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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)

CONTINUING CONNECTED TRANSACTIONS
PROPERTY MANAGEMENT SERVICES
AND
CONSULTANCY AND OTHER SERVICES

Reference is made to (i) the announcement of the Company dated 19 March 2018 in relation to the proposed spin-off and separate listing of Country Garden Services Holdings Company Limited on the main board of the Stock Exchange; and (ii) the announcement of the Company dated 29 May 2018 in relation to, among other things, the distribution in specie and schedule in relation to the Spin-off.

Following the completion of the Spin-off, CG Services has become a 30%-controlled company indirectly held by Ms. YANG Huiyan, an executive Director and the controlling Shareholder of the Company. As such, CG Services is an associate of Ms. YANG Huiyan and thus a connected person of the Company. Transactions between the Remaining CGH Group and CG Services Group therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

PROPERTY MANAGEMENT SERVICES

On 1 June 2018, the Company entered into the Master Property Management Services Agreement with CG Services, which sets out the terms of the property management services to be provided by CG Services Group to the Remaining CGH Group, in respect of the unsold property units and the sold property units prior to the agreed delivery date set out in the relevant property purchase contract for projects developed by the Remaining CGH Group and managed by CG Services Group, for a term commencing on the Listing Date until 31 December 2020.

The annual caps of transactions contemplated under the Master Property Management Services Agreement are respectively RMB 289.6 million, RMB 355.3 million and RMB 478.1 million for each of the three years ending 31 December 2020.

As one or more of the applicable percentage ratios of the highest annual cap for transactions contemplated under the Master Property Management Services Agreement exceed 0.1% but all are below 5%, such continuing connected transactions of the Company are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONSULTANCY AND OTHER SERVICES

On 1 June 2018, the Company entered into the Master Consultancy and Other Services Agreement with CG Services, which sets out the terms of the consultancy and other services to be provided by CG Services Group to the Remaining CGH Group, such as consultancy services to the on-site sales office of the Remaining CGH Group and cleaning services for the properties developed by the Remaining CGH Group before delivery to homeowners, for a term commencing on the Listing Date until 31 December 2020.

The annual caps of transactions contemplated under the Master Consultancy and Other Services Agreement are respectively RMB 395.6 million, RMB 600.6 million and RMB 882.3 million for each of the three years ending 31 December 2020.

As one or more of the applicable percentage ratios of the highest annual cap for transactions contemplated under the Master Consultancy and Other Services Agreement exceed 0.1% but all are below 5%, such continuing connected transactions of the Company are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to (i) the announcement of the Company dated 19 March 2018 in relation to the proposed spin-off and separate listing of Country Garden Services Holdings Company Limited on the main board of the Stock Exchange; and (ii) the announcement of the Company dated 29 May 2018 in relation to, among other things, the distribution in specie and schedule in relation to the Spin-off.

The Company has entered into the following framework agreements with CG Services in relation to certain transactions between the Remaining CGH Group and CG Services Group which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

MASTER PROPERTY MANAGEMENT SERVICES AGREEMENT

- Date : 1 June 2018
- Parties : (1) the Company; and
(2) CG Services
- Term : A term commencing on the Listing Date until 31 December 2020
- Subject : Provision of property management services by CG Services Group to the Remaining CGH Group in respect of the unsold property units and the sold property units prior to the agreed delivery date set out in the relevant property purchase contract for projects developed by the Remaining CGH Group and managed by CG Services Group.
- Price : The fees for the provision of property management services by CG Services Group according to the type and gross floor area of properties shall be determined after arm's length negotiations taking into account the location of the project and the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar types of projects in the market. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities or lower than the standard fees to be charged by Independent Third Parties.
- Payment : The fees for the property management services provided by CG Services Group will be payable after provision of the services, to be settled on a monthly basis.

Annual caps and basis of determination

The historical amounts of fees for the provision of property management services paid by the Remaining CGH Group to CG Services Group for each of the three years ended 31 December 2017 were as follows:

For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2017
RMB91,300,000 (equivalent to approximately HK\$111,565,956)	RMB201,300,000 (equivalent to approximately HK\$245,982,770)	RMB211,500,000 (equivalent to approximately HK\$258,446,875)

The annual caps for the fees for the provision of property management services to be paid by the Remaining CGH Group to CG Services Group for each of the three years 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
RMB289,600,000 (equivalent to approximately HK\$353,882,813)	RMB355,300,000 (equivalent to approximately HK\$434,166,310)	RMB478,100,000 (equivalent to approximately HK\$584,224,354)

The above proposed annual caps for each of the three years ending 31 December 2020 were determined after having taken into account (i) the historical amounts of fees for the provision of property management services paid by the Remaining CGH Group to CG Services Group for each of the three years ended 31 December 2017; (ii) the estimated amount of property management services fees under existing property management service contracts entered into by the Remaining CGH Group with CG Services Group; (iii) the rate of service fees chargeable by CG Services Group for each square metre of property for property management services provided; and (iv) the estimated gross floor area which the Remaining CGH Group will require the property management services of CG Services Group.

MASTER CONSULTANCY AND OTHER SERVICES AGREEMENT

- Date : 1 June 2018
- Parties : (1) the Company; and
(2) CG Services
- Term : A term of commencing on the Listing Date until 31 December 2020
- Subject : Provision by CG Services Group of consultancy services in relation to sales of properties and other services, including but not limited to consultancy services on the operational management of the on-site sales offices of the Remaining CGH Group, and cleaning services for the properties developed by the Remaining CGH Group before delivery to homeowners.

- Price** : The fees for the provision of the above consultancy and other services shall be determined after arm's length negotiations taking into account the size, location and positioning of the properties to be sold by the sales office of the Remaining CGH Group, the anticipated operational costs and the number of sales representatives receiving the consultancy services with reference to the rate of fees under other contracts for similar consultancy and other services entered into by either party, and the market price for similar services.
- Payment** : The fees for the consultancy and other services provided by CG Services Group will be payable after provision of such services, to be settled on a monthly basis.

Annual caps and basis of determination

The historical amounts of fees for the provision of consultancy and other services paid by the Remaining CGH Group to CG Services Group for each of the three years ended 31 December 2017 were as follows:

For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2017
RMB104,500,000 (equivalent to approximately HK\$127,695,974)	RMB162,000,000 (equivalent to approximately HK\$197,959,308)	RMB228,100,000 (equivalent to approximately HK\$278,731,594)

The proposed annual caps for the fees for the provision of consultancy and other services to be paid by the Remaining CGH Group to CG Services Group for each of the three years 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
RMB395,600,000 (equivalent to approximately HK\$483,411,743)	RMB600,600,000 (equivalent to approximately HK\$733,915,806)	RMB882,300,000 (equivalent to approximately HK\$1,078,145,048)

The above proposed annual caps for each of the three years ending 31 December 2020 were determined after having taken into account (i) the historical amounts of fees for the provision of consultancy and other services paid by the Remaining CGH Group to CG Services Group for each of the three years ended 31 December 2017; (ii) regarding consultancy services, the estimated amount of contracted sales of properties by the Remaining CGH Group, with reference to its land bank and historical contracted sales gross floor area growth rate; and (iii) regarding cleaning and other services, the estimated fee rates chargeable by CG Services Group for each square metre of property for such services provided, and the estimated gross floor area which the Remaining CGH Group will require such services of CG Services Group.

PRICING POLICY

During the term of the Master Property Management Services Agreement and of the Master Consultancy and Other Services Agreement, members of the Remaining CGH Group may from time to time enter into individual agreements with members of CG Services Group for the provision of relevant services in accordance with the principal terms of the corresponding master agreement. The Remaining CGH Group adopts the following pricing policy for each of such individual agreements:

- (a) each individual agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;
- (b) the transaction price shall be determined based on certain market reference prices after the arm's length negotiation is reached between both parties in respect of the terms and conditions of each individual agreement to ensure that the transaction price is no less favorable to the Remaining CGH Group than that available from Independent Third Parties to the Remaining CGH Group;
- (c) the relevant member of the Remaining CGH Group shall refer to at least three other contemporaneous transactions of similar services and quantities carried out with Independent Third Parties by way of tender and review regularly as to whether the prices offered by CG Services Group deviate materially from those offered by Independent Third Parties (a discrepancy of more than 10% will be considered as material) to ensure that the prices offered by CG Services Group are fair and reasonable and are no less favorable than those offered by other Independent Third Parties;
- (d) the transaction price shall be negotiated with CG Services Group by reference to the relevant guidance prices prescribed by the government or those charged by competitors of comparable scale for similar transactions with their independent third parties if no contemporaneous transactions for similar services have taken place between the relevant member of the Remaining CGH Group and Independent Third Parties; and
- (e) should there be any material discrepancies between the price charged by CS Services Group and that offered by Independent Third Parties, the price chargeable by CS Services Group will be adjusted accordingly.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

CG Services Group is a leading property management company in the PRC. CG Services Group also has extensive business coverage and is principally engaged in property management services and value-added services. With its professional knowledge, quality services and competitive prices, CG Services Group is a constant service provider of the Remaining CGH Group. By entering into the Master Property Management Services Agreement and the Master Consultancy and Other Services Agreement, the Remaining CGH Group will be able to benefit from the services provided by CG Services Group.

The transactions contemplated under the Master Property Management Services Agreement and the Master Consultancy and Other Services Agreement have been occurring within the Group for a long time. Such transactions, which are in the ordinary and usual course of business of the Remaining CGH Group and CG Services Group, are expected to continue after the Listing Date. The Master Property Management Services Agreement and the Master Consultancy and Other Services Agreement regulate such transactions, provide flexibility for the entering into of individual agreements in respect of such continuing transactions, and are of administrative convenience for the purpose of compliance with Chapter 14A of the Listing Rules. As CG Services Group has solid and extensive experience in the property management field in the PRC, the Board believes that it is beneficial to the business of the Remaining CGH Group to continue to engage CG Services Group to provide property management services, consultancy and other services in terms of efficiency and reliability in the provision of such services.

The Directors (including the independent non-executive Directors) are of the view that each of the Master Property Management Services Agreement and the Master Consultancy and Other Services Agreement was entered into in the ordinary and usual course of business of the Remaining CGH Group and on normal commercial terms, and the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Following the completion of the Spin-off, CG Services has become a 30%-controlled company indirectly held by Ms. YANG Huiyan, an executive Director and the controlling Shareholder of the Company. As such, CG Services is an associate of Ms. YANG Huiyan and thus a connected person of the Company. Transactions between the Remaining CGH Group and CG Services Group therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios of the highest annual cap for transactions contemplated under the Master Property Management Services Agreement exceed 0.1% but all are below 5%, and such transactions are subject to the reporting, annual review and announcement requirements for the Company but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios of the highest annual cap for transactions contemplated under the Master Consultancy and Other Services Agreement exceed 0.1% but all are below 5%, and such transactions are subject to the reporting, annual review and announcement requirements for the Company but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since (i) Ms. YANG Huiyan is the controlling shareholder of CG Services and (ii) Mr. YEUNG Kwok Keung, Mr. YANG Zhicheng, Ms. YANG Ziying and Mr. CHEN Chong are associates of Ms. YANG Huiyan, such Directors have abstained from voting on the resolutions at the Board meeting to approve the Master Property Management Services Agreement and the Master Consultancy and Other Services Agreement and the transactions contemplated thereunder to avoid any conflict of interests.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in property development in the PRC, including property development, construction and hotel operation.

CG Services Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners.

DEFINITIONS

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

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CG Services”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), a company incorporated in the Cayman Islands and a subsidiary of the Company before completion of the Spin-off
“CG Services Group”	CG Services and its subsidiaries
“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 the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“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 Date”	the date which the shares of CG Services are first listed on the main board of the Stock Exchange, which is 19 June 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Consultancy and Other Services Agreement”	the framework agreement entered into between the Company and CG Services on 1 June 2018 which sets out the terms of the provision of consultancy and other services by CG Services Group to the Remaining CGH Group for a term commencing on the Listing Date until 31 December 2020
“Master Property Management Services Agreement”	the framework agreement entered into between the Company and CG Services on 1 June 2018 which sets out the terms of the provision of property management services by CG Services Group to the Remaining CGH Group for a term commencing on the Listing Date until 31 December 2020
“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)
“Remaining CGH Group”	the Company and its subsidiaries immediately after the Spin-off
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	shareholder(s) of the Company
“Spin-off”	the spin-off and separate listing of the shares of CG Services on the main board of the Stock Exchange

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“substantial shareholder” has the meaning ascribed to it under the Listing Rules

“%” per cent

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

Hong Kong, 19 June 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.