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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)**

## **INSIDE INFORMATION**

### **PROFIT WARNING**

This announcement is made by 雅生活智慧城市服務股份有限公司 (A-Living Smart City Services Co., Ltd.\*) (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and information currently available to the Board, it is expected that the unaudited comprehensive income of the Group for the year ended 31 December 2023 recorded steady growth; the net operating cash flow is expected to be approximately RMB900 million, representing a significant increase as compared with that for the corresponding period in 2022, recording positive operating cash flow. The abovementioned growth is primarily due to the increase in revenue of the non-cyclical businesses and the continued stable business operations of the Group.

The unaudited consolidated net profit attributable to the Shareholders for the year ended 31 December 2023 is expected to be approximately RMB320 million to RMB500 million, representing a decrease of approximately 73% to 83% as compared to that for the corresponding period in 2022. The decrease is primarily due to the following reasons:

- (I) The adjustment of business structure of the Group led to a decrease in the proportion of revenues and profits from the extended value-added service businesses and an increase in the proportion of non-cyclical businesses with increasing related costs.
- (II) An impairment provision from approximately RMB200 million to RMB300 million has been made for the trade receivables from the related party customers of the Group based on the principle of prudence. It was mainly due to the fact that the supply and demand in real estate market have changed significantly. The related party customers of the Group are under periodic liquidity pressure, leading to an increase in the settlement cycle for related businesses. Therefore, the Company prudently assessed the amount of provision for impairment of trade receivables from the related party customers and made reasonable accounting estimates. The Company will continue to engage in discussions with the related party customers regarding the payment arrangements, and to maintain close communication and promote the implementation of various measures for collecting trade receivables at its best efforts.

(III) An impairment from approximately RMB400 million to RMB500 million has been made for the goodwill of the Group based on the principle of prudence. It was mainly due to the fact that the business expansion of some subsidiaries acquired by the Group in previous years has not been carried out as scheduled and some existing business has been adjusted by the Group, leading to declines in revenues and profits from some subsidiaries.

As the Company is still in the process of preparing and finalising the annual results of the Group for the year ended 31 December 2023, information contained in this announcement is only based on a preliminary assessment by the Company's management team with reference to the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and information currently available to the Company, which has not been audited or reviewed by the Company's auditor or the audit committee of the Company and may therefore be subject to changes.

Shareholders and potential investors should read the Company's annual results announcement for the year ended 31 December 2023 carefully, which is expected to be published in March 2024.

**Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

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, 10 March 2024

*As at the date of this announcement, the Board comprises eight members, being Mr. Chan Cheuk Hung<sup>^</sup> (Co-chairman), Mr. Huang Fengchao<sup>^</sup> (Co-chairman), Mr. Li Dalong<sup>^</sup> (President (General Manager) and Chief Executive Officer), Mr. Chen Siyang<sup>^</sup> (Vice President), Mr. Xu Yongping<sup>^^</sup>, Mr. Wang Gonghu<sup>^^</sup>, Mr. Weng Guoqiang<sup>^^</sup> and Mr. Li Jiahe<sup>^^</sup>.*

<sup>^</sup> *Executive Directors*

<sup>^^</sup> *Non-executive Director*

<sup>^^^</sup> *Independent Non-executive Directors*

\* *for identification purposes only*