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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 AND EXTENSION AND RENEWAL OF CONTINUING CONNECTED TRANSACTIONS FOR SURVEY AND DESIGN SERVICES

REVISION OF ANNUAL CAPS AND EXTENSION AND RENEWAL OF SURVEY AND DESIGN SERVICES

Reference is made to (i) the announcements of the Company dated 17 December 2010, 31 October 2012 and 13 December 2013 in relation to, inter alia, the Previous Design Services Agreement entered into between Elite Architectural Co. and Shunde Country Garden Co., a wholly-owned subsidiary of the Company, for the provision of survey work, property design and interior design services by Elite Architectural Co. to the Group until 31 December 2016; and (ii) the announcements of the Company dated 30 December 2016 and 22 August 2017 in relation to the Design Services Further Supplemental Agreement entered into between Elite Architectural Co. and Shunde Country Garden Co., 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 3 years ending 31 December 2019.

The Group expects to continue to enter into transactions of nature similar to those contemplated under the Previous Design Services Agreement and the Design Services Further Supplemental Agreement.

In view of the business development of the Group, the Board anticipates that the Existing Annual Caps will not be sufficient for the transaction amounts expected to be incurred under the Design Services Further Supplemental Agreement for the remaining two years ending 31 December 2019. Also, the engagement pursuant to the Design Services Further Supplemental Agreement is due to expire on 31 December 2019. As such, on 21 March 2018, Elite Architectural Co. and Shunde Country Garden Co. entered into the 2018 Design Services Supplemental Agreement, pursuant to which (i) the Existing Annual Caps have been revised from RMB3,600 million to RMB6,500 million for the year ending 31 December 2018 and from RMB4,300 million to RMB8,000 million for the year ending 31 December 2019; and (ii) the Design Services Further Supplemental Agreement has been extended for a further term of one year commencing on 1 January 2020 with an annual cap of transactions of RMB9,600 million.

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. As a result, the transactions contemplated under the 2018 Design Services Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) of the annual caps for transactions contemplated under the 2018 Design Services Supplemental Agreement exceed 0.1% but are below 5%, such transactions 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 (i) the announcements of the Company dated 17 December 2010, 31 October 2012 and 13 December 2013 in relation to, inter alia, the Previous Design Services Agreement entered into between Elite Architectural Co. and Shunde Country Garden Co., a wholly-owned subsidiary of the Company, for the provision of survey work, property design and interior design services by Elite Architectural Co. to the Group until 31 December 2016; and (ii) the announcements of the Company dated 30 December 2016 and 22 August 2017 in relation to the Design Services Further Supplemental Agreement entered into between Elite Architectural Co. and Shunde Country Garden Co., 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 3 years ending 31 December 2019.

The Group expects to continue to enter into transactions of nature similar to those contemplated under the Previous Design Services Agreement and the Design Services Further Supplemental Agreement.

2018 DESIGN SERVICES SUPPLEMENTAL AGREEMENT

In view of the business development of the Group, the Board anticipates that the Existing Annual Caps will not be sufficient for the transaction amounts expected to be incurred under the Design Services Further Supplemental Agreement for the remaining two years ending 31 December 2019. Also, the engagement pursuant to the Design Services Further Supplemental Agreement is due to expire on 31 December 2019. As such, on 21 March 2018, Elite Architectural Co. and Shunde Country Garden Co. entered into the 2018 Design Services Supplemental Agreement to revise the Existing Annual Caps and to extend and renew the terms of engagement of Elite Architectural Co. as principally set out below.

- Date : 21 March 2018
- Parties : (1) Shunde Country Garden Co., a wholly-owned subsidiary of the Company; and
(2) Elite Architectural Co.
- Term : A term of three years from 1 January 2018 up to 31 December 2020
- Subject : Provision of survey work, property design and interior design services by Elite Architectural Co. to the Group
- Price : The prices for the provision of survey work, property design and interior design services shall be determined with reference to the prevailing market prices under arm's length negotiation principle to ensure that they are no less favourable to the Group than those offered by Independent Third Parties. The prevailing market prices are determined with reference to at least three other contemporaneous transactions for provision by Independent Third Parties of similar services to the Group in similar quantities through tender. Periodic reviews as to any material discrepancies between the prices offered by Elite Architectural Co. and those offered by Independent Third Parties will be conducted (a discrepancy of more than 10% would be considered as a material discrepancy). If there are no contemporaneous transactions for similar services with Independent Third Parties, the prices will be determined with reference to the prices prescribed by the government or those charged by competitors of the same scale for similar transactions with their independent third parties. The same price determination procedure will be repeated by the Group every half a year. Should there be any material discrepancies between the prices charged by Elite Architectural Co. and those offered by Independent Third Parties, the prices chargeable by Elite Architectural Co. will be adjusted according to the above.
- Payment : Payment will be settled by way of cash payment, cheque, telegraphic transfer or cashier order within 10 business days after the parties thereto have confirmed the services fees for each project or transaction.

Annual caps and basis of determination

The approximate actual fees for the provision of survey work, property design and interior design services paid by the Group to Elite Architectural Co. under the Design Services Further Supplemental Agreement for each of the two years ended 31 December 2016 and 31 December 2017 and for the 2 months ended 28 February 2018 were as follows:

For the year ended 31 December 2016	For the year ended 31 December 2017	For the 2 months ended 28 February 2018
RMB1,300,000,000 (equivalent to approximately HK\$1,608,731,701)	RMB2,945,000,000 (equivalent to approximately HK\$3,644,396,045)	RMB1,508,000,000 (equivalent to approximately HK\$1,866,128,773)

The revision of the Existing Annual Caps and the new annual cap for the fees for the provision of survey work, property design and interior design services to be paid by the Group to Elite Architectural Co. for the year ending 31 December 2020 are as follows:

	For the year ending 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020
Existing Annual Caps	RMB3,600,000,000 (equivalent to approximately HK\$4,454,949,325)	RMB4,300,000,000 (equivalent to approximately HK\$5,321,189,471)	N/A
New annual caps	RMB6,500,000,000 (equivalent to approximately HK\$8,043,658,503)	RMB8,000,000,000 (equivalent to approximately HK\$9,899,887,389)	RMB9,600,000,000 (equivalent to approximately HK\$11,879,864,867)

The above annual caps for each of the three years ending 31 December 2018, 31 December 2019 and 31 December 2020 were determined after having taken into account: (i) the amount of contracted sales of properties by the Group in 2017; (ii) the amount of fees for the provision of survey work, property design and interior design services paid by the Group to Elite Architectural Co. for the two months ended 28 February 2018; (iii) the estimated growth of business of the Group; (iv) the estimated amount of service fees chargeable by Elite Architectural Co. for each square metre of property for survey work, property design and interior design services provided; (v) the estimated gross floor area which the Group will require the relevant services of Elite Architectural Co.; and (vi) the scale of expansion in the capacity of Elite Architectural Co..

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2018 DESIGN SERVICES SUPPLEMENTAL AGREEMENT

The Board believes that given the long term stable, smooth and efficient working relationship between Elite Architectural Co. and the Group, engaging Elite Architectural Co. to provide one-stop services such that it will be involved from an early stage of each of the Group's property development projects will be more efficient and will expedite the development process, which in turn will be beneficial to the Group.

The Existing Annual Caps were determined based on, amongst others, the approximate amount of contracted sales of properties of the Group for the six months ended 30 June 2017. Since the Group now estimates that the amounts of its contracted sales of properties for each of the two years ending 31 December 2018 and 31 December 2019 may be higher than the previously estimated amounts, it is likely that the total gross floor area which the Group requires the provision of survey work, property design and interior design services by Elite Architectural Co. will also be larger than the total gross floor area previously estimated. Besides, in order to cater for the increase in demand for survey and design services due to the growth of business of the Group, subsequent to the announcement of the Company dated 22 August 2017 in relation to the revised annual caps

under the Design Services Further Supplemental Agreement for the three years ending 31 December 2019, Elite Architectural Co. has also newly set up additional branch companies and substantially increased its number of staff.

In light of the above, the Board anticipates that the Existing Annual Caps will not be sufficient for the transaction amounts expected to be incurred under the Design Services Further Supplemental Agreement for the remaining two years ending 31 December 2019. Revisions to the Existing Annual Caps are therefore required in order to promote the property development business of the Group.

The Directors (including the independent non-executive Directors) are of the view that the 2018 Design Services Supplemental Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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. As a result, the transactions contemplated under the 2018 Design Services Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) of the annual caps for transactions contemplated under the 2018 Design Services Supplemental Agreement exceed 0.1% but are below 5%, such transactions 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, Ms. YANG Ziyang, Mr. YANG Zhicheng and Mr. CHEN Chong, to avoid any conflict of interests, the aforesaid Directors have abstained from voting on the Board resolutions to approve the 2018 Design Services Supplemental Agreement and the transactions contemplated thereunder.

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, 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:

“2018 Design Services Supplemental Agreement”	the supplemental agreement dated 21 March 2018 entered into between Shunde Country Garden Co. and Elite Architectural Co. pursuant to which the Design Services Further Supplemental Agreement was extended for a further term of one year commencing on 1 January 2020 and the Existing Annuals Caps were revised
“associate”	has the meaning ascribed to it under Chapter 14A of 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. (as amended by a supplemental letter dated 22 August 2017 entered into by the same parties) to extend the Previous Design Services Agreement for a further term of 3 years commencing on 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 of the transactions contemplated under the Design Services Further Supplemental Agreement for each of the two years ending 31 December 2018 and 31 December 2019 as disclosed in the announcement of the Company dated 22 August 2017
“family member”	has the meaning ascribed to it under Chapter 14A of the Listing Rules

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Parties”	parties who are independent of, and not connected with, the Company or any of its connected persons
“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
“RMB”	Renminbi, the lawful currency of PRC
“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
“%”	per cent

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

Foshan, Guangdong Province, the PRC, 21 March 2018

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 Ziyang, Mr. YANG Zhicheng, 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 and Mr. YEUNG Kwok On.