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## **A-LIVING SERVICES CO., LTD.\***

### **雅居樂雅生活服務股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 3319)**

## **REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION**

### **REVISION OF ANNUAL CAPS UNDER THE SUPPLEMENTAL AGREEMENT**

Reference is made to the section headed “Connected Transactions” in the Prospectus in respect of, among other things, the Group’s provision of Property Agency Services pursuant to the Property Agency Services Framework Agreement.

On 23 January 2018, Guangzhou Yazhuo, a wholly-owned subsidiary of the Company, entered into the Property Agency Services Framework Agreement with Agile Holdings, pursuant to which Guangzhou Yazhuo agreed that Guangzhou Yazhuo and its subsidiaries will provide Property Agency Services to the Agile Group.

As it is expected the transaction amount for the provision of Property Agency Services under the Property Agency Services Framework Agreement will exceed the annual caps provided under the Property Agency Services Framework Agreement for the three years ending 31 December 2018, 31 December 2019 and 31 December 2020, on 17 August 2018, Guangzhou Yazhuo entered into the Supplemental Agreement with Agile Holdings pursuant to which the parties agreed to revise the annual caps for the provision of the Property Agency Services for the three years ending 31 December 2018, 31 December 2019 and 31 December 2020.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Agile Holdings is the controlling shareholder of the Company, holding approximately 54% of the issued share capital of the Company. Accordingly, Agile Holdings is a connected person of the Company under the Listing Rules, and the transactions contemplated under the Supplemental 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 Revised Annual Caps under the Supplemental Agreement exceeds 5%, the transactions contemplated under the Supplemental Agreement and the Revised Annual Caps are subject to reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Supplemental Agreement and the Revised Annual Caps contemplated thereunder are subject to the approval by the Independent Shareholders by way of ordinary resolution at the EGM.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the continuing connected transactions under the Supplemental Agreement and the Revised Annual Caps are fair and reasonable, and whether the Supplemental Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) a letter from the Board containing further information on the Supplemental Agreement and the Revised Annual Caps contemplated thereunder; (ii) recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) a notice convening the EGM together with the proxy form and the reply slip, will be despatched to the Shareholders on or before 7 September 2018.

Save for Mr. Chan Cheuk Hung and Mr. Huang Fengchao, the executive Directors, who are the directors and shareholders of Agile Holdings, none of the Directors has or is deemed to have a material interest in the Supplemental Agreement and the transactions contemplated thereunder, including the Revised Annual Caps. Hence, only Mr. Chan Cheuk Hung and Mr. Huang Fengchao are required to abstain from voting on the relevant Board resolutions.

**Since the Supplemental Agreement is subject to the fulfilment of the conditions precedent set out therein and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

Reference is made to the section headed “Connected Transactions” in the Prospectus in respect of, among other things, the Group’s provision of Property Agency Services pursuant to the Property Agency Services Framework Agreement.

## **PROPERTY AGENCY SERVICES FRAMEWORK AGREEMENT**

On 23 January 2018, Guangzhou Yazhuo, a wholly-owned subsidiary of the Company, entered into the Property Agency Services Framework Agreement with Agile Holdings, pursuant to which Guangzhou Yazhuo agreed that Guangzhou Yazhuo and its subsidiaries will provide Property Agency Services to the Agile Group.

Set out below is a summary of the principal terms of the Property Agency Services Framework Agreement:

Date : 23 January 2018

Parties : (i) Guangzhou Yazhuo  
(ii) Agile Holdings

Subject : Pursuant to the Property Agency Services Framework Agreement, Guangzhou Yazhuo agreed that Guangzhou Yazhuo and its subsidiaries will provide to the Agile Group the Property Agency Services, including but not limited to, providing marketing and sales services for properties developed by the Agile Group.

Term : The Property Agency Services Framework Agreement has a fixed term from 9 February 2018 (being the date of listing of the shares of the Company on the Stock Exchange) to 31 December 2020 (both days inclusive).

### **REVISION OF ANNUAL CAPS UNDER THE SUPPLEMENTAL AGREEMENT**

The Property Agency Services Framework Agreement has a fixed term from 9 February 2018 (being the date of listing of the shares of the Company on the Stock Exchange) to 31 December 2020 (both days inclusive), subject to, among other things, the annual cap amounts for each of the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 not exceeding the following:

	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<b>Provision of Property Agency Services under the Property Agency Services Framework Agreement</b>	350,000,000	420,000,000	525,000,000

Based on the Company's management account as at 30 June 2018, the total actual transaction amount for provision of Property Agency Services under the Property Agency Services Framework Agreement for the period from 9 February 2018 (being the date of listing of the shares of the Company on the Stock Exchange) to 30 June 2018 amounted to RMB224,437,029. The Directors confirm that the annual caps for the provision of Property Agency Services under the Property Agency Services Framework Agreement for the year ending 31 December 2018 have not been exceeded up to the date of this announcement.

### **Reasons for the revision of annual caps**

The Company and its subsidiaries are principally engaged in property management, property sales, property inspection, advertising and tourism services. On 23 January 2018, Guangzhou Yazhuo entered into the Property Agency Services Framework Agreement with Agile Holdings, pursuant to which Guangzhou Yazhuo agreed to provide property agency services, including but not limited to, providing marketing and sales services for properties developed by the Agile Group, for a fixed term from 9 February 2018 (being the date of listing of the shares of the Company on the Stock Exchange) to 31 December 2020 (both days inclusive). Under such arrangement, the Agile Group has ceased to conduct direct marketing and sales services for properties developed by it and has been engaging the Group and other independent service providers to provide such services.

In March 2018, the Agile Group announced that it has achieved a record-high pre-sales for the year ended 31 December 2017, amounting to approximately RMB89.71 billion as compared to the original pre-sales target set for the year ended 31 December 2017 of RMB65 billion. The Group was informed by the Agile Group that there was an increase of the Agile Group's pre-sales target resulting in the total expected GFA of properties to be sold by the Agile Group which requires the Property Agency Services by Guangzhou Yazhuo to increase correspondingly. Further, as a result of an increase in the capacity of Guangzhou Yazhuo which in turn has led to an expected increase in the proportion of the Agile Group's overall demand for Property Agency Services to be provided by the Group, as well as an increase in agency fee payable by the Agile Group to its sale agents for certain of its projects from 0.8% to 1%, the Directors expect that the actual transaction amounts of the Property Agency Services under the Property Agency Services Framework Agreement may exceed the existing annual caps for the Property Agency Services under the Property Agency Services Framework Agreement for the three years ending 31 December 2018, 31 December 2019 and 31 December 2020.

### **Revised Annual Caps**

On 17 August 2018, Guangzhou Yazhuo entered into the Supplemental Agreement with Agile Holdings pursuant to which the parties agreed to revise the annual caps (the "**Revised Annual Caps**") for the provision of the Property Agency Services for the three years ending 31 December 2018, 31 December 2019 and 31 December 2020 as follows:

<b>Year ending 31 December</b>	<b>Revised Annual Caps for the provision of the Property Agency Services pursuant to the Supplemental Agreement</b>
	<i>RMB</i>
2018	633,000,000
2019	835,000,000
2020	1,010,000,000

The Revised Annual Caps for the provision of Property Agency Services under the Supplemental Agreement for the three years ending 31 December 2020 were determined based on:

- (i) the expected agency fee payable by the Agile Group to sale agents for certain of its projects for the three years ending 31 December 2020, which is estimated with reference to (a) the estimated total sales of properties (including joint ventures and associates) by the Agile Group for the three years ending 31 December 2020; and (b) the expected agency rate payable by the Agile Group to sale agents for the three years ending 31 December 2020 in the range of 0.8% to 1%, which varies dependable on the geographical location and nature of the projects as well as the agency rate payable to other Independent Third Party agents for agency work in relation to similar real estate projects; and

- (ii) the expected proportion of the Agile Group's overall demand for the provision of Property Agency Services to be undertaken by the Group, which is expected to increase up to 75% for the three years ending 31 December 2020 with the actual proportion having reached up to 65% in the first half of 2018.

In light of the above, the Directors (other than the independent non-executive Directors whose view will be given after taking the advice from the Independent Financial Adviser) consider that the Revised Annual Caps under the Supplemental Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on an arm's length basis and on normal commercial terms between Guangzhou Yazhuo and Agile Holdings, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Subject to the approval of the Supplemental Agreement and the Revised Annual Caps contemplated thereunder by the Independent Shareholders, the Supplemental Agreement shall take effect from the date of approval at the EGM.

Saved for the revision as to the Revised Annual Caps, all other terms of the Property Agency Services Framework Agreement shall remain unchanged and the Property Agency Services Framework Agreement remains valid and enforceable.

## **PRICING POLICY**

As a general principle, the price and terms for the provision of the Property Agency Services shall be on normal commercial terms negotiated on an arm's length basis between the Group and the Agile Group on similar basis as the Group transacts business with other Independent Third Party customers, and shall be on terms which are no less favourable to the Group than those provided to Independent Third Party customers.

Subject to the general principle disclosed above, the fees to be payable by the Agile Group to the Group for the Provision of Property Agency Services shall be determined after arm's length negotiations after taking into consideration of the anticipated operational costs (including labor costs) for providing such services and the prevailing market price for similar property agency services for property developers in the open market.

To determine the prevailing market price, the sales department of the Group and its designated personnel shall obtain quotations from at least two Independent Third Parties on a quarterly basis to ascertain the market price for the provision of the same or similar products and services in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such Independent Third Parties. The sales department of the Group will then (i) compare the price for the provision of Property Agency Services to the Agile Group; and (ii) make evaluation and assessment to ensure that the price payable by the Agile Group will be no less favourable than those offered by other Independent Third Parties.

## **INTERNAL CONTROL**

The pricing policy for the provision of the Property Agency Services pursuant to the Property Agency Services Framework Agreement will be supervised and monitored by the relevant personnel from the finance department, the legal department and the management of the Group in charge to ensure that the Property Agency Services Framework Agreement is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

The relevant personnel and management of the Group will also conduct regular checks on a quarterly basis to review and assess whether the transactions contemplated under the Property Agency Services Framework Agreement are conducted in accordance with the terms of the Property Agency Services Framework Agreement and in accordance with the pricing policy.

The independent non-executive Directors will continue to review the management's quarterly review reports on the transactions contemplated under the Property Agency Services Framework Agreement and the Company's auditors will also conduct an annual review on the pricing terms and the Revised Annual Caps thereof.

Accordingly, the Directors consider that there will be an adequate internal control mechanism in place as abovementioned to ensure that the transactions contemplated under the Property Agency Services Framework Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT PARTIES TO THE SUPPLEMENTAL AGREEMENT**

### **Guangzhou Yazhuo**

Guangzhou Yazhuo is a wholly-owned subsidiary of the Company established in the PRC and principally engaged in the provision of marketing and sales services for properties developed by the property developers.

### **Agile Holdings**

Agile Holdings 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). It 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, hotel operations, property investment, environmental protection and construction.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Agile Holdings is the controlling shareholder of the Company, holding approximately 54% of the issued share capital of the Company. Accordingly, Agile Holdings is a connected person of the Company under the Listing Rules, and the transactions contemplated under the Supplemental 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 Revised Annual Caps under the Supplemental Agreement exceeds 5%, the transactions contemplated under the Supplemental Agreement and the Revised Annual Caps are subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Supplemental Agreement and the Revised Annual Caps contemplated thereunder are subject to the approval by the Independent Shareholders by way of ordinary resolution at the EGM.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the continuing connected transactions under the Supplemental Agreement and the Revised Annual Caps are fair and reasonable, and whether the Supplemental Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) a letter from the Board containing further information on the Supplemental Agreement and the Revised Annual Caps contemplated thereunder; (ii) recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) a notice convening the EGM together with the proxy form and the reply slip, will be despatched to the Shareholders on or before 7 September 2018.

Save for Mr. Chan Cheuk Hung and Mr. Huang Fengchao, the executive Directors, who are the directors and shareholders of Agile Holdings, none of the Directors has or is deemed to have a material interest in the Supplemental Agreement and the transactions contemplated thereunder, including the Revised Annual Caps. Hence, only Mr. Chan Cheuk Hung and Mr. Huang Fengchao are required to abstain from voting on the relevant Board resolutions.

**Since the Supplemental Agreement is subject to the fulfilment of the conditions precedent set out therein and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Agile Group”	Agile Holdings, its subsidiaries and affiliated companies (excluding the Group)
“Agile Holdings”	Agile Group Holdings Limited (雅居樂集團控股有限公司) (stock code: 3383), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Board”	the board of Directors
“Company”	A-Living Services Co., Ltd.* (雅居樂雅生活服務股份有限公司) (stock code: 3319), 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”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened by the Company to consider the Supplemental Agreement and the Revised Annual Caps as contemplated thereunder
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Guangzhou Yazhuo”	Guangzhou Yazhuo Real Estate Sales Co., Ltd. * (廣州市雅卓房地產營銷有限公司), a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions under the Supplemental Agreement and the Revised Annual Caps contemplated thereunder



“Independent Financial Adviser”	Somerley Capital Limited (a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps contemplated thereunder
“Independent Shareholders”	Shareholders who do not have a material interest in the Supplemental Agreement
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, supervisors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property Agency Services”	the property agency services to be provided by Guangzhou Yazhuo and its subsidiaries to the Agile Group pursuant to the Property Agency Services Framework Agreement (as amended and supplemented by the Supplemental Agreement), as further detailed in the paragraph headed “Property Agency Services Framework Agreement” of this announcement
“Property Agency Services Framework Agreement”	the agreement dated 23 January 2018 entered into between Guangzhou Yazhuo and Agile Holdings in relation to the provision of Property Agency Services by Guangzhou Yazhuo and its subsidiaries to the Agile Group
“Prospectus”	the prospectus of the Company dated 29 January 2018
“Revised Annual Caps”	has the meaning as ascribed to it under the paragraph headed “Revised Annual Caps” to this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Agreement” the agreement dated 17 August 2018 entered into between Guangzhou Yazhuo and Agile Holdings to supplement the Property Agency Services Framework Agreement

“%” per cent.

By Order of the Board  
**A-Living Services Co., Ltd.**  
**LI Dalong**  
*Company Secretary*

Hong Kong, 17 August 2018

*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. Liu Deming<sup>^</sup>, Mr. Feng Xin<sup>^</sup>, Mr. Wei Xianzhong<sup>^^</sup>, Mr. Wan Kam To<sup>^^</sup>, Mr. Wan Sai Cheong, Joseph<sup>^^</sup> and Mr. Wang Peng<sup>^^</sup>.*

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

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

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

\* *for identification purposes only*