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## **COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED**

**碧桂園服務控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6098)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE**

On 9 July 2018, CG Property Services (a wholly-owned subsidiary of the Company) entered into the Joint Venture Agreement with the JV Partner in relation to the formation of the Joint Venture for the purpose of investing in and undertaking property management and value-added services for cooperative PRC central enterprises in relation to the reform of “Three Supplies and Property Management”.

Pursuant to the Joint Venture Agreement, CG Property Services will contribute RMB400,000,000 (equivalent to approximately HK\$473,232,771) and the JV Partner will contribute RMB100,000,000 (equivalent to approximately HK\$118,308,193) to respectively subscribe for 80% and 20% of the equity interest in the Joint Venture. Upon completion of the Joint Venture Formation, the Joint Venture will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the Joint Venture Formation exceed 5% but all are below 25%, the Joint Venture Formation constitutes a discloseable transaction of the Company and is subject to the reporting, annual review and announcement requirements but exempted from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

## INTRODUCTION

On 9 July 2018, CG Property Services (a wholly-owned subsidiary of the Company) entered into the Joint Venture Agreement with the JV Partner in relation to the formation of the Joint Venture.

## THE JOINT VENTURE AGREEMENT

**Date** : 9 July 2018

**Parties** : (1) CG Property Services; and  
(2) The JV Partner

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Partner and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

**Scope of business** : The business scope of the Joint Venture includes business operation and management, investment management, business management consulting, information technology services, financial information services (excluding financial business), asset management, elderly care services, property management and consulting services related to property management, property environmental governance, housekeeping services, maintenance services (excluding special equipment repair), cleaning services, community services, green nursing business, heating business, property leasing and real estate agency.

**Capital commitment** : The registered capital of Joint Venture is RMB500,000,000 (equivalent to approximately HK\$591,540,964), which shall be contributed by CG Property Services and the JV Partner in the following manner:

- (1) CG Property Services: RMB400,000,000 (equivalent to approximately HK\$473,232,771), payable within two months after the date of the Joint Venture Agreement; and
- (2) JV Partner: RMB100,000,000 (equivalent to approximately HK\$118,308,193), payable on or before 31 December 2028.

Upon completion of the Joint Venture Formation, CG Property Services and the JV Partner will hold 80% and 20% of the issued share capital of the Joint Venture respectively. Accordingly, the Joint Venture will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

The amount of capital contributions was determined after arm's length negotiations between the parties to the Joint Venture Agreement with reference to the capital contribution intentions of the parties. Capital contribution by CG Property Services will be funded by own funds of the Group.

**Board composition** : The board of directors of the Joint Venture will comprise five directors. CG Property Services will be entitled to nominate three directors and the JV Partner will be entitled to nominate two directors. One of the directors nominated by CG Property Services will act as the chairman of the board of directors, whereas one of the directors nominated by the JV Partner will act as the vice chairman.

**Profit/loss sharing** : The profit/loss in respect of the Joint Venture will be shared by CG Property Services and the JV Partner in proportion to their respective equity interests in the Joint Venture.

**Business operations** : After formation of the Joint Venture, the JV Partner shall procure the Joint Venture to establish the Property Company jointly with a company receiving state-owned assets to primarily engage in the investment in and undertaking of property management and value-added services for cooperative PRC central enterprises in relation to the reform of "Three Supplies and Property Management".

The Property Company shall be held as to not less than 51% by the Joint Venture. The number of directors of the Property Company to be nominated by the Joint Venture shall be proportional to its shareholding in the Property Company, and CG Property Services shall be entitled to nominate half of such directors while the chairman shall be a director nominated by the JV Partner. Appointment of the management of the Property Company shall be subject to the unanimous approval of all directors of the Property Company nominated by CG Property Services and the JV Partner and the approval of the Board of CG Property Services.

**Transfer of equity interest** : CG Property Services will be prohibited from disposing of its equity interest in the Joint Venture for three years after the public listing of the Joint Venture, which shall not be carried out within three years of its establishment.

**Dissolution** : In the event of any of the following circumstances, CG Property Services or the JV Partner shall have the right to demand the dissolution of the Joint Venture in accordance with its articles of association:

1. If the Joint Venture has not been formed within twelve months after the date of the Joint Venture Agreement, either party shall have the right to terminate the Joint venture Agreement and neither of them shall bear any liability for breach of contract and liquidation can be carried out on the basis of termination of project.
2. Within six months after the Joint Venture Formation, there is significant change in the policy of the PRC and the relevant enterprises in relation to the reform of “Three Supplies and Property Management” or such policy fails to be implemented such that the purpose of the Joint Venture Formation is unable to be realised and the Joint Venture cannot operate normally.
3. Within six months after the Joint Venture Formation, there are material differences in opinion between the parties in respect of any shareholders’ resolution, directors’ resolution or decisions of the operational team etc. such that the Property Company cannot be operated effectively, decision-making cannot be implemented and deadlock occurs in its operation.
4. Within six months after the Joint Venture Formation, the Joint Venture incurs serious losses and operational risks due to reasons of property service standards, charging standards, charging rates, social stability, intense confrontation between property owners and the Property Company etc.

## **REASONS FOR AND BENEFITS OF THE JOINT VENTURE FORMATION**

The Joint Venture Formation will enhance the existing scope of management business of the Group and will facilitate expansion of its business into a new area of property management for large-scale PRC central enterprises, the PRC government and other PRC enterprises and institutions, to implement the marketisation reform of the “Three Supplies and Property Management” and to show the competitiveness of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Joint Venture Formation and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the Joint Venture Formation exceed 5% but all are below 25%, the Joint Venture Formation constitutes a discloseable transaction of the Company and is subject to the reporting, annual review and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

If the establishment of the Property Company pursuant to the Joint Venture Agreement (if materialises) constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules, the Company will make further announcement(s) as and when appropriate and comply with the applicable requirements under the Listing Rules.

## **GENERAL INFORMATION**

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners.

CG Property Services is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in property management business.

The Joint Venture Partner is a company established in the PRC with limited liability and is principally engaged in investment in projects relating to energy development and engineering technology.

## **DEFINITIONS**

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

|                        |  |
|------------------------|--|
| “Board”                | the board of Directors of the Company  |
| “CG Property Services” | Guangdong Country Garden Property Services Co., Ltd. (廣東碧桂園物業服務股份有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company                                    |
| “Company”              | Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), a 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) |
| “Directors”            | the directors of the Company   |

|                           |   |
|---------------------------|---|
| “Group”                   | the Company and its subsidiaries  |
| “HK\$”                    | Hong Kong dollar, the lawful currency of Hong Kong  |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the PRC  |
| “Joint Venture”           | the joint venture to be established by CG Property Services and the JV Partner pursuant to the terms and conditions under the Joint Venture Agreement   |
| “Joint Venture Agreement” | the agreement dated 9 July 2018 entered into between CG Property Services and the JV Partner in relation to, inter alia, the Joint Venture Formation  |
| “Joint Venture Formation” | the formation of the Joint Venture contemplated under the Joint Venture Agreement   |
| “JV Partner”              | Strait Energy (Beijing) Intercontinental Investment Company Ltd ( 洲際海峽能源投資(北京)有限公司 ), a company incorporated in the PRC with limited liability and principally engaged in investment in projects relating to energy development and engineering technology  |
| “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 Company”        | the property company proposed to be established by the Joint Venture jointly with a company receiving state-owned assets to primarily engage in the investment in and undertaking of property management and value-added services for cooperative PRC central enterprises in relation to the reform of “Three Supplies and Property Management” |
| “RMB”                     | Renminbi, the lawful currency of PRC  |

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| “Stock Exchange”                         | The Stock Exchange of Hong Kong Limited   |
| “Three Supplies and Property Management” | the supply of water, electricity and heat and the business of property management |
| “%”                                      | per cent  |

By order of the Board  
**Country Garden Services Holdings Company Limited**  
**YANG Huiyan**  
*Chairman*

Foshan, Guangdong Province, the PRC, 9 July 2018

*As of the date of this announcement, the executive directors of the Company are Mr. LI Changjiang, Mr. XIAO Hua and Mr. GUO Zhanjun. The non-executive directors of the Company are Ms. YANG Huiyan (Chairman), Mr. YANG Zhicheng and Ms. WU Bijun. The independent non-executive directors of the Company are Mr. MEI Wenjue, Mr. RUI Meng and Mr. CHEN Weiru.*