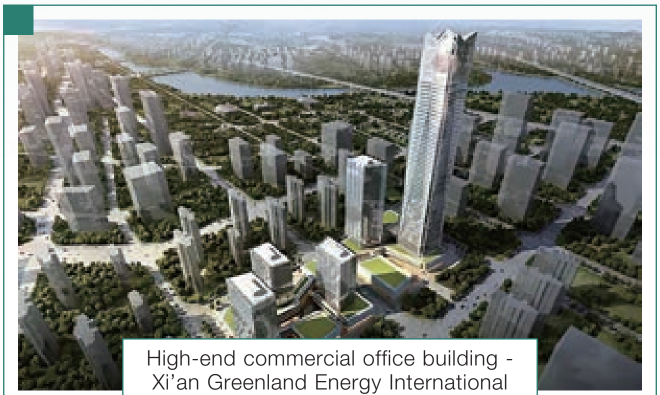
Transit - Shanghai Hongqiao Integrated Transportation Hub


Educational institution - Shanghai Jiao Tong University


Religious property - Shanghai Jade Buddha Temple

Park and scenic spot - Shanghai Chen Shan Botanical Garden

Commercial office buildings and industrial parks



High-end commercial office building - Xi'an Greenland Energy International Finance Center (perspective)

High-end commercial office building - Hangzhou Century Center (Greenland Center • Hangzhou Gate) (perspective)

Industrial park – Shenzhen Nanshan iPark

Featured town-Shenzhen Dayun AI Town (perspective)

Three business lines

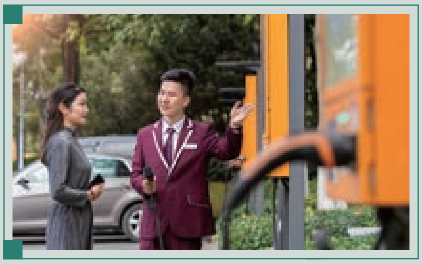
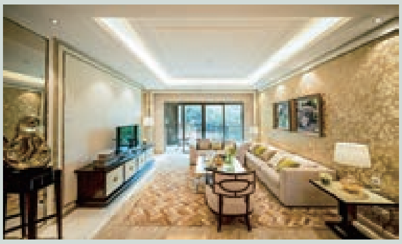
Property management services

Property management services are the core business segment of the Group, including security, cleaning, greening, gardening, repair and maintenance, etc.



Property owners value-added services

Property owners value-added services mainly include living and comprehensive services, community asset management services, home improvement services and value-added services for non-residential property business portfolio. Property owners 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.


Extended value-added services

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



Note: Some of the pictures are collected from the Internet and are for illustration only

Purpose

Investor relations management is to maximize the value of the relevant stakeholders through managing the communication channels between a company and the public. With the higher degree of marketization of capital transactions and the improvement in capital market operation mechanism, investor relations management becomes significantly important to listed companies. With a philosophy of precise and professional management, the Group strives to keep close communication with analysts, investment institutions, Shareholders, media and the public through various channels in accordance with the listing rules and regulations for listed companies, with an aim to ensure a highly transparent information disclosure mechanism. At the same time, in respect of the formulation of corporate governance and future development strategy, the Group also attaches great importance to and prudently takes reference from the valuable opinions of the Shareholders to further enhance its governance.

Active communication to constantly increase market recognition

The Group's Investor Relations Department has been proactively strengthening the comprehensive capital market management mechanism, improving and pushing forward the capital market communication works. In 2020, by upholding the principles of truthfulness, accuracy, completeness, timeliness and fairness, the Group disseminated information such as operating performance, business updates as well as other compliance disclosures to the capital market in accordance listing rules and regulations for listed companies, The Investor Relations Department regularly and sufficiently communicated with Shareholders, potential investors and sell side analysts, and proactively set up effective interactive relations with various parties in the capital market through diversified communication channels, thereby further enhancing investors' understanding and confidence in the Group.

– In 2020, the Group's Investor Relations Department continued to improve the two-way communication channel between internal and external parties, with an aim to arouse proper expectation between the capital market and the Group, and effectively enhance capital market's overall understanding of the Group's value.

– With close and regular internal communication with the management and business units, the Investor Relations Department could update business operation and development strategy to the market through diversified communication approaches in a timely manner.

  ◇ The Investor Relations Department conducted capital market publicity and communication works to accompany the Group's business development. It maintained close communication with the capital market and the public by holding investor presentations, investor roadshows and reverse roadshows, participating in corporate day and investment summits held by sell-side institutions, as well as posting press releases via Group's WeChat official account and media channels. In 2020, the Group communicated with over 3,000 investors, constantly and effectively improving its corporate transparency and enhancing its corporate reputation in the capital market.

  ◇ In 2020, there was an addition of 11 brokerage institutions' research coverage initiation on the Group, with over 150 relevant research reports and brief notes issued in total, in most of which the Group was given ratings as "Buy" or "Outperform".

– Optimizing capital market communication and feedback mechanism. The Investor Relations Department collected opinions and suggestions on the Group from the Shareholders and investors, as well as timely reported to the Board and the management by submitting capital market work reports, and organizing management meeting internally, thereby assisting the Group in giving specific responses regarding the communication needs from the capital market.

– Establishing a quarterly disclosure mechanism to promote the normalization of information disclosure. During the year, the Investor Relations Department implemented a quarterly disclosure mechanism to actively and timely disclose the Group's business development such as market expansion and business cooperation to the market each quarter in the form of Quarterly Newsletter, enabling the Group to become the first listed property management companies in the industry to disclose quarterly performance, which was highly recognized by the capital market.

– In 2020, the Group was included in the Hang Seng Composite SmallCap Index and eligible stocks of Shenzhen-Hong Kong Stock Connect. It was further included in the Hang Seng Composite MidCap Index in February 2021 and eligible stocks of Shanghai-Hong Kong Stock Connect in March 2021, which fully reflected the capital market's recognition of the Group's leading position in the industry, development strategy and effective communication with capital market.

– During the year, leveraging the outstanding performance on its business development and investor relations works, the Group received several honors regarding the capital market and investor relations works, including 2020 "Most Honored Company" and "Best IR Team" awarded by *Institutional Investor*, an authoritative financial magazine, and four awards in the "Top 100 Hong Kong Listed Shares", namely "The Second in Excellent Property Management Award", "The Second in Newly Listed Company with the Greatest Growth Potential", "Top 25 in Comprehensive Strength" and "The Second in Total Return", etc.

Open, transparent and timely delivery

In the future, the Group will continue to optimize investor relations works and continuously enhance the public's understanding, recognition and trust in the Company. The Group believes that an effective, stable and diversified communication mechanism will help the capital market fully understand the investment value of the Company. The Investor Relations Department will continue to disseminate the Company's corporate culture, business philosophy, and development strategy to the market in accordance with the rules and regulations for listed companies, facilitate the communication between the Company and its Shareholders, investors, analysts and the public and create value for the Shareholders.

2019 Annual Results/
2020 Interim Results Presentation

2020 Interim Results
Analyst Briefing

Mr. Chan Cheuk Hung (陳卓雄), aged 63, has been re-designated as an executive Director and co-chairman of the Board with effect from 31 May 2018. Prior to such, he was a non-executive Director since 21 July 2017. He has been the co-chairman of the Board since 27 August 2017 and is a member of the risk management committee of the Board. Mr. Chan is responsible for the formulation of development strategies and provision of guidance for the overall development of the Group. He has been an executive director of Agile Holdings (stock code of Hong Kong Stock Exchange: 3383), since August 2005. Mr. Chan is an executive director and vice president of Agile Holdings and is mainly responsible for providing guidance for the overall operation of Agile Holdings. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 28 years of experience in real estate development and related businesses.

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

Mr. Huang Fengchao (黃奉潮), aged 58, has served as an executive Director and the chairman of the Board of the Company since 21 July 2017, and has been the co-chairman of the Board since 27 August 2017. He is also the chairman of the nomination committee and the risk management committee of the Board, and a member of the remuneration and appraisal committee. Mr. Huang performed the duties of the president (general manager) and chief executive officer of the Company from 9 November 2018, and was officially appointed on 28 May 2019 and later resigned on 21 July 2020. Mr. Huang is also a director of certain subsidiaries of the Company. He is responsible for formulating the overall strategic development strategies and policies of the Group and monitoring their implementation. Mr. Huang has over 21 years of experience in real estate development and property management. Mr. Huang joined Agile Holdings in October 1999 and has successively served as a general manager of Zhongshan Agile Real Estate Development Co., Ltd. (中山市雅居樂房地產開發有限公司), head of the real estate management center of Agile Holdings and general manager of Guangzhou Nanhu Agile Real Estate Development Co., Ltd. (廣州南湖雅居樂房地產開發有限公司) and Guangzhou Huadu Agile Real Estate Development Co., Ltd. (廣州花都雅居樂房地產開發有限公司). Mr. Huang has been the vice president of Agile Holdings since January 2005 and has been responsible for the development of real estate projects across the country and property management. Mr. Huang has also served as president of the Hainan and Yunnan regions since 2008 and in charge of the tourism real estate development management. Mr. Huang has been serving as an executive director and vice president of Agile Holdings since March 2014.

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

Mr. Li Dalong (李大龍), aged 36, has been an executive Director, the president (general manager) and chief executive officer of the Company since 21 July 2020. He is also a member of each of the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board. He was the chief financial officer from August 2016 to July 2020, the joint company secretary from August 2017 to July 2020, and the executive vice president from November 2019 to May 2020. He is responsible for overall strategic decisions, business planning and major operational decisions of the Group. Mr. Li is also a director of certain subsidiaries of the Company. He has over 16 years of experience in operations, finance, investment and capital markets.

Mr. Li has profound management experience as well as solid industry knowledge. Since the listing of the Group, he has been assisting the Board in formulating and implementing development strategies and highly enhanced the recognition of the Group in the industry and capital markets. Mr. Li has executed Group's strategy of industry consolidation with keen insight on development trend. He has led the team completing several quality acquisitions and carrying forward the largest acquisition deal of the property management industry so far, namely the acquisition of CMIG Futurelife Property Management Limited (中民未來物業服務有限公司) as announced on 25 September 2019. Mr. Li has been responsible for post-acquisition empowerment and resources integration of acquired companies to enhance the Group's business portfolio layout and to establish the leading position in several regional and niche markets. Besides, Mr. Li has led the team to enhance the governance, operation efficiency and risk management of the Group, optimize the operation structure and introduce flexible mechanism to stimulate potential of the team, assisting the Group to achieve growth targets in scale and profit.

Prior to joining the Group, from November 2013 to June 2016, Mr. Li was a senior manager of the capital market department at PricewaterhouseCoopers (Hong Kong), an accounting firm, where he primarily provided a series of professional services in connection with capital markets transactions. From August 2005 to November 2013, Mr. Li successively served as auditor, senior auditor, manager and senior manager at PricewaterhouseCoopers Zhongtian LLP (Shanghai), an accounting firm.

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

Mr. Wei Xianzhong (魏憲忠), aged 57, has served as a non-executive Director of the Company since 21 August 2017 and is responsible for provision of the guidance for the overall development of the Group.

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

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

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

Ms. Yue Yuan (岳元), aged 45, has served as a non-executive Director of the Company since 28 May 2019. She is the vice president of Agile Group and its property group and an assistant to chairman of the Agile Group. Ms. Yue joined the Agile Group in 2006. She is mainly responsible for the management of the president office of the Agile Group, the operation centre and centralized procurement centre, the management of the cost centre, procurement centre and operation centre of the property group of the Agile Group. Ms. Yue holds a Bachelor of Engineering degree from Lanzhou Jiaotong University (蘭州交通大學) (formerly known as Lanzhou Railway University (蘭州鐵道學院)) and a Master of Science degree in Construction Project Management from the University of Hong Kong. She is a PRC intermediate economist, a PRC registered budgeting engineer and a member of the Royal Institution of Chartered Surveyors.

Mr. Wan Kam To (尹錦滔), aged 68, has served as an independent non-executive Director of the Company since 21 August 2017. He is also the chairman of the audit committee of the Board, a member of each of the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board. Mr. Wan is a former partner of PricewaterhouseCoopers with extensive experience in auditing and financial management.

Mr. Wan currently serves as an independent non-executive director of China Resources Land Limited (stock code of Hong Kong Stock Exchange: 1109), Fairwood Holdings Limited (stock code of Hong Kong Stock Exchange: 52), KFM Kingdom Holdings Limited (stock code of Hong Kong Stock Exchange: 3816), Target Insurance (Holdings) Limited (stock code of Hong Kong Stock Exchange: 6161), Haitong International Securities Group Limited (stock code of Hong Kong Stock Exchange: 665), and an independent director of China World Trade Center Co. Ltd (stock code of Shanghai Stock Exchange: 600007).

Mr. Wan served as an independent non-executive director of Dalian Port (PDA) Company Limited (stock code of Hong Kong Stock Exchange: 2880; stock code of Shanghai Stock Exchange: 601880) from June 2011 to June 2017, an independent non-executive director of S. Culture International Holdings Limited (stock code of Hong Kong Stock Exchange: 1255) from May 2013 to July 2017, an independent non-executive director of Kerry Logistics Network Limited (stock code of Hong Kong Stock Exchange: 636) from November 2013 to May 2019, an independent non-executive director of Huaneng Renewables Corporation Ltd. (stock code of Hong Kong Stock Exchange: 958) from August 2010 to June 2019, an independent non-executive director of Shanghai Pharmaceuticals Holding Co., Ltd (stock code of Hong Kong Stock Exchange: 2607; stock code of Shanghai Stock Exchange: 601607) from June 2013 to June 2019, and an independent non-executive director of Harbin Bank Co., Ltd. (stock code of Hong Kong Stock Exchange: 6138) from October 2013 to October 2019.

Mr. Wan is a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

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

Ms. Wong Chui Ping Cassie (王翠萍), aged 56, has served as an independent non-executive Director of the Company since 21 July 2020. She is also a member of each of the audit committee, the remuneration and appraisal committee and the nomination committee of the Board. She is a former partner of PricewaterhouseCoopers China with over 30 years of professional experience in the field of China and international taxation. She spent a majority of her career working in Shanghai and Beijing where she and her team provided comprehensive and quality tax and business advisory services to multi-national and domestic corporations. As a pre-eminent tax expert in China and international taxation, Ms. Wong has been cited as one of the leading tax advisors in China and was named one of the 100 female entrepreneurs in Greater China by the China Outstanding Female Entrepreneurs Association in 2011.

From 2003 to 2017, Ms. Wong lived in Beijing and took up various senior executive management roles for PwC China until her retirement as a Managing Partner in 2017.

Ms. Wong is a US Certified Public Accountant and a member of Texas State Board of Public Accountancy.

Ms. Wong obtained her Bachelor's degree in Business Administration, Accounting (Highest Honors) from University of Texas at Arlington in 1985.

Mr. Wang Peng (王鵬), aged 45, has served as an independent non-executive Director of the Company since 21 August 2017. He is also the chairman of the remuneration and appraisal committee of the Board, and a member of each of the audit committee and the nomination committee of the Board.

Since July 2003, Mr. Wang successively served as director of publicity department, deputy secretary general, secretary general and vice president at China Property Management Institute (中國物業管理協會), an industry association of property management enterprises, where he is responsible for administration, human resources, financial budgeting and internal management. Mr. Wang currently serves as an independent non-executive director of Ever Sunshine Lifestyle Services Group Limited (stock code of Hong Kong Stock Exchange: 1995), Poly Property Services Co., Ltd. (stock code of Hong Kong Stock Exchange: 6049) and Xinyuan Property Management Service (Cayman) Ltd. (stock code of Hong Kong Stock Exchange: 1895).

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

Mr. Liu Jianrong (劉劍榮), aged 41, has served as a Supervisor and the president of the Supervisory Committee since 21 July 2020. He has been the general manager of the internal audit department of the Company since May 2018. Mr. Liu joined Agile Holdings in September 2015 as a senior manager of the internal audit department.

Prior to joining Agile Holdings, from July 2002 to September 2015, Mr. Liu served as an officer and a first-level police officer (deputy section-level) of the Tangxia police station in Tianhe District of Guangzhou Municipal Public Security Bureau.

Mr. Liu obtained the legal professional qualification certificate from the Ministry of Justice of the PRC. He obtained his bachelor's degree in international economic law in June 2002 from Nanjing University (南京大學).

Ms. Huang Zhixia (黃智霞), aged 38, has served as a Supervisor since 21 July 2017. She has been the administrative manager of the Company since April 2015 and is responsible for administration. Ms. Huang has over 15 years of experience in administration. Ms. Huang joined Agile Holdings in June 2004 as an administrative manager and was responsible for administration and management of Agile Holdings.

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

Mr. Shi Zhengyu (施征宇), aged 48, has served as a Supervisor since 21 July 2017. Mr. Shi held various positions in Agricultural Bank of China from July 1995 to May 2017, where he last served as a general manager of real estate finance department of the Shanghai branch and was responsible for overall business development and planning, and market expansion of real estate sector. Since June 2017, he has been a deputy general manager and person in charge of finance at Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司), where he is responsible for corporate accounting management, financial management and supervision, establishment of internal control and major financial affair supervision.

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

Mr. Wang Gonghu (王功虎), aged 46, has served as a Supervisor since 21 July 2020. He is currently the executive director of CMIG Futurelife Holdings Group Company Limited (中民未來控股集團有限公司) and the chairman and general manager of Suzhou Yangtze New Materials Co., Ltd. (蘇州揚子江新型材料股份有限公司) (stock code of Shenzhen Stock Exchange: 002652). He worked as a financial manager of Beijing Founder Electronics Co., Ltd. (北京北大方正電子有限公司), a financial director of Shanghai Hinge Software Co., Ltd. (上海和勤軟件技術有限公司), a deputy general manager of Copious Zhenjiang Fertilizer Co., Ltd. (科比斯鎮江肥業有限公司) and a financial director of Shanghai QST Corporation (上海矽睿科技有限公司).

Mr. Wang is a senior accountant and a member of the Chinese Institute of Certified Public Accountants in the PRC.

Mr. Wang obtained his bachelor's degree in economics and management from Nanjing University in 2002 and his master's degree in accounting from Shanghai University of Finance and Economics in 2010.

Mr. Wang Shao (王韶), aged 49, has served as a Supervisor since 21 August 2017.

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

Mr. Wang currently serves as an independent non-executive director of Aoyuan Healthy Life Group Company Limited (stock code of Hong Kong Stock Exchange: 3662).

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

Mr. Wang is currently a director of China Real Estate Association (中國房地產業協會).

Mr. Feng Xin (馮欣), aged 49, has been the vice president of the Group since January 2017. From July 2017 to July 2020, Mr. Feng served as an executive Director of the Company and was responsible for assisting the chief executive officer of the Company with business planning, overall management of property management and business development of the Group. Mr. Feng is also a director of certain subsidiaries of the Company. Mr. Feng has over 23 years of experience in property management. Mr. Feng joined the Company as the property manager in Nanhai project in June 2002 and was promoted to deputy director of Foshan region in March 2008, managing director of South China region in March 2012, and general manager of property management center in April 2015.

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

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

Mr. Feng was elected as an elite representative in March 2016 and as an elite in the property management industry in September 2016 by Guangdong Property Management Industry Institute (廣東省物業管理行業協會). Since July 2019, Mr. Feng has been the deputy secretary general of the standardization working committee at China Property Management Institute (中國物業管理協會).

Ms. Zhao Yu (趙昱), aged 41, joined Agile Holdings since February 2007 and worked in the property group of Agile Holdings in Xi'an Region for 14 years. From February 2007 to March 2013, she was the human resources and administration manager of Agile Holdings in Western China Region. From April 2013 to June 2016, she was the vice general manager of Agile Holdings in Western China Region. From July 2016 to June 2020, she was the vice president of Agile Holdings in Western China Region. With a geographical presence spanning 10 cities in 5 provinces of Shaanxi, Shanxi, Henan (formerly covering Chengdu and Chongqing), Xi'an Region (formerly known as Western China Region) has undertaken over 20 projects with annual sales of RMB10 billion. Since July 2020, Ms. Zhao Yu has been re-designated as the vice president of the Group and is responsible for assisting the chief executive officer of the Company with strategic management of the Group, and in charge of the business of city services, market expansion, human resources and administration and brand management of the Group.

Ms. Zhao Yu obtained the certificate of human resources manager (national qualification class 1) of the PRC and obtained her bachelor's degree in business administration from Xi'an University of Technology in December 2013.

Mr. Liu Wenhao (劉聞皓), aged 43, joined the Group since December 2020 and has rich experience in the third-party market development, human resources, property management, information management and other fields. The vertical E-commerce of property management named Hi-NEW (海牛網) was founded by him, which has been serving hundreds of property companies across the country, and is a classic case of Internet in the industry.

Before joining the Group, Mr. Liu Wenhao was the general manager of Shanghai Macro Home Property Management Co., Ltd. (上海明華物業管理有限公司), the landmark enterprise in the field of public property in China, ranking first in 2020. And this enterprise provides services for China Pavilion, Shanghai Science and Technology Museum, Shanghai Museum of Nature, Hongqiao Transportation Hub, Shanghai Wildlife Park and many other landmark projects.

In 2010, Mr. Liu served as the general manager of China Pavilion of Shanghai World Expo. During his term of office, he has created an operation record of zero casualties among visitors, zero failures of facilities and equipment, zero complaints from VIP reception, so that the China Pavilion has been rated as "the most wonderful National Pavilion in the World Expo".

In December 2020, he joined the Group as the vice president and he has been in charge of assisting the chief executive officer in managing equity joint ventures and digital intelligence.

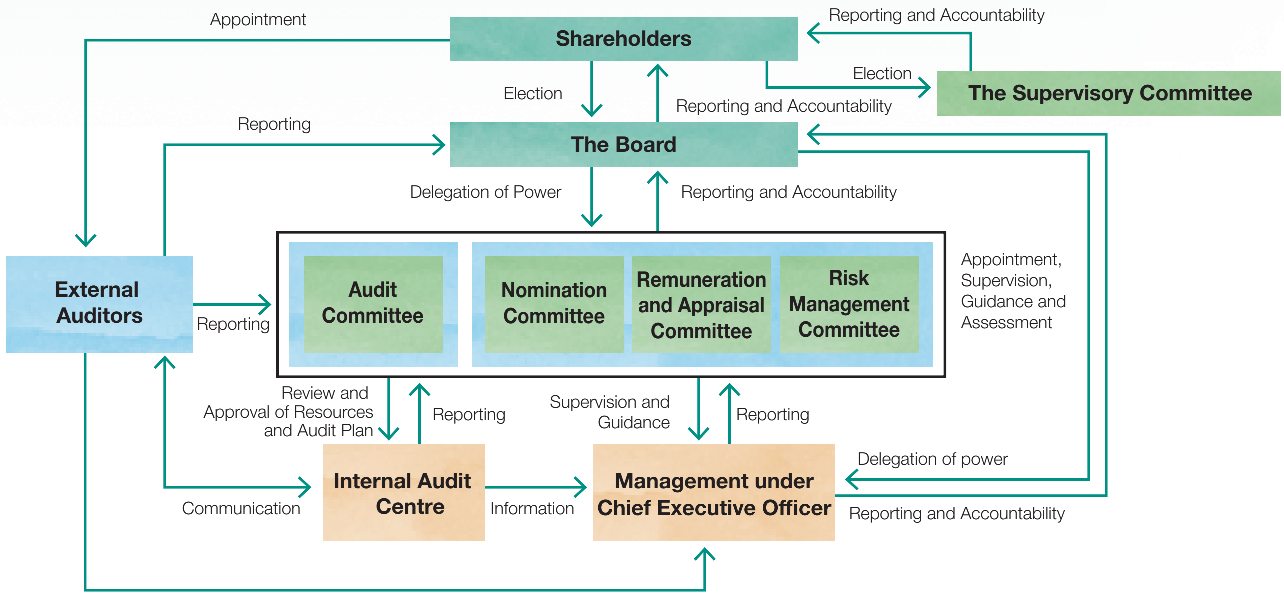
Mr. Liu Wenhao was given the master of law degree from Shanghai University of Finance and Economics in January 2012, during that time, he has received the certificates of national registration master of property management (CIPM) and economist as well. He is also an expert of Shanghai government procurement evaluation and council of Shanghai property industry management association, who has won the Shanghai may day labor medal, the national model of the property industry, the Shanghai World Expo outstanding individual and other honorary titles.

Ms. Wu Jieying (鄔潔穎), aged 37, has been the chief financial officer of the Company since July 2020, and is responsible for the financial management, accounting and operational management of the Group. She joined the Group as financial controller in February 2017 and was the finance general manager since December 2018.

Prior to joining the Group, from August 2006 to February 2017, Ms. Wu successively served as auditor, senior auditor, manager and senior manager at PricewaterhouseCoopers Zhongtian LLP (Shanghai), an accounting firm.

Ms. Wu is a member of the Chinese Institute of Certified Public Accountants in the PRC. She obtained her bachelors' degree in economics in July 2006 from Fudan University.

Corporate Governance Structure



The board of directors (the "Board") of A-Living Smart City Services Co., Ltd. (the "Company", together with its subsidiaries, the "Group") believes that good governance is essential for sustainable development and growth of the Company, enhancement of credibility as well as value of shareholders of the Company (the "Shareholders"). As such, the Board has adopted and reviewed corporate governance practices in light of the regulatory requirements and the needs of the Company. The Company is committed to maintaining a high level of corporate governance and adheres to the principles of integrity, transparency, accountability and independence.

The Board plays a major role in the supervision of corporate governance to ensure that the Company maintains a sound governance framework and the long-term sustainable Shareholders' value.

Compliance with CG Code

The Company fully complied with the provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2020 except for the deviation as specified under the paragraph of "Co-chairman and Chief Executive Officer" in this Corporate Governance Report.

The Board and Management

The Board takes Shareholders' interests as its priority in promoting and maintaining successful development of business so as to achieve consistent long-term financial returns, while taking due account of the interests of those with whom the Group does business and others. The Board is accountable for formulating the business and management directions of the Group and that they are managed in such a way as to achieve the objectives of the Company. The Board's responsibilities are to formulate corporate strategy and long-term business model of the Group and to monitor and control operating and financial performance in pursuit of strategic objectives of the Group.

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

Board Composition

The Company currently comprises eight Directors, consisting of three executive Directors, two non-executive Directors and three independent non-executive Directors. The details of the Board composition are as follows:

Executive Directors

Mr. Chan Cheuk Hung *(Co-chairman)*
Mr. Huang Fengchao *(Co-chairman)*
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*

Non-executive Directors

Mr. Wei Xianzhong
Ms. Yue Yuan

Independent Non-executive Directors

Mr. Wan Kam To
Ms. Wong Chui Ping Cassie
Mr. Wang Peng

The biographical information of the Directors are set out in the section headed "Biographies of Directors" on pages 43 to 46 of this annual report. None of the members of the Board is related to one another.

Co-chairman and Chief Executive Officer

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

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. Prior to 21 July 2020, in view of the then 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, Mr. Huang Fengchao had been the co-chairman, president (general manager) and chief executive officer of the Company to provide strong and consistent leadership for the development of the Group.

The Group has been dedicated to enhancing corporate governance and continuously optimized the corporate structure. With effect from 21 July 2020, the roles of the co-chairman of the Board have been assumed by Mr. Chan Cheuk Hung and Mr. Huang Fengchao while the president (general manager) and chief executive officer of the Company has been assumed by Mr. Li Dalong. All applicable code provisions set out in the CG Code have been in full compliance since 21 July 2020.

Independent non-executive Directors

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

During the year ended 31 December 2020 (the "Year"), the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Appointment and Re-election of Directors

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

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

Board and Board Committee Meetings

The Board meets at least four times each year. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the next year will be presented to all Directors in the last Board meeting of the year so that they can have a better arrangement for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The company secretary of the Company (the "Company Secretary") assist the Co-chairman in preparing the agenda of regular Board meetings and circulates the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the Company Secretary after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Each Director shall have access to the Senior Management and the Company Secretary and they may also seek independent professional advice at the expense of the Company. Any matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the Company Secretary to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The minutes of the Board meetings and Board committees meetings are drafted and kept by the Company Secretary. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The Company Secretary will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after holding of the meetings.

During the Year, the Board held a total of five meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meetings is set out as follow:

	Board Meetings			
	Number of meetings eligible to attend	**Attendance in person**	**Attendance by proxy**	**Absence**
Mr. Chan Cheuk Hung *(Co-chairman)*	5	3	2	0
Mr. Huang Fengchao *(Co-chairman) (Note 1)*	5	5	0	0
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer) (Note 2)*	3	3	0	0
Mr. Feng Xin *(Vice President) (Note 3)*	2	2	0	0
Mr. Wei Xianzhong	5	1	4	0
Ms. Yue Yuan	5	4	1	0
Mr. Wan Kam To	5	5	0	0
Ms. Wong Chui Ping Cassie *(Note 4)*	3	3	0	0
Mr. Wan Sai Cheong, Joseph *(Note 5)*	2	2	0	0
Mr. Wang Peng	5	5	0	0

	Audit Committee Meetings			
	Number of meetings eligible to attend	**Attendance in person**	**Attendance by proxy**	**Absence**
Mr. Wan Kam To *(Committee Chairman)*	2	2	0	0
Ms. Wong Chui Ping Cassie *(Note 4)*	1	1	0	0
Mr. Wan Sai Cheong, Joseph *(Note 5)*	1	1	0	0
Mr. Wang Peng	2	2	0	0

	Remuneration and Appraisal Committee Meeting			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Wang Peng *(Committee Chairman)*	1	1	0	0
Mr. Huang Fengchao	1	1	0	0
Mr. Li Dalong *(Note 2)*	0	0	0	0
Mr. Wan Kam To	1	1	0	0
Ms. Wong Chui Ping Cassie *(Note 4)*	0	0	0	0
Mr. Wan Sai Cheong, Joseph *(Note 5)*	1	1	0	0

	Nomination Committee Meeting			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Huang Fengchao *(Committee Chairman) (Note 1)*	1	1	0	0
Mr. Wan Sai Cheong, Joseph *(Committee Chairman) (Note 5)*	1	1	0	0
Mr. Li Dalong *(Note 2)*	0	0	0	0
Mr. Wan Kam To	1	1	0	0
Ms. Wong Chui Ping Cassie *(Note 4)*	0	0	0	0
Mr. Wang Peng	1	1	0	0

	Risk Management Committee Meetings			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Huang Fengchao *(Committee Chairman)*	2	2	0	0
Mr. Chan Cheuk Hung	2	1	1	0
Mr. Li Dalong *(Note 2)*	1	1	0	0
Mr. Wan Kam To	2	2	0	0

	General Meetings			
	Number of meetings eligible to attend	**Attendance in person**	**Attendance by proxy**	**Absence**
Mr. Chan Cheuk Hung *(Co-chairman)*	5	0	5	0
Mr. Huang Fengchao *(Co-chairman) (Note 1)*	5	3	2	0
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer) (Note 2)*	2	2	0	0
Mr. Feng Xin *(Vice President) (Note 3)*	3	3	0	0
Mr. Wei Xianzhong	5	0	5	0
Ms. Yue Yuan	5	1	4	0
Mr. Wan Kam To	5	4	1	0
Ms. Wong Chui Ping Cassie *(Note 4)*	2	1	1	0
Mr. Wan Sai Cheong, Joseph *(Note 5)*	3	3	0	0
Mr. Wang Peng	5	5	0	0

Notes:

(1) Mr. Huang Fengchao has resigned as the president (general manager) and chief executive officer of the Company with effect from 21 July 2020. He has been appointed as the chairman of the nomination committee of the Board since 21 July 2020.

(2) Mr. Li Dalong has been appointed as an executive Director, the president (general manager) and chief executive officer of the Company since 21 July 2020. He is also a member of each of the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board.

(3) Mr. Feng Xin has retired as an executive Director with effect from 21 July 2020.

(4) Ms. Wong Chui Ping Cassie has been appointed as an independent non-executive Director since 21 July 2020. She is also a member of each of the audit committee, the remuneration and appraisal committee and the nomination committee of the Board.

(5) Mr. Wan Sai Cheong, Joseph has retired as an independent non-executive Director with effect from 21 July 2020 and ceased to be a member of each of the audit committee and the remuneration and appraisal committee and the chairman of the nomination committee of the Board.

All the executive Directors, non-executive Directors and independent non-executive Directors have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the Year. In addition to attending the meetings of the Board and its committees, each Director has allocated sufficient time on reviewing materials provided by the Company from time to time. Furthermore, each member of the Audit Committee also spent sufficient time on reviewing internal audit reports provided by the internal audit centre. The Co-chairman met once with the independent non-executive Directors without the presence of other Directors.

Training and Support for Directors

The Company has established procedures for training and development of Directors. Newly appointed Directors will be provided with comprehensive, formal and tailored induction on the first occasion of his/her appointment and, subsequently, necessary briefing and professional development so as to ensure the Directors have adequate understanding and strengthen their awareness of the business and operation of the Group, their responsibilities and obligations under the statutory and common laws, the Listing Rules, laws and other regulatory requirements and governance policies, enabling the Directors to discharge their duties properly. The Company Secretary maintains proper records of training attended by the Directors.

During the Year, the summary of training received by the Directors is as follows:

Directors	**Training Matters** *(Note 1)*
Executive Directors	
Mr. Chan Cheuk Hung *(Co-chairman)*	A, B
Mr. Huang Fengchao *(Co-chairman)*	A, B
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer) (Note 2)*	A, B
Mr. Feng Xin *(Vice President) (Note 3)*	N/A
Non-executive Directors	
Mr. Wei Xianzhong	A, B
Ms. Yue Yuan	A, B
Independent Non-executive Directors	
Mr. Wan Kam To	A, B
Ms. Wong Chui Ping Cassie *(Note 4)*	A, B
Mr. Wan Sai Cheong, Joseph *(Note 5)*	N/A
Mr. Wang Peng	A, B

Note 1: A. corporate governance
B. regulatory

Note 2: Mr. Li Dalong has been appointed as an executive Director, the president (general manager) and chief executive officer of the Company since 21 July 2020.

Note 3: Mr. Feng Xin has retired as an executive Director with effect from 21 July 2020.

Note 4: Ms. Wong Chui Ping Cassie has been appointed as an independent non-executive Director since 21 July 2020.

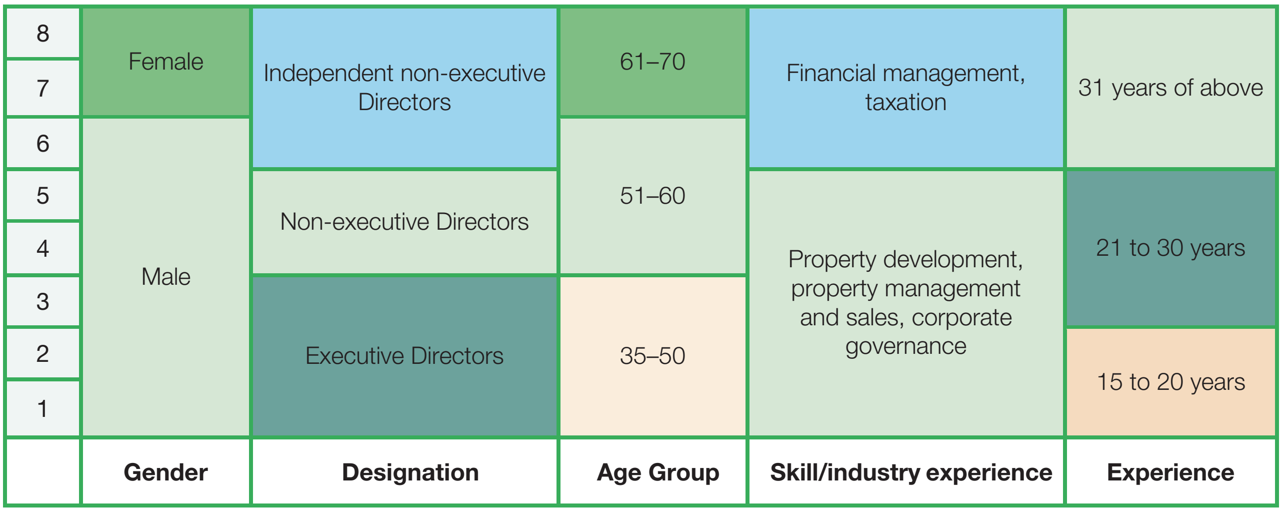
Note 5: Mr. Wan Sai Cheong, Joseph has retired as an independent non-executive Director with effect from 21 July 2020.

Board Diversity

In order to achieve a diversity of perspectives among members of the Board, the Company has formulated a policy to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include but are not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

An analysis of the current Board composition is set out in the following chart:

Number of Directors



The Board is highly diversified in terms of position, age, professional experience, skills and knowledge. The Nomination Committee reviews and monitors the implementation of the Board diversity policy from time to time to ensure its effectiveness. The Board will set measurable objectives for achieving Board diversity as appropriate.

Dividend Policy

The Company has adopted its dividend policy, pursuant to which the Company expects to pay a final dividend equivalent to 25% of the profit after tax each year. The payment and amounts of dividends (including final dividend and special dividend, if any) depend on the Company's results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by the Company, future prospects and other factors which the Board considers relevant.

Nomination Policy

According to the Nomination Policy of the Company, the Nomination Committee will consider the following major factors when nominating suitable candidates to the Board for it to consider and make recommendations to Shareholders for election as directors at general meetings.

— gender, age, race, language, cultural and educational background, industry experience and professional qualification;

— effect on the Board's composition and diversity;

— commitment of the candidate to devote sufficient time to effectively carry out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;

— potential/actual conflicts of interest that may arise if the candidate is selected;

— independence of the candidate; and

— in the case of a proposed re-appointment of an independent non-executive Director, the number of years he/she has already served.

Nomination Procedures

During the Year, after receiving a list of candidates, recommended by members of the Board, for the replacement and appointment of new Directors, the Nomination Committee requested the candidate to provide his biographical information and other information deemed necessary. The Nomination Committee reviewed and took reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite any candidate to meet with the Nomination Committee members to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee then submitted its nomination proposal to the Board for consideration and making recommendation to the Shareholders for approval.

Directors, Supervisors and Senior Management Liability Insurance

The Company has arranged appropriate insurance covering the potential legal actions against its Directors, Supervisors and Senior Management in connection with the discharge of their responsibilities.

Board Committees

The Company has established four Board Committees, namely, the Remuneration and Appraisal Committee, the Nomination Committee, the Audit Committee and the Risk Management Committee. All Board Committees of the Company are established with specific written terms which deal clearly with their authority and duties. The terms of reference of each of the Board Committees are posted on the Company's website (www.agileliving.com.cn) and The Stock Exchange of Hong Kong Limited's (the "Hong Kong Stock Exchange") website (www.hkex.com.hk) and are available to the Shareholders upon request.

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

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of five members, namely Mr. Huang Fengchao (executive Director), Mr. Li Dalong (executive Director), Mr. Wan Kam To (independent non-executive Director), Ms. Wong Chui Ping Cassie (independent non-executive Director) and Mr. Wang Peng (independent non-executive Director). Mr. Wang Peng is the chairman of the Remuneration and Appraisal Committee.

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

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

During the Year, the Remuneration and Appraisal Committee held a meeting in March, the agenda of which was mainly (i) to confirm the remuneration of executive Directors, non-executive Directors and independent non-executive Directors for 2019; and (ii) to discuss and determine the recommendation on the remuneration adjustments of executive Directors, non-executive Directors and independent non-executive Directors for 2020.

Details of the remuneration of the Senior Management by band are set out in note 8(c) to the consolidated financial statements.

Nomination Committee

The Nomination Committee consists of five members, namely Mr. Huang Fengchao (executive Director), Mr. Li Dalong (executive Director), Mr. Wan Kam To (independent non-executive Director), Ms. Wong Chui Ping Cassie (independent non-executive Director) and Mr. Wang Peng (independent non-executive Director). Mr. Huang Fengchao is the chairman of the Nomination Committee.

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

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

During the Year, the Nomination Committee held a meeting in March, the agenda of which was mainly (i) to assess the independence of the independent non-executive Directors; (ii) to consider and review the structure, number of members and composition of the Board; and (iii) to make recommendations to the Board on the proposed candidate for Director.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wan Kam To, Ms. Wong Chui Ping Cassie and Mr. Wang Peng. Mr. Wan Kam To is the chairman of the Audit Committee.

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

During the Year, the Audit Committee held 2 meetings in March and August respectively, the agenda of which is set out below:

— reviewing annual results of 2019 and annual report of 2019, interim results of 2020 and interim report of 2020;

— reviewing audit and review reports of the auditors, recommendation reports of internal control and management;

— discussing and reviewing internal control management reports, audit monitoring plans and audit timetables of the internal audit centre;

— reviewing the continuing connected transactions;

— considering the re-appointment of external auditor of the Company;

— reviewing the resources of accounting and financial reporting functions of the Group;

— reviewing the effectiveness of the Company's internal audit function; and

— reviewing staff malpractices monitoring reports.

The Audit Committee meets with the external auditor, at least once annually, in the absence of management, to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. The Audit Committee and the Board have no disagreement in relation to the recommendation of the re-appointment of PricewaterhouseCoopers as the external auditor.

External Auditor

At the 2019 annual general meeting of the Company, the Shareholders approved the re-appointment of PricewaterhouseCoopers as the auditor of the Group. For the year ended 31 December 2020, remuneration paid and payable to PricewaterhouseCoopers in relation to audit and non-audit services is detailed as below:

	2020 **RMB**	2019 RMB
Fee for audit services (including Hong Kong Standard on Review Engagements 2410 review on interim results)	**6,455,000**	3,325,000
Fee for non-audit services:		
— Provision of audit and review services for the proposed acquired companies	**2,014,000**	2,791,000
— Permitted service fees relating to corporate governance and others	**—**	198,000
	8,469,000	6,314,000

Risk Management Committee

The Risk Management Committee consists of four members, namely Mr. Chan Cheuk Hung (executive Director), Mr. Huang Fengchao (executive Director), Mr. Li Dalong (executive Director) and Mr. Wan Kam To (independent non-executive Director). Mr. Huang Fengchao is the chairman of the Risk Management Committee.

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

During the Year, the Risk Management Committee held 2 meetings in March and August respectively, the agenda of which is set out below:

— discussing and reviewing internal control management reports, monitoring plans and timetables of the internal audit centre; and

— reviewing the changes of nature and extent of major risks and the response measures.

Corporate Governance Functions

The Audit Committee is delegated by the Board to perform the functions set out in the code provision D.3.1 of the CG Code contained in Appendix 14 of the Listing Rules. The terms of reference of the Audit Committee include (1) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (2) to review and monitor the training and continuous professional development of directors and senior management of the Company; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and (5) to review the Company's compliance with the code and disclosure in the Corporate Governance Report of the Company.

Risk Management and Internal Control

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

Responsibilities of the Board and the Management

The Board recognises its responsibilities to evaluate and determine the nature and level of risks to be exposed of for achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains applicable and effective risk management and internal control systems, and to oversee the management in design, implementation and monitoring of the risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

Risk Management

The design, implementation and maintenance of the risk management system

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

   — Authorizing the Risk Management Committee and define its duties: the Risk Management Committee's duties regarding risk management and its authorisation have been recognised in the "Terms of Reference of the Risk Management Committee";

   — Determining the organisation of the Risk Management Committee: providing the composition and quorum, requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and

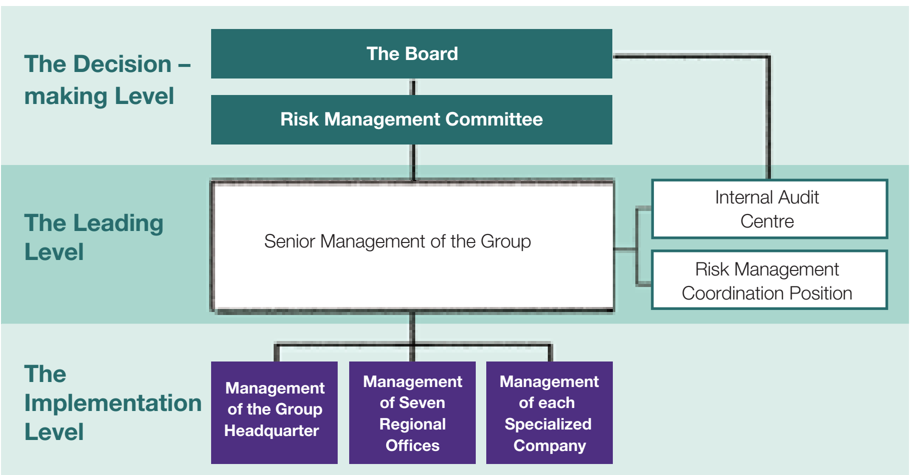
   — Determining the procedure of reporting to the Board: stipulating the time of reporting to the Board by the Risk Management Committee, including the minutes mechanism.

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

— Clear levels and responsibilities: the levels of risk management organisation included the Risk Management Committee at the decision-making level, with the composition of leading level and implementation level and carrying out the division of the duties of risk management. It has confirmed the direct management obligation and the risk information reporting procedure and frequency;

— The wide span of level: the structure of risk management organisation is from the senior management of the Group to its managements of seven regional offices and specialized company; and

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



(Figure 1: risk management organisation chart of the Company)

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

The roles in the risk management structure		Major responsibilities
The Board (decision-making level)	—	To evaluate and determine the nature and extent of the risks that the Group willing to take in achieving the strategic objectives
	—	To ensure that the effective risk management and internal control systems are established and maintained
	—	To oversee management in the design, implementation and monitoring of the risk management and internal control systems
The Risk Management Committee (decision-making level)	—	To review and formulate the framework of risk management
	—	To review and assess the effectiveness of the framework of the risk management of the Group on a regular basis
	—	To coordinate and assist the Group's senior management in promoting risk management works
	—	To oversee each business segment for setting up and implementing risk response programme and measures
	—	To report any material risk management matters and recommend solutions to the Board
	—	To monitor the frequency of major control failures or weak points, resulting in the extent of unforeseen consequences or emergencies which have caused, may have caused or will cause material impact on the financial performance or condition of the Company
The senior management of the Group (leading organisation)	—	To carry out risk assessment from the Group's holistic perspective and each business segment, in order to formulate risk management measures
	—	To design, implement and monitor the risk management and internal control systems
	—	To confirm the effectiveness of risk management and internal control systems to the Board
The Group headquarter and the management of its subsidiaries (implementation organisation)	—	To formulate and implement the relevant risk response programme of their business segment
	—	To promote and implement specific risk management measures
	—	To monitor and control different risks of their business and adjust risk management measures in time

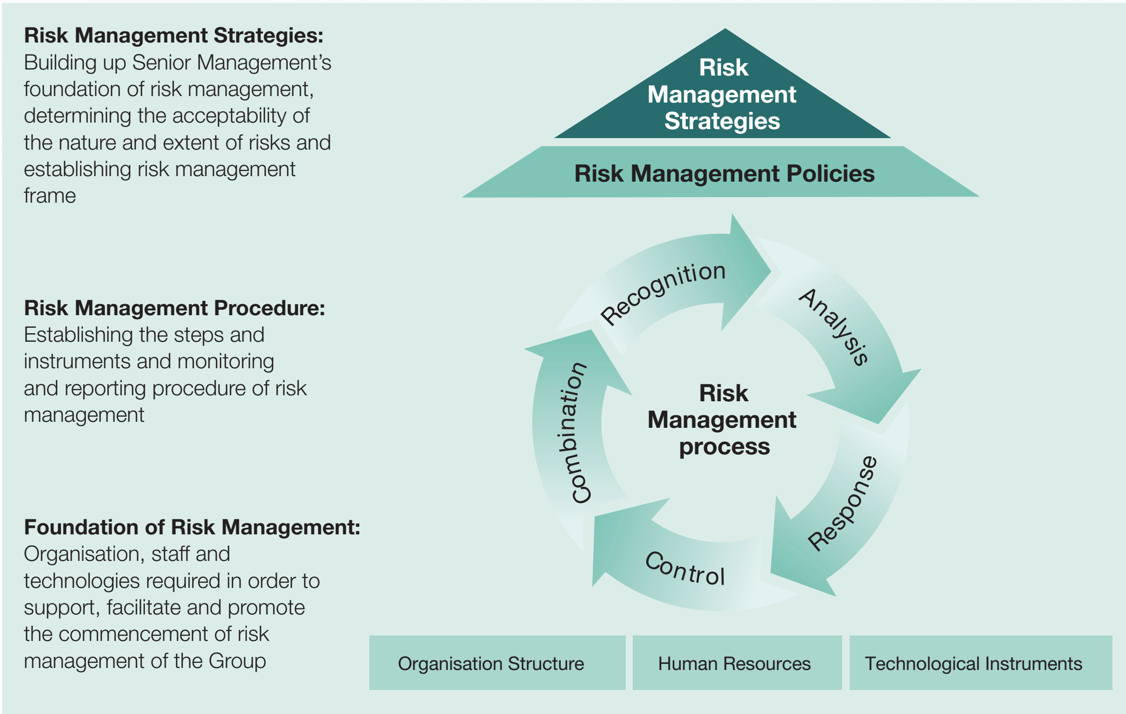
The roles in the risk management structure	Major responsibilities
The Internal Audit Centre	— To coordinate the commencement of risk recognition and assessment — To prepare periodic risk assessment report and propose the summary of the report to the risk management leading team — To organise and coordinate risk management training and guidance — To act as the risk management monitoring organisation and be responsible for overseeing and evaluating risk management works implemented by the Group and its subsidiaries
The risk management coordination position	— The Office of the Secretary of the Board acts as the role of risk management coordination, including organising Risk Management Committee meetings and preparing minutes for record

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

— Comprehensive framework of risk management: the model of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the model of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;

— Clear risk management procedure: the risk management procedure includes recognition, analysis, response, monitor and control, and summarizing and reporting, which form a closed loop to control and manage the risks continuously; and

— Appropriate standard of risk assessment for the Group: according to the industry nature and operation features, strategic objectives of the Group as well as the risk preference of management, set up the applicable dimension and standard of risk assessment to each business segment. By using mutually agreed assessment method and standard, carry out assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which is actually fitted with corporation.



(Figure 2: The model of risk management)

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

The commencement of risk assessment for the Group in 2020

Based on risk management system of the Group as mentioned above, the Senior Management, with the assistance from external advisory bodies, sustained its intensive risk management works in 2020.

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

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

The Internal Control

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

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

In order to standardise information management works, the Board has formulated an information management system (the "System"). The System includes procedures and internal controls for the handling and dissemination of inside information. The System provides, including but not limited to, the procedures of the obligation and execution of the management and publication of inside information, confidentiality arrangement, collection and evaluation of information and the manner of publication to ensure timely reporting of inside information to the Board and communication with the Group's stakeholders.

During the Year, the internal audit functions have been carried out under the leadership of the Board and the Audit Committee. The Audit Committee reviewed the effectiveness of internal control system of the Group in respect of finance, operation, compliance and business matters and reported the results to the Board. Should any material fault or any material weakness in monitoring is found, the internal audit centre will report the same to the Audit Committee in timely manner.

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

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

The Board has continuously overseen the management in the design, implementation and monitoring of the risk management and internal control systems, and conducted a comprehensive review of the risk management and internal control systems of the Company during the Year and continuously oversaw major risks and regularly review the implementation of management and control measures covering the period of 2020 and considered that the systems are effective and sufficient.

The Review of Accounting, Financial Reporting and Internal Audit Functions

The Audit Committee reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions.

Directors' Responsibility in Respect of the Consolidated Financial Statements

The Directors have acknowledged their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2020.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the section headed "Independent Auditor's Report" on pages 111 to 117 of this annual report.

Company Secretary

Ms. Lai Kuen acts as a company secretary of the Company.

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

Shareholders' Rights

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

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

Convening an extraordinary general meeting

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

Putting forward proposals at general meetings

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

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

Putting forward enquiries to the Board

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

Address: Tricor Investor Services Limited
Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

Communication with Shareholders and Investor Relations

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

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 and a code for securities transactions by Supervisors as its own codes of conduct governing Directors' and Supervisors' dealings in the Company's securities (the "Securities Dealing Codes") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and Supervisors and they have confirmed that they had complied with the Securities Dealing Codes during the year ended 31 December 2020.

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 year ended 31 December 2020.

Constitutional Documents

The Articles of Association were approved for amendment by the Shareholders at the following general meetings of the Company:

(i) extraordinary general meeting held on 7 January 2020;

(ii) overseas listed foreign shareholders' class meeting, domestic shareholders' class meeting and unlisted foreign shareholders' class meeting held on 17 March 2020; and

(iii) extraordinary general meeting held on 16 September 2020;

The changes were mainly to reflect:

1. the expansion of business scope;

2. the requirements on the notice period of the general meeting under the Company Law of the People's Republic of China;

3. the relevant provisions on shares repurchase under the Company Law of the People's Republic of China; and

4. the change of name of the Company.

The Articles of Association is available on the Company's website and the Hong Kong Stock Exchange's website.

Environmental, Social and Governance (ESG) Performance

As the evaluation of a company by the stakeholders has been extended to the comprehensive consideration of various factors including environmental benefits, social benefits and economic benefits, the business risks faced by enterprises have diversified by the change in social cognition. The Group continued to improve the level of ESG management, authorized the Risk Management Committee to coordinate the assessment and control of ESG risks, and endeavoured to create stable and long-term value for the stakeholders.

Sustainable development with green operation

The Group strictly abided by the national and local laws and regulations on environmental protection, and formulated and implemented the management system for pollutant emission reduction and energy efficiency improvement with reference to the relevant standards on environmental management system. The Group continued to optimize the organizational structure and reporting mechanism for environmental management with several projects acquiring ISO14001:2015 certification, and continued to promote the construction of standardized environmental management system in various regions.

The Group advocated green living with the philosophy of green operation, and protected the ecological diversity of the community by improving greening maintenance and waste classification management, with an aim to build a green community together with the stakeholders. The regional offices set control objectives on resource and energy consumption based on the project's operation model, monitored the real-time water and electricity consumption of each project via the EBA system (equipment remote monitoring and control system), and timely analyzed and warned the abnormal consumption to help achieve the control objectives. During the reporting period, approximately 85% of the projects satisfied the control objectives on annual energy consumption.

Operating in a compliant manner by improving governance

The Group strives to safeguard the interests of the Shareholders by maintaining high standards of corporate governance. The Risk Management Committee is set up under the Board to coordinate and supervise the formulation and implementation of ESG management objectives, thereby pursuing sustainable development with balanced economic, social and environmental benefits. At the same time, the Group abides by business ethics standards and regulatory requirements, strictly implements internal control and risk management procedures to ensure the compliance of the Company's operation and efficient information disclosure to the public.

During the Year, the Group created an atmosphere of compliance in the workplace and moral integrity through the annual anti-corruption oath made by all senior management, annual seminar of China's Enterprise Anti-Fraud Alliance sponsored by the Group, anti-corruption information declaration, training and education activities and other measures, so as to promote the healthy and sustainable development of the Group.

Further expanding business in the cities by enhancing service

The Group focused on the improvement of service quality, actively led the industry and industrial trend, provided high-quality service with ingenuity, built delicate life with sincerity, and comprehensively developed into a smart community and city service platform.

In 2020, the Group strategically changed its company name to "A-Living Smart City Services Co., Ltd.", and established the City Services segment, its fifth major business segment, which strategically transformed itself into a "smart city services provider". During the Year, the Group quickly obtained a number of national-level qualifications and business licenses, making breakthroughs in the fields of city ecological and environmental protection and city services. The strategic investment in ZHS Beautiful Urban and Rural Areas Sanitation Group Co., Ltd.* (中航美麗城鄉環衛集團有限公司) further implemented its business layout of city services. The Group also joined forces with various leading companies to cooperate in big data cloud services, city management, living services and other fields to build a new benchmark in smart city services.

Adhering to the concept of "quality first", A-Living constantly explored innovative service models and improved service standards to provide customers with standardized, specialized and customized services. During the Year, the Group comprehensively improved the professional level of service personnel through exchanges, seminars and training. In addition, the Group actively organized cultural activities, sports fitness activities, holiday care activities and other activities in the community to nurture the sense of belonging and happiness of property owners, enhance relationships among neighbours, thereby creating a harmonious community culture.

Creating a harmonious community with shared value

The Group always advocates and practices the tenet of "putting people first, caring for employees". During the Year, the Group improved the training system of A-Living Institute by providing specialized training programmes for employees in line with business features and matching their ability needs, while empowering the acquired companies through the cultivation programme of internal trainers with internal premium resources. The Group provided employees with multiple communication mechanisms including meeting of employee representatives. The score of employee engagement survey in 2020 reached 83%, significantly higher than that in previous years.

The Group is committed to achieving a harmonious development with acquired companies based on the principle of "mutual respect, seeking common grounds while putting aside difference and inclusive symbiosis". The Group continued to improve the post-acquisition appraisal and incentive mechanism, formulated standardized work processes, conducted in-depth integration and consolidation of brand and market resources and followed with market expansion, so as to ensure the long-term and sustainable development of acquired companies.

A-Living attaches great importance to supply chain management, regulates supplier introduction procedures, strictly prevents corruption, discipline the integrity of both parties in the procurement process, maintains a benign supplier cooperation relationship, and strives to achieve win-win results. The Group also verifies the qualifications of suppliers in respect of environmental and quality management, occupational health and other aspects, to ensure that the materials, products and services provided by the suppliers meet the national environmental protection and health standards.

Caring for the society by fulfilling responsibilities

In 2020, in light of the outbreak of COVID-19 epidemic worldwide, the Group immediately initiated an emergency plan and established a three-level prevention and control mechanism, implementing all kinds of scientific and epidemic prevention measures in an effort to properly safeguard the health and safety of property owners. The Group took the lead in compiling the TCPMI 004 - "Operation Guidelines for the Prevention and Control of COVID-19 in the Residential Property Management Area" issued by China Property Management Institute, the very first guideline in the industry for epidemic prevention and control which provides important reference for setting standards on epidemic prevention and control in the industry. Against the backdrop of the occasional recurrence of COVID-19 cases, the Group continued to improve its service quality, normalized the epidemic prevention and control work and established a solid defence line by adopting group-wide prevention measures. In addition, to lessen the inconvenience in the daily life of property owners, the Group provided services such as fresh grocery delivery and other delivery services. Due to the outstanding contribution to the epidemic prevention, the Group won the "2020 Special Contribution Award of Property Management Industry in Guangdong", with the satisfaction rate of property owners to the epidemic prevention and control reaching 93.5%.

The Group has always been caring for the vulnerable groups, readily providing them with material and spiritual consolation through activities such as thanksgiving activities and free medical consultations in an effort to convey social goodwill.

As a listed company in Hong Kong, the Group, in strict compliance with the information disclosure requirements of the Hong Kong Stock Exchange, will publish a separate ESG Report in accordance with the "Environmental, Social and Governance Reporting Guide" in Appendix 27 to the Listing Rules in due course to fully demonstrate the Group's performance in ESG management in 2020.

Community epidemic prevention
and disinfection

Integrated command center

Market expansion pioneer
training camp

Annual anti-corruption oath

The board (the "Board") of directors (the "Directors") of A-Living Smart City Services Co., Ltd. (the "Company", together with its subsidiaries, the "Group") is pleased to present the annual report of the Company together with the audited consolidated financial statements for the year ended 31 December 2020 (the "Year").

Principal Place of Business

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

Principal Activities

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

Results and Overall Performance

The Group's results for the year ended 31 December 2020 are set out on pages 6 to 7 of this annual report.

Business Review

The business review of the Group during the Year and a discussion of the Group's future business development and the major risks and uncertainties of the Group are set out in the section headed "Chairman's Statement" on pages 11 to 19 of this annual report and the section headed "Management Discussion and Analysis" on pages 20 to 35 of this annual report, respectively. An analysis of the Group's performance during 2020 based on the financial key performance indicators is set out on pages 223 to 224 of this annual report under the section headed "Five-Year Financial Summary".

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

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2020 and the state of the Group's affairs as at 31 December 2020 are set out in the consolidated financial statements on pages 118 to 222 of this annual report.

Environmental Protection and Compliance with Laws and Regulations

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

Relationship with Stakeholders

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

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

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

Annual dividend

The Board proposed the distribution of a final dividend of RMB0.33 per share (before tax) and a special dividend of RMB0.19 per share (before tax) for the year ended 31 December 2020 (collectively the "Annual Dividend"), the dividend payout ratio will be equivalent to 39.5%, and the amount of which will be subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 25 May 2021 ("2020 AGM"). Annual Dividend payable to the shareholders of Domestic Shares will be paid in Renminbi, whereas Annual Dividend payable to the shareholders of the H Shares will be declared in Renminbi and paid in Hong Kong dollars (except for the holders of H Shares who became Shareholders through the Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets and the Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets ("Shenzhen-Hong Kong Stock Connect"), whose Annual Dividend will be paid in Renminbi), the exchange rate of which will be calculated based on the average exchange rate of RMB against Hong Kong dollars published by The People's Bank of China five business days prior to the 2020 AGM. Subject to the approval of the 2020 AGM, the Annual Dividend will be paid on or about Friday, 2 July 2021.

According to the Enterprise Income Tax Law of the People's Republic of China（《中華人民共和國企業所得稅法》）which came into effect on 1 January 2008, and amended on 24 February 2017 and 29 December 2018, the Provision for Implementation of Enterprise Income Tax Law of the People's Republic of China《(中華人民共和國企業所得稅法實施條例》) which took effect on 1 January 2008, and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897)（《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》（國稅函[2008] 897號）, which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders.

Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the Annual Dividend as enterprise income tax, distribute the Annual Dividend to non-resident enterprise shareholders whose names appear on the H Shares register of members of the Company, i.e. any shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or shareholders of H Shares registered in the name of other organizations and groups. After receiving dividends, the non-resident enterprise shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

In accordance with requirement of the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994] 020號)) which was promulgated by the Ministry of Finance and the State Administration of Taxation and came into effect on 13 May 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises. Therefore, as a foreign-invested enterprise, the Company will not withhold PRC individual income tax on behalf of overseas individual shareholders whose names appear on the H Shares register of members of the Company when the Company distributes the dividends.

Annual Dividend for Investors of Southbound Trading

For investors (including enterprises and individuals) investing in the H Shares listed on the Hong Kong Stock Exchange through Shanghai Stock Exchange and Shenzhen Stock Exchange (collectively the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading with China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited or the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the investors for Southbound Trading, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of Southbound Trading through its depository and clearing system. The cash dividends of the investors of Southbound Trading will be distributed in Renminbi.

According to the provisions of the Notice on the Relevant Tax Policies Concerning the Pilot Program of an Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014] 81號)) and the Notice on the Relevant Tax Policies Concerning the Pilot Program of an Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016] 127號)), the income tax implications on dividends and bonuses received by Mainland individual investors, Mainland securities investment funds and Mainland enterprise investors are as follows:

(i) for Mainland individual investors, H share companies shall withhold the individual income tax for these investors at the tax rate of 20% on dividends and bonuses received by them from investing in H Shares listed on the Hong Kong Stock Exchange via Southbound Trading;

(ii) for dividends and bonuses received by Mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange via Southbound Trading, the individual income tax shall be levied in accordance with the above provisions; and

(iii) for dividends and bonuses received by Mainland enterprise investors from investing in shares listed on the Hong Kong Stock Exchange via Southbound Trading, the income tax on the Mainland enterprises shall not be withheld by the H share companies. The tax payable shall be declared and paid by the enterprises.

For dividends and bonuses received by the Mainland resident enterprises after holding the H shares for 12 months continuously, the enterprise income tax will be exempted according to laws.

The record date and the date of distribution of cash dividends and other time arrangements for the investors of Southbound Trading will be the same as those for the shareholders of H Shares.

Closure of Register of Members for the 2020 AGM

The 2020 AGM will be held on Tuesday, 25 May 2021 and for the purpose of determining the Shareholders' eligibility to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Saturday, 24 April 2021 to Tuesday, 25 May 2021, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the 2020 AGM, shareholders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 23 April 2021.

Closure of Register of Members for the Entitlement of Annual Dividend

Upon obtaining approval of the Shareholders at the forthcoming 2020 AGM, the Annual Dividend will be payable to Shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 3 June 2021. For the purpose of determining the entitlement of shareholders of H Shares to the Annual Dividend, the H Share register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021, both days inclusive, during which period no transfer of H Shares will be registered. In order for shareholders of H Shares to qualify for the proposed Annual Dividend, all properly completed share transfer forms together with the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 28 May 2021.

Share Capital

Details of the movements in the share capital of the Company for the year ended 31 December 2020 and as at 31 December 2020 is set out in note 23 to the consolidated financial statements.

Reserves and Distribution Reserve

Details of the movements in the reserves of the Company and of the Group for the year ended 31 December 2020 are set out in note 35(a) and note 24 to the consolidated financial statements and pages 122 to 123 of this annual report under the section headed "Consolidated Statement of Changes in Equity".

As of 31 December 2020, the Company's aggregate amount of reserve available for distribution to equity shareholders was approximately RMB1,254.6 million.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2020 are set out in note 15(a) to the consolidated financial statements.

Intangible Assets

Details of the movements in intangible assets of the Group for the year ended 31 December 2020 are set out in note 16 to the consolidated financial statements.

Borrowings

As at 31 December 2020, the Group had short-term borrowings of RMB224.5 million with a term of less than one year and borrowings of RMB9.2 million with a term of more than one year. The short-term borrowings mainly include asset-backed securities ("ABS") amounted to RMB206.0 million. The ABS was repayable in ten biannual instalments from 3 January 2017 to 3 July 2021 bearing fixed interest rate of 5.4%.

Charitable Donations

The Group did not make any charitable donations for the year ended 31 December 2020.

Retirement Benefit Scheme

There are no provisions under the retirement benefit scheme of the Group whereby forfeited contributions may be used to reduce future contributions. Details of retirement benefit scheme of the Group are set out in note 8 to the consolidated financial statements.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 223 to 224 of this annual report.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-Emptive Rights

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

Directors and Supervisors

The Directors and the supervisors of the Company (the "Supervisors") during 2020 and up to the date of this annual report are:

Directors

Executive Directors

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

Mr. Huang Fengchao *(Co-chairman) (resigned as President (General Manager) and Chief Executive Officer with effect from 21 July 2020)*

Mr. Li Dalong *(President (General Manager) and Chief Executive Officer) (appointed on 21 July 2020)*

Mr. Feng Xin *(Vice President) (retired with effect from 21 July 2020)*

Non-executive Directors

Mr. Wei Xianzhong

Ms. Yue Yuan

Independent non-executive Directors

Mr. Wan Kam To

Ms. Wong Chui Ping Cassie *(appointed on 21 July 2020)*

Mr. Wan Sai Cheong, Joseph *(retired with effect from 21 July 2020)*

Mr. Wang Peng

Supervisors

Mr. Liu Jianrong *(President of the Supervisory Committee, Employee representative Supervisor) (appointed on 21 July 2020)*

Ms. Chen Liru *(President of the Supervisory Committee, Employee representative Supervisor) (retired with effect from 21 July 2020)*

Ms. Huang Zhixia *(Employee representative Supervisor)*

Mr. Shi Zhengyu *(Shareholder representative Supervisor)*

Mr. Wang Gonghu *(External Supervisor) (appointed on 21 July 2020)*

Mr. Li Jianhui *(External Supervisor) (retired with effect from 21 July 2020)*

Mr. Wang Shao *(External Supervisor)*

Independence Confirmation

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

Directors' and Supervisors' Service Contracts

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

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

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

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

Other than those transactions disclosed in note 36 to the consolidated financial statements, no Director or Supervisor had a material beneficial interest in, either directly or indirectly, any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

Directors' and Supervisors' Interest in Competing Business

During the Year, none of the Directors, the Supervisors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

Management Contracts

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

Permitted Indemnity Provision

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

Compliance with the Deed of Non-Competition

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

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

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

For details of the above Deed of Non-Competition, please refer to the section headed “Relationship with Our Controlling Shareholders” in the prospectus of the Company dated 29 January 2018.

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

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

Biographical Details of Directors, Supervisors and Senior Management

Biographical details of the Directors, the Supervisors and Senior Management are set out in the sections headed "Biographies of Directors", "Biographies of Supervisors" and "Biographies of Senior Management", respectively, of this annual report.

Changes in Information of Directors, Supervisors and Chief Executives of the Company

Pursuant to Rule 13.51B of the Listing Rules, there have been no changes in information of Directors, Supervisors and chief executives of the Company subsequent to the date of the 2020 interim report.

Equity Linked Agreement

No equity linked agreements were entered into by the Company during 2020.

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 31 December 2020, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), 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 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 Report in this annual report (the "Securities Dealing Codes"), were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Class of Shares	Number of Shares[(1)]	Approximate Percentage of the Company's Issued Share Capital
Mr. Chan Cheuk Hung[(2)]	Beneficiary of a trust	H Shares	721,256,750 (L)	54.09%
Mr. Huang Fengchao[(3)]	Interest of a controlled corporation	H Shares	80,000,000 (L)	6.00%
Mr. Li Dalong[(4)]	Interest of a controlled corporation	H Shares	80,000,000 (L)	6.00%
	Spouse	H Shares	200,000 (L)	0.01%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) Mr. Chan Cheuk Hung is the beneficiary of a family trust ("Chen's Family Trust", which is deemed to be interested in 721,256,750 H 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.

(3) Mr. Huang Fengchao is a general partner of and owns 99.8% interest in Shanghai Bingya Business Consultancy Limited Partnership* 上海秉雅商務諮詢合夥企業（有限合夥）("Shanghai Bingya") which is a limited partner of and owns 50% interest in Shanghai Yongya Business Consultancy Limited Partnership* 上海詠雅商務諮詢合夥企業（有限合夥）("Shanghai Yongya"). Mr. Huang is also a general partner of and owns 99.8% interest in Shanghai Baoya Business Consultancy Limited Partnership* 上海葆雅商務諮詢合夥企業（有限合夥）("Shanghai Baoya") which is a general partner of and owns 50% interest in Shanghai Yongya. Shanghai Yongya is a limited partner of and owns 45% interest in 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") which owns 80,000,000 H shares of the Company. Mr. Huang is a limited partner of and owns 4.99% interest in Gongqingcheng Investment. Hence, Mr. Huang Fengchao is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Investment.

(4) Mr. Li Dalong is a general partner of and owns 50% interest in Shanghai Yanya Business Consultancy Limited Partnership* 上海焰雅商務諮詢合夥企業（有限合夥）("Shanghai Yanya") which is a limited partner of and owns 50% interest in Shanghai Yeya Business Consultancy Limited Partnership* 上海燁雅商務諮詢合夥企業（有限合夥）("Shanghai Yeya"). Mr. Li is also a general partner of and owns 50% interest in Shanghai Chengya Business Consultancy Limited Partnership* 上海澄雅商務諮詢合夥企業（有限合夥）("Shanghai Chengya") which is a general partner of and owns 50% interest in Shanghai Yeya. Shanghai Yeya is a limited partner of and owns 45% interest in Gongqingcheng Investment which owns 80,000,000 H shares of the Company. Mr. Li is a limited partner of and owns 2.5% interest in Gongqingcheng Investment. Hence, Mr. Li Dalong is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Investment. By virtue of the SFO, Mr. Li Dalong is deemed to be interested in the shares of the Company held by his spouse, Ms. Fei Fan.

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

(I) Shares

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.

(II) Debentures

Name of Director	Name of Associated Corporation	Type	Personal Interests	Approximate Percentage of the Debentures
Ms. Wong Chui Ping Cassie	Agile Group Holdings Limited	6.7% senior notes in an aggregate principal amount of US$500 million due by 2022	US$200,000	0.04%

Save as disclosed above, as of 31 December 2020, 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 31 December 2020, 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 Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Nature of Interest	Classes of Shares	Number of Shares[1]	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	H shares	712,800,000(L)	53.46%
Deluxe Star International Limited[2]	Interest of a controlled corporation	H shares	712,800,000(L)	53.46%
	Beneficial owner	H shares	7,200,000(L)	0.54%
Makel International (BVI) Limited[3]	Interest of a controlled corporation	H shares	720,000,000(L)	54.00%
Genesis Global Development (BVI) Limited[4]	Interest of a controlled corporation	H shares	720,000,000(L)	54.00%
Eastern Supreme Group Holdings Limited[5]	Interest of a controlled corporation	H shares	720,000,000(L)	54.00%
Agile Group Holdings Limited[6]	Interest of a controlled corporation	H shares	720,000,000(L)	54.00%
Full Choice Investments Limited[7]	Trustee of a trust	H shares	720,000,000(L)	54.00%
Top Coast Investment Limited[8]	Interest of a controlled corporation	H shares	720,000,000(L)	54.00%
Mr. Chen Zhuo Lin[9]	Beneficiary of a trust	H shares	720,000,000(L)	54.00%
Mr. Chan Cheuk Yin[9]	Beneficiary of a trust	H shares	720,000,000(L)	54.00%
Ms. Luk Sin Fong, Fion[9]	Beneficiary of a trust	H shares	720,000,000(L)	54.00%
Mr. Chan Cheuk Hei[9]	Beneficiary of a trust	H shares	720,000,000(L)	54.00%
Mr. Chan Cheuk Nam[9]	Beneficiary of a trust	H shares	720,000,000(L)	54.00%
Ms. Zheng Huiqiong[10]	Spouse	H shares	720,000,000(L)	54.00%
Ms. Lu Liqing[11]	Spouse	H shares	720,000,000(L)	54.00%
Ms. Lu Yanping[12]	Spouse	H shares	720,000,000(L)	54.00%
Ms. Chan Siu Na[13]	Spouse	H shares	720,000,000(L)	54.00%

* for identification purpose only

Name of Shareholder	Nature of Interest	Classes of Shares	Number of Shares[1]	Approximate Percentage of the Company's Issued Share Capital
Shenzhen Lvjin Enterprise Management Co., Ltd.* (深圳綠璡企業管理有限公司) (formerly known as Ningbo Lvjin Investment Management Co., Ltd.* (寧波綠璡投資管理有限公司))	Beneficial owner	H shares	100,000,000(L)	7.50%
Greenland Financial Holdings Group Co., Ltd.* (綠地金融投資控股集團有限公司) [14]	Interest of a controlled corporation	H shares	100,000,000(L)	7.50%
Greenland Holding Group* (綠地控股集團有限公司)[15]	Interest of a controlled corporation	H shares	100,000,000(L)	7.50%
Greenland Holdings Group Company Limited* (綠地控股集團股份有限公司) ("Greenland Holdings")[16]	Interest of a controlled corporation	H shares	100,000,000(L)	7.50%
Gongqingcheng Investment	Beneficial owner	H shares	80,000,000(L)	6.00%
Gongqingcheng Yagao Investment Management Co., Ltd.* (共青城雅高投資管理有限公司)[17]	Interest of a controlled corporation	H shares	80,000,000(L)	6.00%
Pan Zhiyong[18]	Interest of a controlled corporation	H shares	80,000,000(L)	6.00%
Shanghai Yongya[19]	Interest of a controlled corporation	H shares	80,000,000(L)	6.00%
Shanghai Bingya[20]	Interest of a controlled corporation	H shares	80,000,000(L)	6.00%
Shanghai Baoya[21]	Interest of a controlled corporation	H shares	80,000,000(L)	6.00%
Shanghai Yeya[22]	Interest of a controlled corporation	H shares	80,000,000(L)	6.00%
Shanghai Yanya[23]	Interest of a controlled corporation	H shares	80,000,000(L)	6.00%
Shanghai Chengya[24]	Interest of a controlled corporation	H shares	80,000,000(L)	6.00%
Feng Xin[25]	Interest of a controlled corporation	H shares	80,000,000(L)	6.00%

* for identification purpose only

Notes:

(1) The letters "L" denotes the person's/corporation's long position in the shares.

(2) Zhongshan A-Living Enterprises Management Services Co., Ltd.* is wholly-owned by Deluxe Star International Limited and Deluxe Star International Limited is deemed under the SFO to be interested in the shares of the Company held by Zhongshan A-Living Enterprises Management Services Co., Ltd.*

(3) Deluxe Star International Limited is wholly-owned by Makel International (BVI) Limited and Makel International (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Deluxe Star International Limited.

(4) Makel International (BVI) Limited is wholly-owned by Genesis Global Development (BVI) Limited and Genesis Global Development (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Makel International (BVI) Limited.

(5) Genesis Global Development (BVI) Limited is wholly-owned by Eastern Supreme Group Holdings Limited and Eastern Supreme Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Genesis Global Development (BVI) Limited.

(6) Eastern Supreme Group Holdings Limited is wholly-owned by Agile Group Holdings Limited and Agile Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Eastern Supreme Group Holdings Limited.

(7) Full Choice Investments Limited is the trustee of Chen's Family Trust, therefore, Full Choice Investments Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.

(8) Top Coast Investment Limited is the settlor of Chen's Family Trust, therefore, Top Coast Investment Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.

(9) Each of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam is the beneficiary of Chen's Family Trust, therefore, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam are deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust. In addition, by virtue of the SFO, Ms. Luk Sin Fong, Fion is deemed to be interested in the shares of the Company held by her spouse, Mr. Chen Zhuo Lin.

(10) By virtue of the SFO, Ms. Zheng Huiqiong is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Yin.

(11) By virtue of the SFO, Ms. Lu Liqing is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hung.

(12) By virtue of the SFO, Ms. Lu Yanping is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hei.

(13) By virtue of the SFO, Ms. Chan Siu Na is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Nam.

(14) Shenzhen Lvjin Enterprise Management Co., Ltd.* is 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 Shenzhen Lvjin Enterprise Management Co., Ltd.*.

(15) Greenland Financial Holdings Group Co., Ltd. is wholly-owned by Greenland Holding Group* and Greenland Holding Group* is deemed to be interested in the shares of the Company held by Greenland Financial Holdings Group Co., Ltd.

(16) Greenland Holding Group* is wholly-owned by Greenland Holdings, and Greenland Holdings is deemed under the SFO to be interested in the shares of the Company held by Greenland Holding Group*.

(17) Gongqingcheng Yagao Investment Management Co., Ltd.* is a general partner of and has full control over Gongqingcheng Investment. Gongqingcheng Yagao Investment Management Co., Ltd.* is deemed to be interested in the shares of the Company held by Gongqingcheng Investment.

(18) Gongqingcheng Yagao Investment Management Co., Ltd.* is wholly-owned by Mr. Pan Zhiyong, and Mr. Pan Zhiyong is a senior management member of Agile Holdings. Mr. Pan Zhiyong is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Yagao Investment Management Co., Ltd.*.

(19) Shanghai Yongya is a limited partner of and owns 45% interest in Gongqingcheng Investment. Shanghai Yongya is deemed to be interested in the shares of the Company held by Gongqingcheng Investment.

(20) Shanghai Bingya is a limited partner of and owns 50% interest in Shanghai Yongya. Shanghai Bingya is deemed to be interested in the shares of the Company held by Gongqingcheng Investment.

(21) Shanghai Baoya is a general partner of and owns 50% interest in Shanghai Yongya. Shanghai Baoya is deemed to be interested in the shares of the Company held by Gongqingcheng Investment.

(22) Shanghai Yeya is a limited partner of and owns 45% interest in Gongqingcheng Investment. Shanghai Yeya is deemed to be interested in the shares of the Company held by Gongqingcheng Investment.

(23) Shanghai Yanya is a limited partner of and owns 50% interest in Shanghai Yeya. Shanghai Yanya is deemed to be interested in the shares of the Company held by Gongqingcheng Investment.

(24) Shanghai Chengya is a general partner of and owns 50% interest in Shanghai Yeya. Shanghai Chengya is deemed to be interested in the shares of the Company held by Gongqingcheng Investment.

(25) Mr. Feng Xin is a limited partner of and owns 50% interest in Shanghai Yanya and Shanghai Chengya. Hence, Mr. Feng Xin is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Investment.

Save as disclosed above, as of 31 December 2020, 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.

Major Customers and Suppliers

For the year ended 31 December 2020, the aggregate sales and purchases attributable to the Group's five largest customers and suppliers were approximately 25.0% of the Group's total revenue and approximately 9.2% of the Group's total purchase during the Year respectively.

As at 31 December 2020, each of Agile Holdings and Greenland Holdings, holding approximately 54% and 7.5% of the issued share capital of the Company respectively, is one of the Group's five largest customers.

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

Employee and Remuneration Policies

As at 31 December 2020, the Group had 55,888 employees, representing an increase of 94.3% as compared with 28,771 employees as at 31 December 2019. Total staff costs amounted to RMB4,064.1 million, representing an increase of 88.1% as compared with that of RMB2,160.7 million in 2019. The increase in 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; and (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.

Controlling Shareholders' Interests in Contracts of Significance

Save as disclosed in the paragraph headed "Continuing Connected Transactions" below, there was no contract of significance (whether for the provision of services to the Company or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and a controlling Shareholder of any of its subsidiaries is the other party during the Year or subsisted as at 31 December 2020.

Related Party Transactions

A summary of all related party transactions, in accordance with the Hong Kong Financial Reporting Standards, entered into by the Group during the year ended 31 December 2020 is contained in note 34 to the consolidated financial statements. The transactions reported under "Rental expenses" of note 34 fell under the definition of "continuing connected transactions" under Chapter 14A of the Listing Rules and are subject to the reporting, annual review, and announcement requirements but are exempt from the independent shareholders' approval requirement, while the transactions reported under "Provision of services" of note 34, except for the transactions entered into between the Group, Guangzhou Lihe Property Management Co., Ltd.* (廣州利合物業管理有限公司), Kaifeng Guokong Songdu Property Co., Ltd.* (開封國控宋都置業有限公司), Zhongshan Yingxuan Property Development Co., Ltd.* (中山市盈軒房地產開發有限公司), Guangzhou Lihe Real Estate Development Co., Ltd.* (廣州利合房地產開發有限公司), Nanjing Qiya Real Estate Co., Ltd.* (南京奇雅置業有限公司) and Holiday Inn Resort Hainan Clearwater Bay of Zhonghe Hotel Management (Guangzhou) Co., Ltd.* (中和酒店管理(廣州)有限公司海南清水灣假日度假酒店) fell under the definition of "continuing connected transactions" as disclosed in the section headed "Continuing Connected Transactions" below. Other related party transactions did not constitute "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules.

Save for the continuing connected transactions disclosed below, during the Year, there were no other transactions which, in the opinion of the Directors, constituted connected transactions or continuing connected transactions that were subject to the reporting requirements under the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions or continuing connected transactions entered into by the Group during the year ended 31 December 2020.

Continuing Connected Transactions

For the year ended 31 December 2020, the Group entered into the following continuing connected transactions, as defined in the Listing Rules, with connected persons of the Company.

1. Lease agreements

(a) Property lease framework agreement with Agile Holdings

(i) 2018 Agile Property Lease Framework Agreement

On 23 January 2018, the Company entered into a property lease framework agreement with Agile Holdings (the "2018 Agile Property Lease Framework Agreement"), pursuant to which the Company may lease from Agile Holdings and its subsidiaries and associates excluding the Group ("Agile Group") office, clubhouse, employees dormitory and parking lot premises. The 2018 Agile Property Lease Framework Agreement has a term commencing from 9 February 2018 (the "Listing Date") until 31 December 2020.

The maximum annual fee payable by the Company under the 2018 Agile Property Lease Framework Agreement for each of the three years ended 31 December 2020 shall not exceed RMB5,185,000, RMB5,444,000 and RMB5,980,000, respectively. For the year ended 31 December 2020, the annual fee paid by the Company to Agile Holdings under the 2018 Agile Property Lease Framework Agreement was approximately RMB2,094,000, which is within the annual cap of RMB5,980,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2018 Agile Property Lease Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) 2021 Agile Property Lease Framework Agreement

On 23 September 2020, the Company renewed the transactions contemplated under the 2018 Agile Property Lease Framework Agreement by entering into a property lease framework agreement (the "2021 Agile Property Lease Framework Agreement") with Agile Holdings, pursuant to which the Company may lease from Agile Group office, clubhouse, employees dormitory and parking lot premises. Pursuant to the 2021 Agile Property Lease Framework Agreement, the annual caps for the transactions contemplated under the 2021 Agile Property Lease Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB8,230,000, RMB8,830,000 and RMB9,310,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Agile Property Lease Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(b) Lease agreements with Zhongshan Changjiang Golf Course and Mr. Chan Cheuk Yin

The Company has entered into the following lease agreements (the "Chen Family Lease Agreements") with Zhongshan Changjiang Golf Course and Mr. Chan Cheuk Yin.

Date of Chen Family Lease Agreements	Landlord	Tenant	Premises	Term	Annual rental	Area of the property	Use of the property
(1) 23 January 2018	Zhongshan Changjiang Golf Course (中山長江高爾夫球場)	Kaiyin new town branch office of the Company	Building 2, Staff Village, Kaiyin New Town, Changjiang Management District, East of Zhongshan City, Guangdong province, PRC	From the Listing Date to 31 December 2020	2018: RMB2,689,156 2019: RMB2,823,614 2020: RMB2,823,614	6,114 sq.m.	Employees dormitory
(2) 23 January 2018	Mr. Chan Cheuk Yin	the Company	Level 1 to 6, Service Building, Agile Garden, Sanxiang Town, Zhongshan, Guangdong province, PRC	From the Listing Date to 31 December 2020	2018: RMB445,464 2019: RMB467,737 2020: RMB467,737	1,713.1 sq.m.	Office

For the year ended 31 December 2020, the rental fee paid by the Company to Zhongshan Changjiang Golf Course and Mr. Chan Cheuk Yin under the Chen Family Lease Agreements was RMB2,087,000 and RMB441,000 respectively.

Zhongshan Changjiang Golf Course is a wholly-owned subsidiary of Honest Champion Holdings Limited (誠昌控股有限公司), which is owned by 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, each a Controlling Shareholder and therefore, Zhongshan Changjiang Golf Course and Mr. Chan Cheuk Yin are connected persons of the Company under the Listing Rules. Accordingly, the transactions under the Chen Family Lease Agreements constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Turnkey Furnishing Services Framework Agreement

(i) 2018 Turnkey Furnishing Services Framework Agreement

On 27 April 2018, the Company entered into a turnkey furnishing services framework agreement (the "2018 Turnkey Furnishing Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide turnkey furnishing services and relevant design, construction, management and after-sales services for properties developed by Agile Group (collectively, the "Provision of Furnishing Services").

Pursuant to the 2018 Turnkey Furnishing Services Framework Agreement, the annual caps for the Provision of Furnishing Services for each of the financial years ended 31 December 2018, 2019 and 2020 is expected not to exceed RMB30,000,000, RMB50,000,000 and RMB60,000,000, respectively. For the year ended 31 December 2020, the annual fee paid by Agile Holdings to the Company under 2018 Turnkey Furnishing Services Framework Agreement was approximately RMB33,536,000, which is within the annual cap of RMB60,000,000.

Agile Holdings is the Controlling Shareholder and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2018 Turnkey Furnishing Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) 2021 Turnkey Furnishing Services Framework Agreement

On 23 September 2020, the Company renewed the transactions contemplated under the 2018 Turnkey Furnishing Services Framework Agreement by entering into a turnkey furnishing services framework agreement (the "2021 Turnkey Furnishing Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide turnkey furnishing consultancy services and relevant design, supervision, acceptance and ancillary consultancy services for properties developed by Agile Group. Pursuant to the 2021 Turnkey Furnishing Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Turnkey Furnishing Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB68,000,000, RMB82,000,000 and RMB99,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Turnkey Furnishing Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Framework Referral Agreement

(i) 2020 Framework Referral Agreement

On 28 April 2020, the Company entered into a framework referral agreement (the "2020 Framework Referral Agreement") with Agile Holdings, pursuant to which the Group will provide marketing referral services in respect of the sales of residential properties and car parking spaces by Agile Group in their development projects to be provided by the Group to Agile Group including but not limited to (i) marketing activities through the utilization of the community resources and other sales channel of the Group; (ii) customers' information collection; and (iii) customers' referrals (collectively, the "Provision of Marketing Referral Services").

Pursuant to the 2020 Framework Referral Agreement, the annual cap for the Provision of Marketing Referral Services for the period commencing from the date of the 2020 Framework Referral Agreement and ended on 31 December 2020 is expected not to exceed RMB249,000,000. For the period from the date of the 2020 Framework Referral Agreement to 31 December 2020, the annual fee paid by Agile Holdings to the Company under 2020 Framework Referral Agreement was approximately RMB179,553,000, which is within the annual cap of RMB249,000,000.

Agile Holdings is the Controlling Shareholder and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2020 Framework Referral Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) 2021 Framework Referral Agreement

On 23 September 2020, the Company renewed the transactions contemplated under the 2020 Framework Referral Agreement by entering into a framework referral agreement (the "2021 Framework Referral Agreement") with Agile Holdings, pursuant to which the Group will provide marketing referral services in respect of the sales of residential properties and car parking spaces by Agile Group in their development projects to be provided by the Group to Agile Group including but not limited to (i) marketing activities through the utilisation of the community resources and other sales channel of the Group; (ii) customers' information collection; and (iii) customers' referrals. Pursuant to the 2021 Framework Referral Agreement, the annual caps for the transactions contemplated under the 2021 Framework Referral Agreement for the three years ending 31 December 2023 are expected not to exceed RMB550,000,000, RMB735,000,000 and RMB985,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Framework Referral Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the 2021 Framework Referral Agreement were approved by the independent Shareholders by way of ordinary resolution at the Company's extraordinary general meeting held on 9 November 2020.

4. Property Management Services Framework Agreements

(a) the Group and Agile Group

(i) 2018 Agile Property Management Services Framework Agreement

On 23 January 2018, the Group entered into a property management services framework agreement (the "2018 Agile Property Management Services Framework Agreement") with Agile Holdings, pursuant to which the Group agreed to provide to Agile Group property management services, including but not limited to (i) the on-site security, cleaning, greening and gardening, repair and maintenance services as well as customer services to the property sales center of Agile Holdings at the pre-delivery stage; and (ii) the operations and management services for the unsold property units (the "Agile Property Management Services"), for a term commencing from the Listing Date until 31 December 2020.

On 23 September 2020, the Group entered into a supplemental agreement with Agile Holdings (the "Supplemental Agreement") to revise the existing annual cap for the year ended 31 December 2020 from RMB597,000,000 to RMB797,000,000 (the "Revised Annual Cap").

The transactions contemplated under the Supplemental Agreement and the Revised Annual Cap were approved by the independent Shareholders by way of ordinary resolution at the Company's extraordinary general meeting held on 9 November 2020.

For the year ended 31 December 2020, the annual fee paid by Agile Holdings to the Group under the 2018 Agile Property Management Services Framework Agreement was approximately RMB791,011,000, which is within the Revised Annual Cap of RMB797,000,000.

Agile Holdings is the Controlling Shareholder and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2018 Agile Property Management Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) 2021 Agile Property Management Services Framework Agreement

On 23 September 2020, the Company renewed the transactions contemplated under the 2018 Agile Property Management Services Framework Agreement (as supplemented) by entering into a property management services framework agreement (the "2021 Agile Property Management Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group property management services, including but not limited to (i) onsite security, cleaning, greening and gardening, repair and maintenance services as well as customer services to the property sales centers of Agile Group at the pre-delivery stage; (ii) operations and management services for the unsold property units; (iii) disinfection and hygiene services; (iv) property management services for the diversified businesses of Agile Holdings, including but not limited to environmental protection, urban renewal and real estate construction management; and (v) properties owned by Agile Group requiring the above services. Pursuant to the 2021 Agile Property Management Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Agile Property Management Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB1,030,000,000, RMB1,300,000,000 and RMB1,530,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Agile Property Management Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the 2021 Agile Property Management Services Framework Agreement were approved by the independent Shareholders by way of ordinary resolution at the Company's extraordinary general meeting held on 9 November 2020.

(b) the Group and Greenland Holdings

On 23 January 2018, the Company entered into a property management services framework agreement (the "Greenland Property Management Services Framework Agreement") with Greenland Holdings, pursuant to which the Group agreed to provide to Greenland Holdings and its subsidiaries (the "Greenland Group") property management services, including but not limited to (i) the on-site security, cleaning and other related services as well as customer services to the property sales center of Greenland Group at the pre-delivery stage; and (ii) the operations and management services for the unsold property units (the "Greenland Property Management Services"), for a term commencing from the Listing Date until 31 December 2020.

As disclosed in the announcement of the Company dated 14 January 2020, Greenland Holdings has ceased to be a substantial shareholder of the Company and a connected person of the Company under the Listing Rules. Therefore, the transactions under the Greenland Property Management Services Framework Agreement no longer constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

5. Agile Property Agency Services Framework Agreement

(i) 2018 Agile Property Agency Services Framework Agreement

On 23 January 2018, A-TRO Properties Consultancy Co., Ltd.* (雅卓房地產顧問有限公司) ("A-TRO Properties") (formerly known as Guangzhou Yazhuo Real Estate Sales Co., Ltd.* (廣州市雅卓房地產營銷有限公司)) entered into a property agency services framework agreement (the "2018 Agile Property Agency Services Framework Agreement") with Agile Holdings, pursuant to which A-TRO Properties agreed to provide property agency services, including but not limited to, providing marketing and sales services for properties developed by Agile Group (the "Property Agency Services"), for a term commencing from the Listing Date until 31 December 2020.

On 17 August 2018, A-TRO Properties entered into a supplemental agreement with Agile Holdings (the "Supplemental Agreement") pursuant to which the parties agreed to revise the annual caps (the "Revised Annual Caps") for the provision of the Property Agency Services for the three years ending 31 December 2018, 31 December 2019 and 31 December 2020 as follows:

Year ending 31 December	Revised Annual Caps for the provision of the Property Agency Services pursuant to the Supplemental Agreement RMB
2018	633,000,000
2019	835,000,000
2020	1,010,000,000

The transactions contemplated under the Supplemental Agreement and the Revised Annual Caps were approved by the independent Shareholders by way of ordinary resolution at the Company's extraordinary general meeting held on 5 November 2018.

For the year ended 31 December 2020, the annual fee paid by Agile Holdings to the Group under the 2018 Agile Property Agency Services Framework Agreement was approximately RMB968,581,000, which is within the Revised Annual Cap of RMB1,010,000,000.

Agile Holdings is the Controlling Shareholder and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2018 Agile Property Agency Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) 2021 Agile Property Agency Services Framework Agreement

On 23 September 2020, the Company renewed the transactions contemplated under the 2018 Agile Property Agency Services Framework Agreement by entering into a property agency services framework agreement (the "2021 Agile Property Agency Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group property agency services, including but not limited to, providing marketing and sales services for properties developed by Agile Group. Pursuant to the 2021 Agile Property Agency Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Agile Property Agency Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB1,400,000,000, RMB1,800,000,000 and RMB2,350,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Agile Property Agency Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the 2021 Agile Property Agency Services Framework Agreement were approved by the independent Shareholders by way of ordinary resolution at the Company's extraordinary general meeting held on 9 November 2020.

6. Pre-delivery Inspection Services Framework Agreement

(i) 2018 Pre-delivery Inspection Services Framework Agreement

On 23 January 2018, Guangzhou Yaxin Engineering Consulting Co., Ltd.* (廣州市雅信工程諮詢有限公司) ("Guangzhou Yaxin") entered into a pre-delivery inspection services framework agreement (the "2018 Pre-delivery Inspection Services Framework Agreement") with Agile Holdings, pursuant to which Guangzhou Yaxin agreed to provide pre-delivery inspection services, including but not limited to conducting house inspection on properties developed by Agile Group upon completion of construction and before delivery of the same to homeowners ("Pre-delivery Inspection Services"), for a term commencing from the Listing Date until 31 December 2020.

On 15 August 2019, Guangzhou Yaxin entered into a supplemental agreement with Agile Holdings (the "Supplemental Agreement") pursuant to which the parties agreed to revise the annual caps (the "Revised Annual Caps") for the provision of the Pre-delivery Inspection Services for the two years ending 31 December 2019 and 31 December 2020 as follows:

Year ending 31 December	Revised Annual Caps for the provision of the Pre-delivery Inspection Services pursuant to the Supplemental Agreement RMB
2019	115,000,000
2020	140,000,000

For the year ended 31 December 2020, the annual fee paid by Agile Group to Guangzhou Yaxin under the 2018 Pre-delivery Inspection Services Framework Agreement was approximately RMB118,118,000, which is within the Revised Annual cap of RMB140,000,000.

Agile Holdings is the Controlling Shareholder and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2018 Pre-delivery Inspection Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) 2021 Pre-delivery Inspection Services Framework Agreement

On 23 September 2020, the Company renewed the transactions contemplated under the 2018 Pre-delivery Inspection Services Framework Agreement by entering into a pre-delivery inspection services framework agreement (the "2021 Pre-delivery Inspection Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group pre-delivery inspection services, including but not limited to conducting house inspection on properties developed by Agile Group upon completion of construction and before delivery of the same to homeowners. Pursuant to the 2021 Pre-delivery Inspection Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Pre-delivery Inspection Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB160,000,000, RMB190,000,000 and RMB230,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Pre-delivery Inspection Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. Advertising and Public Relations Services Framework Agreement

(i) 2018 Advertising and Public Relations Services Framework Agreement

On 23 January 2018, Guangzhou Yatao Advertising Co., Ltd.* (廣州市雅韜廣告有限公司) ("Guangzhou Yatao") entered into an advertising services framework agreement (the "2018 Advertising and Public Relations Services Framework Agreement") with Agile Holdings, pursuant to which Guangzhou Yatao agreed to provide services such as advertisement design and public relations (the "Advertising and PR Services") to Agile Group, for a term commencing from the Listing Date until 31 December 2020.

On 15 August 2019, Guangzhou Yatao entered into a supplemental agreement with Agile Holdings (the "Supplemental Agreement") pursuant to which the parties agreed to revise the annual caps (the "Revised Annual Caps") for the provision of the Advertising and PR Services for the two years ending 31 December 2019 and 31 December 2020 as follows:

Year ending 31 December	Revised Annual Caps for the provision of the Advertising and PR Services pursuant to the Supplemental Agreement RMB
2019	40,000,000
2020	114,600,000

For the year ended 31 December 2020, the annual fee paid by Agile Group to Guangzhou Yatao under the 2018 Advertising and Public Relations Services Framework Agreement was approximately RMB73,813,000, which is within the Revised Annual cap of RMB114,600,000.

Agile Holdings is the Controlling Shareholder and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2018 Advertising and Public Relations Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) 2021 Advertising and Public Relations Services Framework Agreement

On 23 September 2020, the Company renewed the transactions contemplated under the 2018 Advertising and Public Relations Services Framework Agreement by entering into an advertising services framework agreement (the "2021 Advertising and Public Relations Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group services such as advertisement design, media agent and public relations. Pursuant to the 2021 Advertising and Public Relations Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Advertising and Public Relations Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB120,000,000, RMB160,000,000 and RMB200,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Advertising and Public Relations Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

8. Technology Services Framework Agreement

(i) 2018 Technology Services Framework Agreement

On 27 April 2018, the Company entered into a technology services framework agreement (the "2018 Technology Services Framework Agreement") with Agile Holdings, pursuant to which the Company and/or its subsidiaries will provide technology products and relevant services to Agile Holdings and/or its subsidiaries, including but not limited to (i) intelligent products (智能產品); (ii) access control products (門禁產品); (iii) software; (iv) residential accessory products (家居配套產品); (v) software development; (vi) information system integration services; (vii) software platform technology services; and (viii) relevant consultation services (collectively, the "Provision of Technology Services").

Pursuant to the 2018 Technology Services Framework Agreement, the annual caps for the Provision of Technology Services for each of the financial years ended 31 December 2018, 2019 and 2020 are expected not to exceed RMB101,000,000, RMB132,000,000 and RMB182,000,000, respectively. For the year ended 31 December 2020, the annual fee paid by Agile Holdings to the Company under 2018 Technology Services Framework Agreement was approximately RMB95,045,000, which is within the annual cap of RMB182,000,000.

Agile Holdings is the Controlling Shareholder and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2018 Technology Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) 2021 Technology Services Framework Agreement

On 23 September 2020, the Company renewed the transactions contemplated under the 2018 Technology Services Framework Agreement by entering into a technology services framework agreement (the "2021 Technology Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide technology products and relevant services to Agile Holdings and/or its subsidiaries, including but not limited to (i) intelligent products; (ii) software products; (iii) intelligent home and sale of residential accessory products; (iv) software development; (v) information system integration services; (vi) intelligent design; (vii) intelligent engineering services; (viii) software platform technology services; and (ix) relevant consultancy services. Pursuant to the 2021 Technology Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Technology Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB210,000,000, RMB230,000,000 and RMB250,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Technology Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

9. Consultation Services Framework Agreement

(i) 2018 Consultation Services Framework Agreement

On 27 April 2018, the Company entered into a consultation services framework agreement (the "2018 Consultation Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide consultation services in relation to property management to the property projects of Agile Group at their preparation stage, design stage, assessment of construction design stage, construction stage and delivery stage (項目準備階段、規劃設計階段、施工圖會審階段、施工建設階段及交付使用階段), including but not limited to (i) formulation of property management services plan in accordance with the construction of the project and the target customers; (ii) provision of consultation on the master plan of the project and relevant design in relation to accessory facilities; (iii) inspection of construction progress and quality; and (iv) monitoring of repair and rectification service (返修整改服務) (collectively, the "Provision of Consultation Services").

Pursuant to the 2018 Consultation Services Framework Agreement, the annual caps for the Provision of Consultation Services for each of the financial years ended 31 December 2018, 2019 and 2020 are expected not to exceed RMB173,000,000, RMB216,000,000 and RMB237,000,000, respectively. For the year ended 31 December 2020, the annual fee paid by Agile Holdings to the Company under 2018 Consultation Services Framework Agreement was approximately RMB176,844,000, which is within the annual cap of RMB237,000,000.

Agile Holdings is the Controlling Shareholder and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2018 Consultation Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) 2021 Consultation Services Framework Agreement

On 23 September 2020, the Company renewed the transactions contemplated under the 2018 Consultation Services Framework Agreement by entering into a consultation services framework agreement (the "2021 Consultation Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide consultation services in relation to property management to the property projects of Agile Group at their preparation stage, design stage, assessment of construction design stage, construction stage and delivery stage, including but not limited to (i) formulation of property management services plan in accordance with the construction of the project and the target customers; (ii) provision of consultation on the master plan of the project and relevant design in relation to accessory facilities; (iii) inspection of construction progress and quality; (iv) related preparations for preliminary project planning, sourcing of materials and project execution in the property development projects of the Agile Group; and (v) monitoring of repair and rectification service. Pursuant to the 2021 Consultation Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Consultation Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB237,000,000, RMB240,000,000 and RMB250,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Consultation Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

10. Consultation and Pre-delivery Inspection Services Framework Agreement

On 27 April 2018, the Company entered into a consultation and pre-delivery inspection services framework agreement (the "Consultation and Pre-delivery Inspection Services Framework Agreement") with Greenland Holdings, pursuant to which the Group will provide:

(a) consultation services in relation to property management to the property projects of Greenland Group at their preparation stage, design stage, assessment of construction design stage, construction stage and delivery stage (項目準備階段、規劃設計階段、施工圖會審階段、施工建設階段及交付使用階段), including but not limited to (i) formulation of property management services plan in accordance with the construction of the project and the target customers; (ii) provision of consultation on the master plan of the project and relevant design in relation to accessory facilities; (iii) inspection of construction progress and quality; and (iv) monitoring of repair and rectification service (返修整改服務); and

(b) pre-delivery inspection services, including but not limited to (i) house safety assessment; (ii) decoration quality assessment; (iii) construction site quality assessment; (iv) unit inspection services; (v) construction technology consultation services; (vi) construction project management services; and (vii) construction supervision services (collectively the "Provision of Consultation and Pre-delivery Inspection Services").

As disclosed in the announcement of the Company dated 14 January 2020, Greenland Holdings has ceased to be a substantial shareholder of the Company and a connected person of the Company under the Listing Rules. Therefore, the transactions under the Consultation and Pre-delivery Inspection Services Framework Agreement no longer constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

11. Greenland Property Agency Services Framework Agreement

On 27 April 2018, the Company entered into a property agency services framework agreement (the "Greenland Property Agency Services Framework Agreement") with Greenland Holdings, pursuant to which the Group will provide property agency services, including but not limited to, providing marketing and sales services for properties developed by Greenland Group (collectively, the "Provision of Agency Services"). Under such arrangement, Greenland Group will cease to conduct direct marketing and sales services for properties developed by it and will engage the Company and/or other independent service providers to provide such services.

As disclosed in the announcement of the Company dated 14 January 2020, Greenland Holdings has ceased to be a substantial shareholder of the Company and a connected person of the Company under the Listing Rules. Therefore, the transactions under the Greenland Property Agency Services Framework Agreement no longer constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Confirmation of Independent Non-Executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the relevant framework agreements on terms that are fair and reasonable and in the interests of Shareholders as a whole.

Confirmation of the Auditors

The Company's auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2020 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Events after the Reporting Period

Important events which have occurred after 31 December 2020 are disclosed in note 37 to the consolidated financial statements.

Litigation

During the year ended 31 December 2020, the Company was not involved in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, for the year ended 31 December 2020 and as of the date of this annual report, the Company had maintained sufficient public float as required under the Listing Rules.

Corporate Governance

The Company had adopted the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules and complied with the applicable code provisions throughout the Year except for the deviation as specified under the paragraph of “Co-chairman and Chief Executive Officer” in the Corporate Governance Report of this annual report.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who shall retire at the 2020 AGM. A resolution will be proposed at the 2020 AGM to re-appoint PricewaterhouseCoopers, Certified Public Accountants, as auditor of the Company.

Audit Committee

The audit committee of the Company had discussed with the management, and reviewed, the audited consolidated financial statements of the Group for the year ended 31 December 2020 as set out in this annual report.

Tax Relief and Exemption of Holders of Listed Securities

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company’s securities.

Sustainable Development

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

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

On behalf of the Board

A-Living Smart City Services Co., Ltd.
Chan Cheuk Hung/Huang Fengchao
Co-chairman of the Board

Hong Kong, 22 March 2021

I. Composition of the Supervisory Committee

As of 31 December 2020, the supervisory committee of the Company (the "Supervisory Committee") consisted of five members, of which there were two employee representative Supervisors, one shareholder representative Supervisor and two external Supervisors (collectively, the "Supervisors"). The terms of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of his/her term in accordance with the requirements of the articles of association of the Company (the "Articles of Association").

The composition of the Supervisory Committee is as follows:

Name	Position	Date of Appointment	Responsibilities
Mr. Liu Jianrong	President of the Supervisory Committee, employee representative Supervisor	21 July 2020	Presiding the work of the Supervisory Committee, responsible for supervising the board of directors (the "Board") and the senior management of the Company
Ms. Huang Zhixia	Employee representative Supervisor	21 July 2017	Responsible for supervising the Board and the senior management of the Company
Mr. Shi Zhengyu	Shareholder representative Supervisor	21 July 2017	Responsible for supervising the Board and the senior management of the Company
Mr.Wang Gonghu	External Supervisor	21 July 2020	Responsible for supervising the Board and the senior management of the Company
Mr. Wang Shao	External Supervisor	21 August 2017	Responsible for supervising the Board and the senior management of the Company

II. Major Works of the Supervisory Committee in 2020

In 2020, being accountable to all shareholders of the Company (the "Shareholders"), the members of the Supervisory Committee of the Company strengthened the coordination and cooperation between the Board and the senior management and seriously performed the duties of supervision, for purposes of better playing a supervisory role of the Supervisory Committee, promoting the standardized operation and healthy development of the Company, and safeguarding the rights and interests of the Company and the Shareholders.

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

In 2020, the Supervisory Committee held a total of 5 meetings of the Supervisory Committee.

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

Name	Number of supervisory meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Liu Jianrong (appointed on 21 July 2020)	3	3	0	0
Ms. Chen Liru (retired with effect from 21 July 2020)	2	2	0	0
Ms. Huang Zhixia	5	5	0	0
Mr. Shi Zhengyu	5	5	0	0
Mr. Wang Gonghu (appointed on 21 July 2020)	3	3	0	0
Mr. Li Jianhui (retired with effect from 21 July 2020)	2	2	0	0
Mr. Wang Shao	5	4	0	1

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

In 2020, the members of the Supervisory Committee reviewed the resolutions of the Board by attending board meetings, examined the daily operation and management of the Company and supervised the directors and senior management of the Company in their performance of duties.

(iii) Supervising the Continuing Connected Transactions of the Company with connected persons

In 2020, the members of the Supervisory Committee reviewed the continuing connected transactions of the Company by attending Supervisory Committee meetings. The members of the Supervisory Committee also attended the 2019 annual general meeting held on 15 May 2020.

(iv) Monitoring Company's Operation

In 2020, members of the Supervisory Committee participated in discussions of major operating decisions, reviewed proposals submitted to the Board for consideration and examined and monitored the operation of the Company through attending Board meetings and general meetings of the Shareholders held by the Company. The Supervisory Committee is of the opinion that the business activities of the Company complied with relevant laws and regulations and the Articles of Association. Meanwhile, the Directors and senior management of the Company have diligently performed their duties and earnestly implemented the resolutions of the general meetings of the shareholders to safeguard the interests of the Shareholders and the benefit of the Company. In the course of examining the operation of the Company and supervising the performance of duties of the Directors and senior management, the Supervisory Committee has not found any of their behaviors that contravened any applicable laws and regulations or the Articles of Association or any issues that has caused damage to the interests of the Shareholders and the Company.

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

The Supervisory Committee actively supported the Company's major work and paid close attention to the Company's major events and performed well in supervision and promotion duties.

III. Independent Opinions of Supervisory Committee

(i) Lawful Operation

In 2020, the Company's operations were in compliance with laws and regulations, and its decision-making procedures conformed to relevant laws, regulations and the Articles of Association. Directors and senior management of the Company duly performed their duties. The Supervisors Committee is not aware of any breach of laws, regulations and the Articles of Association or any actions which might be detrimental to the interests of the Company when Directors and senior management were performing their duties.

(ii) Annual Report

The preparation and review procedures of this annual report complies with laws and regulations and regulatory provisions. The contents of this annual report reflected the Company's actual situation truly, accurately and completely.

(iii) Performance Appraisal Results of Directors and Senior Management

In the view of the Supervisory Committee, Directors and senior management of the Company were in compliance with laws and carried out their duties responsibly and they performed their work in a practicable, diligent and due manner. The decision-making procedures were lawful.

(iv) Continuous Connected Transactions

In 2020, the continuous connected transactions of the Company were conducted based on business principles. There were no activities which impaired the interests of the Company in continuous connected transactions. The approval, voting, disclosure and implementation of continuous connected transactions complied with applicable laws and regulations and the Articles of Association.

IV. Major Initiatives for 2021

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

pwc 羅兵咸永道

To the Shareholders of A-Living Smart City Services Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of A-Living Smart City Services Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 118 to 222, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

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

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill
- Assessment of expected credit losses of trade receivables

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment assessment of goodwill Refer to notes 4(a) and 16 to the consolidated financial statements. As at 31 December 2020, the Group had goodwill of RMB2,181,967,000 primarily in relation to the Group's acquisition of several property management services groups (the "Acquirees"). Goodwill is tested for impairment annually, or when there are events or changes in circumstances indicate that it might be impaired. For the purpose of impairment assessment, goodwill of RMB2,181,967,000 was allocated to each group of cash-generated units. Management assessed the recoverable amount of major each group of cash-generated units with the assistance of an independent external valuer (the "External Valuer") and determined based on a value-in-use ("VIU") calculation using cash flow projections based on financial budgets approved by management. The key assumptions considered primarily include (i) compound annual growth rate of revenue, (ii) earnings before interest, tax, depreciation and amortisation ("EBITDA") margin, (iii) average trade receivables turnover days, (iv) long-term growth rate, and (v) pre-tax discount rate.	We have performed the following procedures to address this key audit matter: • Understood, evaluated and tested the internal control over the impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Evaluated the competency, capabilities and objectivity of the External Valuer; • Evaluated the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation specialists;

Key Audit Matters	How our audit addressed the Key Audit Matters
We focused on auditing the impairment of goodwill because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to the complexity of the impairment models and subjectivity of significant assumptions used.	• Challenged and assessed the reasonableness of the key assumptions adopted by management as below: (i) evaluated the historical estimation accuracy of the cash flow forecast by, for example, comparing the forecast used in the prior year to the actual performance of the business in the current year; (ii) assessed the pre-tax discount rate with reference to comparable listed companies based on our industry knowledge and independent research done by us; (iii) evaluated the reasonableness of the key assumptions used in the cash flow forecast, including compound annual growth rate of revenue, EBITDA margin and average trade receivables turnover days during the forecast period, we compared them with historical financial data and approved budgets; (iv) for the long-term growth rate, we assessed it with reference to the long-term expected inflation rate based on our independent research; • Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets; • Performed sensitivity analysis on the key assumptions adopted in the impairment assessment so as to assess the potential implication on the results of the impairment assessment if these key assumptions are to be changed within a reasonable range; • Assessed the adequacy of the disclosures related to impairment assessment of goodwill in the context of the applicable financial reporting framework; and

Key Audit Matters	How our audit addressed the Key Audit Matters
	• Considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias. Based on the above, we found that the significant management's judgements and the key assumptions adopted in the goodwill impairment assessment were supported by available evidence.
Assessment of the expected credit losses of trade receivables Refer to notes 4(c) and 19 to the consolidated financial statements. As at 31 December 2020, the gross amount of trade receivables amounted to RMB2,406,559,000, which represented approximately 17.2% of the total assets of the Group. Management has assessed the expected credit losses ("ECL") of trade receivables with loss allowance of RMB155,095,000 made against trade receivables as at 31 December 2020. For assessing the ECL of trade receivables, the Group applies the simplified approach permitted by HKFRS 9 to measure the lifetime ECL for trade receivables. To measure the ECL, trade receivables were grouped based on shared credit risk characteristics. Management assessed the ECL based on estimation about risk of default and expected loss rates, and judgment was used in making these assumptions and selecting the inputs to the impairment calculation, including the historical settlement records, credit ratings, financial positions of the customers and other factors that impacted their ability of repayment. Management also took into account of the current market conditions and forward-looking factors.	We have performed the following procedures to address this key audit matter: • Understood, evaluated and validated the key controls over management's assessment of expected credit losses of trade receivables including the review of ageing analysis, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity of models and subjectivity of significant assumptions and data used; • Assessed the appropriateness of the credit loss provisioning methodology adopted by management including the appropriateness of customer grouping based on our understanding on the Group's business process; • Challenged and assessed the reasonableness of management's estimation of ECL rate referencing to customers' credit information including settlement records, their financial positions and ability of repayment and collaborated management's explanations with publicly available information and supporting evidence; • Tested, on a sample basis, the accuracy of the ageing analysis of trade receivables prepared by management to supporting documents;

Key Audit Matters	How our audit addressed the Key Audit Matters
The assessment of ECL of trade receivables is considered a key audit matter given the significance of the trade receivables balance. In addition, the judgements and estimations in relation to assessment of ECL are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of ECL is considered relatively higher due to the complexity of models and subjectivity of significant assumptions and data used.	• Challenged and assessed the reasonableness of management's assessment on the forward-looking factors by reference to our industry knowledge and external macroeconomic data with the involvement of our internal valuation specialists; • Checked the mathematical accuracy of the calculation of the provision for loss allowance; and • Assessed the adequacy of the disclosures related to assessment of ECL of trade receivables in the context of the applicable financial reporting framework. Based on the above, we found that the key judgements and estimates made by management in relation to the assessment of ECL of trade receivables were supported by available evidences.

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2021

Consolidated Income Statement

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	6	**10,026,147**	5,127,293
Cost of sales	7	**(7,053,112)**	(3,244,433)
Gross profit		**2,973,035**	1,882,860
Selling and marketing expenses	7	**(77,139)**	(43,103)
Administrative expenses	7	**(548,295)**	(294,976)
Impairment losses on financial assets	3.1.2	**(97,406)**	(12,236)
Other income	9	**198,515**	131,126
Other gains – net	10	**17,136**	24,484
Operating profit		**2,465,846**	1,688,155
Finance costs	11	**(40,358)**	(16,348)
Share of post-tax profits of joint ventures and associates	12(b)	**62,261**	22,635
Profit before income tax		**2,487,749**	1,694,442
Income tax expenses	13	**(515,015)**	(402,854)
Profit for the year		**1,972,734**	1,291,588
Profit attributable to:			
– Shareholders of the Company		**1,754,411**	1,230,764
– Non-controlling interests		**218,323**	60,824
		1,972,734	1,291,588
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	14	**1.32**	0.92

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

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit for the year	**1,972,734**	1,291,588
Other comprehensive income		
Item that will not be reclassified to profit or loss		
– changes in fair value of financial assets at fair value through other comprehensive income, net of tax	**931**	–
Total comprehensive income for the year	**1,973,665**	1,291,588
Attributable to:		
– Shareholders of the Company	**1,754,970**	1,230,764
– Non-controlling interests	**218,695**	60,824
	1,973,665	1,291,588

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

Consolidated Balance Sheet

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
Assets			
Non-current assets			
Property, plant and equipment ("PPE")	15(a)	**254,971**	159,306
Right-of-use assets	15(b)	**35,119**	24,620
Other intangible assets	16	**961,241**	384,456
Goodwill	16	**2,181,967**	1,370,928
Deferred income tax assets	27	**50,304**	9,836
Investment accounted for using the equity method	12(b)	**1,105,391**	583,634
Prepayments	19	**253,722**	30,998
Financial assets at fair value through other comprehensive income ("FVOCI")	18	**29,122**	–
Financial assets at fair value through profit or loss ("FVPL")	21	**2,991**	170
		4,874,828	2,563,948
Current assets			
Trade and other receivables and prepayments	19	**3,405,566**	2,158,349
Inventories	20	**18,850**	12,364
Financial assets at fair value through profit or loss	21	**591,161**	440,211
Restricted cash	22(b)	**27,572**	5,383
Cash and cash equivalents	22	**5,056,976**	4,207,260
		9,100,125	6,823,567
Total assets		**13,974,953**	9,387,515
Equity			
Equity attributable to shareholders of the Company			
Share capital	23	**1,333,334**	1,333,334
Reserves	24	**3,402,511**	3,271,410
Retained earnings		**2,618,957**	1,586,100
		7,354,802	6,190,844
Non-controlling interests	12(c)	**1,302,598**	314,841
Total equity		**8,657,400**	6,505,685

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
Liabilities			
Non-current liabilities			
Other payables	26	**51,046**	18,524
Contract liabilities	6(a)	**75,271**	–
Borrowings	25	**9,197**	5,400
Lease liabilities	15(b)	**16,288**	13,344
Deferred income tax liabilities	27	**225,348**	83,974
Financial liabilities for put option written on non-controlling interests	28	**75,233**	70,436
		452,383	191,678
Current liabilities			
Trade and other payables	26	**3,370,856**	1,738,456
Borrowings	25	**224,539**	15,900
Contract liabilities	6(a)	**804,134**	614,005
Current income tax liabilities		**425,299**	309,600
Lease liabilities	15(b)	**20,800**	12,191
Financial liabilities for put option written on non-controlling interests	28	**19,542**	–
		4,865,170	2,690,152
Total liabilities		**5,317,553**	2,881,830
Total equity and liabilities		**13,974,953**	9,387,515

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

The consolidated financial statements on pages 118 to 222 were approved by the Board of Directors on 22 March 2021 and were signed on its behalf.

Chan Cheuk Hung
Director

Huang Fengchao
Director

Consolidated Statement of Changes in Equity

	Note	Attributable to shareholders of the Company					
		Share capital RMB'000 (Note 23)	Reserves RMB'000 (Note 24)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020		1,333,334	3,271,410	1,586,100	6,190,844	314,841	6,505,685
Comprehensive income							
Profit for the year		–	–	1,754,411	1,754,411	218,323	1,972,734
Other comprehensive income		–	559	–	559	372	931
Total comprehensive income		–	559	1,754,411	1,754,970	218,695	1,973,665
Transactions with shareholders of the Company							
Dividends to the shareholders		–	–	(600,000)	(600,000)	–	(600,000)
Dividends to the non-controlling interests (the "NCI")		–	–	–	–	(112,687)	(112,687)
Acquisition of subsidiaries	32	–	–	–	–	918,035	918,035
Disposal of subsidiaries	33	–	–	–	–	(41,905)	(41,905)
Other transactions with NCI		–	8,988	–	8,988	5,619	14,607
Appropriation of statutory reserves	24(a)	–	121,554	(121,554)	–	–	–
		–	130,542	(721,554)	(591,012)	769,062	178,050
Balance at 31 December 2020		1,333,334	3,402,511	2,618,957	7,354,802	1,302,598	8,657,400

	Note	Attributable to shareholders of the Company					
		Share capital RMB'000 (Note 23)	Reserves RMB'000 (Note 24)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2019		1,333,334	3,265,887	823,119	5,422,340	87,697	5,510,037
Comprehensive income							
Profit for the year		–	–	1,230,764	1,230,764	60,824	1,291,588
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	1,230,764	1,230,764	60,824	1,291,588
Transactions with shareholders of the Company							
Other equity transactions		–	(81)	–	(81)	369	288
Dividends to the shareholders		–	–	(400,000)	(400,000)	–	(400,000)
Dividends to the NCI		–	–	–	–	(90)	(90)
Put options granted during the acquisition of subsidiaries		–	(62,179)	–	(62,179)	–	(62,179)
Acquisition of subsidiaries		–	–	–	–	165,551	165,551
Capital contribution from the NCI		–	–	–	–	490	490
Appropriation of statutory reserves	24(a)	–	67,783	(67,783)	–	–	–
		–	5,523	(467,783)	(462,260)	166,320	(295,940)
Balance at 31 December 2019		1,333,334	3,271,410	1,586,100	6,190,844	314,841	6,505,685

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

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**3,110,226**	1,915,479
Income tax paid		**(489,745)**	(315,358)
Net cash generated from operating activities		**2,620,481**	1,600,121
Cash flows from investing activities			
Purchases of PPE	15(a)	**(54,178)**	(14,662)
Proceeds from disposal of PPE		**1,967**	3,205
Purchase of other intangible assets	16	**(8,811)**	(4,087)
Investments in joint ventures and associates		**(306,835)**	(573,625)
Disposal of an associate	12(b)	**300,000**	–
Payment of the acquisition deposit		**(313,298)**	(468,000)
Loans to related parties	34(e)	**(17,450)**	–
Repayments of loans from related parties	34(e)	**338,450**	–
Loans to third parties		**(900,370)**	–
Repayments of loans from third parties		**900,370**	–
Interest received		**24,309**	18,503
Acquisition of financial assets at fair value through profit or loss	3.3(b)	**(3,639,701)**	(2,120,971)
Proceeds from disposal of financial assets at fair value through profit or loss		**3,760,768**	1,696,034
Proceeds from disposal of financial assets at FVOCI	3.3(b)	**700**	–
Dividend received		**27,784**	6,596
Cash repayment from related parties		**–**	6,056
Cash advances to related parties		**(43,577)**	–
Cash outflow from acquisition of subsidiaries	32(a)	**(916,209)**	(319,639)
Cash outflow from disposal of subsidiaries	33	**(25,860)**	–
Increase in restricted bank deposits		**(22,189)**	(4,797)
Disposal of partial equity interests of a subsidiary without lost in control		**–**	290
Net cash used in investing activities		**(894,130)**	(1,775,097)
Cash flows from financing activities			
Capital contribution from the NCI		**–**	490
Cash advances from a third party		**9,800**	–
Cash advances from NCI		**–**	19,000
Repayment of cash advances from NCI		**(22,000)**	–
Proceeds from borrowings		**19,631**	–
Repayments of borrowings		**(150,842)**	(26,800)
Principal elements and interest of lease payments		**(24,132)**	(22,592)
Interest paid		**(15,989)**	(2,160)
Repayment of cash advances from related parties		**–**	(5,787)
Receipt of cash advances from related parties		**26,697**	20,475
Dividends paid to shareholders		**(598,434)**	(400,000)
Dividends paid to the NCI		**(120,837)**	(90)
Listing expenses paid		**–**	(8,968)
Net cash used in financing activities		**(876,106)**	(426,432)
Net increase/(decrease) in cash and cash equivalents		**850,245**	(601,408)
Cash and cash equivalents at beginning of year		**4,207,260**	4,807,993
Effect of exchange rate changes on cash and cash equivalents		**(529)**	675
Cash and cash equivalents at end of year	22	**5,056,976**	4,207,260

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

1 General information

A-Living Smart City Services Co., Ltd. (previously named as "A-Living Services Co., Ltd", the "Company") was established in the People's Republic of China (the "PRC") on 26 June 1997. On 21 July 2017, the Company was converted from a limited liability company into a joint stock company with limited liability. The address of the Company's registered office is Management Building, Xingye Road, Agile Garden, Sanxiang Town, Zhongshan, Guangdong Province, PRC.

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 9 February 2018.

The Company's parent company is Zhongshan A-Living Enterprise Management Services Co., Ltd. ("Zhongshan A-Living"), an investment holding company established in the PRC, and its ultimate holding company is Agile Group Holdings Limited ("Agile Holdings"), a company incorporated in the Cayman Islands and its shares are listed on the Hong Kong Stock Exchange.

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

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

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

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020 and there is no material impact on the Group's consolidated financial statement:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting
- Covid-19-Related Rent Concessions – amendments to HKFRS 16

(d) New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretation have been published but will only become effective for accounting period beginning on or after 1 January 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

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

2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see note 2.2.4 below), after initially being recognised at cost.

2.2.3 Joint ventures

Interests in joint ventures are accounted for using the equity method (see note 2.2.4 below), after initially being recognised at cost in the consolidated balance sheet.

2.2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

2.2.4 Equity method (continued)

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.9.

2.2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group

2 Summary of significant accounting policies (continued)

2.3 Business combinations (continued)

- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

Where the Group enters into a contract that contains an obligation (for example a written put option exercisable by the contract counterparty) to acquire shares in a partly-owned subsidiary company from the owner of the non-controlling interest, which is not part of a business combination, the Group records a financial liability in respect of the present value of the redemption amount with a corresponding charge directly to equity. Changes to the value of the financial liability are recognised in the consolidated income statement within finance costs.

2 Summary of significant accounting policies (continued)

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2 Summary of significant accounting policies (continued)

2.7 Property, plant and equipment

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

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

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased property, plant and equipment, the shorter lease term as follows:

– Buildings	5-60 years
– Transportation equipment	2-10 years
– Office equipment	2-10 years
– Machinery	2-10 years

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains – net" in the consolidated income statement.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets.

2 Summary of significant accounting policies (continued)

2.8 Intangible assets (continued)

(a) Goodwill (continued)

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5-10 years.

(c) Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of 5-10 years for the customer relationship.

(d) Computer software

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

2 Summary of significant accounting policies (continued)

2.8 Intangible assets (continued)

(e) Research and development

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

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

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

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

2.9 Impairment of non-financial assets

Goodwill is not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 Summary of significant accounting policies (continued)

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 Summary of significant accounting policies (continued)

2.10 Investments and other financial assets (continued)

(c) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains-net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- Financial assets at FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains-net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains-net and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- Financial assets at FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains-net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains-net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 Summary of significant accounting policies (continued)

2.10 Investments and other financial assets (continued)

(c) Measurement (continued)

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1.2 for further details.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Inventories

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

2.13 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 12 months and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 19 for further information about the Group's accounting for trade and other receivables and note 3.1.2 for a description of the Group's impairment policies.

2 Summary of significant accounting policies (continued)

2.14 Cash and cash equivalents, restricted cash

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

2.15 Share capital

Ordinary shares are classified as equity.

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

2.16 Trade and other payables

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

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

2.17 Borrowings

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

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

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

2.18 Borrowing costs

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

2 Summary of significant accounting policies (continued)

2.19 Current and deferred income tax

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

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

2 Summary of significant accounting policies (continued)

2.19 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Outside basis differences

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

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

(c) Offsetting

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

2.20 Put option arrangements and derivative financial liabilities

(a) Put option arrangements

The potential cash payments related to put options issued by the Group over the equity of subsidiaries are accounted for as financial liabilities as there is an obligation for the Group to deliver cash or other financial assets in exchange of its own equity shares. The amount that may become payable under the option on exercise is initially recognised at present value of the redemption amount with a corresponding charge directly to equity.

Such options, including the transaction costs, are subsequently accreted through “finance costs” 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.

(b) Derivative financial liabilities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The derivative instruments of the Company do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting result in adjustment on investments in subsidiaries.

2 Summary of significant accounting policies (continued)

2.21 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(a) Pension obligations

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

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK dollar ("HK$")1,500. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing benefits

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

2 Summary of significant accounting policies (continued)

2.21 Employee benefits (continued)

Short-term obligations (continued)

(c) Termination benefits

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

(d) Employee leave entitlements

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

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

2.22 Provisions

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

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

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

2 Summary of significant accounting policies (continued)

2.23 Revenue recognition

The Group are primarily engaged in the provision of property management services and related value-added services and sales of goods, parking lots and shops. Revenue from providing services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group primarily generate revenue from property management services income from properties managed under lump sum basis, the Group entitles to revenue at the value of property management services fee received or receivable.

For value-added services related to non-property management (including pre-delivery services, household assistance services, property agency services and other services), the Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month.

For value-added services related to property management, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

Revenue from sales of goods is recognised when the Group has delivered the goods to the purchaser and the collectability of related consideration is reasonably assured.

If contracts involve the sale of multiple services, the transaction price allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

2 Summary of significant accounting policies (continued)

2.23 Revenue recognition (continued)

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised. The Group applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense immediately if the amortisation period is less than 12 months.

2.24 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 Summary of significant accounting policies (continued)

2.25 Leases

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.

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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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, initially measured using the index or rate as at the commencement date; amounts expected to be payable by the Group under residual value guarantees the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and, payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal 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.

2 Summary of significant accounting policies (continued)

2.25 Leases (continued)

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.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all 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 dormitories and small items of office furniture.

2.26 Dividend distribution

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

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.28 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains on these assets, see note 10 below. Any other interest income is included in other income, see note 9 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 Financial risk management

3.1 Financial risk factors

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

3.1.1 Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that receipts of proceeds from listing on the Hong Kong Stock Exchange and purchase of certain financial assets are in HK$. As at 31 December 2020, the Group's major non-RMB assets are cash and cash equivalents and financial assets at FVPL denominated in HK$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follow:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Monetary assets		
– FVPL	**14,238**	–
– Cash and cash equivalents	**4,817**	19,718
	19,055	19,718

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
5% increase in RMB against HK$	**(892)**	(744)
5% decrease in RMB against HK$	**892**	744

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, financial assets at FVPL, cash deposits with banks and restricted cash. The carrying amounts of trade and other receivables, financial assets at fair value through profit or loss, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

– internal credit rating

– external credit rating

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

– actual or expected significant changes in the operating results of individual property owner or the debitor

– significant changes in the expected performance and behaviour of the debitor, including changes in the payment status of borrowers in the Group and changes in the operating results of the debitor.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(a) ***Deposit at banks (including restricted cash)***

The Group expects that there is no significant credit risk associated with cash deposits at banks (including restricted cash) since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(b) ***Trade receivables***

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group of receivables are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor engage in a repayment plan with the Group, and a failure to make contractual payments. Trade receivables without known insolvencies are assessed on a collective basis based on shared credit risk characteristics.

Trade receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Trade receivables are categorised as follows for assessment purpose:

Group 1: Trade receivables due from third parties arising from resident properties

Group 2: Trade receivables due from third parties arising from non-resident properties

Group 3: Trade receivables due from related parties (excluding from Greenland Holdings Group Company Limited ("Greenland Holdings") and its subsidiaries and joint ventures)

Group 4: Trade receivables due from Greenland Holdings and its subsidiaries and joint ventures

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) Trade receivables (continued)

For trade receivables due from third parties (Group 1 and 2), the expected loss rates are based on the historical loss rates and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the most relevant factors for different group customers (e.g. money supply and population percent change from a year earlier), and accordingly adjusts the historical loss rates based on expected changes in these factors.

For trade receivables due from related parties (Group 3 and 4), the credit risk associated with these trade receivables are considered to be low because these entities have strong ability to fulfill their contractual cash flow responsibilities in a short time, and have no historical loss experience. The expected credit loss rates are estimated as 0.43% for Group 3 and 0.81% for Group 4 by considering the probability of default and loss given default and adjusting for forward-looking macroeconomic data.

(i) On that basis, as at 31 December 2020, the loss allowance provision for the trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 1)					
At 31 December 2020					
Expected loss rate	**3.69%**	**10.94%**	**25.06%**	**52.19%**	
Gross carrying amount (RMB'000)	**490,683**	**132,684**	**69,608**	**81,640**	**774,615**
Loss allowance provision (RMB'000)	**18,105**	**14,521**	**17,441**	**42,608**	**92,675**

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) Trade receivables (continued)

(i) (continued)

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 2)					
At 31 December 2020					
Expected loss rate	2.73%	25.09%	40.19%	69.20%	
Gross carrying amount (RMB'000)	682,815	60,402	21,620	22,183	787,020
Loss allowance provision (RMB'000)	18,629	15,153	8,689	15,351	57,822

	Total
Trade receivables (Group 3)	
At 31 December 2020	
Expected loss rate	0.43%
Gross carrying amount (RMB'000)	589,898
Loss allowance provision (RMB'000)	2,532

	Total
Trade receivables (Group 4)	
At 31 December 2020	
Expected loss rate	0.81%
Gross carrying amount (RMB'000)	255,026
Loss allowance provision (RMB'000)	2,066

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) Trade receivables (continued)

(ii) As at 31 December 2019, the loss allowance provision for the trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (excluding trade receivables from Agile Holdings, and its subsidiaries, joint ventures and associates)						
At 31 December 2019						
Expected loss rate	0.00%	1.00%	10.00%	20.00%	50.00%	
Gross carrying amount (RMB'000)	431,642	205,042	145,652	43,295	37,789	863,420
Loss allowance provision (RMB'000)	–	2,050	14,565	8,659	18,895	44,169

(c) Other receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables are categorised as follows for assessment purpose:

Group 1: Other receivable due form related parties

Group 2: Performance guarantee deposits paid

Group 3: Other receivables other than those mentioned above

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(c) Other receivables (continued)

The Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

For other receivables due from related parties, the expected credit loss rate is calculated as 0.43% by considering the probability of default and loss given default and adjusting for forward-looking macroeconomic data.

The deposit receivables represented performance guarantees for the property management projects and will be refunded according to the relevant contract terms. The Group has assessed that the expected credit losses of Group 2 are not significant.

For other receivables other than those mentioned above (Group 3), the expected loss rates are calculated based on the historical loss rates and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(d) As at 31 December 2020, the loss allowance provision for trade and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Other receivables (excluding deposits and prepayments) RMB'000	Total RMB'000
At 1 January 2020	44,169	7,502	51,671
Impact of acquisition of subsidiaries	28,821	11,520	40,341
Provision for loss allowance	119,667	10,579	130,246
Unused amounts reversed	(26,922)	(5,918)	(32,840)
Receivables written off during the year as uncollectible	(10,640)	–	(10,640)
At 31 December 2020	155,095	23,683	178,778

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(d) *(Continued)*

As at 31 December 2019, the loss allowance provision for trade and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Other receivables (excluding deposit and prepayments) RMB'000	Total RMB'000
At 1 January 2019	21,385	3,472	24,857
Impact of acquisition of subsidiaries	12,914	1,664	14,578
Provision for loss allowance	22,238	3,519	25,757
Unused amounts reversed	(12,368)	(1,153)	(13,521)
At 31 December 2019	44,169	7,502	51,671

(e) The Group's maximum exposure to credit risk at the end of reporting period is as follows:

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
Trade and other receivables (excluding prepayments)	**3,232,131**	1,665,968
Restricted cash	**27,572**	5,383
Cash and cash equivalents	**5,056,976**	4,207,260
Financial assets at FVPL (excluding contingent consideration and Hong Kong listed equity securities)	**576,923**	430,006
	8,893,602	6,308,617

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.3 Liquidity risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2020					
Borrowings and interest payable	**235,788**	**6,845**	**2,674**	**–**	**245,307**
Trade and other payables*	**2,412,681**	**23,046**	**28,000**	**–**	**2,463,727**
Financial liabilities for put option written on non-controlling interests	**7,174**	**99,350**	**9,565**	**–**	**116,089**
Lease liabilities	**21,701**	**14,462**	**3,393**	**825**	**40,381**
	2,677,344	**143,703**	**43,632**	**825**	**2,865,504**
As at 31 December 2019					
Borrowings and interest payable	16,581	2,679	3,130	–	22,390
Trade and other payables*	1,243,010	22,726	–	–	1,265,736
Financial liabilities for put option written on non-controlling interests	–	5,517	96,686	–	102,203
Lease liabilities	13,122	7,329	6,155	713	27,319
	1,272,713	38,251	105,971	713	1,417,648

* Excluding non-financial liabilities

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.4 Interest rate risk

The Group is exposed to interest rate risk for certain interest-bearing cash and cash equivalents, restricted cash, and borrowings. Cash at banks and restricted cash at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2020, management considers that cash flow interest rate risk related to cash and cash equivalents and restricted cash and fair value interest rate risk related to borrowings was insignificant (31 December 2019: same).

3.1.5 Price risk

Exposure

The Group's exposure to equity securities price risk arises from Hong Kong listed equity securities held by the Group and classified in the consolidated balance sheet as financial assets at FVPL.

As at 31 December 2020, management considers that price risk related to financial assets at FVPL was insignificant (31 December 2019: same).

3.2 Capital management

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

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

As at 31 December 2019 and 2020, the Group maintained at net cash position.

3 Financial risk management (continued)

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2020	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets at FVPL					
Wealth management products	21	–	–	576,923	576,923
Hong Kong listed equity securities	21	14,238	–	–	14,238
Contingent consideration	21	–	–	2,991	2,991
		14,238	–	579,914	594,152
Financial assets at FVOCI					
Unlisted equity securities	18	–	–	29,122	29,122
Total financial assets		14,238	–	609,036	623,274
Financial liabilities					
Financial liabilities for put option written on non-controlling interests	28	–	–	94,775	94,775
Total financial liabilities		–	–	94,775	94,775

Recurring fair value measurements At 31 December 2019	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Wealth management products	21	–	–	410,000	410,000
Structural deposits	21	–	–	20,006	20,006
Hong Kong listed equity securities	21	10,205	–	–	10,205
Contingent consideration	21	–	–	170	170
Total financial assets		10,205	–	430,176	440,381
Financial liabilities					
Financial liabilities for put option written on non-controlling interests	28	–	–	70,436	70,436
Total financial liabilities		–	–	70,436	70,436

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Fair value hierarchy (continued)

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 marked 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.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the period. For transfers into and out of level 3 measurements see (b) below.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) The Group's financial assets and liabilities at fair values included unlisted equity securities, wealth management products, structural deposits, contingent consideration and financial liabilities for put option written on non-controlling interests, fair value of which are estimated based on unobservable inputs (level 3). The following table presents the changes in level 3 instruments for the year ended 31 December 2020 and 31 December 2019:

	Financial assets at FVPL			Financial assets at FVOCI	Financial liabilities for put option written	
	Wealth management products	Structural deposits	Contingent consideration	Unlisted entity securities	on non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance as at 31 December 2019	410,000	20,006	170	–	(70,436)	359,740
Addition	2,454,701	1,185,000	–	–	–	3,639,701
Acquisition of subsidiaries	223,654	14,016	601	28,581	–	266,852
Acquisition of an associate	–	–	2,390	–	–	2,390
Gains/(losses) recognised in profit or loss	24,937	5,377	(170)	–	(8,214)	21,930
Gains recognised in other comprehensive income	–	–	–	1,241	–	1,241
Finance costs	–	–	–	–	(16,125)	(16,125)
Disposal	(2,536,369)	(1,224,399)	–	(700)	–	(3,761,468)
Closing balance as at 31 December 2020	**576,923**	**–**	**2,991**	**29,122**	**(94,775)**	**514,261**
Including unrealised gains/(losses) recognised in profit attributable to balances held at 31 December 2020	**424**	**–**	**–**	**–**	**(24,339)**	**(23,915)**

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) (Continued)

	Financial assets at FVPL			Financial liabilities for put option written on non-controlling interests	Total
	Wealth management products RMB'000	Structural deposits RMB'000	Contingent consideration RMB'000	RMB'000	RMB'000
Opening balance as at 31 December 2018	–	–	–	–	–
Addition	811,535	1,298,500	–	(62,179)	2,047,856
Acquisition of subsidiaries	16,000	–	411	–	16,411
Gains/(losses) recognised in profit or loss	9,361	9,148	(241)	(8,257)	10,011
Disposal	(426,896)	(1,287,642)	–	–	(1,714,538)
Closing balance as at 31 December 2019	410,000	20,006	170	(70,436)	359,740
Including unrealised gains/(losses) recognised in profit attributable to balances held at 31 December 2019	–	6	(241)	(8,257)	(8,492)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(c) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

Description	Fair value at 31 December 2020 RMB'000	Valuation techniques	Unobservable input	Range (probability-weighted average)	Relationship of unobservable inputs to fair value
Wealth management products	576,923	Discounted cash flow	Expected interest rate per annum	4.00%	A change in expected interest rate per annum +/- 10% results in a change in fair value by RMB418,000
Contingent consideration	2,991	Discounted cash flow	Expected net profit	RMB42,001,000-414,960,000	A change in expected net profit +/-10% results in a change in fair value by RMB -2,692,000/13,570,000
Unlisted equity securities	29,122	Guideline public companies method	P/E Ratio	17.1	A change in PE/Ratio +/-10% results in a change in fair value by RMB1,897,000
Financial liabilities for put option written on non-controlling interests	94,775	Discounted cash flow	Expected discount rate	16.5%-17.0%	A change in expected discount rate +/-10% results in a change in fair value by RMB -1,737,000/1,798,000

4 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment annually, or more frequently if events or changes in circumstances predict that goodwill may be impaired, in accordance with the accounting policy stated in note 2.9, where the recoverable amounts of the CGUs is determined based on value-in-use ("VIU") calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in note 16.

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

Customer relationship identified in the business combination on respective acquisition date (note 32) is recognised as intangible assets (note 16). As at 31 December 2020, the carrying amount of the customer relationship identified in the acquisition was RMB918,432,000. Customer relationship primarily related to the existing contracts of acquirees on the acquisition date. A large portion of the existing contracts of acquirees are with no specific expiration date and the remaining contracts are with contract periods of one to five years. Based on past experience, termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon. The Group thus estimates the useful life and determines the amortisation period of the customer relationship to be five to ten years based on the expected contract duration of the property management contracts.

However, the actual useful life may be shorter or longer than estimate, depending on acquirees' ability to secure its contracts and relationships with property developers or renew the contracts with property owners' associations in the future. Where the actual contract duration is different from the original estimate, such difference will impact the carrying amount of the intangible asset of customer relationship and the amortisation expenses in the periods in which such estimate has been changed.

(c) Expected credit losses on receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of key assumptions and inputs used, please refer to note 3.1.2 above.

4 Critical accounting estimates and judgements (continued)

(d) Current and deferred income tax

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

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

5 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 years ended 31 December 2020 and 2019, 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.

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 year ended 31 December 2020, 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 reportable segment.

As at 31 December 2020, all of the assets were located in the PRC except for bank deposits of HK$5,714,000 (equivalent to RMB4,809,000) and RMB280,659,000 in Hong Kong.

6 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 years ended 31 December 2020 and 2019 is as follows:

	Timing of revenue recognition	Year ended 31 December 2020 RMB'000	2019 RMB'000
Property management services	over time	**6,482,133**	2,829,662
Value-added services related to property management			
– Other value-added services	over time	**3,420,536**	2,286,452
– Sales of goods	at a point in time	**123,478**	11,179
		10,026,147	5,127,293

(a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December 2020 RMB'000	2019 RMB'000
Contract liabilities		
– Property management services	**773,651**	532,750
– Value-added services related to property management	**105,754**	81,255
	879,405	614,005

(i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property management services. Contract liabilities has increased by 43% as a result of the acquisition of CMIG Futurelife Property Management Limited ("CMIG PM").

6 Revenue (continued)

(a) Contract liabilities (continued)

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**2020** **RMB'000**	2019 RMB'000
Property management services	**532,750**	316,971
Value-added services related to property management	**81,255**	3,477
	614,005	320,448

(iii) Unsatisfied performance obligations

For property management services and part of value-added services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

For value-added services related to property management, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

(b) Assets recognised from incremental costs to obtain a contract

During the year ended 31 December 2020, there was no significant incremental costs to obtain a contract (31 December 2019: same).

7 Expenses by nature

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Employee benefit expenses (Note 8)	**4,064,101**	2,160,659
Cleaning expenses	**824,271**	355,382
Security charges	**708,973**	234,189
Maintenance costs	**389,307**	150,517
Cost of consumables	**308,613**	91,524
Utilities	**239,032**	139,102
Depreciation and amortisation charges	**181,345**	89,525
Greening and gardening expenses	**137,904**	86,271
Travelling and entertainment expenses	**107,750**	57,843
Cost of goods sold	**95,166**	2,258
Transportation expenses and customer service charges	**76,559**	–
Advertising expenses	**75,102**	23,431
Office expenses	**66,667**	28,258
Consulting fees	**69,544**	23,314
Taxes and other levies	**54,536**	34,880
Rental expenses related to short-term and low-value leases (Note 15(b))	**42,546**	11,888
IT system maintenance expenses	**13,043**	12,263
Auditor's remunerations		
– Audit services	**6,455**	3,325
– Non-audit services	**2,014**	2,989
Others	**215,618**	74,894
	7,678,546	3,582,512

8 Employee benefit expenses

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Wages and salaries and bonus	**3,546,439**	1,820,445
Contribution to pension scheme (Note (a))	**153,143**	101,766
Housing benefits	**80,499**	40,653
Other employee benefits (Note (b))	**284,020**	197,795
Total (including emoluments of directors and supervisors)	**4,064,101**	2,160,659

(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.

The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

Following the outbreak of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution scheme during the year ended 31 December 2020.

(b) Other employee benefits mainly include other social insurance expenses, meal, travelling and festival allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2020 include two directors (2019: one director), whose emoluments are reflected in the analysis shown in note 36. The emoluments payable to the remaining three individuals during the year ended 31 December 2020 (2019: four individuals) were as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	**2,924**	5,416
Discretionary bonus	**2,430**	1,833
Contribution to pension scheme	**23**	136
	5,377	7,385

8 Employee benefit expenses (continued)

(c) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December	
	2020	2019
Emolument bands (in HK$)		
HK$1,500,001 – HK$2,000,000	**1**	2
HK$2,000,001 – HK$2,500,000	**2**	1
HK$2,500,001 – HK$3,000,000	**–**	1

9 Other income

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income		
– from deposits and loans to third parties	**90,015**	103,347
– from loans to related parties (Note 34(e))	**10,860**	–
Government grants (Note (a))	**63,805**	9,922
Tax incentives (Note (b))	**27,221**	12,988
Late payment charges	**3,611**	2,526
Miscellaneous	**3,003**	2,343
	198,515	131,126

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

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

10 Other gains – net

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Gains on disposal of financial assets at FVPL	**29,720**	18,503
Fair value gains/(losses) on financial assets at FVPL – net	**4,457**	(969)
Exchange gains	**1,037**	6,506
Gains from disposal of subsidiaries (Note 33)	**5,829**	–
Losses from disposal of investments accounted for using the equity method (Note 12(b))	**(10,719)**	–
Fair value losses on put options written on non-controlling interests (Note 28)	**(8,214)**	–
(Losses)/gains on disposal of PPE	**(4,974)**	444
	17,136	24,484

11 Finance costs

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest expense of borrowings	**17,258**	2,160
Unwinding of discount on financial liabilities for put option written on non-controlling interests (Note 28)	**16,125**	8,257
Interest expense of long-term consideration payables	**4,994**	4,275
Interest and finance charges paid/payable for lease liabilities (Note 15(b))	**1,981**	1,656
	40,358	16,348

12 Subsidiaries and investments accounted for using the equity method

(a) Subsidiaries

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2020	2019	**2020**	2019
Directly held by the Company							
Guangzhou Agile Property Management Services Co., Ltd.* 廣州雅居樂物業管理服務有限公司	The PRC, Limited liability company	RMB1,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Guangzhou Yaxin Engineering Consultancy Co., Ltd.* 廣州市雅信工程諮詢有限公司	The PRC, Limited liability company	RMB1,000,000	House inspection services in Mainland of the PRC	**100%**	100%	**0%**	0%
Zhengzhou Huamao Agile Property Management Services Co., Ltd.* 鄭州市雅生活華茂物業服務有限公司	The PRC, Limited liability company	RMB500,000	Property management services in Mainland of the PRC	**60%**	60%	**40%**	40%
Nanjing Zizhu Property Management Services Co., Ltd. * ("Nanjing Zizhu") 南京紫竹物業管理股份有限公司	The PRC, Limited liability company	RMB11,764,705	Property management services in Mainland of the PRC	**51%**	51%	**49%**	49%
Henan Agile Property Services Co., Ltd.* 河南雅居樂物業服務有限公司	The PRC, Limited liability company	RMB10,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Tianjin Agile Enterprise Management Services Co., Ltd. * 天津雅居樂企業管理服務有限公司	The PRC, Limited liability company	RMB5,000,000	Enterprise management consulting services in Mainland of the PRC	**100%**	100%	**0%**	0%
Harbin Jingyang Property Management Co.,Ltd.* ("Harbin Jingyang") 哈爾濱景陽物業管理有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	**60%**	60%	**40%**	40%
Qingdao Huaren Property Co.,Ltd.* ("Qingdao Huaren") 青島華仁物業股份有限公司	The PRC, Limited liability company	RMB46,875,000	Property management services in Mainland of the PRC	**90%**	90%	**10%**	10%
Lanzhou Chengguan Property Services Group Co.,Ltd.* (Lanzhou Chengguan) 蘭州城關物業服務集團有限公司	The PRC, Limited liability company	RMB50,000,000	Property management services in Mainland of the PRC	**51%**	51%	**49%**	49%
Kaiping Agile Enterprise Management Services Co., Ltd.* 開平雅居樂雅生活物業管理有限公司	The PRC, Limited liability company	RMB500,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%

12 Subsidiaries and investments accounted for using the equity method (continued)

(a) Subsidiaries (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2020	2019	2020	2019
Directly held by the Company (Continued)							
Foshan Nanhai Agile Property Management Services Co., Ltd.* 佛山市南海區雅居樂物業管理服務有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Huadu Agile Property Management Services Co., Ltd.* 廣州市花都雅居樂物業管理服務有限公司	The PRC, Limited liability company	RMB3,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Hainan Agile Property Services Co., Ltd.* 海南雅居樂物業服務有限公司	The PRC, Limited liability company	RMB3,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Harrogate Property Services (Shanghai) Co., Ltd.* 雅萊格物業服務(上海)有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Harrogate Property Management Services Co., Ltd.* 廣州雅萊格物業管理服務有限公司	The PRC, Limited liability company	RMB1,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Yatian Network Technology Co., Ltd.* ("Guangzhou Yatian") 廣州市雅天網絡科技有限公司	The PRC, Limited liability company	RMB1,000,000	Software engineering services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Yafang Travel Co., Ltd.* 廣州市雅方旅遊有限公司	The PRC, Limited liability company	RMB1,000,000	Travel agency services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Yatao Advertisement Co., Ltd.* 廣州市雅韜廣告有限公司	The PRC, Limited liability company	RMB1,000,000	Advertising services in Mainland of the PRC	100%	100%	0%	0%

12 Subsidiaries and investments accounted for using the equity method (continued)

(a) Subsidiaries (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2020	2019	**2020**	2019
Directly held by the Company (Continued)							
A-TRO Properties Consultancy Co, Ltd.* (formerly known as: Yazhuo Real Estate Consultant Co., Ltd. *) 雅卓房地產顧問有限公司(前稱："廣州市雅卓房地產行銷有限公司")	The PRC, Limited liability company	RMB5,000,000	Real estate marketing services in Mainland of the PRC	**100%**	100%	**0%**	0%
Greenland Property Services Co., Ltd.* ("Greenland Property Services") 上海綠地物業服務有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Shandong A-Living Changbo Property Services Co., Ltd.* 山東雅生活暢博物業服務有限公司	The PRC, Limited liability company	RMB3,600,000	Property management services in Mainland of the PRC	**60%**	60%	**40%**	40%
Zhuosen Property Management Co., Ltd.* 卓森物業管理有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Shenzhen Jingji Domestic Property Management Co., Ltd.* 深圳市京基住宅物業管理有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Zhanjiang Xiyue Jingjicheng Property Services Co., Ltd.* 湛江市西粵京基城物業服務有限公司	The PRC, Limited liability company	RMB3,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Gongqingcheng Lexianghui Investment Co., Ltd.* 共青城樂享薈投資有限公司	The PRC, Limited liability company	RMB2,000,000	Investment Holding in Mainland of the PRC	**100%**	100%	**0%**	0%

12 Subsidiaries and investments accounted for using the equity method (continued)

(a) Subsidiaries (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2020	2019	2020	2019
Indirectly held by the Company							
A-Living Investment Holdings (Hong Kong) Limited 雅生活投資控股(香港)有限公司	Hong Kong, Limited liability company	HK$10,000	Investment Holding in Hong Kong	100%	100%	0%	0%
Tianjin Lexianghui Community Service Co., Ltd.* 天津樂享薈社區服務有限公司	The PRC, Limited liability company	RMB10,000,000	Community Services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Yatong Intelligent Technology Co., Ltd.* 廣州市雅通智能科技有限公司	The PRC, Limited liability company	RMB1,000,000	Information technology consulting service in Mainland of the PRC	51%	51%	49%	49%
Heilongjiang Yatian Network Technology Co., Ltd.* 黑龍江雅天網路科技有限公司	The PRC, Limited liability company	RMB3,000,000	Software engineering services in Mainland of the PRC	80%	60%	20%	40%
Nantong Yazhuo Real Estate Marketing Co., Ltd.* 南通雅卓房地產行銷有限公司	The PRC, Limited liability company	RMB1,000,000	Real estate marketing services in Mainland of the PRC	100%	100%	0%	0%
Tianjin Yaxin Engineering Consultancy Co., Ltd.* 天津雅信工程諮詢有限公司	The PRC, Limited liability company	RMB500,000	Engineering Consulting services in Mainland of the PRC	100%	100%	0%	0%
Zhuhai Hengqin Yaheng Engineering Consultancy Co., Ltd.* ("Hengqin Yaheng") 珠海橫琴雅恒工程諮詢有限公司	The PRC, Limited liability company	RMB5,000,000	Engineering Consulting services in Mainland of the PRC	100%	100%	0%	0%
HK A-TRO Property Marking Co., Ltd. 香港雅卓房地產行銷有限公司	Hong Kong, Limited liability company	HK$$1,000,000	Real estate marketing services in Hong Kong	100%	100%	0%	0%
Tengchong Yazhuo Real Estate Agent Co., Ltd.* 騰沖雅卓房地產經紀有限公司	The PRC, Limited liability company	RMB500,000	Real estate marketing services in Mainland of the PRC	100%	100%	0%	0%
Urumqi A-Living Lvdi Property Services Co., Ltd.* 烏魯木齊雅生活綠地物業服務有限公司	The PRC, Limited liability company	RMB500,000	Property management services in Mainland of the PRC	100%	100%	0%	0%

12 Subsidiaries and investments accounted for using the equity method (continued)

(a) Subsidiaries (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2020	2019	2020	2019
Indirectly held by the Company (Continued)							
Guangzhou Yuehua Property Co.,Ltd.* (Guangzhou Yuehua) 廣州粵華物業有限公司	The PRC, Limited liability company	RMB10,300,000	Property management services in Mainland of the PRC	51%	51%	49%	49%
Chongqing Haitai Management Services Company Limited* (Note (i)) 重慶海泰管理服務有限公司	The PRC, Limited liability company	RMB50,500,000	Management services in Mainland of the PRC	31%	NA	69%	NA
Xi'an Jintian Property Management Services Company Limited* (Note (i)) 西安錦天物業管理服務有限公司	The PRC, Limited liability company	RMB20,000,000	Property management services in Mainland of the PRC	31%	NA	69%	NA
Shanghai Minghua Property Management Company Limited* 上海明華物業管理有限公司	The PRC, Limited liability company	RMB70,000,000	Property management services in Mainland of the PRC	54%	NA	46%	NA
Changzhou Zhongfang Property Company Limited* (Note (i)) 常州中房物業有限公司	The PRC, Limited liability company	RMB10,800,000	Property management services in Mainland of the PRC	42%	NA	58%	NA
Shanghai Ruixiang Shangfang Property Management Company Limited* (Note (i)) 上海鋭翔上房物業管理有限公司	The PRC, Limited liability company	RMB12,000,000	Property management services in Mainland of the PRC	40%	NA	60%	NA
CMIG PM 中民未來物業服務有限公司	The PRC, Limited liability company	RMB1,400,000,000	Property management services in Mainland of the PRC	60%	NA	40%	NA
Shenzhen Longcheng Property Management Company Limited* (Note (i)) 深圳市龍城物業管理有限公司	The PRC, Limited liability company	RMB73,840,000	Property management services in Mainland of the PRC	38%	NA	62%	NA

(i) The Group indirectly holds the equity interest in these companies through layers of holding structures and the Group has control over the board of directors of these companies who can make majority votes to decide the key financial and operating decisions of these companies. The proportion of equity interests as disclosed above represent the effective equity interests attributable to the Group.

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

12 Subsidiaries and investments accounted for using the equity method (continued)

(b) Investments accounted for using the equity method

In the opinion of the directors, there is no associate and joint venture individually material to the Group.

The carrying amount of equity-accounted investments has changed as follows in the years ended 31 December 2020 and 2019:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	**583,634**	422
Additions	**304,445**	573,625
Transfer from a subsidiary (Note 33)	**18,154**	–
Additions arising from business combination (Note 32)	**498,373**	9,415
Share of post-tax profits of joint ventures and associates	**62,261**	22,635
Dividends declared	**(11,917)**	(22,463)
Disposals	**(349,559)**	–
At the end of the year	**1,105,391**	583,634

Details of disposals of investments accounted for using the equity method were as follows:

	Note	**As at the respective date of the disposals RMB'000**
Cash consideration received	(i)	300,000
Fair value transferred to investment in a subsidiary	(ii)	38,840
Less: carrying amounts disposed		(349,559)
Net losses from the disposals	10	(10,719)

(i) In March 2020, the Group disposed of an associate with cash consideration of RMB300,000,000, the carrying amount of the investment in associate was RMB300,000,000 and thus no gains or losses was recognised.

(ii) In July 2020, the Group acquired additional 35% equity interests in an associate from the other independent shareholder of the associate at the considerations of RMB82,926,000 in total. Upon the completion of the acquisition, the associate became a subsidiary of the Group with a remeasurement losses on the investment in associate recognised in amount of RMB10,719,000.

12 Subsidiaries and investments accounted for using the equity method (continued)

(c) Subsidiary with material non-controlling interests

Nature of investment in subsidiary with material non-controlling interests

Name of entity	Place of business/ country of incorporation	% of ownership interest
CMIG PM 中民未來物業服務有限公司(i)	The PRC	60%

(i) In accordance with the cooperation agreement with the co-developer and the articles of association of this company, the Group has controlling power in the shareholders' meeting and board of directors' meeting in making decision on the operational and financial activities. Accordingly, the Group has exposure or rights to variable returns from its involvement with this company, and has the ability to affect those returns through its voting position and the existing rights to direct the relevant activities. Thus this company is accounted for as a subsidiary of the Group.

(ii) Summarised balance sheet

	As at 31 December 2020 RMB'000
Current assets	**2,240,307**
Current liabilities	**(1,521,527)**
Current net assets	**718,780**
Non-current assets	**1,324,430**
Non-current liabilities	**(217,834)**
Non-current net assets	**1,106,596**
Net assets	**1,825,376**
Accumulated NCI	**933,594**

12 Subsidiaries and investments accounted for using the equity method (continued)

(c) Subsidiary with material non-controlling interests (continued)

(iii) Summarised statement of comprehensive income

	For the period from the acquisition date to 31 December 2020 RMB'000
Revenue	3,144,403
Profit for the year	216,896
Other comprehensive income	931
Total comprehensive income	217,827
Profit allocated to NCI	128,908
Dividends declared to NCI	(53,648)

(iv) Summarised cash flows

	For the period from the acquisition date to 31 December 2020 RMB'000
Cash flows from operating activities	452,606
Cash flows from investing activities	495,506
Cash flows used in financing activities	(195,631)
Net increase in cash and cash equivalents	752,481

13 Income tax expenses

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	**573,403**	403,090
Deferred income tax (Note 27)		
– PRC corporate income tax	**(58,388)**	(236)
	515,015	402,854

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before income tax	**2,487,749**	1,694,442
Tax charge at effective rate applicable to profits in the respective group entities	**514,689**	398,540
Tax effects of:		
– Expenses not deductible for tax purposes	**7,613**	3,701
– Reversal of deferred tax assets recognised for tax losses in prior years	**2,574**	2,974
– Associates' and joint ventures' results reported net of tax	**(16,376)**	(3,805)
– Tax losses for which no deferred income tax asset was recognised	**7,116**	1,983
– Additional tax deduction for research and development costs	**(601)**	(539)
	515,015	402,854

The effective income tax rate was 21% for the year ended 31 December 2020 (2019: 24%).

13 Income tax expenses (continued)

PRC corporate income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated taxable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% (2019: 25%) according to the Corporate Income Tax Law of the PRC.

In 2020, Guangzhou Yatian obtained the Certificate of High and New Technology Enterprise with valid period from 2020 to 2022. According to the Corporate Income Tax Law of the PRC, corporations which obtain the Certificate of High and New Technology Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to Guangzhou Yatian during the year ended 31 December 2020 was 15% (2019: 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 year ended 31 December 2020 (2019: 15%). Certain subsidiaries of the Group in the PRC are located in western cities and subject to a preferential income tax rate of 15% for certain years. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income. Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% during the year ended 31 December 2020 (2019: 25%).

Hong Kong income tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2020. There were two subsidiaries incorporated in Hong Kong. No Hong Kong profits tax was provided for those two Hong Kong subsidiaries as there was no estimated taxable profits that was subject to Hong Kong profits tax during the year ended 31 December 2020 (2019: Nil).

14 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2020 and 2019.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2020 and 2019. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2020	2019
Profit attributable to shareholders of the Company (RMB'000)	**1,754,411**	1,230,764
Weighted average number of ordinary shares in issue (in thousands)	**1,333,334**	1,333,334
Basic earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)	**1.32**	0.92

15 Property, plant and equipment and right-of-use asset

(a) Movement

	Buildings RMB'000	Transportation equipment RMB'000	Office equipment RMB'000	Machinery RMB'000	Subtotal RMB'000	Right-of-use asset RMB'000	Total RMB'000
As at 1 January 2019							
Cost	65,101	17,484	20,252	35,253	138,090	21,257	159,347
Accumulated depreciation	(18,902)	(10,694)	(8,745)	(19,743)	(58,084)	–	(58,084)
Net book amount	46,199	6,790	11,507	15,510	80,006	21,257	101,263
Year ended 31 December 2019							
Opening net book amount	46,199	6,790	11,507	15,510	80,006	21,257	101,263
Additions	88	3,586	1,756	9,232	14,662	25,214	39,876
Acquisition of subsidiaries	59,704	4,639	354	21,943	86,640	–	86,640
Disposals	–	(529)	(564)	(1,668)	(2,761)	–	(2,761)
Depreciation charge	(4,067)	(3,590)	(2,752)	(8,832)	(19,241)	(21,851)	(41,092)
Closing net book amount	101,924	10,896	10,301	36,185	159,306	24,620	183,926
As at 31 December 2019							
Cost	124,868	23,914	21,625	62,368	232,775	46,471	279,246
Accumulated depreciation	(22,944)	(13,018)	(11,324)	(26,183)	(73,469)	(21,851)	(95,320)
Net book amount	101,924	10,896	10,301	36,185	159,306	24,620	183,926
Year ended 31 December 2020							
Opening net book amount	**101,924**	**10,896**	**10,301**	**36,185**	**159,306**	**24,620**	**183,926**
Additions	**248**	**31,682**	**5,402**	**16,846**	**54,178**	**19,738**	**73,916**
Acquisition of subsidiaries (Note 32)	**26,003**	**46,309**	**8,719**	**11,478**	**92,509**	**13,622**	**106,131**
Disposals	**(65)**	**(4,532)**	**(928)**	**(2,101)**	**(7,626)**	**–**	**(7,626)**
Depreciation charge	**(7,839)**	**(15,444)**	**(4,967)**	**(15,146)**	**(43,396)**	**(22,861)**	**(66,257)**
Closing net book amount	**120,271**	**68,911**	**18,527**	**47,262**	**254,971**	**35,119**	**290,090**
As at 31 December 2020							
Cost	**151,711**	**84,039**	**32,216**	**88,103**	**356,069**	**79,831**	**435,900**
Accumulated depreciation	**(31,440)**	**(15,128)**	**(13,689)**	**(40,841)**	**(101,098)**	**(44,712)**	**(145,810)**
Net book amount	**120,271**	**68,911**	**18,527**	**47,262**	**254,971**	**35,119**	**290,090**

15 Property, plant and equipment and right-of-use asset (continued)

(a) Movement (continued)

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of sales	**41,600**	25,924
Selling and marketing expenses	**1,039**	604
Administrative expenses	**23,618**	14,564
	66,257	41,092

As at 31 December 2020, certain self-used PPE with net book value of RMB78,407,000 (31 December 2019: RMB56,764,000) were pledged as collateral for the Group's borrowings (note 25).

(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Right-of-use assets		
Buildings	**35,119**	24,335
Equipment	**–**	285
	35,119	24,620
Lease liabilities		
Current	**20,800**	12,191
Non-current	**16,288**	13,344
	37,088	25,535

15 Property, plant and equipment and right-of-use asset (continued)

(b) Leases (continued)

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

		Year ended 31 December	
		2020	2019
	Note	**RMB'000**	RMB'000
Depreciation charge of right-of-use assets			
Buildings		**(22,576)**	(21,675)
Equipment		**(285)**	(176)
		(22,861)	(21,851)
Interest expense (included in finance costs)	11	**(1,981)**	(1,656)
Rental expenses relating to short-term and low-value leases (included in cost of sales and administrative expenses)	7	**(42,546)**	(11,888)

Total cash outflow for lease in year ended 31 December 2020 was RMB66,678,000 (2019: RMB34,480,000).

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

The Group leases various offices and staff dormitories. Rental contracts are typically made for fixed periods of one month to 15 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. Leased assets may not be used as security for borrowing purposes.

16 Intangible assets

	Computer software RMB'000	Trademarks RMB'000	Customer relationship RMB'000	Subtotal RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2019						
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
Year ended 31 December 2019						
Opening net book amount	21,736	22,307	122,405	166,448	1,045,362	1,211,810
Additions	4,087	–	–	4,087	–	4,087
Acquisition of subsidiaries	1,364	–	260,990	262,354	325,566	587,920
Amortisation	(3,121)	(4,641)	(40,671)	(48,433)	–	(48,433)
Closing net book amount	24,066	17,666	342,724	384,456	1,370,928	1,755,384
As at 31 December 2019						
Cost	33,370	28,400	404,850	466,620	1,370,928	1,837,548
Accumulated amortisation	(9,304)	(10,734)	(62,126)	(82,164)	–	(82,164)
Net book amount	24,066	17,666	342,724	384,456	1,370,928	1,755,384
Year ended 31 December 2020						
Opening net book amount	**24,066**	**17,666**	**342,724**	**384,456**	**1,370,928**	**1,755,384**
Additions	**8,811**	**–**	**–**	**8,811**	**–**	**8,811**
Acquisition of subsidiaries (Note (a))	**1,815**	**–**	**701,819**	**703,634**	**816,010**	**1,519,644**
Disposals of subsidiaries (Note 33)	**(178)**	**–**	**(20,394)**	**(20,572)**	**(4,971)**	**(25,543)**
Amortisation	**(4,731)**	**(4,640)**	**(105,717)**	**(115,088)**	**–**	**(115,088)**
Closing net book amount	**29,783**	**13,026**	**918,432**	**961,241**	**2,181,967**	**3,143,208**
As at 31 December 2020						
Cost	**44,751**	**28,400**	**1,079,719**	**1,152,870**	**2,181,967**	**3,334,837**
Accumulated amortisation	**(14,968)**	**(15,374)**	**(161,287)**	**(191,629)**	**–**	**(191,629)**
Net book amount	**29,783**	**13,026**	**918,432**	**961,241**	**2,181,967**	**3,143,208**

16 Intangible assets (continued)

Amortisation of intangible assets has been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of sales	**108,933**	46,618
Selling and marketing expenses	**2,471**	25
Administrative expenses	**3,684**	1,790
	115,088	48,433

(a) During the year ended 31 December 2020, the Group acquired several property management companies (note 32). Total identifiable net assets of these entities acquired as at their respective acquisition dates were amounted to RMB1,764,175,000, including identified customer relationships of RMB701,819,000 recognised by the Group.

(b) An independent valuation was performed by an independent valuer to determine the amount of the customer relationship recognised by the Group during year end 31 December 2020. Methods and key assumptions in determining the fair value of the customer relationship as at respective acquisition dates are disclosed as follows:

	Valuation technique	**Discount rate**	**Expected life of the intangible assets**
Customer relationship	Discounted cash flow	15.98%-16.37%	5-10 years

(c) Impairment tests for goodwill

As at 31 December 2020, goodwill of RMB2,181,967,000 (31 December 2019:RMB1,370,928,000) has been allocated to each group of cash-generating units for impairment testing. Goodwill of RMB918,967,000 and RMB757,271,000 (31 December 2019: RMB918,967,000 and Nil) was allocated to the property management business operated by Greenland Property Services and CMIG PM, respectively.

Management performed an impairment assessment on the goodwill as at 31 December 2020. The recoverable amount of the property management business operated by the acquired subsidiaries have been assessed by an independent valuer or the management and determined based on value-in-use calculations. The calculations used cash flow projections based on financial budgets covering a five-year period approved by management.

16 Intangible assets (continued)

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

	Greenland Property Services	CMIG PM	Other subsidiaries
2020			
Compound annual growth rate of revenue during the projection period (%)	**40.4%**	**7.4%**	**2.0%-12.3%**
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin during the projection period (%)	**12.0%-12.4%**	**8.7%-8.9%**	**9.7%-20.2%**
Average trade receivables turnover days	**189-312 days**	**51 days**	**30-148 days**
Long term growth rate (%)	**3%**	**3%**	**3%**
Pre-tax discount rate (%)	**19.4%**	**19.9%**	**19.3%-21.7%**
2019			
Compound annual growth rate of revenue during the projection period (%)	40.8%	Not applicable	3.0%-10.2%
EBITDA margin during the projection period (%)	14.3%-14.5%	Not applicable	9.6%-19.7%
Average trade receivables turnover days	163-314 days	Not applicable	30-138 days
Long term growth rate (%)	3%	Not applicable	3%
Pre-tax discount rate (%)	20.3%	Not applicable	20.1%-22.6%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Compound annual growth rate of revenue	Based on past performance and management's expectations of market development. For Greenland Property Services, year-on-year increment in projected revenue is mainly attributable to the estimated incremental gross floor area under management as committed by Greenland Holdings according to the investment cooperation framework agreement.
EBITDA margin	Based on past performance and management's expectations for the future.
Average trade receivables turnover days	Based on past performance and management's expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rate	Reflect specific risks relating to the relevant cash-generating units

16 Intangible assets (continued)

As at 31 December 2020, the recoverable amounts of RMB1,368,102,000 of Greenland Property Services calculated based on VIU calculation exceeded their carrying value by RMB186,696,000. The recoverable amounts of RMB2,998,857,000 of CMIG PM calculated based on VIU calculation exceeded their carrying value by RMB292,966,000.

Details of the headroom attributable to the Group for Greenland Property Services and CMIG PM as at 31 December 2020 are set out as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
CMIG PM	**292,966**	Not applicable
Greenland Property Services	**186,696**	151,000

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations for Greenland and CMIG PM that would remove the remaining headroom respectively as at 31 December 2020:

	Possible changes to the key assumptions	
	CMIG PM	**Greenland Property Services**
Compound annual growth rate of revenue	-3.57%	-5.28%
EBITDA margin	-1.07%	-1.86%
Average trade receivables turnover days	+21 days	+34 days
Long term growth rate	-3.11%	-3.20%
Pre-tax discount rate	+2.50%	+2.33%

The directors of the Company considered there is no reasonably possible change in key parameters would cause the carrying amount of each CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer or the management as at 31 December 2020, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2020 (31 December 2019: Nil).

17 Financial instruments by category

The Group holds the following financial instruments:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables excluding prepayments (Note 19)	**3,232,131**	1,665,968
– Cash and cash equivalents (Note 22)	**5,056,976**	4,207,260
– Restricted cash	**27,572**	5,383
	8,316,679	5,878,611
Financial assets at FVPL (Note 21)	**594,152**	440,381
Financial assets at FVOCI (Note 18)	**29,122**	–
	8,939,953	6,318,992
Financial liabilities		
Financial liabilities at amortised cost		
Borrowings (Note 25)	**233,736**	21,300
Lease liabilities (Note 15(b))	**37,088**	25,535
Trade and other payables excluding non-financial liabilities (Note 26)	**2,463,727**	1,261,534
	2,734,551	1,308,369
Financial liabilities for put option written on non-controlling interests (Note 28)	**94,775**	70,436
	2,829,326	1,378,805

18 Financial assets at fair value through other comprehensive income

(a) Classification of financial assets at fair value through other comprehensive income

Financial assets at FVOCI comprise:

Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(b) Equity investments at fair value through other comprehensive income

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current assets		
Unlisted securities	**29,122**	–

(c) Amounts recognised in profit or loss and other comprehensive income

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Gains recognised in other comprehensive income related to equity investments	**1,241**	–

On disposal of these equity investments, any related balance within the reserve is reclassified to retained earnings.

As at 31 December 2020, financial assets at FVOCI were all denominated in RMB.

19 Trade and other receivables and prepayments

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables (Note (a))		
– Related parties (Note 34(d))	**844,924**	708,447
– Third parties	**1,561,635**	612,246
	2,406,559	1,320,693
Less: allowance for impairment of trade receivables	**(155,095)**	(44,169)
	2,251,464	1,276,524
Other receivables		
– Related parties (Note 34(d))	**90,329**	79,874
– Third parties	**914,021**	301,205
	1,004,350	381,079
Less: allowance for impairment of other receivables	**(23,683)**	(7,502)
	980,667	373,577
Dividend receivables (Note 34(d))	**–**	15,867
Prepayments		
– Related parties(Note 34(d))	**8,739**	436
– Third parties	**418,418**	522,943
	427,157	523,379
Subtotal	**3,659,288**	2,189,347
Less: non-current portion of prepayments (Note (b))	**(253,722)**	(30,998)
	3,405,566	2,158,349

19 Trade and other receivables and prepayments (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.

As at 31 December 2020 and 2019, the aging analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
0-180 days	**1,246,625**	774,828
181-365 days	**605,658**	285,351
1 to 2 years	**339,526**	166,593
2 to 3 years	**104,485**	56,132
Over 3 years	**110,265**	37,789
	2,406,559	1,320,693

As at 31 December 2020, trade and other receivables were all denominated in RMB and the fair values of trade and other receivables approximated their carrying amounts.

(b) As at 31 December 2020, the non-current portion of prepayments to third parties mainly included a prepayment of RMB210,023,000 for the acquisition of 51% equity interest in an environmental sanitation service company.

20 Inventories

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Consumables	**17,202**	10,716
Parking lots and shops	**1,648**	1,648
Less: allowance for impairment	**–**	–
	18,850	12,364

21 Financial assets at fair value through profit or loss

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current assets		
Contingent consideration	**2,991**	170
Current assets		
Wealth management products	**576,923**	410,000
Structural deposits	**–**	20,006
Hong Kong listed equity securities	**14,238**	10,205
	591,161	440,211
	594,152	440,381

(a) Amounts recognised in profit or loss

During the year, the following gains were recognised in profit or loss:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Fair value gains on debt instruments at FVPL recognised in other gains – net	**30,314**	18,509
Fair value gains on equity investments at FVPL recognised in other gains – net	**4,033**	(734)
Fair value losses on contingent consideration	**(170)**	(241)

(b) Risk exposure and fair value measurements

For information about the methods and assumptions used in determining fair value refer to note 3.3.

As at 31 December 2020, financial assets at FVPL were all of denominated in RMB, except for Hong Kong listed equity securities which were denominated in HK$.

22 Cash and cash equivalents and restricted cash

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash at bank and in hand:		
– Denominated in RMB	**5,052,159**	4,187,542
– Denominated in HK$	**4,817**	19,718
	5,056,976	4,207,260

(a) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

(b) Restricted cash mainly included the cash deposits in bank as performance security for property management services. All the restricted cash are denominated in RMB as at 31 December 2020 and 2019.

23 Share capital

	As at 31 December 2020 and 2019	
	Number of shares	**RMB'000**
Issued and fully paid	**1,333,334,000**	**1,333,334**

24 Reserves

	Share premium RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Total RMB'000
As at 1 January 2019	3,138,053	59,859	67,975	3,265,887
Appropriation of statutory reserves (Note (a))	–	67,783	–	67,783
Transactions with NCI	–	–	(81)	(81)
Put options granted during the acquisition of subsidiaries (Note 28)	–	–	(62,179)	(62,179)
As at 31 December 2019	3,138,053	127,642	5,715	3,271,410
Appropriation of statutory reserves (Note (a))	–	121,554	–	121,554
Other transaction with NCI	–	–	8,988	8,988
Other comprehensive income	–	–	559	559
As at 31 December 2020	**3,138,053**	**249,196**	**15,262**	**3,402,511**

(a) PRC statutory reserve

In accordance with relevant rules and regulations in the PRC, except for sino-foreign equity joint venture enterprises, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

25 Borrowings

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Long-term bank borrowings – secured (Note (a))	**17,036**	7,800
Less: current portion of non-current borrowings	**(7,839)**	(2,400)
	9,197	5,400
Borrowings included in current liabilities:		
Short-term bank borrowings – secured (Note (b))	**8,700**	13,500
Short-term bank borrowings – unsecured (Note (c))	**2,000**	–
Asset-backed securities ("ABS") (Note (d))	**206,000**	–
Current portion of long-term bank borrowings	**7,839**	2,400
	224,539	15,900
	233,736	21,300

At 31 December 2020 and 2019, the Group's borrowings were repayable as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**224,539**	15,900
Between 1 and 2 years	**6,557**	2,400
Between 2 and 5 years	**2,640**	3,000
	233,736	21,300

25 Borrowings (continued)

(a) The secured long-term bank loan amounting to RMB17,036,000 as at 31 December 2020 was bearing with fixed interest rates of 3.85%-7.32% per annum and secured by certain PPE (note 15(a)). The principal was repayable monthly at a fixed amount.

(b) The secured short-term bank loans amounting to RMB8,700,000 as at 31 December 2020 were secured by certain PPE (note 15(a)). The loans were bearing fixed interest rates of 5.40%-7.32% per annum.

(c) Unsecured short-term borrowing amounting to RMB2,000,000 as at 31 December 2020 was bearing an effective interest rate of 4.10% per annum and is repayable by 16 May 2021.

(d) A PRC subsidiary of the acquired subsidiary CMIG PM entered into an asset-backed securities arrangement with an assets management company by pledging of the receivables for certain property management contracts in respect of certain properties under that PRC subsidiary's management, and guaranteed by the former-controlling shareholder of CMIG PM in 2016. The ABS was repayable in ten biannual instalments from 3 January 2017 to 3 July 2021 bearing fixed interest rate of 5.4%. As at 31 December 2020, there was an aggregated principal amount of RMB206,000,000 outstanding.

(e) All the borrowings are denominated in RMB as at 31 December 2020 and 2019.

26 Trade and other payables

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables (Note (a))		
– Related parties (Note 34 (d))	**69,119**	5,766
– Third parties	**1,094,867**	493,826
	1,163,986	499,592
Other payables		
– Related parties (Note 34 (d))	**82,140**	55,443
– Third parties	**1,126,377**	706,499
	1,208,517	761,942
Dividends payables	**91,224**	–
Accrued payroll	**781,800**	384,102
Other taxes payables	**176,375**	111,344
	3,421,902	1,756,980
Less: non-current portion of other payables	**(51,046)**	(18,524)
Current portion	**3,370,856**	1,738,456

26 Trade and other payables (continued)

(a) As at 31 December 2020 and 2019, the aging analysis of the trade payables (including amounts due to related parties in trade nature) based on invoice date were as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Up to 1 year	**1,116,044**	455,734
1 to 2 years	**17,853**	32,709
2 to 3 years	**14,742**	3,996
Over 3 years	**15,347**	7,153
	1,163,986	499,592

As at 31 December 2020, trade and other payable were all denominated in RMB and the fair values of trade and other payable approximated their carrying amounts (31 December 2019: same).

27 Deferred income tax

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	**35,671**	12,631
– Deferred tax asset to be recovered within 12 months	**31,043**	2,331
– Set-off of deferred tax liabilities pursuant to set-off provisions	**(16,410)**	(5,126)
	50,304	9,836
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	**(210,548)**	(71,417)
– Deferred tax liability to be recovered within 12 months	**(31,210)**	(17,683)
– Set-off of deferred tax liabilities pursuant to set-off provisions	**16,410**	5,126
	(225,348)	(83,974)
	(175,044)	(74,138)

27 Deferred income tax (continued)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2020 and 2019, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts	Deferred tax assets – deductible tax losses	Deferred tax assets – accrued expenses	Deferred tax assets – other	Deferred tax liabilities – financial assets at FVOCI	Deferred tax assets/ (liabilities) – financial assets at fair value through profit and loss	Deferred tax liabilities – recalculation upon business combination	Deferred tax liabilities – differences on recognition of depreciation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2019	3,006	5,457	9,146	–	–	–	(36,179)	(2,363)	(20,933)
Credited/(charged) to the consolidated income statement	2,380	(3,126)	(8,916)	2,064	–	242	10,796	(3,204)	236
Acquisition of subsidiaries	4,709	–	–	–	–	–	(58,150)	–	(53,441)
As at 31 December 2019	10,095	2,331	230	2,064	–	242	(83,533)	(5,567)	(74,138)
As at 1 January 2020	**10,095**	**2,331**	**230**	**2,064**	**-**	**242**	**(83,533)**	**(5,567)**	**(74,138)**
Credited/(charged) to the consolidated income statement	**16,582**	**3,455**	**15,370**	**(358)**	**-**	**(2,477)**	**27,726**	**(1,910)**	**58,388**
Acquisition of subsidiaries (Note 32)	**10,253**	**722**	**1,786**	**4,184**	**-**	**-**	**(178,990)**	**-**	**(162,045)**
Credited to other comprehensive income	**-**	**-**	**-**	**-**	**(310)**	**-**	**-**	**-**	**(310)**
Disposal of subsidiaries (Note 33)	**-**	**-**	**-**	**-**	**-**	**-**	**3,061**	**-**	**3,061**
As at 31 December 2020	**36,930**	**6,508**	**17,386**	**5,890**	**(310)**	**(2,235)**	**(231,736)**	**(7,477)**	**(175,044)**

28 Financial liabilities for put option written on non-controlling interests

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial liabilities for put option written on non-controlling interests	**94,775**	70,436
Less: current portion	**(19,542)**	–
Non-current portion	**75,233**	70,436

In March 2019, the Company entered into equity interests transfer agreement with the non-controlling interests of Harbin Jingyang, pursuant to which, the Company issued put option to the non-controlling interests which grant its right to sell the 32% equity interest in Harbin Jingyang back to the Company and would be expired in 2021. The put option written on the non-controlling interests of Harbin Jingyang was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity.

In April 2019, the Company entered into equity interests transfer agreement with the non-controlling interests of Qingdao Huaren, pursuant to which, the Company issued put option to the non-controlling interests which grant its right to sell the all remaining equity interest in Qingdao Huaren back to the Company and would be expired in 2022. The put option written on the non-controlling interests of Qingdao Huaren was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity.

The valuation of the redemption liabilities for initial recognition was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected discount rate as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the expected discount rate which was determined using the capital asset pricing model. The redemption liabilities are subsequently accreted through "financial costs".

The movement of the redemption liabilities is set out below:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Opening balance	**70,436**	–
Initial recognition at fair value	**–**	62,179
Changes in fair value (Note 10)	**8,214**	–
Changes in discounted present value (Note 11)	**16,125**	8,257
	94,775	70,436
Less: current portion	**(19,542)**	–
Non-current portion	**75,233**	70,436

29 Dividends

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Proposed annual dividend comprised of a final dividend of RMB0.330 (2019: RMB0.225) per ordinary share and a special dividend of RMB0.190 (2019: RMB0.225) per ordinary share (Note (a))	**693,334**	600,000

(a) A final dividend of RMB0.330 per share and a special dividend of RMB0.190 per share for the year ended 31 December 2020, totalling RMB693,334,000 have been proposed by the Board of the Company and are subject to the approval of the forthcoming annual general meeting to be held on 25 May 2021. These dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected the proposed dividend payable.

A final dividend of RMB0.225 per share and a special dividend of RMB0.225 per share for the year ended 31 December 2019, totalling RMB600,000,000 were declared at the annual general meeting held on 15 May 2020. These dividend have been distributed out of the Company's retained earnings and paid in cash.

30 Cash flow information

(a) Cash generated from operations

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before income tax	**2,487,749**	1,694,442
Adjustments for:		
– Depreciation of PPE(Note 15(a))	**43,396**	19,241
– Amortisation of intangible assets (Note 16)	**115,088**	48,433
– Amortisation of right-of-use assets (Note 15(b))	**22,861**	21,851
– Impairment losses on financial assets	**97,406**	12,236
– Losses/(gains) on disposal of PPE (Note 10)	**4,974**	(444)
– Share of post-tax profits of joint ventures and associates (Note 12(b))	**(62,261)**	(22,635)
– Interest income from loans to related parties (Note 9)	**(10,860)**	–
– Interest income from loans to third parties	**(10,381)**	–
– Loss from disposal of investments accounted for using the equity method (Note 10)	**10,719**	–
– Gains on disposal of financial assets at FVPL (Note 10)	**(29,720)**	(18,503)
– Fair value (gains)/losses on financial assets at FVPL – net (Note 10)	**(4,457)**	969
– Fair value losses on put options written on NCI (Note 10)	**8,214**	–
– Gains on disposal of subsidiaries (Note 10)	**(5,829)**	–
– Finance costs (Note 11)	**40,358**	16,348
– Other (gains)/losses	**(1,037)**	5,831
Changes in working capital:		
– Inventories	**(3,855)**	4,000
– Trade and other receivables	**(379,102)**	(310,132)
– Trade and other payables	**673,117**	281,943
– Contract liabilities	**113,846**	161,899
	3,110,226	1,915,479

30 Cash flow information (continued)

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

	Borrowings RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 15(b))	Dividends payable RMB'000 (Note 26)	Other payables – related parties RMB'000 (Note 34(d))	Other payables – third parties (excluding trade nature) RMB'000	Total RMB'000
As at 1 January 2019	–	–	–	40,755	–	40,755
Recognised on adoption of HKFRS16	–	21,257	–	–	–	21,257
	–	21,257	–	40,755	–	62,012
Cash flows						
– Inflow from financing activities	–	–	–	20,475	19,000	39,475
– Outflow from financing activities	(28,960)	(22,592)	(400,090)	(5,787)	–	(457,429)
Non-cash changes						
– Addition of lease liabilities	–	25,214	–	–	–	25,214
– Accrued interest expense	2,160	–	–	–	–	2,160
– Finance costs recognised	–	1,656	–	–	–	1,656
– Accrued dividends payable	–	–	400,090	–	–	400,090
– Acquisition of subsidiaries	48,100	–	–	–	–	48,100
As at 31 December 2019	21,300	25,535	–	55,443	19,000	121,278
Cash flows						
– Inflow from financing activities	**19,631**	**–**	**–**	**26,697**	**9,800**	**56,128**
– Outflow from financing activities	**(150,842)**	**(24,132)**	**(719,271)**	**–**	**(37,989)**	**(932,234)**
Non-cash changes						
– Addition of lease liabilities	**–**	**19,738**	**–**	**–**	**–**	**19,738**
– Finance costs recognised	**–**	**1,981**	**–**	**–**	**17,258**	**19,239**
– Exchange gains	**–**	**–**	**(1,566)**	**–**	**–**	**(1,566)**
– Accrued dividends	**–**	**–**	**712,687**	**–**	**–**	**712,687**
– Acquisition of subsidiaries (Note 32)	**343,647**	**13,966**	**99,374**	**–**	**29,428**	**486,415**
As at 31 December 2020	**233,736**	**37,088**	**91,224**	**82,140**	**37,497**	**481,685**

31 Commitments

(a) Capital commitments

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Other intangible assets	**–**	2,705

(b) Operating lease commitments – as lessee

The Group leases offices and staff dormitories under non-cancellable operating lease agreements. The lease terms are between one month and 15 years.

The Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 15(b) for further information.

32 Business combinations

During the year ended 31 December 2020, the Group completed several acquisitions of equity interests in certain property management companies at an aggregate purchase consideration of RMB1,662,150,000, mainly included 60% equity interests in CMIG PM. Goodwill of RMB816,010,000 and total identifiable net assets of RMB846,140,000 were recognised. The directors of the Company consider that the acquisition of CMIG PM constituted a very substantial acquisition for the Group while other subsidiaries acquired during the year was not significant to the Group. Thus, only financial information of CMIG PM on the acquisition date was disclosed individually.

32 Business combinations (continued)

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

	CMIG PM RMB'000	Others RMB'000	Total RMB'000
Purchase consideration			
Cash consideration	1,560,000	63,911	1,623,911
Transfer from an associate (Note 12(b)(ii))	–	38,840	38,840
Contingent consideration (Note (b)) (Note 3.3(b))	–	(601)	(601)
Total purchase consideration	1,560,000	102,150	1,662,150
Recognised amounts of identifiable assets acquired and liabilities assumed			
PPE (Note 15)	89,068	3,441	92,509
Right-of-use assets (Note 15)	13,622	–	13,622
Other intangibles (excluding customer relationship) (Note 16)	1,728	87	1,815
Customer relationship (included in other intangible assets) (Note 16)	670,446	31,373	701,819
Deferred income tax assets (Note 27)	15,614	1,331	16,945
Investments accounted for using the equity method (Note 12(b))	498,373	–	498,373
Financial assets at FVPL (Note 3.3(b))	225,170	12,500	237,670
Financial assets at FVOCI (Note 3.3(b))	28,581	–	28,581
Inventories	2,637	1	2,638
Trade and other receivables (Note (c))	1,624,242	45,600	1,669,842
Cash and cash equivalents (Note (a))	248,161	26,280	274,441
Borrowings	(343,647)	–	(343,647)
Trade and other payables	(1,027,964)	(23,487)	(1,051,451)
Lease liabilities	(13,966)	–	(13,966)
Contract liabilities	(144,337)	(7,451)	(151,788)
Current income tax liabilities	(34,238)	–	(34,238)
Deferred income tax liabilities (Note 27)	(171,146)	(7,844)	(178,990)
Total identifiable net assets	1,682,344	81,831	1,764,175
Less: non-controlling interests	(884,586)	(33,449)	(918,035)
Identifiable net assets attributable to the Group	797,758	48,382	846,140
Goodwill (Note 16)	762,242	53,768	816,010

32 Business combinations (continued)

(a) Net cash outflow arising on acquisition during the year ended 31 December 2020:

	CMIG PM RMB'000	Others RMB'000	Total RMB'000
Total fair value of cash consideration	1,560,000	63,911	1,623,911
Less: cash considerations paid in prior year	(468,000)	–	(468,000)
Cash considerations paid in the year	1,092,000	63,911	1,155,911
Less: cash and cash equivalents in the subsidiaries acquired	(248,161)	(26,280)	(274,441)
Total	843,839	37,631	881,470
Add: cash considerations paid for companies acquired in the previous years	–	34,739	34,739
Cash outflow in the year	843,839	72,370	916,209

(b) Contingent considerations

The contingent consideration arrangement entitles the Group to have the receivable from the former owners of Dalian Yimei, if they are unable to achieve their targets of adjusted profit during the years ended 31 December 2020 to 2022.

The fair value of the contingent consideration arrangement of RMB601,000 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. The asset is presented within financial assets at fair value through profit or loss in the consolidated balance sheet.

(c) Acquired receivables

The fair value of trade and other receivables is RMB1,669,842,000 and includes trade receivables with a fair value of RMB822,170,000. The gross contractual amount for trade receivables due is RMB850,991,000, of which RMB28,821,000 is expected to be uncollectible.

(d) Revenue and profit contribution

The acquired businesses contributed revenues of RMB3,197,305,000 and net profits of RMB225,864,000 to the Group for the period from the respective acquisition dates to 31 December 2020.

If the acquisitions had occurred on 1 January 2020, the Group's consolidated pro-forma revenue and net profit for the year ended 31 December 2020 would have been RMB10,608,432,000 and RMB1,965,200,000, respectively.

No contingent liability has been recognised for the business combination during the year ended 31 December 2020.

33 Disposal of subsidiaries

During the year ended 31 December 2020, certain subsidiaries of the Group were disposed of at cash considerations of RMB2,221,000 in aggregate. The directors of the Company consider that the subsidiaries disposed during the year was not significant to the Group. Thus, no financial information on the disposal date was disclosed individually.

	Note	As at the respective dates of the disposals RMB'000
Cash consideration received or receivable		2,221
Fair value transferred to investment accounted for using the equity method	12(b)	18,154
Less: carrying amounts of net assets disposed		(14,546)
Net gains from the disposals	10	5,829

The carrying amounts of assets and liabilities as at the respective dates of disposals were as follows:

	Note	As at the respective dates of the disposals RMB'000
Assets		
Property, plant and equipment		685
Other intangible assets	16	20,572
Inventories		7
Trade and other receivables		45,144
Cash and cash equivalents		28,081
		94,489
Liabilities		
Deferred income tax liabilities	27	(3,061)
Trade and other payables		(37,517)
Contract liabilities		(234)
Current income tax liabilities		(2,197)
		(43,009)
Less: non-controlling interests		(41,905)
Add: Goodwill	16	4,971
Net assets		14,546
Net cash outflow arising from disposal of subsidiaries		
Cash consideration received		2,221
Less: cash and cash equivalents disposed		(28,081)
		(25,860)

34 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
Agile Holdings and its subsidiaries 雅居樂集團控股有限公司及其附屬公司	Ultimate holding company and its subsidiaries
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
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") and its subsidiaries 綠地控股集團有限公司及其附屬公司	A shareholder having significant influence on the Company and its subsidiaries
CMIG Futurelife Holding Group Co., Ltd* ("CMIG") and its subsidiaries 中民未來控股集團有限公司及其附屬公司	Non-controlling shareholder having significant influence on the Group and its subsidiaries
Zhongshan Agile Changjiang Hotel Co., Ltd* 中山雅居樂長江酒店有限公司	Controlled by the Founding Shareholders
Zhongshan Changjiang Golf Course* 中山長江高爾夫球場	Controlled by the Founding Shareholders
Hainan Agile Lehan Hotel Management Co., Ltd* 海南雅居樂瀚海酒店管理有限公司	Controlled by the Founding Shareholders
Haimen Xinya Real Estate Development Co., Ltd.* 海門新雅房地產開發有限公司	Associate of Agile Holdings

34 Related party transactions (continued)

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

Name	Relationship
Jinzhong Jintianheyi Property Development Co., Ltd.* 晉中錦添合意房地產開發有限公司	Associate of Agile Holdings
Guangzhou Lihe Real Estate Development Co., Ltd.* 廣州利合房地產開發有限公司	Associate of Agile Holdings
Sichuan Yacan Real Estate Development Co., Ltd.* 四川雅燦房地產開發有限公司	Associate of Agile Holdings
Foshan Changzhong Property Development Co., Ltd.* 佛山市昌重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
Wuxi Yahui Real Estate Development Co., Ltd.* 無錫雅輝房地產開發有限公司	Associate of Agile Holdings
Sichuan Yaheng Real Estate Development Co., Ltd.* 四川雅恒房地產開發有限公司	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
Nanjing Haiyue Property Management Co.,Ltd* 南京海玥物業管理有限公司	Associate of the Group
Lanzhou Lanshi Property Management Co.,Ltd* 蘭州蘭石物業管理有限公司	Associate of the Group
Chongqing Weishi Property Management Co.,Ltd* 重慶衛士物業管理有限公司	Associate of the Group

34 Related party transactions (continued)

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

Name	Relationship
Shenzhen Huilongcheng Property Management Co.,Ltd* 深圳市匯龍城物業管理有限公司	Associate of the Group
Tianjin Zhuosen Business Management Co.,Ltd.* ("Tianjin Zhuosen") Note (i) 天津卓森商業管理有限公司	Associate of the Group
Guangzhou Huibang Property Co., Ltd.* 廣州市暉邦置業有限公司	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
Guangzhou Greenland Baiyun Property Co., Ltd.* 廣州綠地白雲置業有限公司	Joint venture of 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
Weihai Yalan Investment Co., Ltd.* 威海雅藍投資開發有限公司	Joint venture of Agile Holdings
Huizhou Bailuhu Tour Enterprise Development Co., Ltd.* 惠州白鷺湖旅遊實業開發有限公司	Joint venture of Agile Holdings
Beihai Yaguang Property Development Co., Ltd.* 北海雅廣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
Henan Yafu Property Co., Ltd.* 河南雅福置業有限公司	Joint venture of Agile Holdings

34 Related party transactions (continued)

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

Name	Relationship
Zhuhai Yahan Real Estate Development Co., Ltd.* 珠海市雅瀚房地產開發有限公司	Joint venture of Agile Holdings
Kaifeng Fenghui Property Co., Ltd.* 開封豐輝置業有限公司	Joint venture of Agile Holdings
Wenhua Zhongshan Real Estate Co., Ltd.* 中山市文華房地產有限公司	Joint venture of Agile Holdings
Guigang Shenghe Property Service Co., Ltd.* 貴港市盛和物業服務有限公司	Joint venture of the Group
Qingdao Huarong City Services Management Co., Ltd.* 青島華融城市服務管理有限公司	Joint venture of the Group
Qingdao Qinglv City Services Co., Ltd.* 青島青旅城市服務有限公司	Joint venture of the Group
Hangzhou Lvsong Property Services Co., Ltd.* 杭州綠宋物業服務有限公司	Joint venture of the Group

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.

(i) Tianjin Zhuosen was also an associate of Agile Holdings before 29 December 2020, when Agile Holdings disposed of its interests in the holding company of Tianjin Zhuosen. Sine then, Tianjin Zhuosen is significantly influenced by the close family member of the Founding Shareholders and is no longer accounted for as an associate of Agile Holdings.

34 Related party transactions (continued)

(b) Transactions with related parties

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Provision of services		
Entities controlled by the Agile Holdings	**2,173,460**	1,532,583
Joint ventures and associates of Agile Holdings	**275,552**	194,923
Greenland Holdings and entities controlled by Greenland Holdings	**147,664**	199,934
Joint ventures and associates of the Group	**12,299**	4,893
Joint ventures of Greenland Holdings	**893**	2,947
Entities controlled by the Founding Shareholders	**726**	810
CMIG and entities controlled by CMIG	**122**	–
	2,610,716	1,936,090

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Purchase of services		
An associate of the Group	**86,020**	–

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income received on loans due from related parties		
CMIG	**10,860**	–

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Rental expenses related to short-term and low-value leases		
Entities controlled by the Founding Shareholders	**2,087**	–
Entities controlled by the Agile Holdings	**1,126**	1,528
	3,213	1,528

34 Related party transactions (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest expense for lease liabilities		
Entities controlled by the Agile Holdings	**115**	145
A Founding Shareholder of Agile Holdings	**31**	11
Entities controlled by the Founding Shareholders	**–**	70
	146	226

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Payment of lease liabilities		
Entities controlled by the Agile Holdings	**853**	3,916
A Founding Shareholder of Agile Holdings	**410**	468
Entities controlled by the Founding Shareholders	**–**	2,824
	1,263	7,208

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(c) Key management compensation

Compensations for key management other than those for directors and supervisors as disclosed in note 36 is set out below.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**6,236**	6,109
Bonus	**4,763**	2,565
Contribution to pension scheme	**40**	170
	11,039	8,844

34 Related party transactions (continued)

(d) Balances with related parties

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Due from related parties		
– Trade receivables		
Entities controlled by the Agile Holdings	**484,856**	399,752
Greenland Holdings and entities controlled by Greenland Holdings	**251,596**	247,526
Joint ventures and associates of Agile Holdings	**95,490**	55,821
Joint ventures and associates of the Group	**9,048**	1,700
Joint ventures of Greenland Holdings	**3,433**	3,648
CMIG and entities controlled by CMIG	**501**	–
	844,924	708,447
– Other receivables (Note (i))		
Entities controlled by the Agile Holdings	**68,005**	59,692
Associates of the Group	**14,128**	10,000
Joint ventures and associates of Agile Holdings	**4,858**	9,475
CMIG and entities controlled by CMIG	**2,042**	–
Entities controlled by the Founding Shareholders	**909**	557
Greenland Holdings and entities controlled by Greenland Holdings	**387**	150
	90,329	79,874
– Dividend receivables		
An associate of the Group	**–**	15,867
– Prepayments		
Greenland Holdings and entities controlled by Greenland Holdings	**7,146**	–
Entities controlled by the Agile Holdings	**1,556**	436
Associates of the Group	**23**	–
Associates of Agile Holdings	**14**	–
	8,739	436
Total receivables from related parties	**943,992**	804,624

34 Related party transactions (continued)

(d) Balances with related parties (continued)

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Due to related parties		
– Trade payables		
Associates of the Group	**59,285**	–
Entities controlled by the Agile Holdings	**8,193**	5,766
CMIG and entities controlled by CMIG	**1,571**	–
Associates of Agile Holdings	**70**	–
	69,119	5,766
– Other payables (Note(ii))		
Entities controlled by the Agile Holdings	**65,559**	54,175
Associates of the Group	**7,617**	–
Greenland Holdings and entities controlled by Greenland Holdings	**3,600**	1,258
Joint ventures of Agile Holdings	**2,542**	10
CMIG and entities controlled by CMIG	**1,483**	–
Associates of Agile Holdings	**894**	–
A Founding Shareholder of Agile Holdings	**445**	–
	82,140	55,443
– Contract liabilities		
Entities controlled by the Agile Holdings	**65,654**	90,022
Associates of the Group	**6,738**	–
Joint ventures and associates of Agile Holdings	**8,256**	675
Greenland Holdings and entities controlled by Greenland Holdings	**1,579**	733
Entities controlled by the Founding Shareholders	**10**	–
	82,237	91,430
Total payables to related parties	**233,496**	152,639

34 Related party transactions (continued)

(d) Balances with related parties (continued)

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

(ii) Other payables due to related parties mainly represented the receipts of communal area income on behalf of the properties' owners, which are interest-free and repayable on demand.

(e) Loans and interest receivables due from related parties

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
As at beginning of the year	**–**	–
Addition	**17,450**	–
Acquisition of subsidiaries	**324,068**	–
Repayments from related parties	**(338,450)**	–
Interest income (Note 9)	**10,860**	–
Interest received	**(13,928)**	–
As at end of the year	**–**	–

Loans and interest receivables due from related parties are mainly included cash advances to CMIG, which bear an interest rate of 5.6% per annum and are repayable on demand.

(f) Pledges and guarantees provided by related parties

As at 31 December 2020, ABS borrowings of RMB206,000,000 is guaranteed by CMIG (2019: Nil).

35 Balance sheet and reserve movement of the Company

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Assets		
Non-current assets		
Property, plant and equipment	**60,727**	61,467
Right-of-use assets	**5,958**	5,462
Other intangible assets	**1,750**	2,319
Investments accounted for using the equity method	**582,498**	269,962
Deferred income tax assets	**4,485**	1,833
Investments in subsidiaries	**3,512,132**	3,169,166
Prepayments	**13,955**	19,270
Financial assets at fair value through profit or loss	**2,390**	170
	4,183,895	3,529,649
Current assets		
Trade and other receivables	**2,549,289**	1,647,560
Inventories	**9,463**	8,728
Financial assets at fair value through profit or loss	**584,427**	410,204
Restricted cash	**88**	87
Cash and cash equivalents	**2,223,697**	2,697,062
	5,366,964	4,763,641
Total assets	**9,550,859**	8,293,290

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Equity		
Equity attributable to shareholders of the Company		
Share capital	**1,333,334**	1,333,334
Reserves (Note (a))	**3,352,827**	3,231,273
Retained earnings	**1,254,629**	665,857
Total equity	**5,940,790**	5,230,464
Liabilities		
Non-current liabilities		
Lease liabilities	**2,332**	2,265
Derivative financial liabilities	**37,063**	70,436
Other payables	**–**	18,524
Contract liabilities	**52,629**	–
	92,024	91,225
Current liabilities		
Contract liabilities	**311,171**	300,113
Trade and other payables	**3,076,207**	2,622,108
Current income tax liabilities	**119,285**	46,074
Derivative financial liabilities	**7,588**	–
Lease liabilities	**3,794**	3,306
	3,518,045	2,971,601
Total Liabilities	**3,610,069**	3,062,826
Total equity and liabilities	**9,550,859**	8,293,290

The balance sheet of the Company was approved by the Board of Directors on 22 March 2021 and was signed on its behalf:

Chan Cheuk Hung
Director

Huang Fengchao
Director

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

(a) Reserve movement of the Company

	Share premium RMB'000	Statutory reserve RMB'000	Other reserve and retained earnings RMB'000	Total RMB'000
As at 1 January 2019	3,138,053	51,488	36,209	3,225,750
Appropriation of statutory reserves (Note 24 (a))	–	67,783	–	67,783
Other equity transactions	–	–	(81)	(81)
Put options granted during the acquisition of subsidiaries	–	–	(62,179)	(62,179)
As at 31 December 2019	3,138,053	119,271	(26,051)	3,231,273
Appropriation of statutory reserves (Note 24 (a))	**–**	**121,554**	**–**	**121,554**
As at 31 December 2020	**3,138,053**	**240,825**	**(26,051)**	**3,352,827**

36 Directors' and supervisors' benefits and interests

During the year ended 31 December 2020, the directors and supervisors are listed in the following:

Executive Directors

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

Mr. Huang Fengchao (Note (a)(i), (f)) (Co-chairman) (Resigned as President (General Manager) and Chief Executive Officer with effect from 21 July 2020)

Mr. Li Dalong (Note (a)(ii), (f)) (President (General Manager) and Chief Executive Officer) (Appointed on 21 July 2020)

Mr. Feng Xin (Note (a)(ii), (a)(iv), (f)) (Retired with effect from 21 July 2020)

Non-executive Directors

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

Ms. Yue Yuan (Note (a)(iii))

Independent Non-executive Directors

Mr. Wan Kam To (Note (a)(ii))

Ms. Wong Chui Ping Cassie (Note (a)(ii)) (Appointed on 21 July 2020)

Mr. Wang Peng (Note (a)(ii))

Mr. Wan Sai Cheong, Joseph (Note (a)(ii)) (Retired with effect from 21 July 2020)

Supervisors

Mr. Liu Jianrong (Note (a)(ii)) (Appointed on 21 July 2020)

Ms. Chen Liru (Note (a)(ii)) (Retired with effect from 21 July 2020)

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

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

Mr. Wang Gonghu (Note (a)(ii)) (Appointed on 21 July 2020)

Mr. Li Jianhui (Note (a)(ii)) (Retired with effect from 21 July 2020)

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

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

(a) Directors' and supervisors' emoluments

The directors and supervisors received emoluments from the Group for the year ended 31 December 2020 as follows:

Name	Fees	Salaries	Bonus	Housing allowance and contributions to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Li Dalong (Note (a)(ii)), (f))	–	1,844	960	149	2,953
Mr. Feng Xin (Note (a)(ii)), (a)(iv), (f))	–	1,236	1,373	99	2,708
Non-executive director					
Mr. Wei Xianzhong (Note (a)(ii))	196	–	–	–	196
Independent non-executive directors					
Mr. Wan Kam To (Note (a)(ii))	356	–	–	–	356
Ms. Wong Chui Ping Cassie (Note (a)(ii))	160	–	–	–	160
Mr. Wan Sai Cheong, Joseph (Note (a)(ii))	196	–	–	–	196
Supervisors					
Mr. Liu Jianrong (Note (a)(ii))	–	685	641	84	1,410
Ms. Chen Liru (Note (a)(ii))	–	508	316	51	875
Ms. Huang Zhixia (Note (a)(ii))	–	281	174	27	482
Mr. Wang Gonghu (Note (a)(ii))	–	54	–	–	54
Mr. Li Jianhui (Note (a)(ii))	–	66	–	–	66
Mr. Wang Shao (Note (a)(ii))	–	120	–	–	120
	908	4,794	3,464	410	9,576

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

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

The directors and supervisors received emoluments from the Group for the year ended 31 December 2019 as follows:

Name	Fees	Salaries	Bonus	Housing allowance and contributions to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Feng Xin (Note (a)(ii)), a(iv), (f))	–	1,316	600	41	1,957
Non-executive director					
Mr. Wei Xianzhong (Note (a)(ii))	356	–	–	–	356
Independent non-executive directors					
Mr. Wan Kam To (Note (a)(ii))	353	–	–	–	353
Mr. Wan Sai Cheong, Joseph (Note (a)(ii))	353	–	–	–	353
Supervisors					
Ms. Chen Liru (Note (a)(ii))	–	817	–	42	859
Ms. Huang Zhixia (Note (a)(ii))	–	499	–	36	535
Mr. Li Jianhui (Note (a)(ii))	–	120	–	–	120
Mr. Wang Shao (Note (a)(ii))	–	120	–	–	120
	1,062	2,872	600	119	4,653

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

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

(i) The executive Directors, Mr. Huang Fengchao and Mr. Chan Cheuk Hung received emoluments totalling RMB11,601,000 during the year ended 31 December 2020 (2019: RMB11,300,000), which were borne by related parties of the Group. Mr. Huang Fengchao and Mr. Chan Cheuk Hung were also directors of Agile Holdings during the year ended 31 December 2020, and their emoluments were not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

(ii) The executive Directors, Mr. Li Dalong and Mr. Feng Xin, non-executive Director, Mr. Wei Xianzhong, independent non-executive Directors, Mr. Wan Kam To, Ms. Wong Chui Ping Cassie and Mr. Wan Sai Cheong, Joseph, and the Supervisors, Mr. Liu Jianrong, Ms. Chen Liru, Ms. Huang Zhixia, Mr. Li Jianhui, Mr. Wang Gonghu and Mr. Wang Shao did not receive any emoluments from the related parties of the Group for the year ended 31 December 2020 (2019: Nil).

The independent non-executive Director Mr. Wang Peng and the Supervisor Mr. Shi Zhengyu did not receive any emoluments from the Group or the related parties of the Group for the year ended 31 December 2020 (2019: Nil).

(iii) On 28 May 2019, Ms. Yue Yuan was appointed as a non-executive Director, and received emoluments totalling RMB6,307,000 during the year ended 31 December 2020, which were borne by related parties of the Group. Ms. Yue Yuan was also management of Agile Holdings during the year ended 31 December 2020, and her emolument was not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

(iv) The executive Director Mr. Feng Xin has retired as an executive Director with effect from 21 July 2020 and received emoluments totalling RMB1,957,000 during the year ended 31 December 2019.

(b) Retirement benefits of directors and supervisors

During the year ended 31 December 2020, there were no additional retirement benefit received by the directors and supervisors except for the housing allowance and contributions to a retirement benefit scheme as disclosed in note (a) above (2019: Nil).

(c) Termination benefits of directors and supervisors

During the year ended 31 December 2020, there were no termination benefits received by the directors and supervisors (2019: Nil).

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

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

During the year ended 31 December 2020, no consideration was paid for making available the services of the directors or supervisors of the Company (2019: Nil).

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

During the year ended 31 December 2020, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of directors and supervisors (2019: Nil).

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

Mr. Chan Cheuk Hung, transferred from non-executive directors to executive directors in May 2018, is one of the Founding Shareholders and executive directors of Agile Holdings, the Company's ultimate holding company. Mr. Chan Cheuk Hung, is one of the beneficiaries of a family trust, which indirectly held 62.63% equity interests in Agile Holdings as at 31 December 2020 (at 31 December 2019: 62.63%). The Group's transactions with Agile Holdings and related entities are set out in note 34.

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") was established under the laws of the PRC. On 26 July 2017, the Company and Gongqingcheng Investment entered into a capital increase agreement, pursuant to which Gongqingcheng Investment shall subscribe for 8,000,000 shares of the Company at a cash consideration of RMB200,000,000. As at 31 December 2020, Gongqingcheng Yagao was Gongqingcheng Investment's general partner and Shanghai Yongya Business Consultancy Limited Partnership, Shanghai Yeya Business Consultancy Limited Partnership, Mr. Huang Fengchao (黃奉潮), Mr. Li Dalong (李大龍) and Mr. Feng Xin (馮欣) were its limited partners.

Except for those mentioned above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had interests, whether directly or indirectly, subsisted at the years ended 31 December 2020 and 2019 or at any time during the years ended 31 December 2020 and 2019.

37 Events after the balance sheet date

(a) On 12 December 2019, the Group entered into an agreement with Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership) to conditionally agree to acquire the 60% of the equity interest in New CMIG PM at a variable consideration subject to the maximum amount of RMB500,000,000. The circular had been despatched to the Group's Shareholders on 26 February 2021. Upon the completion of the acquisition, the New CMIG PM would become a subsidiary of the Group.

(b) On 12 March 2021, the Group entered into an agreement to acquire partial equity interests of certain company providing environmental sanitation services at a total consideration of RMB144,000,000.

(c) On 21 March 2021, an indirect wholly-owned subsidiary of the Company proposed to enter into an agreement to acquire partial equity interests of an environmental sanitation services company at a total consideration of RMB280,500,000 after the consolidated financial statements was approved by the board on 22 March 2021.

Five-Year Financial Summary

Consolidated income statement

	Year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**10,026,147**	5,127,293	3,376,749	1,760,753	1,244,735
Cost of sales	**(7,053,112)**	(3,244,433)	(2,086,808)	(1,170,188)	(933,088)
Gross profit	**2,973,035**	1,882,860	1,289,941	590,565	311,647
Selling and marketing expenses	**(77,139)**	(43,103)	(45,951)	(32,629)	(19,057)
Administrative expenses	**(548,295)**	(294,976)	(302,246)	(171,222)	(73,017)
(Impairment losses)/reversal of losses on financial assets	**(97,406)**	(12,236)	2,750	1,207	(5,675)
Other income	**198,515**	131,126	100,469	10,596	3,471
Other gains – net	**17,136**	24,484	31,317	(100)	(219)
Operating profit	**2,465,846**	1,688,155	1,076,280	398,417	217,150
Finance expenses	**(40,358)**	(16,348)	(917)	4,279	14,606
Share of post-tax profits of joint ventures and associates	**62,261**	22,635	–	–	–
Profit before income tax	**2,487,749**	1,694,442	1,075,363	402,696	231,756
Income tax expenses	**(515,015)**	(402,854)	(264,484)	(102,489)	(62,710)
Profit for the year	**1,972,734**	1,291,588	810,879	300,207	169,046
Profit attributable to:					
– Shareholders of the Company	**1,754,411**	1,230,764	801,045	289,727	160,670
– Non-controlling interests	**218,323**	60,824	9,834	10,480	8,376
	1,972,734	1,291,588	810,879	300,207	169,046
Earnings per share (expressed in RMB per share)					
– Basic and diluted earnings per share	**1.32**	0.92	0.62	0.35	0.22

Consolidated assets, equity and liabilities

	As at 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**4,874,828**	2,563,948	1,307,867	1,111,808	719,679
Current assets	**9,100,125**	6,823,567	5,988,682	1,398,989	1,179,178
Total assets	**13,974,953**	9,387,515	7,296,549	2,510,797	1,898,857
Equity and Liabilities					
Total equity	**8,657,400**	6,505,685	5,510,037	1,474,069	303,482
Non-current liabilities	**452,383**	191,678	60,218	22,118	595,691
Current liabilities	**4,865,170**	2,690,152	1,726,294	1,014,610	999,684
Total liabilities	**5,317,553**	2,881,830	1,786,512	1,036,728	1,595,375
Total equity and liabilities	**13,974,953**	9,387,515	7,296,549	2,510,797	1,898,857