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碧桂园服务
COUNTRY GARDEN SERVICES

COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧桂园服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6098)

(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
(A) THE 2023 FRAMEWORK AGREEMENTS
AND
(B) THE 2023 PROPERTY LEASE FRAMEWORK AGREEMENT
(2) TERMINATION OF CERTAIN LEASES UNDER EXISTING
PROPERTY LEASE FRAMEWORK AGREEMENT

(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

(A) THE 2023 FRAMEWORK AGREEMENTS

Reference is made to the Announcements and the 2020 Circular in relation to, among other things, certain continuing connected transactions between the Group and the CGH Group pursuant to the Existing Framework Agreements. Since the Existing Framework Agreements are due to expire on 31 December 2023 and it is expected that the Group will continue to enter into similar transactions from time to time thereafter, on 29 December 2023 (after trading hours), the Company entered into the 2023 Framework Agreements. Among the proposed annual caps for each of the three years ending 31 December 2026 contained in the 2023 Framework Agreements, the proposed annual cap under the Non-property Owner Value-added Services Framework Agreement for the year ending 31 December 2024 has been significantly reduced to RMB340 million (existing annual cap for the year ending 31 December 2023: RMB3,200 million). Besides, payment terms are also more conducive to the Group's control over the scale of its receivables and management of financial resources. The following 2023 Framework Agreements constitute non-fully-exempt continuing connected transactions for the purpose of the Listing Rules:

- (1) the Property Management Services Framework Agreement with CG Holdings;

- (2) the Non-property Owner Value-added Services Framework Agreement with CG Holdings; and
- (3) the Hotel, Engineering and Transportation Services Framework Agreement with CG Holdings.

(B) THE 2023 PROPERTY LEASE FRAMEWORK AGREEMENT

Since the Existing Property Lease Framework Agreement is due to expire on 31 December 2023 and it is expected that members of the Group will continue to enter into short-term leases with members of the CGH Group from time to time thereafter, on 29 December 2023 (after trading hours), the Company entered into the 2023 Property Lease Framework Agreement. There shall be no new right-of-use assets to be acquired pursuant to the 2023 Property Lease Framework Agreement or the Existing Property Lease Framework Agreement.

(2) TERMINATION OF CERTAIN LEASES UNDER EXISTING PROPERTY LEASE FRAMEWORK AGREEMENT

On 29 December 2023 (after trading hours), the Company entered into the Property Lease Termination Confirmation Letter with CG Holdings, pursuant to which the parties agreed to terminate certain long-term individual lease contracts (which were entered pursuant to the Existing Property Lease Framework Agreement) on 31 December 2023.

LISTING RULES IMPLICATIONS

Since CG Holdings is a majority-controlled company indirectly held by Ms. YANG Huiyan, a non-executive Director and a substantial Shareholder of the Company, it is an associate of Ms. YANG Huiyan and thus a connected person of the Company. Each of the transactions contemplated under the respective 2023 Framework Agreements and the 2023 Property Lease Framework Agreement therefore constitutes a continuing connected transactions of the Company, and the entry into the Property Lease Termination Confirmation Letter constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest annual cap exceed 0.1% but are below 5%, each of (i) the Property Management Services Framework Agreement; (ii) the Non-property Owner Value-added Services Framework Agreement; and (iii) the Hotel, Engineering and Transportation Services Framework Agreement; and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the relevant highest annual cap for the 2023 Property Lease Framework Agreement is less than 0.1%, the transaction contemplated under the 2023 Property Lease Framework Agreement is fully exempted from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Company recognised the value of the right-of-use assets in connection with the leases of premises in its consolidated statement of financial position. The termination of certain long-term individual lease contracts will result in a decrease in the amount of right-of-use asset recognised by the Company, and thus be regarded as a disposal of asset by the Group for the purpose of the Listing Rules.

As one or more of the applicable percentage (as defined under the Listing Rules) calculated based on the value of the remaining right-of-use asset recognised by the Group under the leases subject to the Property Lease Termination Confirmation Letter exceed 0.1% but are below 5%, the Property Lease Termination Confirmation Letter is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

(A) THE 2023 FRAMEWORK AGREEMENTS

Reference is made to the Announcements and the 2020 Circular in relation to, among other things, certain continuing connected transactions between the Group and the CGH Group pursuant to the Existing Framework Agreements. Since the Existing Framework Agreements are due to expire on 31 December 2023 and it is expected that the Group will continue to enter into similar transactions from time to time thereafter, on 29 December 2023 (after trading hours), the Company entered into the following 2023 Framework Agreements, which constitute non-fully-exempt continuing connected transactions for the purpose of the Listing Rules:

(1) The Property Management Services Framework Agreement

On 29 December 2023 (after trading hours), the Company entered into the Property Management Services Framework Agreement with CG Holdings. During the term of the said agreement, members of the Group may from time to time enter into individual agreements with members of the CGH Group for the provision of property management services to the CGH Group in accordance with the principal terms of the Property Management Services Framework Agreement, which are set out as follows:

Date:	29 December 2023
Parties:	(1) the Company; and (2) CG Holdings
Term:	From 1 January 2024 until 31 December 2026

Services to be provided: Provision of property management services by the Group in respect of (i) the unsold property units that have been handed over and will be handed over by the CGH Group to the Group for management through statutory procedures during the term of such agreement and (ii) the sold property units that have not been delivered pursuant to the respective property purchase contracts for projects developed by the CGH Group.

Condition Precedent: The carrying out of transactions under the Property Management Services Framework Agreement is subject to the approval by the respective boards of the Company and CG Holdings of such agreement.

Price: Fees to be charged for the property management services provided by the Group shall be determined after arm's length negotiations, taking into account: (i) the nature of the property, (ii) the location of the property, (iii) the scale of the property and the public facilities, and (iv) the content, standard, and quality of the property services required by customers. The service fees shall not be higher than the government-guidance fees (if applicable) and lower than the fees charged by the Group to Independent Third Parties for similar services in comparable property projects during the same period. The Group will consider the prevailing market prices of other real estate property management service providers for the provision of services in respect of properties of similar scale, location, quality, and the content, quality and standard of services required by customers.

In determining the pricing for the management fees, the Group will take into account multiple factors, including pricing of property management service fees of surrounding properties, past pricing of similar existing contracts, government-issued guidelines for property management fee pricing (if applicable), and fees charged by the Group for services of similar project location, service scale, content, and quality to Independent Third Parties, and in this regard, will take into account no less than two of the transactions entered into with them.

Payment terms: Fees for the property management services provided by the Group will be paid in accordance with the payment terms stipulated in the specific contract. In general, payment shall be settled in cash on a monthly basis, but the payment period shall not exceed three months.

Both parties shall, upon friendly negotiation, make independent decisions to enter into, amend or terminate the specific service contract in accordance with the Property Management Services Framework Agreement and pursuant to fair and reasonable market practice. If the Group has provided services but has not received the corresponding service payment (constituting the Group's account receivables), or the CGH Group has paid the service payment but has not received the corresponding services (constituting the CGH Group's prepayments), the party that has provided the services or made the payment (as the case may be) may unilaterally terminate the specific contract and shall be entitled to recover prepayments or account receivables from the other party. Before terminating the specific contract, the party terminating the specific contract must notify the other party at least one week in advance.

The payment terms will be in line with the standard terms offered by the CGH Group to Independent Third Parties under similar conditions and the market practice.

Annual caps and basis of determination

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

For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
RMB416,000,000	RMB493,000,000	RMB571,000,000

The approximate historical amounts (excluding tax) of fees paid by the CGH Group to the Group under the Existing Property Management Services Framework Agreement for each of the two years ended 31 December 2021 and 2022, and the nine months ended 30 September 2023 are as follows:

For the year ended 31 December 2021 (audited)	For the year ended 31 December 2022 (audited)	For the nine months ended 30 September 2023 (unaudited)
RMB294,825,000	RMB300,191,000	RMB215,522,600

The proposed annual caps (excluding tax) for fees paid by the CGH Group to the Group under the Property Management Services Framework Agreement for each of the three years ending 31 December 2026 are as follows:

For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
RMB440,000,000	RMB410,000,000	RMB370,000,000

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 2022 and the nine months ended 30 September 2023; (ii) the expected total property management service income of the Group for the three years ending 31 December 2026 in respect of properties developed by the CGH Group; and (iii) the proportion of expected income from property management services provided by the Group to properties developed by the CGH Group to the total property management services expenses of the CGH Group in respect of such properties for the three years ending 31 December 2026.

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 CGH Group under the Property Management Services Framework Agreement 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) if a government-guidance price is implemented in the locality of the project, the transaction price shall be determined in principle with reference to the applicable government-guidance price on the premise that the reporting requirements of the local pricing departments are fulfilled;
- (c) the relevant member of the Group shall conduct market research on (if available) two Independent Third Parties in the surrounding areas of the relevant property project and make reference to the prevailing fees charged by such Independent Third Parties for providing similar services to ensure that the transaction price would not be lower than those charged by Independent Third Parties;
- (d) in determining the transaction price, the Group would estimate the cost of provision of such services based on manpower and comprehensive expenses required and the Group will not proceed with a transaction if the transaction price determined between both parties through negotiations is lower than the estimated cost of provision of such services; and
- (e) the transaction price will be determined between both parties through negotiations with reference to the market fees for similar property projects and the estimated quality and amount of services required.

Reasons for and benefits of the Property Management Services Framework Agreement

Since the incorporation of the Group, the Group has maintained business partnership with the CGH Group and provided property management services for the property owners of its property projects. The Group is a leading service provider in comprehensive property management in the PRC with diversified business focus. The entry into of the Property Management Services Framework Agreement will help the Group to continue to obtain contracts for preliminary property management services for property projects developed by the CGH Group and provide satisfactory services to the property owners. The payment terms of the Property Management Services Framework Agreement are conducive to the Group's control over the scale of its receivables and management of financial resources.

The Directors (including the independent non-executive Directors) consider that the Property Management 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 as a whole.

(2) Non-property Owner Value-added Services Framework Agreement

On 29 December 2023 (after trading hours), the Company entered into the Non-property Owner Value-added Services Framework Agreement with CG Holdings. During the term of the said agreement, members of the Group may from time to time enter into individual agreements with members of the CGH Group for the provision of the Consultancy Services, the Sales and Leasing Agency Services, the Elevators Installation Services, the Advertising Services and the Other Services to the CGH Group in accordance with the principal terms of the Non-property Owner Value-added Services Framework Agreement, which are set out as follows:

Date: 29 December 2023

Parties: (1) the Company; and

(2) CG Holdings

Term: From 1 January 2024 until 31 December 2026

Services to be provided: Provision of the following Non-property Owner Value-added Services by the Group to the CGH Group:

- (1) Consultancy services including (i) advice and assistance on the setting up and operation of the on-site sales offices of the CGH 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 CGH 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 CGH Group before delivery to homeowners; (iv) asset operations management services; and (v) engineering services, including but not limited to inspection service to developer and individual owner, and housing maintenance service (the “**Consultancy Services**”);
- (2) Sales and leasing agency services including marketing planning programs for the leasing and sales for the houses or parking spaces of the CGH Group, leasing, sales, agency services for property ownership certificates, monitoring and management of the leasing and sales back office (the “**Sales and Leasing Agency Services**”);
- (3) 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 Group;
- (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, disinfection and pest control services, home decoration agency services and other services (the “**Other Services**”).

Condition Precedent: The carrying out of transactions under the Non-property Owner Value-added Services Framework Agreement is subject to the approval by the respective boards of the Company and CG Holdings of such agreement.

Price: (1) Consultancy Services

The fees for the provision of the Consultancy Services shall be determined after arm's length negotiations with reference to the rates under past or existing contracts for similar services or other services entered into between the Group and the CGH Group (if any), and the market price for similar types of services, taking into account the size, location and positioning of the properties to be sold by the sales offices of the CGH Group and the anticipated operational costs (such as labour costs).

(2) Sales and Leasing Agency Services

The fees for the provision of Sales and Leasing Agency Services shall be determined after arm's length negotiation with reference to the prevailing market prices (taking into account the location of the houses and parking spaces as well as the anticipated operational costs), and shall be settled on the basis of a percentage of the rental and sale prices of the relevant properties or parking spaces, with reference to the price difference between the actual rental and sale prices paid by the purchaser and the pre-determined minimum rental and sale prices, or a fixed amount for each house and parking space, etc.

(3) Advertising Services

The fees for the provision of Advertising Services shall be determined after arm's length negotiations with reference to the cost of services of the Group (including but not limited to the venue rental fee, labor cost, material cost and miscellaneous expenses) and taxes.

(4) Elevators Installation Services

The fees for the provision of Elevator Installation Services shall be determined after arm's length negotiation with reference to the cost of services of the Group (including but not limited to the cost of labor, the specific skills or qualifications required of the employees, the environmental clean-up costs, the cost of materials, and miscellaneous expenses) and taxes.

(5) Other Services

The fees for the provision of the Other Services shall be determined after arm's length negotiation with reference to the cost of services of the Group (including but not limited to the cost of labor, the specific skills or qualifications required of the employees, the environmental clean-up costs, the cost of materials and miscellaneous expenses) and taxes.

The Group shall review the transaction-related data and terms, including comparing similar contracts entered into by the Group with Independent Third Parties (if any). This is to ensure that the service fees are at least equivalent to those in similar contracts entered into by the Group with comparable Independent Third Parties (if any) and on normal commercial terms.

Payment terms:

Fees for the Non-property Owner Value-added Services provided by the Group will be paid in accordance with the payment terms stipulated in the specific contract. In general, payment shall be settled in cash on a monthly basis, but the payment period shall not exceed three months.

Both parties shall, upon friendly negotiation, make independent decisions to enter into, amend or terminate the specific service contract in accordance with the Non-property Owner Value-added Services Framework Agreement and pursuant to fair and reasonable market practice. If the Group has provided services but has not received the corresponding service payment (constituting the Group's account receivables), or the CGH Group has paid the service payment but has not received the corresponding services (constituting the CGH Group's prepayments), the party that has provided the services or made the payment (as the case may be) may unilaterally terminate the specific contract and shall be entitled to recover prepayments or account receivables from the other party. Before terminating the specific contract, the party terminating the specific contract must notify the other party at least one week in advance.

The payment terms will be in line with the standard terms offered by the CGH Group to Independent Third Parties under similar conditions and the market practice.

Annual caps and basis of determination

The existing annual caps (excluding tax) for fees payable by the CGH Group to the Group under the Existing Consultancy and Other Services Framework Agreement (consultancy services, advertising services, domestic services, elevators installation services and other services are grouped hereunder) and the Existing Sales and Leasing Agency Services Framework Agreement for each of the three years ending 31 December 2023 are as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
Consultancy Services	RMB1,500,000,000	RMB1,800,000,000	RMB2,200,000,000
Sales and Leasing Agency Services	<u>RMB700,000,000</u>	<u>RMB850,000,000</u>	<u>RMB1,000,000,000</u>
Total	<u>RMB2,200,000,000</u>	<u>RMB2,650,000,000</u>	<u>RMB3,200,000,000</u>

The approximate historical amounts (excluding tax) of fees paid by the CGH Group to the Group under the Existing Consultancy and Other Services Framework Agreement (consultancy services, advertising services, domestic services, elevators installation services and other services are grouped hereunder) and the Existing Sales and Leasing Agency Services Framework Agreement for each of the two years ended 31 December 2021 and 2022, and the nine months ended 30 September 2023 are as follows:

	For the year ended 31 December 2021 <i>(audited)</i>	For the year ended 31 December 2022 <i>(audited)</i>	For the nine months ended 30 September 2023 <i>(unaudited)</i>
Consultancy Services	RMB1,096,701,000	RMB1,317,380,000	RMB853,404,400
Sales and Leasing Agency Services	<u>RMB632,231,000</u>	<u>RMB345,871,000</u>	<u>RMB7,587,700</u>
Total	<u>RMB1,728,932,000</u>	<u>RMB1,663,251,000</u>	<u>RMB860,992,100</u>

The proposed annual caps (excluding tax) for fees paid by the CGH Group to the Group under the Non-property Owner Value-added Services Framework Agreement for each of the three years ending 31 December 2026 are as follows:

For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
RMB340,000,000	RMB250,000,000	RMB220,000,000

The above proposed annual caps were determined after having taken into account (i) the historical amount of fees and historical growth for the provision of services paid by the CGH Group to the Group under the Existing Consultancy and Other Services Framework Agreement and the Existing Sales and Leasing Agency Services Framework Agreement for each of the two years ended 31 December 2021 and 2022 and the nine months ended 30 September 2023; (ii) the estimated transaction amount for the provision of the Non-property Owner Value-added Services by the Group to the CGH Group for each of the three years ending 31 December 2026 based on the anticipated development timeline and sales performance of the CGH Group; (iii) for the Non-property Owner Value-added Services, with reference to the cost of services of the Group (including but not limited to the cost of labor, the specific skills or qualifications required of the employees, the environmental clean-up costs, the cost of materials, and miscellaneous expenses) and taxes; (iv) the Group's reference to the market rate for the provision of similar services in the same industry; and (v) the rates of fees to be charged by the 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 CGH Group under the Non-property Owner Value-added Services Framework Agreement 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) first of all, in determining the minimum transaction price, the Group would estimate the cost of provision of such services after taking into consideration the type and contents of services required, the expected costs, the location of the project, the scale of each individual agreement and the gross profit margins adopted in similar transactions of the Group (subject to changes from time to time);
- (c) subsequently, the Group will refer to (i) (if available) the prices of at least two contemporaneous similar transactions (in terms of the type and contents of services, the standard and quality of services required, pricing method, scale of the subject properties and level of difficulty of management and other factors) of the Group with Independent Third Parties; and (ii) (if available) certain market reference prices (i.e. the prices of transactions of similar nature, in terms of the type and contents of services and the scale and geographical locations of the subject properties, conducted by other property management companies in the PRC) which the Group considers to be matching, fair and competitive, to ensure that the transaction price is no less favorable to the Group than those available from Independent Third Parties; and
- (d) if the reference price(s) referred to (c) above is/are higher than the minimum price determined in accordance with (b) above, the reference price(s) will be adopted in determining the transaction price; on the contrary, if the reference price(s) referred to (c) above is/are lower than the minimum price determined in accordance with (b) above, the minimum price will be adopted in determining the transaction price.

Reasons for and benefits of the Non-property Owner Value-added Services Framework Agreement

The Company is a leading service provider in comprehensive property management in the PRC with diversified business focus. The Group has been providing similar services contemplated under the Non-property Owner Value-added Services Framework Agreement to the CGH Group. By entering into the Non-property Owner Value-added Services Framework Agreement, both parties have significantly lowered the proposed annual caps for the fees compared with the Existing Consultancy and Other Services Framework Agreement and the Existing Sales and Leasing Agency Services Framework Agreement, and the payment terms are also conducive to the Group's control over the scale of its receivables and management of financial resources. The Group will also strictly control the business scale and strengthen recovery of payments in accordance with the principle of prudence.

The Directors (including the independent non-executive Directors) consider that Non-property Owner Value-added 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 as a whole.

(3) The Hotel, Engineering and Transportation Services Framework Agreement

On 29 December 2023 (after trading hours), the Company entered into the Hotel, Engineering and Transportation Services Framework Agreement with CG Holdings. During the term of the said agreement, members of the Group may from time to time enter into individual agreements with members of the CGH Group for the provision of hotel services, engineering and transportation services by the CGH Group in accordance with the principal terms of the Hotel, Engineering and Transportation Services Framework Agreement, which are set out as follows:

Date:	29 December 2023
Parties:	(1) the Company; and (2) CG Holdings
Term:	From 1 January 2024 until 31 December 2026
Condition Precedent:	The carrying out of transactions under the Hotel, Engineering and Transportation Services Framework Agreement is subject to the approval by the respective boards of the Company and CG Holdings of such agreement.

Services to be provided: Provision of hotel accommodation, maintenance on the public facilities (including engineering services such as upgrading and routine maintenance of facilities and equipment, repair and renovation of civil engineering works), shuttle-bus transportation services and other services by the CGH Group to the Group.

Price: The service fees shall be determined after arm's length negotiation with reference to the rates under other contracts for similar services entered into between the Group and the CGH Group (if any), and the prevailing market price of similar types of services provided by Independent Third Parties in the open market. The fee shall not be higher than the fees charged by the CGH Group to Independent Third Parties.

Payment terms: Fees for such services provided by the Group will be paid in accordance with the payment terms stipulated in the specific contract. In general, payment shall be settled in cash on a monthly basis, but the payment period shall not exceed three months.

Both parties shall, upon friendly negotiation, make independent decisions to enter into, amend or terminate the specific service contract in accordance with the Hotel, Engineering and Transportation Services Framework Agreement and pursuant to fair and reasonable market practice. If the CGH Group has provided services but has not received the corresponding service payment (constituting the CGH Group's account receivables), or the Group has paid the service payment but has not received the corresponding services (constituting the Group's prepayments), the party that has provided the services or made the payment (as the case may be) may unilaterally terminate the specific contract and shall be entitled to recover prepayments or account receivables from the other party. Before terminating the specific contract, the party terminating the specific contract must notify the other party at least one week in advance.

The payment terms will be in line with the standard terms offered by the Group to Independent Third Parties under similar conditions and the market practice.

Annual caps and basis of determination

The existing annual caps (excluding tax) for fees payable by the Group to the CGH Group under the Existing Hotel, Engineering and Transportation Services Framework Agreement for each of the three years ending 31 December 2023 are as follows:

For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
RMB52,220,000	RMB58,380,000	RMB70,640,000

The approximate historical amounts (excluding tax) of fees paid by the Group to the CGH Group under the Existing Hotel, Engineering and Transportation Services Framework Agreement for each of the two years ended 31 December 2021 and 2022 and the nine months ended 30 September 2023 are as follows:

For the year ended 31 December 2021 (audited)	For the year ended 31 December 2022 (audited)	For the nine months ended 30 September 2023 (unaudited)
RMB44,907,000	RMB51,248,000	RMB35,547,800

The proposed annual caps (excluding tax) for fees paid by the Group to the CGH Group under the Hotel, Engineering and Transportation Services Framework Agreement for each of the three years ending 31 December 2026 are as follows:

For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
RMB45,000,000	RMB45,000,000	RMB45,000,000

The above proposed annual caps were determined after having taken into account (i) the historical amount of fees paid by the Group to the CGH Group for the provision of hotel, engineering and transportation services for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023; and (ii) the estimated amount of the service fee to be incurred under the existing individual hotel, engineering and transportation services agreements entered into by the Group and the CGH Group.

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 CGH Group under the Hotel, Engineering and Transportation Services Framework Agreement 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 and the prices of contemporaneous similar transactions with Independent Third Parties after arm's length negotiation is reached between both parties in respect of the terms and conditions of each individual agreement to ensure that the transaction price is no less favorable to the Group than those available from Independent Third Parties;
- (c) if no contemporaneous transactions for similar services have taken place between the relevant member of the Group and Independent Third Parties, the transaction price shall be negotiated with the CGH 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; and
- (d) should there be any material discrepancies between the price charged by the CGH Group and that offered by Independent Third Parties, the price chargeable by the CGH Group will be adjusted accordingly.

Reasons for and benefits of the Hotel, Engineering and Transportation Services Framework Agreement

The Company considers that the entering into of the Hotel, Engineering and Transportation Services Framework Agreement helps raise the Group's service quality and enhance the brand of the Group, and is in conformity with the Group's strategic development needs.

The Directors (including the independent non-executive Directors) consider that the Hotel, Engineering and Transportation 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 as a whole.

(B) THE 2023 PROPERTY LEASE FRAMEWORK AGREEMENT

Since the Existing Property Lease Framework Agreement is due to expire on 31 December 2023 and it is expected that members of the Group will continue to enter into short-term leases with members of the CGH Group from time to time thereafter, on 29 December 2023 (after trading hours), the Company entered into the 2023 Property Lease Framework Agreement. There shall be no new right-of-use assets to be acquired pursuant to the 2023 Property Lease Framework Agreement or the Existing Property Lease Framework Agreement.

TERMINATION OF CERTAIN LEASES UNDER EXISTING PROPERTY LEASE FRAMEWORK AGREEMENT

On 29 December 2023 (after trading hours), the Company entered into the Property Lease Termination Confirmation Letter with CG Holdings, pursuant to which the parties agreed to terminate certain long-term individual lease contracts (which were entered pursuant to the Existing Property Lease Framework Agreement) on 31 December 2023.

The principal terms of the Property Lease Termination Confirmation Letter are set out as follows:

Date:	29 December 2023
Parties:	(1) the Company; and (2) CG Holdings
Termination:	The parties agreed to terminate the individual lease contracts (which were entered pursuant to the Property Lease Framework Agreement) on 31 December 2023.
Other covenants:	Upon the signing of the Property Lease Termination Confirmation Letter, the Company shall cooperate to have the specific contracts that have been entered into in respect of operating the leased properties (including but not limited to business contracts and employment contracts) assigned, and the arrangement of which shall be subject to the relevant contract.

Right-of-use asset under the Property Lease Termination Confirmation Letter

On the basis that the termination date is 31 December 2023, the decrease in the value of right-of-use asset recognised by the Group under the Property Lease Termination Confirmation Letter amounted to approximately RMB1,104 million. Upon the termination of the individual lease contracts, it is expected that there will be a gain of approximately of RMB72.24 million to be recognised by the Group. The gain consists of the difference between the estimated net carrying amount of the right-of-use asset and the estimated lease liability as of the termination date. The actual amounts of reductions in right-of-use of assets and the gain recognised by the Group arising from the execution of the Property Lease Termination Confirmation Letter for the year ending 31 December 2023 will be subject to final audit by the Company's auditors.

Reasons for and benefits of the Property Lease Termination Confirmation Letter

In consideration of the Group's overall business development strategy, the subsidiaries of the Company plan to early terminate the specific property leasing contracts signed with the CGH Group for the commercial projects, which will help reduce the reliance on connected persons for the commercial management business. The Group plans to invest more efforts on the expansion of the commercial management business to the external market, rely on third-party forces to achieve the long-term development of the Group, and continue to maintain the independence of the commercial management business.

As the Company and CG Holdings are still reviewing and in negotiation for certain long-term individual lease contracts which were entered into pursuant to the Existing Property Lease Framework Agreement and have not been terminated under the Property Lease Termination Confirmation Letter (amounted to approximately RMB87,250,000 based on unaudited management accounts of the Company as at the date of this announcement) and whether the contract(s) shall be terminated, the Company will closely monitor the situation and make further announcement(s) according to the Listing Rules if required.

The Directors (including the independent non-executive Directors) consider that the terms of the Property Lease Termination Confirmation Letter are fair and reasonable and the entry into the Property Lease Termination Confirmation Letter is in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS

To ensure individual transactions will be conducted in accordance with the 2023 Framework Agreements and the aforesaid pricing policy, the Group has adopted the following internal control measures:

- (1) the financial officers and persons in charge of various departments and units will closely monitor each transaction conducted under the 2023 Framework Agreements, and regularly report monitoring data to the compliance department designated by the Company. The compliance department will then summarise and monitor the total transaction amount of the transactions conducted under each of the 2023 Framework Agreements, and quarterly assess whether the annual caps of the respective 2023 Framework Agreements may be exceeded to ensure that the transaction amount does not exceed the proposed annual caps. Continuous monitoring will be in place before, during and after each transaction, to ensure that the responsibilities are duly fulfilled;
- (2) the implementation of each contract entered into pursuant to the 2023 Framework Agreements must be approved by the business department, the finance department, the legal department and the management to ensure that it is in accordance with the pricing policy and the principal terms of the 2023 Framework Agreements;

- (3) the auditors of the Company shall conduct annual reviews on the prices and the annual caps of the continuing connected transactions to ensure that the total transaction amount is within the annual caps and that the transactions are conducted in accordance with the principal terms of the 2023 Framework Agreements; and
- (4) The Board (including the independent non-executive Directors) will continue to review the quarterly monitoring reports on the transactions conducted under the 2023 Framework Agreements issued by the management to ensure that the transactions 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.

Such internal control policies will also be applied to the 2023 Property Lease Framework Agreement to the extent applicable.

LISTING RULES IMPLICATIONS

Since CG Holdings is a majority-controlled company indirectly held by Ms. YANG Huiyan, a non-executive Director and a substantial Shareholder of the Company, it is an associate of Ms. YANG Huiyan and thus a connected person of the Company. Each of the transactions contemplated under the respective 2023 Framework Agreements and the 2023 Property Lease Framework Agreement therefore constitutes a continuing connected transactions of the Company, and the entry into the Property Lease Termination Confirmation Letter constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest annual cap exceed 0.1% but are below 5%, each of (i) the Property Management Services Framework Agreement; (ii) the Non-property Owner Value-added Services Framework Agreement; and (iii) the Hotel, Engineering and Transportation Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the relevant highest annual cap for the 2023 Property Lease Framework Agreement is less than 0.1%, the transaction contemplated under the 2023 Property Lease Framework Agreement is fully exempted from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 "Leases", the Company recognised the value of the right-of-use assets in connection with the leases of premises in its consolidated statement of financial position. The termination of certain long-term individual lease contracts will result in a decrease in the amount of right-of-use asset recognised by the Company, and thus be regarded as a disposal of asset by the Group for the purpose of the Listing Rules.

As one or more of the applicable percentage (as defined under the Listing Rules) calculated based on the value of the remaining right-of-use asset recognised by the Group under the leases subject to the Property Lease Termination Confirmation Letter exceed 0.1% but are below 5%, the Property Lease Termination Confirmation Letter is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since Ms. YANG Huiyan is the controlling shareholder, the Chairman and an executive Director of CG Holdings, she as Director has abstained from voting on the resolutions at the Board meeting approving each of the 2023 Framework Agreements, the 2023 Property Lease Framework Agreement, the Property Lease Termination Confirmation Letter and the transactions contemplated thereunder to avoid any conflicts of interest.

GENERAL

The Company is an investment holding company and a leading service provider in comprehensive property management in the PRC with diversified business 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, urban services and commercial operation services. As at the date of this announcement, Ms. YANG Huiyan is indirectly interested in approximately 36.44% of the total issued share capital of the Company.

CG Holdings is one of the PRC's largest residential property developers that capitalizes on urbanization. With centralized management and standardization, the CGH Group runs the businesses of property development, construction, interior decoration, property investment, and the development and management of hotels. The CGH 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 CGH Group also develops and manages hotels at some of its property projects with the aim of enhancing the properties' marketability. The CGH Group's other businesses are robotics and modern agriculture. As at the date of this announcement, Ms. YANG Huiyan, the Chairman and an executive director of CG Holdings, holds approximately 51.95% of the total issued share capital of CG Holdings through an investment holding company which she entirely owns.

DEFINITIONS

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

"2020 Circular"	the circular of the Company dated 7 December 2020 in relation to the Existing Property Management Services Framework Agreement, Existing Sales and Leasing Agency Services Framework Agreement, and Existing Consultancy and Other Services Framework Agreement
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“2023 Framework Agreements”	the Property Management Services Framework Agreement, the Non-property Owner Value-added Services Framework Agreement, and the Hotel, Engineering and Transportation Services Framework Agreement
“2023 Property Lease Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 29 December 2023 which sets out the principal terms for the short-term lease of premises by the CGH Group to the Group for a term commencing on 1 January 2024 until 31 December 2026
“30%-controlled company(ies)”	has the meaning ascribed to it under the Listing Rules
“Advertising Services”	has the meaning ascribed to it under the section headed “(2) The Non-property Owner Value-added Services Framework Agreement” in this announcement
“Announcements”	the announcement of the Company dated 4 December 2020, 13 April 2021 and 12 July 2022 in relation to the continuing connected transactions between the Group and the CGH Group
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CG Holdings”	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)
“CGH Group”	CG Holdings and its subsidiaries and, for the purpose of this announcement, their 30%-controlled companies
“Company”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6098)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consultancy Services”	has the meaning ascribed to it under the section headed “(2) The Non-property Owner Value-added Services Framework Agreement” in this announcement

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Elevators Installation Services”	has the meaning ascribed to it under the section headed “(2) The Non-property Owner Value-added Services Framework Agreement” in this announcement
“Existing Consultancy and Other Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 4 December 2020 which sets out the principal terms for provision of the Consultancy Services and other services by the Group to the CGH Group for a term commencing from 1 January 2021 until 31 December 2023
“Existing Framework Agreements”	collectively, the Existing Property Management Services Framework Agreement, the Existing Sales and Leasing Agency Services Framework Agreement, the Existing Consultancy and Other Services Framework Agreement and the Existing Hotel, Engineering and Transportation Services Framework Agreement
“Existing Hotel, Engineering and Transportation Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 4 December 2020 which sets out the principal terms for the provision of hotel accommodation services, engineering and transportation services by the CGH Group to the Group for a term commencing on 1 January 2021 until 31 December 2023
“Existing Property Lease Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 13 April 2021 (as amended and supplemented by the supplemental framework agreement on 12 July 2022) which sets out the principal terms for the leased properties by the CGH Group to the Group for a term commencing from 13 April 2021 until 31 December 2023
“Existing Property Management Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 4 December 2020 which sets out the principal terms for the provision of property management services by the Group to the CGH Group for a term commencing from 1 January 2021 until 31 December 2023
“Existing Sales and Leasing Agency Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 4 December 2020 which sets out the principal terms for the provision of sales and leasing agency services by the Group to the CGH Group for a term commencing on 1 January 2021 until 31 December 2023

“Group”	the Company and its subsidiaries and, in the context of the 2023 Framework Agreements, their 30%-controlled companies
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel, Engineering and Transportation Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 29 December 2023 which sets out the principal terms for the provision of hotel accommodation services, engineering and transportation services by the CGH Group to the Group for a term commencing on 1 January 2024 until 31 December 2026
“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
“Non-property Owner Value-added Services”	the Consultancy Services, the Sales and Leasing Agency Services, the Elevators Installation Services, the Advertising Services and the Other Services
“Non-property Owner Value-added Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 29 December 2023 which sets out the principal terms for provision of the Non-property Owner Value-added Services by the Group to the CGH Group for a term commencing on 1 January 2024 until 31 December 2026
“Other Services”	has the meaning ascribed to it under the section headed “(2) The Non-property Owner Value-added Services Framework Agreement” in 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)
“Property Lease Termination Confirmation Letter”	the confirmation letter entered into between the Company and CG Holdings on 29 December 2023, pursuant to which the parties agreed to, among others, terminate certain long-term individual lease contracts (which were entered pursuant to the Existing Property Lease Framework Agreement)

“Property Management Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 29 December 2023 which sets out the principal terms for the provision of property management services by the Group to the CGH Group for a term commencing on 1 January 2024 until 31 December 2026
“RMB”	Renminbi, the lawful currency of PRC
“Sales and Leasing Agency Services”	has the meaning ascribed to it under the section headed “(2) The Non-property Owner Value-added Services Framework Agreement” in this announcement
“Share(s)”	ordinary share(s) with a par value of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Country Garden Services Holdings Company Limited
XU Binhuai
President and Executive Director

Foshan, the PRC, 29 December 2023

As of the date of this announcement, the executive Directors of the Company are Mr. XU Binhuai (President), Mr. XIAO Hua and Mr. GUO Zhanjun. The non-executive Director of the Company is Ms. YANG Huiyan (Chairman). The independent non-executive Directors of the Company are Mr. MEI Wenjue, Mr. RUI Meng and Mr. CHEN Weiru.