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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)

FURTHER INFORMATION ON THE EXPECTED CREDIT LOSS OF THE TRADE RECEIVABLES AND OTHER RECEIVABLES

Reference is made to the annual report of the Company for the year ended 31 December 2024 (the “**Annual Report**”) in relation to the net impairment loss on financial assets. Unless otherwise stated, capitalized terms in this announcement shall have the same meanings as those defined in the Annual Report.

As disclosed in the Annual Report, the Group recorded net impairment loss on financial assets in the amount of RMB4,329.3 million, of which an amount of RMB3,032 million was related to the trade receivables of the Group and an amount of RMB1,297 million was related to the other receivables of the Group. The impairment provisions (the “**Impairment**”) were primarily attributable to the increased credit risk of the Group’s related parties and certain third parties in the property sector.

As further disclosed in note 3.1.2 to the consolidated financial statements to the Annual Report, the Group made a loss allowance provision on:

- (i) trade receivables of group 3 (which represented trade receivables due from related parties (excluding Greenland Holdings Group Company Limited (“**Greenland Holdings**”) and its subsidiaries and joint ventures) with a gross carrying amount of RMB3,573,411,000 at an expected credit loss rate of 89.94% (the “**Group 3 Trade Receivables**”);
- (ii) trade receivables of group 4 (which represented trade receivables due from Greenland Holdings and its subsidiaries and joint ventures) with a gross carrying amount of RMB407,306,000 at an expected credit loss rate of 49.73% (the “**Group 4 Trade Receivables**”);
- (iii) other receivables of under-performing (which represented receivables for which there is a significant increase in credit risk, which is presumed if interest and/or principal repayments are 30 days past due) with a gross carrying amount of RMB905,658,000 at an expected credit loss rate of 57.36% (the “**Under-performing Other Receivables**”); and
- (iv) other receivables of non-performing (which represented receivables for which interest and/or principal repayments are 60 days past due) with a gross carrying amount of RMB720,000,000 at an expected credit loss rate of 90.22% (the “**Non-performing Other Receivables**”).

The Impairment for the year ended 31 December 2024 increased significantly by approximately 709.5% as compared with that for the year ended 31 December 2023 largely as a result of the loss allowance provisions made on the Group 3 Trade Receivables, the Group 4 Trade Receivables, the Under-performing Other Receivables and the Non-performing Other Receivables.

In order to enhance the transparency of information disclosure and to assist the Shareholders and potential investors in gaining a more comprehensive understanding of the Group's business and financial position, the background and further information on each of the Group 3 Trade Receivables, the Group 4 Trade Receivables, the Under-performing Other Receivables and the Non-performing Other Receivables, and their updates and latest developments are set out in this announcement.

The Group 3 Trade Receivables

Reasons for and circumstances leading to the balance as at 31 December 2024

The Group 3 Trade Receivables represented fees incurred by Agile Group for services provided by the Group. On 14 May 2024, Agile Group issued an announcement which stated that Agile Group was under liquidity pressure (the “**Agile Announcement**”). Upon issue of the Agile Announcement, the management of the Company reassessed the expected credit loss rate to be applied to the Group 3 Trade Receivables. Having further considered (i) the industry peers' information and market information of Agile Group; (ii) a series of plans and measures adopted by the Group to alleviate liquidity pressure by securing Agile Group's assets as collateral for trade receivables; and (iii) the uncertainty in recovery under the then prevailing market conditions, the management of the Company estimated that the expected credit loss rate for the Group 3 Trade Receivables as at 31 December 2024 would be 89.94%.

Recovery plan

Since the issue of the Agile Announcement, the Company has established a special task force comprising members from its legal department, business department and finance department to evaluate the recoverability of the receivables due from Agile Group and formulate a recovery plan. The Company has taken the following actions to recover the receivables:

- (i) **Change in credit terms and enhancement in cash collection**
 - (a) the Company has shortened the credit period granted to Agile Group;
 - (b) the Company conducts strict monthly cash collection procedures against Agile Group;
 - (c) the Company has been actively working with Agile Group and the relevant PRC government authorities to secure approval from the relevant PRC government authorities for the release of restricted funds deposited by Agile Group to settle the receivables;
- (ii) **Lower the rate of increment**

The Company continued to calibrate its business with and proactively exited sales center property management and other services with Agile Group which the Group considered yielded lower return.

(iii) Actively seek out asset offset opportunity

- (a) as announced on 30 June 2023, the Company entered into property transfer agreements with Agile Group to settle the receivables in the amount of RMB282.3 million;
- (b) as announced on 28 August 2023, the Company revised the terms of most of its continuing connected transactions with Agile Group to include asset offset provisions to facilitate settlement by way of property transfer by Agile Group;
- (c) as announced on 23 July 2024, the Company entered into an agreement with the relevant PRC government authorities and Agile Group to settle the property management fees owed by the relevant PRC government authorities to the Group and the tax payable by Agile Group to the relevant PRC government authorities in the amount of approximately RMB52 million. Although the settlement arrangement did not apply to the receivables due from Agile Group. It allows the Group to reduce its third-party receivables and help alleviate the liquidity pressure of Agile Group so that Agile Group can allocate its funds to develop its property projects and/or settle the receivables due to the Group. Further, the agreement was secured by properties owned by Agile Group. If Agile Group defaults upon maturity, the Group may exercise its rights under the security. On 28 March 2025, the Company announced that Agile Group transferred 38 houses of a property project located in Yuanxiang District, Yunnan as settlement;
- (d) as announced on 17 April 2025, Agile Group transferred 70% equity interest in Shenzhen Agile Environmental Technology Company Limited and 100% equity interest in Ecological and Environmental Technology Company Limited at an aggregate consideration of RMB60.6 million by way of offsetting the trade receivables owed by Agile Group to the Company on a dollar-to-dollar basis;

(iv) Strict control on the continuing connected transactions

since 2023, the Group has reduced the size of its continuing connected transactions with Agile Group. Since 2024, the Group further delayed the commencement of any continuing connected transactions with Agile Group; and

(v) Recovery through court proceedings

the Group has issued court proceedings for the recovery of part of the receivables.

The actual recovery from Agile Group in the court proceedings depends on factors which are beyond the control of the Company.

Update subsequent to 31 December 2024 and up to 31 July 2025

The Group is fully cognizant of risk control over its exposure to Agile Group. The Company expects no material operating pressure given that the projects retained by the Group have stable cash inflow and are considered higher-quality engagements.

As at 31 July 2025, the amount of the Group 3 Trade Receivables was reduced to RMB3,552,542,000.

The Group 4 Trade Receivables

Reasons for and circumstances leading to the balance as at 31 December 2024

The Group 4 Trade Receivables represented fees incurred by Greenland Holdings for the services provided by the Group. Given that the majority of Greenland Holdings' projects to which the Group provided services were in the sale phase, the Company provided a considerable volume of sales center property management services in 2021, resulting in a relatively high level of receivables due from Greenland Holdings in 2021.

In December 2022, S&P Global Ratings withdrew its long-term local and foreign currency credit ratings for Greenland Holdings. Another rating agency, Moody's, downgraded Greenland Holdings' long-term local and foreign currency credit ratings from "Caa2" to "Ca" in July 2023 and remain constant in 2024, implying a high risk of default. Overall, the outlook provided by both rating agencies was negative.

Given the volatility of the real estate industry in China, there is significant uncertainty as to whether the management of Greenland Holdings will be able to carry out the plans and measures to repay its existing loans set out in its latest annual report. As a result, the management of the Company considered that there had been indications of credit impairment on the Group 4 Trade Receivables from 2023 onwards. The management therefore estimated that the expected credit loss rate for the Group 4 Trade Receivables as at 31 December 2024 would be similar to that as at 31 December 2023.

Update subsequent to 31 December 2024 and up to 31 July 2025

The Group is fully cognizant of risk control over its exposure to Greenland Holdings. The Company only retains services for the remaining units that must be held by Greenland Holdings, and does not expect material operating pressure.

From 1 January 2025 to 31 July 2025, the Group has recovered RMB16,810,000 in cash, and Greenland Holdings and the Group have completed the online execution procedures in respect of certain properties owned by Greenland Holdings to the Group for settlement of the Group 4 Trade Receivables in the amount of approximately RMB104,000,000. After the transfer, the Group 4 Trade Receivables would be reduced to RMB312,706,000.

The Under-performing Other Receivables

Reasons for and circumstances leading to the balance as at 31 December 2024

The Under-performing Other Receivables represented (i) part of the interest in the aggregate amount of RMB68,203,000 (the "**First Outstanding Interest**") on loans provided to independent third-party borrowers (the "**Borrowers**"); and (ii) the balance due from some of the Group's business partners in the aggregate amount of RMB837,455,000 (the "**Third-party Receivables**").

As all applicable percentage ratios calculated under Rule 14.07 of the Listing Rules for the corresponding loan(s) granted (on an aggregated basis) to each of the Borrowers were less than 5%, each of the corresponding loans(s) granted did not constitute a notifiable transaction under Chapter 14 of the Listing Rules at the material time.

The First Outstanding Interest: As the Borrowers were not able to recover receivables from their respective customers, they faced liquidity pressure and were not able to repay the First Outstanding Interest.

The Third-party Receivables: In the second half of 2024, the Company noted that the market response of the policies designed to support the real estate sector as announced by the government had fallen short of expectation.

In light of the above, the Company considered that a credit loss had occurred in relation to the Third-party Receivables as the delay in repayment beyond the agreed maturity dates constituted a credit loss under applicable financial standards. The Company believed that in the long run, the business partners will improve the operating receipts which under the influence of the improvement of the market economy environment, and there would be no impairment of the Third-party Receivables.

In the circumstances, the Company has assessed that the credit risk associated with the Third-party Receivables had increased significantly since initial recognition, although no actual impairment had occurred. In line with the simplified approach under Hong Kong Financial Reporting Standard No. 9, the Company has measured the expected credit losses and recognized an impairment provision on the Third-party Receivables.

Update subsequent to 31 December 2024 and up to 31 July 2025

The First Outstanding Interest: The Group had reached agreements with certain Borrowers for full repayment of the corresponding First Outstanding Interest in cash in an aggregate amount of RMB13,852,000, which is expected to be made in the second half of 2025.

As with the other Borrowers, the Group is in negotiation with them for full repayment of the corresponding First Outstanding Interest in cash or by way of asset transfer. The Group expects to reach agreements with each of them before 31 December 2025.

The Borrowers have acknowledged the amount due to the Group. As the Borrowers still carry on their business, with a time extension and given the amount, the Borrowers should be able to repay the Group as they collect the receivables due from their respective customers.

As at 31 July 2025, the First Outstanding Interest remained as RMB68,203,000.

The Third-party Receivables: One of the business partners has delivered properties from its property project worth RMB15.0 million as settlement. The Group is in negotiation with it for repayment of the balance of the corresponding Third-party Receivables in cash or by way of further asset transfer. The Group expects to reach agreements with each of them before the end of 2025.

The Company and another business partner have reached a preliminary restructuring arrangement, under which the corresponding Third-party Receivables will be settled at approximately 52% of its face value — a recovery rate significantly higher than the Company's current bad debt provision for such receivable. Such settlement will take place in two instalments: (i) an amount of RMB11,523,000 on or before 30 December 2025; and (ii) an amount of RMB30,000,000 on or before 30 June 2026. The balance of RMB37,877,000 associated with the corresponding Third-party Receivables was written off as at 31 July 2025.

As with the remaining business partners, the Group is in negotiation with each of them for full repayment of the corresponding Third-party Receivables in cash or by way of asset transfer. The Group expects to reach agreements with each of them before the end of 2025.

As at 31 July 2025, the balance of the Third-party Receivables was RMB784,578,000.

The Non-performing Other Receivables

Reasons for and circumstances leading to the balance as at 31 December 2024

The Non-performing Other Receivables represented (i) the deposit paid by the Group under the parking space leasing and sales agency services framework agreement with Agile Group dated 22 April 2022 in the amount of RMB700 million (the “**Deposit**”); and (ii) part of the interest in the amount of RMB20,000,000 on loans provided to an independent third party in 2022 (the “**Second Outstanding Interest**”).

With respect to the Second Outstanding Interest, the borrower is subsidiary of a company listed on The Stock Exchange of Hong Kong Limited.

As all applicable percentage ratios calculated under Rule 14.07 of the Listing Rules for each of the loans granted to such party was less than 5%, each of the loans granted did not constitute a notifiable transaction under Chapter 14 of the Listing Rules at the material time.

The Deposit: As stated in the Agile Announcement, Agile Group was under liquidity pressure and there was delay in completion and delivery of its property projects.

The Second Outstanding Interest: Based on the relevant announcements published by the holding company of the borrower, the holding company has defaulted in certain of its debt obligations and has been facing liquidity pressure.

Update subsequent to 31 December 2024 and up to 31 July 2025

The Deposit: Under the relevant parking space leasing and sales agency services framework agreement, the Group is entitled to select parking spaces from the projects of unsold parking spaces of Agile Group as compensation to the Group.

As at 31 July 2025, the Group was in negotiation with Agile Group for the transfer of certain car parking spaces to settle part of the Deposit. The Group expects to make further progress in the fourth quarter of 2025 and will make an announcement in due course.

As at 31 July 2025, the Deposit remained as RMB700 million.

The Second Outstanding Interest: The Group has considered taking the necessary legal actions for the recovery of the Second Outstanding Interest. However, the Company is not optimistic about the chances of recovery given that the situation faced by the borrower group. In these circumstances, the Group has agreed to waive the Second Outstanding Interest having taken into account the follow factors: (i) the borrower group is a potential source of business for the Group and it would be in the Group’s interest to maintain a good relationship with the borrower group; and (ii) given the amount of the Second Outstanding Interest and the total amount of interest received by the Group, the Group considered that the return on the loans was acceptable.

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, 29 September 2025

As at the date of this announcement, the Board comprises seven members, being Mr. Chan Cheuk Hung[^] (Co-chairman), Mr. Wang Haiyang[^] (Co-chairman), Mr. Li Dalong[^] (President (General Manager) and Chief Executive Officer), Mr. Chen Siyang[^] (Vice President), Mr. Wang Gonghu^{^^}, Mr. Weng Guoqiang^{^^} and Mr. Li Jiahe^{^^}.

[^] *Executive Directors*

^{^^} *Independent Non-executive Directors*

** for identification purposes only*