

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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)**

#### **DISCLOSEABLE TRANSACTION**

#### **ENTERING INTO THE FRAMEWORK AGREEMENT IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN HARBIN JINGYANG PROPERTY MANAGEMENT CO., LTD.**

##### **THE FRAMEWORK AGREEMENT**

On 23 January 2019, the Company, the Vendors and the Target Company entered into the Framework Agreement in respect of the Acquisition. The Company agreed to acquire

- (1) an aggregate 65% equity interest in the Target Company from the Vendors, that is, a 47% equity interest in the Target Company from the First Vendor and a 18% equity interest in the Target Company from the Second Vendor subject to adjustment to be set out in the Formal Agreement; and
- (2) a further 27% equity interest in the Target Company from the First Vendor after 2021 subject to adjustment to be set out in the Formal Agreement and the right of the First Vendor of not effecting the Second Transfer,

provided that the total equity interest to be acquired by the Company from the First Vendor and the Second Vendor will not exceed 92% in aggregate.

##### **LISTING RULES IMPLICATIONS**

Based on the unaudited management accounts of the Target Company for the year ended 31 December 2018, it is expected that one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but are less than 25%, the entering into the Framework Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## THE FRAMEWORK AGREEMENT

On 23 January 2019, the Company, the Vendors and the Target Company entered into the Framework Agreement. The principal terms of the Framework Agreement are set out below:

### Subject Matter

The Company agreed to acquire

- (1) an aggregate 65% equity interest in the Target Company from the Vendors, that is, a 47% equity interest in the Target Company from the First Vendor and a 18% equity interest in the Target Company from the Second Vendor (the “**First Transfer**”) subject to adjustment to be set out in the Formal Agreement; and
- (2) a further 27% equity interest in the Target Company from the First Vendor (the “**Second Transfer**”) after 2021 subject to adjustment to be set out in the Formal Agreement and the right of the First Vendor of not effecting the Second Transfer.

### Consideration for the First Transfer

The consideration for the First Transfer will be determined as follows:

10.5 (the “**Multiple**”) x the audited net profit (audited by the auditor nominated by the Company) (excluding extraordinary gains and losses) attributable to the shareholders of the Target Company for the year ended 31 December 2018 x the percentage of the equity interest acquired by the Company in the First Transfer

If the audited net profit (excluding extraordinary gains and losses) attributable to the shareholders of the Target Company for the year ended 31 December 2018 falls short of RMB16 million or exceeds RMB19 million, the parties to the Framework Agreement will adjust the Multiple.

Upon finalisation of the audited accounts of the Target Company for the year ended 31 December 2018, the parties to the Framework Agreement agree to enter into a further agreement (the “**Formal Agreement**”) with respect to the Acquisition. The equity structure of the Target Company, the percentage of the equity interest to be transferred by the Vendors in the First Transfer and the Second Transfer provided that the total equity interest to be acquired by the Company from the First Vendor and the Second Vendor will not exceed 92% in aggregate and the transfer method of the First Transfer shall be subject to the provisions as stipulated in the Formal Agreement.

The consideration for the First Transfer will be paid in cash in the following manner:

<b>Time</b>	<b>Amount</b>
Upon the signing of the Formal Agreement	10% of the consideration for the First Transfer
Upon completion of all the relevant business registration and filing procedures for the First Transfer	90% of the consideration for the First Transfer

The consideration for the First Transfer was determined upon arm’s length negotiation between the parties with reference to (i) the performance target set out in the section headed “Performance Target” of this announcement; (ii) the historical financial results of the Target Company; (iii) the Multiple which was determined with reference to the unaudited management accounts of the Target Company for the year ended 31 December 2018 as well as the industry position of the Target Company in the regional market.

### Performance Target

The First Vendor has guaranteed to the Company the performance target (the “**Performance Target**”) of the Target Company for the three years ending 31 December 2021 which is the aggregate of the target amount for each year as set out below.

<b>For the year ending 31 December</b>	<b>Target amount</b>
2019	the audited net profit (excluding extraordinary gains and losses) attributable to the shareholders of the Target Company for the year ended 31 December 2018 x 112%
2020	the audited net profit (excluding extraordinary gains and losses) attributable to the shareholders of the Target Company for the year ending 31 December 2018 x 112% <sup>2</sup>
2021	the audited net profit (excluding extraordinary gains and losses) attributable to the shareholders of the Target Company for the year ending 31 December 2018 x 112% <sup>3</sup>

If the audited net profit (excluding extraordinary gains and losses) attributable to the shareholders of the Target Company for the three years ending 31 December 2021 in aggregate (the “**Actual Performance Profit**”) falls short of the Performance Target (the “**Shortfall**”), the First Vendor is required to compensate the Company (the “**Compensation**”) in the following manner:

- (1) if the Shortfall is equal to or less than RMB6.5 million, the First Vendor shall compensate the Company the following amount:

the Shortfall x the percentage of the equity interest acquired by the Company in the First Transfer

- (2) if the Shortfall is more than RMB6.5 million, the First Vendor shall compensate the Company the following amount:

{[(the Shortfall - RMB6.5 million) x the Multiple] + RMB6.5 million} x the percentage of the equity interest acquired by the Company in the First Transfer

## **The consideration for the Second Transfer**

The consideration for the Second Transfer will be determined as follows:

the audited net profit (excluding extraordinary gains and losses) of the Target Company for the year ending 31 December 2021 x N x the percentage of the equity interest acquired by the Company in the Second Transfer

Where

$$N = (C - D - E) / F$$

C = the actual payment of consideration for the First Transfer

D = the Compensation

E = the expenses incurred in 2018 but have not been reflected in the 2018 audited accounts of the Target Company x the Multiple x the percentage of the equity interest acquired by the Company in the First Transfer

F = {the audited net profit (excluding extraordinary gains and losses) for the year ended 31 December 2018 - the expenses incurred in 2018 but have not been reflected in the 2018 audited accounts of the Target Company (if applicable)} x the percentage of the equity interest acquired by the Company in the First Transfer

The consideration for the Second Transfer is payable upon completion of all the relevant business registration and filing procedures for the transfer by the First Vendor of the equity interest acquired by the Company in the Second Transfer.

The Company will comply with the applicable Listing Rules as necessary in the event of the Second Transfer.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company was founded in 1999. The Target Company is a property management enterprise with National Level I qualification and standing director unit of China Property Management Institute. As of 31 December 2018, the Target Company had 56 projects under management, with a total managed gross floor area of approximately 9.78 million square meters. As at the date of this announcement, the Target Company is committed to providing property management services for mid- to high-end residential properties, commercial properties, office buildings and other projects within Heilongjiang Province. The Target Company is the leading property management enterprise in Heilongjiang Province, which has strong brand influence in Harbin and with high project renewal rate.

Set out below is the financial information of the Target Company for the two financial years ended 31 December 2018:

	<b>For the year ended 31 December</b>	
	<b>2017 (RMB)</b>	<b>2018 (RMB)</b>
Profit before tax	16,059,119.37	26,042,827.85
Profit after tax	11,833,692.29	19,453,221.01

As at 31 December 2018, the net assets value of the Target Company was RMB35,695,696.55.

Upon completion of the First Transfer, the Target Company will become a non-wholly owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the financial statements of the Group.

### **REASONS AND BENEFITS OF THE ACQUISITION**

The Acquisition will enable the Group to (i) further expand its business scale and coverage; and (ii) enhance market influence and competitiveness in Heilongjiang Province by forming a good complementarity in geographic coverage, both of which meet the strategic development requirement of the Group.

The Directors consider that the terms of the Framework Agreement (including the consideration) are normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The consideration for the Acquisition will be financed by the Group's internal resources. The Company has the right to deduct the Compensation from the consideration payable for the Second Transfer.

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

#### **The Company**

The Company and its subsidiaries are principally engaged in property management, property sales, property inspection, advertising and tourism services.

#### **The Vendors**

As at the date of this announcement, the First Vendor holds a 82% equity interest in the Target Company and the Second Vendor holds a 18% equity interest in the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and the Target Company is independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

## LISTING RULES IMPLICATIONS

Based on the unaudited management accounts of the Target Company for the year ended 31 December 2018, it is expected that one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but are less than 25%, the entering into the Framework Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

The Company will comply with the disclosure requirements under the Listing Rules upon the entering into the Formal Agreement.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the First Transfer and the Second Transfer
“Actual Performance Profit”	has the meaning ascribed to it under the section headed “Performance Target” of this announcement
“Board”	the board of the Directors
“Company”	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 PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange
“Compensation	has the meaning ascribed to it under the section headed “Performance Target” of this announcement
“Director(s)”	director(s) of the Company
“First Transfer”	has the meaning ascribed to it under the section headed “Subject Matter” of this announcement
“First Vendor”	Mr. Song Guodong
“Formal Agreement”	has the meaning ascribed to it under the section headed “Consideration for the First Transfer” of this announcement
“Framework Agreement”	the framework agreement dated 23 January 2019 and entered into between the Company, the Vendors and the Target Company in relation to the Acquisition
“Group”	the Company and its subsidiaries

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Multiple”	has the meaning ascribed to it under the section headed “Consideration for the First Transfer” of this announcement
“Performance Target”	has the meaning ascribed to it under the section headed “Performance Target” of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Transfer”	has the meaning ascribed to it under the section headed “Subject Matter” of this announcement
“Second Vendor”	Ms. Li Liguang
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Harbin Jingyang Property Management Co., Ltd.* (哈爾濱景陽物業管理有限公司), a limited liability company established in the PRC
“Vendors”	the First Vendor and the Second Vendor
“%”	per cent.

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

Hong Kong, 23 January 2019

*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. 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*