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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)**

## **VARIATION OF TERMS TO THE CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 23 September 2020 in respect of the 2021 CCT Agreements. The Board announces that on 13 February 2023, the Company has entered into the Supplemental CCT Agreements with Agile to vary the payment terms under each of the 2021 CCT Agreements.

### **SUMMARY OF THE 2021 CCT AGREEMENTS**

Details of each of the 2021 CCT Agreements (extracted from the announcement of the Company dated 23 September 2020) and the respective historical amounts relevant to the transactions contemplated therein for the year ended 31 December 2021 and the ten months ended 31 October 2022 are as follow:

#### *2021 Turnkey Furnishing Services Framework Agreement*

<b>Date:</b>	23 September 2020
<b>Parties:</b>	The Company  Agile
<b>Terms:</b>	The 2021 Turnkey Furnishing Services Framework Agreement is valid for three years from 1 January 2021 and ending on 31 December 2023.
<b>Subject matter:</b>	The Group will provide to Agile Group turnkey furnishing consultancy services and relevant design, supervision, acceptance and ancillary consultancy services for properties developed by Agile Group.
<b>Pricing and other terms:</b>	The price to be charged by the Group under the 2021 Turnkey Furnishing Services Framework Agreement will be determined on arm's length basis, with reference to (i) the quality and standard of the renovation requested by the property owners of Agile Group's property projects which will require such turnkey furnishing consultancy services; and (ii) the prevailing market price for similar turnkey furnishing consultancy services for property developers in the open market. The price payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2021 Turnkey Furnishing Services Framework Agreement.

**Annual caps:** The annual caps for the transactions contemplated under the 2021 Turnkey Furnishing Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed the followings:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in millions)</i>		
Annual caps	68	82	99

**Historical amounts:** For the year ended 31 December 2021 and the ten months ended 31 October 2022, the service fees paid to the Group under the 2021 Turnkey Furnishing Services Framework Agreement amounted to RMB60 million and RMB48 million, respectively.

2021 Advertising and Public Relations Services Framework Agreement

**Date:** 23 September 2020

**Parties:** The Company  
Agile

**Terms:** The 2021 Advertising and Public Relations Services Framework Agreement is valid for three years from 1 January 2021 and ending on 31 December 2023.

**Subject matter:** The Group will provide to Agile Group services such as advertisement design, media agent and public relations.

**Pricing and other terms:** The services fees to be charged by the Group under the 2021 Advertising and Public Relations Services Framework Agreement will be determined on arm's length basis, with reference to (i) the anticipated operational costs (including labor costs and material costs); and (ii) the prevailing market price for similar services for corporate customers in the open market. The service fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2021 Advertising and Public Relations Services Framework Agreement.

**Annual caps:** The annual caps for the transactions contemplated under the 2021 Advertising and Public Relations Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed the followings:

	2021	2022	2023
	<i>(RMB in millions)</i>		
Annual caps	120	160	200

**Historical amounts:** For the year ended 31 December 2021 and the ten months ended 31 October 2022, the service fees paid to the Group under the 2021 Advertising and Public Relations Services Framework Agreement amounted to RMB70 million and RMB37 million, respectively.

2021 Pre-delivery Inspection Services Framework Agreement

**Date:** 23 September 2020

**Parties:** The Company  
Agile

**Terms:** The 2021 Pre-delivery Inspection Services Framework Agreement is valid for three years from 1 January 2021 and ending on 31 December 2023.

**Subject matter:** The Group will provide to Agile Group pre-delivery inspection services, including but not limited to conducting house inspection on properties developed by Agile Group upon completion of construction and before delivery of the same to homeowners.

**Pricing and other terms:** The services fees to be charged by the Group under the 2021 Pre-delivery Inspection Services Framework Agreement will be determined on arm's length basis, with reference to (i) the GFA involved; (ii) the anticipated service costs; and (iii) the prevailing market price for similar services in the open market. The service fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2021 Pre-delivery Inspection Services Framework Agreement.

**Annual caps:** The annual caps for the transactions contemplated under the 2021 Pre-delivery Inspection Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed the followings:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in millions)</i>		
Annual caps	160	190	230

**Historical amounts:** For the year ended 31 December 2021 and the ten months ended 31 October 2022, the service fees paid to the Group under the 2021 Pre-delivery Inspection Services Framework Agreement amounted to RMB142 million and RMB80 million, respectively.

2021 Technology Services Framework Agreement

**Date:** 23 September 2020

**Parties:** The Company  
Agile

**Terms:** The 2021 Technology Services Framework Agreement is valid for three years from 1 January 2021 and ending on 31 December 2023.

**Subject matter:** The Group will provide technology products and relevant services to Agile and/or its subsidiaries, including but not limited to (i) intelligent products; (ii) software products; (iii) intelligent home and sale of residential accessory products; (iv) software development; (v) information system integration services; (vi) intelligent design; (vii) intelligent engineering services; (viii) software platform technology services; and (ix) relevant consultancy services.

**Pricing and other terms:** The service fees to be charged by the Group under the 2021 Technology Services Framework Agreement will be determined on arm's length basis, with reference to (i) the aggregated GFA of the property projects of Agile Group which will require such technology services; (ii) the unit price for such technology services in the target property projects of Agile; (iii) the geographical location of the property projects of Agile Group requiring such technology services; and (iv) the prevailing market price. The unit price for the technology services for each individual property project may be different, subject to the (i) types of target property projects; (ii) types of technology products to be installed; and (iii) quality and standard of the technology products requested by the property owners. The service fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2021 Technology Services Framework Agreement.

**Annual caps:** The annual caps for the transactions contemplated under the 2021 Technology Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed the followings:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in millions)</i>		
Annual caps	210	230	250

**Historical amounts:** For the year ended 31 December 2021 and the ten months ended 31 October 2022, the service fees paid to the Group under the 2021 Technology Services Framework Agreement amounted to RMB123 million and RMB110 million, respectively.

2021 Consultation Services Framework Agreement

**Date:** 23 September 2020

**Parties:** The Company  
Agile

**Terms:** The 2021 Consultation Services Framework Agreement is valid for three years from 1 January 2021 and ending on 31 December 2023.

**Subject matter:** The Group will provide consultation services in relation to property management to the property projects of Agile Group at their preparation stage, design stage, assessment of construction design stage, construction stage and delivery stage, including but not limited to (i) formulation of property management services plan in accordance with the construction of the project and the target customers; (ii) provision of consultation on the master plan of the project and relevant design in relation to accessory facilities; (iii) inspection of construction progress and quality; (iv) related preparations for preliminary project planning, sourcing of materials and project execution in the property development projects of the Agile Group; and (v) monitoring of repair and rectification service.

**Pricing and other terms:** The service fees to be charged by the Group under the 2021 Consultation Services Framework Agreement will be determined on arm's length basis, with reference to (i) the aggregated GFA of the property projects of Agile Group which will require such consultation services; (ii) the fixed unit price for the provision of such consultation services; and (iii) the prevailing market price. The service fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2021 Consultation Services Framework Agreement.

**Annual caps:** The annual caps for the transactions contemplated under the 2021 Consultation Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed the followings:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in millions)</i>		
Annual caps	237	240	250

**Historical amounts:** For the year ended 31 December 2021 and the ten months ended 31 October 2022, the service fees paid to the Group under the 2021 Consultation Services Framework Agreement amounted to RMB177 million and RMB80 million, respectively.

## THE SUPPLEMENTAL CCT AGREEMENTS

Pursuant to each of the Supplemental CCT Agreements, the Company and Agile agreed to the following mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under each of the 2021 CCT Agreements:

- (i) in the event Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from Agile Group’s unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Agile;
- (ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and Agile Group shall enter into a transfer agreement in respect of the Offset Assets (the “**Property Transfer Agreement**”), under which the consideration for the transfer of the Offset Assets by Agile Group to the Group shall be offset against the Outstanding Payables;
- (iii) Agile Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the Property Transfer Agreement (the “**Naming Period**”); and
- (iv) Agile Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the Property Transfer Agreement for one or more other property asset(s) held by Agile Group of equal value, including but not limited to office buildings, shops and commercial housing.

Save for the above revision in the Supplemental CCT Agreements, all other terms of the 2021 CCT Agreements shall remain valid and in full force and effect.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL CCT AGREEMENTS**

The revision set out in the Supplemental CCT Agreements allows the Group to have greater flexibility in recovering receivables from Agile Group. The Group shall pledge the Offset Assets to its third-party suppliers to settle other payables due from the Group to such suppliers, or may sell or let out the Offset Assets to third-parties for cash.

The Board (including the independent non-executive Directors) considers that the entering of the Supplemental CCT Agreements is in the Group's ordinary course of business, and the terms of the Supplemental CCT Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **PRICING POLICY**

The value of the relevant Offset Assets shall be determined jointly by the Company and Agile at the time of the signing of the Property Transfer Agreement after arm's length negotiation and with reference to (i) the valuation report of the Offset Assets to be prepared by an independent valuer who shall adopt a market approach; (ii) the recent sales prices of the property projects in which the Offset Assets are located; and (iii) the recent sales prices of similar properties in the surrounding area of the Offset Assets. Such valuation principles are also applicable to the Company's request to exchange Offset Assets for one or more other property asset(s) held by Agile Group of equal value.

As a general principle, the service fees to be charged or paid by the Group under the respective agreement of the continuing connected transactions of the Group shall be determined on an arm's length basis in accordance with the prevailing market prices of similar services or products and on the following principles:

- (i) by reference to the prevailing market price of the same or substantially similar services or products taking into account of the price of the same or substantially similar services or products with comparable scope or quantities and quality offered by other suppliers/purchasers to the Group;
- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those offered to/received from independent third parties by Agile Group in respect of the same or substantially similar services or products with comparable quantities; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar services or products previously supplied or procured by a party, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

In order to ascertain the prevailing market price, the sales department of the Group and its designated personnel will, on a quarterly basis, invite quotations from at least two Independent Third Parties for the provision of the same or similar services or products with comparable scope or quantities and quality under normal commercial terms in the ordinary course of business of such Independent Third Parties; or if applicable, the price list of services or products procured by Agile Group from Independent Third Parties for same or similar services or products with comparable scope or quantities and quality as provided by the Group to Agile Group. The sales department of the Group will then compare the market price with the fees under individual transactions pursuant to the 2021 CCT Agreements, and make evaluation and assessment to ensure that the price payable by or to be charged by Agile Group will be on normal commercial terms and on terms no less favourable than that available from Independent Third Parties.

## **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 2021 CCT Agreements and the Supplemental CCT Agreements 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 caps of the 2021 CCT Agreements;
- (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 2021 CCT Agreements;
- (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 service fees to ensure that the settlement of the service fees are carried out in accordance with the 2021 CCT Agreements and the Supplemental CCT Agreements;
- (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 2021 CCT Agreements; and
- (6) the independent non-executive Directors would continue to review the management's quarterly review reports on the transactions contemplated under the 2021 CCT Agreements 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.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to the note to Rule 14A.35 of the Listing Rules, if there is any material variation of the terms or material delay in the completion of a connected transaction, the issuer must, announce this fact as soon as practicable.

In light of the variation of terms of the 2021 CCT Agreements pursuant to the Supplemental CCT Agreements, save for Mr. Chan Cheuk Hung and Mr. Huang Fengchao, the executive Directors who are 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 Supplemental CCT Agreements 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.

## INFORMATION ON THE PARTIES

### The Company

The Company positions itself as a mid- to high-end provider of nationwide comprehensive property management services, ranking the 3rd of the Top 100 Property Management Companies in China published by China Index Academy. The Group dedicates to providing high-quality and full- scenario services to property owners, undertaking the corporate mission of “becoming the preeminent quality service provider in China”. With the continuous business expansion covering the whole industry chain, the Group is proactively innovating and exploring the value-added service ecosystem. Currently, the Group has developed four business lines, namely, property management services, property owners value-added services, city services and extended value-added services, with a nationwide coverage of 31 provinces, municipalities and autonomous regions, and has developed a balanced business portfolio layout covering residential properties, public buildings and commercial and office buildings.

### 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.

## DEFINITIONS

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

“2021 Advertising and Public Relations Services Framework Agreement”	the advertising and public relations services framework agreement entered into between the Company and Agile dated 23 September 2020
“2021 CCT Agreements”	collectively (i) 2021 Turnkey Furnishing Services Framework Agreement; (ii) 2021 Advertising and Public Relations Services Framework Agreement; (iii) 2021 Pre-delivery Inspection Services Framework Agreement; (iv) 2021 Technology Services Framework Agreement; and (v) 2021 Consultation Services Framework Agreement
“2021 Consultation Services Framework Agreement”	the consultation services framework agreement entered into between the Company and Agile dated 23 September 2020
“2021 Pre-delivery Inspection Services Framework Agreement”	the pre-delivery inspection services framework agreement entered into between the Company and Agile dated 23 September 2020

“2021 Technology Services Framework Agreement”	the technology services framework agreement entered into between the Company and Agile dated 23 September 2020
“2021 Turnkey Furnishing Services Framework Agreement”	the turnkey furnishing services framework agreement entered into between the Company and Agile dated 23 September 2020
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	雅生活智慧城市服務股份有限公司 (A-Living Smart City Services Co., Ltd.*), 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 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
“Offset Asset(s)”	selected Agile Group’s unsold high-quality assets (including but not limited to office buildings, shops, commercial housing, etc.) to settle the service fees payable by Agile Group to the Group under each of the 2021 CCT Agreements, pursuant to the Supplemental CCT Agreements
“Outstanding Payables”	service fees under the relevant 2021 CCT Agreements which have become due and payable
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental CCT Agreements”	the five supplemental agreements dated 13 February 2023 and entered into between the Company and Agile, which amended and supplemented the 2021 CCT Agreements

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, 13 February 2023

*As at the date of this announcement, the Board comprises seven 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. Wei Xianzhong<sup>^^</sup>, Ms. Yue Yuan<sup>^^</sup>, Mr. Wan Kam To<sup>^^^</sup> and Mr. Weng Guoqiang<sup>^^^</sup>.*

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

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

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

\* *for identification purposes only*