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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 GROUP PROPERTY LEASE FRAMEWORK AGREEMENT AND BUSINESS MANAGEMENT SERVICE FRAMEWORK AGREEMENT

CONTINUING CONNECTED TRANSACTIONS

On 13 April 2021 (after trading hours), the Company and CG Services entered into the following 2021 Framework Agreements:

- (1) the Property Lease Framework Agreement, pursuant to which members of the Group (as lessor) may from time to time enter into individual leasing contracts with members of the CG Services Group (as lessee) for the lease of properties in accordance with the principal terms of the Property Lease Framework Agreement, for a term commencing on 13 April 2021 until 31 December 2023; and
- (2) the Business Management Service Framework Agreement, pursuant to which members of the Group may from time to time enter into individual service contracts with members of the CG Services Group for the provision of business management services in accordance with the principal terms of the Business Management Service Framework Agreement, for a term commencing on 13 April 2021 until 31 December 2023.

LISTING RULES IMPLICATIONS

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 2021 Framework Agreements 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 (i) the Property Lease Framework Agreement and (ii) the Business Management Service Framework Agreement respectively exceed 0.1% but are below 5%, the transactions contemplated under the Property Lease Framework Agreement and the Business Management Service Framework Agreement are subject to the reporting, annual review and announcement requirements but exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the individual leasing contracts contemplated under the Property Lease Framework Agreement may exceed three years, the Company has appointed Independent Financial Adviser to explain why a period exceeding three years is required and to confirm that it is normal business practice for agreements of this type to be of such duration.

CONTINUING CONNECTED TRANSACTIONS WITH CG SERVICES GROUP

(1) Property Lease Framework Agreement

On 13 April 2021 (after trading hours), the Company entered into the Property Lease Framework Agreement with CG Services. During the term of the Property Lease Framework Agreement, members of the Group (as lessor) may from time to time enter into individual leasing contracts with members of the CG Services Group (as lessee) for the lease of properties in accordance with the principal terms of the Property Lease Framework Agreement, and the principal terms of which are set out as follows:

The Property Lease Framework Agreement

Date: 13 April 2021

Parties: (1) the Company; and
(2) CG Services

Term: From 13 April 2021 until 31 December 2023

Subject: Lease of the properties by the Group to the CG Services Group, including office spaces, shops, parking lots, etc. The lease term of an individual leasing contract entered into pursuant to the Property Lease Framework Agreement shall not exceed 10 years from the starting date of the corresponding lease.

The leased properties shall be used for commercial service. During the lease term, the lessee shall be entitled to (i) utilise and conduct business management of the leased properties in a lawful manner (including but not limited to sub-letting part of the leased properties); (ii) assign part of its rights and/or obligations to third party; and (iii) name the leased properties.

During the lease term, (i) the Group is responsible for the maintenance and repairment of the leased equipment and facilities during the maintenance period, and shall bear the corresponding expenses; (ii) in case the main structure of the leased property exists or incurs damage or malfunction hindering its safe and normal usage, the Group shall be responsible for repairment; (iii) in case the government authority raises any request for modification on the planning of the leased property or the Group for any reason needs to conduct repairment and alternation of the leased property in whole or in part, the Group shall only make modification upon reaching unanimous agreement with the CG Services Group, and shall bear the obligations and expenses so incurred; and (iv) the CG Services Group shall bear the obligation of daily repair and maintenance of the leased properties at its own cost.

Pricing: The rent shall be payable by the lessee to the corresponding lessor in the form of fixed rent (with a rent-free period ranging from one month to six months determined according to the situation of the specific leased property at the time of entering into the leasing contract).

The rent shall be determined by the lessor and the lessee after arm's length negotiations with reference to the previous or ongoing lease contracts of the parties (if any), market rent for similar properties and other factors (such as the gross floor area, location and type of the properties to be leased). To the Group, the rent per unit area shall not be lower than the price at which the Group leases the properties in the same area to Independent Third Parties. To the CG Services Group, the rent per unit area shall not be higher than the price at which the CG Services Group leases the properties in the same area from Independent Third Parties. The leasing contracts shall be carried out on normal commercial terms.

Payment: The lessee shall pay rent on schedule (with the payment cycle to be determined by the parties in individual leasing contracts).

Annual caps and basis of determination

The proposed annual caps (excluding tax) for rental income receivable by the Group from the CG Services Group under the Property Lease Framework Agreement for each of the three years ending 31 December 2023 are as follows:

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB143,000,000	RMB295,000,000	RMB439,000,000

The above proposed annual caps are determined upon taking into account of the followings: (i) the historical amount of profit before interests, taxes, depreciation and amortization for large business projects in operation for 2020 as at 31 December 2020; (ii) the entire rent rate of the project is assessed based on, among others, the population density in the surroundings, traffic convenience, consumption level, the entire unit rent rate for similar products in the surroundings and operating profit margin for the project of large business projects in operation for 2020; (iii) the estimated growth of the rent where the project locates at for the three years ending 31 December 2023 based on the universal progression pattern; and (iv) the estimated growth of area requiring the service by the Group for the three years ending 31 December 2023.

(2) Business Management Service Framework Agreement

On 13 April 2021 (after trading hours), the Company entered into the Business Management Service Framework Agreement with CG Services. During the term of the Business Management Service Framework Agreement, members of the Group may from time to time enter into individual service contracts with members of the CG Services Group for the provision of business management services in accordance with the principal terms of the Business Management Service Framework Agreement, and the principal terms of which are set out as follows:

Date: 13 April 2021

Parties: (1) the Company; and
(2) CG Services

Term: From 13 April 2021 until 31 December 2023

Subject: Provision of business planning and consulting, business solicitation, operation and corporate planning services. The last date of the service period of each individual service contract shall not be later than 31 December 2023.

Pricing: The service fee shall be determined following arm's length negotiations with reference to previous or ongoing similar service contracts of the parties (if any) and the market service fees of the relevant projects. Individual service contracts shall be carried out on normal commercial terms. To the Group, the service fee shall not be higher than the price at which the Group engages Independent Third Parties for the provision of business management services under the same terms. To the CG Services Group, the service fee shall not be lower than the price at which the CG Services Group provides similar business management services to Independent Third Parties under the same terms.

The service fee has included the labour cost and taxation expenses etc. required for the implementation of individual service contracts. The actual fees (including (1) all expenses necessary for obtaining the ownership, use rights and income rights of the project; (2) all expenses necessary for the construction, maintenance, modification and alternation of the project; (3) expenses for the purchase of insurance; (4) the maintenance expense for the security, cleaning and public facilities and equipment of the project; (5) promotion expense (including but not limited to media promotion expense, material production expense, corporate promotion expense etc.); (6) various expenses incurred in the process of customers reception (expenses incurred between CG Services Group and target corporations), including travelling expense, transportation expense, hotel accommodation expense, catering and entertainment expense; and (7) other expenses not to be borne by CG Services Group necessary for the operation of the project, excluding service fee) to be borne by the Group shall be agreed by the parties in individual service contracts according to project conditions.

Payment:

The actual timing and method of payment for individual project shall be agreed by the parties with reference to market practice and based on the characteristics and cycles of various types of business management services, but shall be in line with the standard payment terms offered by the CG Services Group to Independent Third Parties or offered to the Group by Independent Third Parties under similar conditions and market practice.

Annual caps and basis of determination

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

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB420,000,000	RMB450,000,000	RMB480,000,000

The above proposed annual caps are determined upon taking into account of the followings: (i) the service fees for the operation period is determined based on the proportion of total operating costs for business solicitation and operation by business team to the rental income of the project for the entirely entrusted projects in operation and 2020 commercial projects, with the combination of location of the project, gross floor area of the project, the target customers and difficulty of operation etc. as at 31 December 2020; (ii) the service fees for the preparation period is determined based on the entrusted project and commercial planning fees during the preparation period, with the combination of project type, gross floor area and difficulty of business solicitation for the brand; and (iii) the estimated growth of area requiring the service by the Group for the three years ending 31 December 2023.

PRICING POLICY

During the term of the 2021 Framework Agreements, the Group may from time to time enter into individual contracts with members of the CG Services Group for the provision of relevant services or the lease of properties (as the case may be) in accordance with the principal terms of the corresponding framework agreement. The Group adopts the following pricing policy for each of such individual contracts:

- (a) each individual contract 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 contract 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 2021 FRAMEWORK AGREEMENTS

Taking into consideration of the Group's overall business development strategy, the Group will place more focus on three core businesses, namely property development, robotics and modern agriculture. For commercial properties, it is aimed to lower market fluctuation risk and secure long-term and stable rental return, while enhance operation efficiency and effectiveness to realize value maintenance and appreciation for the Group's commercial properties. 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. Leveraging on its professional knowledge, quality services and competitive pricing, CG Services Group becomes a recurring commercial property service provider of the Group. By entering into the 2021 Framework Agreements and combining with the flexible operation model and comprehensive services of CG Services Group, the Group could offer its customers with quality service experience, provide its tenants with effective management services and realise the Group's operation and management objectives for commercial properties. Meanwhile, since most of the Company's commercial properties are located under residences and belong to complimentary commercial properties, the transaction is also beneficial to lower the Company's scope and cost of management.

The Directors (including the independent non-executive Directors) are of the view that the 2021 Framework Agreements and the transactions contemplated thereunder are 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 the shareholders of the Company as a whole.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

Under Rule 14A.52 of the Listing Rules, the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances. Since the term of the individual leasing contracts contemplated under the

Property Lease Framework Agreement may exceed three years, the Company has appointed Independent Financial Adviser to explain why a period exceeding three years is required and to confirm that it is normal business practice for agreements of this type to be of such duration.

In arriving at its opinion of why a term longer than three years (i.e. up to 10 years) is required, the Independent Financial Adviser has considered the following:

- (i) it is the market practice to enter into long-term leases for leasing commercial properties in the PRC;
- (ii) as stated in the annual results announcement of the Company dated 25 March 2021, the Group will continue to adopt prudent financial policies and strengthen operating cash flows. The longer lease term will enable the Group a stable return and strengthen the Group's operating cash flows, which is in line with the Group's business strategy;
- (iii) the longer lease term allows the Group to benefit from the diminished administrative and marketing burdens to identify new tenants after expiration of leases;
- (iv) as stated in this announcement, the rent shall be (i) payable by the lessee to the corresponding lessor in the form of fixed rent; and (ii) determined by the lessor and the lessee after arm's length negotiations with reference to the previous or ongoing lease contracts of the parties (if any), market rent for similar properties and other factors (such as the gross floor area, location and type of the properties to be leased). To the Group, the rent per unit area shall not be lower than the price at which the Group leases the properties in the same area to Independent Third Parties. The leasing contracts shall be carried out on normal commercial terms;
- (v) the Group previously entered into lease arrangements (with tenure ranging from 10 to 20 years) for the leasing of the properties of the Group to Independent Third Parties and/or members of the Group;
- (vi) having identified and reviewed 28 comparable transactions relating to the leasing of properties with contract terms ranging from 4 to 40 years, where one of the parties (or its direct or indirect holding company) is listed on the Stock Exchange and details of the transactions are disclosed within one year prior to the date of this announcement on the website of the Stock Exchange (the "**Comparable Lease Transactions**"), of which, 14 of the Comparable Lease Transactions relating to the leasing of office spaces, shops and parking lots had contract terms ranging from 4 to 15 years, accordingly, the lease term of individual leasing contracts contemplated under the Property Lease Framework Agreement, which is up to 10 years, falls within range; and

(vii) the Directors (including the independent non-executive Directors) are of the view that the 2021 Framework Agreements and the individual transactions contemplated thereunder are 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 the shareholders of the Company as a whole.

Based on the foregoing, the Independent Financial Adviser considers that the lease term of the individual leasing contracts contemplated under the Property Lease Framework Agreement of up to 10 years is reasonable and is on normal business practice for agreements of this type to be of such duration.

LISTING RULES IMPLICATIONS

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 2021 Framework Agreements 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 (i) the Property Lease Framework Agreement and (ii) the Business Management Service Framework Agreement respectively exceed 0.1% but are below 5%, the transactions contemplated under the Property Lease Framework Agreement and the Business Management Service Framework Agreement 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 2021 Framework Agreements and the transactions contemplated thereunder and they have abstained from voting on the resolutions at the Board meeting approving the 2021 Framework Agreements and the transactions contemplated thereunder to avoid any conflicts of interest.

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 Board, an executive Director and the controlling shareholder of the Company, is indirectly interested in approximately 59.32% of the total issued share capital of the Company.

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, "Three Supplies and Property Management" businesses and city services. As at the date of this announcement, Ms. YANG Huiyan, the chairman and a non-executive director of CG Services, indirectly interested in approximately 48.46% of the total issued share capital of CG Services.

DEFINITIONS

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

"2021 Framework Agreements"	collective, the Property Lease Framework Agreement and the Business Management Service Framework Agreement
"30%-controlled company"	has the meaning ascribed to it under the Listing Rules
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"Business Management Service Framework Agreement"	the framework agreement entered into between the Company and CG Services on 13 April 2021 which sets out the principal terms for the provision of business management services by the CG Services Group to the Group for a term commencing on 13 April 2021 until 31 December 2023

“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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	VMS Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“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)
“Property Lease Framework Agreement”	the framework agreement entered into between the Company and CG Services on 13 April 2021 which sets out the principal terms for the lease of properties by the Group to the CG Services Group for a term commencing on 13 April 2021 until 31 December 2023
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“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, 13 April 2021

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.