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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 WITH CG SERVICES — ELEVATORS INSTALLATION AND OTHER SERVICES FRAMEWORK AGREEMENT

ELEVATORS INSTALLATION AND OTHER SERVICES FRAMEWORK AGREEMENT

On 18 March 2020, the Company entered into the Elevators Installation and Other Services Framework Agreement with CG Services, which sets out the principal terms for the provision of Elevators Installation and Other Services, by the CG Services Group to the Group for a term commencing on 18 March 2020 until 31 December 2020.

Since CG Services is a 30%-controlled company indirectly held by Ms. YANG Huiyan, an executive Director and the controlling shareholder of the Company, it is an associate of Ms. YANG Huiyan and thus a connected person of the Company. Transactions between the CG Services Group and the Group contemplated under the Elevators Installation and Other Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

Consultancy and Other Services

As disclosed in the announcements of the Company dated 19 June 2018 and 18 September 2018 respectively on continuing connected transactions, the Group has engaged the CG Services Group to provide Consultancy and Other Services pursuant to the Consultancy and Other Services Framework Agreement for a term from 19 June 2018 to 31 December 2020.

Advertising Services and Domestic Services

The Company entered into the Advertising and Domestic Services Framework Agreement with CG Services for the provision of the Advertising Services and the Domestic Services by the CG Services Group to the Group for a term from 23 August 2019 until 31 December 2020. The annual caps for transactions of the Advertising Services contemplated under the Advertising and Domestic Services Framework Agreement are RMB2 million and RMB4 million respectively for the two years ending 31 December 2020, whereas the annual caps for transactions of the Domestic Services contemplated under the Advertising and Domestic Services Framework Agreement are RMB9 million and RMB18 million respectively for the two years ending 31 December 2020.

As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Domestic Services and the Advertising Services (when aggregated with each other) for the Company calculated based on the highest annual caps are below 0.1%, the Domestic Services and the Advertising Services as continuing connected transactions of the Company are fully exempt from the requirements under Chapter 14A of the Listing Rules.

Elevators Installation and Other Services

The annual cap for the transactions contemplated under the Elevators Installation and Other Services Framework Agreement for the year ending 31 December 2020 is RMB460 million. One or more of the applicable percentage ratios (as defined under the Listing Rules) for the Company calculated based on such annual cap on a standalone basis exceeds 0.1% but all of them are less than 5%. If the Elevators Installation and Other Services, the Advertising Services, the Domestic Services and the Consultancy and Other Services are aggregated together pursuant to Rule 14A.81 of the Listing Rules, one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Company would exceed 0.1% but all of them would be below 5%. Therefore, the Elevators Installation and Other Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

ELEVATORS INSTALLATION AND OTHER SERVICES FRAMEWORK AGREEMENT

On 18 March 2020, the Company entered into the Elevators Installation and Other Services Framework Agreement with CG Services. During the term of the Elevators Installation and Other Services Framework Agreement, members of the CG Services Group may from time to time enter into individual agreements with members of the Group for the provision of Elevators Installation and Other Services in accordance with the principal terms of the Elevators Installation and Other Services Framework Agreement.

Date	: 18 March 2020
Parties	: (1) The Company; and (2) CG Services
Term	: From 18 March 2020 until 31 December 2020
Services to be provided	: The Group has engaged the CG Services Group for provision of elevator products installation, supporting services and other services.
Price	: The fees for the provision of the Elevators Installation and Other Services shall be determined after arm's length negotiations taking into account costs involved in provision of the services (including the costs of materials and manpower and the management fees), with reference to the rate of fees under other contracts for similar elevators installation and other services entered into by each party (if any), and the prevailing market prices of similar services.
Payment	: The fees for the elevators installation services will be payable by the Group to the CG Services Group within 15 days after the relevant elevator products and/or services have passed the inspection by local government authorities. The fees for the other services will be payable by the Group to the CG Services Group within one month after delivery of the relevant services.

Annual caps and basis of determination

The annual cap for fees payable by the Group to the CG Services Group (excluding tax) for the Elevators Installation and Other Services for the year ending 31 December 2020 is RMB460 million (equivalent to approximately HK\$510 million).

The above proposed annual cap was determined after having taken into account (i) the estimated transaction amount for the provision of Elevators Installation and Other Services by the CG Services Group to the Group for the year ending 31 December 2020; (ii) the historical transaction amounts of elevators installation services engaged by the Group; (iii) the CG Services Group's reference to the market rate for the provision of similar services in the same industry; and (iv) the rates of fees to be charged by the CG Services Group for the provision of the relevant services.

Pricing policy

The following pricing policy is adopted for each of the individual agreements to be entered into between members of the Group and members of the CG Services Group from time to time:

- (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 Group than that available from Independent Third Parties;
- (c) the relevant member of the Group shall refer to at least three other contemporaneous transactions of similar services 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 the 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 charged by Independent Third Parties, the price chargeable by the CG Services Group will be adjusted accordingly.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The CG Services Group is a leading property management company in the PRC. The 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, the CG Services Group is a constant service provider of the Group. By entering into the Elevators Installation and Other Services Framework Agreement, the Group will be able to benefit from the Elevators Installation and Other Services provided by the CG Services Group in terms of efficiency and reliability.

The Directors (including the independent non-executive Directors) consider that the Elevators Installation and Other Services Framework Agreement and the transactions contemplated thereunder are 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 of the Company as a whole.

Since (i) Ms. YANG Huiyan is the controlling shareholder of CG Services; and (ii) Mr. YEUNG Kwok Keung, Ms. YANG Ziyang, Mr. YANG Zhicheng and Mr. CHEN Chong are associates of Ms. YANG Huiyan, each of such Directors is considered to be interested in the Elevators Installation and Other Services Framework Agreement and the transactions contemplated thereunder and they have abstained from voting on the resolutions at the Board meeting approving the Elevators Installation and Other Services Framework Agreement and the transactions contemplated thereunder to avoid any conflicts of interest.

LISTING RULES IMPLICATIONS

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Consultancy and Other Services

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Advertising Services and Domestic Services

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As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Domestic Services and the Advertising Services (when aggregated with each other) for the Company calculated based on the highest annual caps are below 0.1%, the Domestic Services and the Advertising Services as continuing connected transactions of the Company are fully exempt from the requirements under Chapter 14A of the Listing Rules.

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GENERAL

The Company is one of the PRC's largest residential property developers that capitalizes on urbanization. With centralized management and standardization, the Group runs the businesses of property development, construction, interior decoration, property investment, and the development and management of hotels. The Group offers a broad range of products to cater for diverse demands, namely residential projects such as townhouses, condominiums, car parks and retail shop spaces. The Group also develops and manages hotels at some of its property projects with the aim of enhancing the properties' marketability. The Group's other businesses are robotics and modern agriculture. As at the date of this announcement, Ms. YANG Huiyan, the Co-Chairman of the Company and an executive Director, is indirectly interested in approximately 57.66% of the total issued share capital of the Company.

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. Ms. YANG Huiyan, the chairman and a non-executive director of CG Services, holds approximately 53.45% of the total issued share capital of CG Services through investment holding companies which she entirely owns.

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
“Advertising and Domestic Services Framework Agreement”	the framework agreement entered into between the Company and CG Services on 23 August 2019 which sets out the principal terms for the provision of Advertising Services and Domestic Services by the CG Services Group to the Group for a term commencing on 23 August 2019 until 31 December 2020 (particulars of which are disclosed in the announcement of CG Services dated 23 August 2019)
“Advertising Services”	the provision of advertising services (which comprise installation, maintenance and dismantling services) by the CG Services Group to the Group in relation to advertisements to be displayed at certain advertising spaces located in the common areas of the property projects managed by the CG Services Group pursuant to the Advertising and Domestic Services Framework Agreement
“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, 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(s)”	has the meaning ascribed to it under the Listing Rules
“Consultancy and Other Services”	consultancy services and other services provided by the CG Services Group to the 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 purchasers of property units of the Group pursuant to the Consultancy and Other Services Framework Agreement
“Consultancy and Other Services Framework Agreement”	collectively means the 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 19 June 2018 until 31 December 2020 and the supplement agreement thereto dated 18 September 2018 to revise the annual caps for fees
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Domestic Services”	the provision of domestic services including home cleaning, household appliances cleaning, garden maintenance, home maintenance and other domestic services by the CG Services Group to the purchasers of property units of the Group pursuant to the Advertising and Domestic Services Framework Agreement
“Elevators Installation and Other Services”	the provision of elevator products installation, supporting services and other services by the CG Services Group to the Group pursuant to the Elevators Installation and Other Services Framework Agreement

“Elevators Installation and Other Services Framework Agreement”	the framework agreement entered into between the Company and CG Services on 18 March 2020 which sets out the principal terms for the provision of Elevators Installation and Other Services by the CG Services Group to the Group for a term commencing on 18 March 2020 until 31 December 2020
“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 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)
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

In this announcement, RMB has been converted to HK\$ at the rate of HK\$1 = RMB0.90209 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

Foshan, Guangdong Province, the PRC, 18 March 2020

As of the date of this announcement, the executive directors of the Company are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Co-Chairman), Mr. MO Bin (President), Ms. YANG Ziyang, Mr. YANG Zhicheng, Mr. SONG Jun 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. TO Yau Kwok.