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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**  
**(1) SALES AND LEASING AGENCY SERVICES; AND**  
**(2) REVISION OF ANNUAL CAPS**  
**FOR CONSULTANCY AND OTHER SERVICES**

**SALES AND LEASING AGENCY SERVICES**

On 18 September 2018, the Company entered into the Sales and Leasing Agency Services Framework Agreement with CG Services, which sets out the principal terms for the provision of sales and leasing agency services in respect of unsold parking spaces of the Group and provision of sales agency services in respect of unsold property units of the Group, by the CG Services Group to the Group for a term commencing on 18 September 2018 until 31 December 2020.

The annual caps of transactions contemplated under the Sales and Leasing Agency Services Framework Agreement are RMB120,000,000, RMB380,000,000 and RMB450,000,000 respectively for each of the three years ending 31 December 2020.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest annual cap for transactions contemplated under the Sales and Leasing Agency Services Framework Agreement exceed 0.1% but are all below 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements for the Company but exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **REVISION OF EXISTING ANNUAL CAPS FOR CONSULTANCY AND OTHER SERVICES**

Reference is made to the announcement of the Company dated 19 June 2018 in relation to, among other things, the Consultancy and Other Services Framework Agreement. On 1 June 2018, the Company entered into the Consultancy and Other Services Framework Agreement with CG Services for a term commencing on the Listing Date until 31 December 2020. 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 for the term of the Consultancy and Other Services Framework Agreement.

On 18 September 2018, the Company entered into the Consultancy and Other Services Supplemental Agreement with CG Services, pursuant to which the Existing Annual Caps have been revised from RMB395,600,000 to RMB633,110,000 for the year ending 31 December 2018, from RMB600,600,000 to RMB897,930,000 for the year ending 31 December 2019, and from RMB882,300,000 to RMB1,007,420,000 for the year ending 31 December 2020.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest Revised Annual Caps exceed 0.1% but are all below 5%, such continuing connected transactions of the Company are subject to the reporting, annual review and announcement requirements for the Company but exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

# **SALES AND LEASING AGENCY SERVICES FRAMEWORK AGREEMENT**

The Company has entered into the Sales and Leasing Agency Services Framework Agreement with CG Services for the provision of sales and leasing agency services in respect of unsold parking spaces of the Group and provision of sales agency services in respect of unsold property units of the Group, by the CG Services Group to the Group, which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

- Date : 18 September 2018
- Parties : (1) the Company; and  
(2) CG Services
- Term : From 18 September 2018 until 31 December 2020
- Services to be provided : Provision of (i) sales and leasing agency services by the CG Services Group to the Group in respect of parking spaces of the Group; and (ii) sales agency services by the CG Services Group to the Group in respect of property units of the Group which remain unsold after the mass sales period of the corresponding property development projects.

Ancillary to the above sales and leasing agency services in respect of parking spaces, the CG Services Group also carries out various work including market research, project analysis, competitor product analysis, formulation of sales strategy, design and production of promotion materials, formulation of marketing plan and budget, review of legal documentation relating to sales, connecting to the government's filing procedures and connecting to procedures of the government and banks for commercial loans and provident fund loan, preparation of reports required by the Company, preparation and verification of various statements and information in relation to delivery of parking spaces etc.

- Condition Precedent : The carrying out of transactions under the Sales and Leasing Agency Services Framework Agreement is subject to CG Services having obtained the approval by its independent shareholders of such agreement, the annual caps and the transactions contemplated thereunder.

Price

- : (a) The fees for the provision of sales agency services in respect of unsold property units by the CG Services Group comprise (i) pre-commencement fee; and (ii) sales agency fee, which shall be calculated based on the following:

The pre-commencement fee is a one-time payment of 0.5% of the value of the subject property units payable by the Group to the CG Services Group within two weeks after the handover of the project to the CG Services Group, which shall be used to offset the sales agency fee payable by the Group to the CG Services Group.

Sales agency fee = contract prices of the sales of the subject property units for the month  $\times$  4%

- (b) The fees for the provision of sales and leasing agency services in respect of unsold parking spaces by the CG Services Group comprise (i) sales or leasing agency fee; and (ii) incentive fee, which shall be calculated based on the following:

Sales/leasing agency fee = contract prices of the sales/leasing of the subject parking spaces for the month  $\times$  5%

Incentive fee = contract prices of the sales/leasing of the subject parking spaces for the month  $\times$  95% – transfer prices of the subject parking spaces

The transfer price of a parking space for sales/leasing shall be determined after arm's length negotiations between relevant members of the Group and the CG Services Group taking into account the construction and development costs of the subject parking spaces, difficulty of sales/leasing, etc. The transfer price in relation to sales/leasing is usually at a discount to the initial price at the launch of the relevant project.

If the buyer or lessee purchases or leases a parking space using a coupon, the transfer price of the subject parking space = the original transfer price of the parking space – the amount of coupon.

The coupon mentioned above refers to a valid certificate issued by relevant members of the Group to a buyer or lessee in order to promote the completion of sales or leasing of parking space, which can be used to offset the selling price or rental of the parking space for the corresponding amount.

The above levels of fees were determined after arm's length negotiations between the Company and CG Services with reference to practices and standard adopted by other market players in the same industry for similar services.

Payment : Fees for such services provided by the CG Services Group will be payable within three months from the date of transaction.

### **Annual caps and basis of determination**

The annual caps for fees payable by the Group to the CG Services Group for the provision of sales and leasing agency services for each of the three years ending 31 December 2020 under the Sales and Leasing Agency Services Framework Agreement are as follows:

<b>For the year ending 31 December 2018</b>	<b>For the year ending 31 December 2019</b>	<b>For the year ending 31 December 2020</b>
RMB120,000,000 (equivalent to approximately HK\$137,318,624)	RMB380,000,000 (equivalent to approximately HK\$434,842,312)	RMB450,000,000 (equivalent to approximately HK\$514,944,843)

The above proposed annual caps were determined after having taken into account (i) the estimated transaction amount for the provision of sales and leasing agency services by the CG Services Group to the Group for each of the three years ending 31 December 2020; (ii) the CG Services Group's reference to the market rate for the provision of similar services in the same industry; and (iii) the rates of fees to be charged by the CG Services Group for the provision of the relevant services.

## **CONSULTANCY AND OTHER SERVICES SUPPLEMENTAL AGREEMENT**

Reference is made to the announcement of the Company dated 19 June 2018 in relation to, among other things, the Consultancy and Other Services Framework Agreement.

On 1 June 2018, the Company entered into the Consultancy and Other Services Framework Agreement with CG Services which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. 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 for the term of the Consultancy and Other Services Framework Agreement.

On 18 September 2018, the Company entered into the Consultancy and Other Services Supplemental Agreement with CG Services to revise the Existing Annual Caps. The principal terms of the Consultancy and Other Services Framework Agreement are set out below:

- 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 consultancy services by the CG Services Group 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 Group, and cleaning services for the properties developed by the 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 offices of the 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 : Fees for such services provided by the CG Services Group will be payable after provision of such services, to be settled on a monthly basis.
- Condition Precedent : The taking effect of the Consultancy and Other Services Supplemental Agreement is subject to CG Services having obtained the approval by its independent shareholders of such agreement, the Revised Annual Caps and transactions contemplated thereunder.

## Annual caps and basis of determination

The approximate historical amounts of fees paid by the Group to the CG Services Group for the provision of consultancy and other services for each of the two years ended 31 December 2017 and the seven months ended 31 July 2018 were as follows:

<b>For the year ended 31 December 2016</b>	<b>For the year ended 31 December 2017</b>	<b>For the seven months ended 31 July 2018</b>
RMB162,000,000 (equivalent to approximately HK\$185,380,143)	RMB228,100,000 (equivalent to approximately HK\$261,019,819)	RMB286,000,000 (equivalent to approximately HK\$327,276,056)

The Existing Annual Caps and the proposed Revised Annual Caps for fees payable by the Group to the CG Services Group for the provision of consultancy and other services for each of the three years ending 31 December 2020 are as follows:

	<b>For the year ending 31 December 2018</b>	<b>For the year ending 31 December 2019</b>	<b>For the year ending 31 December 2020</b>
Existing Annual Caps	RMB395,600,000 (equivalent to approximately HK\$452,693,733)	RMB600,600,000 (equivalent to approximately HK\$687,279,718)	RMB882,300,000 (equivalent to approximately HK\$1,009,635,190)
Revised Annual Caps	RMB633,110,000 (equivalent to approximately HK\$724,481,622)	RMB897,930,000 (equivalent to approximately HK\$1,027,520,941)	RMB1,007,420,000 (equivalent to approximately HK\$1,152,812,743)

The above proposed Revised Annual Caps were determined after having taken into account (i) the historical amount of fees paid by the Group to the CG Services Group for the provision of consultancy and other services for each of the two years ended 31 December 2017 and the seven months ended 31 July 2018; (ii) in respect of consultancy services, the estimated contracted amount of services with reference to the existing land reserve of the Group and the historical growth rate of the total contracted gross floor area of the Group; and (iii) in respect of cleaning services, the estimated fee per square metre of the property to be charged by the CG Services Group in respect of the provision of such services, and the estimated gross floor area which the Group will require the provision of such services by the CG Services Group.



## **Pricing policy**

During the term of the Consultancy and Other Services Framework Agreement, members of the Group may from time to time enter into individual agreements with members of the CG Services Group for the provision of relevant services in accordance with the principal terms of the Consultancy and Other Services Framework Agreement. The 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 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 Group than those available from Independent Third Parties;
- (c) the relevant member of the 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 the 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 the 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 Group and Independent Third Parties; and
- (e) should there be any material discrepancies between the price charged by the CG Services Group and that offered by Independent Third Parties, the price chargeable by the CG 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 Group. By entering into the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Supplemental Agreement, the Group will be able to benefit from the services provided by CG Services Group.



The Directors (including the independent non-executive Directors) are of the view that each of the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Supplemental Agreement and the transactions contemplated thereunder was entered into in the ordinary and usual course of business of the Company 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 Group and the CG Services Group therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest annual cap for transactions contemplated under the Sales and Leasing Agency Services Framework Agreement exceed 0.1% but all are below 5%, the transactions contemplated thereunder 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.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest Revised Annual Caps exceed 0.1% but are all below 5%, the Consultancy and Other Services Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements for the Company but exempted from the 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 Ziyang and Mr. CHEN Chong are associates of Ms. YANG Huiyan, such Directors are considered to be interested in the Sales and Leasing Agency Services Framework Agreement, the Consultancy and Other Services Supplemental Agreement and the transactions contemplated thereunder. Therefore, they have abstained from voting on the resolutions at the Board meeting approving the Sales and Leasing Agency Services Framework Agreement, the Consultancy and Other Services Supplemental Agreement and the transactions thereunder to avoid any conflicts of interest.

## GENERAL

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

CG Services is an investment holding company and its subsidiaries are 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 ), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 6098)
“CG Services Group”	CG Services and its subsidiaries
“Company”	Country Garden Holdings Company Limited, an exempted 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
“Consultancy and Other Services Framework Agreement”	the consultancy and other services framework agreement entered into between the Company and CG Services on 1 June 2018 which sets out the principal terms for the provision of consultancy and other services by the CG Services Group to the Group for a term commencing on the Listing Date until 31 December 2020

“Consultancy and Other Services Supplemental Agreement”	the supplemental agreement to the Consultancy and Other Services Framework Agreement entered into between the Company and CG Services on 18 September 2018 to revise the Existing Annual Caps
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Existing Annual Caps”	the annual caps for fees for the provision of consultancy and other services under the Consultancy and Other Services Framework Agreement for each of the three years ending 31 December 2020 as disclosed in the announcement of the Company dated 19 June 2018
“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
“Independent Third Parties”	parties who are independent of, and not connected with, the Company or any of its connected persons
“Listing Date”	19 June 2018, being the date which the shares of CG Services are first listed on the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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)
“Revised Annual Caps”	the revised annual caps of fees payable by the Group to the CG Services Group under the Consultancy and Other Services Supplemental Agreement for each of the three years ending 31 December 2020, the particulars of which are set out in the paragraph headed “Consultancy and Other Services Supplemental Agreement – Annual caps and basis of determination” in this announcement
“RMB”	Renminbi, the lawful currency of PRC

“Sales and Leasing Agency Services Framework Agreement”	the sales and leasing agency services framework agreement entered into between the Company and CG Services on 18 September 2018 which sets out the principal terms for the provision of sales and leasing agency services in respect of unsold parking spaces of the Group and provision of sales agency services in respect of unsold property units of the Group, by the CG Services Group to the Group for a term commencing on 18 September 2018 until 31 December 2020
“Shareholders”	shareholders 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
“%”	per cent

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

Foshan, Guangdong Province, the PRC, 18 September 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.*