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If you have sold or transferred all your shares in **Country Garden Services Holdings Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected, for transmission to the purchaser(s) or the transferee(s).

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COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧桂園服務控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 6098)

**(1) CONTINUING CONNECTED TRANSACTIONS WITH CG HOLDINGS —
SALES AND LEASING AGENCY SERVICES FRAMEWORK AGREEMENT
AND REVISION OF ANNUAL CAPS FOR
CONSULTANCY AND OTHER SERVICES FRAMEWORK AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



紅日資本有限公司
RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 14 of this circular.

A notice convening the EGM of the Company to be held at Desheng Hall, 3/F, Country Garden Holiday Resort, Beijiao Town, Shunde, Foshan, Guangdong Province, PRC on Thursday, 22 November 2018 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	15
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	17
APPENDIX — GENERAL INFORMATION	I-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

In this circular (other than those set out in the Notice of EGM), unless the context otherwise requires, the following expressions shall have the following meanings:

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“Agreements”	the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Supplemental Agreement
“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
“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 and Other Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 1 June 2018 which sets out the principal terms for the provision of consultancy and other services by the Group to CGH Group for a term commencing on the Listing Date until 31 December 2020
“Consultancy and Other Services Supplemental Agreement”	the supplemental agreement to the Consultancy and Other Services Framework Agreement entered into between the Company and CG Holdings on 18 September 2018 to revise the annual caps for fees for the provision of consultancy and other services by the Group to CGH Group for each of the three years ending 31 December 2020
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Desheng Hall, 3/F, Country Garden Holiday Resort, Beijiao Town, Shunde, Foshan, Guangdong Province, PRC on Thursday, 22 November 2018 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, to approve the resolutions in relation to the Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent Board committee comprising all independent non-executive Directors formed to advise the Independent Shareholders on the Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than Ms. YANG Huiyan, Ms. WU Bijun and their respective associates
“Independent Third Parties”	parties who are independent of, and not connected with, the Company or any of its connected persons
“Latest Practicable Date”	30 October 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Date”	19 June 2018, being the date on which the Shares were first listed on the main board of the Stock Exchange
“Listing Document”	the listing document of the Company dated 6 June 2018 in relation to the listing by way of introduction of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice of EGM”	the notice convening the EGM as set out on pages EGM-1 to EGM-2 of this circular
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of PRC

DEFINITIONS

“Sales and Leasing Agency Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 18 September 2018 which sets out the principal terms for the provision of sales and leasing agency services in respect of unsold parking spaces and provision of sales agency services in respect of unsold property units of projects of CGH Group, by the Group to CGH Group for a term commencing on 18 September 2018 until 31 December 2020
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD

COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧桂園服務控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 6098)

Executive Directors:

Mr. Li Changjiang
Mr. Xiao Hua
Mr. Guo Zhanjun

Non-executive Directors:

Ms. Yang Huiyan (*Chairman*)
Mr. Yang Zhicheng
Ms. Wu Bijun

Independent non-executive Directors:

Mr. Mei Wenjue
Mr. Rui Meng
Mr. Chen Weiru

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Headquarters and principal place of
business in the PRC:*

West Building of Country Garden Office
Beijiao Town
Shunde District, Foshan
Guangdong Province
PRC

Principal place of business in Hong Kong

4th Floor, Ruttonjee House
Ruttonjee Centre
11 Duddell Street
Central
Hong Kong

5 November 2018

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS WITH CG HOLDINGS —
SALES AND LEASING AGENCY SERVICES FRAMEWORK AGREEMENT
AND REVISION OF ANNUAL CAPS FOR
CONSULTANCY AND OTHER SERVICES FRAMEWORK AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 18 September 2018 in relation to, among others, the Agreements and the transactions contemplated thereunder which would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (a) further details of the Agreements; (b) a letter from the Independent Board Committee to the Independent Shareholders; (c) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (d) the Notice of EGM.

2. SALES AND LEASING AGENCY SERVICES

Sales and Leasing Agency Services Framework Agreement

Date	:	18 September 2018
Parties	:	(1) the Company; and (2) CG Holdings
Term	:	From 18 September 2018 until 31 December 2020
Services to be provided	:	Provision of (i) sales and leasing agency services by the Group to CGH Group in respect of parking spaces; and (ii) sales agency services by the Group to CGH Group in respect of property units of CGH Group which remain unsold after the mass sales period of the corresponding property development projects.

Ancillary to the above sales and leasing agency services in respect of unsold parking spaces, the Group also carries out various work including market research, project analysis, competitor product analysis, formulation of sales strategy, design and production of promotion materials, formulation of marketing plan and budget, review of legal documentation relating to sales, connecting to the government's filing procedures and connecting to procedures of the government and banks for commercial loans and provident fund loan, preparation of reports required by CGH Group, preparation and verification of various statements and information in relation to delivery of parking spaces, etc.

Condition precedent	:	The carrying out of transactions under the Sales and Leasing Agency Services Framework Agreement is subject to the Company having obtained the approval by the Independent Shareholders of such agreement, the annual caps and the transactions contemplated thereunder.
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LETTER FROM THE BOARD

Price : (a) The fees for the provision of sales agency services in respect of unsold properties units by the Group comprise (i) pre-commencement fee; and (ii) sales agency fee, which shall be calculated based on the following:

The pre-commencement fee is a one-time payment of 0.5% of the aggregate value of the subject property units^(Note 1) payable by CGH Group to the Group within two weeks after the handover of the project to the Group, which shall be used to offset the sales agency fee payable by CGH Group to the Group^(Note 2).

Sales agency fee = contract prices of the sales of the subject property units for the month \times 4%

Notes:

1. The aggregate value of the subject property units represents the minimum selling price of the relevant subject property units determined after arm's length negotiations between relevant members of the Group and CGH Group at the time those property units are handed over in batch to the Group, taking into account the construction and development costs of the subject property units, difficulty of sales, locations of the subject property units, etc.. The Group will not proceed with the sale of a subject property unit if the contract price is lower than its value as aforesaid.
2. The Group will deduct the pre-commencement fee from the amount of sales agency fee which becomes payable by CGH Group. In the event that the sales agency fee payable by CGH Group is greater than the pre-commencement fee already received by the Group, the shortfall will be paid by CGH Group to the Group. The Group will not be required to return the pre-commencement fee to CGH Group even if the Group fails to sell any or all of the relevant property units.

LETTER FROM THE BOARD

- (b) The fees for the provision of sales or leasing agency services in respect of unsold parking spaces by the Group comprise (i) sales or leasing agency fee; and (ii) incentive fee, which shall be calculated based on the following:

Sales/leasing agency fee = contract prices of the sales/leasing of the subject parking spaces for the month \times 5%

Incentive fee = contract prices of the sales/leasing of the subject parking spaces for the month \times 95% – transfer prices of the subject parking spaces

The transfer price of a parking space for sales/leasing represents the minimum price to be received by CGH Group from the sales/leasing of the subject parking spaces, which shall be determined after arm's length negotiations between relevant members of the Group and CGH Group taking into account the construction and development costs of the subject parking space, difficulty of sales/leasing, etc.. The transfer price in relation to sales/leasing is usually at a discount to the initial price at the launch of the relevant project.

If the buyer or lessee purchases or leases a parking space using a coupon, the transfer price of the subject parking space = the original transfer price of the parking space – the amount of coupon.

The coupon mentioned above refers to a valid certificate issued by relevant members of CGH Group to a buyer or lessee in order to promote the completion of sales or leasing of parking space, which can be used to offset the selling price or rental of the parking space for the corresponding amount.

LETTER FROM THE BOARD

The above levels of fees were determined after arm's length negotiations between the Company and CG Holdings with reference to practices and standard adopted by other market players in the same industry for similar services after considering quotations of agency fees for similar services from eight independent third party services providers. It was agreed that standard agency fee rates of 4% in respect of unsold property units and 5% in respect of unsold parking spaces should be adopted instead of applying different rates for different projects with reference to factors such as locations, nature and difficulty of sales/leasing of the property units or parking spaces, because these factors have already been taken into account in determining the value of the subject property units and transfer price of the subject parking spaces upon their handover to the Group.

Based on the aforesaid, the Directors consider that the pricing terms of the Sales and Leasing Agency Services Framework Agreement are on normal commercial terms.

Payment : Fees for such services provided by the Group will be payable within three months from the date of transaction^(Note).

Note: Fees for the provision of sales agency services in respect of unsold properties units will become payable only when the accumulated sales agency fee in respect of the property units of a project handed over to the Group is greater than the corresponding pre-commencement fee already received by the Group.

Annual caps and basis of determination

The annual caps for fees payable by CGH Group to the Group for the provision of sales and leasing agency services for each of the three years ending 31 December 2020 under the Sales and Leasing Agency Services Framework Agreement are as follows:

For the year ending 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020
RMB120,000,000	RMB380,000,000	RMB450,000,000
(equivalent to approximately HK\$135,279,860)	(equivalent to approximately HK\$428,386,224)	(equivalent to approximately HK\$507,299,476)

LETTER FROM THE BOARD

The above proposed annual caps were determined after having taken into account (i) the estimated sales value of unsold properties and parking spaces of CGH Group in the PRC with reference to factors including but not limited to, the existing portfolio of unsold properties and parking spaces of CGH Group, the property development projects of CGH Group currently being sold in the market, the upcoming scheduled property development projects of CGH Group, the property development projects of CGH Group expected to be launched, during the three years ending 31 December 2020; (ii) the market rate for the provision of similar services in the same industry; and (iii) the rates of fees to be charged by the Group for the provision of the relevant services.

Reasons for and benefits of the transactions

The Group is a leading residential property management services provider in the PRC with a wide range of business. It is common industry practices for PRC property management companies to provide sales and leasing agency services to property developers for unsold properties. As the Group has been providing real estate brokerage services in respect of sales and leasing of second hand properties for individual property owners, the provision of services under the Sales and Leasing Agency Services Framework Agreement is merely an expansion of the existing business scope of the Group. The Directors believe that the Group has the capability and the advantage to provide such services as it has always been in touch with and is thus familiar with the market for sales and leasing of properties. The Directors expect that as a long-term development strategy, the provision of sales and leasing agency services in respect of unsold parking spaces and the provision of sales agency services in respect of unsold property units of projects of CGH Group will expand its existing scope of business and secure the steady growth of the Group's value-added services business, thereby broadening the Group's revenue base and expanding the Group's total revenue. In the future, the Group may also provide similar sales and leasing agency services to independent third party property developers should suitable opportunities arise. According to the Company's understanding, CGH Group has engaged other parties to provide sales and leasing agency services in respect of unsold property units and may also engage other parties to provide such services in respect of unsold parking spaces.

The Directors (the opinion of the Independent Board Committee is set out in the letter from the Independent Board Committee on pages 15 to 16 of this circular) consider that the Sales and Leasing Agency 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. REVISION OF ANNUAL CAPS

On 1 June 2018, the Company entered into the Consultancy and Other Services Framework Agreement with CG Holdings which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In view of the business development of the Group, the Board anticipates that the relevant annual caps as disclosed in the Listing Document will not be sufficient for the transaction amounts expected to be incurred for the term of the agreement.

LETTER FROM THE BOARD

Consultancy and Other Services Supplemental Agreement

On 18 September 2018, the Company entered into the Consultancy and Other Services Supplemental Agreement with CG Holdings to revise the annual caps for transactions for each of the three years ending 31 December 2020 under the Consultancy and Other Services Framework Agreement, the principal terms of which are set out below:

Date	:	1 June 2018
Parties	:	(1) the Company; and (2) CG Holdings
Term	:	From the Listing Date until 31 December 2020
Services to be provided	:	Provision of consultancy and other services by the Group to CGH Group, including (i) advice and assistance on the setting up and operation of the on-site sales offices of 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 CGH Group on the operations of the on-site sales offices, including the manners for general reception of guests, the provision of light refreshments, and maintenance of a decent and proper interior of the sales offices for guests; and (iii) cleaning services for the properties developed by CGH Group before delivery to homeowners.
Price	:	The fees for the provision of the above consultancy and other services shall be determined after arm's length negotiations taking into account the size, location and positioning of the properties to be sold by the relevant sales offices of CGH Group, the anticipated operational costs (such as labour costs), the number of sales representatives receiving the consulting service and a variable commission rate with reference to the rate of fees under other contracts for similar consultancy and other services entered into by either party, and the market price for similar services.
Payment	:	Fees for such services provided by the Group will be payable after provision of such services, to be settled on a monthly basis.

The taking effect of the Consultancy and Other Services Supplemental Agreement is subject to the approval by the Independent Shareholders.

The terms of the Consultancy and Other Services Supplemental Agreement were negotiated with reference to the terms of similar services provided by the Group to independent third party property developers and are largely in line with the market practice. Accordingly, the Directors consider that the terms of the Consultancy and Other Services Supplemental Agreement are on normal commercial terms.

LETTER FROM THE BOARD

Annual caps and basis of determination

The approximate historical amounts of fees paid by CGH Group to the Group for the provision of consultancy and other services under the Consultancy and Other Services Framework Agreement for each of the two years ended 31 December 2017 and the seven months ended 31 July 2018 were as follows:

For the year ended 31 December 2016	For the year ended 31 December 2017	For the seven months ended 31 July 2018
RMB162,000,000	RMB228,100,000	RMB286,000,000
(equivalent to approximately HK\$182,627,811)	(equivalent to approximately HK\$257,144,468)	(equivalent to approximately HK\$322,417,000)

The existing annual caps and the proposed revised annual caps for fees payable by CGH Group to the Group for the provision of consultancy and other services for each of the three years ending 31 December 2020 are as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the seven months ended 31 July 2020
Existing annual caps	RMB395,600,000 (equivalent to approximately HK\$445,972,606)	RMB600,600,000 (equivalent to approximately HK\$677,075,700)	RMB882,300,000 (equivalent to approximately HK\$994,645,172)
Revised annual caps	RMB633,110,000 (equivalent to approximately HK\$713,725,269)	RMB897,930,000 (equivalent to approximately HK\$1,012,265,374)	RMB1,007,420,000 (equivalent to approximately HK\$1,135,696,973)

The above proposed revised annual caps were determined after having taken into account (i) the historical amount of fees paid by CGH Group to the Group for the provision of consultancy and other services for each of the two years ended 31 December 2017 and the seven months ended 31 July 2018; (ii) in respect of consultancy services, the estimated contracted amount of services with reference to the existing land reserve of CGH Group and the historical growth rate of the total contracted gross floor area of CGH Group, and the increases in management costs and labour costs such as wages and social security payments; and (iii) in respect of cleaning services, the estimated fee per square metre of the property to be charged by the Group in respect of the provision of such services, and the estimated gross floor area which CGH Group will require the provision of such services by the Group.

Pricing policy

During the term of the Consultancy and Other Services Framework Agreement, members of the Group may from time to time enter into individual agreements with members of CGH Group for the provision of relevant services in accordance with the principal terms of the Consultancy and Other 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;

LETTER FROM THE BOARD

- (b) first of all, in determining the minimum transaction price, the Group would estimate the cost of provision of such services based on the estimated annual amount of sales of CGH Group and would then apply an appropriate gross profit margin after taking into consideration the scale of each individual agreement and the gross profit margins adopted in similar transactions of the Group (ranging from 6% to 18%, subject to changes from time to time);
- (c) subsequently, the Group will refer to (i) the prices of 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, etc.) 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 transactions

It is common industry practices for PRC property management companies to provide similar consultancy and other services to property developers. The Group has provided and expects to continue to provide similar services to independent third party property developers in the future should suitable opportunities arise. In view of the increasing market share of the Group and the rising labour costs in respect of property-related services, it is expected that the cooperation between the Company and CG Holdings through the Consultancy and Other Services Framework Agreement will generate good synergies. Therefore, it is proposed that the annual caps for transactions contemplated thereunder be increased.

The Directors (the opinion of the Independent Board Committee is set out in the letter from the Independent Board Committee on pages 15 to 16 of this circular) consider that the Consultancy and Other Services Supplemental 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.

4. LISTING RULES IMPLICATIONS

Since CG Holdings is a 30%-controlled company indirectly held by Ms. YANG Huiyan, a non-executive Director and the controlling Shareholder of the Company, it is an associate of Ms. YANG Huiyan and thus a connected person of the Company. Transactions contemplated under the Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest annual cap exceed 5%, the Sales and Leasing Agency Services Framework Agreement and the transactions contemplated thereunder are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements 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 revised annual cap exceed 5%, the Consultancy and Other Services Supplemental Agreement and the transactions contemplated thereunder are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since (i) Ms. YANG Huiyan is the controlling shareholder of CG Holdings; (ii) Mr. YANG Zhicheng is an associate of Ms. YANG Huiyan; and (iii) Ms. WU Bijun is the vice president and chief financial officer of CG Holdings, all of them as Directors have abstained from voting on the resolutions at the Board meeting approving the Agreements and the transactions contemplated thereunder to avoid any conflicts of interest.

5. 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.

CG Holdings is an investment holding company and its subsidiaries are principally engaged in property development in the PRC, including property development, construction, property investment and hotel operation.

6. EGM

A notice convening the EGM to be held at Desheng Hall, 3/F, Country Garden Holiday Resort, Beijiao Town, Shunde, Foshan, Guangdong Province, PRC on Thursday, 22 November 2018 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Ordinary resolutions will be proposed at the EGM to consider, and if thought fit, approve the Agreements and the transactions contemplated thereunder.

Since (i) Ms. YANG Huiyan (indirectly holding 1,444,985,624 Shares, representing approximately 57.80% of the issued Shares of the Company as at the Latest Practicable Date) is the controlling shareholder of CG Holdings; and (ii) Ms. WU Bijun (holding 233,190 Shares, representing approximately 0.009% of the issued Shares of the Company as at the Latest Practicable Date) is the vice president and chief financial officer of CG Holdings, both of them as Shareholders will abstain from voting on the resolutions to be proposed at the EGM due to material interest in the transactions contemplated under the Agreements and/or to avoid any conflicts of interest.

Pursuant to Rule 13.39(4) of the Listing Rules, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

LETTER FROM THE BOARD

7. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all three independent non-executive Directors has been formed to consider the terms of the Agreements. The Independent Financial Adviser has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

8. RECOMMENDATIONS

The Directors (the opinion of the Independent Board Committee is set out in the letter from the Independent Board Committee on pages 15 to 16 of this circular) are of the view that the transactions contemplated under the Agreements are in the ordinary course of business, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend all the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Agreements and the transactions contemplated thereunder.

9. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 15 to 16 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM, and to the letter from the Independent Financial Adviser as set out on pages 17 to 35 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreements.

Your attention is also drawn to the general information as set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
Country Garden Services Holdings Company Limited
LI Changjiang
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Agreements, which has been prepared for the purpose of inclusion in this circular.

COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧桂園服務控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 6098)

5 November 2018

To the Independent Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS WITH CG HOLDINGS — SALES AND LEASING AGENCY SERVICES FRAMEWORK AGREEMENT AND REVISION OF ANNUAL CAPS FOR CONSULTANCY AND OTHER SERVICES FRAMEWORK AGREEMENT

We refer to the circular dated 5 November 2018 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms a part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings when used in this letter.

We have been appointed by the Board as the Independent Board Committee to consider and advise you as to whether, in our opinion, the terms of the continuing connected transactions contemplated under the Agreements are fair and reasonable and such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

Red Sun Capital Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in connection with the Agreements and the continuing connected transactions contemplated thereunder. Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion, are set out in its letter on pages 17 to 35 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 14 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms and conditions of the Agreements and the continuing connected transactions contemplated thereunder, the interests of the Independent Shareholders and the advice of the Independent Financial Adviser, we are of the opinion that the terms of the continuing connected transactions contemplated under the Agreements are fair and reasonable, and such continuing connected transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

terms as set out in the Notice of EGM so as to approve the Agreements and the continuing connected transactions contemplated thereunder.

Yours faithfully
For and on behalf of
The Independent Board Committee

Mr. MEI Wenjue

Mr. RUI Meng
Independent Non-executive Directors

Mr. CHEN Weiru

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Red Sun Capital to the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions prepared for the purpose of incorporation in this circular.



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5 November 2018

*To: The independent board of committee and the independent shareholders of
Country Garden Service Holdings Company Limited*

CONTINUING CONNECTED TRANSACTIONS WITH CG HOLDINGS — (1) SALES AND LEASING AGENCY SERVICES FRAMEWORK AGREEMENT (2) REVISION OF ANNUAL CAPS FOR CONSULTANCY AND OTHER SERVICES FRAMEWORK AGREEMENT

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders with regard to the continuing connected transactions in connection with (i) the Sales and Leasing Agency Services Framework Agreement which sets out the principal terms for the provision of sales and leasing agency services in respect of unsold parking spaces and provision of sales agency services in respect of unsold property units of projects of CGH Group, by the Group to CGH Group for a term commencing on 18 September 2018 until 31 December 2020; and (ii) the revision of annual caps under the Consultancy and Other Services Supplemental Agreement in relation to the provision of consultancy services by the Group to CGH Group, including advice and assistance on the setting up and operation of on-site sales offices of CGH Group, and cleaning services for the properties developed by CGH Group before delivery to homeowners (together the “**Continuing Connected Transactions**”).

Details of the Sales and Leasing Agency Services Framework Agreement, and the Consultancy and Other Services Supplemental Agreement with CG Holdings are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 5 November 2018 (the “**Circular**”). Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

As set out in the Letter from the Board, CG Holdings is a 30%-controlled company indirectly held by Ms. YANG Huiyan, a non-executive Director and the controlling Shareholder of the Company, it is an associate of Ms. YANG Huiyan and thus a connected person of the Company. Accordingly, transactions contemplated under the Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated based on the highest annual cap exceed 5%, the Sales and Leasing Agency Services Framework Agreement and the transactions contemplated thereunder are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements 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 5%, the Consultancy and Other Services Supplemental Agreement and the transactions contemplated thereunder are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since (i) Ms. YANG Huiyan is the controlling shareholder of CG Holdings; (ii) Mr. YANG Zhicheng is an associate of Ms. YANG Huiyan; and (iii) Ms. WU Bijun is the vice president and chief financial officer of CG Holdings, all of them as Directors have abstained from voting on the resolutions at the Board meeting approving the Agreements and the transactions contemplated thereunder to avoid any conflicts of interest.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of nine Directors, namely Mr. LI Changjiang, Mr. XIAO Hua and Mr. GUO Zhanjun as executive Directors, Ms. YANG Huiyan (Chairman), Mr. YANG Zhicheng and Ms. WU Bijun as non-executive Director, Mr. MEI Wenjue, Mr. RUI Meng and Mr. CHEN Weiru as independent non-executive Directors.

The Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. MEI Wenjue, Mr. RUI Meng and Mr. CHEN Weiru, has been established to advise the Shareholders as to whether the terms of Sales and Leasing Agency Services Framework Agreement (together with the annual caps for the Sales and Leasing Agency Services Framework Agreement), the Consultancy and Other Services Supplemental Agreement (together with the revised annual caps as set out under the Consultancy and Other Services Supplemental Agreement) and the respective transactions contemplated thereunder (i.e. the Continuing Connected Transactions) are fair and reasonable, and whether the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Shareholders in these respects and to give our opinion in relation to the Continuing Connected Transactions for the Independent Board Committee's consideration when making their recommendation to the Shareholders.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the CG Holdings and their respective shareholders, and accordingly, are qualified to give independent advice to the Independent Board Committee and the Shareholders regarding the Continuing Connected Transactions. Save for our appointment as the Independent Financial Adviser, Red Sun Capital did not act as an independent financial adviser to the Company under the Listing Rules in the past two years. Apart from the normal advisory fee paid or payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and the CG Holdings and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this Letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group, and the CG Holdings made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company, CG Holdings and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate.

V. BACKGROUND INFORMATION OF THE CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion on the Continuing Connected Transactions (together with the annual caps), we have taken into consideration the following factors and reasons.

1. Background information of the Group

As set out in the Company’s listing document dated 6 June 2018 (the “**Listing Document**”) and the Letter from the Board, the Group is principally engaged in provision of property management services, community value-added services and value-added services to non-property owners in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the summary of the Group’s (i) audited consolidated statement of income and consolidated balance sheet for the years ended 31 December 2016 and 2017 as extracted from the Listing Document; and (ii) unaudited consolidated financial results of the Group for the six months ended 30 June 2018 as set out in the interim report of the Group for the six months ended 30 June 2018 (the “**2018 Interim Report**”):

Summary of consolidated statement of income

	For the six months ended		For the year ended	
	30 June		31 December	
	2017	2018	2016	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue				
— Property management services	1,160.2	1,563.7	1,956.7	2,544.7
— Community value-added services	112.0	171.2	194.3	241.8
— Value-added services to non-property owners	139.3	275.6	199.7	328.0
— Other services	3.4	5.2	7.7	7.4
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	1,414.9	2,015.8	2,358.4	3,121.9
Profit before tax	295.6	515.8	486.3	608.2
Profit for the period/year attributable to Shareholders of the Company	202.1	471.1	324.2	401.7

For the year ended 31 December 2017

For the year ended 31 December 2017, the revenue increased by approximately RMB763.5 million or approximately 32.4%, from approximately RMB2,358.4 million for the year ended 31 December 2016 to approximately RMB3,121.9 million for the year ended 31 December 2017.

Such increase in revenue was mainly attributable to (i) the Group’s revenue from property management services being increased by approximately RMB588.0 million or approximately 30.1% from approximately RMB1,956.7 million for the year ended 31 December 2016 to approximately RMB2,544.7 million for the year ended 31 December 2017 as a result of an increase in the Group’s revenue-bearing gross floor area (the “**GFA**”); (ii) the Group’s revenue from value-added services for non-property owners, which increased by approximately RMB128.3 million or approximately 64.2% from approximately RMB199.7 million for the year ended 31 December 2016 to approximately RMB328.0 million for the year ended 31 December 2017 as a result of the increase in types of community value-added services provided by the Group and the increase in the number of communities managed and residents served by the Group for the year ended 31 December 2017.

In addition, profit attributable to its Shareholders also increased by approximately RMB77.5 million or approximately 23.9%, from approximately RMB324.2 million for the year ended 31 December 2016 to approximately RMB401.7 million for the year ended 31 December 2017. Such increase was mainly attributable to the increase in revenue as mentioned in the preceding paragraph.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 June 2018

For the six months ended 30 June 2018, the revenue increased by approximately RMB600.9 million or approximately 42.5%, from approximately RMB1,414.9 million for the six months ended 30 June 2017 to approximately RMB2,015.8 million for the six months ended 30 June 2018.

As set out from the 2018 Interim Report, such increase in revenue was mainly attributable to (i) the Group's revenue from property management services recorded an increase by approximately RMB403.6 million or approximately 34.8% from approximately RMB1,160.2 million for the six months ended 30 June 2017 to approximately RMB1,563.7 million for the six months ended 30 June 2018 as a result of an increase in the Group's revenue-bearing GFA; and (ii) the Group's revenue from value-added services for non-property owners which increased by approximately RMB136.4 million or approximately 97.8% from approximately RMB139.3 million for the six months ended 30 June 2017 to approximately RMB275.6 million for the six months ended 30 June 2018 as a result of good sales performance achieved by the CGH Group for the six months ended 30 June 2018 and the significant increase in the number of projects which involved consultancy services for the management of pre-sale activities provided by the Group.

It is also noted that profit attributable to its Shareholders increased by approximately RMB269.0 million or approximately 133.1%, from approximately RMB202.1 million for the six months ended 30 June 2017 to approximately RMB471.1 million for the six months ended 30 June 2018. Such increase was mainly attributable to the increase in revenue as mentioned in the preceding paragraph.

Summary of consolidated balance sheet

	As at 31 December		As at 30 June
	2016	2017	2018
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(unaudited)
Total assets	2,468.0	3,477.1	3,875.1
— Cash and cash equivalents	1,774.4	2,634.3	3,091.2
— Trade and other receivables	617.0	712.3	641.6
Total liabilities	1,384.6	1,935.0	2,057.0
— Trade and other payables	942.7	1,314.9	1,280.1
Total equity attributable to Shareholders of the Company	1,019.4	1,421.2	1,791.9

Financial position of the Group as at 31 December 2017

The Group's total assets increased by approximately RMB1,009.1 million or approximately 40.9% from approximately RMB2,468.0 million as at 31 December 2016 to approximately RMB3,477.1 million as at 31 December 2017. As at 31 December 2017, assets of the Group mainly comprised of cash and cash equivalents of approximately RMB2,634.3 million and trade and other receivables of approximately RMB712.3 million, which accounted for approximately 75.8% and 20.5% of the total assets of the Group, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's total liabilities increased by approximately RMB550.4 million or approximately 39.8%, from approximately RMB1,384.6 million as at 31 December 2016 to approximately RMB1,935.0 million as at 31 December 2017. Such increase was mainly attributable to the increase in trade and other payables of approximately RMB372.2 million or 39.5% from approximately RMB942.7 million as at 31 December 2016 to approximately RMB1,314.9 million as at 31 December 2017.

As at 31 December 2017, liabilities of the Group mainly comprised of trade and other payables of approximately RMB1,314.9 million, which accounted for approximately 68.0% of the total liabilities.

Financial position of the Group as at 30 June 2018

The Group's total assets increased by approximately RMB398.0 million or approximately 11.4% from approximately RMB3,477.1 million as at 31 December 2017 to approximately RMB3,875.1 million as at 30 June 2018. As at 30 June 2018, assets of the Group mainly comprised of cash and cash equivalents of approximately RMB3,091.2 million and trade and other receivables of approximately RMB641.6 million, which accounted for approximately 79.8% and 16.6% of the total assets, respectively.

The Group's total liabilities increased by approximately RMB122.0 million or approximately 6.3%, from approximately RMB1,935.0 million as at 31 December 2017 to approximately RMB2,057.0 million as at 30 June 2018. Such increase was mainly attributable to the increase in contract liabilities of approximately RMB145.5 million, which was partly offset by the decrease in trade and other payables of approximately RMB34.8 million.

As at 30 June 2018, liabilities of the Group mainly comprised of trade and other payables of approximately RMB1,280.1 million, which accounted for approximately 62.2% of the total liabilities.

2. Background information on CG Holdings and CGH Group

As set out in the Letter from the Board, CG Holdings is an investment holding company and its subsidiaries are principally engaged in property development in the PRC, including property development, construction, property investment and hotel operation. According to the annual report for the year ended 31 December 2017 of CG Holdings, the revenue generated from sale and construction of properties under property development activities amounted to approximately RMB220.2 billion and the profit attributable to the shareholders of CG Holdings amounted to approximately RMB26.1 billion for the year ended 31 December 2017. It was also noted from its interim report for the six months ended 30 June 2018 that CGH Group recorded total assets of approximately RMB1.4 trillion, including properties under development of approximately RMB653.8 billion.

It is noted that CGH Group ranked 353rd on the Fortune Global 500, and 143th on Forbes The World's 2,000 Largest Public Companies based on revenue for 2017 and has developed more than 1,000 residential, business and urban construction projects globally and offers its services to over 3 million property owners.

3. Background information on the property management industry in the PRC

As set out on the website of the National Bureau of Statistics of the PRC (<http://data.stats.gov.cn>), year-on-year growth in gross domestic product for the PRC in 2017 was approximately 6.9% (2016: 6.7%). Pursuant to the Thirteenth Five Year Plan* (十三五規劃) set out by the PRC government, the annual gross domestic product growth target for the next five years from 2016 was approximately 6.5%.

As stated in the Thirteenth Five Year Plan, the PRC government targets to, among others, (i) accelerate the agricultural population urbanisation (加快農業轉移人口市民化) by implementing three main strategies, namely further reform of the household registration system* (深化戶籍制度改革), implementation of the residence permit system* (實施居住證制度) and improvement on the system for promoting urbanisation of agricultural population* (健全促進農業轉移人口市民化的機制); and (ii) optimise urbanisation layout* (優化城鎮化佈局和形態) by implementing three main strategies, namely the acceleration of the construction and advancement of urban agglomeration* (加快城市群建設發展), enhance the drive of activities by central cities* (增強中心城市輻射帶動功能) and speeding up of the development of small and medium-sized cities and characteristic towns* (加快發展中小城市和特色鎮). Furthermore, throughout 2017 and in the first half of 2018, the PRC government implemented various policy measures, at national and regional level, to promote long term sustainability of the PRC property market, which included but was not limited to (i) making adjustments to the benchmark interest rate by the People's Bank of China; (ii) amending the minimum down payment for buyers of second homes; (iii) impose limitation on property purchases* (限購令); and (iv) minimum holding period before resale. Accordingly, the development of the PRC property market continues to be exposed to changes in PRC government policies at a national and regional level, as well as market volatility and to an extent affected by the overall economic development of the PRC.

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Sales and Leasing Agency Services Framework Agreement

1.1. Reasons for and benefits of entering into the Sales and Leasing Agency Services Framework Agreement

As set out in the Letter from the Board, the Group is a leading residential property management services provider in the PRC with a wide range of business. It is common industry practice for PRC property management companies to provide sales and leasing agency services to property developers for unsold properties. As the Group has been providing real estate brokerage services in respect of sales and leasing of second hand properties for individual property owners, the provision of services under the Sales and Leasing Agency Services Framework Agreement is merely an expansion of the existing business scope of the Group. The Directors believe that the Group has the capability and the advantage to provide such services as it has always been in touch with and is thus familiar with the market for sales and leasing of properties. The Directors expect that as a long-term development strategy, the provision of sales and leasing agency services in respect of unsold parking spaces and the provision of sales agency services in respect of unsold property units of projects of CGH Group will expand its existing scope of business and secure the steady growth of the Group's value-added services business, thereby broadening the Group's revenue base and expanding the Group's total revenue. In the future, the Group may also provide similar sales and leasing agency services to independent third party property developers should suitable opportunities arise. According to the Company's understanding, CGH Group has engaged other parties to provide sales and leasing agency services in respect of unsold property units and may also engage other parties to provide such services in respect of unsold parking spaces.

The Directors (save for the members of the Independent Board Committee, whose opinion will be issued based on the advice of the Independent Financial Adviser) consider that the Sales and Leasing Agency 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.

1.2. Principal terms of the Sales and Leasing Agency Services Framework Agreement

The following information has been extracted from the Letter from the Board:

Date	:	18 September 2018
Parties	:	(1) the Company; and (2) CG Holdings
Term	:	From 18 September 2018 until 31 December 2020

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Services to be provided : Provision of (i) sales and leasing agency services by the Group to CGH Group in respect of parking spaces; and (ii) sales agency services by the Group to CGH Group in respect of property units of CGH Group which remain unsold after the mass sales period of the corresponding property development projects.

Ancillary to the above sales and leasing agency services in respect of unsold parking spaces, the Group also carries out various work including market research, project analysis, competitor product analysis, formulation of sales strategy, design and production of promotion materials, formulation of marketing plan and budget, review of legal documentation relating to sales, connecting to the government's filing procedures and connecting to procedures of the government and banks for commercial loans and provident fund loan, preparation of reports required by CGH Group, preparation and verification of various statements and information in relation to delivery of parking spaces, etc.

Price : (a) The fees for the provision of sales agency services in respect of unsold properties units by the Group comprise (i) pre-commencement fee; and (ii) sales agency fee, which shall be calculated based on the following:

The pre-commencement fee is a one-time payment of 0.5% of the aggregate value of the subject property units^(Note1) payable by CGH Group to the Group within two weeks after the handover of the project to the Group, which shall be used to offset the sales agency fee payable by CGH Group to the Group^(Note2).

Sales agency fee = contract prices of the sales of the subject property units for the month × 4%

Notes:

1. *The aggregate value of the subject property units represents the minimum selling price of the relevant subject property units determined after arm's length negotiations between relevant members of the Group and CGH Group at the time those property units are handed over in batch to the Group, taking into account the construction and development costs of the subject property units, difficulty of sales, locations of the subject property units, etc.. The Group will not proceed with the sale of a subject property unit if the contract price is lower than its value as aforesaid.*
2. *The Group will deduct the pre-commencement fee from the amount of sales agency fee which becomes payable by CGH Group. In the event that the sales agency fee payable by CGH Group is greater than the pre-commencement fee already received by the Group, the shortfall will be paid by CGH Group to the Group. The Group will not be required to return the pre-commencement fee to CGH Group even if the Group fails to sell any or all of the relevant property units.*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) The fees for the provision of sales or leasing agency services in respect of unsold parking spaces by the Group comprise (i) sales or leasing agency fee; and (ii) incentive fee, which shall be calculated based on the following:

Sales/leasing agency fee = contract prices of the sales/leasing of the subject parking spaces for the month \times 5%

Incentive fee = contract prices of the sales/leasing of the subject parking spaces for the month \times 95% – transfer prices of the subject parking spaces

The transfer price of a parking space for sales/leasing represents the minimum price to be received by CGH Group from the sales/leasing of the subject parking spaces, which shall be determined after arm's length negotiations between relevant members of the Group and CGH Group taking into account the construction and development costs of the subject parking space, difficulty of sales/leasing, etc.. The transfer price in relation to sales/leasing is usually at a discount to the initial price at the launch of the relevant project.

If the buyer or lessee purchases or leases a parking space using a coupon, the transfer price of the subject parking space = the original transfer price of the parking space – the amount of coupon.

The coupon mentioned above refers to a valid certificate issued by relevant members of CGH Group to a buyer or lessee in order to promote the completion of sales or leasing of parking space, which can be used to offset the selling price or rental of the parking space for the corresponding amount.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The above levels of fees were determined after arm's length negotiations between the Company and CG Holdings with reference to practices and standard adopted by other market players in the same industry for similar services after considering quotations of agency fees for similar services from eight independent third party services providers. It was agreed that standard agency fee rates of 4% in respect of unsold property units and 5% in respect of unsold parking spaces should be adopted instead of applying different rates for different projects with reference to factors such as locations, nature and difficulty of sales/leasing of the property units or parking spaces, because these factors have already been taken into account in determining the value of the subject property units and transfer price of the subject parking spaces upon their handover to the Group.

Based on the aforesaid, the Directors consider that the pricing terms of the Sales and Leasing Agency Services Framework Agreement are on normal commercial terms.

Payment : Fees for such services provided by the Group will be payable within three months from the date of transaction^(Note).

Note: Fees for the provision of sales agency services in respect of unsold properties units will become payable only when the accumulated sales agency fee in respect of the property units of a project handed over to the Group is greater than the corresponding pre-commencement fee already received by the Group.

Further details of the principal terms of the Sales and Leasing Agency Services Framework Agreement are set out in the Letter from the Board.

1.3. Analysis on the principal terms of the Sales and Leasing Agency Services Framework Agreement

We have discussed with the Management and were advised that the agency fee under the Sales and Leasing Agency Services Framework Agreement for the provision of sales agency services in respect of unsold properties and for the provision of sales or leasing agency services in respect of unsold parking spaces, was determined after considering factors such as locations, nature and difficulty of sales/leasing of the property units or parking spaces.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have obtained from the Company and reviewed quotations from independent third party service providers (the “**Service Providers**”) on sales agency fee for (i) the provision of sales agency services in respect of unsold properties; and (ii) the provision of sales or leasing agency services in respect of unsold parking spaces. We noted that the rates of agency fee of the abovementioned Service Providers ranged (i) between 1.5% to 6.0% of the value of the subject property for the provision of sales agency services in respect of unsold properties; and (ii) between 2.0% to 10.0% of the value of the subject parking spaces for the provision of sales or leasing agency services in respect of unsold parking spaces. We understand from the Management that factors such as locations, nature and difficulty of sales/leasing of the property units or parking spaces may have a bearing on the rate of the agency fee quoted by the Service Providers.

Based on the above, the proposed agency fee rate under the Sales and Leasing Agency Services Framework Agreement, being 4.0% for the provision of sales agency services in respect of unsold properties and 5.0% for the provision of sales or leasing agency services in respect of unsold parking spaces (before taking into consideration incentive fee under the clause “Price (b)(ii)” as set out under section headed “1.2. Principal terms of the Sales and Leasing Agency Services Framework Agreement” above, as such fee is conditional on and subject to the stated criteria being met), are within the range of the abovementioned quotations from Services Providers.

We have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the Sales and Leasing Agency Services Framework Agreement which involves, among others, the review of terms of relevant transactions, a feedback mechanism by the approval parties, segregation of duties and approval by the relevant personnel from different departments of the Group. With a view to ensure that the transactions pursuant to the Sales and Leasing Agency Services Framework Agreement is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole, the relevant personnel and the management of the Group will review and assess whether the transactions contemplated under the Sales and Leasing Agency Services Framework Agreement are conducted in accordance with the terms of the Sales and Leasing Agency Services Framework Agreement. An internal form to approve the relevant transactions, which sets out, among others, (i) information of the parties; (ii) the contract period, type of transaction and scope of services to be provided by the Group; (iii) the nature of the counter party and whether the terms are comparable to Independent Third Party transactions; and (iv) the approval and comment, if any, from various departments of the Group, shall be filled in and circulated to the relevant departments. The Management has confirmed that such internal approval procedures shall be applied to transactions with Independent Third Parties and connected parties.

Having taken into account (i) the internal procedures of the Group governing the transactions under the Sales and Leasing Agency Services Framework Agreement; (ii) the rates of agency fee under the Sales and Leasing Agency Services Framework Agreement are within the range of the quotation from the Service Providers, we are of the view that the pricing and terms under the Sales and Leasing Agency Services Framework Agreement are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.4. Rationale for determining the annual cap in connection with the Sales and Leasing Agency Services Framework Agreement

The annual caps for fees payable by CGH Group to the Group for the provision of sales and leasing agency services for each of the three years ending 31 December 2020 under the Sales and Leasing Agency Services Framework Agreement are as follows:

For the year ending 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020
RMB120,000,000	RMB380,000,000	RMB450,000,000
(equivalent to approximately HK\$135,279,860)	(equivalent to approximately HK\$428,386,224)	(equivalent to approximately HK\$507,299,476)

As set out in the Letter from the Board, the Directors have determined the annual cap with reference to a number of factors including, among other things, (i) the estimated sales value of unsold properties and parking spaces of CGH Group in the PRC after taking into account factors including but not limited to, the existing portfolio of unsold properties and parking spaces of CGH Group, the property development projects of CGH Group currently being sold in the market, the upcoming scheduled property development projects of CGH Group, the property development projects of CGH Group expected to be launched, during the three years ending 31 December 2020; (ii) the Group's reference to the market rate for the provision of similar services in the same industry; and (iii) the rates of fees to be charged by the Group for the provision of the relevant services.

In connection to the above, we had reviewed a schedule prepared by the Management up to 31 December 2020 and noted that the sales/leasing agency fee will be based on the estimated sales value of the unsold properties and unsold parking spaces, a summary of which is set out below:

	For the year ending 31 December		
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Estimated sales value of unsold properties of the CGH Group in the PRC	24,997	199,483	363,058
Estimated sales value of unsold parking spaces of the CGH Group in the PRC	523,597	1,871,650	2,190,865

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In connection with the above, we have reviewed the interim report of CGH Group for the six months ended 30 June 2018 and noted that the acquired GFA in the PRC of CGH Group together with its joint venture and associates was approximately 364.2 million square metre, of which (i) approximately 152.9 million square metre related to projects acquired with land use right permit; (ii) approximately 61.8 million square metre related to projects under construction without sales permit; (iii) approximately 44.1 million square metre related to projects acquired but pending land use right permit. In terms of locations, approximately 75% of the landbank was located outside of the Guangdong province, which primarily being located in other tier 1, tier 2 and tier 3 PRC cities located in the Jiangsu province, Anhui province, Hunan province, etc.. In terms of development stages, approximately 45% of the landbank was under construction, and approximately 23% was presold; and (iv) as at 30 June 2018, properties under development of CGH Group recorded under current and non-current assets amounted to approximately RMB653.8 billion.

We had discussed and understood from the Management that (i) the estimated sales value of unsold properties and parking spaces of CGH Group in the PRC was determined with reference to factors including but not limited to, the existing portfolio of unsold properties and parking spaces of CGH Group, the property development projects of the CGH Group currently being sold in the market, the upcoming scheduled property development projects of CGH Group, the expected property development projects of CGH Group to be launched, during the three years ending 31 December 2018, 2019 and 2020; (ii) the sales or leasing agency fee and the incentive fee, pursuant to the Sales and Leasing Agency Services Framework Agreement; and (iii) the amount of historical sales or leasing agency fee and the incentive fee derived by the Group from the provision of similar services in the past.

Having considered (i) the calculation of the annual caps which has been arrived at after discussion between the CGH Group and the Group having taken into account the estimated sales value of the unsold properties and parking spaces of CGH Group for the three years ending 31 December 2018, 2019 and 2020; and (ii) the basis and assumptions for the calculation of the annual caps, we consider the basis for determining the annual caps under the Sales and Leasing Agency Services Framework Agreement to be fair and reasonable so far as the Independent Shareholders are concerned.

2. Consultancy and Other Services Supplemental Agreement

2.1. Reasons for and benefits of entering into the Consultancy and Other Services Supplemental Agreement

As set out in the Letter from the Board, it is common industry practice for PRC property management companies to provide similar consultancy and other services to property developers. The Group has provided and expects to continue to provide similar services to independent third party property developers in the future should suitable opportunities arise. In view of the increasing market share of the Group and the rising labour costs in respect of property-related services, it is expected that the cooperation between the Company and CG Holdings through the Consultancy and Other Services Framework Agreement will generate good synergies. Therefore, it is proposed that the annual caps for transactions contemplated thereunder be increased.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors (save for the members of the Independent Board Committee, whose opinion will be issued based on the advice of the Independent Financial Adviser) consider that the Consultancy and Other Services Supplemental 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.

2.2. Principal terms of the Consultancy and Other Services Framework Agreement

The following information has been extracted from the Letter from the Board:

Date	:	1 June 2018
Parties	:	(1) the Company; and (2) CG Holdings
Term	:	From the Listing Date until 31 December 2020
Services to be provided	:	Provision of consultancy and other services by the Group to CGH Group, including (i) advice and assistance on the setting up and operation of the on-site sales offices of 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 CGH Group on the operations of the on-site sales offices, including the manners for general reception of guests, the provision of light refreshments, and maintenance of a decent and proper interior of the sales offices for guests; and (iii) cleaning services for the properties developed by CGH Group before delivery to homeowners.
Price	:	The fees for the provision of the above consultancy and other services shall be determined after arm's length negotiations taking into account the size, location and positioning of the properties to be sold by the relevant sales offices of CGH Group, the anticipated operational costs (such as labour costs), the number of sales representatives receiving the consulting service and a variable commission rate with reference to the rate of fees under other contracts for similar consultancy and other services entered into by either party, and the market price for similar services.
Payment	:	Fees for such services provided by the Group will be payable after provision of such services, to be settled on a monthly basis.

The terms of the Consultancy and Other Services Supplemental Agreement were negotiated with reference to the terms of similar services provided by the Group to independent third party property developers and are largely in line with the market practice. Accordingly, the Directors consider that the terms of the Consultancy and Other Services Supplemental Agreement are on normal commercial terms.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further details of the principal terms of the Consultancy and Other Services Framework Agreement is set out in the Letter from the Board.

2.3. Analysis on the principal terms of the Consultancy and Other Services Framework Agreement

We have discussed with the Management and are advised that the service fees charged by the Group pursuant to the Consultancy and Other Services Framework Agreement which shall be determined in accordance with the following pricing policy for each of the relevant 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) first of all, in determining the minimum transaction price, the Group would estimate the cost of provision of such services based on the estimated annual amount of sales of CGH Group and would then apply an appropriate gross profit margin after taking into consideration the scale of each individual agreement and the gross profit margins adopted in similar transactions of the Group (ranging from 6% to 18%, subject to changes from time to time);
- (c) subsequently, the Group will refer to (i) the prices of 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, etc.) 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.

In this connection, we have obtained from the Company and have reviewed (i) sample transactions the Group entered into with CGH Group under the Consultancy and Other Services Agreement; (ii) sample of similar transactions the Group entered into with Independent Third Parties, in relation to the provision of consultancy services on the operational management of the on-site sales offices and cleaning services for the properties developed before delivery to homeowners during the year ended 31 December 2017 and the eight months ended 31 August 2018.

Based on our review of the sample transactions, we noted that the service fee charged by the Group for transactions entered into under the Consultancy and Other Services Agreement are no less favourable than the similar transactions the Group entered into with Independent Third Parties and that the basis of the service fees charged by the Group is in line with the above-mentioned pricing policy of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having taken into consideration that the terms of the transactions entered into under the Consultancy and Other Services Framework Agreement are no less favourable than the similar transactions the Group entered into with Independent Third Parties, we are of the view that the pricing and terms for the provision of consultancy and other services provided by the Group are fair and reasonable.

2.4. The revised annual caps

On 18 September 2018, the Company entered into the Consultancy and Other Services Supplemental Agreement with CG Holdings pursuant to which the parties agreed to revise the annual caps for the provision of Consultancy and Other Services Framework Agreement as follows:

For the year ending 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020
RMB633,110,000	RMB897,930,000	RMB1,007,420,000
(equivalent to approximately HK\$713,725,269)	(equivalent to approximately HK\$1,012,265,374)	(equivalent to approximately HK\$1,135,696,973)

As stated in Letter from the Board, the revised annual caps were determined with reference to (i) the historical amount of fees paid by CGH Group to the Group for the provision of consultancy and other services for each of the two years ended 31 December 2017 and the seven months ended 31 July 2018; (ii) in respect of consultancy services, the estimated contracted amount of services with reference to the existing land reserve of CGH Group and the historical growth rate of the total contracted gross floor area of CGH Group, and the increases in management costs and labour costs such as wages and social security payments; and (iii) in respect of cleaning services, the estimated fee per square metre of the property to be charged by the Group in respect of the provision of such services, and the estimated gross floor area which CGH Group will require the provision of such services by the Group.

Furthermore, the Management confirmed that during the two years ended 31 December 2016 and 2017, and the seven months ended 31 July 2018 for transactions under the Consultancy and Other Services Framework Agreement, there were no material non-compliance to the aforesaid pricing policy.

To assess the fairness and reasonableness of the revised annual cap for the years ending 31 December 2018, 2019 and 2020, we have discussed with the Management and understand the basis and assumptions for the calculation of the revised annual caps, which includes, among others, the review of a schedule prepared by the Management (the “**Consultancy and Other Services Schedule**”) setting out (i) the estimated contract amount of consultancy services with reference to the existing land reserve of CGH Group; (ii) the historical growth rate of the total contracted gross floor area of CGH Group; (iii) the estimated fee per square metre to be charged by the Group for its cleaning services; and (iv) the estimated gross floor area which the provision of cleaning services expected to be provided by the Group to CGH Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, we noted that (i) the revised annual caps of RMB633,110,000, RMB897,930,000 and RMB1,007,420,000 for the three years ending 31 December 2018, 2019 and 2020, represented a year-on-year growth rate of approximately 41.8% and 12.2%, respectively; and (ii) the historical fees paid by the CGH Group to the Group for the provision of consultancy and other services under the Consultancy and Other Services Framework Agreement totaled to approximately RMB162,000,000 and RMB228,100,000 for the two years ended 31 December 2016 and 2017, respectively, approximately RMB286,000,000 for the seven months ended 31 July 2018, which represented an implied year-on-year growth rate of approximately 40.8% and 114.9% (based on annualising the seven months figures of RMB286,000,000 into a full calendar year of 12 months, i.e. approximately RMB490,286,000). Based on the above, the year-on-year growth rate of the revised annual caps of approximately 41.8% and 12.2% are comparatively lower than that of the implied year-on-year historical growth rate of the actual transaction amounts of approximately 40.8% and 114.9% (based on annualised figure as indicated above).

Having considered (i) the calculation of the revised annual caps which has been arrived at after taken into account the information as set out under the Consultancy and Other Services Schedule, including, among others, the estimated property projects (in contracted sales terms) which may require consultancy services and the estimated gross floor area which may require cleaning services, for the three years ending 31 December 2018, 2019 and 2020; (ii) our analysis and work performed as set out above in relation to the growth rate of the revised annual caps compared to the historical growth rate of the relevant transaction amounts; (iii) the revised annual caps offer the Group flexibility and facilitates the provision of consultancy and other services to CGH Group at a service fee to be charged in accordance with the Group's relevant pricing policies; and (iv) the provision of consultancy and other services to CGH Group further broadens the revenue base of the Group, we consider the revised annual caps under the Consultancy and Other Services Supplemental Agreement to be fair and reasonable so far as the Independent Shareholders are concerned.

VII. CONTINUING OBLIGATIONS UNDER THE LISTING RULES

The Listing Rules set out certain ongoing obligations in respect of the annual caps in connection with the Continuing Connected Transactions, in particular, the restriction of the value of the Continuing Connected Transactions by way of the annual cap for each of the relevant financial years and the annual review by the independent non-executive Directors of the terms of such transactions and the relevant annual monetary caps not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. In addition, pursuant to the Listing Rules, the auditors of the Company must provide a letter to the Board each year confirming, among other things, that the Continuing Connected Transactions are conducted in accordance with the terms of the relevant agreements and that the New Annual Caps have not been exceeded. Furthermore, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of such transactions or the relevant annual monetary caps not being exceeded.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

VIII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the reasons for and benefits of the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Framework Agreement;
- (ii) the provision of services under the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Framework Agreement is a furtherance and continuance of the Group's businesses;
- (iii) the transactions to be conducted under each of the Sales and Leasing Agency Services Framework Agreement and the Consultancy and Other Services Framework Agreement shall be on normal commercial terms that are no less favourable than those terms available to or from independent third parties to the Group; and
- (iv) the value of, and the basis for determining, the respective annual caps are reasonable as discussed in this letter above,

we are of the view that (i) the Sales and Leasing Agency Services Framework Agreement; and (ii) the revision of annual caps for the Consultancy and Other Services Framework Agreement with CG Holdings, are in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the annual caps of the Sales and Leasing Agency Services Framework Agreement and the revised annual caps under the Consultancy and Other Services Supplemental Agreement, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Sales and Leasing Agency Services Framework Agreement (including the proposed annual caps) and the Consultancy and Other Services Supplemental Agreement (including the proposed revised annual caps) at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a Responsible Officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry, and has been involved in and completed various corporate finance advisory transactions.

* *For identification purpose only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or (ii) entered in the register required to be kept under Section 352 of the SFO or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Capacity	Number of Shares held or interested in	Number of interests in underlying Shares held under equity derivatives	Total	Approximate percentage of total issued Shares as at the Latest Practicable Date
Ms Yang Huiyan	Interest of controlled corporations	1,444,985,624 ⁽¹⁾		1,444,985,624	57.80%
Ms. Wu Bijun	Beneficial owner	233,190 ⁽³⁾	12,964,000 ⁽²⁾	13,197,190	0.53%
Mr. Li Changjiang	Beneficial owner	—	12,964,000 ⁽²⁾	12,964,000	0.52%
Mr. Xiao Hua	Beneficial owner	37 ⁽³⁾	4,762,000 ⁽²⁾	4,762,037	0.19%
Mr. Guo Zhanjun	Beneficial owner	—	4,699,000 ⁽²⁾	4,699,000	0.19%

Notes:

- (1) As at the Latest Practicable Date, Concrete Win Limited (“**Concrete Win**”), Genesis Capital Global Limited (“**Genesis Capital**”) and Golden Value Investments Limited (“**Golden Value**”) held 1,106,901,840 Shares, 326,436,781 Shares and 11,647,003 Shares respectively. Concrete Win, Genesis Capital and Golden Value are beneficially wholly-owned by Ms Yang Huiyan. By virtue of the SFO, Ms Yang Huiyan is deemed to be interested in the same number of Shares in which Concrete Win, Genesis Capital and Golden Value are interested.
- (2) The relevant interests are unlisted physically settled options granted pursuant to the Company’s pre-listing share option scheme. The share options are personal to the respective Directors.
- (3) These Shares represent the Shares distributed to the Directors by virtue of the shares of CG Holdings held by them prior to the spin-off and the separate listing of the Shares on the main board of the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company (including their spouses and children under the age of 18) had, any interests or short positions in any Shares and underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or (ii) entered in the register required to be kept by the Company under Section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests and short positions of Shareholders discloseable under the SFO

As at the Latest Practicable Date, according to the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had long positions of 5% or more in the Shares and underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity of Shareholder	Number of Shares held/interested		Approximate percentage of total issued Shares as at the Latest Practicable Date
		Long position	Short position	
Concrete Win	Beneficial owner	1,106,901,840	—	44.28%
Genesis Capital	Beneficial owner	326,436,781	—	13.06%
Mr. Chen Chong ⁽¹⁾	Interest of spouse	1,444,985,624	—	57.80%

Note:

- (1) By virtue of the SFO, Mr. Chen Chong is deemed to be interested in the Shares held by his spouse, Ms Yang Huiyan, whose interests are disclosed in the above section headed “Interests and short positions of Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company”.

Saved as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors or chief executives of the Company) who was recorded in the register of the Company as having an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

As at the Latest Practicable Date, save for Ms. YANG Huiyan, who is also a director of Concrete Win and Genesis Capital, no Director or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or his or her respective close associates was considered to have an interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or his or her close associates were appointed to represent the interests of the Company and/or the Group.

4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date,

- (a) none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT'S QUALIFICATIONS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Red Sun Capital Limited	A licensed corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO

The expert above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter or opinion as set out in this circular and references to its names in the form and context in which they appear in this circular.

As at the Latest Practicable Date, the expert above did not have any shareholding, directly or

indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 4th Floor, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Agreements; and
- (b) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧桂園服務控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 6098)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Country Garden Services Holdings Company Limited (the “**Company**”) will be held at Desheng Hall, 3/F, Country Garden Holiday Resort, Beijiao Town, Shunde, Foshan, Guangdong Province, PRC on Thursday, 22 November 2018 at 3:00 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the Sales and Leasing Agency Services Framework Agreement, a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder (including the annual caps), be and are hereby confirmed and approved, and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the Sales and Leasing Agency Services Framework Agreement.”
2. “**THAT** the Consultancy and Other Services Supplemental Agreement, a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder (including the revised annual caps), be and are hereby confirmed and approved, and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the Consultancy and Other Services Supplemental Agreement.”

By Order of the Board

Country Garden Services Holdings Company Limited

LI Changjiang

Executive Director

Hong Kong, 5 November 2018

Principal place of business in Hong Kong:

4th Floor, Ruttonjee House
Ruttonjee Centre, 11 Duddell Street
Central
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
2. If more than one of the joint registered holders are present at the meeting personally or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such share(s) of the Company shall be accepted to the exclusion of the votes of the other joint registered holders.
3. In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
4. The register of members of the Company will be closed from 20 November 2018 to 22 November 2018, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identities of the shareholders who are entitled to attend and vote at the meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 19 November 2018.
5. Pursuant to rule 13.39(4) of the Listing Rules, all votes at the general meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands and the Company will announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.
6. Details of the above resolutions are set out in the circular despatched to shareholders of the Company on 5 November 2018.
7. If a typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the meeting, subject to consent of the meeting, the meeting will be postponed or adjourned. The Company will post an announcement on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.bgyfw.com>) to notify shareholders of the Company of the date, time and place of the rescheduled meeting. The meeting will be held as scheduled when an amber or a red rainstorm warning signal is in force. Shareholders of the Company should decide on their own whether they would attend the meeting under bad weather condition bearing in mind their own situations.
8. Shareholders or their proxies attending the meeting are responsible for their own transportation and accommodation expenses.

As at the date of this notice, 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.