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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)**

### **EXTENSION AND RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH (1) CG SERVICES GROUP AND (2) ELITE ARCHITECTURAL CO.**

#### **CONTINUING CONNECTED TRANSACTIONS WITH CG SERVICES GROUP**

Reference is made to the announcements of the Company dated 19 June 2018, 18 September 2018 and 18 March 2020 in relation to, among other things, certain continuing connected transactions between the Group and the CG Services Group pursuant to the Existing CG Services Framework Agreements. Since the Existing CG Services Framework Agreements are due to expire on 31 December 2020 and it is expected that the Group and the CG Services Group will continue to enter into similar transactions from time to time thereafter, on 4 December 2020, the Company entered into the 2020 CG Services Framework Agreements with CG Services, for a term commencing on 1 January 2021 until 31 December 2023, each of which is conditional upon CG Services having obtained the approval by its independent shareholders.

Since CG Services is a 30%-controlled company indirectly held by Ms. YANG Huiyan, who is the co-chairman of the Board, 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 Property Management Services Framework Agreement, the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Framework Agreement therefore 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) in respect of the transactions contemplated under the Property Management Services Framework Agreement, the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Framework Agreement respectively 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.

#### **CONTINUING CONNECTED TRANSACTIONS WITH ELITE ARCHITECTURAL CO.**

Reference is made to (i) the announcements of the Company dated 17 December 2010, 31 October 2012 and 13 December 2013 in relation to, among other things, 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; (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; and (iii) the announcement of the Company dated 21 March 2018 in relation to the 2018 Design Services Supplemental Agreement entered into between Elite Architectural Co. and Shunde Country Garden Co., pursuant to which 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.

The Group expects to continue to enter into transactions of nature similar to those contemplated under the Previous Design Services Agreement, the Design Services Further Supplemental Agreement and the 2018 Design Services Supplemental Agreement.

The engagement pursuant to the 2018 Design Services Supplemental Agreement is due to expire on 31 December 2020. As such, on 4 December 2020, Elite Architectural Co. and Shunde Country Garden Co. entered into the 2020 Design Services Supplemental Agreement, pursuant to which the 2018 Design Services Supplemental Agreement has been extended for a further term of three years commencing on 1 January 2021 with an annual cap of transactions of RMB7,000 million, RMB7,700 million and RMB8,400 million respectively.

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 three shareholders of which are another PRC limited liability company and two PRC limited partnership enterprises each owned as to more than 50% 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 2020 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) in respect of the transactions contemplated under the 2020 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.

## **CONTINUING CONNECTED TRANSACTIONS WITH CG SERVICES GROUP**

Reference is made to the announcements of the Company dated 19 June 2018, 18 September 2018 and 18 March 2020 in relation to, among other things, certain continuing connected transactions between the Group and the CG Services Group pursuant to the Existing CG Services Framework Agreements. Since the Existing CG Services Framework Agreements are due to expire on 31 December 2020 and it is expected that the Group and the CG Services Group will continue to enter into similar transactions from time to time thereafter, on 4 December 2020, the Company entered into the 2020 CG Services Framework Agreements with CG Services, for a term commencing on 1 January 2021 until 31 December 2023, each of which is conditional upon CG Services having obtained the approval by its independent shareholders. The principal terms of the 2020 CG Services Framework Agreements are as follows:

### **(i) Property Management Services Framework Agreement**

Date	:	4 December 2020
Parties	:	(1) the Company; and (2) CG Services
Term	:	From 1 January 2021 until 31 December 2023

Subject Matter : Provision of property management services by the CG Services Group in respect of the unsold property units and the sold property units prior to the agreed delivery date set out on the sales contract for projects developed by the Group.

Condition Precedent : The carrying out of transactions under the Property Management 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 : Fees to be charged for the property management services provided by the CG Services Group shall be determined after arm's length negotiations taking into account the type and the construction area of the property, with reference to the location of the property, the anticipated operational costs, the government-guidance fees (if applicable), and the rate of fees under other contracts for similar property management services entered into by each party (if any). The service fees shall not be higher than the government-guidance fees (if applicable).

According to the Property Service Charge Management Measures, the specific pricing of property service fees, namely the aforesaid government-guidance fees, is to be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities. In practice, the publication method and update frequency of pricing documents for property service fees are determined by the competent departments of each province, autonomous region, and municipality directly under the Central Government of the PRC.

Payment : Fees for the property management services provided by the 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 existing annual caps (excluding tax) for fees payable by the Group to the CG Services Group under the Existing Property Management Services Framework Agreement for each of the three years ending 31 December 2020 are as follows:

<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>	<b>For the year ending 31 December 2020</b>
RMB289,600,000	RMB355,300,000	RMB478,100,000

The approximate historical amounts (excluding tax) of fees paid by the Group to the CG Services Group under the Existing Property Management Services Framework Agreement for each of the two years ended 31 December 2018 and 2019, and the nine months ended 30 September 2020 are as follows:

<b>For the year ended 31 December 2018 (audited)</b>	<b>For the year ended 31 December 2019 (audited)</b>	<b>For the nine months ended 30 September 2020 (unaudited)</b>
RMB148,543,000	RMB285,663,000	RMB198,315,800

The proposed annual caps (excluding tax) for fees payable by the Group to the CG Services Group under the Property Management Services Framework Agreement for each of the three years ending 31 December 2023 are as follows:

<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
RMB416,000,000	RMB493,000,000	RMB571,000,000

The above proposed annual caps were determined after having taken into account (i) the historical transaction amounts under the Existing Property Management Services Framework Agreement for each of the two years ended 31 December 2019 and nine months ended 30 September 2020; (ii) the estimated amount of property management services fees for the three years ending 31 December 2023 in respect of properties developed by the Group; and (iii) the proportion of estimated amount of property management services fees for the property management services provided by the CG Services Group to properties developed by the Group to the total property management services expenses of the Group in respect of such properties for the three years ending 31 December 2023.

As compared with the fees paid by the Group to the CG Services Group under the Existing Property Management Services Framework Agreement during the two years ended 31 December 2018 and 2019 and the nine months ended 30 September 2020, the Company expects that there will be a steady growth in the demand for and the scale of property management services to be provided to the Group by the CG Services Group in the three years ending 31 December 2023 based on the historical transaction amounts and the anticipated development timeline of the Group.

The annual caps for the two years ended 31 December 2018 and 2019 were well utilised, and there was a steady growth in the amount of fees paid by the Group to the CG Services Group under the Existing Property Management Services Framework Agreement during the said years. The relatively low utilisation rate based on the transaction amount recorded for the nine months ended 30 September 2020 under the annual cap for the year ending 31 December 2020 was primarily attributable to the temporary adverse effects of the Coronavirus outbreak which has delayed the launch of certain property development projects, causing a reduced level of demand for property management services in 2020, but such adverse effects are not expected to continue into year 2021. With the effective control measures by the PRC government, the Coronavirus outbreak has been gradually brought under control, and it is expected that the construction and sales progress will resume gradually and more property development projects are to be completed or delivered by the Group in the next three years. Hence, an increase in fees for property management services from the CG Services Group is anticipated.

**(ii) Sales and Leasing Agency Services Framework Agreement**

Date	:	4 December 2020
Parties	:	(1) the Company; and (2) CG Services
Term	:	From 1 January 2021 until 31 December 2023
Subject Matter	:	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 of the Group (the “ <b>Sales and Leasing Agency Services</b> ”).

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 plan, 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 and verification of reports and information in relation to delivery of parking spaces as required by the Group, 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 properties 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<sup>(Note 1)</sup> 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<sup>(Note 2)</sup>.

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

*Notes:*

1. The aggregate value of the subject property units represents the minimum selling price of the relevant subject property units determined after arm's length negotiations between relevant members of the CG Services Group and the Group at the time those property units are handed over in batch to the CG Services Group, taking into account the construction and development costs of the subject property units, difficulty of sales, locations of the subject property units, etc.. The CG Services Group will not proceed with the sale of a subject property unit if the contract price is lower than its value as aforesaid.
  2. The CG Services Group will deduct the pre-commencement fee from the amount of sales agency fee which becomes payable by the Group. In the event that the sales agency fee payable by the Group is greater than the pre-commencement fee already received by the CG Services Group, the shortfall will be paid by the Group to the CG Services Group. The CG Services Group will not be required to return the pre-commencement fee to the Group even if the CG Services Group fails to sell any or all of the relevant property units.
- (b) The fees for the provision of sales or 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 represents the minimum price to be received by the Group from the sales/leasing of the subject parking spaces, which shall be determined after arm's length negotiations between relevant members of the CG Services Group and the Group taking into account the construction and development costs of the subject parking space, 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 standards adopted by eight other market players in the same industry for similar services after considering quotations of agency fees for similar services. It was agreed that standard agency fee rates of 4% in respect of unsold property units and 5% in respect of unsold parking spaces should be adopted instead of applying different rates for different projects with reference to factors such as locations, nature and difficulty of sales/leasing of the property units or parking spaces, because these factors have already been taken into account in determining the value of the subject property units and transfer price of the subject parking spaces upon their handover to the CG Services Group.

Based on the aforesaid, the Directors consider that the pricing terms of the Sales and Leasing Agency Services Framework Agreement are on normal commercial terms.

Payment : Fees for such services provided by the CG Services Group will be payable within three months from the date of transaction <sup>(Note)</sup>.

*Note:* Fees for the provision of sales agency services in respect of unsold properties units will become payable only when the accumulated sales agency fee in respect of the property units of a project handed over to the CG Services Group is greater than the corresponding pre-commencement fee already received by the CG Services Group.

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

The existing annual caps (excluding tax) for fees payable by Group to the CG Services Group under the Existing Sales and Leasing Agency Services Framework Agreement for each of the three years ending 31 December 2020 are as follows:

<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>	<b>For the year ending 31 December 2020</b>
RMB120,000,000	RMB380,000,000	RMB450,000,000

The approximate historical amounts (excluding tax) of fees paid by the Group to the CG Services Group under the Existing Sales and Leasing Agency Services Framework Agreement for each of the two years ended 31 December 2018 and 2019 and the nine months ended 30 September 2020 are as follows:

<b>For the year ended 31 December 2018 (audited)</b>	<b>For the year ended 31 December 2019 (audited)</b>	<b>For the nine months ended 30 September 2020 (unaudited)</b>
RMB66,712,000	RMB184,906,000	RMB248,761,800

The proposed annual caps (excluding tax) for fees payable by the Group to the CG Services Group under the Sales and Leasing Agency Services Framework Agreement for each of the three years ending 31 December 2023 are as follows:

<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
RMB700,000,000	RMB850,000,000	RMB1,000,000,000

The above proposed annual caps were determined after having taken into account (i) the historical amount of fees and historical growth rate for provision of services paid by the Group to the CG Services Group under the Existing Sales and Leasing Agency Services Framework Agreement for each of the two years ended 31 December 2018 and 2019 and the nine months ended 30 September 2020; (ii) the estimated sales value of unsold properties and parking spaces of the Group in the PRC with reference to factors including but not limited to, the existing portfolio of unsold properties and parking spaces of the Group, the property development projects of the Group currently being sold in the market, the upcoming scheduled property development projects of the Group, the property development projects of the Group expected to be launched, during the three years ending 31 December 2023; (iii) 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.

As compared with the fees paid by the Group to the CG Services Group under the Existing Sales and Leasing Agency Services Framework Agreement during the two years ended 31 December 2018 and 2019 and the nine months ended 30 September 2020, the Company expects that there will be a significant growth in the demand for and the scale of the sales and leasing services to be provided by the CG Services Group to the Group in the three years ending 31 December 2023 after considering factors including but not limited to (i) the existing portfolio of unsold properties and parking spaces of the Group; (ii) the property development projects of the Group currently being sold in the market; (iii) the upcoming scheduled property development projects of the Group; (iv) the expected property development projects of the Group to be launched, during the three years ending 31 December 2021, 2022 and 2023; and (v) that the historical transaction amounts were primarily driven by the number of unsold properties and parking spaces of the Group at the relevant time which may differ from year to year, and thus the historical transaction amounts and the historical utilisation rate may not necessary have a direct correlation and/or bearing on the future transaction amount.

### (iii) Consultancy and Other Services Framework Agreement

- Date : 4 December 2020
- Parties : (1) the Company; and  
(2) CG Services
- Term : From 1 January 2021 until 31 December 2023
- Subject Matter : Provision of the following services by the CG Services Group to the Group:
- (1) Consultancy services including (i) advice and assistance on the setting up and operation of the on-site sales offices of the Group, such as decoration of the venue, physical set-up of booths and exhibitions, greenery, cleaning and maintenance of water and electricity supplies of the sales offices; (ii) provision of guidance and training to the staff of the Group on the operations of the on-site sales offices, including the manners for general reception of guests, the provision of light refreshments, maintenance of a decent and proper interior of the sales offices for guests, management of show flats, property handover, handover inspection; (iii) cleaning services for the properties developed by the Group before delivery to homeowners; and (iv) asset operations management services (the “**Consultancy Services**”);
  - (2) Advertising services (which comprise installation, maintenance and dismantling services) (the “**Advertising Services**”) 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 (the “**Advertising Spaces**”);
  - (3) Domestic services including home cleaning, household appliances cleaning, garden maintenance, home maintenance and other domestic services to the Property Owners (the “**Domestic Services**”);
  - (4) Elevator products installation and supporting services (the “**Elevators Installation Services**”); and

- (5) Technology services, after-sales maintenance and warranty services for houses and buildings, turnkey furnishing services, hotel management services, institutional food services, disinfection and pest control services and other services (the “**Other Services**”).

Condition Precedent : The carrying out of transactions under the Consultancy and Other 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 : (1) Consultancy Services

The fees for the provision of the Consultancy 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 (such as labour costs) and the number of sales representatives receiving the consulting service, a variable commission rate 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.

(2) Advertising Services

The fees for the provision of the Advertising Services shall be determined after arm’s length negotiations taking into account costs involved in provision of the services (including the cost of manpower, raw materials, management and procurement of the Advertising Spaces, having considered the size, location and positioning of the Advertising Spaces), with reference to the prevailing market prices of similar services provided by Independent Third Parties in the open market, as well as (if available) other market reference prices such as prices of similar transactions conducted by other property management companies in the PRC.

(3) Domestic Services

The prices for the Domestic Services provided to the Property Owners pursuant to their rights under the domestic services rights agreement will be based on the price list of the CG Services Group which is the same as that available to Independent Third Parties for the same services.

(4) Elevators Installation Services

The fees for the provision of the Elevators Installation Services shall be determined after arm's length negotiations taking into account costs involved in the provision of the services (including the costs of materials, 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.

(5) Other Services

The fees for the provision of the Other Services shall be determined after arm's length negotiations taking into account the cost of raw materials and manpower, management fees, the required quality and standards for the delivery of services and/or products and other factors with reference to the market price for similar services.

Payment : (1) Consultancy Services

Fees for the Consultancy Services provided by the CG Services Group will be payable after provision of such services, to be settled on a monthly basis.

(2) Advertising Services

Fees for the Advertising Services provided by the CG Services Group will be payable no later than three months after provision of such services by one-time payment or instalment payment.

(3) Domestic Services

Fees for the Domestic Services provided by the CG Services Group to the Property Owners will be payable by the Group on behalf of the Property Owners within three months after the date of the relevant domestic services rights agreement.

(4) Elevators Installation Services

Fees for the Elevators Installation Services provided by the CG Services Group will be payable by the Group to the CG Services Group within 30 working days after the relevant elevator products and/or services have passed the inspection by local government authorities.

(5) Other Services

Fees for the Other Services provided by the CG Services Group will be payable no later than three months after provision of such services by one-time payment or instalment payment.

### *Annual caps and basis of determination*

The existing annual caps (excluding tax) for fees payable by the Group to the CG Services Group under the Existing Consultancy and Other Services Framework Agreement, the Existing Advertising and Domestic Services Framework Agreement and the Existing Elevators Installation and Other Services Framework Agreement for each of the three years ending 31 December 2020 are as follows:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>	<b>For the year ending 31 December 2020</b>
<b>Consultancy Services</b>	RMB633,110,000	RMB897,930,000	RMB1,007,420,000
<b>Advertising Services</b>	N/A	RMB2,000,000	RMB4,000,000
<b>Domestic Services</b>	N/A	RMB9,000,000	RMB18,000,000
<b>Elevators Installation Services</b>	N/A	N/A	RMB460,000,000

The approximate historical amounts (excluding tax) of fees paid by the Group to the CG Services Group under the Existing Consultancy and Other Services Framework Agreement, the Existing Advertising and Domestic Services Framework Agreement and the Existing Elevators Installation and Other Services Framework Agreement are as follows:

	<b>For the year ended 31 December 2018 (audited)</b>	<b>For the year ended 31 December 2019 (audited)</b>	<b>For the nine months ended 30 September 2020 (unaudited)</b>	<b>For the period from 18 March 2020 to 30 September 2020 (unaudited)</b>
<b>Consultancy Services</b>	RMB308,991,000	RMB819,388,000	RMB414,496,700	N/A
<b>Advertising Services</b>	N/A	RMB869,000	RMB30,800	N/A
<b>Domestic Services</b>	N/A	RMB4,863,000	RMB7,958,800	N/A
<b>Elevators Installation Services</b>	N/A	N/A	N/A	RMB8,897,200



The proposed annual caps (excluding tax) for fees payable by the Group to the CG Services Group under the Consultancy and Other Services Framework Agreement for each of the three years ending 31 December 2023 are as follows:

<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
RMB1,500,000,000	RMB1,800,000,000	RMB2,200,000,000

The above proposed 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 the Consultancy Services, the Advertising Services, the Domestic Services and Elevators Installation Services for each of the two years ended 31 December 2018 and 2019 and the nine months ended 30 September 2020; (ii) the estimated transaction amount for the provision of Consultancy Services, Advertising Services, Domestic Services, Elevators Installation Services and Other Services by the CG Services Group to the Group for each of the three years ending 31 December 2023 based on the anticipated development timeline and sales performance of the Group; (iii) in respect of the Consultancy Services, the estimated contracted amount of services with reference to the existing land reserve of the Group and the historical amount and historical growth rate of the total contracted gross floor area of the Group, and the increases in management costs and labour costs; (iv) in respect of Domestic 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; (v) in respect of the Advertising Services, the estimated marketing expenses to be incurred by the Group; (vi) the CG Services Group's reference to the market rate for the provision of similar services in the same industry; and (vii) the rates of fees to be charged by the CG Services Group for the provision of the relevant services.

After considering the aforesaid factors, the Company expects that there will be a steady growth in the demand for and the scale of such services to be provided by the CG Services Group to the Group in the three years ending 31 December 2023. Primarily based on the information available to the Company, fees for the provision of the Consultancy Services and the Elevators Installation Services are expected to contribute respectively approximately 81% and 13% of the proposed annual caps respectively, while fees for Advertising Services, the Domestic Services and the Other Services are expected to take up the remaining portion of the proposed annual caps. In the two years ended 31 December 2018 and 2019, the annual caps for the provision of Consultancy Services under the Existing Consultancy and Other Services Framework Agreement were fairly utilised, and there was a steady growth in the amount of fees for the Consultancy Services paid by the Group to the CG Services Group during the said years.

As the relatively low utilisation rate based on the transaction amounts recorded for the nine months ended 30 September 2020 under the annual caps for the year ending 31 December 2020 was primarily attributable to the temporary adverse effects of the Coronavirus outbreak, which delayed the launch of certain property development projects, causing a reduced level of demand for the Consultancy and Other Services in the year. With the effective control measures by the PRC government, the Coronavirus outbreak has been gradually brought under control, and it is expected that the construction and sales progress will resume gradually and more property development projects are to be completed or delivered by the Group in the next three years. Hence, a significant increase in fees for the Consultancy and Other Services to the CG Services Group is anticipated.

## **PRICING POLICY**

During the term of the 2020 CG Services Framework Agreements, 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 corresponding 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 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 to the Group;
- (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 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 offered by Independent Third Parties, the price chargeable by the CG Services Group will be adjusted accordingly.

## **REASONS FOR AND BENEFITS OF THE 2020 CG SERVICES FRAMEWORK AGREEMENTS**

The CG Services Group is a leading service provider in comprehensive property management in the PRC with residential property as its major focus and with a wide range of business. It 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 Property Management Services Framework Agreement, the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Framework Agreement, the Group will be able to benefit from the services provided by CG Services Group in terms of efficiency and reliability.

The Directors (including the independent non-executive Directors) are of the view that the 2020 CG Services Framework Agreements 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 as a whole.

## **CONTINUING CONNECTED TRANSACTIONS WITH ELITE ARCHITECTURAL CO.**

Reference is made to (i) the announcements of the Company dated 17 December 2010, 31 October 2012 and 13 December 2013 in relation to, among other things, 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; (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; and (iii) the announcement of the Company dated 21 March 2018 in relation to the 2018 Design Services Supplemental Agreement entered into between Elite Architectural Co. and Shunde Country Garden Co., pursuant to which 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.

The Group expects to continue to enter into transactions of nature similar to those contemplated under the Previous Design Services Agreement, the Design Services Further Supplemental Agreement and the 2018 Design Services Supplemental Agreement.

The engagement pursuant to the 2018 Design Services Supplemental Agreement is due to expire on 31 December 2020. As such, on 4 December 2020, Elite Architectural Co. and Shunde Country Garden Co. entered into the 2020 Design Services Supplemental Agreement to extend and renew the terms of engagement of Elite Architectural Co. as principally set out below.

Date : 4 December 2020

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 2021 up to 31 December 2023

Subject Matter : Provision of survey work, property design and interior design services, including but not limited to, project design (design of concept, proposal, renovation and construction drawing and coordination of stages such as project reporting, construction and acceptance) and relevant design services such as research and development of products, technological innovation, standard setting, third-party design vetting, design extension services (pre-planning stage, drawing design and approval stage, construction/sales stage, construction/repossession stage) and field service, 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 existing annual caps (excluding tax) for fees payable by Group to Elite Architectural Co. under the 2018 Design Services Supplemental Agreement for each of the three years ending 31 December 2020 are as follows:

<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>	<b>For the year ending 31 December 2020</b>
RMB6,500,000,000	RMB8,000,000,000	RMB9,600,000,000

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 2018 Design Services Supplemental Agreement for each of the two years ended 31 December 2018 and 31 December 2019 and for the nine months ended 30 September 2020 were as follows:

<b>For the year ended 31 December 2018 (audited)</b>	<b>For the year ended 31 December 2019 (audited)</b>	<b>For the nine months ended 30 September 2020 (unaudited)</b>
RMB4,699,000,000	RMB3,175,000,000	RMB2,773,000,000

The proposed annual caps 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 each of the three years ending 31 December 2023 are as follows:

<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
RMB7,000,000,000	RMB7,700,000,000	RMB8,400,000,000

The above proposed annual caps for each of the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 were determined after having taken into account: (i) the historical amount of fees paid by the Group to Elite Architectural Co. for provision of survey work, property design and interior design services for the two years ended 31 December 2019 and the nine months ended 30 September 2020; (ii) the market price for provision of survey work, property design and interior design services; (iii) the estimated area which will require the survey work, property design and interior design services of Elite Architectural Co. for each of the three years ending 31 December 2023; and (iv) based on the anticipated development timeline of the Group, including more development projects of the Group in the next three years, the Company expects that there will be a steady growth in the demand for and the scale of survey work, property design and interior design services to be provided to the Group by Elite Architectural Co. in the three years ending 31 December 2023.

## **REASONS FOR AND BENEFITS OF THE 2020 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 Directors (including the independent non-executive Directors) are of the view that the 2020 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**

### **Continuing connected transactions with CG Services Group**

Since CG Services is a 30%-controlled company indirectly held by Ms. YANG Huiyan, who is the co-chairman of the Board, 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 Property Management Services Framework Agreement, the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Framework Agreement therefore 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) in respect of the transactions contemplated under the Property Management Services Framework Agreement, the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Framework Agreement respectively 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 (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 2020 CG Services Framework Agreements and the transactions contemplated thereunder and they have abstained from voting on the resolutions at the Board meeting approving the 2020 CG Services Framework Agreements and the transactions contemplated thereunder to avoid any conflicts of interest.

### **Continuing connected transactions with Elite Architectural Co.**

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 three shareholders of which are another PRC limited liability company and two PRC limited partnership enterprises each owned as to more than 50% 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 2020 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) in respect of the transactions contemplated under the 2020 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 2020 Design Services Supplemental Agreement and the transactions contemplated thereunder.

### **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, an executive Director and the controlling shareholder of the Company, is indirectly interested in approximately 58.57% of the total issued share capital of the Company.

Elite Architectural Co. is a company which provides survey work, property design and interior design services to property development projects.



CG Services is an investment holding company and a leading service provider in comprehensive property management in the PRC with residential property as its major focus. Its subsidiaries are principally engaged in property management services, community value-added services, value-added services to non-property owners and “Three Supplies and Property Management” businesses (currently includes property management services and heat supply business). Ms. YANG Huiyan, the chairman and a non-executive director of CG Services, holds approximately 52.59% 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:

“2020 CG Services Framework Agreements”	collectively, the Property Management Services Framework Agreement, the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Framework Agreement
“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 annual caps for each of the two years ending on 31 December 2018 and 31 December 2019 were revised
“2020 Design Services Supplemental Agreement”	the supplemental agreement dated 4 December 2020 entered into between Shunde Country Garden Co. and Elite Architectural Co. pursuant to which the 2018 Design Services Supplemental Agreement was extended for a further term of three years commencing on 1 January 2021
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“Advertising Services”	has the meaning ascribed to it under the section headed “(iii) Consultancy and Other Services Framework Agreement” of this announcement
“Advertising Spaces”	has the meaning ascribed to it under the section headed “(iii) The Consultancy and Other Services Framework Agreement” of this announcement
“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 (碧桂園控股有限公司), 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: 2007)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consultancy and Other Services Framework Agreement”	the framework agreement entered into between the Company and CG Services on 4 December 2020 which sets out the principal terms for the provision of the Consultancy Services, the Advertising Services, the Domestic Services, the Elevators Installation Services and the Other Services by the CG Services Group to the Group for a term commencing on 1 January 2021 until 31 December 2023
“Consultancy Services”	has the meaning ascribed to it under the section headed “(iii) Consultancy and Other Services Framework Agreement” of this announcement
“controlling shareholder”	has the meaning ascribed to it under 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
“Director(s)”	the director(s) of the Company
“Domestic Services”	has the meaning ascribed to it under the section headed “(iii) Consultancy and Other Services Framework Agreement” of this announcement

“Elevators Installation Services”	has the meaning ascribed to it under the section headed “(iii) Consultancy and Other Services Framework Agreement” of this announcement
“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 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 the Advertising Services and the Domestic Services by the CG Services Group to the Group for a term commencing on 23 August 2019 until 31 December 2020
“Existing CG Services Framework Agreements”	collectively, the Existing Property Management Services Framework Agreement, the Existing Sales and Leasing Agency Services Framework Agreement, the Existing Advertising and Domestic Services Framework Agreement, the Existing Consultancy and Other Services Framework Agreement and the Existing Elevators Installation and Other Services Framework Agreement
“Existing Consultancy and Other Services Framework Agreement”	the framework agreement entered into between the Company and CG Services on 1 June 2018 which sets out the principal terms for provision of the Consultancy Services and Other Services by the CG Services Group to the Group for a term commencing from the 19 June 2018 until 31 December 2020 (as amended and supplemented from time to time)
“Existing 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 Elevator Installation and Other Services by the CG Services Group to the Group for a term commencing on 18 March 2020 until 31 December 2020
“Existing Property Management Services Framework Agreement”	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 property management services by the CG Services Group to the Group for a term commencing from 19 June 2018 until 31 December 2020

“Existing Sales and Leasing Agency Services Framework Agreement”	the 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 by the CG Services Group to the Group for a term commencing on 18 September 2018 until 31 December 2020
“family member”	has the meaning ascribed to it under 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
“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 the Listing Rules
“Other Services”	has the meaning ascribed to it under the section headed “(iii) Consultancy and Other Services Framework Agreement” of this announcement
“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
“Property Management Services Framework Agreement”	the framework agreement entered into between the Company and CG Services on 4 December 2020 which sets out the principal terms for the provision of the property management services by the CG Services Group to the Group for a term commencing on 1 January 2021 until 31 December 2023
“Property Owner(s)”	the purchasers of property units of the Group

“RMB”	Renminbi, the lawful currency of the PRC
“Sales and Leasing Agency Services”	has the meaning ascribed to it under the section headed “(ii) Sales and Leasing Agency Services Framework Agreement” of this announcement
“Sales and Leasing Agency Services Framework Agreement”	the framework agreement entered into between the Company and CG Services on 4 December 2020 which sets out the principal terms for the provision of the Sales and Leasing Agency Services by the CG Services Group to the Group for a term commencing on 1 January 2021 until 31 December 2023
“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, 4 December 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.*