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COUNTRY GARDEN HOLDINGS COMPANY LIMITED

碧桂園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS FOR SURVEY AND DESIGN SERVICES

REVISION OF EXISTING ANNUAL CAPS FOR SURVEY AND DESIGN SERVICES

Reference is made to the announcement of the Company dated 30 December 2016 in relation to, inter alia, the Design Services Further Supplemental Agreement between Elite Architectural Co. and Shunde Country Garden Co., a wholly-owned subsidiary of the Company, pursuant to which Elite Architectural Co. agreed to continue to provide survey work, property design and interior design services to the Group for a term of three years ending 31 December 2019.

In view of the considerable figure of contracted sales of properties by the Group in the first half of 2017 and the development trend of the Group, the Board anticipates that the Existing Annual Caps will not be sufficient for the transaction amounts to be incurred under the Design Services Further Supplemental Agreement for each of the three years ending 31 December 2019. As such, Elite Architectural Co. and Shunde Country Garden Co. entered into the Supplemental Letter Agreement on 22 August 2017, pursuant to which the parties agreed to revise the Existing Annual Caps to the Revised Annual Caps of RMB3,000,000,000, RMB3,600,000,000 and RMB4,300,000,000 respectively. Save for the Revised Annual Caps, all the other terms of the Design Services Further Supplemental Agreement shall remain unchanged.

LISTING RULES IMPLICATIONS

Shunde Country Garden Co. is a wholly-owned subsidiary of the Company. Elite Architectural Co. is wholly-owned by a PRC limited liability company, the two shareholders of which are another PRC limited liability company and a PRC limited partnership enterprise each owned as to 70% by Ms. YANG Meirong, a younger sister of Mr. YEUNG Kwok Keung who is the Chairman of the Board and an executive Director. Elite Architectural Co. is therefore a majority-controlled company indirectly held by a family member of Mr. YEUNG Kwok Keung, and is thus a connected person of the Company. Transactions contemplated under the Design Services Further Supplemental Agreement constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the applicable requirements under Chapter 14A of the Listing Rules due to the revision of the Existing Annual Caps. As the applicable percentage ratios of the Revised Annual Caps exceed 0.1% but are below 5%, the amendment to the Design Services Further Supplemental Agreement by the Supplemental Letter Agreement and the Revised Annual Caps are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 30 December 2016 (the “**Announcement**”) in relation to, inter alia, the Design Services Further Supplemental Agreement between Elite Architectural Co. and Shunde Country Garden Co., a wholly-owned subsidiary of the Company, pursuant to which Elite Architectural Co. agreed to continue to provide survey work, property design and interior design services to the Group for a term of three years ending 31 December 2019.

REVISION OF THE EXISTING ANNUAL CAPS

The Board announces that in view of business development of the Group, the Existing Annual Caps are anticipated not to be sufficient for the expected transaction amounts for services provided under the Design Services Further Supplemental Agreement for each of the three years ending 31 December 2019. As such, Elite Architectural Co. and Shunde Country Garden Co. entered into the Supplemental Letter Agreement on 22 August 2017, pursuant to which the parties agreed to revise the Existing Annual Caps to the Revised Annual Caps as set out in the below table:

	For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
Existing Annual Caps	RMB2,000,000,000 (equivalent to approximately HK\$2,349,706,874)	RMB2,200,000,000 (equivalent to approximately HK\$2,584,677,561)	RMB2,500,000,000 (equivalent to approximately HK\$2,937,133,593)
Revised Annual Caps	RMB3,000,000,000 (equivalent to approximately HK\$3,524,560,311)	RMB3,600,000,000 (equivalent to approximately HK\$4,229,472,373)	RMB4,300,000,000 (equivalent to approximately HK\$5,051,869,779)

The above Revised Annual Caps for each of the years ending 31 December 2019 are determined after having taken into account: (i) the amount of fees paid by the Group to Elite Architectural Co. during the six months ended 30 June 2017; (ii) the considerable figure of contracted sales GFA of approximately 32.26 million square meters for the first six months in 2017 and the Group's estimated contracted sales GFA for 2017; (iii) assuming a sales rate of 70% and most of the sales GFA will require the survey work, property design and interior design services of Elite Architectural Co. for each of the three years ending 31 December 2019; (iv) the average service fees chargeable by Elite Architectural Co. for each square metre of property which requires its services; and (v) the estimated growth of business of the Group.

Save for the revision of the Existing Annual Caps to the Revised Annual Caps, all the other terms of the Design Services Further Supplemental Agreement as disclosed in the Announcement remain unchanged.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS

The Existing Annual Caps were estimated based on, among other things, the approximate contracted sales amount of the Group for the year ended 31 December 2016. As the Group now estimates that its contracted sales amount for the year ending 31 December 2017 might be bigger than that for the year ended 31 December 2016, the total GFA which will require the survey work, property design and interior design services of Elite Architectural Co. is likely to be greater than previously expected. As such, the Board anticipates that the Existing Annual Caps will not be sufficient for the expected transaction amounts contemplated under the Design Services Further Supplemental Agreement for each of the three years ending 31 December 2019 and therefore need to be adjusted. The Revised Annual Caps will facilitate the property development operations of the Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions pursuant to the Design Services Further Supplemental Agreement have been carried out and will continue to be carried out in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of such transactions and the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

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Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the applicable requirements under Chapter 14A of the Listing Rules due to the revision of the Existing Annual Caps. As the applicable percentage ratios of the Revised Annual Caps exceed 0.1% but are below 5%, the amendment to the Design Services Further Supplemental Agreement and the Revised Annual Caps are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since Elite Architectural Co. is an associate of Mr. YEUNG Kwok Keung and is controlled by a relative of Ms. YANG Huiyan, Mr. YANG Zhicheng, Ms. YANG Ziyang and Mr. CHEN Chong, to avoid any conflict of interests in relation to the Design Services Further Supplemental Agreement, the aforesaid Directors have abstained from voting on the resolutions at the Board meeting to approve the above revision of the annual caps for the Design Services Further Supplemental Agreement.

GENERAL

The Company is an investment holding company and its subsidiaries, including Shunde Country Garden Co., are principally engaged in property development in the PRC, including property development, construction, fitting and decoration, property management and hotel operation.

Elite Architectural Co. is a company which provides survey work, property design and interior design services to property development projects.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Country Garden Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 2007)
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Design Services Further Supplemental Agreement”	the supplemental agreement dated 30 December 2016 entered into between Shunde Country Garden Co. and Elite Architectural Co. to extend the Previous Design Services Agreement for a further term of 3 years commencing from 1 January 2017
“Directors”	the directors of the Company

“Elite Architectural Co.”	Guangdong Elite Architectural Co., Ltd. ((廣東博意建築設計院有限公司) (formerly known as Foshan Shunde Elite Architectural Co., Ltd.) (佛山市順德區博意建築設計院有限公司)) which was established in the PRC on 12 June 1997 as a limited liability company
“Existing Annual Caps”	the annual caps for the transactions contemplated under the Design Services Further Supplemental Agreement for each of the three years ending 31 December 2019 as disclosed in the announcement of the Company dated 30 December 2016
“family member”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“majority-controlled company”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Previous Design Services Agreement”	the agreement dated 27 March 2007 (as amended by supplemental agreements dated 20 June 2008, 17 December 2010, 31 October 2012 and 13 December 2013) entered into between Shunde Country Garden Co. and Elite Architectural Co. in respect of the provision of survey work, property design and interior design services by Elite Architectural Co. to the Group until 31 December 2016
“Revised Annual Caps”	the revised annual caps for the transactions contemplated under the Design Services Further Supplemental Agreement for each of the three years ending 31 December 2019 pursuant to the Supplemental Letter Agreement as set out in the section “Revision of the Existing Annual Caps”
“RMB”	Renminbi, the lawful currency of PRC

“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Shunde Country Garden Co.”	Foshan Shunde Country Garden Property Development Co., Ltd. (佛山市順德區碧桂園物業發展有限公司), a wholly-owned subsidiary of the Company which was established in the PRC on 2 April 1997 as a limited liability company and was transformed into a wholly foreign-owned enterprise on 21 June 2006
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Letter Agreement”	the supplemental letter agreement between Shunde Country Garden Co. and Elite Architectural Co. to revise the Existing Annual Caps to the Revised Annual Caps
“%”	per cent

By order of the Board
Country Garden Holdings Company Limited
MO Bin
President and Executive Director

Foshan, Guangdong Province, the PRC, 22 August 2017

As of the date of this announcement, the executive directors of the Company are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Vice Chairman), Mr. MO Bin (President), Ms. YANG Ziying, Mr. YANG Zhicheng, Mr. XIE Shutai, Mr. SONG Jun, Mr. LIANG Guokun and Mr. SU Baiyuan. The non-executive director of the Company is Mr. CHEN Chong. The independent non-executive directors of the Company are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Mr. HUANG Hongyan, Mr. MEI Wenjue and Mr. YEUNG Kwok On.