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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)**

### **CONNECTED TRANSACTIONS**

#### **(1) ACQUISITION OF 100% EQUITY INTEREST**

#### **IN WENJIN INTERNATIONAL AND**

#### **(2) ACQUISITION OF LOANS FROM ELITE ARCHITECTURAL CO.**

### **INTRODUCTION**

In view of the Company's strategic consideration of "focusing on whole-cycle community life services" and for formation of a service system of sizeable scale by further integrating into various aspects of the property owners' life. On 9 April 2020, CG Modern Life (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement and the Loans Transfer Agreement with Elite Architectural Co., pursuant to which CG Modern Life has agreed to acquire and Elite Architectural Co. has agreed to dispose of (i) its 100% equity interest in Wenjin International and (ii) the Loans. The aggregate consideration payable by CG Modern Life for such Transfers is RMB84,113,000 (equivalent to approximately HK\$92,521,339), comprising (i) RMB35,920,000 (equivalent to approximately HK\$39,510,736) for the Equity Transfer; and (ii) RMB48,193,000 (equivalent to approximately HK\$53,010,604) for the Loans Transfer.

Upon completion of the Equity Transfer, Wenjin International will become a wholly-owned subsidiary of the Company and the financial results of Wenjin International will be consolidated into the consolidated financial statements of the Group.

### **LISTING RULES IMPLICATIONS**

Elite Architectural Co. is an indirect majority-controlled company held by Ms. YANG Meirong, who is an aunt of Ms. YANG Huiyan, a non-executive Director and a substantial shareholder of the Company. As such, Elite Architectural Co. is a connected person of the Company. The Equity Transfer and the Loans Transfer therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfers exceed 0.1% but all of them are below 5%, the Transfers are subject to the reporting and announcement requirements but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

On 9 April 2020, CG Modern Life (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement and the Loans Transfer Agreement with Elite Architectural Co., pursuant to which CG Modern Life has agreed to acquire and Elite Architectural Co. has agreed to dispose of (i) its 100% equity interest in Wenjin International and (ii) the Loans. The aggregate consideration payable by CG Modern Life for such Transfers is RMB84,113,000 (equivalent to approximately HK\$92,521,339), comprising (i) RMB35,920,000 (equivalent to approximately HK\$39,510,736) for the Equity Transfer; and (ii) RMB48,193,000 (equivalent to approximately HK\$53,010,604) for the Loans Transfer.

## **PRINCIPAL TERMS OF THE AGREEMENTS**

### **The Equity Transfer Agreement**

Date : 9 April 2020

Transferor : Elite Architectural Co.

Transferee : CG Modern Life

#### *Asset subject to the Equity Transfer*

CG Modern Life will acquire from Elite Architectural Co. 100% equity interest in Wenjin International.

#### *Consideration*

The consideration of the Equity Transfer is RMB35,920,000 (equivalent to approximately HK\$39,510,736), which has been determined by CG Modern Life and Elite Architectural Co. after arm's length negotiation.

#### *Basis of the consideration*

The consideration of the Equity Transfer was determined after arm's length negotiations with reference to, among others:

1. The valuation of the 100% equity interest of Wenjin International as at 31 December 2019 in the amount of RMB85,400,000 (equivalent to approximately HK\$93,936,994) according to the valuation report issued on 10 March 2020 by an independent valuer engaged by the Company;
2. The audited net asset value of Wenjin International as at 31 December 2019 amounting to approximately RMB42,648,212.74 (equivalent to approximately HK\$46,911,532.84);
3. The business development of Wenjin International as stated under the section headed "INFORMATION ON WENJIN INTERNATIONAL" below; and
4. The reasons and benefits of the Equity Transfer as stated under the section headed "REASONS FOR AND BENEFITS OF THE TRANSFERS" below.

## **The Loans Transfer Agreement**

Date : 9 April 2020

Transferor : Elite Architectural Co.

Transferee : CG Modern Life

### *Asset subject to the Loans Transfer*

CG Modern Life will acquire from Elite Architectural Co. the Loans in the amount of RMB48,193,000 (equivalent to approximately HK\$53,010,604).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the debtors are 4 companies which are third parties independent of the Company and its connected persons.

At the time of acquisition of 100% equity interest in Wenjin International by Elite Architectural Co., Elite Architectural Co. had also acquired from Wenjin International the abovementioned loans (which were then owing to Wenjin International) in the amount of RMB48,193,000. After arm's length negotiation between CG Modern Life and Elite Architectural Co., it was agreed that CG Modern Life will also acquire the Loans from Elite Architectural Co at the same time as it acquires the 100% equity interest in Wenjin International.

### *Consideration*

The consideration of the Loans Transfer is RMB48,193,000 (equivalent to approximately HK\$53,010,604), being the amount of the Loans.

## **Payment terms under the Agreements**

Pursuant to the Agreements, CG Modern Life will pay the total consideration of RMB84,113,000 (equivalent to approximately HK\$92,521,339) for the Transfers to the designated bank account of Elite Architectural Co. within one month after all the registration procedures with the relevant industry and commerce bureau in the PRC for the Equity Transfer have been completed by Wenjin International.

## **Completion**

Completion of the Equity Transfer will take place on the date on which all the registration procedures with the relevant industry and commerce bureau in the PRC for the Equity Transfer have been completed.

Upon completion of the Equity Transfer, Elite Architectural Co. will cease to be a shareholder of Wenjin International, and CG Modern Life will become its sole shareholder.

As to the Loans Transfer, the title to the Loans is deemed to be transferred by Elite Architectural Co. to CG Modern Life upon the signing of the Loans Transfer Agreement.

## INFORMATION ON WENJIN INTERNATIONAL

Wenjin International is a limited liability company established in the PRC on 8 November 2007. Wenjin International is principally engaged in formulating insurance policies for policy-holders, selecting insurers, handling insurance procedures, assisting the insured or beneficiaries to make claims; reinsurance brokerage business; providing disaster prevention, loss prevention or risk assessment and risk management consulting services; and other businesses approved by the China Banking and Insurance Regulatory Commission in the PRC. Its current scope of business covers property insurance, life insurance and reinsurance brokerage business. The considerations paid by Elite Architectural Co. in 2018 for the acquisition of 100% equity interest in and loans receivable of Wenjin International were RMB30,000,000 and RMB48,193,000 respectively.

Set out below is the key financial information of Wenjin International for each of the two years ended 31 December 2019 prepared under the China Accounting Standards for Business Enterprises:

	<i>Currency: RMB</i>	
	<b>For the year ended 31 December 2018 <i>(audited)</i></b>	<b>For the year ended 31 December 2019 <i>(audited)</i></b>
Loss before taxation and extraordinary items	-3,187,901.22	-4,750,385.99
Net loss	-3,367,881.72	-2,877,548.22

The audited net asset value of Wenjin International as at 31 December 2019 amounted to approximately RMB42,648,212.74 (equivalent to approximately HK\$46,911,532.84).

## REASONS FOR AND BENEFITS OF THE TRANSFERS

As the leading property company in China, the Company has vast resources in terms of middle-class family and property owners in communities, and has built excellent customer relationships with the property owners. Having considered that Wenjin International has a knowledgeable and experienced team of staff for insurance business, the acquisition of Wenjin International will enable the Group to speed up its development of community insurance sales business, improve its community value-added business and enhance the Company's profitability in the future. The parties agreed that the acquisition of the Loans by CG Modern Life from Elite Architectural Co. would be part and parcel to the transaction for the Equity Transfer. Wenjin International will rely on the Country Garden communities, establish a professional insurance butler team, fully develop community family insurance business, set up a "pre-sale, in-sale, after-sale" comprehensive community insurance marketing service system, develop core competitiveness through professional marketing and operation, training and supervision, product research and development, analysis of customer information, etc., and target to achieve rapid increase in both income from insurance business and the profits for the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreements 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 of the Company as a whole.

Since Ms. YANG Meirong (being the controlling shareholder of Elite Architectural Co.) is a deemed connected person of (i) Ms. YANG Huiyan; and (ii) Mr. YANG Zhicheng, both of them being 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.

## **LISTING RULES IMPLICATIONS**

Elite Architectural Co. is an indirect majority-controlled company held by Ms. YANG Meirong, who is an aunt of Ms. Yang Huiyan, a non-executive Director and a substantial shareholder of the Company. As such, Elite Architectural Co. is a connected person of the Company. The Equity Transfer and the Loans Transfer therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfers exceed 0.1% but all of them are below 5%, the Transfers are subject to the reporting and announcement requirements but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

## **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. As at the date of this announcement, Ms. YANG Huiyan is indirectly interested in approximately 53.45% of the total issued share capital of the Company.

CG Modern Life is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability principally engaged in property management, professional cleaning, disinfection services, landscape engineering construction; real estate leasing and insurance agency services. As at the date of this announcement, CG Modern Life is 100% held by CG Life Services, a wholly-owned subsidiary of the Company principally engaged in property management services.

Elite Architectural Co. is a company which provides survey work, property design and interior design services to property development projects. As at the date of this announcement, the ultimate beneficial owners of Elite Architectural Co. are Ms. YANG Meirong and Ms. ZHOU Shuting, who are indirectly holding Elite Architectural Co. as to 99.12% and 0.88% respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, pursuant to the Listing Rules, Ms. YANG Meirong and Ms. ZHOU Shuting are deemed connected persons of Ms. YANG Huiyan (an executive Director and controlling shareholder of the Company).

## DEFINITIONS

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

“Agreements”	collectively means the Equity Transfer Agreement and the Loans Transfer Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CG Life Services”	Country Garden Life Services Group Co., Ltd.* (碧桂園生活服務集團股份有限公司), formerly known as Guangdong Country Garden Property Services Co. Ltd* (廣東碧桂園物業服務股份有限公司) and subsequently known as Country Garden Intelligent Services Group Co., Ltd.* (碧桂園智慧物業服務集團股份有限公司), a wholly-owned subsidiary of the Company established in the PRC with limited liability
“CG Modern Life”	Guangdong Country Garden Modern Life Property Management Co., Ltd* (廣東碧桂園現代生活物業管理有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability
“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, 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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Elite Architectural Co.”	Guangdong Elite Architectural Co., Ltd. (廣東博意建築設計院有限公司) which was established in the PRC on 12 June 1997 as a limited liability company
“Equity Transfer”	the transfer of 100% equity interest in Wenjin International by Elite Architectural Co. to CG Modern Life pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 9 April 2020 entered into between Elite Architectural Co. as vendor and CG Modern Life as the purchaser in relation to the Equity Transfer
“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
“Loans”	the non-interest bearing long-term loans receivable by Elite Architectural Co. as creditor as at the date of the Loans Transfer Agreement amounting in aggregate to RMB48,193,000
“Loans Transfer”	the transfer of the Loans pursuant to the Loans Transfer Agreement
“Loans Transfer Agreement”	the Loans transfer agreement dated 9 April 2020 entered into between Elite Architectural Co. as the transferor, and CG Modern Life as the transferee, in relation to the transfer of the Loans
“majority-controlled company”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfers”	collectively means the Equity Transfer and the Loans Transfer
“Wenjin International”	Wenjin International Insurance Broker Co., Ltd.* (文津國際保險經紀有限公司) which was established in the PRC on 8 November 2007 as a limited liability company
“%”	per cent

*In this announcement, RMB has been converted to HK\$ at the rate of HK\$1 = RMB0.90912 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*

\* For identification purposes only.

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

Hong Kong, 13 April 2020

*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.*