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If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in A-Living Smart City Services Co., Ltd., you should at once hand this circular together with the enclosed proxy form to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF 60% EQUITY INTEREST IN NEW CMIG PM AND NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING

Financial Adviser to A-Living



Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 7 to 23 of this circular.

A notice convening the A-Living EGM to be held at Conference Room, 33/F, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC on Tuesday, 13 April 2021 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the A-Living EGM is also enclosed in this circular. Such proxy form is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and A-Living (<http://www.agileliving.com.cn>).

A-Living Shareholders who intend to appoint a proxy to attend the A-Living EGM shall complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the A-Living EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude A-Living Shareholders from attending and voting in person at the A-Living EGM or any adjourned meeting thereof if they so wish.

* For identification purposes only

26 February 2021

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“A-Living”	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 PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange
“A-Living Board”	board of directors of A-Living
“A-Living Director(s)”	the director(s) of A-Living
“A-Living EGM”	the 2021 first extraordinary general meeting of A-Living to be held and convened at Conference Room, 33/F, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC on Tuesday, 13 April 2021 at 3:00 p.m. or any adjournment thereof (as the case may be) to consider and, if thought fit, approve the New CMIG PM Agreement (as supplemented) and the transactions contemplated thereunder
“A-Living Group”	A-Living and its subsidiaries
“A-Living Shareholder(s)”	holder(s) of the shares of A-Living
“A-Living Supervisor(s)”	the supervisor(s) of A-Living
“Acquisitions”	the CMIG PM Acquisition and the New CMIG PM Acquisition
“Announcements”	the announcements of A-Living dated 25 September 2019 in relation to the CMIG PM Acquisition and 12 December 2019, 30 November 2020 and 22 February 2021 in relation to the New CMIG PM Acquisition
“associate”	has the meaning as ascribed to it under the Listing Rules
“CMIG PM”	中民未來物業服務有限公司 (CMIG Futurelife Property Management Limited*), a limited liability company established in the PRC and is owned as to 60% by the Purchaser and as to 40% by the Remaining Shareholder

DEFINITIONS

“CMIG PM Acquisition”	the acquisition of the 60% equity interest in CMIG PM held by the Vendor as contemplated under the CMIG PM Agreement, which had been completed as at the Latest Practicable Date
“CMIG PM Agreement”	the equity transfer agreement dated 25 September 2019 entered into between the Purchaser and the Vendor in relation to the sale and purchase of (i) the 60% equity interest in CMIG PM held by the Vendor; and (ii) the New CMIG PM Interests, the particulars of which are set out in the section headed “(1) THE CMIG PM AGREEMENT” in the announcement of A-Living dated 25 September 2019
“CMIG PM Circular”	the circular of A-Living dated 24 February 2020 in relation to the CMIG PM Acquisition
“CMIG PM Group”	CMIG PM and its subsidiaries, the financial results of which has been consolidated into the financial statements of A-Living
“connected person”	has the meaning ascribed to it under the Listing Rules
“Enlarged Group”	the A-Living Group as enlarged by the New CMIG PM Group
“Entrusted Loan Agreement”	the entrusted loan agreement entered into between Kerui PM as borrower and 中信信託有限責任公司 (Zhongxin Trust Company Limited*) as lender for an entrusted loan facility up to RMB2,020,000,000
“Final Consideration”	the consideration for the New CMIG PM Acquisition in the amount of RMB344,250,000
“Formula”	the formula adopted to determine the Final Consideration, being the Kerui Guaranteed Profit x P/E Ratio of 12.5 x 60%
“GFA”	gross floor area
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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“Independent Third Party”	a person, or in the case of a company, such company or its ultimate beneficial owner(s), who is/are independent of and not connected with A-Living and its subsidiaries and their respective connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Kerui Guaranteed Profit”	the net profit after taxation and excluding extraordinary items attributable to New CMIG PM for the year ending 31 December 2020 in the amount of RMB45,900,000 irrevocably warranted and guaranteed by the Vendor to the Purchaser
“Kerui PM”	上海科瑞物業管理發展有限公司 (Shanghai Kerui Property Management Development Co., Ltd.*), a company established in the PRC with limited liability and is owned as to 51% by New CMIG PM
“Kerui PM Audited Net Profit”	the audited net profit after taxation and excluding extraordinary items attributable to New CMIG PM for the Relevant Year
“Latest Practicable Date”	25 February 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New CMIG PM”	民瑞物業服務(上海)有限公司 (Minrui Property Management (Shanghai) Co., Ltd.), a company established in the PRC with limited liability and is owned as to 60% by the Vendor and as to 40% by the Remaining Shareholder
“New CMIG PM Acquisition”	the New CMIG PM Acquisition as contemplated under the New CMIG PM Agreement (as supplemented)
“New CMIG PM Agreement”	the equity transfer agreement dated 12 December 2019 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the New CMIG PM Interests
“New CMIG PM Completion”	completion of the New CMIG PM Acquisition

DEFINITIONS

“New CMIG PM Group”	New CMIG PM and Kerui PM
“New CMIG PM Interests”	the 60% equity interest in New CMIG PM held by the Vendor
“P/E Ratio”	price to earnings ratio
“PRC”	the People’s Republic of China, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	天津雅潮企業管理諮詢有限公司 (Tianjin Yachao Enterprise Management Consulting Co., Ltd.*), a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of A-Living
“Relevant Year”	the financial year of 2020
“Remaining Shareholder”	茗泰(上海)企業管理有限公司 (Mingtai (Shanghai) Enterprise Management Co., Ltd.*), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement”	the second supplemental agreement dated 22 February 2021 entered into between the Purchaser and the Vendor to supplement the New CMIG PM Agreement
“Securities Dealing Codes”	a code for securities transactions by the A-Living Directors and a code for securities transactions by the A-Living Supervisors adopted by A-Living as its own codes of conduct governing A-Living Directors’ and A-Living Supervisors’ dealings in A-Living’s securities on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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“subsidiary”	has the meaning as ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Supplemental Agreement”	the supplemental agreement dated 30 November 2020 entered into between the Purchaser and the Vendor to supplement the New CMIG PM Agreement
“Transactional Documents”	the New CMIG PM Agreement (as supplemented) and all other documents and agreements necessary for the acquisition of the New CMIG PM Interests (including but not limited to the constitutional documents of New CMIG PM)
“Valuation Report”	a valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (JLL), an independent professional valuer, in relation to the P/E Ratio of 12.5 as of 30 August 2019
“Vendor”	廣東豐信盈隆股權投資合夥企業(有限合夥) (Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership)*), a limited partnership established in accordance with the Partnership Laws of the PRC
“Waiver Letter”	a letter to be executed by the Remaining Shareholder to waive its pre-emptive right to purchase the New CMIG PM Interests from the Vendor
“Working Day”	any day which banks in the PRC are open for business, except Saturdays, Sundays and statutory holidays as announced by the PRC government
“%”	per cent.
“sq.m.”	square meter

PRECAUTIONARY MEASURES FOR THE A-LIVING EGM

In view of the outbreak of coronavirus disease (COVID-19) pandemic (the “**COVID-19 Pandemic**”), to safeguard the health and safety of A-Living Shareholders who might be attending the A-Living EGM in person, A-Living will implement the following precautionary measures at the A-Living EGM:

- Each attendee will be required to undergo a mandatory body temperature check and sign a health declaration form before entering the A-Living EGM venue. Any person with a body temperature above 37.4 degree Celsius, or is exhibiting flu-like symptoms, may be denied entry into the A-Living EGM venue and be required to leave the A-Living EGM venue.
- A-Living Shareholders, proxies and other attendees are required to comply with the latest epidemic prevention policy requirements of the PRC government and present the corresponding health certificate. Any person who does not comply with this requirement will be required to leave the A-Living EGM venue.
- A-Living Shareholders, proxies and other attendees are required to wear surgical face masks inside the A-Living EGM venue at all times. Any person who does not comply with this requirement will be required to leave the A-Living EGM venue.
- No refreshments will be served at the A-Living EGM.

A-Living Shareholders who are feeling unwell are advised not to attend the A-Living EGM.

For the health and safety of A-Living Shareholders, A-Living would like to encourage A-Living Shareholders to appoint the chairman of the A-Living EGM as their proxy to vote on the relevant resolution at the A-Living EGM, instead of attending the A-Living EGM in person.

As the COVID-19 Pandemic continues to evolve, A-Living will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risk to A-Living Shareholders and others attending the A-Living EGM and to comply with any requirements or recommendations of any government agencies from time to time. A-Living Shareholders are advised to check A-Living’s website at <http://www.agileliving.com.cn> for further announcements and updates on the A-Living EGM arrangements that may be issued.

A-Living seeks the understanding and cooperation of all A-Living Shareholders to minimise the risk of community spread of COVID-19 Pandemic.

LETTER FROM THE BOARD

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)

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

Registered Office in the PRC:

Management Building, Xingye Road

Agile Garden, Sanxiang Town

Zhongshan

Guangdong Province, PRC

Principal Place of Office in the PRC:

35/F, Agile Center

26 Huaxia Road

Zhujiang New Town

Tianhe District, Guangzhou

Guangdong Province, PRC

Principal Place of Business in Hong Kong:

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

26 February 2021

To the A-Living Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION IN RELATION TO
THE ACQUISITION OF 60% EQUITY INTEREST IN NEW CMIG PM
AND NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING**

THE NEW CMIG PM ACQUISITION

Reference is made to the Announcements. As disclosed in the announcements of A-Living dated 12 December 2019, 30 November 2020 and 22 February 2021, the Purchaser entered into the New CMIG PM Agreement, the Supplemental Agreement and the Second Supplemental Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to dispose of, 60% of the equity interest in New CMIG PM at the Final Consideration. Accordingly, certain terms in relation to the New CMIG PM Acquisition originally set out in the CMIG PM Agreement have been superseded by the New CMIG PM Agreement (as supplemented).

Pursuant to the Supplemental Agreement, the conditions precedent to the payment of the Variable Consideration (as defined in the Announcements) were split into the conditions precedent to the payment of the refundable deposit and the conditions precedent to the payment

LETTER FROM THE BOARD

of the remaining balance of the Variable Consideration. The conditions precedent to the term “Relevant Year” were also amended. As all the revised conditions precedent to the Relevant Year were fulfilled, the terms “Relevant Year”, “Kerui Guaranteed Profit”, “Formula”, “Variable Consideration” were determined under the Supplemental Agreement. The Supplemental Agreement also provided for amendments to the payment manner as to the Variable Consideration.

Pursuant to the Second Supplemental Agreement, the remaining balance of the Final Consideration was adjusted as a result of the combined effect of the debt in the amount of RMB235,138,000 owed by New CMIG PM to CMIG PM and the New CMIG PM Interests.

For details of the terms amendment of the New CMIG PM Agreement, please refer to the announcements of A-Living dated 30 November 2020 and 22 February 2021.

The purpose of this circular is to provide you with, among others, (i) further details of the New CMIG PM Acquisition; (ii) financial information of the A-Living Group; (iii) the accountant’s report on the financial information of the New CMIG PM Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) management discussion and analysis of the New CMIG PM Group; and (vi) the notice of the A-Living EGM.

(1) The New CMIG PM Agreement (As Supplemented)

The principal terms of the New CMIG PM Agreement (as supplemented) are as follows:

Date

12 December 2019, 30 November 2020 and 22 February 2021

Parties

- (1) 天津雅潮企業管理諮詢有限公司 (Tianjin Yachao Enterprise Management Consulting Co., Ltd.*), as the Purchaser; and
- (2) 廣東豐信盈隆股權投資合夥企業(有限合夥) (Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership)*), as the Vendor.

To the best of the knowledge, information and belief of the A-Living Board, after making all reasonable enquiries, the Vendor, its limited partners, its general partners and their respective ultimate beneficial owners are Independent Third Parties as at the Latest Practicable Date.

Assets to be acquired

Pursuant to the New CMIG PM Agreement (as supplemented), the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to dispose of, the New CMIG PM Interests at the Final Consideration.

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The Final Consideration

The Final Consideration, in the amount of RMB344,250,000 is determined in accordance with the Formula, being the Kerui Guaranteed Profit (being RMB45,900,000) x P/E Ratio of 12.5 x 60%.

As disclosed in the announcement of A-Living dated 22 February 2021, New CMIG PM is indebted to CMIG PM in the amount of RMB235,138,000. Pursuant to the Second Supplemental Agreement, the remaining balance of the Final Consideration in the amount of RMB240,975,000 shall be adjusted by deducting an amount equivalent to RMB235,138,000 times the New CMIG PM Interests of 60%, being RMB141,082,800 and the Purchaser shall only be obliged to pay the remaining balance of the Final Consideration in the amount of RMB99,892,200. Save for the Supplemental Agreement and the Second Supplemental Agreement, all other terms and conditions of the New CMIG PM Agreement shall remain unchanged and shall continue to be in full force and effect.

Accordingly, the Final Consideration shall be payable by the Purchaser to the Vendor in the following manners:

- (i) as to RMB103,275,000 as refundable deposit to an escrow account opened by the Vendor with joint signatories of the Vendor and the Purchaser and maintained with a licensed bank in the PRC within 10 Working Days upon fulfilment (or waiver as the case may be) of the conditions precedent (a) to (c) and (f) to (i) set out in the paragraph headed “**Conditions precedent to the payment of the Final Consideration**” below; and
- (ii) as to the remaining balance of RMB99,892,200 to the Vendor within 20 Working Days upon fulfilment (or waiver as the case may be) of the conditions precedent (d) and (e) set out in the paragraph headed “**Conditions precedent to the payment of the Final Consideration**” below and the refundable deposit in the amount of RMB103,275,000 shall be released to the Vendor as part payment of the Final Consideration.

In the event that (1) condition precedent (d) is not fulfilled; or (2) condition precedent (d) is fulfilled but condition precedent (e) is not fulfilled by the default of the Vendor, such refundable deposit shall be refunded to the Purchaser in full. In the event that condition precedent (d) is fulfilled but condition precedent (e) is not fulfilled by the default of the Purchaser, the Purchaser shall forfeit the deposit in full.

Conditions precedent to the payment of the Final Consideration

- (a) the loan and the interests accrued under the Entrusted Loan Agreement having been repaid in full by Kerui PM;

LETTER FROM THE BOARD

- (b) all internal resolutions and procedures of New CMIG PM for approving the transfer of the New CMIG PM Interests having been passed and completed and the Transactional Documents having been executed and performed by New CMIG PM under the New CMIG PM Agreement (as supplemented);
- (c) the Remaining Shareholder having provided to the Purchaser the Waiver Letter;
- (d) the passing by the A-Living Shareholders who are entitled to vote and not required to abstain from voting under the Listing Rules at the A-Living EGM to be convened and held, of the necessary special resolution(s) to approve, among other things, the New CMIG PM Agreement (as supplemented) and the transactions contemplated thereunder;
- (e) subject to the fulfillment of the condition precedent (d) above, New CMIG PM having completed the registration procedure for the transfer of the New CMIG PM Interests to the Purchaser and the renewal of the business licence of New CMIG PM;
- (f) all representations and warranties made by the Vendor under the New CMIG PM Agreement (as supplemented) remaining true, complete, accurate, not misleading and with no material omission from the date of the New CMIG PM Agreement (as supplemented) up to the payment date of the Final Consideration;
- (g) all obligations as set out in the New CMIG PM Agreement (as supplemented) having been duly observed and performed in all respects by the Vendor from the date of the New CMIG PM Agreement (as supplemented) up to the payment date of the Final Consideration;
- (h) there having been no judgment, order, decision or prohibition which would prohibit, restrict or cancel the acquisition of the New CMIG PM Interests and there having been no litigation, arbitration, judgment, order, decision or prohibition that is existing but not determined or pending and which have or will have a material adverse effect on New CMIG PM or the New CMIG PM Acquisition from the date of the New CMIG PM Agreement (as supplemented) up to the payment date of the Final Consideration; and
- (i) there having been no material adverse change to the operational results, management condition, business, assets and financial conditions of the New CMIG PM Group from the date of the New CMIG PM Agreement (as supplemented) up to the payment date of the Final Consideration and there has not occurred one or more events that individually or collectively have caused material adverse effect and it is reasonably expected that no such event(s) individually or collectively will occur which would cause material adverse effect.

As at the Latest Practicable Date, conditions precedent (a) to (c) and (f) to (i) have been fulfilled and the refundable deposit in the amount of RMB103,275,000 has been paid to an escrow account opened by the Vendor in accordance with the Supplemental Agreement and the remaining balance of RMB99,892,200 is yet to be paid.

LETTER FROM THE BOARD

(2) Basis of the Formula for Determining the Final Consideration

The Formula, and in particular the P/E ratio of 12.5 within the Formula, has been determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to, among other things, (i) the Valuation Report (which has been set as a reference for the valuation of the New CMIG PM Group); (ii) the future business prospect of the New CMIG PM Group and the industry in which the New CMIG PM Group operates; and (iii) other reasons and benefits of the New CMIG PM Acquisition as stated under the paragraph headed **"REASONS FOR AND BENEFITS OF THE NEW CMIG PM ACQUISITION"** below. In view of the above, the A-Living Directors consider that the P/E Ratio of 12.5 applied in the Formula is fair and reasonable.

With reference to the Valuation Report, the indicated P/E ratio as of 30 August 2019 (the **"Reference Date"**) was around 14.67. The indicated P/E ratio was derived through the selection and investigation of comparable companies, which (a) have been actively traded on the Stock Exchange for no less than six months preceding the Reference Date, (b) are mainly engaged in provision of property management services in the PRC, and (c) are with sufficient market and financial data. The exhaustive list of comparable companies that satisfied the aforementioned criteria are set out as below.

Ticker	Name	
1778 HK Equity	Colour Life Services Group Co., Limited	Colour Life Services Group Co., Ltd. is a real estate management company in the People's Republic of China.
2669 HK Equity	China Overseas Property Holdings Limited	China Overseas Property Holdings Limited operates as a property management firm. The company manages residential communities, commercial properties and government properties in China.
1538 HK Equity	Zhong Ao Home Group Limited	Zhong Ao Home Group Limited is an independent property management company in China. The company provides property developers and owners with management services to residential properties. Zhong Ao Home Group also offers sales assistance by deploying on-site staff.

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Ticker	Name	
2869 HK Equity	Greentown Service Group Co. Ltd.	Greentown Service Group Co. Ltd. operates in the real estate service industry. The company provides property management, consulting, and community value-added services.
1417 HK Equity	Riverine China Holdings Limited	Riverine China Holdings Limited operates as a property management company. The company offers engineering, repair and maintenance, security, and cleaning and gardening services. Riverine China Holdings serves office buildings, cultural venues, stadiums, exhibition halls, government properties, and industrial areas in China.
3319 HK Equity	A-Living Services Co., Ltd.	A-Living Services Co., Ltd. offers property management services. The company provides hydropower maintenance, interior decoration works, landscaping works, parking management, home cleaning services, and other services. A-Living Services offers services in China.
6098 HK Equity	Country Garden Services Holdings Company Limited	Country Garden Services Holdings Company Limited provides real estate development services. The company offers services to residential apartments, multi-functional complex buildings, government and public facilities, industrial parks, highway service stations, and schools. Country Garden Services Holdings serves clients in China.
2168 HK Equity	Kaisa Prosperity Holdings Limited	Kaisa Prosperity Holdings Limited provides real estate services. The company offers services to mid-to-high-end communities, commercial complexes, office buildings, cultural and sports venues, municipal public buildings, public facilities and industrial parks.

LETTER FROM THE BOARD

Ticker	Name	
1995 HK Equity	Ever Sunshine Lifestyle Services Group Limited	Ever Sunshine Lifestyle Services Group Limited operates as an investment holding company. The company and its subsidiaries principally engage in provision of property management and value-added services to non-property owners. Ever Sunshine Lifestyle Services Group serves customers in China.

Based on the investigation of Jones Lang LaSalle Corporate Appraisal and Advisory Limited (JLL), as the above companies are engaged in providing property management services, these comparable companies, together with New CMIG PM, might be similarly subject to fluctuations in the economy and performance of the industry, among other factors. Therefore, they are confronted with similar market and industrial risks and rewards. The selected companies have represented a complete comparable pool and are sufficient to form a fair and reasonable valuation opinion.

The calculation also takes into consideration (a) the control premium (being 10.02%), with reference to public transactions which were completed within five years preceding the Reference Date, by comparing the observed prices paid for controlling interests in publicly-traded securities to the publicly-traded price before such a transaction is announced (often referred to as market participant acquisition premiums, or MPAPs), and (b) the liquidity discount (being 27.7%), with reference to the Job Aid issued by Internal Revenue Service for valuation professionals (for reference only: <https://www.irs.gov/businesses/valuation-of-assets>).

(3) Completion

New CMIG PM Completion will take place upon fulfillment of condition precedent (e) in the section headed “(1) **THE NEW CMIG PM AGREEMENT (AS SUPPLEMENTED) – Conditions precedent to the payment of the Final Consideration**” above and the issuance of the new business licence by the relevant governmental authority in the PRC.

Upon the New CMIG PM Completion, the A-Living Group will be interested in 60% equity interest in New CMIG PM and New CMIG PM will become a non-wholly owned subsidiary of A-Living. The financial results of New CMIG PM will be consolidated into the A-Living Group’s financial statements.

PROFIT GUARANTEE

The Vendor has irrevocably warranted and guaranteed to the Purchaser that the Kerui PM Audited Net Profit will not be less than the Kerui Guaranteed Profit.

LETTER FROM THE BOARD

If the Kerui PM Audited Net Profit is less than the Kerui Guaranteed Profit, the Vendor shall pay a compensation amount to the Purchaser calculated as follows:

$$B = (\text{the Kerui Guaranteed Profit} - \text{the Kerui PM Audited Net Profit}) \times 12.5 \times 60\% \times (1 + R \times M/360)$$

where:

R = Benchmark interest rate for loans for the corresponding period stipulated by the People's Bank of China

M = Number of days lapsed since the date of the payment of the Final Consideration

Should Kerui PM record a loss in the Relevant Year, the Kerui PM Audited Net Profit shall be deemed to be zero.

The Purchaser shall nominate auditors to complete the audited accounts of New CMIG PM Group for the Relevant Year within six months after end of the Relevant Year.

In such event, the Vendor shall pay the compensation amount equivalent to “B” above to the Purchaser within five Working Days after notice of compensation has been served by the Purchaser to the Vendor.

REASONS FOR AND BENEFITS OF THE NEW CMIG PM ACQUISITION

Through the New CMIG PM Acquisition, A-Living will further consolidate its leading position and increase the market share especially in Shanghai and East China.

Consolidating market-leading position, increasing market share in tier-one cities

Kerui PM is a renowned leading comprehensive property management company in China and one of the largest third-party property management companies in Shanghai. As of 31 August 2020, Kerui PM had 284 projects with GFA under management of approximately 41.57 million sq.m..

Through 18 years of solid development, Kerui PM has taken hold in Shanghai and expanded its business nationwide. Over 50% of its projects are located in Shanghai and Yangtze River Delta. With the strong business presence of Kerui PM in such regions, the geographic blanks of the A-Living Group will be complemented and the A-Living Group's market share in East China will be increased rapidly. As an independent third-party property management company, Kerui PM has built strong third-party expansion capability as well as marketing networks. Upon the New CMIG PM Completion, the A-Living Group will further enhance its expansion capability in third-party market.

LETTER FROM THE BOARD

Further diversifying business portfolios, managing numerous landmark projects

After the consolidation of the CMIG PM Group in 2020, the A-Living Group has become a comprehensive property management platform company with nationwide layout and diversified business portfolios. Kerui PM also provides services for the projects in different niche markets with high entry barriers, such as mid-to high-end residential properties, super high-rise commercial buildings, office buildings and complex, rail transits and schools, etc.

Backed by its leading service standard, profound experience in multiple business portfolios and strong brand competitiveness, Kerui PM is appointed to manage numbers of landmark projects nationwide, including the tallest building in Jiangsu – Zifeng Tower in Nanjing, the tallest building in Central China – Qianxi Square in Zhengzhou, Greenland Central Plaza in Shanghai, notable education institutions such as East China University of Political Science and Law, public buildings such as Shanghai Metro Line 1, 3 and 9 and Memorial Site of the Second National Congress of the Communist Party of China, etc.

With high quality service standards, overall brand strengths will be further enhanced

Kerui PM is positioned as a mid-to high-end brand and provides services mainly in economically developed regions, which is in line with A-Living's brand positioning. It is one of the "Top 100 Property Management Companies in China" and has been ranked as the 1st or 2nd of "Top 100 Property Management Companies in Shanghai" for past 10 years. Upon the New CMIG PM Completion, a brand matrix of 18 leading brands of the A-Living Group will be formed, which will further improve the comprehensive competitive edges and enhance overall brand influence of A-Living.

Kerui PM has initiated informatization development strategy since 2013, equipped with advanced and comprehensive information systems. As an expert of modern property services, Kerui PM takes the lead in the industry to adopt an integrated management model of "separate management from execution". Kerui PM contributes to compiling various national standards of property management and takes the lead in compiling and revising local industry standards in Shanghai. During 2007 to 2017, Kerui PM was ranked on the top of the list in terms of the public satisfaction rate in Shanghai and granted with "Golden Property Management Enterprise". Due to the high satisfaction rate of clients through extraordinary service experience, the average contract renewal rate of its projects for previous three years was as high as 96.9%.

Improving operating efficiency and controlling cost through post-acquisition empowerment works, and accelerating growth with synergy in market expansion

The A-Living Group has gained profound experience in participating industry consolidation and post-acquisition empowerment and established systematic framework of post-acquisition integration works. Upon the New CMIG PM Completion, the A-Living Group will replicate its successful experience in post-acquisition integration to further enhance the operating efficiency of Kerui PM. After the New CMIG PM Acquisition, both parties will unify

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management information systems, optimize operation management mechanism, share quality supplier resources and conduct centralized procurement to further improve operating and management efficiency, thus to create economies of scale. Meanwhile, the A-Living Group will fully support the development of Kerui PM by taking advantage of Kerui PM's brand strengths, and continuously improving its market expansion capability to achieve breakthrough in geographic layout and business portfolio coverage.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT AND THE SECOND SUPPLEMENTAL AGREEMENT

As the Variable Consideration (as defined in the Announcements) and other variable parameters are determined pursuant to the Supplemental Agreement, the parties to the New CMIG PM Agreement has a fuller picture of the acquisition of the New CMIG PM Interests. Therefore, the Purchaser and the Vendor have agreed to, on an arm's length basis, vary the payment terms of the Variable Consideration into two instalments which largely mirror the payments terms set out under the CMIG PM Agreement and as disclosed in the CMIG PM Circular. Furthermore, the refundable deposit shall be deposited in an escrow account with the joint signatories of the Vendor and the Purchaser and the Vendor is not entitled to use or otherwise deal with such deposit without the written consent from the Purchaser.

Further, as New CMIG PM is indebted to CMIG PM in the amount of RMB235,138,000. Pursuant to the Second Supplemental Agreement, the A-Living Board is of the view that the remaining balance of the Final Consideration in the amount of RMB240,975,000 shall be adjusted to RMB99,892,200. The A-Living Board therefore is of the view that such variations under the Supplemental Agreement and the Second Supplemental Agreement are on normal commercial terms, fair and reasonable, and are sufficient to safeguard the interests of A-Living and A-Living Shareholders as a whole.

INFORMATION ON A-LIVING AND THE PURCHASER

A-Living

A-Living is a reputable property management service provider focusing on mid-to high-end properties. The A-Living 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". Capitalizing on the integrated resources advantage of seven regional offices, acquired companies and joint ventures, the A-Living Group strives to realize the vision of expanding its business coverage into the whole industry chain with diversified business portfolio.

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The Purchaser

The Purchaser is a company established in the PRC with limited liability and is principally engaged in business management advisory. The Purchaser is an indirect wholly-owned subsidiary of A-Living.

INFORMATION ON THE VENDOR AND THE REMAINING SHAREHOLDER

The Vendor

The Vendor is a limited partnership established in accordance with the Partnership Laws of the PRC with the business scope of equity investment and related consulting services.

Based on public information available:

- (a) the Vendor is owned as to 99.95% by its limited partner, namely Guangzhou Huiying Capital Management Co., Ltd.* (廣州匯盈資本管理有限公司), and 0.05% by its general partner, namely Guangdong Huada Venture Capital Investment Management Co., Ltd.* (廣東華大創投投資管理有限公司);
- (b) Guangzhou Huiying Capital Management Co., Ltd.* (廣州匯盈資本管理有限公司) is owned as to 80% by Chen Xiaofeng and 20% by Lu Jinghui;
- (c) Guangdong Huada Venture Capital Investment Management Co., Ltd.* (廣東華大創投投資管理有限公司) is owned as to 30% by Guangdong Huadazhi Technology Investment Co, Ltd.* (廣東華大智科技投資有限公司), 15% by Shenzhen Huaxin Resources Investment Management Co., Ltd.* (深圳華信資源投資管理股份有限公司), 15% by Guangdong Boxin Investment Partnership (Limited Partnership)* (廣東省鉅鑫投資合夥企業(有限合夥)), 11% by Xu Binbin, 8% by Fu You, 7.5% by Guangdong Wenqu Yaoguang Technology Innovation Research Partnership (Limited Partnership)* (廣東文曲瑤光科技創新研究合夥企業(有限合夥)), 7.5% by Gong Fengjuan and 6% by Jiang Hao;
- (d) Guangdong Huadazhi Technology Investment Co, Ltd.* (廣東華大智科技投資有限公司) is owned as to 38% by Lin Zexin, 18% by He Hong, 16% by Xie Shaoying, 14% by Li Hui, 10% by Zhou Shenglan and 4% by Xie Bolan;
- (e) Shenzhen Huaxin Resources Investment Management Co., Ltd.* (深圳華信資源投資管理股份有限公司) is owned as to 88.3117% by Guangzhou Resources Investment Group Co., Ltd.* (廣州資源投資集團有限公司) and 11.6883% by Zeng Jianning;

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- (f) Guangdong Boxin Investment Partnership (Limited Partnership)* (廣東省鉅鑫投資合夥企業(有限合夥)) is owned as to 99% by Wang Xiaorong and 1% by Guangzhou Yiyuyun Technology Consulting Co., Ltd.* (廣州市逸宇雲技術諮詢有限公司);
- (g) Guangdong Wenqu Yaoguang Technology Innovation Research Partnership (Limited Partnership)* (廣東文曲瑤光科技創新研究合夥企業(有限合夥)) is owned as to 80% by Guangzhou Yuheng Industrial Research Study Technology Innovation Development Center Limited Partnership* (廣州玉衡產學研科技創新發展中心(有限合夥)) and 20% by Guangzhou Wenqu Yaoguang Investment Limited Partnership* (廣州文曲瑤光投資合夥企業(有限合夥));
- (h) Guangzhou Resources Investment Group Co., Ltd.* (廣州資源投資集團有限公司) is owned as to 46.5160% by Zeng Jianning, 24.2420% by Zhang Xiaojian, 12.5990% by Cao Cuicui, 7.1460% by Deng Wenqiu, 5.5760% by Sun Jiang, 2% by Wu Gang, 1% by Nanchang Zhengzong Industrial Co., Ltd. (南昌正宗實業有限公司), 0.5% by Zhou Gang and 0.4210% by Duan Zhenkui;
- (i) Guangzhou Yiyuyun Technology Consulting Co., Ltd.* (廣州市逸宇雲技術諮詢有限公司) is wholly-owned by Wu Yunfung;
- (j) Guangzhou Yuheng Industrial Research Study Technology Innovation Development Center Limited Partnership* (廣州玉衡產學研科技創新發展中心(有限合夥)) is owned as to 90% by Gongqingcheng Ruikenai Investment Management Limited Partnership* (共青城瑞肯耐投資管理合夥企業(有限合夥)) and 10% by Gongqingcheng Pralis Investment Co., Ltd.* (共青城普拉利斯投資有限公司);
- (k) Nanchang Zhengzong Industrial Co., Ltd. (南昌正宗實業有限公司) is wholly-owned by Chen Junhong;
- (l) Guangzhou Wenqu Yaoguang Investment Limited Partnership* (廣州文曲瑤光投資合夥企業(有限合夥)) is owned as to 97.5% by Qu Ran and 2.5% by Qu Lianli;
- (m) Gongqingcheng Ruikenai Investment Management Limited Partnership* (共青城瑞肯耐投資管理合夥企業(有限合夥)) is owned as to 90% by Zhang Lei and 10% by Gongqingcheng Pralis Investment Co., Ltd.* (共青城普拉利斯投資有限公司); and
- (n) Gongqingcheng Pralis Investment Co., Ltd.* (共青城普拉利斯投資有限公司) is owned as to 90% by Zhang Lei and 10% by Lin Jian.

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To the best of the knowledge, information and belief of the A-Living Board, after making all reasonable enquiries, the Vendor, its limited partners and its general partners and their respective ultimate beneficial owners are Independent Third Parties as at the Latest Practicable Date.

The Remaining Shareholder

In or about April 2020, 中民未來控股集團有限公司 (CMIG Futurelife Holdings Group Company Limited*) (being the remaining shareholder disclosed in the Announcements) transferred all its 40% equity interests to the Remaining Shareholder which is a wholly-owned subsidiary of 中民未來控股集團有限公司 (CMIG Futurelife Holdings Group Company Limited*). The Remaining Shareholder is a company established in the PRC with limited liability and is principally engaged in investment management.

Based on public information available, 中民未來控股集團有限公司 (CMIG Futurelife Holdings Group Company Limited*) is owned as to 65% by China Minsheng Investment Corp., Ltd and 35% by 廣東盈美立晟投資合夥企業(有限合夥) (Guangdong Yingmei Licheng Investment Limited Partnership*). 廣東盈美立晟投資合夥企業(有限合夥) (Guangdong Yingmei Licheng Investment Limited Partnership*) is owned as to 80% by Chen Xiaofeng and 20% by Lu Jinghui.

To the best of the knowledge, information and belief of the A-Living Board after making all reasonable enquiries, China Minsheng Investment Corp., Ltd. is a leading international private investment group founded in Shanghai which was initiated by the All-China Federation of Industry and Commerce in China and launched by 59 large-scale private enterprises in the PRC, some of which are among the PRC's top 500 companies. China Minsheng Investment Corp., Ltd. is a conglomerate with a wide variety of businesses including equity investment, equity investment management, business consulting, financial consulting, industrial investment, asset management, and investment consulting.

As at the Latest Practicable Date, the Remaining Shareholder, 中民未來控股集團有限公司 (CMIG Futurelife Holdings Group Company Limited*) and China Minsheng Investment Corp., Ltd are connected persons of A-Living at subsidiary level. Save for the above, to the best of the knowledge, information and belief of the A-Living Board after making all reasonable enquiries, other ultimate beneficial owners of the Remaining Shareholder are Independent Third Parties as at the Latest Practicable Date.

INFORMATION OF THE NEW CMIG PM GROUP

New CMIG PM is a company established in the PRC with limited liability with the business scope of property management. New CMIG PM is owned as to 60% by the Vendor and as to 40% by the Remaining Shareholder.

Kerui PM is a company established in the PRC with limited liability and is principally engaged in property management. Kerui PM is owned as to 51% by New CMIG PM.

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FINANCIAL INFORMATION OF THE NEW CMIG PM GROUP

Set out below is the audited consolidated financial information of the New CMIG PM Group for the three years ended 31 December 2019 and the eight months ended 31 August 2020 (the “**Track Record Period**”) as extracted from Appendix II to this circular:

	For the year ended 31 December			For the eight months ended
	2017	2018	2019	31 August 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	807,464	946,465	1,042,927	743,606
Profit before income tax	60,294	81,494	100,458	96,066
Profit for the year/period	45,533	59,780	74,526	71,932

Based on the audited consolidated financial information of the New CMIG PM Group, the audited consolidated net asset value of the New CMIG PM Group was approximately RMB186.1 million as at 31 August 2020.

Reconciliation of financial information of the New CMIG PM Group

Set out below is a reconciliation of net profit after taxation of the New CMIG PM Group between the audited consolidated financial information of the New CMIG PM Group for the Track Record Period as disclosed in the Appendix II to this circular and the unaudited financial information of the New CMIG PM Group as disclosed in the Announcements, which was prepared based on the unaudited management accounts of Kerui PM:

	For the year ended 31 December			For the eight months ended
	2017	2018	2019	31 August 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit after taxation per audited financial information as extracted from Appendix II to this circular	45,533	59,780	74,526	71,932
Add back/(minus):				
Amortisation of the intangible assets ^(Note 1)	9,063	9,284	9,394	6,263
Unallocated and non-recurring corporate expenses ^(Note 2)	1,644	6,026	2,194	(3,443)
Other adjustments ^(Note 3)	31,432	8,359	—	—
Net profit after taxation and excluding non-recurring items per unaudited financial information as disclosed in the Announcements/prepared on the same basis as disclosed in the Announcements	87,672	83,449	86,114 ^(Note 4)	74,752 ^(Note 4)

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Notes:

- (1) Such amount arose from the recognition of intangible assets upon the purchase price allocation as a result of historical acquisition of Kerui PM in 2016.
- (2) Such amount primarily include net non-recurring items such as interest expenses on asset-backed securities, net of the interest income on amounts due from related companies, and other one-off items.
- (3) The adjustment arose primarily due to differences in the accounting policies adopted in the preparation of the audited financial information as extracted from Appendix II to this circular and that for the unaudited financial information as disclosed in the Announcements.
- (4) Such amount has not been included in the Announcements. For illustrative purpose, such amount represents the net profit after taxation and excluding non-recurring items of the New CMIG PM Group for the year ended 31 December 2019 and eight months ended 31 August 2020 prepared based on the same basis as those disclosed in the Announcements, which is based on the unaudited management accounts of Kerui PM.

FINANCIAL EFFECTS OF THE NEW CMIG PM ACQUISITION ON THE A-LIVING GROUP

Earnings

The audited net profit after tax of the A-Living Group for the financial year ended 31 December 2019, as disclosed in 2019 annual report of A-Living, was approximately RMB1,292 million.

As set out in Appendix II – ACCOUNTANT’S REPORT ON THE NEW CMIG PM GROUP to this circular, the New CMIG PM Group recorded an audited net profit after tax of approximately RMB74.5 million for the financial year ended 31 December 2019 and approximately RMB71.9 million for the eight months ended 31 August 2020.

Excluding the adjusting items in the reconciliations, the New CMIG PM Group recorded net profit after tax of approximately RMB86.1 million for the financial year ended 31 December 2019 and approximately RMB74.8 million for the eight months ended 31 August 2020.

The A-Living Directors consider that the New CMIG PM Acquisition will bring positive contribution to the earnings of the Enlarged Group but the quantification of such contribution will depend on the respective future performance of the New CMIG PM Group.

Assets and liabilities

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix III to this circular, if the New CMIG PM Acquisition had been taken place as at 30 June 2020, the A-Living Group’s total assets would increase from approximately RMB12.8 billion to approximately RMB13.9 billion and total liabilities would increase from approximately RMB5.2 billion to approximately RMB6.2 billion, representing an increase of total consolidated net assets position of approximately RMB0.1 billion upon New CMIG PM Completion.

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Further details of the financial effect of the New CMIG PM Acquisition together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information of the Enlarged Group are set out, for illustration purpose only, in Appendix III to this circular.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions on an aggregated basis, exceed(s) 100%, the Acquisitions constitute a very substantial acquisition for A-Living under Chapter 14 of the Listing Rules subject to the reporting, announcement, circular requirements and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A-LIVING EGM

A notice convening the A-Living EGM is set out on pages EGM-1 to EGM-2 of this circular. The A-Living EGM will be convened and held at Conference Room, 33/F, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC on Tuesday, 13 April 2021 at 3:00 p.m. to consider and, if thought fit, approve the special resolution in relation to, among other things, the New CMIG PM Agreement, the Supplemental Agreement, the Second Supplemental Agreement and the transaction contemplated thereunder by the A-Living Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules.

The proxy form of the A-Living EGM is also enclosed in this circular.

For determining the entitlement to attend and vote at the A-Living EGM, the register of members of A-Living will be closed from Saturday, 13 March 2021 to Tuesday, 13 April 2021, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the A-Living EGM, holders of H Shares whose transfer documents have not been registered are required to submit the share certificates together with the properly completed share transfer forms to A-Living's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 12 March 2021 for registration. Holders of H Shares who are registered with Tricor Investor Services Limited on or before the aforementioned date are entitled to attend the A-Living EGM.

If you intend to appoint a proxy to attend the A-Living EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to A-Living's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. For holders of Domestic Shares, the proxy form should be returned to A-Living's principal place of office in the PRC at 35th Floor, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC by personal delivery or by post

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not less than 24 hours before the time fixed for holding the A-Living EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the A-Living EGM or at any other adjourned meeting should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of A-Living Shareholders at a general meeting must be taken by poll. Therefore, voting on all resolutions set out in the notice of A-Living EGM shall be taken by way of poll. Any A-Living Shareholders who are involved in or interested in the New CMIG PM Acquisition are required to abstain from voting on the relevant special resolution(s) approving the New CMIG PM Acquisition.

As at the Latest Practicable Date, to the best of A-Living Directors' knowledge, information and belief after having made all reasonable enquiries, no A-Living Shareholder has a material interest in the New CMIG PM Acquisition and is required to abstain from voting on the relevant resolution(s) to be proposed at the A-Living EGM.

RECOMMENDATION

The A-Living Directors consider that the New CMIG PM Acquisition is made on normal commercial terms, fair and reasonable and in the interests of A-Living and the A-Living Shareholders as a whole. Accordingly, the A-Living Directors recommend the A-Living Shareholders to vote in favour of the resolution to be proposed at the A-Living EGM to approve the New CMIG PM Acquisition.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
A-Living Smart City Services Co., Ltd.
Li Dalong
Executive Director, President (General Manager)
and Chief Executive Officer

1. SUMMARY OF FINANCIAL INFORMATION

The consolidated financial information of the A-Living Group for the year ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2020 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange (www.hkexnews.hk) and A-Living (www.agileliving.com.cn) and are incorporated by reference into this circular:

- (i) annual report of A-Living for the year ended 31 December 2018 published on 9 April 2019 (pages 91 to 172) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0409/ltn20190409485.pdf>);
- (ii) annual report of A-Living for the year ended 31 December 2019 published on 7 April 2020 (pages 96 to 202) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0407/2020040700576.pdf>); and
- (iii) interim report of A-Living for the six months ended 30 June 2020 published on 21 September 2020 (pages 39 to 86) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0921/2020092100478.pdf>).

For the consolidated financial information of the CMIG PM Group for the year ended 31 December 2017 and 2018 and for the nine months ended 30 September 2019, please refer to the CMIG PM Circular (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0224/2020022400655.pdf>)

2. INDEBTEDNESS

As at the close of business on 31 December 2020, being the most recent practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Enlarged Group had outstanding borrowings and lease liabilities of RMB293,055,000, details of which are set out as follows:

	The Group	The New CMIG PM Group	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Borrowings	255,992	–	255,992
Bank borrowings			
– Secured	21,950	–	21,950
– Unsecured	5,000	–	5,000
Asset-backed securities			
– Secured	206,000	–	206,000
Other borrowings			
– Secured	786	–	786
Non-controlling shareholder loans			
– Unsecured	22,256	–	22,256
Lease liabilities	<u>37,063</u>	<u>–</u>	<u>37,063</u>
Total*	<u>293,055</u>	<u>–</u>	<u>293,055</u>

*Note: As set out in the Letter from the Board, New CMIG PM was indebted to CMIG PM (a subsidiary of the A-Living Group) in the amount of RMB235,138,000. The outstanding borrowings of the Enlarged Group did not include the debt of RMB235,138,000 due to CMIG PM by New CMIG PM, which was eliminated upon consolidation.

The A-Living Directors confirm that, save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 December 2020, the Enlarged Group did not have any material debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Enlarged Group including bank overdrafts and liabilities under acceptances or acceptance credits or hire purchase commitments or outstanding mortgages and charges or guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The A-Living Directors are of the opinion that, after taking into account of the financial resources available to the Enlarged Group, including internally generated funds, existing bank and other borrowings, the Enlarged Group has sufficient working capital for its requirements for the next twelve (12) months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE A-LIVING GROUP

The A-Living Group is a reputable property management service provider focusing on mid-to high-end properties. It offers a comprehensive portfolio of services and has developed three business lines, namely property management services, community value-added services and extended value-added services. The A-Living Group has expanded its business coverage into whole industry chain with diversified business portfolio, and has formed the synergetic development of five major business segments, namely “property management services”, “asset management services”, “public services”, “city services” and “community commercial services”.

Kerui PM is a renowned leading comprehensive property management company in China and one of the largest third-party property management companies in Shanghai. As of 31 August 2020, Kerui PM had 284 projects with GFA under management of approximately 41.57 million sq.m..

Kerui PM has leading market share in its headquarters, Shanghai, and has expanded its business nationwide after 18 years of solid development. Over 50% of its projects are located in Shanghai and Yangtze River Delta. The geographic layout of Kerui PM can largely complement the blanks of A-Living and increase the market share of A-Living in East China rapidly. Joint hands with Kerui PM, A-Living’s third-party expansion capability will be further strengthened.

Kerui PM also manages projects in diversified business portfolios with high entry barriers, including mid-to high-end residential properties, super high-rise commercial buildings, office buildings, complex, transits and schools, etc. With its industry-leading service standard, extensive management experience in various business portfolios and strong brand, Kerui PM manages lots of landmark projects, including city landmark, super high-rise buildings and complex such as the tallest building in Jiangsu – Zifeng Tower in Nanjing, the tallest building in Central China – Qianxi Square in Zhengzhou, Greenland Central Plaza in Shanghai, notable education institutions such as East China University of Political Science and Law, public buildings such as Shanghai Metro Line 1, 3 and 9 and Memorial Site of the Second National Congress of the Communist Party of China, etc. The advanced experience gained in the benchmark projects of Kerui PM will be replicated and promoted to other and upcoming projects of A-Living.

Upon New CMIG PM Completion, the current business portfolio and geographic layout of A-Living will be complemented effectively, while consolidating the existing leading position of A-Living and creating synergies. In addition, the New CMIG PM Acquisition can largely improve the management scale, profitability and brand competitiveness of A-Living, thereby strengthening A-Living's position as a leading property management services enterprise with nationwide layout, comprehensive business portfolios and reputable brands.

Looking forward, adhering to the development strategy of 'consolidating footholds in Beijing, Shanghai and Guangzhou, and serving the whole nation of China', A-Living will continuously pursue the balanced layout with national geographic coverages and diversified business portfolio. Following the New CMIG PM Acquisition, A-Living will focus on the consolidation with New CMIG PM, solidifying its leading position and creating synergies. A-Living will further expand market shares in property management service segment of residential, public, commercial and office buildings, exploring the potential of community value-added services, improving operating efficiency, so as to create better and longer-term returns for A-Living Shareholders.

5. MATERIAL ADVERSE CHANGE

The A-Living Directors confirm that there had been no material adverse change in the financial or trading position of the A-Living Group since 31 December 2019, being the date to which the latest published audited financial statements of A-Living were made up, up to the Latest Practicable Date.

6. COMPANIES ACQUIRED AFTER THE DATE TO WHICH THE LATEST PUBLISHED AUDITED ACCOUNTS WERE MADE UP

The CMIG PM Acquisition

As disclosed in the Announcements and the CMIG PM Circular, on 25 September 2019, the Purchaser entered into the CMIG PM Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to dispose of, inter alia, the 60% equity interest in CMIG PM at a cash consideration of RMB1,560,000,000.

CMIG PM is a company established in the PRC with limited liability and is principally engaged in property management services. For further details, please refer to the CMIG PM Circular.

As at the Latest Practicable Date, the CMIG PM Acquisition has been completed. There will be no variation in the aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company in consequence of such acquisition.

The following is the text of a report set out on pages II-1 to II-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF A-LIVING SMART CITY SERVICES CO., LTD.

Introduction

We report on the historical financial information of Minrui Property Management (Shanghai) Co., Ltd. (the "New CMIG PM") and its subsidiaries (together, the "New CMIG PM Group") set out on pages II-4 to II-66, which comprises the consolidated statements of financial position of the New CMIG PM Group as at 31 December 2017, 2018 and 2019 and 31 August 2020, the statements of financial position of the New CMIG PM as at 31 December 2019 and 31 August 2020, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years/period then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-66 forms an integral part of this report, which has been prepared for inclusion in the circular of A-Living Smart City Services Co., Ltd. (the "Company") dated 26 February 2021 (the "Circular") in connection with the proposed acquisition of the New CMIG PM by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company and the New CMIG PM are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the New CMIG PM as at 31 December 2019 and 31 August 2020 and the consolidated financial position of the New CMIG PM Group as at 31 December 2017, 2018 and 2019 and 31 August 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the New CMIG PM Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the eight months ended 31 August 2019 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the

Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the financial statements of the New CMIG PM Group for the Track Record Period on which the Historical Financial Information is based ("Underlying Financial Statements") have been made.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 February 2021

I HISTORICAL FINANCIAL INFORMATION OF THE NEW CMIG PM GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements of the New CMIG PM Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

(a) Consolidated statements of comprehensive income

		Year ended 31 December			Eight months ended 31 August	
	Note	2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Revenue	6	807,464	946,465	1,042,927	699,777	743,606
Cost of sales	7	(687,383)	(792,960)	(881,122)	(583,491)	(607,203)
Gross profit		120,081	153,505	161,805	116,286	136,403
Administrative expenses	7	(54,889)	(63,075)	(77,586)	(51,570)	(60,216)
(Impairment losses)/reversal of impairment losses on financial assets	3.1.2	(4,083)	(5,418)	4,691	(1,945)	(5,151)
Other income	9	1,300	1,638	5,796	2,511	7,953
Other gains – net	9	486	1,463	11,406	6,249	19,658
Operating profit		62,895	88,113	106,112	71,531	98,647
Finance income		53,409	122,978	101,217	70,543	52,432
Finance costs		(56,010)	(129,597)	(106,871)	(76,872)	(55,013)
Finance costs – net	10	(2,601)	(6,619)	(5,654)	(6,329)	(2,581)
Profit before income tax		60,294	81,494	100,458	65,202	96,066
Income tax expense	11	(14,761)	(21,714)	(25,932)	(16,614)	(24,134)
Profit and total comprehensive income for the year/period		<u>45,533</u>	<u>59,780</u>	<u>74,526</u>	<u>48,588</u>	<u>71,932</u>
Profit and total comprehensive income for the year/period is attributable to:						
– Owners of the New CMIG PM		20,326	26,731	36,448	20,405	34,512
– Non-controlling interests		<u>25,207</u>	<u>33,049</u>	<u>38,078</u>	<u>28,183</u>	<u>37,420</u>
		<u>45,533</u>	<u>59,780</u>	<u>74,526</u>	<u>48,588</u>	<u>71,932</u>

(b) Consolidated statements of financial position

		As at 31 December			As at
	Note	2017	2018	2019	31 August
		RMB'000	RMB'000	RMB'000	2020
					RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	49,733	52,415	51,147	49,055
Right-of-use assets	14	523	291	58	–
Investment properties	15	113,373	115,859	81,645	55,305
Intangible assets	16	305,990	293,628	280,800	272,247
Financial assets at fair value through other comprehensive income	18	5,000	5,025	5,025	5,025
Deferred income tax assets	27	3,774	5,128	3,958	5,246
Loans and interest receivables due from a related company	22	1,620,800	1,362,800	–	–
Prepayments, deposits and other receivables	20	74,608	93,547	154,296	210,188
Total non-current assets		2,173,801	1,928,693	576,929	597,066
Current assets					
Inventories		370	15	14	15
Trade receivables	19	232,674	276,462	197,739	253,558
Prepayments, deposits and other receivables	20	79,285	78,461	79,323	94,222
Financial assets at fair value through profit or loss	21	35,000	34,000	33,500	6,432
Loans and interest receivables due from a related company	22	312,048	330,551	1,399,431	180,800
Cash and cash equivalents	23	145,444	157,539	209,100	118,830
Total current assets		804,821	877,028	1,919,107	653,857
Total assets		<u>2,978,622</u>	<u>2,805,721</u>	<u>2,496,036</u>	<u>1,250,923</u>

		As at 31 December			As at
	Note	2017	2018	2019	31 August
		RMB'000	RMB'000	RMB'000	2020
					RMB'000
EQUITY					
Equity attributable to owners of the New CMIG PM					
Paid-in capital	1.2	–	–	–	–
Other reserves	24	247,653	247,653	12,515	12,515
Retained earnings		13,135	34,766	12,416	46,928
		<u>260,788</u>	<u>282,419</u>	<u>24,931</u>	<u>59,443</u>
Non-controlling interests		<u>86,239</u>	<u>110,815</u>	<u>89,268</u>	<u>126,688</u>
Total equity		<u>347,027</u>	<u>393,234</u>	<u>114,199</u>	<u>186,131</u>
LIABILITIES					
Non-current liabilities					
Long-term borrowings	26	1,749,480	1,458,920	3,360	2,080
Other payable	1.2, 25	–	–	–	235,138
Deferred income tax liabilities	27	30,434	27,222	24,010	21,869
Lease liabilities	14	331	69	–	–
Total non-current liabilities		<u>1,780,245</u>	<u>1,486,211</u>	<u>27,370</u>	<u>259,087</u>
Current liabilities					
Trade and other payables	25	486,749	523,850	690,796	473,744
Borrowings	26	261,560	290,560	1,455,560	226,560
Dividend payables	28	1,819	6,556	108,072	43,918
Contract liabilities	6	90,184	98,447	93,227	47,205
Lease liabilities	14	244	262	69	–
Current income tax liabilities		10,794	6,601	6,743	14,278
Total current liabilities		<u>851,350</u>	<u>926,276</u>	<u>2,354,467</u>	<u>805,705</u>
Total liabilities		<u>2,631,595</u>	<u>2,412,487</u>	<u>2,381,837</u>	<u>1,064,792</u>
Total equity and liabilities		<u>2,978,622</u>	<u>2,805,721</u>	<u>2,496,036</u>	<u>1,250,923</u>
Net current liabilities		<u>(46,529)</u>	<u>(49,248)</u>	<u>(435,360)</u>	<u>(151,848)</u>
Total assets less current liabilities		<u>2,127,272</u>	<u>1,879,445</u>	<u>141,569</u>	<u>445,218</u>

(c) Statements of financial position of New CMIG PM

	<i>Note</i>	As at 31 December 2019 <i>RMB'000</i>	As at 31 August 2020 <i>RMB'000</i>
ASSETS			
Non-current assets			
Investment in a subsidiary	<i>1, 12</i>	<u>235,138</u>	<u>235,138</u>
Total non-current assets and total assets		<u><u>235,138</u></u>	<u><u>235,138</u></u>
EQUITY			
Paid in capital	<i>1.2</i>	<u>—</u>	<u>—</u>
Total equity		<u>—</u>	<u>—</u>
LIABILITIES			
Non-current liabilities			
Other payable	<i>1.2, 25</i>	<u>—</u>	<u>235,138</u>
Current liabilities			
Other payable	<i>1.2, 25</i>	<u>235,138</u>	<u>—</u>
Total liabilities		<u><u>235,138</u></u>	<u><u>235,138</u></u>
Total equity and liabilities		<u><u>235,138</u></u>	<u><u>235,138</u></u>

(d) Consolidated statements of changes in equity

		Attributable to owners of the New CMIG PM				
	Note	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017						
		240,422	1,392	241,814	60,559	302,373
Comprehensive income						
Profit for the year		–	20,326	20,326	25,207	45,533
Transactions with owners in their capacity as owners						
Appropriation of statutory reserves		7,231	(7,231)	–	–	–
Non-controlling interests on acquisition of subsidiaries	30	–	–	–	1,625	1,625
Capital contribution from non-controlling shareholders		–	–	–	980	980
Dividends declared	28	–	(1,352)	(1,352)	(2,132)	(3,484)
Balance at 31 December 2017 and 1 January 2018						
		247,653	13,135	260,788	86,239	347,027
Comprehensive income						
Profit for the year		–	26,731	26,731	33,049	59,780
Transactions with owners in their capacity as owners						
Dividends declared	28	–	(5,100)	(5,100)	(8,473)	(13,573)
Balance at 31 December 2018 and 1 January 2019						
		247,653	34,766	282,419	110,815	393,234
Comprehensive income						
Profit for the year		–	36,448	36,448	38,078	74,526

		Attributable to owners of the New CMIG PM			Non-	Total
	Note	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	controlling interests RMB'000	equity RMB'000
Transactions with owners in their capacity as owners						
Decrease in capital		–	–	–	(485)	(485)
Transaction with non-controlling interests	12	–	(1,373)	(1,373)	(627)	(2,000)
Deemed distribution to the owner in relation to an acquisition of subsidiaries	24	(235,138)	–	(235,138)	–	(235,138)
Dividends declared	28	–	(57,425)	(57,425)	(58,513)	(115,938)
Balance at 31 December 2019		<u>12,515</u>	<u>12,416</u>	<u>24,931</u>	<u>89,268</u>	<u>114,199</u>
Balance at 1 January 2020		12,515	12,416	24,931	89,268	114,199
Comprehensive income						
Profit for the period		–	34,512	34,512	37,420	71,932
Balance at 31 August 2020		<u>12,515</u>	<u>46,928</u>	<u>59,443</u>	<u>126,688</u>	<u>186,131</u>
(Unaudited)						
Balance at 1 January 2019		247,653	34,766	282,419	110,815	393,234
Comprehensive income						
Profit for the period		–	20,405	20,405	28,183	48,588
Transactions with owners in their capacity as owners						
Decrease in capital		–	–	–	(485)	(485)
Transaction with non-controlling interests	12	–	(1,373)	(1,373)	(627)	(2,000)
Dividends declared		–	(57,405)	(57,405)	(56,232)	(113,637)
Balance at 31 August 2019		<u>247,653</u>	<u>(3,607)</u>	<u>244,046</u>	<u>81,654</u>	<u>325,700</u>

(e) Consolidated statements of cash flows

	Note	Year ended 31 December			Eight months ended 31 August	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cash flows from operating activities						
Cash generated from/(used in) operations	29(a)	123,686	127,500	125,840	40,095	(20,501)
Income tax paid		(51,670)	(56,877)	(42,109)	(25,226)	(20,028)
Net cash generated from/(used in) operating activities		72,016	70,623	83,731	14,869	(40,529)
Cash flows from investing activities						
Payments for acquisition of subsidiary, net of cash acquired	30	(3,102)	–	–	–	–
Payments for property, plant and equipment		(37,967)	(5,627)	(20,114)	(2,665)	(315)
Payments for financial assets at fair value through profit or loss		(35,000)	(48,000)	(140,000)	(64,000)	(75,580)
Payments for financial assets at fair value through other comprehensive income		(5,000)	(25)	–	–	–
Payments for a loan due from a related party	31(b)	(1,879,800)	–	–	–	–
Proceeds from repayment of a loan due from a related party	31(b)	–	229,000	288,000	288,000	1,182,000
Proceeds from sale of property, plant and equipment	29(c)	562	358	1,200	145	12
Proceeds from sale of investment properties	29(d)	567	–	70,002	21,752	43,261
Proceeds from sale of financial assets at fair value through profit or loss		14,000	49,000	140,500	51,000	102,648
Interest from a loan due from a related party		–	123,687	106,385	106,385	88,562
Interest received from financial assets at fair value through profit or loss		658	1,410	1,169	796	611
Net cash (used in)/generated from investing activities		(1,945,082)	349,803	447,142	401,413	1,341,199
Cash flows from financing activities						
Capital contribution from non-controlling interest shareholders		980	–	–	–	–
Transaction with non-controlling interest shareholders		–	–	(2,000)	(2,000)	–
Principal elements of lease payments		(228)	(245)	(263)	(173)	(69)
Payments for leases liabilities – interest		(50)	(33)	(15)	(12)	(1)
Proceeds from borrowings	26	2,000,000	–	–	–	224,000
Repayments of borrowings	26	(19,160)	(261,560)	(290,560)	(289,280)	(1,454,280)
Repayments to non-controlling interests shareholders		(40,550)	–	(58,992)	(58,992)	–
Dividends paid to CMIG Futurelife		(1,352)	–	(3,727)	(3,707)	(14,880)
Dividends paid to non-controlling interests shareholders in subsidiaries		(1,758)	(8,836)	(10,695)	(8,414)	(49,274)
Interest paid for borrowings		(723)	(137,657)	(113,060)	(113,060)	(96,436)
Net cash generated from/(used in) financing activities		1,937,159	(408,331)	(479,312)	(475,638)	(1,390,940)
Net increase/(decrease) in cash and cash equivalents		64,093	12,095	51,561	(59,356)	(90,270)
Cash and cash equivalents at beginning of the year/period		81,351	145,444	157,539	157,539	209,100
Cash and cash equivalents at end of year/period		145,444	157,539	209,100	98,183	118,830

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANIZATION AND BASIS OF PRESENTATION

1.1 General information

Minrui Property Management (Shanghai) Co., Ltd. ("New CMIG PM") was established in the People's Republic of China (the "PRC") on 28 November 2019. The address of New CMIG PM's registered office is No. 8218 Jinda Road, Jinhui Town, Fengxian District, Shanghai, PRC.

New CMIG PM was established and owned by CMIG Futurelife Holdings Group Company Limited ("CMIG Futurelife"), an investment holding company established in PRC, as to 40%, and Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership) (the "Vendor"), a limited partnership ultimately and beneficially owned by four individuals, as to 60% as at 28 November 2019. The directors of New CMIG PM regard CMIG Futurelife as New CMIG PM's controlling company, and China Minsheng Investment Corp., Ltd. ("CMIG"), a company incorporated in PRC, as the ultimate holding company up to 17 March 2020. On 17 March 2020, the controlling shareholder changed to the Vendor pursuant to a mutual agreement between CMIG Futurelife and the Vendor. In April 2020, CMIG Futurelife transferred all its 40% equity interests in New CMIG PM to Mingtai (Shanghai) Enterprise Management Co., Ltd. (the "Remaining Shareholder"), a wholly owned subsidiary of CMIG Futurelife. As at the date of this report, New CMIG PM is owned by the Remaining Shareholder as to 40% and the Vendor as to 60%. New CMIG PM and its subsidiaries (together the "New CMIG PM Group") are principally engaged in the provision of property management services and related value-added services in the PRC (the "New CMIG PM Business").

On 25 September 2019, the Vendor and a wholly owned subsidiary of A-Living Smart City Services Co., Ltd. (the "Purchaser" or the "Company"), a company listed on the Stock Exchange of Hong Kong Limited, entered into a conditional agreement whereby the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to dispose, (i) the 60% equity interest in CMIG Futurelife Property Management ("CMIG PM"), after a restructuring comprising the transfer in and transfer out of certain entities, at a fixed consideration of RMB1.56 billion (the "CMIG PM Acquisition"), and (ii) the 60% equity interest in a new entity to be set up to hold the 51% equity interest in Shanghai Kerui Property Management Development Co., Ltd. ("Kerui PM"), a previous subsidiary of CMIG PM that was transferred to New CMIG PM on 11 December 2019, at a consideration up to a maximum amount of RMB500,000,000 (the "New CMIG PM Acquisition"). Pursuant to the supplemental agreement dated 11 November 2020, the final consideration for the New CMIG PM Acquisition was determined to be RMB344,250,000 while pursuant to a second supplemental agreement, it was further agreed that the final consideration shall be adjusted by deducting an amount of RMB141,082,800.

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

1.2 Reorganization

New CMIG PM is an investment holding company. Prior to the incorporation of New CMIG PM and the completion of the reorganizations as described below, the New CMIG PM Business was carried out by the companies controlled by CMIG Futurelife (collectively, the "Operating Companies") in the PRC. These Operating Companies were historically acquired by CMIG Futurelife from other parties prior to and during the Track Record Period.

New CMIG PM was set up in the PRC on 28 November 2019 with a registered capital of RMB235,138,000, which has not yet paid up.

On 11 December 2019, New CMIG PM acquired 51% equity interests in Kerui PM from a subsidiary of CMIG Futurelife, at cash consideration of RMB235,138,000. The consideration has not been paid up to the date of this report. In August 2020, its repayment term has been adjusted to be repayable by 31 December 2021. Accordingly, the consideration payable was reclassified from current liabilities to non-current liabilities as at 31 August 2020.

New CMIG PM became the holding company of the companies now comprising the New CMIG PM Group upon completion of the Reorganisation on 11 December 2019..

The principal subsidiaries in which New CMIG PM held direct or indirect interests upon completion of the Reorganization and as at the date of this report are set out in Note 12.

1.3 Basis of presentation

Immediately prior to the Reorganization as mentioned in Note 1.2 above, the New CMIG PM Business was carried out by the Operating Companies which were controlled by CMIG Futurelife and ultimately controlled by CMIG, from the dates they were acquired by CMIG Futurelife from third parties. Pursuant to the Reorganization, the New CMIG PM Business was transferred to and held by New CMIG PM, which is controlled by CMIG Futurelife and ultimately controlled by CMIG on 11 December 2019.

New CMIG PM has not been involved in any other business prior to the Reorganization and its operations do not meet the definition of a business. The Reorganization is merely a reorganization of New CMIG PM Business and does not result in any changes in business substance, nor in any management or ultimate controlling shareholders of the New CMIG PM Business as at the completion date of the Reorganisation as at 11 December 2019. Accordingly, the historical financial information of the companies now comprising the New CMIG PM Group is presented using the carrying value of the New CMIG PM Business for all years/periods presented as if the current group structure had been in existence throughout the years/periods presented, or from the date the respective entity had been acquired by CMIG Futurelife from third parties, whichever is a shorter period.

For companies historically acquired by CMIG Futurelife from third parties, or disposed off to a third party or a related party during the Track Record Period, they were included in or excluded from the consolidated financial statements of the New CMIG PM Group from the respective dates of acquisitions and disposals, where appropriate, in the Historical Financial Information.

Inter-company transactions, balances and the unrealised gains/losses on transactions between the group companies are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the New CMIG PM Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that have been effective for the financial year beginning on or before 1 January 2020. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss (or through other comprehensive income), which are carried at fair value.

The preparation of the Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the New CMIG PM Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

Application of HKFRS 9, HKFRS 15 and HKFRS 16

HKFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities, and introduces new rules of hedge accounting and a new impairment model for financial assets. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 'Revenue' and HKAS 11 'Construction Contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases. The standard replaces HKAS 17 "Leases" and related interpretations. Under HKAS 17, operating lease commitments are disclosed separately in a note to the consolidated financial statement and are recognised outside of the consolidated statement of financial position. Under HKFRS 16, all leases (except for those with lease term of less than 12 months or of low value) must be recognised in the form of an asset (being the right-of-use assets) and a financial liability (being the lease liabilities), and accordingly, each lease will be mapped in the New CMIG PM Group's consolidated statements of financial position. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted.

The New CMIG PM Group has elected to apply HKFRS 9, HKFRS 15 and HKFRS 16 consistently throughout the Track Record Period.

The following standards and interpretations had been issued but were not mandatory for the financial year beginning before 1 January 2021 and have not been early adopted.

	New standards, amendments and interpretations	Effective date
HKFRS 17	Insurance contracts	Annual periods beginning on or after 1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	Annual periods beginning on or after 1 January 2023
Amendments to HKAS 3	Update reference to the conceptual framework	Annual periods beginning on or after 1 January 2022
Amendments to HKAS 16	Proceeds before intended use	Annual periods beginning on or after 1 January 2022
Amendments to HKAS 37	Onerous contracts – costs of fulfilling a contract	Annual periods beginning on or after 1 January 2022
Amendments to HKFRS 16	COVID-19-Related Rent Concessions	Annual periods beginning on or after 1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	Annual periods beginning on or after 1 January 2021
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 New CMIG PM Group has already commenced an assessment of the impact of these new or revised standards, interpretations, and amendments, certain of which are relevant to the New CMIG PM Group's operations. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and positions of the New CMIG PM Group is expected when they become effective.

At 31 August 2020, the New CMIG Group's current liabilities exceed its current assets by RMB151,848,000. The management considered the Group has adequate resources to meet its liabilities from operating cash flows and proceeds from sale of investment properties when necessary and commitments in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the New CMIG PM Group has control. The New CMIG PM Group controls an entity when the New CMIG PM 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 New CMIG PM Group. They are deconsolidated from the date that control ceases.

Intercompany 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 New CMIG PM Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, statements of changes in equity and statements of financial position respectively.

2.2.2 Business combinations

The acquisition method of accounting is used to account for all other 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 New CMIG PM Group,
- 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 measured initially at their fair values at the acquisition date. The New CMIG PM 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.

2.2.3 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 New CMIG PM 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 combined financial statements of the investee's net assets including goodwill.

2.3 Changes in ownership interests

The New CMIG PM Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the New CMIG PM 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 New CMIG PM Group.

When the New CMIG PM 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. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the New CMIG PM Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the New CMIG PM Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The combined financial statements are presented in RMB, which is the New CMIG PM's functional and the New CMIG PM 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 recognized within "Other gains – net" in the combined statements of comprehensive income.

2.6 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 New CMIG PM 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, net of their residual values, over their estimated useful lives as follows:

	Estimated useful lives
Buildings	20-30 years
Transportation equipment	4-10 years
Office and other equipment	2-5 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 proceeds with carrying amount and are recognised within "Other gains – net" in the consolidated statements of comprehensive income.

2.7 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the New CMIG PM Group, are classified as investment property.

The New CMIG PM Group's investment properties comprise buildings located in the PRC, which are measured initially at their costs, including the related transaction costs.

After initial recognition, investment property is measured at cost less accumulated depreciation and any provision for impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the properties. The building portion of investment properties is depreciated over their estimated useful lives of 20 to 30 years.

Subsequent expenditure is capitalized to the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the New CMIG PM Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are expensed in the consolidated statements of comprehensive income during the financial period in which they are incurred.

An investment property shall be derecognized on disposal or when investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in the consolidated statements of comprehensive income in the period of the retirement or disposal.

2.8 Intangible assets

(a) Goodwill

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

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

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

(b) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships 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 10 years for the customer relationship.

(c) Computer software

Acquired software licences are capitalized 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 5 years).

2.9 Impairment of non-financial assets

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

2.10 Financial assets

2.10.1 Classification

The New CMIG PM 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 debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the New CMIG PM 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 ("FVOCI").

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

2.10.2 Recognition, derecognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the New CMIG PM 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 New CMIG PM Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the New CMIG PM 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 ("FVPL"), 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.

Debt instruments

Subsequent measurement of debt instruments depends on the New CMIG PM Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the New CMIG PM 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. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statements of comprehensive income when the asset is derecognised or impaired. 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/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- 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 the consolidated statements of comprehensive income 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 and impairment expenses are presented as separate line item in consolidated income statement.

- 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 and is not part of a hedging relationship is recognised in profit or loss and presented net within other gains in the period in which it arises.

Equity instruments

The New CMIG PM Group subsequently measures all equity investments at fair value. Where the New CMIG PM 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 New CMIG PM Group's right to receive payments is established.

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

2.11 Impairment of financial assets

The New CMIG PM Group assesses on a forward looking basis the expected credit losses associated with its debt instrument carried at amortised cost and financial assets at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1.2 details how the New CMIG PM Group determines whether there has been a significant increase in credit risk.

For trade receivables, the New CMIG PM Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position 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 assets and settle the liabilities 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 New CMIG PM Group or the counterparty.

2.13 Inventories

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

2.14 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 classified as current. If not, they are presented as non-current assets.

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 New CMIG PM 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.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks.

2.16 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.

2.17 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.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss 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.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

2.20 Current and deferred income tax

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

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.

Current income tax

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

Deferred income tax

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. Deferred income tax is also 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 end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred 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.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the New CMIG PM Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.

2.21 Employee benefits

(i) Pension obligations

The New CMIG PM Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the New CMIG PM Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the New CMIG PM 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 New CMIG PM 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 New CMIG PM Group in independently administrated funds managed by the governments. The New CMIG PM Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(ii) Housing funds, medical insurances and other social insurances

Employees of the New CMIG PM Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The New CMIG PM Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The New CMIG PM Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave 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.

(iv) 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 legal claims are recognized when: The New CMIG PM 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 recognized as interest expense.

2.23 Revenue recognition

The New CMIG PM Group is primarily engaged in the provision of property management services, property developer-related services, community-related services and professional services. 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 New CMIG PM Group's performance when the New CMIG PM Group performs:

For property management services, the New CMIG PM Group bills a fixed amount for service provided on a monthly basis and recognises as revenue in the amount to which the New CMIG PM Group has a right to invoice and corresponds directly with the value of performance completed.

For property management projects where the services income is on a lump sum basis, the New CMIG PM Group acts as principal and is primary responsible for providing the property management services to the property owners/units, the New CMIG PM Group recognises the service fee received or receivable from property owners as its revenue and all related property management costs as its cost of services. For property management projects where the services income is on commission basis, the New CMIG PM Group recognises the commission, which is calculated at certain percentage of the total property management fee received or receivable from the property owners/units or at fixed amounts, as its revenue for arranging and monitoring the services provided by other suppliers to the property owners/units.

For property developer related services, revenue is recognised when the related services are rendered. Payment of the transaction is due immediately when the services are rendered to the customer.

Community related services include mainly: i) commission from public resources management services, which is recognized on a net basis over the time when such services are rendered; ii) revenue from other community convenience services are charged for each of the services provided and recognized when the relevant services are rendered. Community related services are normally billable immediately upon the delivery of the services.

Professional services mainly include engineering and maintenance services of elevator and intelligent security equipment. Revenue from professional services are recognized when the contracts have been approved and the services are rendered. Professional services are normally billable immediately upon the delivery of the services.

If contracts involve the sale of multiple services, the transaction price will be 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 New CMIG PM Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the New CMIG PM Group's performance and the customer's payment.

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

If a customer pays consideration or the New CMIG PM Group has a right to an amount of consideration that is unconditional, before the New CMIG PM Group transfers services to the customer, the New CMIG PM 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 New CMIG PM Group's obligation to transfer services to a customer for which the New CMIG PM Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the New CMIG PM 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.

2.24 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.25 Dividend distribution

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

2.26 Leases as lessee

The New CMIG PM Group leases various properties. Rental contracts are typically made for fixed periods of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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 New CMIG PM Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statements of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

The lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate.

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

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

Payments associated with short-term leases are recognised on a straight-line basis as an expense in consolidated statements of comprehensive loss. Short-term leases are leases with a lease term of 12 months or less.

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 New CMIG PM Group will comply with all attached conditions.

Government grants related to assets refer to government grants which are obtained by the New CMIG PM Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in current period. The New CMIG PM Group applies the presentation method consistently to the similar government grants in the financial statements.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The New CMIG PM Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. As all of the New CMIG PM Group's activities are in the PRC, the New CMIG PM Group's exposure to foreign currency risk is minimal and therefore no analysis of foreign currency risk is presented. The New CMIG PM Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the New CMIG PM Group's financial performance.

3.1.1 Interest rate risk

The New CMIG PM Group's interest rate risk arises from borrowings and receivables due from related parties. Borrowings at variable interest rates expose the New CMIG PM Group to cash flow interest rate risk. Borrowings and receivables due from related parties at fixed interest rates expose the New CMIG PM Group to fair value interest rate risk. The New CMIG PM Group closely monitors trend of interest rate and its impact on the New CMIG PM Group's interest rate risk exposure. The New CMIG PM Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2017, 2018 and 2019 and 31 August 2020, if interest rates on borrowings at variable interest rates had been 50 basis points higher or lower with all other variables held constant, the New CMIG PM Group's profit before income tax for the years/periods then ended would decrease or increase as set out, mainly as a result of higher or lower interest expenses on floating rate borrowings.

	Year ended 31 December			Eight months ended
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Profit before income tax –				
(lower)/higher	(55)/55	(42)/42	(30)/30	(23)/23

3.1.2 Credit risk

The New CMIG PM Group is exposed to credit risk in relation to its trade receivables, deposits and other receivables, and cash and cash equivalents. The carrying amounts of trade receivables, deposits and other receivables, and cash and cash equivalents represent the New CMIG PM Group's maximum exposure to credit risk in relation to financial assets.

(i) Cash in banks

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

(ii) Trade receivables

The New CMIG PM Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss also incorporates forward looking information.

(iii) Other receivables due from related parties

The New CMIG PM Group expects that the credit risk associated with other receivables due from related parties is low, since the majority of the related parties have a strong capacity to meet its contractual cash flow obligations in the near term, except for the loans and interests receivables due from CMIG Futurelife. The impairment provision recognised in respect of other receivables due from related parties other than CMIG Futurelife during the period was limited to 12 months expected losses, which was insignificant.

For the loans and interests receivables due from CMIG Futurelife, CMIG Futurelife did not default its repayment during the Track Record Period. The credit risk associated with loans and interests receivables due from CMIG Futurelife was insignificant. Details are set out in Note 22.

(iv) Deposits and other receivables other than those due from related parties

The New CMIG PM Group pays deposits to a large number of counter parties recognised as other receivables other than those from related parties. There was no concentration of credit risk. The New CMIG PM Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the New CMIG PM Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The New CMIG PM 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 New CMIG PM 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.

Forward-looking information incorporated in the expected credit loss model

The New CMIG PM Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. 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 borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the New CMIG PM Group and changes in the operating results of the borrower.

The New CMIG PM 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 New CMIG PM Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. Since the actual loss rates for trade receivables and other receivables and adjustments for forward looking macroeconomic data did not have significant change during the Track Record Period, the directors of New CMIG PM consider that the change in the expected loss rate for the provision matrix is insignificant throughout the Track Record Period.

Trade receivables

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As at 31 December 2017, 2018 and 2019 and 31 August 2019 and 2020, the movements in loss allowance provisions for trade and other receivables (excluding prepayments and input tax to be deducted) are as follows:

	Loss allowance for trade receivables RMB'000	Loss allowance for deposits and other receivables (excluding prepayments and input tax to be deducted) RMB'000	Total RMB'000
At 1 January 2017	(2,254)	(8,753)	(11,007)
Provision for loss allowance recognised in profit or loss	<u>(2,799)</u>	<u>(1,284)</u>	<u>(4,083)</u>
At 31 December 2017	(5,053)	(10,037)	(15,090)
Provision for loss allowance recognised in profit or loss	<u>(5,017)</u>	<u>(401)</u>	<u>(5,418)</u>
At 31 December 2018	(10,070)	(10,438)	(20,508)
(Provision)/Reversal of loss allowance recognised in profit or loss	<u>(1,425)</u>	<u>6,116</u>	<u>4,691</u>
At 31 December 2019	(11,495)	(4,322)	(15,817)
Provision for loss allowance recognised in profit or loss	<u>(3,536)</u>	<u>(1,615)</u>	<u>(5,151)</u>
At 31 August 2020	<u><u>(15,031)</u></u>	<u><u>(5,937)</u></u>	<u><u>(20,968)</u></u>
(Unaudited)			
At 1 January 2019	(10,070)	(10,438)	(20,508)
Provision for loss allowance recognised in profit or loss	<u>(5,355)</u>	<u>3,410</u>	<u>(1,945)</u>
At 31 August 2019	<u><u>(15,425)</u></u>	<u><u>(7,028)</u></u>	<u><u>(22,453)</u></u>

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 to meet its daily working capital requirements.

The table below set out the New CMIG PM 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 statements of financial position, as the impact of discount is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2017					
Trade and other payables (excluding non-financial liabilities)	427,053	–	–	–	427,053
Borrowings	261,560	290,560	1,458,920	–	2,011,040
Interest payable on borrowings	136,540	117,898	97,366	–	351,804
Dividend payables	1,819	–	–	–	1,819
Lease liabilities	294	262	69	–	625
	<u>827,266</u>	<u>408,720</u>	<u>1,556,355</u>	<u>–</u>	<u>2,792,341</u>
As at 31 December 2018					
Trade and other payables (excluding non-financial liabilities)	470,583	–	–	–	470,583
Borrowings	290,560	1,455,560	3,360	–	1,749,480
Interest payable on borrowings	117,898	97,210	156	–	215,264
Dividend payables	6,556	–	–	–	6,556
Lease liabilities	295	69	–	–	364
	<u>885,892</u>	<u>1,552,839</u>	<u>3,516</u>	<u>–</u>	<u>2,442,247</u>
As at 31 December 2019					
Trade and other payables (excluding non-financial liabilities)	630,913	–	–	–	630,913
Borrowings	1,455,560	2,560	800	–	1,458,920
Interest payable on borrowings	97,167	127	8	–	97,302
Dividend payables	108,072	–	–	–	108,072
Lease liabilities	69	–	–	–	69
	<u>2,291,781</u>	<u>2,687</u>	<u>808</u>	<u>–</u>	<u>2,295,276</u>
As at 31 August 2020					
Trade and other payables (excluding non-financial liabilities)	469,520	235,138	–	–	704,658
Borrowings	226,560	2,080	–	–	228,640
Interest payable on borrowings	4,714	66	–	–	4,780
Dividend payables	43,918	–	–	–	43,918
	<u>744,712</u>	<u>237,284</u>	<u>–</u>	<u>–</u>	<u>981,996</u>

3.2 Capital management

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

In order to maintain or adjust the capital structure, the New CMIG PM Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The New CMIG PM Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity as shown in the consolidated statement of financial position. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash.

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Total borrowings (<i>Note 26</i>)	2,011,040	1,749,480	1,458,920	228,640
Less: cash and cash equivalents (<i>Note 23</i>)	(145,444)	(157,539)	(209,100)	(118,830)
Net debt	1,865,596	1,591,941	1,249,820	109,810
Total equity	347,027	393,234	114,199	186,131
Gearing ratio	538%	405%	1,094%	59%

The decrease in borrowing ratio for the years ended 31 December 2017 and 2018 and the period ended 31 August 2020 was due to repayment of borrowings and profits of the New CMIG PM Group over the years/period. The increase in borrowing ratio in year ended 31 December 2019 was due to decrease in total equity after the declaration of dividend during that year.

3.3 Fair value estimation

Fair value hierarchy of financial assets

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 New CMIG PM Group has classified its financial instruments into the three levels prescribed under the accounting standards.

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Assets – Level 3:				
– Financial assets at fair value through other comprehensive income (<i>Note 18</i>)	5,000	5,025	5,025	5,025
– Financial assets at fair value through profit or loss (<i>Note 21</i>)	35,000	34,000	33,500	6,432
	40,000	39,025	38,525	11,457

The New CMIG PM Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and financial assets at fair value through other comprehensive income) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the New CMIG PM 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 unlisted equity securities and wealth management products.

The investment in unlisted equity securities represent the investment in certain privately owned companies. The fair value of the investments approximates to the cost and relevant fair value gain/loss are minimal because these companies were in the early stage of operation and it has not been a long time since the New CMIG PM Group's investments in them.

The investment in wealth management products mainly represent the investments in wealth management products issued by banks in the PRC with non-guaranteed principal and floating return of investment. The New CMIG PM Group used discounted cash flows approach to value the fair value of the financial product as at period end. Due to the short period and low expected return rate ranging from 1.15% to 7.20% per annum, the New CMIG PM Group considered the fair value of financial product approximate to the cost.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The New CMIG PM Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of intangible assets

The New CMIG PM Group tests annually whether goodwill has suffered any impairment. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 16.

Customers' relationships intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the New CMIG PM Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of comprehensive income.

(b) Business combinations

Business combinations are accounted for under acquisition method. The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed, which mainly include customer relationship and customer contracts, is based on various assumptions and valuation methodologies requiring considerable management judgement. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. The New CMIG PM Group determines discount rates to be used based on the risk inherent in

the related activity's current business model and industry comparisons. Terminal values are based on the expected life of assets and forecasted life cycle and forecasted cash flows over that period. Although the New CMIG PM Group believes that the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material.

(c) Allowance on doubtful receivables

The New CMIG PM Group makes allowances on receivables, including loans to/receivables from related parties, based on assumptions about risk of default and expected loss rates. The New CMIG PM Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the New CMIG PM 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 the key assumption and inputs used, see Note 3.1.2 above.

(d) Current and deferred income tax

The New CMIG PM 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 utilized. The outcome of their actual utilisation may be different.

5 SEGMENT INFORMATION

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

During the Track Record Period, the New CMIG PM Group is principally engaged in the provision of property management services and value-added services, including property developer-related services, community-related services and professional services in the PRC. Directors review the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the New CMIG PM Group regards that there is only one segment which is used to make strategic decisions.

The principal operating entity of the New CMIG PM Group is domiciled in the PRC. Accordingly, all of the New CMIG PM Group's revenue was derived in the PRC during the Track Record Period.

As at 31 December 2017, 2018 and 2019 and 31 August 2020, all of the non-current assets of the New CMIG PM Group were located in the PRC.

6 REVENUE

Revenue mainly comprises of proceeds from the provision of property management services, and related value added services including property developer related services, community related services and professional services such as engineering and maintenance services. An analysis of the New CMIG PM Group's revenue by category for the Track Record Period is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2019 RMB'000 (Unaudited)	2020 RMB'000
Revenue from customer and recognised over time					
Property management services	639,328	777,293	795,914	536,484	596,690
Value added services					
– Property developer related services	67,142	71,343	111,094	46,288	67,346
– Community related services	89,153	83,480	119,637	59,732	64,912
– Professional services	2,696	7,126	8,706	6,829	3,105
– Others	2,871	318	2,633	46,243	7,551
				–	–
Rental income	6,274	6,905	4,943	4,201	4,002
	<u>807,464</u>	<u>946,465</u>	<u>1,042,927</u>	<u>699,777</u>	<u>743,606</u>

The New CMIG PM Group had a large number of customers and none of whom individually contributed 10% or more of the New CMIG PM Group's revenue during the Track Record Period.

(a) Contract liabilities

The New CMIG PM Group had recognised the following revenue-related contract liabilities:

	As at 31 December			As at 31 August
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Contract liabilities	<u>90,184</u>	<u>98,447</u>	<u>93,227</u>	<u>47,205</u>

(b) Significant change in contract liabilities

Contract liabilities of the New CMIG PM Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the New CMIG PM Group's business.

(c) 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			Eight months ended 31 August	
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2019 RMB'000 (Unaudited)	2020 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year					
Property management services	62,268	81,871	91,942	58,002	57,871
Others	8,071	8,313	6,505	2,296	4,280
	<u>70,339</u>	<u>90,184</u>	<u>98,447</u>	<u>60,298</u>	<u>62,151</u>

(d) Unsatisfied performance obligations

For property management services and property developer-related services, the New CMIG PM Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the New CMIG PM Group's performance to date, on a monthly or quarterly basis. The New CMIG PM Group has elected the practical expedient for not to disclose the remaining performance obligation for these types of contracts. The majority of the property management services contracts and property developer-related services do not have a fixed term.

For community-related services and professional services, they are rendered in short period of time and there is no material unsatisfied performance obligation at the end of respective periods.

(e) Assets recognised from incremental costs to obtain a contract

During the Track Record Period, there were no significant incremental costs to obtain or fulfil a contract.

7 EXPENSES BY NATURE

	Year ended 31 December			Eight months ended 31 August	
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2019 RMB'000 (Unaudited)	2020 RMB'000
Employee benefit expenses (Note 8)	216,049	239,374	232,829	166,255	157,869
Outsourcing costs	345,525	405,418	465,597	332,553	342,263
Cost of consumables	26,573	16,365	20,576	11,126	10,657
Maintenance and repair costs	63,577	87,771	124,423	64,024	75,599
Utilities	23,585	26,178	36,590	21,002	24,431
Depreciation of property, plant and equipment (Note 13)	3,495	3,202	3,833	2,485	2,364
Depreciation of right-of- use assets (Note 14)	233	232	233	155	58
Depreciation of investment properties (Note 15)	3,928	5,316	5,079	3,108	2,330
Amortisation of intangible asset (Note 16)	12,518	12,829	12,828	8,551	8,553
Short term lease expenses	646	409	752	691	563
Taxes and other levies	2,938	4,577	4,586	2,473	3,208
Travelling and entertainment expenses	4,309	10,316	11,460	6,140	5,798
Auditors' remuneration	180	140	20	292	170
Consulting fees	10,650	19,071	13,922	6,253	10,126
Office expenses	11,536	11,840	13,404	5,921	6,489
Others	16,530	12,997	12,576	4,032	16,941
Total of cost of sales and administrative expenses	<u>742,272</u>	<u>856,035</u>	<u>958,708</u>	<u>635,061</u>	<u>667,419</u>

Cost of sales includes mainly employee benefit expenses, outsourcing costs, cost of consumables, maintenance and repair costs, utilities and consulting fees, travelling and entertainment expenses, etc.

8 EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December			Eight months ended 31 August	
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2019 RMB'000 (Unaudited)	2020 RMB'000
Wages, salaries and bonuses	175,213	194,129	175,350	131,062	139,408
Pension costs	15,764	17,466	18,547	11,991	5,471
Housing funds, medical insurances and other social insurances (a)	10,763	11,925	14,275	9,537	4,872
Other employee benefits (b)	14,309	15,854	24,657	13,665	8,118
	<u>216,049</u>	<u>239,374</u>	<u>232,829</u>	<u>166,255</u>	<u>157,869</u>

- (a) Employees in the New CMIG PM Group's PRC entities are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The New CMIG PM Group's PRC entities contribute funds which are calculated based on certain percentages of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.
- (b) Other employee benefits mainly include meal, travelling and festival allowances.
- (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the New CMIG PM Group does not include any director for the years ended 31 December 2017, 2018, 2019 and the eight months ended 31 August 2019 and 2020. The emoluments payable to the five individuals for the Track Record Period are as follows:

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries, bonuses, housing funds and other employees benefits	3,118	3,339	3,646	2,481	2,996

The emoluments fell within the following bands:

	Number of individuals			Eight months ended 31 August	
	2017	2018	2019	2019	2020
				(Unaudited)	
Emolument bands (in HK dollar)					
HK\$500,001 – HK\$1,000,000	5	5	4	5	5
HK\$1,000,001 – HK\$1,500,000	–	–	1	–	–
	5	5	5	5	5

9 OTHER INCOME AND OTHER GAINS – NET

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Other income					
Government grants	574	1,552	5,796	2,511	7,953
Others	726	86	–	–	–
	1,300	1,638	5,796	2,511	7,953

	Year ended 31 December			Eight months ended 31 August	
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2019 RMB'000	2020 RMB'000
				(Unaudited)	
Other gains – net					
Gain on disposal of investment properties	77	–	14,316	5,320	19,251
(Loss)/gain on disposal of property, plant and equipment	(201)	60	14	43	(31)
Income from financial assets at fair value through profit or loss	658	1,410	1,169	796	611
Compensation – net	–	–	(4,093)	–	–
Others	(48)	(7)	–	90	(173)
	<u>486</u>	<u>1,463</u>	<u>11,406</u>	<u>6,249</u>	<u>19,658</u>

The government grants mainly represented financial support funds from local government without attached conditions.

During the eight months ended 31 August 2020, the Group's subsidiary, Kerui PM, disposed an investment property to its non-controlling interest shareholder at a cash consideration of RMB39,981,000, derived a gain of RMB18,149,000.

10 FINANCE COSTS – NET

	Year ended 31 December			Eight months ended 31 August	
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2019 RMB'000	2020 RMB'000
				(Unaudited)	
Finance costs:					
– Interest expense on bank loans	(723)	(796)	(463)	(562)	(698)
– Interest expense on asset-backed securities	(55,237)	(128,768)	(106,393)	(76,298)	(54,314)
– Interest expense on lease liabilities	(50)	(33)	(15)	(12)	(1)
	<u>(56,010)</u>	<u>(129,597)</u>	<u>(106,871)</u>	<u>(76,872)</u>	<u>(55,013)</u>
Finance income:					
– Interest income on loans due from a related party (Note 31(b))	53,048	122,677	100,917	70,348	51,931
– Interest income from bank deposits	361	301	300	195	501
	<u>53,409</u>	<u>122,978</u>	<u>101,217</u>	<u>70,543</u>	<u>52,432</u>
Finance costs – net	<u>(2,601)</u>	<u>(6,619)</u>	<u>(5,654)</u>	<u>(6,329)</u>	<u>(2,581)</u>

11 INCOME TAX EXPENSE

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax					
– PRC CIT	18,920	26,280	27,974	18,625	27,563
Deferred income tax (Note 27)					
– PRC CIT	(4,159)	(4,566)	(2,042)	(2,011)	(3,429)
	<u>14,761</u>	<u>21,714</u>	<u>25,932</u>	<u>16,614</u>	<u>24,134</u>

(a) PRC Corporate Income Tax (“CIT”)

Income tax provision of the New CMIG PM Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years/periods, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the Track Record Period.

- (b) The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated statements of comprehensive income to the income tax expenses is listed below:

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit before income tax	60,294	81,494	100,458	65,202	96,066
Tax calculated at applicable corporate income tax rate of 25%	15,074	20,374	25,115	16,301	24,017
Tax effects of:					
– Expense not deductible for tax purpose	591	644	306	51	–
– Tax losses for which no deferred income tax assets were recognized (Note)	–	696	–	–	–
– Utilisation of previously unrecognised tax losses	–	–	511	262	185
– Others	(904)	–	–	–	(68)
Income tax expense	<u>14,761</u>	<u>21,714</u>	<u>25,932</u>	<u>16,614</u>	<u>24,134</u>

Note: The tax losses for which no deferred income tax assets were recognized for 2018 will be expired in 2023.

12 SUBSIDIARIES – NEW CMIG PM

	As at 31 December 2019 RMB'000	As at 31 August 2020 RMB'000
Investment in subsidiaries	235,138	235,138

Upon completion of the Reorganization and as at the date of this report, the New CMIG PM Group has direct or indirect interests in the following principal subsidiaries:

Names of the subsidiaries	Place and date of incorporation/ establishment	Issued and paid-up capital	Attributable equity interest of the New CMIG PM Group				Attributable equity interest of the New CMIG PM Group as at the date of this report	Principal activities/ place of operation	Name of statutory auditors and periods covered
			31 December 2017	2018	2019	31 August 2020			
<i>Direct subsidiary</i>									
Kerui PM (ii)	Shanghai, the PRC 5 February 2002	RMB20,000,000	51%	51%	51%	51%	51%	Property management services in Shanghai	PricewaterhouseCoopers Zhong Tian LLP for years 2017 and 2018 and Pan China LLP for year 2019
<i>Indirect subsidiaries</i>									
Jiangxi Kerui Ecology property management Co., Ltd.	Jiangxi, the PRC 19 September 2003	RMB500,000	29.58%	29.58%	29.58%	29.58%	29.58%	Property management services in Nanchang	Jiangxi Zhongrun LLP for years 2017, 2018 and 2019
Changchun Kerui Property Management Co., Ltd.	Changchun, the PRC 16 July 2004	RMB3,000,000	26.52%	26.52%	26.52%	26.52%	26.52%	Property management services in Changchun	Jilin Zhongxin Huacheng LLP for years 2017, 2018 and 2019
Nanjing Green Kerui Property Management Co., Ltd.	Nanjing, the PRC 27 July 2006	RMB3,000,000	26.01%	26.01%	26.01%	26.01%	26.01%	Property management services in Nanjing	Jiangsu Zhongtian Huaxia LLP for years 2017, 2018 and 2019
Huhhot Kerui Property Management Service Co., Ltd.	Huhhot, the PRC 7 November 2008	RMB500,000	51%	51%	51%	51%	51%	Property management services in Huhhot	NA

Names of the subsidiaries	Place and date of incorporation/ establishment	Issued and paid-up capital	Attributable equity interest of the New CMIG PM Group			Principal activities/ place of operation	Name of statutory auditors and periods covered
			Attributable equity interest of the New CMIG PM Group as at the date of this report				
			31 December 2017	31 December 2018	31 August 2019		

Details of the acquisitions of subsidiaries are set out in Note 30.

No summarised financial information of each subsidiary, together with their subsidiaries, which has non-controlling interests that are material to the CMIG PM Group is presented since Kerui PM is the only subsidiary with material non-controlling interest and the financial information of Kerui PM is identical to the New CMIG PM Group's financial information except for the payable to CMIG PM for the acquisition of Kerui PM amounting to RMB235 million (Note 1).

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Transportation equipment RMB'000	Office and other equipment RMB'000	Total RMB'000
As at 1 January 2017				
Cost	48,169	5,617	8,589	62,375
Accumulated depreciation	(1,337)	(2,903)	(6,390)	(10,630)
Net book amount	46,832	2,714	2,199	51,745
Year ended 31 December 2017				
Opening net book amount	46,832	2,714	2,199	51,745
Additions from acquisition of subsidiaries (<i>Note 30</i>)	–	17	253	270
Other additions	–	1,125	851	1,976
Disposals	(529)	(194)	(40)	(763)
Depreciation charge	(1,809)	(543)	(1,143)	(3,495)
Closing net book amount	44,494	3,119	2,120	49,733
As at 31 December 2017				
Cost	47,296	6,580	9,786	63,662
Accumulated depreciation	(2,802)	(3,461)	(7,666)	(13,929)
Net book amount	44,494	3,119	2,120	49,733
Year ended 31 December 2018				
Opening net book amount	44,494	3,119	2,120	49,733
Other additions	1,113	2,761	2,308	6,182
Disposals	–	(284)	(14)	(298)
Depreciation charge	(1,575)	(690)	(937)	(3,202)
Closing net book amount	44,032	4,906	3,477	52,415
As at 31 December 2018				
Cost	48,409	8,641	11,772	68,822
Accumulated depreciation	(4,377)	(3,735)	(8,295)	(16,407)
Net book amount	44,032	4,906	3,477	52,415
Year ended 31 December 2019				
Opening net book amount	44,032	4,906	3,477	52,415
Other additions	1,670	591	1,490	3,751
Disposals	(1,022)	(132)	(32)	(1,186)
Depreciation charge	(1,740)	(1,043)	(1,050)	(3,833)
Closing net book amount	42,940	4,322	3,885	51,147

	Buildings <i>RMB'000</i>	Transportation equipment <i>RMB'000</i>	Office and other equipment <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2019				
Cost	48,980	8,252	12,618	69,850
Accumulated depreciation	(6,040)	(3,930)	(8,733)	(18,703)
Net book amount	42,940	4,322	3,885	51,147
Eight months ended 31 August 2020				
Opening net book amount	42,940	4,322	3,885	51,147
Other additions	–	–	315	315
Disposals	–	(43)	–	(43)
Depreciation charge	(1,069)	(640)	(655)	(2,364)
Closing net book amount	41,871	3,639	3,545	49,055
As at 31 August 2020				
Cost	48,980	8,031	12,933	69,944
Accumulated depreciation	(7,109)	(4,392)	(9,388)	(20,889)
Net book amount	41,871	3,639	3,545	49,055
As at 1 January 2019				
Cost	48,409	8,641	11,772	68,822
Accumulated depreciation	(4,377)	(3,735)	(8,295)	(16,407)
Net book amount	44,032	4,906	3,477	52,415
(Unaudited)				
Eight months ended 31 August 2019				
Opening net book amount	44,032	4,906	3,477	52,415
Other additions	690	562	1,413	2,665
Disposals	–	(88)	(14)	(102)
Depreciation charge	(1,080)	(691)	(714)	(2,485)
Closing net book amount	43,642	4,689	4,162	52,493
As at 31 August 2019				
Cost	49,099	8,400	12,906	70,405
Accumulated depreciation	(5,457)	(3,711)	(8,744)	(17,912)
Net book amount	43,642	4,689	4,162	52,493

As at 31 December 2017 and 2018 and 2019 and 31 August 2020, certain property, plant and equipment of the New CMIG PM Group with net book value of RMB31,246,000, RMB30,187,000, RMB29,127,000 and RMB28,597,000, have been pledged as security for the secured bank loans (Note 26), respectively.

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

	Year ended 31 December			Eight months ended 31 August	
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2019 RMB'000 (Unaudited)	2020 RMB'000
Cost of sales	746	657	1,307	913	825
Administrative expenses	2,749	2,545	2,526	1,572	1,539
	<u>3,495</u>	<u>3,202</u>	<u>3,833</u>	<u>2,485</u>	<u>2,364</u>

14 LEASES

(a) Amounts recognized in the consolidated statements of financial position

	As at 31 December			As at 31 August
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Right-of-use assets				
– Buildings	<u>523</u>	<u>291</u>	<u>58</u>	<u>–</u>
Lease liabilities				
– Current	244	262	69	–
– Non-current	<u>331</u>	<u>69</u>	<u>–</u>	<u>–</u>
	<u>575</u>	<u>331</u>	<u>69</u>	<u>–</u>

(b) Amounts recognized in the consolidated statement of comprehensive income

	Year ended 31 December			Eight months ended 31 August	
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2019 RMB'000 (Unaudited)	2020 RMB'000
Depreciation charge of right-of-use assets					
– Buildings	<u>233</u>	<u>232</u>	<u>233</u>	<u>155</u>	<u>58</u>
Interest expense	50	33	15	12	1
Expense relating to short-term leases	<u>646</u>	<u>409</u>	<u>752</u>	<u>691</u>	<u>563</u>

15 INVESTMENT PROPERTIES

	Year ended 31 December			Eight months ended
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
As at 1 January				
Cost	118,142	125,944	86,621	67,141
Accumulated depreciation	(4,769)	(10,085)	(4,976)	(11,836)
Net book amount	113,373	115,859	81,645	55,305
During the year/period				
Opening net book amount	81,832	113,373	115,859	81,645
Additions	35,959	7,802	26,551	–
Disposal	(490)	–	(55,686)	(24,010)
Depreciation charge	(3,928)	(5,316)	(5,079)	(2,330)
Closing net book amount	113,373	115,859	81,645	55,305

The New CMIG PM Group leases certain residential and commercial properties to third parties. The New CMIG PM Group's investment properties are stated at historical cost at the end of each reporting period.

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

	Year ended 31 December			Eight months ended	
	2017	2018	2019	31 August	
	RMB'000	RMB'000	RMB'000	2019	2020
				RMB'000	RMB'000
				(Unaudited)	
Cost of sales	3,928	5,316	5,079	3,108	2,330

During the Track Record Period, the amounts recognised in profit or loss for investment properties other than depreciation expenses are as follows:

	Year ended 31 December			Eight months ended	
	2017	2018	2019	31 August	
	RMB'000	RMB'000	RMB'000	2019	2020
				RMB'000	RMB'000
				(Unaudited)	
Rental income (Note 6)	6,274	6,905	4,943	4,201	4,002
Direct operating expenses from properties that generated rental income	(1,346)	(1,530)	(1,267)	(506)	(368)

16 INTANGIBLE ASSETS

	Goodwill <i>RMB'000</i>	Customer relationships <i>RMB'000</i>	Computer software <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2017				
Cost	183,385	120,567	4,070	308,022
Accumulated amortization	—	(3,014)	(518)	(3,532)
Net book amount	<u>183,385</u>	<u>117,553</u>	<u>3,552</u>	<u>304,490</u>
Year ended 31 December 2017				
Opening net book amount	183,385	117,553	3,552	304,490
Additions from acquisition of subsidiaries (<i>Note 30</i>)	10,805	3,213	—	14,018
Amortisation	—	(12,083)	(435)	(12,518)
Closing net book amount	<u>194,190</u>	<u>108,683</u>	<u>3,117</u>	<u>305,990</u>
As at 31 December 2017				
Cost	194,190	123,780	4,070	322,040
Accumulated amortisation	—	(15,097)	(953)	(16,050)
Net book amount	<u>194,190</u>	<u>108,683</u>	<u>3,117</u>	<u>305,990</u>
Year ended 31 December 2018				
Opening net book amount	194,190	108,683	3,117	305,990
Additions	—	—	467	467
Amortisation	—	(12,378)	(451)	(12,829)
Closing net book amount	<u>194,190</u>	<u>96,305</u>	<u>3,133</u>	<u>293,628</u>
As at 31 December 2018				
Cost	194,190	123,780	4,507	322,477
Accumulated amortisation	—	(27,475)	(1,374)	(28,849)
Net book amount	<u>194,190</u>	<u>96,305</u>	<u>3,133</u>	<u>293,628</u>
Year ended 31 December 2019				
Opening net book amount	194,190	96,305	3,133	293,628
Amortisation	—	(12,379)	(449)	(12,828)
Closing net book amount	<u>194,190</u>	<u>83,926</u>	<u>2,684</u>	<u>280,800</u>
As at 31 December 2019				
Cost	194,190	123,780	4,507	322,477
Accumulated amortisation	—	(39,854)	(1,823)	(41,677)
Net book amount	<u>194,190</u>	<u>83,926</u>	<u>2,684</u>	<u>280,800</u>

	Goodwill <i>RMB'000</i>	Customer relationships <i>RMB'000</i>	Computer software <i>RMB'000</i>	Total <i>RMB'000</i>
Eight months ended				
31 August 2020				
Opening net book amount	194,190	83,926	2,684	280,800
Amortisation	—	(8,252)	(301)	(8,553)
Closing net book amount	194,190	75,674	2,383	272,247
As at 31 August 2020				
Cost	194,190	123,780	4,507	322,477
Accumulated amortisation	—	(48,106)	(2,124)	(50,230)
Net book amount	194,190	75,674	2,383	272,247
As at 1 January 2019				
Cost	194,190	123,780	4,507	322,477
Accumulated amortisation	—	(27,476)	(1,373)	(28,849)
Net book amount	194,190	96,304	3,134	293,628
Eight months ended 31 August				
2019 (Unaudited)				
Opening net book amount	194,190	96,304	3,134	293,628
Amortisation	—	(8,252)	(299)	(8,551)
Closing net book amount	194,190	88,052	2,835	285,077
As at 31 August 2019				
Cost	194,190	123,780	4,507	322,477
Accumulated amortization	—	(35,728)	(1,672)	(37,400)
Net book amount	194,190	88,052	2,835	285,077

Amortization expenses were charged to the following categories in the consolidated statements of comprehensive income.

	Year ended 31 December			Eight months ended	
	2017	2018	2019	31 August	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Cost of sales	12,084	12,378	12,377	8,252	8,252
Administrative expenses	434	451	451	299	301
	12,518	12,829	12,828	8,551	8,553

Goodwill

The breakdown of goodwill by companies acquired is set out below:

	As at 31 December			As at 31 August 2020
	2017	2018	2019	
	RMB'000	RMB'000	RMB'000	RMB'000
Acquisition of Kerui PM in 2016	183,385	183,385	183,385	183,385
Acquisition of Da'an PM in 2017 (Note 30)	10,805	10,805	10,805	10,805
Total	194,190	194,190	194,190	194,190

(i) Acquisitions

On 30 September 2016, the CMIG PM Group acquired 51% equity interest of Kerui PM from a third party at a cash consideration of RMB235,138,000 and obtained control of Kerui PM. The identifiable assets and liabilities of Kerui PM at the time of acquisition amounted to RMB106,056,000, excluding non-controlling interests of RMB54,303,000, the CMIG Group derived a goodwill of RMB183,385,000.

On 30 November 2017, Kerui PM acquired 90% equity interest of Da'an PM from a third party at a cash consideration of RMB18,000,000 and obtained control of Da'an PM. The identifiable assets and liabilities of Da'an PM at the time of acquisition amounted to RMB8,820,000, excluding non-controlling interests of RMB1,625,000, Kerui PM derived a goodwill of RMB10,805,000.

As mentioned in Note 1.2, Kerui PM was acquired by CMIG Futurelife, being the then intermediate controlling company, from third parties before the Track Record Period prior to the transfer of Kerui PM to New CMIG PM pursuant to the Reorganization. Assets and liabilities of Kerui PM, including goodwill derived from the acquisition, were included in the consolidated financial statements of the New CMIG PM Group from the date of the acquisition from third parties by CMIG Futurelife.

Goodwill is attributable to the business prospects of the acquired business and will not be deductible for tax purpose.

(ii) Impairment review

Impairment review on the goodwill of the New CMIG PM Group has been conducted by the management as at 31 December 2017 and 2018, 2019 and 30 August 2020, the balance sheet dates during the Track Record Period. For the purpose of impairment review, the recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below.

The range of key parameters used for value-in-use calculations are as follows:

	Gross margin	Growth rate of the first five years	Terminal growth rate	Discount rate
Kerui PM				
As at 31 December 2017	18.00% to 20.00%	10.00%	3%	15.00%
As at 31 December 2018	17.00%	15.00%	3%	15.00%
As at 31 December 2019	16.00% to 17.50%	6.00% to 10.00%	3%	15.00%
As at 31 August 2020	16.00% to 17.50%	6.00% to 10.00%	3%	15.00%
Da'an PM				
As at 31 December 2017	20.00%	10.00% to 15.00%	3%	15.00%
As at 31 December 2018	20.00%	10.00% to 15.00%	3%	15.00%
As at 31 December 2019	20.00%	10.00% to 15.00%	3%	15.00%
As at 31 August 2020	20.00%	10.00% to 15.00%	3%	15.00%

The growth rates used do not exceed the industry growth forecast for the market in which the New CMIG PM Group operates. The discount rate used is pre-tax and reflects market assessments of the time value and the specific risks relating to the industry. The budgeted gross margin was determined by the management based on past performance and its expectation for market development.

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the CGUs far exceeded their carrying amount as at 31 December 2017, 2018 and 2019 and 31 August 2020. The management of the New CMIG PM Group has not identified that a reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount.

Based on the result of the goodwill impairment testing, the headroom of the CGUs, presented as the percentage over the respective goodwill amounts, were as following as at 31 December 2017, 2018 and 2019 and 31 August 2020, respectively.

	As at 31 December			As at 31 August 2020
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Headroom %				
Kerui PM	49%	121%	99%	74%
Da'an PM	117%	129%	58%	39%

The New CMIG PM Group performs the sensitivity analysis based on the assumptions that revenue amount or terminal value or the discount rate have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 August 2020	
	Kerui PM	Da'an PM
Revenue amount decreases by 10%	50%	21%
Terminal value decreases by 10%	70%	34%
Discount rate increases by 5%	69%	34%

With reference to the recoverable amount assessed as at 31 December 2017, 2018 and 2019 and 31 August 2020, the directors of the New CMIG PM Group determined that there was no provision for impairment of goodwill for the Track Record Period.

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December			As at 31 August 2020
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost				
– Loan and interests due from a related party (Note 22)	1,932,848	1,693,351	1,399,431	180,800
– Trade receivables (Note 19)	232,674	276,462	197,739	253,558
– Deposit and other receivables (Note 20)	70,966	61,722	61,533	76,263
– Cash and cash equivalents (Note 23)	145,444	157,539	209,100	118,830
Financial assets at fair value through other comprehensive income (Note 18)	5,000	5,025	5,025	5,025
Financial assets at fair value through profit or loss (Note 21)	35,000	34,000	33,500	6,432
	<u>2,421,932</u>	<u>2,228,099</u>	<u>1,906,328</u>	<u>640,908</u>

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Financial liabilities				
Liabilities at amortised cost				
– Trade and other payables (exclude staff salaries and welfare payables and accrued taxes) (Note 25)	482,290	517,727	672,864	470,047
– Borrowings (Note 26)	2,011,040	1,749,480	1,458,920	228,640
– Lease liabilities (Note 14)	575	331	69	–
	<u>2,493,905</u>	<u>2,267,538</u>	<u>2,131,853</u>	<u>698,687</u>

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
At the beginning of the year/period	–	5,000	5,025	5,025
Additions	5,000	25	–	–
	<u>5,000</u>	<u>5,025</u>	<u>5,025</u>	<u>5,025</u>

Financial assets at fair value through other comprehensive income as at 31 December 2017, 2018 and 2019 and 31 August 2020 represented equity investments in certain unlisted companies in the PRC.

19 TRADE RECEIVABLES

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Trade receivables				
– Third parties	237,392	286,135	209,234	268,589
– Related parties (Note 31(c))	335	227	–	–
	<u>237,727</u>	<u>286,362</u>	<u>209,234</u>	<u>268,589</u>
Subtotal of gross trade receivables	237,727	286,362	209,234	268,589
Less: provision for impairment of trade receivables	(5,053)	(10,070)	(11,495)	(15,031)
Notes receivable	–	170	–	–
	<u>232,674</u>	<u>276,462</u>	<u>197,739</u>	<u>253,558</u>
Trade receivables – net	<u>232,674</u>	<u>276,462</u>	<u>197,739</u>	<u>253,558</u>

Trade receivables mainly arise from property management services managed under lump sum basis and value-added services. Property management services revenue under lump sum basis is received in accordance with the terms of the relevant property service agreements. Service income is due for payment by the property owners upon rendering of services.

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Within 1 year	147,894	138,759	120,864	153,117
1 to 2 years	60,759	76,434	48,505	60,999
2 to 3 years	22,263	43,542	29,847	33,912
Over 3 years	6,811	27,797	10,018	20,561
	<u>237,727</u>	<u>286,532</u>	<u>209,234</u>	<u>268,589</u>

As at 31 December 2017, 2018 and 2019 and 31 August 2020, trade receivables were denominated in RMB. Property management services income and value-added services income are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of invoice.

The New CMIG PM Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. As to measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Movements on the provision for impairment of trade receivables are shown in Note 3.1.2. For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2020, a provision of RMB5,053,000, RMB10,070,000, RMB11,495,000 and RMB15,031,000 was made against the gross amounts of trade receivables as at the balance sheet dates, respectively.

The carrying values of trade receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Non-current:				
Prepayment for purchase of properties	<u>74,608</u>	<u>93,547</u>	<u>154,296</u>	<u>210,188</u>
	<u>74,608</u>	<u>93,547</u>	<u>154,296</u>	<u>210,188</u>
Current:				
Prepayment for operations				
– Utilities	<u>7,162</u>	<u>8,578</u>	<u>7,164</u>	<u>10,198</u>
– Others	<u>1,157</u>	<u>4,566</u>	<u>10,626</u>	<u>7,761</u>
	<u>8,319</u>	<u>13,144</u>	<u>17,790</u>	<u>17,959</u>
Deposits (a)	<u>27,138</u>	<u>28,180</u>	<u>26,575</u>	<u>27,220</u>
Input tax to be deducted	<u>–</u>	<u>3,595</u>	<u>–</u>	<u>–</u>

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Other receivables				
– Related parties (<i>Note 31(c)</i>), (<i>b</i>)	1,240	4,201	1,350	–
– Payments on behalf of property owners (<i>c</i>)	45,552	31,846	34,489	48,255
– Others	7,073	7,933	3,441	6,725
Subtotal	53,865	43,980	39,280	54,980
Less: allowance for impairment of other receivables	(10,037)	(10,438)	(4,322)	(5,937)
Total of current	79,285	78,461	79,323	94,222

- (a) The deposits represented the performance guarantees and bidding guarantees paid pursuant to the relevant service, contracts and bidding requirements.
- (b) Other receivables due from related parties represented mainly the amounts due from CMIG Futurelife through a cash pooling arrangement setup by CMIG Futurelife. In connection with the Proposed VSA Transaction, the New CMIG PM Group's subsidiaries involved in the cash pooling arrangement stopped making deposits into the relevant bank accounts and all amounts had been settled in year 2020.
- (c) The payments on behalf of property owners represented the payments in respect of utilities and maintenance costs of the properties and will be collected from property owners when it is charged together with the property fee.

Movements on the provision for impairment of deposits and other receivables (excluding prepayments) are shown in Note 3.1.2.

As at 31 December 2017, 2018 and 2019 and 31 August 2020, prepayments, deposits and other receivables were denominated in RMB. The carrying values of other receivables approximated their fair values as at the balance sheet dates.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Investment in wealth management products	35,000	34,000	33,500	6,432

Movements in investment in wealth management products were as follows:

	Year ended 31 December			Eight months ended
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
At the beginning of the year/period	14,000	35,000	34,000	33,500
Additions	35,000	48,000	140,000	75,580
Fair value gain	658	1,410	1,169	611
Disposals	(14,658)	(50,410)	(141,669)	(103,259)
At the end of the year/period	35,000	34,000	33,500	6,432

The financial assets at fair value through profit or loss were wealth management products which were denominated in RMB and with expected rates of return ranging from 3.00% to 4.40% per annum during the Track Record Period. They had initial terms ranging from 91 days to 102 days. The returns on all of these wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore they are measured at fair value through profit or loss.

22 LOANS AND INTEREST RECEIVABLES DUE FROM A RELATED COMPANY

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Loans and interests receivables due from CMIG Futurelife				
– Current	312,048	330,551	1,399,431	180,800
– Non-current	1,620,800	1,362,800	–	–
Total	1,932,848	1,693,351	1,399,431	180,800

On 9 August 2017, the New CMIG PM's subsidiary, Kerui PM, entered into asset-backed securitisation ("ABS") arrangements with a third party assets management company, whereby Kerui PM issued asset-backed securities ("ABS") to investors and obtained proceeds amounting to RMB2 billion ("ABS borrowings") (Note 26). Further details of the ABS borrowings are set out in Note 26.

The proceeds from the ABS borrowings were onward lent to CMIG Futurelife, the intermediate controlling shareholder of the New CMIG PM Group. According to the respective loan agreement with CMIG Futurelife, the loan to CMIG Futurelife is unsecured, interest bearing at 6.1% to 6.7% per annum and fully repayable by 8 August 2023. CMIG Futurelife had been settling Kerui PM's loan receivable by instalments according to Kerui PM's ABS borrowings' repayment schedule since the beginning of the ABS borrowings.

The entire balance of Kerui PM's loan and interest receivables due from CMIG Futurelife as at 31 December 2019 of RMB1,399 million became current assets since CMIG Futurelife was required to repay the whole amount to Kerui PM so as to enable Kerui PM to settle its ABS borrowings which would have been fully payable in August 2020 should the ABS investors opt to exercise an early redemption option (Note 26).

In January 2020, CMIG Futurelife repaid RMB205 million (being loan principal of RMB154 million and interests of RMB51 million) to Kerui PM for Kerui PM to settle its ABS borrowings for the seventh instalment in January 2020 and the interests accrued thereon. Further in July 2020, CMIG Futurelife repaid RMB651 million to Kerui PM for Kerui PM to settle ABS borrowings to investors for the eighth instalment as originally scheduled in August 2020 and the interest accrued thereon and the remaining balances of ABS borrowings in relation to investors

who opted for early redemption in August 2020. In addition, CMIG Futurelife repaid RMB60 million to Kerui PM for Kerui PM to repurchase the ABS held by a fellow subsidiary of CMIG Futurelife on the open market, by batches until all the 499 million in total ABS held by the fellow subsidiary were all bought by Kerui PM.

As at 31 August 2020, the loan and interest receivables from CMIG Futurelife have been settled to a remaining amount of RMB180,800,000. Subsequently, RMB30,800,000 was offset against Kerui PM's dividend payable to CMIG Futurelife. Also, pursuant to an entrusted repayment and loans offsetting letter entered into by Kerui PM and CMIG Futurelife, CMIG Futurelife repaid on behalf of Kerui PM's loan due to a third party amounting to RMB150 million in cash (Note 26(c)), and both parties agreed to offset the RMB150 million against Kerui PM's loan and interest receivables due from CMIG Futurelife, by then all remaining loan and interest receivables due from CMIG Futurelife were fully settled in October 2020.

23 CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 August 2020
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Cash at bank	143,602	156,096	208,177	117,916
Cash on hand	1,842	1,443	923	914
Cash and cash equivalents	<u>145,444</u>	<u>157,539</u>	<u>209,100</u>	<u>118,830</u>

The carrying amount of cash and cash equivalents balances are denominated in RMB.

24 OTHER RESERVES

	Capital reserves RMB'000	Statutory reserves RMB'000	Total RMB'000
Balance at 1 January 2017	235,138	5,284	240,422
Appropriation of statutory reserves	<u>–</u>	<u>7,231</u>	<u>7,231</u>
Balance at 31 December 2017 and until 1 January 2019	<u>235,138</u>	<u>12,515</u>	<u>247,653</u>
Deemed distribution to the owner in relation to acquisition of Kerui PM (a)	<u>(235,138)</u>	<u>–</u>	<u>(235,138)</u>
Balance at 31 December 2019 and until 31 August 2020	<u>–</u>	<u>12,515</u>	<u>12,515</u>

(a) Deemed distribution to owners

The deemed distribution to owners during the eight months ended 31 August 2020 represented the consideration payable by the New CMIG PM Group to CMIG Futurelife for the transfer of the equity in Kerui PM from CMIG Futurelife to New CMIG PM pursuant to the Reorganisation (Note 1.2). The consideration payable was treated as deemed distribution to the owners.

(b) Statutory reserves

Statutory reserves comprise statutory surplus reserve and discretionary surplus reserves.

Pursuant to the Company Law of the PRC and the articles of association of PRC subsidiaries, the subsidiaries in the PRC are required to appropriate 10% of each year's net profit (after offsetting previous years' losses) to statutory surplus reserve until the fund aggregates to 50% of their registered capital. After the appropriation to statutory surplus reserve, the subsidiaries in the PRC can appropriate profit, subject to respective equity holders' approval, to discretionary surplus reserve.

The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to equity holders. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the respective company. The entities in the PRC may transfer their respective statutory surplus reserves into paid-in capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

The balance of statutory reserves of the New CMIG PM Group represented the cumulative balance of the appropriation to and usage of the reserves subsequent to the dates of acquisitions by the New CMIG PM Group of the respective companies.

25 TRADE AND OTHER PAYABLES

(a) New CMIG PM Group

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Non-current				
Other payables:				
– Consideration payable for acquisition of Kerui PM (Note 1.2)	–	–	–	235,138
Current				
Trade payables:				
– Due to related parties (Note 31(c))	–	1,388	1,113	297
– Due to third parties	104,755	132,471	85,330	137,671
	104,755	133,859	86,443	137,968
Other payables:				
– Consideration payable for acquisition of Kerui PM (Note 1.2)	–	–	235,138	–
– Amounts collected on behalf of property owners (a)	114,813	126,814	140,007	127,107
– Deposit received (b)	52,802	59,580	63,563	68,054
– Payables to the non-controlling shareholders of subsidiaries (Note 31(c))	58,992	58,992	–	–
– Other accrued expenses and payables	95,691	91,338	105,762	136,391
– Staff salaries and welfare payables	680	96	457	1,169
– Interest payable	55,237	47,144	41,951	527
– Accrued taxes other than income tax	3,779	6,027	17,475	2,528
	381,994	389,991	604,353	335,776
	486,749	523,850	690,796	473,744

- (a) The amounts collected on behalf of property owners represented mainly the (i) fees for utilities charges collected from property owners and to be paid to utilities suppliers, (ii) fees collected from outsiders from operating public areas, such as advertising and parking income, and to be returned to property owners, (iii) property sales transaction stamp duty and service fees collected from property owners and to be paid to the relevant authorities, and others.

- (b) The deposit received represented the deposit received from service providers for performance guarantee and cash received from property owners as decoration guarantees or utilities guarantees.

At 31 December 2017, 2018 and 2019 and 31 August 2020, trade and other payables were denominated in RMB, and their carrying amounts approximated their fair values as at the balance sheet date. The ageing of trade payables was within one year.

(b) **New CMIG PM**

	As at 31 December 2019 RMB'000	As at 31 August 2020 RMB'000
Payable for acquisition of Kerui PM	235,138	235,138

26 BORROWINGS

	As at 31 December 2017 RMB'000	2018 RMB'000	2019 RMB'000	As at 31 August 2020 RMB'000
Non-current				
Secured long-term bank loan (a)	11,040	8,480	5,920	4,640
Asset-backed securities borrowings (b)	2,000,000	1,741,000	1,453,000	–
Less: Current portion of long-term bank loans	(2,560)	(2,560)	(2,560)	(2,560)
Current portion of asset-backed securities borrowings	(259,000)	(288,000)	(1,453,000)	–
	1,749,480	1,458,920	3,360	2,080
Current				
Loans due to a third party (c)	–	–	–	224,000
Current portion of bank loans	2,560	2,560	2,560	2,560
Current portion of asset-backed securities borrowings	259,000	288,000	1,453,000	–
	261,560	290,560	1,455,560	226,560
Total borrowing	2,011,040	1,749,480	1,458,920	228,640

(a) **Secured long term bank loan**

The secured long term bank loan amounting to RMB11,040,000, RMB8,480,000, RMB5,920,000 and RMB4,640,000 as at 31 December 2017, 2018 and 2019 and 31 August 2020 was borrowed by Kerui PM in August 2015 for a 7-year term to finance the purchase of the office premises properties of Kerui PM. The loan is interest bearing at the benchmark interest rate of People's Bank of China ("PBOC") plus 25% margin per annum, and principal and interest are repayable quarterly at a fixed repayment amount.

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the properties of the New CMIG PM Group with net book value of RMB31,246,000, RMB30,187,000, RMB29,127,000 and RMB28,597,000 (Note 13) have been pledged as security for the secured bank loan, respectively.

(b) Asset-backed securities borrowings

On 9 August 2017, Kerui PM entered into an asset-backed securitisation arrangement with a third party assets management company whereby Kerui PM issued asset-backed securities ("ABS") to investors and obtained proceeds amounting to RMB2,020 million, amongst which RMB20 million was subordinated securities purchased by Kerui PM itself. The ABS were secured by Kerui PM's pledge of its future 6 years' right of receiving management fees from the property management contracts in respect of certain properties under Kerui PM's management, and supported by a corporate guarantee provided by CMIG Futurelife. The ABS carry nominal interest rate ranging from 6.1% to 6.7% per annum, and are repayable in twelve half-annual instalments from 9 February 2018 to 9 August 2023.

Among the RMB2,020 million ABS issued by Kerui PM, RMB778,000,000 was acquired by a fellow subsidiary controlled by CMIG Futurelife. The ABS owed by the fellow subsidiary amounted to RMB624,000,000, RMB499,000,000, RMB499,000,000 as at 31 December 2017, 2018 and 2019.

According to the ABS agreement, the ABS investors are eligible to exercise an early-redemption option to demand Kerui PM to redeem the remaining ABS held by the investors during the registration period of early redemption, which is from 18 to 20 days in advance to the eighth repayment date on 9 August 2020. Kerui PM is obligated to redeem all the remaining ABS if any investors exercised the early redemption option. Accordingly, the whole amount of the balance of ABS borrowings amounting to RMB1,453 million was reclassified from non-current liabilities to current liabilities as at 31 December 2019.

In January 2020, Kerui PM repaid RMB154,000,000 ABS borrowings for the seventh instalment and the interests accrued thereon. Further in August 2020, Kerui PM repaid RMB729,000,000 ABS borrowings to investors for the eighth instalment as originally scheduled and the interest accrued thereon and the remaining balances of ABS borrowings in relation to investors who opted for early redemption. In addition, Kerui PM repurchased on the open market ABS amounting to RMB71,000,000 from a third party ABS investor. In respect of the remaining ABS amounting to RMB499,000,000 held by the fellow subsidiary controlled by CMIG Futurelife, Kerui PM repurchased the ABS on the open market by batches until all the 499 million ABS were all bought by Kerui PM. Kerui PM then applied for offsetting the ABS investment assets with the ABS borrowings amounting to RMB570,000,000 held by it and the deregistration of the ABS there afterwards. The deregistration of Kerui PM's ABS is completed in January 2021 subsequently.

The ABS investment assets and the ABS borrowings liabilities held by Kerui PM were offset in these financial statements given the debtor and the creditor is the same party.

The source of funds supporting Kerui PM's repayment of the ABS borrowings in January and August 2020 comprised the repayment of loan and interest receivables due from CMIG Futurelife amounting to RMB 795 million (Note 22), the loans from a third party amounting to RMB 224 million (Note 26(c) below) and the internal funds of Kerui PM itself.

(c) Loans from a third party

On 23 July 2020, a third party borrowed two loans totalling RMB224 million from the Purchaser of the New CMIG PM Acquisition. These loans were unsecured, bearing interest at 6% per annum and repayable in October and December 2020. On 23 July 2020, Kerui PM borrowed from the third party two loans amounting to RMB150 million and RMB74 million, totalling RMB224 million. The loans due to the third party were unsecured, bearing interest at 6% and 8% per annum and repayable in December 2020. The proceeds of the loans were restricted for the repayment of Kerui PM's ABS borrowings according to the loan agreements.

The RMB150 million loan due to the third party was offset against Kerui PM's loan and interest receivables due from CMIG Futurelife (Note 22), and the RMB74 million loan was fully repaid in cash by Kerui PM to the third party in December 2020. The third party settled the loans due to the Purchaser in full in December 2020.

(d) Other disclosures

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the New CMIG PM Group's borrowings were repayable as follows:

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Bank borrowing				
Within 1 year	2,560	2,560	2,560	2,560
Between 1 and 2 years	2,560	2,560	2,560	2,080
Between 2 and 5 years	5,920	3,360	800	–
Over 5 years	–	–	–	–
	<u>11,040</u>	<u>8,480</u>	<u>5,920</u>	<u>4,640</u>
ABS borrowings				
Within 1 year	259,000	288,000	1,453,000	–
Between 1 and 2 years	288,000	1,453,000	–	–
Between 2 and 5 years	1,453,000	–	–	–
Over 5 years	–	–	–	–
	<u>2,000,000</u>	<u>1,741,000</u>	<u>1,453,000</u>	<u>–</u>
Loans due to a third party				
Within 1 year	–	–	–	224,000
	<u>–</u>	<u>–</u>	<u>–</u>	<u>224,000</u>
Total	<u>2,011,040</u>	<u>1,749,480</u>	<u>1,458,920</u>	<u>228,640</u>

All of the New CMIG PM Group's borrowings are denominated in RMB. The fair values of the borrowings approximated their carrying amounts as at the balance sheet dates, as the impact of discounting is not significant.

27 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities in the consolidated statements of financial position was as follows:

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Deferred income tax assets:				
– Deferred income tax asset to be settled within 12 months	<u>3,774</u>	<u>5,128</u>	<u>3,958</u>	<u>5,246</u>
Deferred income tax liabilities:				
– Deferred income tax liabilities to be recovered after more than 12 months	<u>(27,222)</u>	<u>(24,010)</u>	<u>(20,798)</u>	<u>(18,657)</u>
– Deferred income tax liabilities to be recovered within 12 months	<u>(3,212)</u>	<u>(3,212)</u>	<u>(3,212)</u>	<u>(3,212)</u>
	<u>(30,434)</u>	<u>(27,222)</u>	<u>(24,010)</u>	<u>(21,869)</u>
	<u>(26,660)</u>	<u>(22,094)</u>	<u>(20,052)</u>	<u>(16,623)</u>

The movement in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred income tax liabilities – differences between the fair value of the identifiable net assets and book value arising from business combinations not under common control RMB'000	Deferred income tax assets – provision for impairments RMB'000	Total RMB'000
As at 1 January 2017	(32,769)	2,753	(30,016)
Acquisition of subsidiaries	(803)	–	(803)
Credited to the consolidated statements of comprehensive income	3,138	1,021	4,159
At 31 December 2017	(30,434)	3,774	(26,660)
Credited to the consolidated statements of comprehensive income	3,212	1,354	4,566
At 31 December 2018	(27,222)	5,128	(22,094)
Credited/(charged) to the consolidated statements of comprehensive income	3,212	(1,170)	2,042
At 31 December 2019	(24,010)	3,958	(20,052)
Credited to the consolidated statements of comprehensive income	2,141	1,288	3,429
At 31 August 2020	(21,869)	5,246	(16,623)
(Unaudited)			
As at 1 January 2019	(27,222)	5,128	(22,094)
Credited/(charged) to the consolidated statements of comprehensive income	2,141	(130)	2,011
At 31 August 2019	(25,081)	4,998	(20,083)

28 DIVIDEND DECLARED AND PAYABLE

	Year ended 31 December			Eight months ended 31 August 2020
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Dividends declared:				
CMIG Futurelife	1,352	5,100	57,425	–
Non-controlling shareholders of subsidiaries	2,132	8,473	58,513	–
	3,484	13,573	115,938	–

	Year ended 31 December			Eight months ended
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Dividends payable:				
CMIG Futurelife	–	5,100	58,798	43,918
Non-controlling shareholders of subsidiaries	1,819	1,456	49,274	–
	<u>1,819</u>	<u>6,556</u>	<u>108,072</u>	<u>43,918</u>

Dividends declared during the Track Record Period represented dividends declared by the subsidiaries of the New CMIG PM Group to their then shareholders prior to their becoming subsidiaries of the New CMIG PM Group.

No dividend has been declared or paid by New CMIG PM since its incorporation on 28 November 2019.

29 CASH FLOW INFORMATION

(a) Net cash generated from operating activities

	Year ended 31 December			Eight months ended	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit before income tax	60,294	81,494	100,458	65,202	96,066
Adjustments for:					
– Depreciation of property, plant and equipment	3,495	3,202	3,833	2,485	2,364
– Depreciation of investment properties	3,928	5,316	5,079	3,108	2,330
– Amortisation of intangible assets	12,518	12,829	12,828	8,552	8,553
– Allowance for impairment of trade receivables and other receivables	4,083	5,418	(4,691)	1,945	5,151
– Income from financial assets at fair value through profit or loss	(658)	(1,410)	(1,169)	(796)	(611)
– Net finance expenses	2,601	6,619	5,654	6,329	2,581
Changes in working capital:					
– Trade and other receivables	(42,728)	(16,916)	7,185	(131,908)	(150,422)
– Inventories	(16)	356	1	1	(1)
– Trade and other payables	60,324	22,329	1,882	136,721	59,510
– Contract liabilities	19,845	8,263	(5,220)	(51,544)	(46,022)
Net cash generated from/(used in) operating activities	<u>123,686</u>	<u>127,500</u>	<u>125,840</u>	<u>40,095</u>	<u>(20,501)</u>

(b) Non-cash investing activities:

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Transfer of receivable to prepayment for purchase of properties	–	64,314	59,893	32,274	15,610

(c) The reconciliation of proceeds from sale of property, plant and equipment is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net book value of property, plant and equipment (Note 13)	763	298	1,186	102	43
(Loss)/gain on disposal of assets (Note 9)	(201)	60	14	43	(31)
Proceeds from disposal	562	358	1,200	145	12

(d) The reconciliation of proceeds from sale of investment properties is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net book value of investment property (Note 15)	490	–	55,686	16,432	24,010
Gain on disposal of assets (Note 9)	77	–	14,316	5,320	19,251
Proceeds from disposal	567	–	70,002	21,752	43,261

(e) The reconciliation of liabilities arising from financing activities is as follows:

	Leases liabilities RMB'000	Interest payable RMB'000	Borrowings RMB'000	Payables to non-controlling interests RMB'000	Total RMB'000
At 1 January 2017	802	–	30,200	99,542	130,544
Cash flows	(278)	(723)	1,980,840	(40,550)	1,939,289
Non-cash changes	51	55,960	–	–	56,011
At 31 December 2017	575	55,237	2,011,040	58,992	2,125,844
Cash flows	(278)	(137,657)	(261,560)	–	(399,495)
Non-cash changes	34	129,564	–	–	129,598
At 31 December 2018	331	47,144	1,749,480	58,992	1,855,947
Cash flows	(278)	(113,060)	(290,560)	(58,992)	(462,890)
Non-cash changes	16	107,867	–	–	107,883
At 31 December 2019	69	41,951	1,458,920	–	1,500,940
Cash flows	(70)	(96,436)	(1,230,280)	–	(1,326,786)
Non-cash changes	1	55,012	–	–	55,013
At 31 August 2020	–	527	228,640	–	229,167
(Unaudited)					
At 1 January 2019	331	47,144	1,749,480	58,992	1,855,947
Cash flows	(185)	(113,060)	(289,280)	–	(402,525)
Non-cash changes	12	76,860	–	–	76,872
At 31 August 2019	158	10,944	1,460,200	58,992	1,530,294

30 BUSINESS COMBINATION

The companies of the New CMIG PM Group in the property management business were historically acquired by CMIG Futurelife, from third parties, and were transferred to the Company.

Details of the acquisitions during the Track Record Period are set out below:

	Da'an PM <i>RMB'000</i>
Purchase consideration in cash	18,000
Recognized amounts of identifiable assets acquired, and liabilities assumed	
Cash and cash equivalents	14,898
Trade receivables	369
Prepayments, deposits and other receivables	155
Inventories	158
Property, plant and equipment	270
Intangible assets – customer relationship	3,213
Trade and other payables	(9,440)
Deferred income tax liabilities – net	(803)
Net identifiable assets acquired	8,820
Non-controlling interests	(1,625)
Goodwill	10,805
Net assets acquired	18,000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration paid by CMIG Futurelife	18,000
Less: Cash and cash equivalents acquired	(14,898)
Net outflow of cash – investing activities	3,102

On 30 November 2017, Kerui PM acquired 90% equity interest of Da'an PM from a third party at a cash consideration of RMB18,000,000 and at that time obtained control of Da'an PM.

The acquired business contributed revenue of RMB2,265,000 and net profit of RMB525,000 to the New CMIG PM Group for the period from the acquisition date to 31 December 2017.

If the acquisition had occurred on 1 January 2017, consolidated pro-forma revenue and net profit for the year ended 31 December 2017 would have been increased by RMB24,911,000 and RMB5,771,000 respectively. These amounts have been calculated using the subsidiary's results.

31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

Save as disclosed elsewhere in the consolidated financial information, the following are the related parties and their transactions and balances with the New CMIG PM Group during the Track Record Period:

(a) Names and relationship with related parties

Name	Relationship
China Minsheng Investment Group Co., Ltd. 中國民生投資集團有限責任公司	Ultimate holding company up to 17 March 2020
CMIG Futurelife Holdings Group Company Limited 中民未來控股集團有限公司	Controlling shareholder up to 17 March 2020

(b) Transactions with related parties

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>				
Companies controlled by the same ultimate holding company					
– Provision of property management service to related parties	401	254	5	–	–
– Receipt of outsourcing services from related parties	9,923	18,403	21,370	–	–
– Interest expense	16,537	22,961	35,112	23,376	13,359
– Issue/(repayment) of ABS	778,000	(125,000)	–	–	(653,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Non-controlling shareholders of Kerui PM					
– Repayments of payables due to non-controlling shareholders	(40,550)	–	(58,992)	(58,992)	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Companies controlled by non-controlling shareholders of Kerui PM					
– Sale of investment property	–	–	39,705	39,705	39,981
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Controlling shareholder of the company					
– Grant of loan	1,879,800	–	–	–	–
– Interest income	53,409	122,978	95,897	70,348	51,931
– Repayments of loan	–	229,000	288,000	288,000	1,182,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Interests of 6.1% to 6.7% were charged based on the interest rates as agreed with related parties. The details of the terms on balances with related parties are set out in Note 22.

The balances with related parties are bearing interest rates ranging from 6.1% to 6.7%, and the repayment term is 6 years.

In the opinion of the Directors, the related party transactions were carried out in the normal course of business and at terms negotiated between the New CMIG PM Group and the respective related parties.

(c) Balances with related parties

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Controlled by the same ultimate holding company				
– Trade receivables (Note 19)	335	227	–	–
– Other receivables (Note 20)	1,240	4,201	1,350	–
– Prepayments	347	64	–	–
– Asset-backed securities borrowings (Note 26)	(624,000)	(499,000)	(499,000)	–
– Interest payable on asset-backed securities borrowings	(21,487)	(13,802)	(14,429)	–
– Trade payables (Note 25)	–	(1,338)	(1,113)	(297)
	<u>1,932,848</u>	<u>1,693,351</u>	<u>1,399,431</u>	<u>180,800</u>
Controlling shareholder of the Company				
– Loan and interest receivables (Note 22)	<u>1,932,848</u>	<u>1,693,351</u>	<u>1,399,431</u>	<u>180,800</u>
Non-controlling shareholders of Kerui PM				
– Other payables (Note 25)	<u>58,992</u>	<u>58,992</u>	<u>–</u>	<u>–</u>

The provision of services, sales and purchases were made with the related parties during the ordinary course of business of the New CMIG PM Group and on mutually agreed commercial terms.

32 DIRECTORS' BENEFITS AND INTERESTS

Up to 31 August 2020, the following directors were appointed:

Directors

Mr. Zhang Zhe
Mrs. Yuan Jinting
Mr. Chen Haosheng
Mr. Liu Hanbin
Mr. Luo Tao

These directors were appointed as the New CMIG PM's directors on 11 December 2019. During the Track Record Period, the directors have not yet been appointed and did not receive any remuneration.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the New CMIG PM or any of its subsidiaries in respect of any period subsequent to 31 August 2020 and up to the date of this report.

No dividend or distribution has been declared or made by the New CMIG PM or any of the companies now comprising the New CMIG PM Group in respect of any period subsequent to 31 August 2020.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Pursuant to the New CMIG PM Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to dispose of the 60% equity interest in New CMIG PM.

The accompanying unaudited pro forma financial information of the Enlarged Group (the “Unaudited Pro Forma Financial Information”) has been prepared to illustrate the effect of the New CMIG PM Completion on the financial information of the Group as if the New CMIG PM Completion had taken place on 30 June 2020 for the unaudited pro forma consolidated balance sheet and 1 January 2020 for the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows, respectively.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position, net tangible assets, financial performance and cash flows of the Enlarged Group had the New CMIG PM Completion taken place as at 30 June 2020 or 1 January 2020, where applicable, or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**
**THE UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE
ENLARGED GROUP AS AT 30 JUNE 2020**

	Pro forma adjustments					The
	The	New CMIG	Other adjustments			Enlarged
	Group	PM Group				Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 1	Note 2(a)	Note 3	Note 5	Note 6	
Assets						
Non-current assets						
Property, plant and equipment	241,659	49,055	18,190	–	–	308,904
Right-of-use assets	43,462	–	–	–	–	43,462
Investment properties	–	55,305	1,189	–	–	56,494
Other intangible assets	1,006,036	78,057	136,075	–	–	1,220,168
Goodwill	2,133,170	194,190	54,148	–	–	2,381,508
Deferred income tax assets	27,741	5,246	–	–	–	32,987
Investments accounted for using the equity method	802,574	–	–	–	–	802,574
Financial assets at fair value through other comprehensive income	27,881	5,025	–	–	–	32,906
Prepayments, deposits and other receivables	29,612	210,188	–	–	–	239,800
Total non-current assets	4,312,135	597,066	209,602	–	–	5,118,803
Current assets						
Inventories	16,709	15	–	–	–	16,724
Trade and other receivables, prepayments and deposits	3,182,322	347,780	–	–	(240,315)	3,289,787
Loans and interest receivables due from related parties	206,000	180,800	–	–	–	386,800
Financial assets at fair value through profit or loss	204,190	6,432	–	–	–	210,622
Cash and cash equivalents	4,882,015	118,830	(103,275)	–	–	4,897,570
Restricted cash	26,879	–	–	–	–	26,879
Total current assets	8,518,115	653,857	(103,275)	–	(240,315)	8,828,382
Total assets	12,830,250	1,250,923	106,327	–	(240,315)	13,947,185

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

	Pro forma adjustments					
	The Group	New CMIG PM Group	Other adjustments			The Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 1	Note 2(a)	Note 3	Note 5	Note 6	
Equity						
Share capital	1,333,334	–	–	–	–	1,333,334
Reserves	3,302,424	12,515	(12,515)	–	–	3,302,424
Retained earnings	1,715,983	46,928	(46,928)	(2,035)	–	1,713,948
Capital and reserves attributable to the shareholders of the Company	6,351,741	59,443	(59,443)	(2,035)	–	6,349,706
Non-controlling interests	1,264,741	126,688	27,015	–	–	1,418,444
Total equity	7,616,482	186,131	(32,428)	(2,035)	–	7,768,150
Liabilities						
Non-current liabilities						
Borrowings	84,366	2,080	–	–	–	86,446
Other payables	50,398	235,138	–	–	(235,138)	50,398
Lease liabilities	21,534	–	–	–	–	21,534
Financial liabilities for put option written on non-controlling interests	62,861	–	–	–	–	62,861
Deferred income tax liabilities	242,477	21,869	38,863	–	–	303,209
Total non-current liabilities	461,636	259,087	38,863	–	(235,138)	524,448
Current liabilities						
Trade and other payables	3,229,701	517,662	99,892	2,713	(5,177)	3,844,791
Contract liabilities	870,039	47,205	–	–	–	917,244
Current income tax liabilities	345,501	14,278	–	(678)	–	359,101
Borrowings	270,299	226,560	–	–	–	496,859
Lease liabilities	22,611	–	–	–	–	22,611
Financial liabilities for put option written on non-controlling interests	13,981	–	–	–	–	13,981
Total current liabilities	4,752,132	805,705	99,892	2,035	(5,177)	5,654,587
Total liabilities	5,213,768	1,064,792	138,755	2,035	(240,315)	6,179,035
Total equity and liabilities	12,830,250	1,250,923	106,327	–	(240,315)	13,947,185

THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME OF THE ENLARGED GROUP FOR THE SIX MONTHS
ENDED 30 JUNE 2020

	Pro forma adjustments					The
	The	New CMIG	Other adjustments			Enlarged
	Group	PM Group				Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 1	Note 2(b)	Note 4	Note 5	Note 7	
Revenue	4,001,627	554,417	–	–	–	4,556,044
Cost of sales	(2,726,261)	(449,102)	(4,398)	–	–	(3,179,761)
Gross profit	1,275,366	105,315	(4,398)	–	–	1,376,283
Selling and marketing costs	(28,991)	–	–	–	–	(28,991)
Administrative expenses	(221,059)	(42,249)	(389)	(2,713)	–	(266,410)
Net impairment losses on financial assets	(20,679)	(10,409)	–	–	–	(31,088)
Other income	94,715	5,295	–	–	–	100,010
Other gains – net	40,200	18,719	–	–	–	58,919
Operating profit	1,139,552	76,671	(4,787)	(2,713)	–	1,208,723
Finance costs – net	(20,457)	(3,124)	–	–	–	(23,581)
Share of post-tax profits of joint ventures and associates	21,974	–	–	–	–	21,974
Profit before income tax	1,141,069	73,547	(4,787)	(2,713)	–	1,207,116
Income tax expenses	(267,885)	(18,952)	1,197	678	–	(284,962)
Profit and total comprehensive income for the period	873,184	54,595	(3,590)	(2,035)	–	922,154
Profit and total comprehensive income attributable to:						
– Shareholders of the Company	757,954	26,713	(1,098)	(2,035)	(10,685)	770,849
– Non-controlling interests	115,230	27,882	(2,492)	–	10,685	151,305
	873,184	54,595	(3,590)	(2,035)	–	922,154

THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
OF THE ENLARGED GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2020

	The Group <i>RMB'000</i> <i>Note 1</i>	New CMIG PM Group <i>RMB'000</i> <i>Note 2(b)</i>	Other adjustments <i>RMB'000</i> <i>Note 3</i>	The Enlarged Group <i>RMB'000</i>
Cash flows from operating activities				
Cash generated from operations	1,380,379	11,345	–	1,391,724
Income tax paid	(281,156)	(13,336)	–	(294,492)
Net cash generated from/ (used in) operating activities	1,099,223	(1,991)	–	1,097,232
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash and cash equivalent acquired)	(671,036)	–	105,825	(565,211)
Purchases of property, plant and equipment (“PPE”)	(11,823)	(86)	–	(11,909)
Purchases of intangible assets	(630)	–	–	(630)
Purchases of financial assets at fair value through profit or loss	(1,847,065)	(73,870)	–	(1,920,935)
Proceeds from disposal of financial assets at fair value through profit or loss	2,317,559	75,546	–	2,393,105
Proceeds from disposal of financial assets at fair value through other comprehensive income	500	–	–	500
Investments in joint ventures and associates	(2,498)	–	–	(2,498)
Disposal of an associate	300,000	–	–	300,000
Disposal of a subsidiary	329	–	–	329
Proceeds from sale of investment properties	–	40,327	–	40,327
Advance to related parties	(54,962)	–	–	(54,962)
Proceeds from disposal of PPE	296	13	–	309
Changes in restricted bank deposits	4,993	–	–	4,993
Loans repayment from related parties	115,000	154,000	–	269,000
Interest received	29,632	50,223	–	79,855

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP

	The Group	New CMIG PM Group	Other adjustments	The Enlarged Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 2(b)</i>	<i>Note 3</i>	
Dividends received	19,772	—	—	19,772
Net cash generated from investing activities	200,067	246,153	105,825	552,045
Cash flows from financing activities				
Transactions with non-controlling interests	5,263	—	—	5,263
Proceeds from borrowings	5,270	—	—	5,270
Repayments of borrowings	(13,588)	(155,280)	—	(168,868)
Cash advances from related parties	12,029	—	—	12,029
Principal elements and interest paid of lease payments	(13,457)	(69)	—	(13,526)
Interest paid	(1,963)	(56,774)	—	(58,737)
Dividends paid to shareholders	(553,599)	—	—	(553,599)
Dividends paid to non-controlling shareholders	(64,751)	(49,274)	—	(114,025)
Dividends paid to the New CMIG PM's owner	—	(14,880)	—	(14,880)
Net cash used in financing activities	(624,796)	(276,277)	—	(901,073)
Net increase/(decrease) in cash and cash equivalents	674,494	(32,115)	105,825	748,204
Net cash and cash equivalents at 1 January	4,207,260	209,100	(209,100)	4,207,260
Effect of exchange rate changes on cash and cash equivalents	261	—	—	261
Cash and cash equivalents at 30 June	4,882,015	176,985	(103,275)	4,955,725

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The amounts have been extracted from the unaudited condensed consolidated balance sheet of the Group as at 30 June 2020, the unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of cash flows of the Group for the period ended 30 June 2020 included in the published unaudited interim report of the Company for the six months ended 30 June 2020.
2. (a) The amounts have been extracted from the audited consolidated statement of financial position of the New CMIG PM Group as at 31 August 2020, as set out in Appendix II of this circular.
(b) The amounts have been extracted from the unaudited financial information of the New CMIG PM Group for the period ended 30 June 2020.
3. Upon the New CMIG PM Completion, the New CMIG PM will become a non-wholly-owned subsidiary of the Company, and the identifiable assets and liabilities of the New CMIG PM Group will be accounted for by the Group at their fair value in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combination".
(a) For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair values of the identifiable assets and liabilities of the New CMIG PM Group as at 31 August 2020 based on a valuation report dated 21 January 2021 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "JLL").

	<i>Note</i>	RMB'000
Carrying amount of net assets of the New CMIG PM Group		186,131
Less: goodwill recorded by the New CMIG PM Group		<u>(194,190)</u>
Carrying amount of identifiable net liabilities of the New CMIG PM Group		<u>(8,059)</u>
Fair value adjustments on		
Property, plant and equipment		18,190
Investment properties		1,189
Customer relationship		136,075
Recognition of deferred income tax liabilities arising from the fair value adjustments		<u>(38,863)</u>
Total fair value of identifiable net assets of the New CMIG PM Group	<i>i</i>	<u>108,532</u>
Non-controlling interests	<i>ii</i>	<u>(153,703)</u>
Total fair value of identifiable net liabilities of the New CMIG PM Group attributable to the 60% equity interest acquired		<u>(45,171)</u>

- (i) The fair value of the identifiable net assets of the New CMIG PM Group is composed of the carrying amount of identifiable net liabilities of the New CMIG PM Group as at 31 August 2020, and the fair value adjustments on property, plant and equipment, investment properties and customer relationship arising from the business combination. The corresponding deferred income tax liabilities of RMB38,863,000 is measured at the tax rates that are expected to apply when the related taxable temporary difference are settled, which is 25%, as applicable to the companies comprising the New CMIG PM Group.

The fair value of the identifiable assets and liabilities of the New CMIG PM Group as at 31 August 2020 was valued by JLL. With reference to the valuation report, the Directors estimate that: (i) the fair value adjustment on customer relationship is RMB136,075,000 which is based on multi-period excess earnings method; (ii) the fair value adjustment on property, plant and equipment is RMB18,190,000 which is based on the direct comparison method under the market approach; and (iii) the fair value adjustment on investment properties is RMB1,189,000 which is based on the direct comparison method under the market approach.

The multi-period excess earnings method is a commonly adopted valuation method to value intangible assets including customer relationship that is considered as one of the core competence of business and contribute to cash flows in combination with other assets in a group. The direct comparison under the market approach is a commonly adopted valuation method to value property, plant and equipment and investment properties.

Since the fair values and the carrying amounts of the identifiable net assets/liabilities of the New CMIG PM Group as at the New CMIG PM Completion may be materially different from their respective values used in the preparation of the Unaudited Pro Forma Financial Information, the actual amounts of the assets and liabilities to be recorded in the consolidated financial statements of the Group upon New CMIG PM Completion may be materially different from the amounts presented above and the differences may be significant.

- (ii) The amount of non-controlling interests of RMB153,703,000 represents 40% of the total fair value of identifiable net assets of the New CMIG PM Group attributable to owners of the New CMIG PM and respective non-controlling interests of the subsidiaries of New CMIG PM, calculated as follows:

	RMB'000
Total fair value of identifiable net assets of the New CMIG PM Group	108,532
Less: non-controlling interest of subsidiaries of the New CMIG PM Group	(183,817)
Fair value of identifiable net liabilities of the New CMIG PM excluding non-controlling interest of subsidiaries of the New CMIG PM Group	(75,285)
	*40%
Non-controlling interest of the New CMIG PM	(30,114)
Non-controlling interest of subsidiaries of the New CMIG PM Group	183,817
Non-controlling interest of the New CMIG PM Group	153,703

A reconciliation of the non-controlling interests of the New CMIG PM Group is as follows:

	RMB'000
Non-controlling interest of the New CMIG PM Group	126,688
Pro forma adjustment	27,015
Non-controlling interest of the New CMIG PM Group	153,703

- (b) Goodwill arising from the New CMIG PM Acquisition is calculated as follows:

	<i>Note</i>	RMB'000
Refundable deposit		103,275
Consideration payable		99,892
Less: Contingent consideration – financial compensation from the Vendor		<u>–</u>
Fair value of total consideration	<i>i</i>	203,167
Less: Fair value of identifiable net liabilities of the New CMIG PM Group attributable to the 60% equity interest acquired	<i>3(a)</i>	<u>(45,171)</u>
Goodwill arising from the New CMIG PM Acquisition	<i>ii</i>	<u>248,338</u>

- (i) Pursuant to the New CMIG PM Agreement (as supplemented), the Vendor has agreed to dispose of the New CMIG PM Interests at the Final Consideration of RMB344,250,000, determined in accordance with the Formula, being the Kerui Guaranteed Profit x P/E Ratio of 12.5 x 60%.

In December 2020, the refundable deposit amounting to RMB103,275,000 has been paid to the Vendor. Pursuant to the Second Supplemental Agreement, the remaining balance of the Final Consideration in the amount of RMB240,975,000 shall be adjusted by deducting an amount of RMB141,082,800 and the Purchaser shall only be obliged to pay the remaining balance of the Final Consideration in the amount of RMB99,892,200.

For the purposes of the Unaudited Pro Forma Financial Information, it is assumed that and the remaining balance of the Final Consideration of RMB99,892,200 will be paid after the New CMIG PM Completion, and were recorded as other payables in the unaudited pro forma consolidated balance sheet.

As stipulated in the New CMIG PM Agreement, there is a performance guarantee arrangement in respect of the financial performance of the New CMIG PM Group for the Relevant Year. The Vendor shall make financial compensation to the Group in the event that the Kerui Guaranteed Profit is not achieved. The fair value of the contingent consideration is estimated in accordance with HKFRS 13 “Fair value measurement” and is consistent with the accounting policies adopted by the Group. Based on the operating results for the Relevant Year, the Directors expect that the Kerui Guaranteed Profit will be satisfied. As a result, the fair value of the contingent consideration for financial compensation from the Vendor is estimated to be nil.

The adjustment for the purpose of the unaudited pro forma consolidated statement of cash flows represents the cash outflows for the New CMIG PM Acquisition, net of cash acquired of the New CMIG PM Group, as if the New CMIG PM Completion had taken place on 1 January 2020, calculated as follows:

	RMB'000
Cash and cash equivalents of the New CMIG PM Group as at 1 January 2020	209,100
Less: Refundable deposit paid by cash (assuming paid on 1 January 2020)	<u>103,275</u>
Cash inflows for New CMIG PM Acquisition, net of cash acquired of the New CMIG PM Group	<u>105,825</u>

This pro forma adjustment is not expected to have a continuing effect on the unaudited pro forma statement of cash flows.

- (ii) Since the fair values of the identifiable net assets/liabilities of the New CMIG PM Group at the New CMIG PM Completion may substantially be different from the fair values used in the preparation of the Unaudited Pro Forma Financial Information, the final amount of the goodwill to be recognized in connection with the New CMIG PM Acquisition may be different from the amounts presented above and the differences could be significant. A reconciliation of the goodwill arising from the New CMIG PM Acquisition is as follows:

	RMB'000
Goodwill of the New CMIG PM Group	194,190
Pro forma adjustment	54,148
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Goodwill arising from the CMIG PM Acquisition	248,338
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For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have made an assessment on whether there is any impairment in respect of goodwill arising from the New CMIG PM Acquisition with reference to HKAS 36 "Impairment of Assets". They have taken into consideration the historical financial performance of the New CMIG PM Group, the price-to-earnings ratio of companies in similar industries and synergy effect to the business of the Enlarged Group as key parameters for the assessment. Based on the assessment results, the Directors concluded that there is no impairment in the value of goodwill. The Company will adopt consistent accounting policies, principal assumptions and methodology of impairment assessment (as used in the Unaudited Pro Forma Financial Information) to assess the impairment of the Enlarged Group's goodwill in the future.

4. The adjustment represents: (a) difference of depreciation of RMB389,000 arising due to the fair value adjustments to property, plant and equipment and investment properties and difference of amortization of RMB4,398,000 arising due to the fair value adjustments to customer relationship from the business combination of the New CMIG PM Group, based on the respective fair values as set out in the valuation report dated 21 January 2021 of the New CMIG PM Group as at 31 August 2020 prepared by JLL. The adjustment of RMB4,398,000 had been accounted for in the cost of sales in consideration that the customer relationship was directly related to the property management business; and (b) the related deferred income tax impact of RMB1,197,000.

In consideration that the property management business was conducted through Kerui PM (operating company of New CMIG PM), and that the plant and equipment and investment properties were held by Kerui PM and the customer relationship was directly related to the property management business of Kerui PM, the impact of the adjustment of RMB3,590,000 to profit and total comprehensive income attributable to the Shareholders of the Company and non-controlling interests are calculated as follows:

- (i) The amount attributable to the Shareholders of the Company:

	RMB'000
Total adjustment to profit and total comprehensive income	3,590
Equity interest ratio in Kerui PM held by New CMIG PM	*51%
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Impact of the adjustment attributable to New CMIG PM	1,831
Equity interest ratio in New CMIG PM held by A-Living Group	*60%
	<hr/>
Impact of the adjustment attributable to the Shareholders of the Company	1,098
	<hr/> <hr/>

- (ii) The amount attributable to non-controlling interests:

	RMB'000
Total adjustment to profit and total comprehensive income	3,590
Equity interest ratio in Kerui PM held by non-controlling shareholders	*49%
Impact of the adjustment attributable to the non-controlling shareholders of Kerui PM	1,759
Impact of the adjustment attributable to New CMIG PM	1,831
Equity interest ratio in New CMIG PM held by non-controlling shareholders	*40%
Impact of the adjustment attributable to the non-controlling shareholders of the New CMIG PM	733
Impact of the adjustment attributable to the non-controlling shareholders of Kerui PM	1,759
Impact of the adjustment attributable to the non-controlling shareholders of New CMIG PM	733
Impact of the adjustment attributable to non-controlling interests	2,492

For the purpose of this Unaudited Pro Forma Financial Information, the Directors consider that there are no significant changes on the fair values of property, plant and equipment and customer relationship between 31 August 2020 and 1 January 2020 and no separate valuation report as at 1 January 2020 was prepared. Had this report been prepared, the amounts of the additional amortization/depreciation expenses for the compilation of the Unaudited Pro Forma Financial Information of the Enlarged Group may be different from the amounts presented in this appendix.

For the purpose of the unaudited pro forma statement of comprehensive income, (i) the customer relationship is amortized based on the timing of projected cash flows of the contracts over their estimated useful lives (10 years) on a straight-line basis; and (ii) the depreciation of property, plant and equipment and investment properties is calculated using the straight-line method to allocate the fair value over their estimated residual lives (6 to 29 years).

This pro forma adjustment is expected to have a continuing effect on the unaudited pro forma statement of comprehensive income.

- The adjustment represents the estimated professional fees and transaction costs of approximately RMB2,713,000 in connection with the New CMIG PM Acquisition, which are assumed to be settled after New CMIG PM Completion, and the related income tax impact of RMB678,000. This pro forma adjustment is not expected to have a continuing effect on the unaudited pro forma statement of comprehensive income.
- The adjustment represents the elimination of trade and other receivables of RMB240,315,000 of the Group due from New CMIG PM Group and trade and other payables of RMB5,177,000 and other payables of RMB235,138,000 of New CMIG PM Group due to the Group.
- The amount represents the adjustments to the share of profit and total comprehensive income attributable to non-controlling interest in the New CMIG PM Group for the six months ended 30 June 2020 assuming that the New CMIG PM Completion of 60% equity interest in the New CMIG PM Group takes place on 1 January 2020 for the purpose of the Unaudited Pro Forma Financial Information.
- Apart from the above, no other adjustment has been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transactions entered or proposed to enter into by the Group subsequent to 30 June 2020, or the New CMIG PM Group subsequent to 30 June 2020 (for the purposes of the unaudited pro forma consolidated statements of comprehensive income and cash flows) or 31 August 2020 (for the purposes of the unaudited pro forma consolidated balance sheet).

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report on the unaudited pro forma financial information of the Enlarged Group received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of A-Living Smart City Services Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of A-Living Smart City Services Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") and Minrui Property Management (Shanghai) Co., Ltd. and its subsidiaries (the "Target Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 30 June 2020, the unaudited pro forma consolidated statement of comprehensive income for the period ended 30 June 2020, the unaudited pro forma consolidated statement of cash flows for the period ended 30 June 2020, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-1 to III-11 of the Company's circular dated 26 February 2021, in connection with the proposed acquisition of the Target Group (the "Transaction") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-11 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2020 and the Group's financial performance and cash flows for the period ended 30 June 2020 as if the Transaction had taken place at 30 June 2020 and 1 January 2020 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2020, on which no audit or review report has been published.

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

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2020 or 1 January 2020 respectively would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 February 2021

Set out below is the management discussion and analysis on the New CMIG PM Group for the three years ended 31 December 2019 and the eight months ended 31 August 2020 (the “Track Record Period”). The following financial information is based on the audited financial information of the New CMIG PM Group as set out in Appendix II to this circular.

BUSINESS REVIEW

The New CMIG PM Group is a property management service provider in the PRC which has a diversified business portfolio coverage, including residential, schools, public and commercial buildings. It aims to provide quality property management service to mid-to high-end property projects and to enhance market value of the properties managed by it.

FINANCIAL REVIEW

Revenue

During the Track Record Period, the New CMIG PM Group derived its revenue mainly from property management services and related value-added services including property developer-related services, community-related services, professional services and others. For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, New CMIG PM Group’s revenue amounted to approximately RMB807.5 million, RMB946.5 million, RMB1,042.9 million, RMB699.8 million and RMB743.6 million, respectively. The overall increase in the New CMIG PM Group’s revenue during the Track Record Period was primarily due to (i) the increase in service fees; and (ii) the expansion of its value-added services as a result of increase in number of property projects.

Cost of sales

For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, the New CMIG PM Group’s cost of sales amounted to approximately RMB687.4 million, RMB793.0 million, RMB881.1 million, RMB583.5 million and RMB607.2 million, respectively. The overall increase in the New CMIG PM Group’s cost of sales during the Track Record Period was mainly due to the scale-up of the New CMIG PM Group’s business and was generally in line with the increase in the New CMIG PM Group’s revenue during the Track Record Period.

Gross profit

For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, the New CMIG PM Group’s gross profit amounted to approximately RMB120.1 million, RMB153.5 million, RMB161.8 million, RMB116.3 million and RMB136.4 million, respectively; and the overall gross profit margin amounted to approximately 14.9%, 16.2%, 15.5%, 16.6% and 18.3%, respectively.

Administrative expenses

For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, the New CMIG PM Group incurred administrative expenses of approximately RMB54.9 million, RMB63.1 million, RMB77.6 million, RMB51.6 million and RMB60.2 million, respectively. The overall increase in the New CMIG PM Group's administrative expenses was mainly due to (i) the increase in staff costs resulting from the increase in administrative headcount; (ii) costs incurred for implementation of new computer systems; and (iii) the increase in travelling and commission expenses.

Other income and gains, net

For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, the New CMIG PM Group's other income and gains, net amounted to approximately RMB1.8 million, RMB3.1 million, RMB17.2 million, RMB8.8 million and RMB27.6 million, respectively. Other income of the New CMIG PM Group primarily consisted of gain on disposal of asset, government grants, income from financial instruments with guaranteed principle and return and others.

Finance income/(cost), net***Finance income***

For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, the New CMIG PM Group's gross finance income amounted to approximately RMB53.4 million, RMB123.0 million, RMB101.2 million, RMB70.5 million and RMB52.4 million, respectively, which arose primarily from the interest on loans to a related party, the CMIG Futurelife Holdings Group Company Limited, which carried interest rates at 6.1% to 6.7% per annum.

Finance costs

For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, the New CMIG PM Group's gross finance costs amounted to approximately RMB56.0 million, RMB129.6 million, RMB106.9 million, RMB76.9 million and RMB55.0 million, respectively, which arose primarily from assets-back securities borrowings and bank loans.

Income tax expense

Income tax expense of the New CMIG PM Group comprised PRC corporate income tax, net of deferred tax. For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, the New CMIG PM Group's income tax expense amounted to approximately RMB14.8 million, RMB21.7 million, RMB25.9 million, RMB16.6 million and RMB24.1 million, respectively. The effective tax rate, being the income tax expense divided by the profit before taxation, of the New CMIG PM Group was approximately 24.5%, 26.6%, 25.8%, 25.5% and 25.1% for the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, respectively.

Profit for the year/period attributable to the owners of the New CMIG PM Group

The New CMIG PM Group recorded profit for the year/period attributable to its owners amounted to approximately RMB20.3 million, RMB26.7 million, RMB36.4 million, RMB20.4 million and RMB34.5 million for the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, respectively, representing an overall steady upward trend.

Intangible assets

Intangible assets of the New CMIG PM Group primarily represented computer software, customer relationship and goodwill arising from the acquisition of subsidiaries. As at 31 December 2017, 2018 and 2019 and 31 August 2020, intangible assets of the New CMIG PM Group amounted to approximately RMB306.0 million, RMB293.6 million, RMB280.8 million and RMB272.2 million, respectively.

Loans and interest receivables from a related party

Loans to and interest receivables from a related party of the New CMIG PM Group represented the proceeds obtained from the asset-back securities arrangements that were loaned to a related party, the CMIG Futurelife Holdings Group Company Limited, which were unsecured and carried interest rates at 6.1% to 6.7% per annum. As at 31 December 2017, 2018 and 2019 and 31 August 2020, loans to and interest receivables from a related party of the New CMIG PM Group amounted to approximately RMB1,932.8 million, RMB1,693.4 million, RMB1,399.4 million and RMB180.8 million, respectively.

Prepayments, deposits and other receivables

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the New CMIG PM Group had non-current prepayments, deposits and other receivables amounted to approximately RMB74.6 million, RMB93.5 million, RMB154.3 million and RMB210.2 million, respectively. The increase in the balance was primarily due to the expansion of New CMIG PM Group's business.

The New CMIG PM Group's current other receivables and prepayments mainly represented (i) payments made on behalf of property owners; (ii) prepayments for utilities; and (iii) others. As at 31 December 2017, 2018 and 2019 and 31 August 2020, the New CMIG PM Group had current prepayments, deposits and other receivables amounted to approximately RMB79.3 million, RMB78.5 million, RMB79.3 million and RMB94.2 million, respectively. The overall increase in the New CMIG PM Group's current other receivables and prepayments throughout the Track Record Period was primarily due to increase in payments on behalf of property owners as a result of the expansion of New CMIG PM Group's business.

Gearing ratio and the basis of calculation

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the gearing ratio of the New CMIG PM Group was approximately 537.6%, 404.8%, 1,094.4% and 59.0%, respectively. The gearing ratio is the net debt divided by total equity, which net debt is the total borrowings less cash and cash equivalents.

The New CMIG PM Group's gearing ratio increased from approximately 537.6% as at 31 December 2017 to approximately 1,094.4% as at 31 December 2019, primarily due to the decrease in total equity as a result of dividend paid out in 2019. Its gearing ratio further decreased to approximately 59.0% as at 31 August 2020 primarily as a result of the decrease in borrowings.

Liquidity, financial resources and capital structure

During the Track Record Period, the New CMIG PM Group's principal use of cash was working capital, which was primarily funded from cash flows generated from operations and borrowings. It is expected that cash flow generated from operations and borrowings will continue to be the principal source of liquidity.

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the New CMIG PM Group's cash and cash equivalents were mainly denominated in RMB and its borrowings were denominated in RMB.

The New CMIG PM Group's borrowings comprised bank loans, asset-backed securities borrowings and loans due to third party. As at 31 December 2017, 2018 and 2019 and 31 August 2020, the bank loans of the New CMIG PM Group amounted to approximately RMB11.0 million, RMB8.5 million, RMB5.9 million and RMB4.6 million, respectively of which the bank loans were at fixed rate. As at 31 December 2017, 2018 and 2019 and 31 August 2020, the asset-backed security borrowings of the New CMIG PM Group amounted to approximately RMB2,000.0 million, RMB1,741.0 million, RMB1,453.0 million and nil, respectively. As at 31 December 2017, 2018 and 2019 and 31 August 2020, loans due to third party amounted to approximately nil, nil, nil and RMB224.0 million, respectively.

The maturity profile of the New CMIG PM Group's borrowings is set out as follows:

	As at 31 December			As at
	2017	2018	2019	31 August
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Bank loans				
Within 1 year	2,560	2,560	2,560	2,560
Between 1 and 2 years	2,560	2,560	2,560	2,080
Between 2 and 5 years	5,920	3,360	800	–
	<u>11,040</u>	<u>8,480</u>	<u>5,920</u>	<u>4,640</u>
Asset-backed security borrowings				
Within 1 year	259,000	288,000	1,453,000	–
Between 1 and 2 years	288,000	1,453,000	–	–
Between 2 and 5 years	1,453,000	–	–	–
Over 5 years	–	–	–	–
	<u>2,000,000</u>	<u>1,741,000</u>	<u>1,453,000</u>	<u>–</u>
Loans due to a third party				
Within 1 year	–	–	–	224,000
Total	<u>2,011,040</u>	<u>1,749,480</u>	<u>1,458,920</u>	<u>228,640</u>

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the net current liabilities of the New CMIG PM Group amounted to approximately RMB46.5 million, RMB49.2 million, RMB435.4 million and RMB151.8 million, respectively. The net current liabilities increased from approximately RMB46.5 million as at 31 December 2017 to approximately RMB435.4 million as at 31 December 2019, primarily due to (i) the increase in the principal and interest in current borrowings from the issue of asset-backed security borrowings; and (ii) the lack of a remarkable growth for the cash repayment ability of the New CMIG PM Group for the recent years.

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the New CMIG PM Group did not have any capital commitments.

Significant investments, material acquisitions and disposals

During the Track Record Period, the New CMIG PM Group acquired certain subsidiaries in the PRC, details of which are set out in note 29 in Appendix II to this circular. Save as disclosed, the New CMIG PM Group had not made any other material acquisitions or disposals of subsidiaries or associated companies.

During the Track Record Period, the New CMIG PM Group held certain investments in the property management industry as part of the New CMIG PM Group's strategy to expand its operations. Details of which are set out as follows:

Company Name ^(Note 1)	Place and date of incorporation	Registered capital (RMB'000)	Carrying amount as at 31 August 2020 (RMB'000)	Investment cost (RMB'000)	Percentage of ownership interest attributable to the New CMIG PM Group				Percentage of ownership interest attributable to the New CMIG PM Group as at 31 August 2020	Directly/Indirectly	Principal activities/ place of operation
					As at 31 December 2017	2018	2019	As at 31 August 2020			
Shanghai Kerui Property Management Co., Ltd.	Shanghai, the PRC 5 February 2002	20,000	163,395	235,138	51%	51%	51%	51%	51%	Directly	Property management services in Shanghai
*Jiangxi Kerui Ecology Property Management Co., Ltd.	Jiangxi, the PRC 19 September 2003	500	500	148	29.58%	29.58%	29.58%	29.58%	29.58%	Indirectly	Property management services in Nanchang
*Changchun Kerui Property Management Co., Ltd.	Changchun, the PRC 16 July 2004	3,000	3,000	796	26.52%	26.52%	26.52%	26.52%	26.52%	Indirectly	Property management services in Changchun
*Nanjing Green Kerui Property Management Co., Ltd.	Nanjing, the PRC 27 July 2006	20,000	3,000	780	26.01%	26.01%	26.01%	26.01%	26.01%	Indirectly	Property management services in Nanjing

APPENDIX IV

MANAGEMENT DISCUSSION AND ANALYSIS OF THE NEW CMIG PM GROUP

Company Name ^(Note 1)	Place and date of incorporation	Registered capital (RMB'000)	Carrying amount as at 31 August 2020 (RMB'000)	Investment cost (RMB'000)	Percentage of ownership interest attributable to the New CMIG PM Group			As at 31 August 2020	Percentage of ownership interest attributable to the New CMIG PM Group as at 31 August 2020	Directly/Indirectly	Principal activities/ place of operation
					As at 31 December 2017	2018	2019				
Huhhot Kerui Property Management Service Co., Ltd.	Huhhot, the PRC 7 November 2008	500	7,665	255	51.00%	51.00%	51.00%	51.00%	51.00%	Indirectly	Property management services in Huhhot
*Shanghai Da'an Property Management Co., Ltd.	Shanghai, the PRC 19 May 1995	7,300	7,234	9,180	45.90%	45.90%	51.00%	51.00%	51.00%	Indirectly	Property management services in Shanghai
Zhengzhou Kerui Property Management Co., Ltd.	Zhengzhou, the PRC 9 November 2018	80,000	(10)	0	0.00%	0.00%	0.00%	51.00%	51.00%	Indirectly	Property management services in Zhengzhou
*Benxi Kerui Property Management Co., Ltd.	Benxi, the PRC 16 September 2014	500	0	0	13.79%	13.79%	13.79%	13.79%	13.79%	Indirectly	Property management services in Benxi
*Nanjing Kerui Restaurant Service Management Co., Ltd.	Nanjing, the PRC 29 April 2016	500	0	0	26.01%	26.01%	26.01%	26.01%	26.01%	Indirectly	Property management services in Nanjing
*Panjin Kerui Property Management Co., Ltd.	Liaoning, the PRC 13 November 2004	500	0	0	13.79%	13.79%	13.79%	13.79%	13.79%	Indirectly	Property management services in Liaoning
*Shanghai Minkang Decoration Service Co., Ltd.	Shanghai, the PRC 16 July 1998	500	0	0	23.41%	23.41%	0.00%	0.00%	0.00%	Indirectly	Decoration services in Shanghai
*Anhui Kerui Property Management Co., Ltd.	Anhui, the PRC 29 July 2019	12,000	0	0	0.00%	0.00%	13.27%	13.27%	13.27%	Indirectly	Property management services in Anhui
*Xuzhou Kerui Property Management Co., Ltd.	Xuzhou, the PRC 23 August 2019	5,000	0	0	0.00%	0.00%	13.27%	13.27%	13.27%	Indirectly	Property management services in Xuzhou

Note:

- (1) The English names of the companies represent the best effort by the management of the New CMIG PM Group in translating their Chinese names as they do not have official English names.

Save as the aforementioned investments in associates, certain owner-occupied buildings as disclosed in note 13 and investment properties as disclosed in note 15 in Appendix II to this circular, the New CMIG PM Group had not held any other significant investments during the Track Record Period.

Future plans for material investments and acquisition of capital assets

The New CMIG PM Group has no future plans for material investments and acquisition of material capital assets as at 31 August 2020.

Contingent liabilities

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the New CMIG PM Group did not have any material contingent liabilities.

Foreign exchange exposure

During the Track Record Period, the principal activities of the New CMIG PM Group were conducted in the PRC and its income and expenses were denominated in RMB. In light of this, the New CMIG PM Group was not exposed to material risks in relation to foreign exchange rate fluctuation and has not entered into any contracts to hedge its exposure to foreign currency risks.

Employees and remuneration policy

The New CMIG PM Group adopts remuneration policies which are similar to its peer in the industry and reviews such policies on a regular basis. The remuneration payable to its staff is fixed by reference to the duties and prevailing market rates in the region. Discretionary bonuses are paid to employees to reward their contributions based on the annual assessment of performance. The New CMIG PM Group also participates in different social welfare plans for its employees in compliance with the applicable statutory requirements in the PRC and local governments.

As at 31 December 2017, 2018 and 2019 and 31 August 2020, the New CMIG PM Group had approximately 3,413, 3,528, 3,466 and 3,603 employees, respectively; and the total remuneration including the contribution in pension, social insurance and other employee benefits amounted to approximately RMB216.0 million, RMB239.4 million, RMB232.8 million and RMB157.9 million for the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2020, respectively.

1. RESPONSIBILITY STATEMENT

This circular, for which the A-Living Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the A-Living Group. The A-Living Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors', Supervisors' and the Chief Executives' interest in the securities of A-Living and its associated corporations

As at the Latest Practicable Date, save as disclosed below, none of the A-Living Directors, the A-Living Supervisors or the chief executive of A-Living had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of A-Living or any associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to A-Living and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) to be notified to A-Living and the Stock Exchange pursuant to the Securities Dealing Codes:

(i) Interest in the shares of A-Living

Name of Director	Capacity and Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate Percentage of A-Living'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). Therefore, Mr. Chan Cheuk Hung is deemed under the SFO to be interested in the shares of A-Living 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. 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 A-Living 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. 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 A-Living held by Gongqingcheng Investment. By virtue of the SFO, Mr. Li Dalong is deemed to be interested in the shares of A-Living held by his spouse, Ms. Fei Fan.

(ii) *Interest in the shares of associated corporation of A-Living*

(I) *Shares*

Name of Director	Name of Associated Corporation	Capacity and 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%

(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%

(b) Substantial shareholders' long, short and lending pool position(s) in shares or underlying shares of A-Living

As at the Latest Practicable Date, other than the interests disclosed above in respect of certain A-Living Directors, the interests and short positions of persons in the shares and underlying shares of A-Living as recorded in the register required to be kept by A-Living under Section 336 of the SFO were as follows:

Long positions in the shares/underlying shares of A-Living

Name of Shareholder	Capacity and Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate Percentage of A-Living'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%

Name of Shareholder	Capacity and Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate Percentage of A-Living's Issued Share Capital
Shenzhen Lvjin Enterprise Management Co., Ltd.* (深圳綠瑾企業管理有限公司) (formerly known as Ningbo Lvjin Investment Management Co., Ltd.* (寧波綠瑾投資管理有限公司))	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%

Notes:

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

3. A-LIVING DIRECTORS' AND A-LIVING SUPERVISORS' INTEREST IN CONTRACTS AND ASSETS

- (a) As at the Latest Practicable Date, none of the A-Living Directors nor A-Living Supervisors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Enlarged Group or were proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of A-Living were made up.
- (b) Other than those disclosed in the section headed “Continuing Connected Transactions” in the annual report of A-Living for the year ended 31 December 2019 and the announcements in respect of continuing connected transactions published on 28 April 2020 and 23 September 2020, none of the A-Living Directors nor A-Living Supervisors was materially interested in any contract or arrangement as at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group.

4. A-LIVING DIRECTORS' AND A-LIVING SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the A-Living Directors nor A-Living Supervisors had any existing or proposed service contracts with any member of the Enlarged Group which is not expiring or determinable by such member of the A-Living Group within one year without payment of compensation (other than statutory compensation).

5. A-LIVING DIRECTORS' AND A-LIVING SUPERVISORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the A-Living Directors nor A-Living Supervisors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Enlarged Group.

6. LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance known to the A-Living Directors to be pending or threatened against any member of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Enlarged Group) have been entered into by members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the CMIG PM Agreement;
- (b) the New CMIG PM Agreement;
- (c) the Supplemental Agreement;
- (d) the Second Supplemental Agreement;
- (e) the agreement entered into between Yahao Environmental Technology Development Co., Ltd.* (雅昊環境科技發展有限公司) (an indirect wholly-owned subsidiary of A-Living) (“**Yahao**”), Tianjin Haoda Landscaping Co., Ltd.* (天津昊達園林綠化有限公司) (“**Haoda**”), Shanghai Jiufei Business Consulting Limited Partnership* (上海久菲商務諮詢合夥企業(有限合夥)), Shanghai Hongfei Business Consulting Limited Partnership* (上海鴻斐商務諮詢合夥企業(有限合夥)), Shanghai Hongkuan Business Consulting Limited Partnership* (上海鴻寬商務諮詢合夥企業(有限合夥)) and Dalian Mingri Environmental Development Co., Ltd.* (大連明日環境發展有限公司) (“**Dalian Mingri**”) on 31 December 2020 and pursuant to which Yahao agreed to acquire, and Haoda agreed to dispose of, an aggregate of 51% equity interest in a company which will continue to operate and principally be engaged in Dalian

Mingri's urban environmental sanitation business when the non-urban environmental sanitation business is separated from Dalian Mingri, and the total consideration was RMB300,032,400;

- (f) the agreement entered into between Shanghai Minghua Property Management Co., Ltd.* (上海明華物業管理有限公司) (an indirect wholly-owned subsidiary of A-Living) (“**Minghua**”), Shanghai Xuejia Business Service Center* (上海學稼商務服務中心) (“**Xuejia**”), Shanghai Sanhui Business Consulting Limited Partnership* (上海參薈商務諮詢合夥企業(有限合夥)) (“**Sanhui**”), Shanghai Mingshen Property Management Co., Ltd.* (上海明慎物業管理有限公司) (“**Mingshen**”), Ling Yating, Wu Xiaojia, Wang Yichun, Wu Weimin and Shanghai Huashou Property Management Co., Ltd.* (上海華壽物業管理有限公司) (“**Huashou**”) on 1 November 2020 and pursuant to which Minghua agreed to acquire, and Xuejia and Sanhui agreed to dispose of, an aggregate of 100% equity interest in Mingshen, at a total consideration of RMB15,959,447.66. It enables Minghua to indirectly hold 51% equity interest of Huashou through Mingshen;
- (g) the agreement entered into between A-Living, Zhongshan Huihang Environmental Services Co., Ltd.* (中山市輝航環保服務有限公司)(“**Zhongshan Huihang**”), Cao Hu, Cheng Dongyun, Huili Capital Investment Co., Ltd.* (匯力資本投資有限公司) and ZHS Beautiful Urban and Rural Areas Sanitation Group Co., Ltd.* (中航美麗城鄉環衛集團有限公司)(“**ZH Sanitation**”) on 18 September 2020 and pursuant to which A-Living agreed to acquire, and Zhongshan Huihang agreed to dispose of, an aggregate of 23% equity interest in ZH Sanitation and A-Living agreed to subscribe for the additional shares issued by ZH Sanitation. Upon completion of equity transfer and additional shares subscription, A-Living holds an aggregate of 30% equity interest in ZH Sanitation. The total consideration for equity transfer and additional shares subscription was RMB300,000,000;
- (h) the agreement entered into between A-Living, Zhuzhou SDIC Shuimu Development and Construction Co., Ltd.* (株洲市國投水木開發建設有限公司) (“**Zhuzhou SDIC**”) and 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) (formerly known as Zhuzhou SDIC Shuimu Property Management Co., Ltd.* (株洲市國投水木物業管理有限公司)) (“**Hunan Zhuzhou Agile**”) on 27 July 2020 and pursuant to which A-Living agreed to acquire, and Zhuzhou SDIC agreed to dispose of, an aggregate of 60% equity interest in Hunan Zhuzhou Agile at a total consideration of RMB3,265,080;
- (i) the agreement entered into between Tianjin Yachao Enterprise Management Consulting Co., Ltd.* (天津雅潮企業管理諮詢有限公司) (an indirect wholly-owned subsidiary of A-Living) (“**Tianjin Yachao**”), Yingkou Feituo Property Services Co., Ltd.* (營口飛拓物業服務有限公司) (“**Yingkou Feituo**”), Dalian Yiyao Property Services Co., Ltd.* (大連易優物業服務有限公司), Wang Jijiang, Wang Shihai, and Dalian Yimei Enterprise Management Services Co., Ltd.* (大連意美企業管理服務有限公司) (“**Dalian Yimei**”) on 1 July 2020 and pursuant to which Tianjin Yachao agreed to acquire, and Yingkou Feituo agreed to dispose of, an aggregate of 34.96% equity interest in Dalian Yimei at a total consideration of RMB46,000,000;

- (j) the agreement entered into between A-Living, Chen Xing and Guigang Shenghe Property Services Co., Ltd.* (貴港市盛和物業服務有限公司) (“**Shenghe**”) on 25 February 2020 and pursuant to which A-Living agreed to acquire, and Chen Xing agreed to dispose of, an aggregate of 51% equity interest in Shenghe at a total consideration of RMB51,000;
- (k) the agreement entered into between CMIG PM and New CMIG PM on 11 December 2019 and pursuant to which New CMIG PM agreed to acquire, and CMIG PM agreed to dispose of, an aggregate of 51% equity interest in Kerui PM at a total consideration of RMB235,138,000;
- (l) the agreement entered into between Tianjin Lexianghui Community Services Co., Ltd.* (天津樂享薈社區服務有限公司) (an indirect wholly-owned subsidiary of A-Living) (“**Tianjin Lexianghui**”), Guangdong Yingmei Yihao Equity Investment Partnership (Limited Partnership)* (廣東盈美壹號股權投資合夥企業(有限合夥)) (“**Guangdong Yingmei Yihao**”), Guangzhou Yuehua Property Co., Ltd.* (廣州粵華物業有限公司) (“**Guangzhou Yuehua**”) and the shareholders holding an aggregate of 49% equity interest in Guangzhou Yuehua as at the date of the relevant agreement on 28 March 2019 and pursuant to which Tianjin Lexianghui agreed to acquire, and Guangdong Yingmei Yihao agreed to dispose of, 51% equity interest in Guangzhou Yuehua at a consideration of RMB195,344,575; and
- (m) the formal agreement entered into between A-Living, Mr. Song Guodong, Ms. Li Liguang and Harbin Jingyang Property Management Co., Ltd.* (哈爾濱景陽物業管理有限公司) (“**Harbin Jingyang**”) on 26 February 2019 and pursuant to which A-Living agreed to acquire, and Mr. Song Guodong and Ms. Li Liguang agreed to dispose of, an aggregate of 60% equity interest in Harbin Jingyang at a total consideration of RMB113,881,542.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap.50)
	Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap.588)
Jones Lang LaSalle Corporate Appraisal and Advisory Limited (JLL)	Independent professional valuer

As at the Latest Practicable Date, each of the experts named above:

- (i) had no shareholding in any member of the Enlarged Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group;
- (ii) had no direct or indirect interest in any assets which had been, since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Enlarged Group were made up), acquired, disposed of by, or leased to any member of the Enlarged Group, or were proposed to be acquired, disposed of by, or leased to any member of the Enlarged Group; and
- (iii) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter/report and the reference to its name included herein in the form and context in which it appears.

9. MISCELLANEOUS INFORMATION

- (a) The registered office of A-Living is at Management Building, Xingye Road, Agile Garden, Sanxiang Town, Zhongshan, Guangdong Province, PRC.
- (b) The principal place of business of A-Living in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The H share registrar and transfer office of A-Living is Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of A-Living is Ms. Lai Kuen. Ms. Lai Kuen is graduated from Guanghua School of Management, Peking University majoring in accounting with a bachelor degree of management in 2006. She was awarded a master degree in business administration from The University of Hong Kong in 2014. Ms. Lai is a member of The Hong Kong Institute of Chartered Secretaries and an associate of the Association of Chartered Certified Accountants in the United Kingdom.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 18th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong during normal business hours from the date of this circular up to and including the date of the A-Living EGM:

- (a) the articles of association of A-Living;
- (b) the annual reports of A-Living for the years ended 31 December 2017, 2018 and 2019;

- (c) the interim report of A-Living for the six months ended 30 June 2020;
- (d) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
- (e) the accountant’s report on the New CMIG PM Group from PricewaterhouseCoopers set out in Appendix II to this circular;
- (f) the report on the unaudited pro forma financial information of the Enlarged Group from PricewaterhouseCoopers as set out in Appendix III to this circular;
- (g) the material contracts referred to in the paragraph headed “7. Material Contracts” in this appendix;
- (h) the written consents referred to in the paragraph headed “8. Expert and Consent” in this appendix;
- (i) the valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (JLL) for the purpose of preparing the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;
- (j) the Valuation Report;
- (k) the CMIG PM Circular;
- (l) the circular of A-Living dated 22 October 2020 in relation to continuing connected transactions; and
- (m) this circular.

NOTICE OF A-LIVING EGM

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)

NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING TO BE HELD ON 13 APRIL 2021

NOTICE IS HEREBY GIVEN THAT the 2021 first extraordinary general meeting (the “EGM”) of the shareholders of A-Living Smart City Services Co., Ltd. (“A-Living”) will be held at Conference Room, 33/F, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC, at 3:00 p.m. on Tuesday, 13 April 2021 for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as a special resolution of A-Living:

SPECIAL RESOLUTION

1. “**THAT:**

- (a) the acquisition agreement (the “**New CMIG PM Agreement**”) dated 12 December 2019, the supplemental agreement (the “**Supplemental Agreement**”) dated 30 November 2020 and the second supplemental agreement (the “**Second Supplemental Agreement**”) dated 22 February 2021 entered into between 天津雅潮企業管理諮詢有限公司 (Tianjin Yachao Enterprise Management Consulting Co., Ltd.*) (the “**Purchaser**”) and 廣東豐信盈隆股權投資合夥企業(有限合夥) (Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership)*) (the “**Vendor**”) (a copy of which has been produced to the EGM marked “A” for the purpose of identification), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to dispose of the 60% equity interest in 民瑞物業服務(上海)有限公司 (Minrui Property Management (Shanghai) Co., Ltd.*) at the total consideration of RMB344,250,000 and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and
- (b) the directors of A-Living be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the New CMIG PM Agreement, the Supplemental Agreement, the Second Supplemental Agreement and the transactions contemplated thereunder.”

Yours faithfully,

By order of the Board

A-Living Smart City Services Co., Ltd.

Li Dalong

*Executive Director, President (General Manager)
and Chief Executive Officer*

Hong Kong, 26 February 2021

NOTICE OF A-LIVING EGM

Registered Office in the PRC:
Management Building, Xingye Road
Agile Garden, Sanxiang Town
Zhongshan
Guangdong Province, PRC

Principal place of office in the PRC:
35/F, Agile Center
26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province, PRC

Principal place of business in Hong Kong:
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Notes:

1. The resolution at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The results of the poll will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and A-Living (<http://www.agileliving.com.cn>) in accordance with the Listing Rules.
2. All shareholders of A-Living are eligible for attending the EGM. Any shareholders of A-Living entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy or more than one proxy to attend the EGM and to cast a vote for him/her. A proxy need not be a shareholder of A-Living. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant proxy form. Every shareholder of A-Living present in person or by proxy shall be entitled to one vote for each share held by him/her.
3. For determining the entitlement to attend and vote at the EGM, the register of members of A-Living will be closed from Saturday, 13 March 2021 to Tuesday, 13 April 2021, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, holders of H Shares whose transfer documents have not been registered are required to submit the share certificates together with the properly completed share transfer forms to A-Living's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 12 March 2021 for registration. Holders of H Shares who are registered with Tricor Investor Services Limited on or before the aforementioned date are entitled to attend the EGM.
4. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to A-Living's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. For holders of Domestic Shares, the proxy form should be returned to A-Living's principal place of office in the PRC at 35th Floor, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC by personal delivery or by post not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.
5. The EGM is expected to take no more than half a day. Shareholders of A-Living who attend the EGM (in person or by proxy) shall bear their own travelling and accommodation expenses. Shareholders of A-Living may contact the Investor Relations Department of A-Living at (852) 2740 8921 (telephone number) and ir@agileliving.com.cn for any enquiries in respect of the EGM.

As at the date of this circular, the board of directors of A-Living Smart City Services Co., Ltd. comprises eight members, being Mr. Chan Cheuk Hung[^] (Co-chairman), Mr. Huang Fengchao[^] (Co-chairman), Mr. Li Dalong[^] (President (General Manager) and Chief Executive Officer), Mr. Wei Xianzhong^{^^}, Ms. Yue Yuan^{^^}, Mr. Wan Kam To^{^^^}, Ms. Wong Chui Ping Cassie^{^^^} and Mr. Wang Peng^{^^^}.*

[^] Executive Directors

^{^^} Non-executive Directors

^{^^^} Independent Non-executive Directors

* for identification purposes only