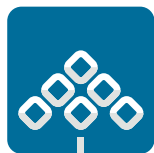


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**SUPPLEMENTAL ANNOUNCEMENT
ACQUISITION OF A TOTAL OF 60% EQUITY INTEREST
IN FUJIAN DONGFEI
AMENDMENTS TO THE EQUITY TRANSFER AGREEMENTS
AND
THE PERFORMANCE GUARANTEES**

AMENDMENTS TO THE EQUITY TRANSFER AGREEMENTS

On 30 October 2020, CG Life Services and CG Property Services HK (both of which are indirect wholly-owned subsidiaries of the Company) entered into the Equity Transfer Agreements with, among others, Dingrong Environmental Protection and One Supreme, respectively, to directly and indirectly acquire a total of 60% effective shareholding in Fujian Dongfei. Among which, Dingrong Environmental Protection and One Supreme made the Performance Guarantees to CG Life Services and CG Property Services HK respectively in respect of certain financial performance of Fujian Dongfei.

On 22 July 2024, CG Life Services and CG Property Services HK entered into the Supplemental Agreement with, among others, Dingrong Environmental Protection and One Supreme, pursuant to which the Company has agreed to amend the Equity Transfer Agreements in relation to the compensation arrangements for Fujian Dongfei failing to meet the Performance Guarantee Two.

PERFORMANCE GUARANTEES AND COMPENSATION THROUGH EQUITY INTEREST

As Fujian Dongfei failed to fulfill the Performance Guarantee Two set out in the Equity Transfer Agreements, One Supreme will make payment by way of compensation through equity interest and transfer its 25% equity interest in Genuine Investment to CG Property Services HK at nil consideration pursuant to the Amended Equity Transfer Agreements. Upon completion of the Equity Interest Compensation Transaction, the Company will indirectly hold an aggregate of 67.5% effective shareholding in Fujian Dongfei.

This announcement is made by Country Garden Services Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 14.36, 14.36B(1) and 14.36B(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcement of the Company dated 30 October 2020 in relation to the acquisition of a total of 60% effective shareholding in Fujian Dongfei (the “**Announcement**”). Unless the context requires otherwise, capitalized terms used herein shall bear the same meanings as defined in the Announcement.

AMENDMENTS TO THE EQUITY TRANSFER AGREEMENTS

As disclosed in the Announcement, on 30 October 2020, CG Life Services and CG Property Services HK entered into the Equity Transfer Agreements (namely, the Fujian Dongfei Equity Transfer Agreement and the Genuine Investment Equity Transfer Agreement) with, among others, Dingrong Environmental Protection and One Supreme, respectively, to directly and indirectly acquire a total of 60% effective shareholding in Fujian Dongfei. In particular, Dingrong Environmental Protection and One Supreme made the Performance Guarantees to CG Life Services and CG Property Services HK respectively. Details of the Performance Guarantees and their respective compensation arrangements are disclosed in the Announcement under the sections headed “(1) Fujian Dongfei Equity Transfer Agreement — Performance Guarantees”, “(1) Fujian Dongfei Equity Transfer Agreement — Valuation Adjustment and Compensation”, “(2) Genuine Investment Equity Transfer Agreement — Performance Guarantees” and “(2) Genuine Investment Equity Transfer Agreement — Valuation Adjustment and Compensation”. Both the Fujian Dongfei Acquisition and the Genuine Investment Acquisition were completed in October 2020. As at the date of this announcement, the Company indirectly holds a total of 60% effective shareholding in Fujian Dongfei, of which 40% is directly held by CG Life Services, an indirect wholly-owned subsidiary of the Company, and the remaining effective shareholding is held through the 66.67% equity interest in Genuine Investment held by CG Property Services HK, an indirect wholly-owned subsidiary of the Company. Genuine Investment holds 30% equity interest in Fujian Dongfei through its direct wholly-owned subsidiary Waytop Investment.

Based on the disclosure in the section headed “REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT” in this announcement, the Company has agreed to amend the compensation arrangements under the Equity Transfer Agreements in relation to the failure to meet the Performance Guarantee Two and accordingly entered into the supplemental agreement to the Equity Transfer Agreements (the “**Supplemental Agreement**”).

SUPPLEMENTAL AGREEMENT

Set out below is a summary of the principal terms of the Supplemental Agreement and the relevant information:

(a) Date

22 July 2024

(b) Parties

- (i) Dingrong Environmental Protection;
- (ii) One Supreme (as the transferor of the Equity Interest Compensation Transaction (as defined below));
- (iii) CG Life Services (an indirect wholly-owned subsidiary of the Company);
- (iv) CG Property Services HK (an indirect wholly-owned subsidiary of the Company) (as the transferee of the Equity Interest Compensation Transaction (as defined below));
- (v) the One Supreme Related Persons (namely, the Guarantors, Waytop Investment and Xinde Investment);
- (vi) Fujian Dongfei; and
- (vii) Genuine Investment.

(c) Amendments to the terms of the Equity Transfer Agreements

- (i) Pursuant to the Equity Transfer Agreements, for each financial year during the Performance Guarantee Period, if the audited accumulated Operating Revenue or accumulated Net Profit After NRI of Fujian Dongfei is lower than the Performance Guarantee Two, the Guarantors shall pay compensation to CG Life Services and CG Property Services HK in cash or through the equity interest in Fujian Dongfei.

Under the Supplemental Agreement, the parties agreed to amend the compensation arrangements for failure to meet the Performance Guarantee Two in the Equity Transfer Agreements, where One Supreme will make payment by way of compensation through equity interest only and transfer its 25% equity interest in Genuine Investment to CG Property Services HK at nil consideration (the “**Equity Interest Compensation Transaction**”).

- (ii) Pursuant to the Equity Transfer Agreements, Waytop Investment, Xinde Investment and some of the Guarantors (namely, Mr. CAI Yuan (蔡原) and Mr. CHEN Jian (陳鍵)) have pledged the equity interest in Fujian Dongfei, Waytop Investment, Genuine Investment, Xinde Investment and One Supreme held by each of them in favour of CG Property Services HK, the pledgees designated by CG Property Services HK, or the pledgees designated by CG Life Services to guarantee the due performance by Dingrong Environmental Protection, the Guarantors and One Supreme of their obligations under the Equity Transfer Agreements (including the Performance Guarantees and related compensation obligations). Details of each of the share pledges are set out in the Announcement under the sections headed “(1) Fujian Dongfei Equity Transfer Agreement — Pledges” and “(2) Genuine Investment Equity Transfer Agreement — Pledges”.

Under the Supplemental Agreement, within 30 days from the date of completion of registration of the equity transfer in respect of the Equity Interest Compensation Transaction, CG Life Services and CG Property Services HK will cooperate with Dingrong Environmental Protection, One Supreme and the One Supreme Related Persons to release each of the relevant share pledges set out in the Announcement under the sections headed “(1) Fujian Dongfei Equity Transfer Agreement — Pledges” and “(2) Genuine Investment Equity Transfer Agreement — Pledges”.

- (iii) Under the Supplemental Agreement, the parties agreed to develop a new environmental protection business based on Fujian Dongfei’s existing business, with the Guarantors assisting Fujian Dongfei in establishing an “Environmental Protection Business Line”. The means of business development include, but are not limited to, introducing its environmental protection business personnel, qualifications, capabilities, incremental businesses, and related resources into Fujian Dongfei. The businesses to be developed include expanding the Company’s major clientele, industrial park enterprises, market-oriented environmental protection stewardship, environmental protection design, governance, consultation for government departments, and various types of environmental light engineering businesses.
- (iv) Under the Supplemental Agreement, One Supreme is required to complete the registration of the equity transfer under the Equity Interest Compensation Transaction within 90 days from the date of the Supplemental Agreement. If there is a late registration by One Supreme (except for reasons attributable to CG Property Services HK), and the period of overdue performance does not exceed 30 days, a default fee in an amount of RMB10,000 per day will be payable by One Supreme from the date of overdue performance. If the period of overdue performance exceeds 30 days, CG Life Services and CG Property Services HK shall have the right to demand Guarantor One and/or Xinde Investment a compensation in cash or through equity interest as originally agreed under the Equity Transfer Agreements.

Save for the amendments disclosed above, there are no material changes to the terms of the Equity Transfer Agreements.

PERFORMANCE GUARANTEES AND COMPENSATION THROUGH EQUITY INTEREST

As disclosed in the Announcement, Dingrong Environmental Protection and One Supreme have made certain guarantees as follows:

- (1) the Net Profit After NRI of Fujian Dongfei for the financial year 2020 will be not less than RMB120 million (being the Performance Guarantee One); and
- (2) the audited accumulated Operating Revenue and audited accumulated Net Profit After NRI of Fujian Dongfei for each financial year during the Performance Guarantee Period will reach the minimum performance requirements for that year (being the Performance Guarantee Two).

As disclosed in the Company's annual report for the financial year ended 31 December 2020, Fujian Dongfei has already fulfilled the Performance Guarantee One.

As calculated in accordance with the relevant terms of the Equity Transfer Agreements, the target performance to be fulfilled by Fujian Dongfei, as undertaken by Dingrong Environmental Protection and One Supreme under the Performance Guarantee Two, is as follows:

	Year of performance			Total (RMB'0,000)
	2021 (RMB'0,000)	2022 (RMB'0,000)	2023 (RMB'0,000)	
Operating Revenue	124,256.63	142,895.12	171,474.14	438,625.89
Net Profit After NRI	14,400.00	17,280.00	21,600.00	53,280.00

According to the annual audit reports of Fujian Dongfei, its actual performance is as follows:

	Year of performance			Total (RMB'0,000)	Shortfall (RMB'0,000)
	2021 (RMB'0,000)	2022 (RMB'0,000)	2023 (RMB'0,000)		
Operating Revenue	136,628.73	118,179.66	112,814.93	367,623.32	-71,002.57
Net Profit After NRI	14,923.31	17,287.48	10,249.54	42,460.33	-10,819.67

As a result, Fujian Dongfei failed to fulfill the Performance Guarantee Two set out in the Equity Transfer Agreements.

If according to the terms of the Equity Transfer Agreements, as the difference between the Operating Revenue and Net Profit After NRI of Fujian Dongfei for financial year 2023 and the Performance Guarantee Benchmarks X and Y, respectively, is not more than 5%, CG Life Services and CG Property Services HK may choose to request the Guarantors to make compensation either in cash or through equity interest, respectively.

Under the Equity Transfer Agreements, if the Company adopts compensation in cash, the Company will be paid a total of approximately RMB176.88 million by the Guarantors. If the Company adopts the original compensation through equity interest under the Equity Transfer Agreements, the Company will receive 33.33% equity interest in Genuine Investment held by Guarantor One (i.e. Mr. CAI Yuan (蔡原)) and 0.54% equity interest in Fujian Dongfei held by Xinde Investment through CG Life Services and CG Property Services HK at nil consideration. The Company will then indirectly increase its effective shareholding in Fujian Dongfei by 10.54%. Assuming the parties did not enter into the Supplemental Agreement, upon completion of the aforementioned equity transfer, the Company will indirectly hold an aggregate of 70.54% effective shareholding in Fujian Dongfei.

Under the Equity Transfer Agreements as amended by the Supplemental Agreement (the “**Amended Equity Transfer Agreements**”), One Supreme will make payment by way of compensation through equity interest and transfer its 25% equity interest in Genuine Investment to CG Property Services HK at nil consideration. As Genuine Investment holds 30% equity interest in Fujian Dongfei through its direct wholly-owned subsidiary Waytop Investment, the Company may indirectly increase its effective shareholding in Fujian Dongfei by 7.5% through the Equity Interest Compensation Transaction. Upon completion of the Equity Interest Compensation Transaction, the Company will indirectly hold an aggregate of 67.5% effective shareholding in Fujian Dongfei.

As all the applicable percentage ratios in respect of the Equity Interest Compensation Transaction are less than 5%, the Equity Interest Compensation Transaction does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

From the date of completion of the Equity Interest Compensation Transaction by One Supreme, Dingrong Environmental Protection, One Supreme and the One Supreme Related Persons shall be deemed to have fulfilled all compensation obligations to CG Life Services and CG Property Services HK under the Amended Equity Transfer Agreements.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The terms of the Supplemental Agreement were determined after arm’s length negotiations between the parties.

Upon completion of the Equity Interest Compensation Transaction, the Group will indirectly hold an aggregate of 67.5% effective shareholding in Fujian Dongfei. Having more than two-thirds of the voting rights in respect of significant matters of Fujian Dongfei (such as amendments to the Articles of Association, divisions, mergers, changes to company structure, etc.) is advantageous to the Company. Therefore, for the compensation regarding the Performance Guarantee Two, the Group has elected to request the Guarantors to pay the compensation through their indirect shareholding of equity interest in Fujian Dongfei.

In recent years, regulations and policies governing ecological and environmental protection have been promulgated and implemented in China. In 2020, the Chinese government proposed the “dual carbon” targets, where carbon emissions are to peak by 2030, and carbon neutrality are to be achieved by 2060. The Chinese government published the “14th Five-Year” Plan and the Long-Range Objectives for 2035. Against the background of the “dual carbon” targets, it is expected that the environmental service industry in China will continuously to expand, and there will be better prospects and market potential for the environmental service industry.

The Guarantors (namely, Mr. CHEN Jian (陳鍵), Mr. CAI Yuan (蔡原) and Mr. YANG Zhuoya (楊卓亞)) possess extensive experience and resources in the environmental protection business. The management of the Company is of the view that having the Guarantors assist Fujian Dongfei in establishing the “Environmental Protection Business Line” as mentioned above, as well as helping Fujian Dongfei to establish its brand, business qualifications and team capabilities in the environmental protection sector will facilitate Fujian Dongfei to further enhance its strategy of developing both its main business (i.e. the business covering the whole industry chain of urban and rural environment services) and the environmental business. This will be conducive to the enhancement of Fujian Dongfei’s operational capability and its long-term development and growth. At the same time, the Group is an integrated service provider covering diversified businesses. With Fujian Dongfei’s additional environmental protection service business line, not only will it integrate with the Group’s existing businesses, but also to capitalize market opportunities from China’s new environmental protection policies. This will enable the Group to further develop its related businesses and to contribute to the diversified growth of the Group’s business. Considering the above factors and the Guarantors’ willingness to introduce its valuable experience, personnel, qualifications, capabilities, incremental businesses and related resources of the environmental protection business into Fujian Dongfei, the Company has, upon arm’s length negotiations between the parties, decided to reduce the percentage of compensation through equity interest as originally agreed in the Equity Transfer Agreements.

Having considered the above reasons, the Directors, including independent non-executive Directors, are of the view that the terms of the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

At the same time, the Directors, including independent non-executive Directors, confirmed that, upon completion of the Equity Interest Compensation Transaction, Dingrong Environmental Protection, One Supreme and the One Supreme Related Persons shall be deemed to have fulfilled all compensation obligations to CG Life Services and CG Property Services HK under the Amended Equity Transfer Agreements.

ANNOUNCEMENT PUBLISHED PURSUANT TO RULES 14.36, 14.36B(1) AND 14.36B(2) OF THE LISTING RULES

Save as disclosed above, there is no other information relating to the Equity Transfer Agreements or the Performance Guarantees of the Company that is required to be disclosed pursuant to Rules 14.36, 14.36B(1) or 14.36B(2) of the Listing Rules.

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

Foshan, China, 22 July 2024

As of the date of this announcement, the executive directors of the Company are Mr. XU Binhuai (President) and Mr. XIAO Hua. 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, Mr. CHEN Weiru and Mr. ZHAO Jun.