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COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧桂園服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6098)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 30% EQUITY INTEREST IN A PROPERTY SERVICES COMPANY

THE ACQUISITION

Reference is made to the announcement of the Company dated 26 November 2018 in relation to, among others, the acquisition of 70% equity interest in the Target Company by CG Property Services (a wholly-owned subsidiary of the Company).

The Board is pleased to announce that on 19 March 2019, CG Property Services as Purchaser entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Interest (representing the remaining 30% equity interest in the Target Company) at the Consideration of RMB90,000,000 (equivalent to approximately HK\$105,303,802).

LISTING RULES IMPLICATIONS

As the Vendor is a substantial shareholder of the Target Company, which is a non-wholly-owned subsidiary of the Company, the Vendor is a connected person at the subsidiary level of the Company. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Board has approved the Acquisition; and (ii) the independent non-executive Directors have confirmed that the terms of the Acquisition are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement.

As both the Previous Acquisition and the Acquisition involve the acquisition of equity interest in the Target Company and were entered into within a 12-month period, the Acquisition is required to be aggregated with the Previous Acquisition for the purpose of calculating the applicable percentage ratios (as defined under the Listing Rules). As one or more of such applicable percentage ratios of the Acquisition and the Previous Acquisition in aggregate exceed 5% but all are below 25%, the Acquisition and the Previous Acquisition in aggregate constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 26 November 2018 in relation to, among others, the acquisition of 70% equity interest in the Target Company by CG Property Services.

On 19 March 2019, CG Property Services entered into the Equity Transfer Agreement with the Vendor in relation to the Acquisition, the principal terms of which are set out below.

THE EQUITY TRANSFER AGREEMENT

Date

19 March 2019

Parties

- (1) CG Property Services as Purchaser; and
- (2) Mr. Liu Gang (劉剛) as Vendor.

Subject matter

Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Interest, which represents 30% of the total equity interest in the Target Company.

As the Purchaser had already acquired 70% equity interest in the Target Company under the Previous Acquisition, it will own 100% of the equity interest in the Target Company upon completion of the Acquisition.

Consideration

The Consideration for the Acquisition is RMB90,000,000 (equivalent to approximately HK\$105,303,802), which shall be payable in full by the Purchaser to the Vendor by way of wire transfer to the designated account of the Vendor within 10 Working Days after the completion of the relevant business registration.

The Consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement taking into account factors including the market conditions and room for future development of the property management, the prevailing market prices for acquisition of property management companies, the status of the existing management projects of the Target Company and the business development capability of the Target Company.

Completion

Completion will take place on the date on which payment of the Consideration is made by the Purchaser.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition will enable the Group to further expand the scale and the scope of its business, and increase its influence and competitiveness in the market, which is in line with the strategic development needs of the Group.

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

As none of the Directors has a material interest in the Acquisition, no Director is required to abstain from voting on the Board resolution(s) approving the Acquisition.

INFORMATION ON THE TARGET COMPANY

The Target Company, incorporated in April 1999 in the PRC, and its subsidiaries are principally engaged in property management. As at the date of this announcement, it is held as to 70% by CG Property Services and 30% by the Vendor. The Vendor was one of the original shareholders of the Target Company and the original investment cost of 30% equity interest in the Target Company paid by the Vendor was RMB2,100,000 (equivalent to approximately HK\$2,457,089).

	<i>Currency: RMB</i>	
	For the year ended 31 December	
	2018	2017
	<i>(audited)</i>	<i>(unaudited)</i>
Profit before taxation	47,866,352.95	24,142,300.14
Net profit after taxation	38,468,442.80	18,106,725.11

The audited combined net asset value of the Target Company as at 31 December 2018 amounted to approximately RMB44,288,386.46 (equivalent to approximately HK\$51,819,282.83).

LISTING RULES IMPLICATIONS

As the Vendor is a substantial shareholder of the Target Company, which is a non-wholly-owned subsidiary of the Company, the Vendor is a connected person at the subsidiary level of the Company. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Board has approved the Acquisition; and (ii) the independent non-executive Directors have confirmed that the terms of the Acquisition are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement.

As both the Previous Acquisition and the Acquisition involve the acquisition of equity interest in the Target Company and were entered into within a 12-month period, the Acquisition is required to be aggregated with the Previous Acquisition for the purpose of calculating the applicable percentage ratios (as defined under the Listing Rules). As one or more of such applicable percentage ratios of the Acquisition and the Previous Acquisition in aggregate exceed 5% but all are below 25%, the Acquisition and the Previous Acquisition in aggregate constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

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

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

The Vendor is the individual owner of 30% of the total equity interest in the Target Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Interest by the Purchaser pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“CG Property Services” or “Purchaser”	Guangdong Country Garden Property Services Co., Ltd. (廣東碧桂園物業服務股份有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Company”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 6098)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Sale Interest under the Equity Transfer Agreement
“Directors”	the directors of the Company

“Equity Transfer Agreement”	the agreement dated 19 March 2019 entered into between the Purchaser and the Vendor in respect of the sale and purchase of the sale interest
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Previous Acquisition”	the acquisition of 70% equity interest in the Target Company by the Purchaser, the details of which are set out in the announcement of the Company dated 26 November 2018
“RMB”	Renminbi, the lawful currency of PRC
“Sale Interest”	30% equity interest in the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Shengshi Property Services Co., Ltd. (北京盛世物業服務有限公司), a company incorporated in the PRC with limited liability
“Working Day(s)”	statutory working day in the PRC
“Vendor”	Mr. Liu Gang (劉剛), the individual owner of 30% equity interest in the Target Company
“%”	per cent

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

Hong Kong, 19 March 2019

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