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

**碧桂園服務控股有限公司**

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

**(Stock Code: 6098)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 100% EQUITY INTEREST IN CITY-MEDIA**

#### **EQUITY TRANSFER AGREEMENT**

On 30 July 2020, CG Life Services (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Original Shareholders, the Vendors and City-Media, pursuant to which CG Life Services has agreed to conditionally acquire a total of 100% equity interest in City-Media in phases in accordance with the terms of the Equity Transfer Agreement.

Following the completion of the acquisition of the First Phase Target Shares by CG Life Services, City-Media will become a subsidiary of the Group, and its results, assets and liabilities will be consolidated into the accounts of the Group.

Following the completion of the acquisition of the First Phase Target Shares and the Second Phase Target Shares by CG Life Services, the Company will indirectly hold 100% equity interest of City-Media, and City-Media will become a wholly-owned subsidiary of the Group.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios of the Acquisition exceed 5% but all are below 25%, the Acquisition therefore constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.73 of the Listing Rules, the grant of an option by a listed issuer is regarded as a transaction. Since the Vendors Repurchase Option involved in the Acquisition is regarded as an option granted to the Vendors and the exercise of which is not at the Company's discretion, pursuant to Rule 14.74(1) of the Listing Rules, the grant of the Vendors Repurchase Option will be classified as if the Vendors Repurchase Option had been exercised. As one or more of the applicable percentage ratios of the Vendors Repurchase Option exceed 5% but all are below 25%, the grant of the Vendors Repurchase Option therefore constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 30 July 2020 (after trading hours), CG Life Services (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Original Shareholders, the Vendors and City-Media, pursuant to which CG Life Services has agreed to conditionally acquire a total of 100% equity interest in City-Media in phases in accordance with the terms of the Equity Transfer Agreement. The principal terms of the Equity Transfer Agreement are set out below.

## **THE PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT**

**Date** : 30 July 2020

**Parties** : (1) CG Life Services  
(2) the Original Shareholders  
(3) the Vendors  
(4) City-Media

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of the Original Shareholders, the Vendors, City-Media and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Subject matter**

The parties to the Equity Transfer Agreement have agreed to proceed with the Acquisition according to the following steps:

- (1) City-Media will implement equity structure adjustment and be changed to a limited liability company.
- (2) The Original Shareholders will transfer the First Phase Target Shares to the First Vendor, and will transfer the Second Phase Target Shares to the Second Vendor.
- (3) CG Life Services will acquire the Target Shares in two phases as follows:
  - (A) The First Phase Target Shares

The First Vendor will, after acquiring the First Phase Target Shares, transfer all of them to CG Life Services, the specific arrangements of which are set out in the paragraph headed “— *Consideration and payment terms — Acquisition of the First Phase Target Shares*” below.

- (B) The Second Phase Target Shares

Depending on the fulfilment of the Performance Guarantee, CG Life Services will acquire from the Second Vendor the Second Phase Target Shares, such that City-Media will become a wholly-owned subsidiary of CG Life Services, the specific arrangements of which are set out in the paragraph headed “— *Consideration and payment terms — Acquisition of the Second Phase Target Shares*” below.

## Consideration and payment terms

### *Acquisition of the First Phase Target Shares*

CG Life Services agreed to acquire the First Phase Target Shares held by the First Vendor, representing 65% equity interests of City-Media. The consideration of the First Phase Target Shares is subject to the valuation adjustment as described in the paragraph headed “— *Performance Guarantee and the valuation adjustment mechanism*” below, and will not exceed RMB511.94 million, which is calculated based on the Net Profit After NRI of RMB75.01 million of City-Media in 2019 as multiplied by a price-earnings multiple of 10.5 times, and determined after arm’s length negotiation. The relevant price-earnings multiple is determined with reference to the merger and acquisition cases of the same industry in the market.

The consideration of the First Phase Target Shares will be paid by CG Life Services to the First Vendor in six instalments with reference to the progress of the equity transfer of the First Phase Target Shares, and the fulfilment of the Performance Guarantee:

- (1) The first instalment of the consideration is in the amount of RMB102.39 million, which should be paid within 10 Working Days after satisfaction of the following conditions:
  - (A) the Original Shareholders and the Vendors having entered into all necessary resolutions, legal and effective transfer agreements and the amendment(s) to the articles of association, regarding the transfer of the First Phase Target Shares to the First Vendor and the Second Phase Target Shares to the Second Vendor by the Original Shareholders;
  - (B) the Original Shareholders and the Vendors having made effective resolutions and having signed the articles of association of the limited liability company regarding the change of City-Media into a limited liability company;
  - (C) the Second Vendor having waived its pre-emptive right in respect of the First Phase Target Shares; and
  - (D) all necessary resolutions (including but not limited to the approval of the relevant issues of the transfer of the First Phase Target Shares, the approval of the amendment to the original articles of association of City-Media, etc.) having been effectively approved by the competent authorities of City-Media and the Original Shareholders’ partnership meeting.

- (2) The second instalment of the consideration is in the amount of RMB102.39 million, which should be paid within 10 Working Days after completion of payment for the first instalment of the consideration and satisfaction of the following conditions:
- (A) the Original Shareholders, the Vendors and City-Media shall have completed the equity structure adjustment of City-Media within 50 Working Days from the date of entering of the Equity Transfer Agreement (which may be extended accordingly if the relevant adjustments are not completed on time due to the relevant competent authorities) and changed City-Media into a limited liability company, and the Original Shareholders shall have completed the transfer of 65% of the Target Shares held by it to the First Vendor, and 35% of the Target Shares held by it to the Second Vendor;
  - (B) the financial controller assigned by CG Life Services shall have completed the verification of the financial, taxation, assets and other information of the Target Group in cooperation with City-Media, and have made written confirmation;
  - (C) City-Media shall have completed the registration procedures for the change of registration of the First Phase Target Shares to CG Life Services at the State Administration for Industry and Commerce;
  - (D) as of the First Phase Equity Delivery Date:
    - (I) there being no judgments, rulings, decision or prohibition of any governing institutions or relevant government authorities that restrict or prohibit the Acquisition on the part of the First Vendor, the Original Shareholders, City-Media and the First Phase Target Shares, nor have there been any agreement or constraint that restrict or prohibit the Acquisition, nor have there been any pending or potential litigations, arbitrations, judgments, rulings, decision or prohibition that have or will have adverse effect on the First Vendor, the Original Shareholders, City-Media and the First Phase Target Shares or the Acquisition;
    - (II) the First Phase Target Shares being free from any mortgage, pledge, lien, judicial freeze or any other encumbrance;
    - (III) there being no events, facts, conditions, changes or other circumstances that have a material adverse effect on the business, finance, legal affairs, assets, liabilities or operations of the Target Group; and
    - (IV) the Target Group not having any new financing liabilities (including financial institution financing, non-financial institution financing, private lending, etc.), external guarantees, and other matters that may cause City-Media to assume contingent liabilities; and
  - (E) there being no situation in which the Equity Transfer Agreement will be substantially violated on the part of the First Vendor, the Original Shareholders and the Target Group;

- (3) The third instalment of the consideration is in the amount of RMB127.99 million, which should be paid within 10 Working Days after satisfaction of the following conditions:
- (A) the First Vendor having received the first and second instalments of the consideration as mentioned in paragraphs (1) and (2) above;
  - (B) CG Life Services having completed the on-site audit of City-Media as of the First Phase Interest Delivery Date;
  - (C) as of the First Phase Interest Delivery Date:
    - (I) The monetary funds of the Target Group (including wealth management products) being not less than RMB45 million, and the net assets (including paid-in capital, capital reserve, and surplus reserve) being not less than RMB100 million;
    - (II) The Target Group having no new amounts attributable to shareholders and related parties, and having completed the settlement of amounts attributable to shareholders and related parties (if any); and
    - (III) The balance sheet and profit and loss account of the Target Group as of the First Phase Interest Delivery Date, as audited by CG Life Services, having been signed and confirmed by the First Vendor and the Original Shareholders (represented by Mr. WU Zefei ( 吳則飛 )) and stamped with the official seal of City-Media;
  - (D) all the employment contracts, confidentiality and non-competition agreements of the core employees of City-Media having been signed; and
  - (E) there being no situation in which the Equity Transfer Agreement will be substantially violated on the part of the First Vendor, the Original Shareholders and the Target Group;
- (4) In the event of Fulfilment of Performance Guarantee by City-Media for the year of 2020, CG Life Services should pay the fourth instalment of the consideration in the amount of RMB51.19 million to the First Vendor within 10 Working Days after the date of confirmation of its audited results. In the event of Non-fulfilment of Performance Guarantee by City-Media for the year of 2020, the fourth instalment of the consideration shall be dealt with in accordance with the paragraph headed “— *Performance Guarantee and the valuation adjustment mechanism — Payment of the consideration for the First Phase Target Shares*” below;
- (5) In the event of Fulfilment of Performance Guarantee by City-Media for the year of 2021, CG Life Services should pay the fifth instalment of the consideration in the amount of RMB51.19 million to the First Vendor within 10 Working Days after the date of confirmation of its audited results. In the event of Non-fulfilment of Performance Guarantee by City-Media in aggregate for the years of 2020 and 2021, the fifth instalment of the consideration shall be dealt with in accordance with the paragraph headed “— *Performance Guarantee and the valuation adjustment mechanism — Payment of the consideration for the First Phase Target Shares*” below; and

- (6) In the event of Fulfilment of Performance Guarantee by City-Media for the year of 2022, CG Life Services should pay the sixth instalment of the consideration in the amount of RMB76.79 million to the First Vendor within 10 Working Days after the date of confirmation of its audited results or after the date on which the collection rate of the accumulated Principal Business Income (tax inclusive) of City-Media during the Valuation Adjustment Period is not less than 85% (including monetary fund collection and receipt of bank acceptance draft) (whichever is later). In the event of Non-fulfilment of Performance Guarantee during the Valuation Adjustment Period, the sixth instalment of the consideration shall be dealt with in accordance with the paragraph headed “— *Performance Guarantee and the valuation adjustment mechanism — Payment of the consideration for the First Phase Target Shares*” below.

### ***Acquisition of the Second Phase Target Shares***

#### *Circumstances in which CG Life Services has the obligation to acquire the Second Phase Target Shares*

Unless otherwise stated in the Equity Transfer Agreement, CG Life Services shall acquire the Second Phase Target Shares from the Second Vendor under the following circumstances:

- (1) In the event of the Fulfilment of Performance Guarantee by City-Media during the Valuation Adjustment Period, CG Life Services shall acquire the Second Phase Target Shares from the Second Vendor within one month after the date of its confirmation, and the purchase price should be calculated as follow:

12 x actual Net Profit After NRI for the year of 2022 x 35% – RMB50 million;

- (2) In the event of Deemed Fulfilment of Performance Guarantee as described in the paragraph headed “— *Performance Guarantee and the valuation adjustment mechanism — Deemed Fulfilment of Performance Guarantee*” below, CG Life Services shall acquire the Second Phase Target Shares from the Second Vendor within one month after the date of the Deemed Fulfilment of Performance Guarantee, and the purchase price should be calculated as follow:

12 x actual Net Profit After NRI for the year of 2022 x 35% – RMB50 million;

- (3) In the event of Non-fulfilment of Performance Guarantee by City-Media during the Valuation Adjustment Period, but the accumulated Principal Business Income is not less than RMB1,127.55 million and the accumulated Net Profit After NRI is not less than RMB225.03 million, CG Life Services shall acquire the Second Phase Target Shares from the Second Vendor, but the purchase price should be adjusted downward as follow:

11 x actual Net Profit After NRI for the year of 2022 x 35% – RMB50 million.

In the above circumstances, CG Life Services shall enter into an acquisition agreement with the Second Vendor within the above-mentioned period, and pay 50% of the consideration within 10 Working Days after the date of entering such acquisition agreement, and pay the remaining 50% of the consideration within 10 Working Days after the completion of the change of registration of the Second Phase Target Shares at the State Administration for Industry and Commerce.

*Circumstances in which CG Life Services has no obligation but has the right to acquire the Second Phase Target Shares*

In the event that the accumulated Principal Business Income of City-Media during the Valuation Adjustment Period is less than RMB1,127.55 million, or the accumulated Net Profit After NRI is less than RMB225.03 million, CG Life Services will have no obligation but has the right to acquire the Second Phase Target Shares, and the purchase price should be not higher than:

11 x actual Net Profit After NRI for the year of 2022 x 35% – RMB50 million.

If CG Life Services fails to acquire the Second Phase Target Shares by then, the Vendors will have the option to repurchase all the equity of City-Media held by CG Life Services (“**Vendors Repurchase Option**”). The repurchase price is the amount of the transfer price of the Target Shares actually paid by CG Life Services after deducting the dividends received by CG Life Services from City-Media and the relevant taxes and fees paid by the Original Shareholders and the Vendors for the Acquisition, plus a funding cost calculated at a simple interest rate of 12% per annum.

*Circumstances in which CG Life Services has the right to choose not to acquire the Second Phase Target Shares*

Notwithstanding the above, if City-Media is listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange, Hong Kong Stock Exchange or a stock exchange recognized by the Second Vendor before the conclusion of the Valuation Adjustment Period, CG Life Services has the right to choose not to proceed with the acquisition of the Second Phase Target Shares.

The purchase price of the Second Phase Target Shares is determined after taking into account of the actual Net Profit After NRI at that time, a price-earnings multiple of not exceeding 12 times and after arm’s length negotiation. The relevant price-earnings multiple is determined with reference to the merger and acquisition cases of the same industry in the market. The highest purchase price of the Second Phase Target Shares shall not exceed RMB1 billion.

## Performance Guarantee and the valuation adjustment mechanism

### *Performance Guarantee during the Valuation Adjustment Period*

The Original Shareholders and the First Vendor undertake that, during the Valuation Adjustment Period, the accumulated Principal Business Income and the accumulated Net Profit After NRI of City-Media shall meet the minimum performance requirements for the relevant year(s) (“**Performance Guarantee**”) as follows:

Performance year	Principal Business Income		Net Profit After NRI	
	The guaranteed minimum amount of the Principal Business Income for the year (RMB million)	The guaranteed minimum amount of accumulated Principal Business Income for the year(s) during the Valuation Adjustment Period (RMB million)	The guaranteed minimum amount of the Net Profit After NRI for the year (RMB million)	The guaranteed minimum amount of the accumulated Net Profit After NRI for the year(s) during the Valuation Adjustment Period (RMB million)
2020	375.85	375.85	75.01	75.01
2021	468.46	844.31	110.45	185.46
2022	473.46	1,317.77	114.08	299.54

### *Payment of the consideration for the First Phase Target Shares*

The payment of the fourth to sixth instalments of the consideration for the First Phase Target Shares shall be respectively made in accordance with the fulfilment of the Performance Guarantee during the Valuation Adjustment Period from 2020 to 2022. For any given year during the Valuation Adjustment Period:

- (1) If any of the accumulated Principal Business Income or accumulated Net Profit After NRI of City-Media is less than the guaranteed minimum amount for the year as listed in the table above (“**Non-Fulfilment of Performance Guarantee**”), CG Life Services will suspend the payment for the corresponding instalment of the consideration for the year, and will arrange for payment depending on the fulfilment of the Performance Guarantee in the subsequent year(s);
- (2) If both of the accumulated Principal Business Income and the accumulated Net Profit After NRI of City-Media are not less than the guaranteed minimum amount for the year (“**Fulfilment of Performance Guarantee**”), CG Life Services will, in accordance with the paragraph headed “— *Consideration and payment terms — Acquisition of the First Phase Target Shares*” above, pay the corresponding instalment of the consideration for the year in full to the First Vendor, and will pay the corresponding unpaid instalment(s) of the consideration (if any) due to Non-Fulfilment of Performance Guarantee in the previous years.

## *Performance compensation*

Following the conclusion of the Valuation Adjustment Period, if the accumulated Principal Business Income of City-Media during the Valuation Adjustment Period is less than RMB1,317.77 million, or the accumulated Net Profit After NRI is less than RMB299.54 million, then the First Vendor shall compensate CG Life Services, and the calculation of the corresponding compensation amount (“**Performance Compensation Amount**”) is as follow:

$$(A) \frac{(\text{RMB}1,317.77 \text{ million} - I)}{\text{RMB}1,317.77 \text{ million}} \times \text{RMB}511.94 \text{ million}; \text{ or}$$

$$(B) \frac{(\text{RMB}299.54 \text{ million} - P)}{\text{RMB}299.54 \text{ million}} \times \text{RMB}511.94 \text{ million},$$

I = The accumulated actual Principal Business Income during the Valuation Adjustment Period

P = The accumulated actual Net Profit After NRI during the Valuation Adjustment Period

whichever is higher, but not more than RMB511.94 million.

If the amount of the fourth and/or the fifth and/or the sixth instalments of the consideration for the First Phase Target Shares which CG Life Services has not yet paid (the “**Unpaid Consideration**”) is:

- (1) larger or equal to the Performance Compensation Amount, then CG Life Services shall pay to the First Vendor the balance of the Unpaid Consideration after deducting the Performance Compensation Amount; or
- (2) less than the Performance Compensation Amount, then the First Vendor shall pay cash to CG Life Services to make up for the difference between the Performance Compensation Amount and the Unpaid Consideration.

## *Certain principles for the calculation of whether City-Media has fulfilled the Performance Guarantee*

- (1) During the Valuation Adjustment Period, for any changes in performance resulting from resources introduced by CG Life Services or by the related parties led by it that can create performance without the operational management of City-Media’s management team, such performance changes will be excluded for the purpose of determining whether City-Media has fulfilled the Performance Guarantee, unless otherwise agreed by both parties;
- (2) If the Target Group suffers business damage or is unable to obtain expected gains due to CG Life Services or person(s) assigned by it to the Target Group, then the Target Group’s corresponding losses in Principal Business Income and the Net Profit After NRI caused by the above-mentioned situation will be excluded for the purpose of determining whether City-Media has fulfilled the Performance Guarantee;

- (3) If there are other serious situations where CG Life Services interferes with the Target Group's operation and management rights, then the Target Group's corresponding losses in the Principal Business Income and the Net Profit After NRI caused thereof will be excluded for the purpose of determining whether City-Media has fulfilled the Performance Guarantee, unless it is due to the discovery by CG Life Services that there are violations of the standard of conduct for directors, supervisors and senior management in the Target Group, and thereby interferes with the Target Group's operation and management within the affected scope of such matter.

### ***Deemed Fulfilment of Performance Guarantee***

Except where the general manager appointed by the Second Vendor voluntarily resigns or offers to cease to serve as the general manager, in the event that CG Life Services deprives the general manager appointed by the Second Vendor of daily operation and management rights or remove such general manager which results in the Second Vendor unable to assign a general manager, then the Performance Guarantee shall be deemed to be fulfilled in full ("**Deemed Fulfilment of Performance Guarantee**"), unless it is due to the discovery by CG Life Services that the person appointed by the Second Vendor violates the standard of conduct for directors, supervisors and senior management.

In a certain year, in the event of Deemed Fulfilment of Performance Guarantee of such year and/or subsequent years, CG Life Services shall, within 10 Working Days after the occurrence of such a situation, pay the consideration of the First Phase Target Shares for the corresponding instalments for such year and/or subsequent years.

### **Corporate governance after the conclusion of the Valuation Adjustment Period**

Following the conclusion of the Valuation Adjustment Period, if CG Life Services does not acquire the Second Phase Target Shares, and the Vendors do not repurchase the First Phase Target Shares, then the subsequent daily operation and management rights of City-Media will be led by CG Life Services.

### **Certain transitional arrangements before the completion of the Acquisition**

Before the completion of the Acquisition, certain transitional arrangements in respect of City-Media are set out as follows:

- (1) The board of directors and supervisors

From the date of payment of the first instalment of the consideration for the First Phase Target Shares until the conclusion of the Valuation Adjustment Period, City-Media's board of directors should consist of three members, two of them should be appointed by CG Life Services, and one of them should be appointed by the Second Vendor; City-Media should have one supervisor, who should be appointed by CG Life Services.

(2) General manager

From the date of payment of the first instalment of the consideration for the First Phase Target Shares until the conclusion of the Valuation Adjustment Period, City-Media should have one general manager, who should be designated by the Second Vendor and appointed by the board of directors.

(3) Controller for financial and other matters

The financial conditions of City-Media should be supervised by the financial controller appointed by CG Life Services. Following the First Phase Equity Delivery Date, CG Life Services should have the right to appoint director (including Chairman), deputy general manager, financial controller, cashier, seal manager, human resources officer, legal officer and other employees to City-Media.

(4) Dividend policy

During the period from the Target Group's First Phase Interest Delivery Date until the completion of the transfer of the Second Phase Target Shares, CG Life Services and the Second Vendors shall be entitled to the distributable profits of City-Media in accordance with their respective shareholding proportion. Under the pre-condition of not affecting the normal production and operation of City-Media, City-Media shall distribute dividends within four months after the end of each year, with dividend amounts being not less than 80% of the accumulated distributable net profits. Profits attributable to the Second Vendor shall be distributed before the completion of transfer of the Second Phase Target Shares.

(5) Business management arrangement

From the date of the Equity Transfer Agreement to the date of payment of the second instalment of the consideration for the First Phase Target Shares, the Original Shareholders and the Vendors shall adhere to previous practices and prudent commercial practices in their management, achieve the obligation of good-faith management on the Target Group's assets, businesses, channels, brands and others, and shall not commit any acts that may cause adverse effects on the Target Group.

The Target Shares are subject to the following transfer restrictions:

- (1) During the Valuation Adjustment Period and until CG Life Services states in writing that it will not acquire the Second Phase Target Shares, without the written consent of CG Life Services, the Second Vendor shall not, by any means, transfer the Second Phase Target Shares to any third party (including transferring its income rights, setting up a trust or entrusting a third party to conduct management, etc).
- (2) During the Valuation Adjustment Period, without the written consent of the Second Vendor, CG Life Services shall not, by any means, transfer City-Media's equity interests held by it to unrelated third parties (including transferring its income rights, setting up a trust or entrusting unrelated third parties to conduct management, etc).

## **Non-competition**

Each of Mr. WU Zefei ( 吳則飛 ), Mr. HOU Yushuai ( 侯宇帥 ), Mr. LI Zhigang ( 李志綱 ), Mr. WANG Feng ( 王鋒 ) and Mr. ZHOU Xiaogang ( 周曉剛 ) (all of whom are Original Shareholders) (“**Core Members**”) as well as their respective related parties shall not, (i) within five years after the signing of the Equity Transfer Agreement, (ii) during the period which he directly or indirectly holds the equity interest in City-Media, or (iii) three years after he ceases to directly or indirectly hold the equity interest in City-Media (other than the incentive equity interests or options which are recognized or led by CG Life Services) for a period of three years (whichever is the latest), engage in the following activities:

- (1) in his/her/its own name or on behalf of other parties, directly or indirectly persuade, interfere or attempt to interfere with any person, firm, company or organization who/which are the customers, suppliers or employees of City-Media;
- (2) directly or indirectly conduct (alone or with other third parties) any activities related to the business of City-Media, such as elevator advertising, elevator advertising spot resource procurement and elevator advertising agency;
- (3) conduct (on his own or for others) any activities related to the business of City-Media, such as elevator advertising, elevator advertising spot resource procurement and elevator advertising agency, except for those of the related entities held as to no more than 5% of the equity capital by the Original Shareholders operating for themselves or others; and
- (4) other acts which may likely to compete with the business of City-Media.

If there is any breach of the above agreement by any Core Member, such Core Member shall immediately cease (or cause its related parties to cease) such breaches, and shall pay to CG Life Services 50% of the consideration he/she/it received (calculated with reference to the proportion of shareholdings of such Core Member in City-Media) in the Acquisition as liquidated damages.

## **INFORMATION ON CITY-MEDIA**

City-Media is established in 2010 and is a company established under the laws of the PRC with limited liability. It is principally engaged in the development, operation and advertising services of elevator poster media in city buildings. City-Media owns millions of adjustable advertising boards across the country, and is one of the few elevator poster advertising service providers in China with countrywide advertising resources integration and publishing capabilities.

City-Media was listed on the National Equities Exchange and Quotations (NEEQ) (i.e. the New Third Board) (Stock Code: 837199) in May 2016, and it has been delisted since 15 July 2020.

## Proportion of shareholdings in City-Media

As at the date of the Equity Transfer Agreement, the entire equity interests of City-Media are held by the Original Shareholders in the following proportion of shareholdings:

	<b>Name of Original Shareholders</b>	<b>Proportion of shareholdings</b>
1	WU Zefei (吳則飛)	32.78%
2	XU Li (許麗)	4.99%
3	GAO Shujuan (高淑娟)	4.95%
4	WANG Xin (王昕)	4.95%
5	ZHANG Wenxiang (張文翔)	4.75%
6	Shanghai Ruishun Investment Management Partnership (Limited Partnership) (上海瑞順投資管理合夥企業(有限合夥))	4.28%
7	ZHANG Naigong (張乃公)	4.20%
8	LI Haijin (李海金)	4.20%
9	ZHOU Xiaogang (周曉剛)	4.20%
10	HOU Yushuai (侯宇帥)	4.00%
11	BIAN Yuxin (卞宇昕)	3.41%
12	LI Zhaowei (李照巍)	3.00%
13	CHENG Xiaolei (程小雷)	2.96%
14	Shanghai Weiyu Investment Management Partnership (Limited Partnership) (上海維譽投資管理合夥企業(有限合夥))	2.79%
15	CHANG Yunzhuan (常運專)	2.20%
16	LI Zhigang (李志綱)	1.86%
17	WANG Feng (王鋒)	1.86%
18	LIU Mingda (劉明達)	1.76%
19	MU Kai (穆凱)	1.30%
20	ZOU Wei (鄒巍)	1.00%
21	LI Weidong (李衛東)	1.00%
22	WANG Dexing (王德興)	0.96%
23	XU Tao (徐濤)	0.92%
24	YANG Jun (楊珺)	0.84%
25	XIAO Suxia (肖素霞)	0.84%
	<b>Total</b>	<b>100%</b>

## Financial Information

Based on the financial report of City-Media prepared in accordance with the China Accounting Standards for Business Enterprises, the audited consolidated net asset value of City-Media as at 31 December 2019 was approximately RMB189.28 million and the audited net profit of City-Media for the two years ended 31 December 2019 is set out in the table below:

	<i>RMB million</i>	
	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>(audited)</i>	<i>(audited)</i>
	(approximate)	(approximate)
Net profit before taxation	97.85	84.67
Net profit after taxation	78.93	66.67

## FINANCIAL EFFECTS OF THE ACQUISITION

Following the completion of the acquisition of the First Phase Target Shares by CG Life Services, City-Media will become a subsidiary of the Group, and its results, assets and liabilities will be consolidated into the accounts of the Group.

Following the completion of the acquisition of the First Phase Target Shares and the Second Phase Target Shares by CG Life Services, the Company will indirectly hold 100% equity interest of City-Media, and City-Media will become a wholly-owned subsidiary of the Group.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group believes that the advertising market is vast in the urban living zone, and it expects such market will have a steady growth trend in the future. City-Media has steady operating conditions and financial performance, and it ranks among the top in the industry in terms of business scale. Its management team has extensive experience in the elevator media industry in urban communities, and its operational capability is leading in the advertising industry. City-Media is able to facilitate the community media resource collaboration with the Group, strongly supports the Group in improving the efficiency of its community media resources, as well as achieves the goal of rapid market expansion.

Having considered the existing brand influence, and future prospects of City-Media, the feasibility of its business expansion and the synergy and possible integration of resources between the Group and City-Media, the Directors consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Pursuant to the Equity Transfer Agreement, the purchase price for the First Phrase Target Shares shall not exceed RMB511.94 million, and the purchase price for the Second Phrase Target Shares shall not exceed RMB1 billion. Based on these capped amounts, as one or more of the applicable percentage ratios of the Acquisition exceed 5% but all are below 25%, the Acquisition therefore constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.73 of the Listing Rules, the grant of an option by a listed issuer is regarded as a transaction. Since the Vendors Repurchase Option involved in the Acquisition is regarded as an option granted to the Vendors and the exercise of which is not at the Company's discretion, pursuant to Rule 14.74(1) of the Listing Rules, the grant of the Vendors Repurchase Option will be classified as if the Vendors Repurchase Option had been exercised. As one or more of the applicable percentage ratios of the Vendors Repurchase Option exceed 5% but all are below 25%, the grant of the Vendors Repurchase Option therefore constitutes a discloseable transaction of the Company and is subject to the reporting 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, value-added services to non-property owners and provision of heat supply services.

CG Life Services is an indirectly wholly-owned subsidiary of the Company and is principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and provision of heat supply services.

The First Vendor is a limited partnership established under the laws of the People's Republic of China, and is principally engaged in equity investments. As at the date of the Equity Transfer Agreement, its proportion of contribution is as follows:

	<b>Name of contributor</b>	<b>Proportion of holding</b>
1	WU Zefei (吳則飛)	31.78%
2	GAO Shujuan (高淑娟)	16.05%
3	XU Li (許麗)	8.4%
4	WANG Xin (王昕)	7.56%
5	LI Zhaowei (李照巍)	7.07%
6	HOU Yushuai (侯宇帥)	5.31%
7	CHENG Xiaolei (程小雷)	4.51%
8	ZHANG Naigong (張乃公)	4.2%
9	LI Haijin (李海金)	4.2%
10	ZHOU Xiaogang (周曉剛)	4.2%
11	LI Zhigang (李志綱)	1.86%
12	WANG Feng (王鋒)	1.86%
13	WANG Minglin (王明林)	1%
14	LI Weidong (李衛東)	1%
15	ZOU Wei (鄒巍)	1%
	<b>Total</b>	<b>100%</b>

The Second Vendor is a limited partnership established under the laws of the People's Republic of China, and is principally engaged in equity investments. As at the date of the Equity Transfer Agreement, its proportion of contribution is as follows:

	<b>Name of contributor</b>	<b>Proportion of holding</b>
1	WU Zefei (吳則飛)	31.78%
2	GAO Shujuan (高淑娟)	16.05%
3	XU Li (許麗)	8.4%
4	WANG Xin (王昕)	7.56%
5	LI Zhaowei (李照巍)	7.07%
6	HOU Yushuai (侯宇帥)	5.31%
7	CHENG Xiaolei (程小雷)	4.51%
8	LI Haijin (李海金)	4.2%
9	ZHANG Naigong (張乃公)	4.2%
10	ZHOU Xiaogang (周曉剛)	4.2%
11	WANG Feng (王鋒)	1.86%
12	LI Zhigang (李志綱)	1.86%
13	WANG Minglin (王明林)	1%
14	ZOU Wei (鄒巍)	1%
15	LI Weidong (李衛東)	1%
	<b>Total</b>	<b>100%</b>

## DEFINITIONS

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

“Acquisition”	the acquisition by CG Life Services of the First Phase Target Shares from the First Vendor and the acquisition of the Second Phase Target Shares from the Second Vendor, in accordance with the Equity Transfer Agreement
“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), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“City-Media”	City-Media (Shanghai) Corporation, Limited* (城市縱橫(上海)文化傳媒股份有限公司), a joint-stock company with limited liability established in the People’s Republic of China
“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
“Core Members”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Non-competition</i> ” of this announcement
“Deemed Fulfilment of Performance Guarantee”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Performance Guarantee and the valuation adjustment mechanism — Deemed Fulfilment of Performance Guarantee</i> ” of this announcement
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 30 July 2020 entered into between CG Life Services, the Original Shareholders, the Vendors and City-Media in relation to the Acquisition
“First Phase Equity Delivery Date”	the date on which the First Phase Target Shares has been transferred to CG Life Services and on which the change in business registration is completed

“First Phase Interest Delivery Date”	the last day of the previous month of the First Phase Equity Delivery Date
“First Phase Target Shares”	the 65% of the Target Shares which are proposed to be acquired by the First Vendor from the Original Shareholders, and to transfer to CG Life Services in accordance with the Equity Transfer Agreement
“First Vendor”	Zhoushan Maofenghe Equity Investment Partnership (Limited Partnership) * (舟山茂豐和股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Fulfilment of Performance Guarantee”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Performance Guarantee and the valuation adjustment mechanism — Payment of the consideration for the First Phase Target Shares</i> ” of this announcement
“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
“Net Profit After NRI”	in respect of any period(s), the audited net profit of City-Media which is attributable to the shareholders of City-Media after deducting the non-recurring profit or loss, during that period
“Non-fulfilment of Performance Guarantee”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Performance Guarantee and the valuation adjustment mechanism — Payment of the consideration for the First Phase Target Shares</i> ” of this announcement

“Original Shareholders”	the existing shareholders of City-Media at the date of the Equity Transfer Agreement and prior to the Acquisition, namely:
	(1) the following individuals:
	WU Zefei (吳則飛), XU Li (許麗), GAO Shujuan (高淑娟), WANG Xin (王昕), ZHANG Wenxiang (張文翔), ZHANG Naigong (張乃公), LI Haijin (李海金), ZHOU Xiaogang (周曉剛), HOU Yushuai (侯宇帥), BIAN Yuxin (卞宇昕), LI Zhaowei (李照巍), CHENG Xiaolei (程小雷), CHANG Yunzhan (常運專), LI Zhigang (李志綱), WANG Feng (王鋒), LIU Mingda (劉明達), MU Kai (穆凱), ZOU Wei (鄒巍), LI Weidong (李衛東), WANG Dexing (王德興), XU Tao (徐濤), YANG Jun (楊珺), XIAO Suxia (肖素霞); and
	(2) the following limited partnerships that are established in accordance with the laws of the PRC:
	Shanghai Ruishun Investment Management Partnership (Limited Partnership)* (上海瑞順投資管理合夥企業(有限合夥)) and Shanghai Weiyu Investment Management Partnership (Limited Partnership)* (上海維譽投資管理合夥企業(有限合夥))
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Performance Compensation Amount”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Performance Guarantee and the valuation adjustment mechanism — Performance compensation</i> ” of this announcement
“Performance Guarantee”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Performance Guarantee and the valuation adjustment mechanism — Performance Guarantee during the Valuation Adjustment Period</i> ” of this announcement
“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)
“Principal Business Income”	in respect of any period(s), the audited principal business income of City-Media during that period

“Second Phase Target Shares”	the 35% of the Target Shares which are proposed to be acquired by the Second Vendor from the Original Shareholders, and to transfer to CG Life Services in accordance with the Equity Transfer Agreement
“Second Vendor”	Zhoushan Bairuitong Equity Investment Partnership (Limited Partnership)* (舟山佰瑞通股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	City-Media and its subsidiaries, and other legal entities that are included in the consolidated financial statements of City-Media
“Target Share(s)”	the ordinary share(s) of RMB1 each in the share capital of City-Media
“Unpaid Consideration”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Performance Guarantee and the valuation adjustment mechanism — Performance compensation</i> ” of this announcement
“Valuation Adjustment Period”	the years of 2020, 2021 and 2022
“Vendors”	the First Vendor and the Second Vendor
“Vendors Repurchase Option”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Consideration and payment terms — Acquisition of the Second Phase Target Shares — Circumstances in which CG Life Services has no obligation but has the right to acquire the Second Phase Target Shares</i> ” of this announcement
“Working Day(s)”	the statutory working days in the PRC
“%”	per cent

\* For identification purpose only

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

Hong Kong, 30 July 2020

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