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Beijing Capital Jiaye Property Services Co., Limited

北京京城佳業物業股份有限公司

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

(Stock Code: 2210)

DISCLOSEABLE TRANSACTION ACQUISITION OF 60% EQUITY INTERESTS OF BEIJING ZHUOLIAN PROPERTY MANAGEMENT CO., LTD.

THE ACQUISITION

The Board hereby announces that on April 29, 2022, the Company (as purchaser) entered into the Equity Transfer Agreement I with the Seller I and the Target Company, pursuant to which the Company agreed to acquire and the Seller I agreed to sell its 30% equity interests in the Target Company with a consideration of RMB3,890,000. On the same day, the Company (as purchaser) entered into the Equity Transfer Agreement II with the Seller II and the Target Company, pursuant to which the Company agreed to acquire and the Seller II agreed to sell its 30% equity interests in the Target Company with a consideration of RMB3,890,000.

Upon completion of the Acquisition, the Company will hold 60% equity interests of the Target Company in aggregate. The Target Company will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition contemplated under the Equity Transfer Agreements exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

I. THE ACQUISITION

The Board hereby announces that on April 29, 2022, the Company (as purchaser) entered into the Equity Transfer Agreement I with the Seller I and the Target Company, pursuant to which the Company agreed to acquire and the Seller I agreed to sell its 30% equity interests in the Target Company with a consideration of RMB3,890,000. On the same day, the Company (as purchaser) entered into the Equity Transfer Agreement II with the Seller II and the Target Company, pursuant to which the Company agreed to acquire and the Seller II agreed to sell its 30% equity interests in the Target Company with a consideration of RMB3,890,000. The Equity Transfer Agreement I and the Equity Transfer Agreement II are not inter-conditional upon each other. Upon completion of the Acquisition, the Company will hold 60% equity interests of the Target Company in aggregate. The Target Company will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

II. EQUITY TRANSFER AGREEMENTS

The principal terms of the Equity Transfer Agreement I and the Equity Transfer Agreement II are substantially the same, which are summarized as follows:

Date

April 29, 2022

Parties

- (1) Equity Transfer Agreement I: the Company, the Target Company and the Seller I;
- (2) Equity Transfer Agreement II: the Company, the Target Company and the Seller II.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Target Company, the Sellers and their respective ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

Subject matter

Pursuant to the Equity Transfer Agreements, the Company agreed to acquire and the Seller I and the Seller II agreed to sell their 30% equity interests in the Target Company, respectively.

Consideration and payment

The consideration under both the Equity Transfer Agreement I and the Equity Transfer Agreement II is RMB3,890,000, totaling RMB7,780,000.

The consideration for the Acquisition was determined after arm's length negotiations between the parties with reference to the valuation of the Target Company as at the valuation benchmark date (i.e. December 31, 2021). According to the valuation conducted by China Appraisal Associates, an independent asset valuer, using the market approach, the appraised value of the entire equity interests of the Target Company as at the valuation benchmark date (i.e. December 31, 2021) was RMB14,763,000, and the corresponding value of 60% equity interests was RMB8,857,800.

Pursuant to the Equity Transfer Agreements, the consideration shall be paid in the following manner:

- (1) The Company shall pay RMB778,000 to each of the Seller I and the Seller II within ten business days after the fulfilment of the following conditions precedent:
 - (a) the Equity Transfer Agreements have been signed;
 - (b) the general meeting of the Target Company has passed a resolution on the Acquisition and the other shareholders of the Target Company have issued written legal documents to waive their pre-emptive rights; and
 - (c) the Sellers have issued the full amount of notes for the Company in compliance with the provisions of the Equity Transfer Agreements and the laws.
- (2) The Company shall pay the remaining consideration of RMB3,112,000 to each of the Seller I and the Seller II within ten business days after the fulfilment of the following conditions precedent:
 - (a) the directors appointed by the Sellers have resigned as a director of the Target Company in writing; the board of directors of the Target Company has approved the resolution on the replacement with the Company's representative as a director to be proposed at the general meeting; the general manager of the Target Company has proposed to the board of directors to appoint the Company's representative as the chief financial officer;
 - (b) the Target Company has convened a general meeting before May 10, 2022 to reach a consensus to amend the articles of association, agreeing that the Company shall obtain the majority of the board of directors of the Target Company;
 - (c) the Target Company has cooperated with the Company to complete the stock-taking of the trading assets no later than May 20, 2022; and
 - (d) the Sellers have issued the full amount of notes for the Company in compliance with the provisions of the Equity Transfer Agreements and the laws.

Closing

The Target Company shall complete all business registration procedures in relation to the Acquisition, including but not limited to all the matters listed in (d), (e) and (f) below, within five business days after all the conditions (a), (b) and (c) below have been fulfilled and no later than June 5, 2022:

- (a) the Sellers have submitted the resolutions or other written documents of all shareholders of the Sellers approving the equity transfer;
- (b) the Target Company has held a general meeting to reach a consensus to amend the articles of association, and the Company has obtained the majority of the board of directors of the Target Company;
- (c) the Company has fulfilled other prior obligations under the Equity Transfer Agreements;
- (d) the equity transfer under the Equity Transfer Agreements has been submitted to the company registration authority for change of registration in accordance with the laws;
- (e) the amended articles of association of the Target Company have been submitted to the company registration authority for filing application in accordance with the laws; and
- (f) the Target Company has revoked the capital contribution certificates issued to the Sellers and issued the capital contribution certificates to the Company, and recorded the Company and the amount of capital contribution received in the register of members of the Target Company.

III. INFORMATION OF THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange. The Group is principally engaged in the provision of property management and related services in the PRC.

Seller I

The Seller I is a company established in the PRC with limited liability, the principal businesses of which include investment consulting and related consulting services. Based on the information available to the Company after reasonable enquiries, as at the date of this announcement, the Seller I is wholly-owned by IEA (CHINA CONCEPTS) COMPANY LIMITED. IEA (CHINA CONCEPTS) COMPANY LIMITED is a private company limited by shares incorporated in Hong Kong, the sole shareholder of which is Mr. Pu Xiaoqing, an Independent Third Party.

Seller II

The Seller II is an individual proprietorship established in the PRC, the principal businesses of which include corporate management consulting, hotel management, public relations event planning and business consulting. Based on the information available to the Company after reasonable enquiries, as at the date of this announcement, the Seller II is wholly-owned by Mr. Tang Xiaoyao, an Independent Third Party.

Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in property management of commercial buildings. As at the date of this announcement, the Target Company provided property management services for three commercial buildings in Beijing, namely Asia Financial Center, Beitou Investment Building* (北投投資大廈) and Beitou Shopping Park* (北投購物公園), with a gross floor area under management of 660,000 sq.m., among which, Asia Financial Center houses the permanent office of Asian Infrastructure Investment Bank. As at the date of this announcement, the Target Company was held as to 30% by the Seller I, 30% by the Seller II and 40% by Beijing Beitou City Operation Management Co., Ltd.* (北京北投城市運營管理有限公司). Please see above for further information of the Seller I and the Seller II. Beijing Beitou City Operation Management Co., Ltd.* is a company established in the PRC with limited liability and is wholly-owned by Beijing Investment Group Co., Ltd.* (北京城市副中心投資建設集團有限公司), an Independent Third Party, which is in turn ultimately beneficially owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

According to the financial statements of the Target Company prepared in accordance with the China Accounting Standards for Business Enterprises, as of December 31, 2021, the audited total assets and the audited net assets of the Target Company were RMB48,439,195.22 and RMB7,900,437.78, respectively. According to the financial statements of the Target Company prepared in accordance with the China Accounting Standards for Business Enterprises, the profits before and after tax of the Target Company for the years ended December 31, 2020 and December 31, 2021 were as follows:

	For the year ended December 31	
	2020	2021
	<i>(RMB, audited)</i>	
Profit before tax	2,822,200.97	3,771,599.05
Profit after tax	2,590,265.50	2,810,172.28

Upon completion of the Acquisition, the Target Company will be held as to 60% and 40% by the Company and Beijing Beitou City Operation Management Co., Ltd.*, respectively. The Target Company will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group. The Company expects that the consideration for the Acquisition will be satisfied by internal resources, including but not limited to the proceeds from the initial public offering of the Company.

IV. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company believes that through the Acquisition, the Company can increase the proportion of high-quality and high-end property management assets and enrich the business forms under management, while leveraging the high-quality property service experience of the Target Company to improve service quality of the high-end property assets of the Company, building up the Company's high-end "Beijing Service" property management brand.

In light of the above, the Directors confirm that the terms of the Equity Transfer Agreements are fair, reasonable and on normal commercial terms or better, and that the Acquisition contemplated under the Equity Transfer Agreements is in the interests of the Company and the Shareholders as a whole.

V. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition contemplated under the Equity Transfer Agreements exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the Acquisition under the Equity Transfer Agreements and therefore they are not required to abstain and did not abstain from voting on the relevant Board resolutions under the Listing Rules.

VI. DEFINITION

“Acquisition”	the proposed acquisition of 60% equity interests of the Target Company in aggregate by the Company pursuant to the terms and conditions of the Equity Transfer Agreements
“Board”	the board of directors of the Company
“China” or “PRC”	the People's Republic of China, but for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“Company”	Beijing Capital Jiaye Property Services Co., Limited, 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
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreements”	collectively, the Equity Transfer Agreement I and Equity Transfer Agreement II
“Equity Transfer Agreement I”	the equity transfer agreement entered into between the Company, the Target Company and the Seller I on April 29, 2022, pursuant to which the Company agreed to acquire and the Seller I agreed to sell its 30% equity interests in the Target Company
“Equity Transfer Agreement II”	the equity transfer agreement entered into between the Company, the Target Company and the Seller II on April 29, 2022, pursuant to which the Company agreed to acquire and the Seller II agreed to sell its 30% equity interests in the Target Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Seller I”	Beijing Aiyien Investment Consulting Co., Ltd.* (北京愛毅恩投資諮詢有限公司), a company established in China with limited liability
“Seller II”	Shanghai Yufeng Enterprise Management Consulting Firm* (上海域豐企業管理諮詢事務所), an individual proprietorship established in China
“Sellers”	collectively, the Seller I and the Seller II
“Target Company”	Beijing Zhuolian Property Management Co., Ltd.* (北京卓聯物業經營管理有限公司), a company established in China with limited liability
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Beijing Capital Jiaye Property Services Co., Limited
Zhang Weize
Chairman

Beijing, the PRC
April 29, 2022

As at the date of this announcement, the Board consists of Mr. Zhang Weize, Mr. Yang Jun, Mr. Luo Zhou and Mr. Yao Xin as executive Directors, Mr. Xie Ping and Mr. Mao Lei as non-executive Directors, and Mr. Cheng Peng, Mr. Kong Weiping and Mr. Kong Chi Mo as independent non-executive Directors.

* For identification purposes only