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**YIDA 亿达**  
**YIDA CHINA HOLDINGS LIMITED**  
**億達中國控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 3639)**

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
THE ENTIRE EQUITY INTEREST IN A SUBSIDIARY**

**THE DISPOSAL**

The Board is pleased to announce that on 4 March 2021, the Vendors, the Purchaser and the Target Company entered into the Equity Transfer Agreement and the Supplemental Agreement pursuant to which the Vendors have conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the Sale Interests for a consideration of RMB1,273 million.

Upon Completion, the Target Group will cease to be subsidiaries of the Company and the financial information of the Target Group will no longer be consolidated into the Group's consolidated financial statements.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but all of which are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal.

As at the date of this announcement, Jiayou (International) Investment Limited owns 1,581,485,750 Shares which represent approximately 61.20% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, Jiayou (International) Investment Limited has issued a written shareholder's approval certificate to approve the Disposal and accordingly, no extraordinary general meeting will be convened and held by the Company to approve the Disposal.

A circular containing, among other things, (i) details of the Equity Transfer Agreement, the Supplemental Agreement and the Disposal; (ii) financial information of the Group; and (iii) other information required under the Listing Rules is expected to be despatched to the Shareholders on or before 20 April 2021 as additional time is required to prepare information to be contained in the circular.

## INTRODUCTION

The Board is pleased to announce that on 4 March 2021, the Vendors, the Purchaser and the Target Company entered into the Equity Transfer Agreement and the Supplemental Agreement, the principal terms of which are summarized as follow:

**Date:** 4 March 2021

**Parties:**

- (1) the Vendors;
- (2) the Purchaser; and
- (3) the Target Company.

As at the date of this announcement, the Target Company is owned as to 32.6531% by Yida Development, 2.0407% by Yida Service, 32.6531% by Dalian Lanwan and 32.6531% by True Treasure.

**Assets to be disposed:** Subject to the terms and conditions of the Equity Transfer Agreement and the Supplemental Agreement, the Vendors have conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the Sale Interests.

**Consideration:** The Consideration is RMB1,273 million, which shall be payable by the Purchaser to the Vendors in the following manners:

- (1) RMB404.6 million as first payment, which shall be payable to the Vendors upon fulfillment of the following conditions:–
  - (a) the registration procedures in respect of the pledge of the Sale Interests by the Vendors in favour of the Purchaser having been completed;

- (b) the authorisations to execute the Equity Transfer Agreement having been issued by Jiayou (International) Investment Limited, and copies of such authorisations stamped with the company seal of the Company having been delivered to the Purchaser;
- (c) a guarantee letter provided by the Company to guarantee the performance of the Vendors' obligations, on a joint and several basis, under the Equity Transfer Agreement having been issued;
- (d) a shareholders' resolution approving the distribution of undistributed profits of the Target Company having been provided by the Vendors to the Purchaser simultaneously with the execution of the Equity Transfer Agreement; and payment to Yida Development and Yida Service thereof having been made; and
- (e) the Vendors having repaid the current account in the amount of RMB45 million to the Target Company.

Upon fulfillment of the conditions precedent above:–

- (i) Yida Development shall obtain a repayment notice from China Construction Bank in respect of a bank loan;
  - (ii) the Purchaser shall pay the first payment in the amount of RMB404.6 million to the bank accounts designated by the Vendors; and
  - (iii) the Vendors shall deliver the release of a corporate guarantee executed by the Target Company in favour of China Construction Bank to secure the repayment obligations of Yida Development in respect of the relevant bank loan mentioned in paragraph (i) above.
- (2) RMB613.80 million as second payment, which shall be payable to the Vendors upon fulfillment of the following conditions precedent:–
- (a) the registered capital of RMB160 million of the Target Company having been fully paid-up by Dalian Lanwan and True Treasure respectively; and
  - (b) the Purchaser having received the original of the release stated in paragraph (1)(iii) above.

Upon fulfillment of the conditions precedent above:–

- (i) the Purchaser shall pay RMB613.80 million as second payment to an escrow account established in the name of the Purchaser;
  - (ii) the Vendors and the Purchaser shall proceed to release the pledge of the Sale Interests within one Business Day after the payment of the second payment and the Vendors shall thereafter proceed with the registration procedures for the transfer of the Sale Interests to the Purchaser;
  - (iii) on the same day of completion of paragraph (ii) above, as to RMB77 million shall be released to Dalian Lanwan from the above-mentioned escrow account;
  - (iv) on the same day of completion of paragraph (iii) above, the Vendors and their related parties shall repay the current account in the amount of RMB77 million to the Target Company; and
  - (v) on the same day of completion of paragraph (iv) above, as to RMB375.726 million shall be released to the Vendors from the above-mentioned escrow account.
- (3) RMB254.60 million as third payment, which shall be payable to the Vendors upon fulfillment of the following conditions:–
- (a) the Vendors and their related parties have repaid all the current account to the Target Company;
  - (b) the Vendors and the Purchaser have obtained the tax payment certificate of True Treasure in respect of the Disposal;
  - (c) the internal transfer of certain businesses in respect of leasing, elderly care services, community services and housekeeping services currently conducted by the Target Group to other members of the Group except the Vendors and the Target Group has been completed;
  - (d) the Purchaser has conducted an audit of the completion accounts of the Target Company and the net assets value of the Target Company as at Completion shall not be less than RMB255 million;
  - (e) the Vendors have procured the renewal of all the existing management contracts signed by the Target Company that are due to be expired prior to the payment of the third payment;

- (f) the additional due diligence review conducted by the Purchaser in respect of the Target Company has been completed and there has been no material adverse change in the results thereof;
- (g) the Vendors have procured the release of the security over four real estate held by the Target Group within 30 days from the date of the Equity Transfer Agreement; and
- (h) agreement in respect of certain joint venture members of the Target Group (including but not limited to Liaoning Yida, Dalian Port and Hefei Yiyun) has been reached between the Vendors and the Purchaser.

Upon fulfillment of the conditions precedent above:–

- (i) the Purchaser shall pay RMB254.60 million as third payment to True Treasure on 3 September 2021 (or such later date to be determined by the Purchaser if all the conditions precedent to the third payment are fulfilled after 15 August 2021); and
- (ii) if the actual damages received by the Target Company in respect of a claim against China Telecom Corporation Limited Dalian Branch (中國電信股份有限公司大連分公司) do not reach RMB5,025,105.8 on or before 3 September 2021, the Purchaser is entitled to withhold part of the third payment in an amount equivalent to the difference between RMB5,025,105.8 and the actual damages received by the Target Company; if such threshold of RMB5,025,105.8 is not reached within two years from the date of the relevant judgment, the Vendors shall agree to waive part of the third payment in an amount equivalent to the difference between RMB5,025,105.8 and the actual damages received by the Target Company.

**Basis of the Consideration:**

The Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms with reference to, among other things, (i) the net assets value of the Target Group; (ii) the proven track record and the historical financial performance of the Target Group; (iii) the business ability and prospects of the Target Group; and (iv) the benefits of the Disposal.

Based on the aforesaid, the Board considered that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

**Conditions precedent:**

Completion of the Equity Transfer Agreement shall be conditional upon the fulfillment or waiver of all of the following conditions:–

- (1) the Equity Transfer Agreement having been executed;
- (2) all necessary authorisations, consents and approvals as may be required for the Vendors to complete the Equity Transfer Agreement and the Disposal having been obtained (including but not limited to the written shareholders' and directors' resolution made in accordance with Rule 14.44 of the Listing Rules) and having been delivered to the Purchaser;
- (3) the internal transfer of equity interests in Yida Jincheng held by the Target Company to other members of the Group except the Vendors and the Target Group having been completed and all necessary registration procedures in respect of such equity transfer having been completed; and
- (4) the Vendors and their related parties shall procure the status quo of the existing management contracts executed by the Target Company be maintained;
- (5) the Vendors and their related parties shall procure the renewal of all of the existing management contracts entered into between the Target Company and the Vendors;
- (6) the Vendors and their related parties shall execute a new sales agency framework agreement with the Target Company in respect of the provision of certain sales agency services by the Target Company to the Vendors; and
- (7) the Vendors shall execute contracts or supplemental contracts with the Target Company in respect of the provision of certain consultancy and planning services by the Target Company to the Vendors.

Save for conditions (1) and (2) above, all other conditions precedent are waivable by the Purchaser. In the event that any of the conditions precedent has not been fulfilled or waived by the Purchaser (as the case may be) within five days from the date of the Equity Transfer Agreement, the Purchaser is entitled to terminate the Equity Transfer Agreement and the transactions contemplated thereunder. In the event that any of the conditions precedent has not been fulfilled within 60 days from the date of the Equity Transfer Agreement, the Vendors and the Purchaser are entitled to terminate the Equity Transfer Agreement and the transactions contemplated thereunder.

**Completion:**

Upon fulfillment or waiver (as the case may be) of all the conditions precedent in relation to Completion as set out in the Equity Transfer Agreement, the Vendors and the Target Company shall proceed with the transfer of the Sale Interests to the Purchaser and all necessary registration procedures. Completion takes place upon fulfillment of the condition precedent (2)(ii) set out in the section headed “**Consideration**” above.

Immediately upon Completion, the Company will cease to have any equity interest in the Target Company. The Target Group will then cease to be subsidiaries of the Company and the financial information of the Target Group will no longer be consolidated into the Group’s consolidated financial statements.

**Performance guarantee:**

The Vendors undertake to the Purchaser that if the net profits (the “**Net Profit**”) as shown in the management accounts of the Target Company for each of the four years ending 31 December 2024 (the “**Relevant Periods**” and each a “**Relevant Period**”) is foreseen to be less than RMB71.47 million (the “**Guaranteed Profit**”), the Vendors will pay to the Target Company an amount equivalent to the difference between the estimated Net Profit for that Relevant Period and the Guaranteed Profit to ensure the Net Profit will not be less than the Guaranteed Profit. The Net Profit shall be calculated on the following basis:

- (1) according to relevant accounting standards; and
- (2) the total amount of the management fees and the marketing fees of the Target Company for a Relevant Period will not be higher than 7.86% of the revenue as shown in the management accounts of the Target Company for that Relevant Period.

If the Net Profit for a Relevant Period is less than the Guaranteed Profit, the Purchaser is entitled to claim from the Vendors a penalty (“**Penalty**”) equivalent to 14.24 times of the difference, which is calculated pursuant to the following formula:

Difference = Guaranteed Profits – Net Profit for a Relevant Period

If the Net Profit for a Relevant Period is higher than the Guaranteed Profit, the exceeding portion will be accumulated to the Net Profit for the following Relevant Period. If the average of the Net Profit for the Relevant Periods is higher than the Guaranteed Profit, the Target Company is deemed to have satisfied the performance guarantee under the Equity Transfer Agreement and any Penalty paid thereunder during the Relevant Periods shall be refunded to the Vendors within 30 days from the date of audit results.

If the Target Group is unable to provide certain property management services for a term of 15 years pursuant to a management contract entered into between the Target Company and Zhengzhou Yida New City Development Company Limited\* (鄭州億達科技新城發展有限公司) due to reasons not attributable to the Target Group, the Vendors shall compensate to the Purchaser an amount calculated pursuant to the following formula:

Compensation amount = (15 – actual number of years of services provided by the Target Group) x RMB290,000

For the avoidance of doubt, the payment of such compensation amount will not affect the entitlement of the Purchaser to the Penalty.

## **INFORMATION OF THE TARGET GROUP**

The Target Company was established in the PRC and is principally engaged in property management services for residential, commercial and industrial parks as at the date of this announcement.

Liaoning Yida was established in the PRC and is owned as to 51% by the Target Company. As at the date of this announcement, Liaoning Yida is principally engaged in property management services for residential, commercial and industrial parks.

Dalian Port was established in the PRC and is owned as to 30% by the Target Company. As at the date of this announcement, Dalian Port is principally engaged in property management services for residential, commercial and industrial parks.

Hefei Yiyun was established in the PRC and is owned as to 40% by the Target Company. As at the date of this announcement, Hefei Yiyun is principally engaged in property management services for residential, commercial and industrial parks.

Dalian Qingyun Sky Property Service Company Limited\* (大連青雲天下物業服務有限公司) was established in the PRC and is a wholly-owned subsidiary of the Target Company. As at the date of this announcement, Dalian Qingyun Sky Property Service Company Limited is principally engaged in property management services for residential, commercial and industrial parks.

Shenyang Yida Property Management Company Limited\* (瀋陽億達物業管理有限公司) was established in the PRC and is a wholly-owned subsidiary of the Target Company. As at the date of this announcement, Shenyang Yida Property Management Company Limited is principally engaged in property management services for residential, commercial and industrial parks.

Chengdu Yixing Property Management Company Limited\* (成都億興物業管理有限公司) was established in the PRC and is a wholly-owned subsidiary of the Target Company. As at the date of this announcement, Chengdu Yixing Property Management Company Limited is principally engaged in property management services for residential, commercial and industrial parks.



Zhejiang Yixing Property Service Company Limited\* (浙江億興物業服務有限公司) was established in the PRC and is a wholly-owned subsidiary of the Target Company. As at the date of this announcement, Zhejiang Yixing Property Service Company Limited is principally engaged in property management services for residential, commercial and industrial parks.

Beijing Yixing Property Service Company Limited\* (北京億興物業服務有限公司) was established in the PRC and is a wholly-owned subsidiary of the Target Company. As at the date of this announcement, Beijing Yixing Property Service Company Limited is principally engaged in property management services for residential, commercial and industrial parks.

Liaoning Yida City Environmental Construction Holdings Company Limited\* (遼寧省億達城市環境工程集團有限公司) was established in the PRC and is a wholly-owned subsidiary of the Target Company. As at the date of this announcement, Liaoning Yida City Environmental Construction Holdings Company Limited is principally engaged in property management services for residential, commercial and industrial parks.

Set out below is the unaudited consolidated financial information of the Target Group, after carving out the financial information of Yida Jincheng and certain businesses mentioned in paragraph 3(c) in the section headed “**Consideration**”, for the financial years ended 31 December 2019 and 2020 respectively:

	<b>For the financial year ended</b>	
	<b>31 December</b>	
	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	445,291.4	481,024.4
Net profit before taxation	40,662.7	62,247.6
Net profit after taxation	32,821.9	48,839.5

Based on the unaudited consolidated financial information of the Target Group, the total assets value and net assets value of the Target Group were approximately RMB393.47 million and RMB166.70 million respectively as at 31 December 2020.

## **INFORMATION OF THE PARTIES**

### **The Group**

The Group is the largest business park developer and leading business park operator in China. Its main business involves the development and operation of business parks, sales of business park supporting residential buildings, office buildings and independent houses, business park entrusted operation management, provision of construction, decoration and landscaping services and property management services.

## **The Purchaser**

The Purchaser was established in the PRC and is a wholly-owned subsidiary of Longfor Group. As at the date of this announcement, Longfor Group has developed six core business arms covering property development, commercial property, rental housing, smart service, housing agency service and housing decoration nationwide.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The outbreak of COVID-19 has had negative impacts on the Group's sales of properties business. The Disposal will enable the Group, by disposing a complementary business line, to quickly recover funds and make up for the short-term liquidity shortage while establishing a collaboration with the Purchaser. The Disposal will also contribute to the Group's stable development in the long term.

The terms of the Equity Transfer Agreement and the Supplemental Agreement were determined after arm's length negotiations between the parties thereto and the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement, the Supplemental Agreement and the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **FINANCIAL EFFECT AND USE OF PROCEEDS**

The net proceeds from the Disposal will be used to repay the indebtedness of the Group. Based on the preliminary assessment, the Group will record a gain of approximately RMB870 million as a result of the Disposal, being the difference between the Consideration and the estimated net assets value of the Target Group as at the date of Completion, after deducting the estimated amount of relevant tax expenses and relevant expenses payable by the Vendors in respect of the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to further true-up of the estimated net assets value of the Target Group as at the date of Completion.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but all of which are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **WRITTEN SHAREHOLDERS' APPROVAL**

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal.

As at the date of this announcement, Jiayou (International) Investment Limited owns 1,581,485,750 Shares which represent approximately 61.20% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, Jiayou (International) Investment Limited has issued a written shareholder's approval certificate to approve the Disposal and accordingly, no extraordinary general meeting will be convened and held by the Company to approve the Disposal.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Equity Transfer Agreement, the Supplemental Agreement and the Disposal; (ii) financial information of the Group; and (iii) other information required under the Listing Rules shall be despatched within 15 business days after publication of this announcement. As more time is required to prepare the financial information to be included in the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules from the Stock Exchange so that the despatch date of the circular can be postponed to a date more than 15 business days after publication of this announcement, which is expected to be on or before 20 April 2021.

**Completion is conditional upon fulfillment of the conditions precedent set out in the Equity Transfer Agreement. There is no assurance that Completion will take place or as to when it may take place. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and Public Holiday) on which licensed banks are open for business in the PRC
“Company”	Yida China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 3639)
“Completion”	the completion of the Disposal in accordance with the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB1,273 million payable by the Purchaser to the Vendors for the transfer of the Sale Interests
“Dalian Lanwan”	大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Company Limited*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company

“Dalian Port”	大連航港商務服務有限公司 (Dalian Port Business Service Company Limited*), a company established in the PRC with limited liability and is owned as to 30% by the Target Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interests by the Vendors pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 4 March 2021 entered into among the Vendors, the Purchaser and the Target Company in respect of the Disposal
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	a person/persons, or in the case of a company/companies, the company/companies or its/their ultimate beneficial owner(s), who is/are independent of and not connected with the Company and its subsidiaries and their respective connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Hefei Yiyun”	合肥億雲智慧產業服務有限公司 (Hefei Yiyun Intelligent Industry Service Co., Ltd.*), a company established in the PRC with limited liability and is owned as to 40% by the Target Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Liaoning Yida”	遼寧億達商業服務有限公司 (Liaoning Yida Commercial Service Limited Company*), a company established in the PRC with limited liability and is owned as to 51% by the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longfor Group”	龍湖集團控股有限公司 (Longfor Group Holdings Limited), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0960)
“PRC”	the People’s Republic of China

“Purchaser”	龍湖嘉悅物業服務有限公司 (Longfor Jiayue Property Service Company Limited*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of Longfor Group
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interests”	the 32.6531% equity interest held by Yida Development, the 2.0407% equity interest held by Yida Service, the 32.6531% equity interest held by Dalian Lanwan and the 32.6531% equity interest held by True Treasure in the Target Company
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Equity Transfer Agreement dated 4 March 2021 entered into among the Vendors, the Purchaser and the Target Company
“Target Company”	億達物業服務集團有限公司 (Yida Property Service Company Limited*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“True Treasure”	誠悅控股有限公司 (TRUE TREASURE HOLDINGS LIMITED), a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“Vendor(s)”	Yida Development, Yida Service, Dalian Lanwan and True Treasure
“Yida Development”	億達發展有限公司 (Yida Development Company Limited*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Yida Jincheng”	大連億達金城開發有限公司 (Yida Jincheng Development Company Limited*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company

“Yida Service”

大連億達服務諮詢有限公司 (Dalian Yida Service Consultancy Company Limited\*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company

“%”

per cent.

By Order of the Board  
**Yida China Holdings Limited**  
**Jiang Xiuwen**  
*Chairman and Executive Director*

Hong Kong, 4 March 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Jiang Xiuwen, Ms. Zheng Xiaohua and Mr. Yu Shiping, the non-executive directors of the Company are Mr. Wang Gang and Mr. Zhang Xiufeng and the independent non-executive directors of the Company are Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yiping and Mr. Han Gensheng.*

\* for identification purposes only