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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)

CONTINUING CONNECTED TRANSACTION

PARKING SPACE LEASING AND SALES AGENCY SERVICES FRAMEWORK AGREEMENT

On 22 April 2022 (after trading hours), the Company entered into the Parking Space Leasing and Sales Agency Services Framework Agreement with Agile, which sets out the principal terms for the provision of exclusive parking space sales and leasing agency services by the A-Living Group to the Agile Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Agile is the controlling shareholder of the Company and thus is a connected person of the Company under the Listing Rules, and the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the arrangements contemplated by the Parking Space Leasing and Sales Agency Services Framework Agreement, the Group shall be paid the Agency Fee and shall pay to the Agile Group the Deposit.

As one or more of the applicable percentage ratios in respect of the highest amount of the annual cap of the Agency Fee is over 0.1% but all of which are less than 5%, the transactions in respect of the Agency Fee contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios in respect of the highest amount of the annual cap in respect of the Deposit is over 0.1% but all of which are less than 5%, the transactions in respect of the Deposit contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement do not constitute a notifiable transaction under Chapter 14 of the Listing Rules but are subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. PARKING SPACE LEASING AND SALES AGENCY SERVICES FRAMEWORK AGREEMENT

The principal terms of the Parking Space Leasing and Sales Agency Services Framework Agreement are set out below:

Date: 22 April 2022 (after trading hours)

Parties: (1) the Company; and
(2) Agile.

Term: Period commencing from the Effective Date of the Parking Space Leasing and Sales Agency Services Framework Agreement and ending on 31 December 2024 (both days inclusive).

The term is divided into three service periods: (i) from the Effective Date to 31 December 2022; (ii) from 1 January 2023 to 31 December 2023; and (iii) from 1 January 2024 to 31 December 2024 (the “**Service Periods**”).

Scope of service: The Group shall provide the Agile Group with parking space sales and leasing agency services, including but not limited to (1) parking space sales agency services; and (2) parking space leasing agency services.

Subject matter: The Agile Group shall engage the Group to provide sales and leasing agency services on an exclusive basis (the “**Exclusive Leasing and Sales Rights**”) in respect of certain parking spaces owned by the Agile Group (the “**Exclusive Parking Spaces**”). During the term of the Parking Space Leasing and Sales Agency Services Framework Agreement, the Group shall be the exclusive service provider of the sales and leasing agency services and the Agile Group shall not engage other third parties for such services in respect of the Exclusive Parking Spaces. The Agile Group shall not sell, transfer or dispose of in any other manner any of the Exclusive Parking Spaces to third parties, and shall not engage other third parties for such services unless agreed by both parties.

The Group and the Agile Group shall enter into further transaction contracts which shall set out the specific projects and the number of Exclusive Parking Spaces subject to the arrangements during each Service Period. The transaction contracts shall set out the necessary terms and conditions for the relevant transactions contemplated after arm’s length negotiations on normal commercial terms.

Pricing policy and other terms of the sales and leasing agency services:

The Agency Fee to be charged by the Group will be calculated as follows:

The Group and the Agile Group will agree on a market value for the sales and leasing of the Exclusive Parking Spaces (the “**Agreed Value**”) which will be assessed based on the historical average transaction price of comparable parking spaces and the average transaction price of comparable projects available from third parties in the surrounding markets of the Exclusive Parking Spaces, while taking into account factors such as the project’s occupancy rate, number of available parking spaces, sales stage, and parking space quality. The Company has engaged an independent valuer to determine the rationality of the pricing logic and considerations of the Agreed Value and considered it reasonable. The Group and the Agile Group will then agree on a base price for the sales and leasing of the Exclusive Parking Spaces (the “**Base Price**”) which will be not more than 65% of the Agreed Value. The Base Price shall be determined with reference to the qualitative factors including the specific project’s occupancy rate, parking space allocation, sales stage and parking space quality, etc. and the discount rate of the industry's Base Price and is better than that of the industry. The Agile Group will transfer or lease (as the case may be) the Exclusive Parking Spaces to third party customers designated by the Group at the request of the Group at a price (the “**Sales Price**”) which shall not be lower than the Base Price.

The Agency Fee for the Group will be the sum of (i) the multiple of the Base Price and an agreed rate and (ii) the multiple of the difference between the Sales Price and the Base Price (if any) and another agreed rate. The Agile Group shall settle the payment of the Agency Fee to the Group on a monthly basis after receiving the sales or lease payment from third party customers. The first payment during the first Service Period will be settled after May 2022 and thereafter on a monthly basis (the “**Settlement Cycle**”).

Deposit for the Exclusive Leasing and Sales Rights:

In consideration of the granting of the Exclusive Leasing and Sales Rights, the Group shall pay the Deposit to the Agile Group, which shall be agreed by the Group and the Agile Group and shall not exceed 30% of the Base Price.

By paying the Deposit to acquire the Exclusive Leasing and Sales Rights at the Base Price, the Group will be entitled to a two-layer commission structure which is more favourable than the original fixed commission agency model of the Group while the Group needs not to share the risk of holding unsold and vacant parking spaces. The terms in respect of the Deposits offered under the Parking Space Leasing and Sales Agency Services Framework Agreement are no less favourable than those available to the Independent Third Parties. The Group will devote sufficient resources and focus on the development of large-scale sales and leasing agency services of the Exclusive Parking Spaces to further expand the Group's asset management business, thereby broadening the Group's revenue base, enhancing profitability and bringing valuable returns to the Shareholders. Accordingly, the Board considers the Deposit and the rate of the Deposit to be normal business practices.

Pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement, the Deposit paid shall be refunded in full to the Group in the following manner:

- (i) the corresponding Deposit paid for the Exclusive Parking Spaces sold shall be repayable upon the end of each Settlement Cycle; and
- (ii) the remaining balance of the Deposit (if any) shall be repayable to the Group within one month either after the expiration of each Service Period or the termination of the Parking Space Leasing and Sales Agency Services Framework Agreement.

In the event that the Agile Group fails to return the Deposit pursuant to the terms of the Parking Space Leasing and Sales Agency Services Framework Agreement, the Agile Group is liable to a default penalty fee and the Group is entitled to select parking spaces from the projects of unsold parking spaces of the Agile Group as the compensation to the Group at a price not higher than 30% of the Base Price of the Exclusive Parking Spaces.

During each Settlement Cycle, the Group can replace the Exclusive Parking Spaces with other unsold and unleased parking spaces of the Agile Group of the same value.

The Deposit is expected to be funded by the internal resources of the Group.

The Group will review the return of the Deposit in such Service Period upon the expiry of each Service Period, assess the major risks of the Deposit model, which includes a review of the latest financial position and payment ability of the Agile Group before deciding whether to commence a new Service Period, the scale of the business and the amount of the Deposit to be paid.

In view of the above, the Board considers that the major risks in payment of the Deposits under the Parking Space Leasing and Sales Agency Services Framework Agreement is extremely low and the aforementioned measures are sufficient to properly safeguard the position of the Company.

2. PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

Proposed Annual Caps for Deposits

Pursuant to Chapter 14A of the Listing Rules, the Company is required to set annual caps for the Deposit, details of which are set out in the table below.

	From the effective date of the Parking Space Leasing and Sales Agency Services Framework Agreement to 31 December 2022	From 1 January 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024
Proposed annual caps	RMB 700 million	RMB 700 million	RMB 700 million

The above proposed annual caps were determined after taking into account of the following:

- (i) the estimated Agreed Value of parking spaces of the Agile Group available for sales/leasing by the Group as an agent for the year ending 31 December 2022 pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement, taking into account factors including, but not limited to, the number of parking space agency projects under negotiation currently known to the Group, historical sales of parking spaces of relevant projects and the surrounding comparable average price range, resources that the Group may allocate to the business, and the ability to meet the service demand;
- (ii) the Parking Space Leasing and Sales Agency Services Framework Agreement stipulates that (1) the accumulated Base Price of the Exclusive Parking Spaces during each Service Period shall not exceed RMB2.3 billion; and (2) the Deposit shall not exceed 30% of the Base Price of the Exclusive Parking Spaces, i.e. not more than RMB0.7 billion in aggregate during each Service Period; and
- (iii) during the three years ending 31 December 2024, the amount of the Deposit is expected to remain stable, taking into account factors including, but not limited to: (1) the estimated Agreed Value of parking spaces of the Agile Group available for sales/leasing by the Group as an agent for the year ending 31 December 2022 pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement; and (2) the Group will steadily push forward the parking space sales and leasing agency business in 2023 and 2024.

Proposed Annual Caps for the Agency Fee

Pursuant to Chapter 14A of the Listing Rules, the Company is required to set annual caps for the Agency Fee receivable by the Group under the Parking Space Leasing and Sales Agency Services Framework Agreement, details of which are set out in the table below.

	From the effective date of the Parking Space Leasing and Sales Agency Services Framework Agreement to 31 December 2022	From 1 January 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024
Proposed annual caps	RMB145,000,000	RMB170,000,000	RMB170,000,000

The above proposed annual caps were determined after taking into account the following:

- (i) the estimated value of parking spaces of the Agile Group available for sales or leasing by the Group as an agent for the three years ending 31 December 2024 pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement;
- (ii) the agreed rate at which a portion of the Agency Fee will be calculated based on the Base Price and other agreed rates for calculating part of the Agency Fee based on the difference between the Sales Price and the Base Price;
- (iii) the expected amount of parking spaces which will be sold or leased by the Group pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement;
- (iv) the expected Sales Price; and
- (v) prevailing market prices for similar services and arrangements.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE PARKING SPACE LEASING AND SALES AGENCY SERVICES FRAMEWORK AGREEMENT

The Group is committed to improving the community living experience of property owners and residents at the properties under management and preserving and increasing the value of their properties and innovating and launching diversified value-added services and products by leveraging its advantages in resources and convenience in offline services.

To cooperate with the Agile Group on the parking space agency business, the Group can: (i) further expand the Group's asset management business and rapidly improve the capabilities of diversified asset sales and leasing; and (ii) promote the steady growth of the Group's value-added services business, thereby broadening the Group's revenue base, enhancing the profitability and bringing valuable returns to the Shareholders.

The Board (including the independent non-executive Directors) considers that the entering of the Parking Space Leasing and Sales Agency Services Framework Agreement is in the Group's ordinary course of business, and the terms of the Parking Space Leasing and Sales Agency Services Framework Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS

To enable the Group to review and assess whether the individual transactions will be conducted within the framework of the Parking Space Leasing and Sales Agency Services Framework Agreement and in accordance with the aforesaid pricing policy to ensure that the actual prices for the continuing connected transactions of the Group are on normal commercial terms and on terms no less favourable to the Group than those available from Independent Third Parties, the Group has adopted the following measures:

- (1) the general manager of the sales department and finance department will closely monitor the transactions to ensure that the transaction amount does not exceed the annual cap of the Parking Space Leasing and Sales Agency Services Framework Agreement;
- (2) the implementation of specific contracts shall be subject to the appropriate approval of the general manager of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the Parking Space Leasing and Sales Agency Services Framework Agreement;
- (3) the general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (4) the general manager of the financial department of the Group will regularly review the settlement of sales and leasing agency service fees and the return of the Deposit to ensure that the settlement of the Agency Fee and the recovery of the Deposit are carried out in accordance with the Parking Space Leasing and Sales Agency Services Framework Agreement;
- (5) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the Parking Space Leasing and Sales Agency Services Framework Agreement; and
- (6) the independent non-executive Directors would continue to review the management's quarterly review reports on the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

As at the date of this announcement, Agile is the controlling shareholder of the Company and thus a connected person of the Company under the Listing Rules, and the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest amount of the annual cap of the Agency Fee is over 0.1% but all of which are less than 5%, the transactions in respect of the Agency Fee contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios in respect of the highest amount of the annual cap in respect of the Deposit is over 0.1% but all of which are less than 5%, the transactions in respect of the Deposit do not constitute a notifiable transaction under Chapter 14 of the Listing Rules but are subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

6. BOARD APPROVAL

Save for Mr. Chan Cheuk Hung and Mr. Huang Fengchao, the executive Directors who are the directors and shareholders of Agile, and Ms. Yue Yuan, a non-executive Director who is a senior member of management and shareholder of Agile, none of the Directors has or is deemed to have a material interest in the Parking Space Leasing and Sales Agency Services Framework Agreement and the transactions contemplated thereunder. Hence, only Mr. Chan Cheuk Hung, Mr. Huang Fengchao and Ms. Yue Yuan are required to abstain from voting on the relevant Board resolutions.

7. INFORMATION ON THE PARTIES

The Company

The Company is a reputable property management service provider focusing on mid-to high-end properties. The Group ranks the 4th of the "Top 100 Property Management Companies in China" with five major business segments, namely "property management services", "asset management services", "public services", "city services" and "community commercial services". Capitalizing on the integrated resources advantage of seven regional offices, acquired companies and joint ventures, the Group strives to grow into a comprehensive smart city service provider with business coverage into the whole industry chain and diversified business portfolio.

Agile

Agile is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3383). Agile Group is one of the leading property developers in the PRC and is principally engaged in the development of large-scale mixed-use property projects, with extensive presence in the businesses of property management, environmental protection, construction, real estate construction management and commercial.

8. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“A-Living” or the “Company”	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 Group” or the “Group”	A-Living and its subsidiaries
“Agency Fee”	the agency service fee to be paid by the Agile Group to the A-Living Group as contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement
“Agile”	Agile Group Holdings Limited (雅居樂集團控股有限公司) (stock code: 3383), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange
“Agile Group”	Agile and its subsidiaries and associates, excluding the Group
“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of the Directors
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Deposit”	the deposit to be paid by the A-Living Group to the Agile Group as contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which both the Agile Group and the A-Living Group have obtained all necessary internal approvals in respect of the Parking Space Leasing and Sales Agency Services Framework Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“H Shares”	overseas listed shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange

“H Shareholders”	holders of the H Shares
“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the A-Living Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parking Space Leasing and Sales Agency Services Framework Agreement”	the parking space leasing and sales agency services framework agreement entered into between the Company and Agile on 22 April 2022
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“%”	per cent.

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, 22 April 2022

As at the date of this announcement, the Board 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. Weng Guoqiang^{^^}.

[^] *Executive Directors*

^{^^} *Non-executive Directors*

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

* *for identification purposes only*