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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)**

## **PROPOSED CHANGE OF AUDITORS**

This announcement is made by 雅生活智慧城市服務股份有限公司 (A-Living Smart City Services Co., Ltd. \*) (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) hereby announces that PricewaterhouseCoopers (“**PwC**”) has resigned as the auditor of the Company with effect from 24 November 2022. As recommended by the audit committee of the Company (the “**Audit Committee**”), the Board has resolved to appoint Grant Thornton Hong Kong Limited (“**Grant Thornton**”) as the new auditor of the Company to fill the casual vacancy following the resignation of PwC subject to the approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming extraordinary general meeting of the Company (the “**EGM**”).

In order to maintain good corporate governance practice for the term of auditor, the Board and the Audit Committee consider that the auditor of the Company should be rotated after an appropriate period of time, and the change of the auditors of the Company would be in the interests of the Company and the Shareholders as a whole.

Pursuant to the articles of association of the Company, the appointment of a new auditor of the Company is subject to the approval of the Shareholders at an extraordinary general meeting. A circular containing information in relation to the proposed appointment of Grant Thornton as the new auditor of the Company, together with the notice of EGM and a form of proxy, will be despatched to the Shareholders as soon as practicable.

During the course of PwC’s work in 2022, based on the management accounts of the Group for the six months ended 30 June 2022, PwC has held discussions with the Company’s management during the process of its audit planning work and has requested the Company’s management to provide the following additional information relating to certain significant matters which might have an impact on the financial statements of the Group for the year ending 31 December 2022:

- (1) for the Group's investment in financial products of RMB1.612 billion, provide detailed information on the investment targets of the relevant financial products, its corresponding target assets and the changes in post-investment, and perform relevant audit procedures (including but not limited to): to conduct interviews with relevant parties and confirm all information relating to the investment in such financial products, and to analyse whether the accounting treatment of the investment in financial products complied with the requirements of accounting standards, etc.;
- (2) the commercial rationale for RMB942 million loan provided by the Group to certain third-party corporations with business cooperation, and the management's understanding of the borrower's operating and financial situation, risk assessment on its repayment ability and assessment of expected credit losses and recent changes in such payments; and
- (3) the commercial rationale for the Group's payment of RMB250 million earnest money to a third-party corporation with intended business cooperation, and the progress of the business cooperation and the recent changes in the relevant payment and the assessment of expected credit losses.

Up to and until the date of this announcement, the Company has neither received any other written representations from PwC, nor received any other confirmation on change of auditors from PwC notifying the Company of any matters that need to be brought to the attention of the Shareholders save for those disclosed in this announcement.

The Board and the Audit Committee also confirmed that, there is no disagreement between the Company and PwC and there are no other matters in respect of the resignation of PwC as the auditor of the Company that need to be brought to the attention of the Shareholders and creditors of the Company.

The Board is fully aware of the above matters raised by PwC and believes that no substantive audit work for the year ending 31 December 2022 has been carried out by PwC as at the date of this announcement. The Board is committed to follow up the above matters with due care and will provide all necessary information to Grant Thornton, the new auditor, for completing its audit work for the year ending 31 December 2022.

As at the date of this announcement, the Group has recovered part of the investment in financial products and realized its investment returns in accordance with the terms of the investment agreements. The investment in financial products which have not yet been recovered and continue to be held, their fair value exceeds the investment cost. As at the date of this announcement, the Group has recovered part of the borrowings from the third-party corporation in accordance with the loan agreement. The Group has relevant internal control procedures in place for the investment in financial products, third-party borrowings and payment with business cooperation. The investment, borrowings and cooperative payment arrangements are made in accordance with such internal control procedures.

The Board would like to express its sincere gratitude to PwC for its professional and quality services rendered to the Company during the past years.

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, 25 November 2022

*As at the date of this announcement, the Board comprises eight members, being Mr. Chan Cheuk Hung<sup>^</sup> (Co-chairman), Mr. Huang Fengchao<sup>^</sup> (Co-chairman), Mr. Li Dalong<sup>^</sup> (President (General Manager) and Chief Executive Officer), Mr. Wei Xianzhong<sup>^^</sup>, Ms. Yue Yuan<sup>^^</sup>, Mr. Wan Kam To<sup>^^^</sup>, Ms. Wong Chui Ping Cassie<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*