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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)

CONNECTED TRANSACTIONS ASSIGNMENT OF RIGHTS OF ASSETS

Reference is made to the announcement of the Company dated 28 September 2017 on the connected transactions for the assignment of the rights to certain shops, composite buildings, parking spaces, commercial premises and/or residential premises held by various subsidiaries of the Company to Elite Architectural Co. pursuant to the 2017 Agreements.

Certain subsidiaries of the Company entered into the Agreements on 26 October 2018 with Elite Architectural Co. to further assign to Elite Architectural Co. the rights to all income of and the right to dispose of and manage another batch of assets at the consideration totaling of RMB1,849,763,594.79. The Subject Assets comprise certain shops and parking spaces held by the Assignor Subsidiaries respectively.

LISTING RULES IMPLICATIONS

Each of the Assignor Subsidiaries is a 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 approximately 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. The Agreements thus constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Agreements are entered into by the Group with the same party (Elite Architectural Co.) as and for transactions of nature similar to the 2017 Agreements, approximately 12 months after the 2017 Agreements were entered into. Pursuant to Rule 14A.81 of the Listing Rules, the Agreements are aggregated with the 2017 Agreements for calculation of the percentage ratios in relation to the applicable connected transaction requirements for the Agreements. As some of the applicable percentage ratios of the Agreements in aggregate with the 2017 Agreements exceed 0.1% but are below 5%, the Agreements are subject to the reporting and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 28 September 2017 on the connected transactions for the assignment of the rights to certain shops, composite buildings, parking spaces, commercial premises and/or residential premises held by various subsidiaries of the Company to Elite Architectural Co. pursuant to the 2017 Agreements.

AGREEMENTS FOR ASSIGNMENT OF RIGHTS OF ASSETS

The Board announces that each of the Assignor Subsidiaries has respectively entered into the Agreements to assign the rights of another batch of assets of the Group to Elite Architectural Co..

The Agreements

Date

26 October 2018

Parties to each of the Agreements

- Assignor:
- (i) Chuzhou Bicheng Property Development Co., Ltd.* (滁州碧城房地產開發有限公司)
 - (ii) Chuzhou Xinbi Property Development Co., Ltd.* (滁州市新碧房地產開發有限公司)
 - (iii) Chuzhou Bihui Property Development Co., Ltd.* (滁州碧輝房地產開發有限公司)
 - (iv) Nanjing Jinmengdou Property Development Co., Ltd.* (南京金夢都房地產開發有限責任公司)
 - (v) Yizheng Country Garden Property Development Co., Ltd.* (儀征碧桂園房地產開發有限公司)
 - (vi) Baoying Country Garden Property Development Co., Ltd.* (寶應碧桂園房地產開發有限公司)

- (vii) Qidong Zhongbang Property Development Co., Ltd.* (啓東中邦房地產開發有限公司)
- (viii) Nantong Country Garden Longyouhu Property Development Co., Ltd.* (南通碧桂園龍游湖房地產開發有限公司)
- (ix) Dongtai Country Garden Property Development Co., Ltd.* (東台市碧桂園房地產開發有限公司)
- (x) Taicang Loucheng Country Garden Property Development Co., Ltd.* (太倉婁城碧桂園房地產開發有限公司)
- (xi) Changde Xinbi Property Development Co., Ltd.* (常德市新碧房地產開發有限公司)
- (xii) Huishui Country Garden Property Development Co., Ltd.* (惠水碧桂園物業發展有限公司)
- (xiii) Guizhou Zhongtai Real Estate Co., Ltd.* (貴州中泰置業有限公司)

Assignee: Elite Architectural Co.

Under each of the Agreements, the corresponding Assignor Subsidiary agrees to assign the following rights to Elite Architectural Co. with effect from the Assignment Date:

- the rights to all income of the relevant Subject Assets, including (but not limited to) (1) all actual and contingent income of the relevant Subject Assets; (2) all income generated from the leasing and operation of the relevant Subject Assets; (3) the consideration for or proceeds from the disposal of the relevant Subject Assets; and (4) all amounts receivable in respect of the relevant Subject Assets arising from procedures such as petition, claim, arbitration and enforcement; and
- the right to dispose of and manage the relevant Subject Assets, including (but not limited to) the right to determine the leasing, disposal, pledge and/or other ways of dealing with the relevant Subject Assets.

The Subject Assets

The Subject Assets are located in various different areas in the PRC which comprise:

Location	Description of assets
Anhui Area* (安徽地區)	The Subject Assets located in certain development projects of the Group in Anhui Area have an aggregate gross floor area of 25,959.08 sq. m. which consist of shops.
Guizhou Area* (貴州地區)	The Subject Assets located in certain development projects of the Group in Guizhou Area have an aggregate gross floor area of 28,986.28 sq. m. which consist of shops.
Hunan Area* (湖南地區)	The Subject Assets located in certain development projects of the Group in Hunan Area have an aggregate gross floor area of 6,052.49 sq. m. which consist of shops.
Jiangzhe Area* (江浙地區)	The Subject Assets located in certain development projects of the Group in Jiangzhe Area have an aggregate gross floor area of 156,314.69 sq. m. which consist of shops and parking spaces. The shops have a gross floor area of 28,699.42 sq. m.; and the parking spaces have a gross floor area of 127,615.27 sq. m..

The book value of the Subject Assets as at 30 June 2018 was RMB1,295,524,435.37 in aggregate.

The Subject Assets have not been leased out or sold, therefore there were no net profit/loss (before and after taxation) attributable to the Subject Assets for each of the two years ended 31 December 2016 and 31 December 2017 respectively.

The Subject Assets comprise self-constructed assets of the Group, the total construction cost of the portion of which construction had completed for 12 months or less amounted to RMB687,504,343.13.

The Consideration

The aggregate amount of the consideration under the Agreements is RMB1,849,763,594.79. Such aggregate amount of consideration for the assignment of the rights of the Subject Assets under the Agreements is equal to the appraised total market value of the Subject Assets, plus the aggregate amount of RMB21,668,192.79 as consideration for the management of the Subject Assets based on the relevant rates charged by the management party for property management in the area where the Subject Assets are located. The appraised total market value of the Subject Assets as at 1 September 2018 was RMB1,828,095,402.00, which was assessed by an independent professional valuer, Foshan Tianhua Property and Real Estate Valuation Co., Ltd.*(佛山市天華房地產土地資產評估有限公司) using the comparison method.

The corresponding amount of cash consideration under each of the Agreements is payable by Elite Architectural Co. by payment to a designated bank account of the relevant Assignor Subsidiary within one working day after fulfillment (or waiver at the discretion of Elite Architectural Co.) of the following conditions precedent:

- the execution and taking effect of the corresponding Agreement;
- the relevant Assignor Subsidiary having delivered to Elite Architectural Co. the title documents of the relevant Subject Assets; and
- the relevant Assignor Subsidiary having delivered to Elite Architectural Co. certified copies of (1) the latest business licence of the Assignor Subsidiary; (2) (in the event of the Assignor Subsidiary being a foreign-invested enterprise) the latest certificate of approval or recordation receipt for the formation (modification) of a foreign-invested enterprise of the Assignor Subsidiary; (3) all necessary documents of approval and authorization of the Assignor Subsidiary for carrying out the transaction under and execution of the Agreement in accordance with the articles of association and internal regulations of the Assignor Subsidiary; (4) all executed documents which form the basis of income of the relevant Subject Assets as of the date of the corresponding Agreement; and (5) such other documents as may be reasonably required by Elite Architectural Co. in relation to the relevant Subject Assets, the ability of the Assignor Subsidiary to perform and the transactions as contemplated under the corresponding Agreement.

Obligations and rights of each of the Assignor Subsidiaries in relation to the Subject Assets

Under each of the Agreements, the obligations of the Assignor Subsidiary in relation to the relevant Subject Assets after the Assignment Date include:

- not to lease, sell, dispose of, pledge or in any other manner dealing with all or any part of the Subject Assets without the prior written consent or authorization or entrustment of Elite Architectural Co.;
- entering into agreements with third parties designated by Elite Architectural Co. to lease or dispose of all or part of the Subject Assets;
- for those Subject Assets in respect of which the title certificates may be issued, transferring the title to Elite Architectural Co. or its designated third party;
- managing and maintaining the Subject Assets and exercising the rights and performing the duties under the documents which form the basis of income of those Subject Assets;
- as may be requested by Elite Architectural Co., assigning to Elite Architectural Co. any of the rights of the documents which form the basis of income of the Subject Assets or authorising Elite Architectural Co. to exercise such rights on its behalf;

- upon the request by Elite Architectural Co., on each of the Reporting Dates, reporting to Elite Architectural Co. the status of the leasing, operation and disposal of, other dealings and the amount of income of the Subject Assets, and providing an inventory of documents which form the basis of income of the Subject Assets and (if not previously provided) certified copies of such documents;
- on each of the Reporting Dates, paying the income (or cash equivalent) of the Subject Assets into a bank account designated by Elite Architectural Co.; and
- upon the request by Elite Architectural Co., providing to Elite Architectural Co. information on any transaction for disposal of the Subject Asset(s) on the date of completion of such transaction.

The Assignor Subsidiary may engage, and has engaged a management party to carry out the management of the Subject Assets.

FINANCIAL EFFECTS OF THE AGREEMENTS

Upon completion of the Assignment and subject to final audit, the Company expects that it will record a gain of RMB554,239,159.42 from the Assignment, being the difference between the aggregate amount of the consideration under the Agreements and the unaudited carrying value of the Subject Assets of RMB1,295,524,435.37 as at 30 June 2018.

The Company intends to use the proceeds of the Assignment, minus the amount to be charged by the management party for the management of the Subject Assets, as general working capital for the Group.

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Directors consider that the Assignment will enable the Group to revitalize idle assets and increase efficiency in the use of capital. The Subject Assets comprise certain shops and parking spaces held by the Assignor Subsidiaries respectively, which are unsold and idle for a period. As Elite Architectural Co. desires to acquire the rights to the Subject Assets for operation and/or other financing purpose, the Assignment will bring revenue to the Group from such otherwise idle assets.

The Directors (including the independent non-executive Directors) are of the view that the Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Each of the Assignor Subsidiaries is a 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 approximately 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. The Agreements thus constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Agreements are entered into by the Group with the same party (Elite Architectural Co.) as and for transactions of nature similar to the 2017 Agreements, approximately 12 months after the 2017 Agreements were entered into. Pursuant to Rule 14A.81 of the Listing Rules, the Agreements are aggregated with the 2017 Agreements for calculation of the percentage ratios in relation to the applicable connected transaction requirements for the Agreements.

As some of the applicable percentage ratios (as defined in the Listing Rules) of the Agreements in aggregate with the 2017 Agreements exceed 0.1% but are below 5%, the Agreements are subject to the reporting 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 in relation to the Agreements, the aforesaid Directors have abstained from voting on the resolutions at the Board meeting to approve the Agreements.

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.

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:

“2017 Agreements”	various agreements dated 28 September 2017 entered into by certain subsidiaries of the Company with Elite Architectural Co. for the assignment of the rights to certain assets of the Group to Elite Architectural Co., particulars of which are set out in the announcement of the Company dated 28 September 2017
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“Agreements”	the 14 agreements (two of which have been entered into by the same Assignor Subsidiary) dated 26 October 2018 between each of the Assignor Subsidiaries respectively and Elite Architectural Co. for the assignment of the rights to the Subject Assets by the respective Assignor Subsidiary to Elite Architectural Co., and “Agreement” means any one of them
“Assignment”	the assignment of the rights to the Subjects Assets by each of the Assignor Subsidiaries respectively to Elite Architectural Co. pursuant to the terms and conditions of the respective Agreement
“Assignment Date”	26 October 2018
“Assignor Subsidiaries”	the subsidiaries of the Company entering into the Agreements, particulars of which are set out in the section headed “Agreements for Assignment of Rights of Assets” in this announcement, and “Assignor Subsidiary” means any one of them
“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
“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
“family member”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“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)
“Reporting Dates”	20 March, 20 June, 20 September and 20 December of each year
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq. m.”	square metre
“Subject Assets”	those assets of the Group the rights of which are to be assigned by each of the Assignor Subsidiaries respectively to Elite Architectural Co. pursuant to the Agreements, particulars of which are set out in the section headed “The Subject Assets” in this announcement
“%”	per cent

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

Foshan, Guangdong Province, the PRC, 26 October 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.

* *for identification purpose only*