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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)

CONTINUING CONNECTED TRANSACTIONS PROPERTY MANAGEMENT SERVICES

PROPERTY MANAGEMENT SERVICES

On 22 August 2018, the Company entered into the Property Management Services Framework Agreement with Bright Scholar, which sets out the principal terms for the provision of property management services by the Group to Bright Scholar Group in respect of the school campuses and dormitories of Bright Scholar Group, for a term commencing on 22 August 2018 until 31 December 2020.

The annual caps (tax exclusive) for transactions contemplated under the Property Management Services Framework Agreement are respectively RMB7.6 million, RMB20 million and RMB40 million for each of the three years ending 31 December 2020.

Bright Scholar is an indirect majority-controlled company of Ms. YANG Meirong, who is an aunt of Ms. YANG Huiyan, a non-executive Director and a substantial shareholder of the Company. As such, Bright Scholar is a connected person of the Company and the Property Management Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions 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) exceed 0.1% but all are below 5%, the Property Management Services Framework Agreement and the transactions contemplated thereunder are subject to reporting, annual review and announcement requirements but exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company has entered into the Property Management Services Framework Agreement with Bright Scholar in relation to the provision of property management services by the Group to Bright Scholar Group which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Date : 22 August 2018

- Parties : (1) the Company; and
(2) Bright Scholar
- Term : A term commencing on 22 August 2018 until 31 December 2020
- Subject : Provision of property management services (including but not limited to the maintenance of order and environmental hygiene, greening, repair and maintenance and auxiliary value-added services) by the Group to Bright Scholar Group in respect of the school campuses and dormitories of Bright Scholar Group.
- Price : The fees for the provision of property management services by the Group shall be determined after arm's length negotiations taking into account the types of properties subject to such services and the scope, content and standard of such services with reference to the fees for similar services and similar types of properties in the market. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities or lower than the standard fees offered to Independent Third Parties.
- Payment : Fees for property management services provided by the Group will be payable after provision of the services, to be settled on a quarterly basis.

Annual caps and basis of determination

The annual caps (tax exclusive) for fees payable by Bright Scholar Group to the Group for the provision of property management services by the Group for each of the three years ending 31 December 2020 are as follows:

For the year ending 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020
RMB7,600,000 (equivalent to approximately HK\$8,726,805)	RMB20,000,000 (equivalent to approximately HK\$22,965,277)	RMB40,000,000 (equivalent to approximately HK\$45,930,553)

The above proposed annual caps for each of the years ending 31 December 2020 were determined after having taken into account (i) the historical amounts of fees charged by the Group for the provision of similar services for each of the three years ended 31 December 2017; (ii) the estimated fee rates chargeable by the Group for each square metre of property for such services provided; and (iii) the estimated gross floor area which Bright Scholar Group will require such services of the Group.

PRICING POLICY

During the term of the Property Management Services Framework Agreement, members of the Group may from time to time enter into individual agreements with members of Bright Scholar Group for the provision of relevant services in accordance with the principal terms of the Property Management Services Framework Agreement. The Group adopts the following pricing policy for each of such individual agreements:

- (a) each individual agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;
- (b) the transaction price shall be determined based on certain market reference prices and the prices of existing 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) in determining the transaction price, the Group would estimate the cost of provision of such services based on manpower and comprehensive expenses required and would then apply an appropriate gross profit margin after taking into consideration the scale of each individual agreement; and
- (d) the transaction price will be determined between both parties through negotiations with reference to the market unit price of similar property projects and the estimated quality and amount of services required.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

It is expected that the entering into of the Property Management Services Framework Agreement can broaden the sources of revenue of the Group, thereby generating stable income and realising more benefits for the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Property Management Services Framework Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Company and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Bright Scholar is an indirect majority-controlled company of Ms. YANG Meirong, who is an aunt of Ms. YANG Huiyan, a non-executive Director and a substantial shareholder of the Company. As such, Bright Scholar is a connected person of the Company and the Property Management Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions 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) exceed 0.1% but all are below 5%, the Property Management Services Framework Agreement and the transactions contemplated thereunder are subject to 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 a relative of the majority shareholder of Bright Scholar and is herself a substantial shareholder of Bright Scholar; and (ii) Mr. YANG Zhicheng is an associate of Ms. YANG Huiyan, both of them as Directors have abstained from voting on the resolutions at the Board meeting approving the Property Management Services Framework Agreement and the transactions contemplated thereunder to avoid any conflicts of interest.

GENERAL

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.

Bright Scholar Group is principally engaged in the operation of international and bilingual K-12 schools in the PRC. As at the date of this announcement, Bright Scholar is held as to 57.05% indirectly by Ms. YANG Meirong and 16.07% indirectly by Ms. YANG Huiyan.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bright Scholar”	Bright Scholar Education Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed in the form of American Depositary Shares representing Class A Ordinary shares on the New York Stock Exchange (NYSE ticker: BEDU)
“Bright Scholar Group”	Bright Scholar, its subsidiaries and its variable interest entities
“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 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

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“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
“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
“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 Management Services Framework Agreement”	the framework agreement entered into between the Company and Bright Scholar on 22 August 2018 which sets out the terms for the provision of property management services by the Group to Bright Scholar Group for a term commencing on 22 August 2018 until 31 December 2020
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
Country Garden Services Holdings Company Limited
LI Changjiang
Executive Director

Foshan, Guangdong Province, the PRC, 22 August 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.