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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

ACQUISITION OF

A TOTAL OF 60% EQUITY INTEREST IN FUJIAN DONGFEI

The Board is pleased to announce that, on 30 October 2020 (after trading hours), CG Life Services and CG Property Services HK (both of which are indirect wholly-owned subsidiaries of the Company) entered into the Equity Transfer Agreements with, among others, Dingrong Environmental Protection and One Supreme, respectively, pursuant to which the Group agreed to directly and indirectly acquire a total of 60% equity interest in Fujian Dongfei.

Upon completion of the Acquisitions, the Group will directly and indirectly hold a total of 60% equity interest in Fujian Dongfei. Genuine Investment, Waytop Investment and Fujian Dongfei will become subsidiaries of the Group, and their results, assets and liabilities will be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios in respect of the Equity Transfer Agreements are more than 5% but all of them are less than 25%, the Acquisitions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that, on 30 October 2020 (after trading hours), CG Life Services (an indirect wholly-owned subsidiary of the Company) and CG Property Services HK (an indirect wholly-owned subsidiary of the Company) entered into the following agreements with, among others, Dingrong Environmental Protection and One Supreme, respectively:

(1) FUJIAN DONGFEI EQUITY TRANSFER AGREEMENT

The principal terms of the Fujian Dongfei Equity Transfer Agreement are set out below:

- Date** : 30 October 2020
- Parties** : (1) CG Life Services
(2) Dingrong Environmental Protection
(3) the Dingrong Environmental Protection Related Persons
(4) Fujian Dongfei

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Dingrong Environmental Protection, the Dingrong Environmental Protection Related Persons, Fujian Dongfei and their respective ultimate beneficial owners are all third parties independent of the Company and its connected persons.

Subject Matter

In accordance with the terms of the Fujian Dongfei Equity Transfer Agreement, CG Life Services agreed to acquire 40% equity interest in Fujian Dongfei from Dingrong Environmental Protection.

Consideration and Payment Terms

The consideration for the Fujian Dongfei Acquisition is RMB375.20 million. The consideration was determined following arm's length negotiations after taking into account, among other factors, the current status and future development potential of the industry in which Fujian Dongfei operates, the Performance Guarantees, the market value of Fujian Dongfei, the share pledges and guarantees under the Fujian Dongfei Equity Transfer Agreement, and the status of the existing management projects of Fujian Dongfei.

The total consideration for the Fujian Dongfei Acquisition and the Genuine Investment Acquisition, after taking into account the performance compensation in cash which may be payable by the Vendors, is not more than RMB871.04 million, and is proposed to be settled with the self-owned funds of CG Life Services and CG Property Services HK. The aforesaid consideration was determined following arm's length negotiations and mainly based on the Performance Guarantee One in respect of Fujian Dongfei for 2020 made by the Vendors, being the Net Profit After NRI of not less than RMB120 million multiplied by the price-to-earnings ratio of approximately 12.10 times (determined with reference to the merger and acquisition cases in the same industry in the market), taking into account, among other factors, the Performance Guarantee Two for the Performance Guarantee Period (being the years 2021 to 2023), which increases year by year, the controlling interest in Fujian Dongfei, the compensation in cash or through equity interest which may be payable by the Vendors as a result of the failure to meet the Performance Guarantees, the share pledges and guarantees under the Equity Transfer Agreements, and the status of the existing management projects of Fujian Dongfei.

Assuming that Fujian Dongfei will meet the Performance Guarantee Two for each of the years 2021, 2022 and 2023, the price-to-earnings ratio calculated by dividing the total consideration for the Acquisitions by 60% of the guaranteed minimum Net Profit After NRI for each of the years 2021, 2022 and 2023 under the Performance Guarantee Two will be approximately 10.08 times, 8.40 times and 6.72 times, respectively.

For the avoidance of doubt, the Performance Guarantees made by the Vendors do not represent the expected level of future profits of Fujian Dongfei, neither do they constitute a profit forecast under Rule 14.61 of the Listing Rules.

The consideration for the Fujian Dongfei Acquisition shall be settled by CG Life Services in cash within 10 Working Days after certain conditions precedent have been fulfilled, which mainly include the following:

- (1) the Fujian Dongfei Equity Transfer Agreement has been signed, and the competent bodies of Dingrong Environmental Protection and Fujian Dongfei have passed all necessary resolutions;
- (2) the procedures for the change of registration for the transfer of ownership of the Fujian Dongfei Target Shares to CG Life Services, the filing and registration of the directors and supervisors designated by CG Life Services and the filing of the articles of association recognized by CG Life Services with the State Administration for Industry and Commerce have been completed;
- (3) the procedures for the registration of the share pledges in respect of the pledges of the equity interest in favor of CG Life Services as stated in the paragraph headed “*1. Fujian Dongfei Equity Transfer Agreement — Pledges*” below have been completed;
- (4) the letters of undertaking issued by the co-owners of the four exterior design patents (regarding garbage separation boxes) co-owned by Fujian Dongfei have been obtained, who have undertaken that they will not implement the aforesaid patents alone in any way or license the aforesaid patents to others by way of simple license to implement the patents without the written consent of Fujian Dongfei and have agreed that the proceeds from the license of the aforesaid patents by Fujian Dongfei to others for implementation shall be vested in Fujian Dongfei;

- (5) As at the Fujian Dongfei Equity Delivery Date:
- (I) there are no pending or potential litigations, arbitrations, judgments, awards, rulings or injunctions which have had or will have an adverse impact on Dingrong Environmental Protection, Fujian Dongfei or the Fujian Dongfei Acquisition;
 - (II) there are no encumbrances over the Fujian Dongfei Target Shares (except for those otherwise agreed in the Fujian Dongfei Equity Transfer Agreement); and
 - (III) there are no events which have a material adverse impact on the financial position, business, assets, liabilities, business qualifications and licenses, prospects or operation of Fujian Dongfei;
- (6) During the period from the date of the Fujian Dongfei Equity Transfer Agreement to the Fujian Dongfei Equity Delivery Date:
- (I) Fujian Dongfei has no new amounts utilized by its shareholders or related parties (unless with the written consent of CG Life Services) and has completed the settlement of the amounts utilized by its shareholders and related parties; and
 - (II) Unless with the written consent of CG Life Services, Fujian Dongfei has no new financing liabilities, external guarantees, and any other matters which may cause it to assume contingent liabilities; and
- (7) As at the end of the month immediately preceding the Fujian Dongfei Equity Delivery Date:
- (I) the cash balance of Fujian Dongfei is not less than RMB114.22 million; and
 - (II) the net assets of Fujian Dongfei are not less than RMB478.16 million.

Pledges

- (1) Waytop Investment will pledge the 30% equity interest in Fujian Dongfei held by it in favor of the pledgee designated by CG Life Services;
- (2) Xinde Investment will pledge the 30% equity interest in Fujian Dongfei held by it in favor of the pledgee designated by CG Life Services;
- (3) Guarantor One will pledge the 100% equity interest in Waytop Investment under its actual control in favor of the pledgee designated by CG Life Services;
- (4) Guarantor One will pledge the 100% equity interest in Genuine Investment under its actual control in favor of the pledgee designated by CG Life Services (the parties have agreed to release the pledge over the relevant portion of equity interest when completing the procedures for the change of registration of the target shares under the Genuine Investment Equity Transfer Agreement); and
- (5) Guarantor Three will pledge the 100% equity interest in Xinde Investment under its actual control in favor of the pledgee designated by CG Life Services.

The aforesaid pledges are to guarantee the due performance by Dingrong Environmental Protection and the Guarantors of their obligations under the Fujian Dongfei Equity Transfer Agreement. The term of each of the aforesaid pledges shall commence on the date of the creation of the pledge and end on the date on which audit has confirmed that Fujian Dongfei has fulfilled the Performance Guarantees.

Guarantees

The Guarantors have undertaken to provide an irrevocable joint and several guarantee as to the performance of the obligations, assumption of liabilities and the payment for the expenses payable by Dingrong Environmental Protection and the Dingrong Environmental Protection Related Persons under the Fujian Dongfei Equity Transfer Agreement, with the guarantee period ending on the date on which CG Life Services and its related parties directly or indirectly hold 60% equity interest in Fujian Dongfei.

Performance Guarantees

Dingrong Environmental Protection has undertaken that:

- (1) the Net Profit After NRI of Fujian Dongfei for the financial year 2020 will be not less than RMB120 million (the “**Performance Guarantee One**”); and
- (2) the audited accumulated Operating Revenue and audited accumulated Net Profit After NRI of Fujian Dongfei for each financial year during the Performance Guarantee Period will reach the minimum performance requirements for that year (the “**Performance Guarantee Two**”) as follows:

Year of performance	Operating Revenue		Net Profit After NRI	
	Guaranteed minimum Operating Revenue for the year	Guaranteed minimum audited accumulated Operating Revenue for each year during the Performance Guarantee Period	Guaranteed minimum Net Profit After NRI for the year	Guaranteed minimum audited accumulated Net Profit After NRI for each year during the Performance Guarantee Period
2021	1.15X	1.15X	1.2Y	1.2Y
2022	1.15 x 1.15X	2.15 x 1.15X	1.2 x 1.2Y	2.2 x 1.2Y
2023	1.2 x 1.15 x 1.15X	3.53 x 1.15X	1.25 x 1.2 x 1.2Y	3.7 x 1.2Y

For the purposes of the table above and the sections below:

X = Operating Revenue (exclusive of tax) of Fujian Dongfei for 2020

Y = Net Profit After NRI of Fujian Dongfei for 2020 (the “**Performance Guarantee Benchmark(s)**”)

For the avoidance of doubt, the Performance Guarantees made by the Vendors do not represent the expected level of future profits of Fujian Dongfei, neither do they constitute a profit forecast under Rule 14.61 of the Listing Rules.

Reward to Management for Exceeding the Performance Guarantees

If Fujian Dongfei has fulfilled the Performance Guarantee One or has reached both the minimum Operating Revenue and Net Profit After NRI under the Performance Guarantee Two during the Performance Guarantee Period, the bonus for the relevant year calculated as follows shall be distributed by Fujian Dongfei to its then management:

(Audited Net Profit After NRI before taxation for the year –
Guaranteed minimum audited Net Profit After NRI before taxation for the year) × 30%

Valuation Adjustment and Compensation

Compensation for Performance Guarantee One

If Fujian Dongfei fails to fulfill the Performance Guarantee One, Guarantor One shall pay to CG Life Services compensation calculated as follows in cash within 30 calendar days of confirmation of the annual audit results:

$$40\% \times (\text{Performance Guarantee One} - \text{Net Profit After NRI for 2020}) \times \text{Valuation reference coefficient} \times \text{Valuation adjustment coefficient}$$

For the purpose of this section:

The valuation reference coefficient is 7.81

The valuation adjustment coefficient is approximately 1.79

Compensation for Performance Guarantee Two

For each financial year during the Performance Guarantee Period, if the audited accumulated Operating Revenue or accumulated Net Profit After NRI of Fujian Dongfei is lower than the Performance Guarantee Two, the Guarantors shall pay compensation to CG Life Services in cash or through the equity interest in Fujian Dongfei.

(1) For compensation in cash, the amount (M) shall be the higher of the following:

$$(A) \frac{(\text{Guaranteed minimum accumulated Operating Revenue for the Performance Guarantee Period} - \text{Accumulated actual Operating Revenue for the Performance Guarantee Period})}{\text{Guaranteed minimum accumulated Operating Revenue for the Performance Guarantee Period}} \times C; \text{ or}$$

$$(B) \frac{(\text{Guaranteed minimum accumulated Net Profit After NRI for the Performance Guarantee Period} - \text{Accumulated actual Net Profit After NRI for the Performance Guarantee Period})}{\text{Guaranteed minimum accumulated Net Profit After NRI for the Performance Guarantee Period}} \times C$$

C = Consideration for the Fujian Dongfei Acquisition – Compensation already received by CG Life Services regarding the Performance Guarantee One (if any)

(2) For compensation through the equity interest in Fujian Dongfei, the proportion of equity interest shall be calculated as follows:

$$\frac{M}{(\text{Valuation reference coefficient} \times \text{Valuation adjustment coefficient} \times Z)}$$

Z = The lower of the Net Profit After NRI of Fujian Dongfei for 2020 and RMB120 million

During the Performance Guarantee Period, if the difference between the Operating Revenue or Net Profit After NRI of Fujian Dongfei for any year and the Performance Guarantee Benchmarks X and Y, respectively, is not more than 5%, CG Life Services may choose to request the Guarantors to make compensation either in cash or through equity interest. If the difference is more than 5%, the Guarantors shall have the right to choose between compensation in cash or through equity interest.

If compensation is made through equity interest, Guarantor One has agreed to make compensation by transferring the equity interest in Genuine Investment under its control to CG Life Services at nil consideration, according to the basis that 100% equity interest in Genuine Investment translates to 30% equity interest in Fujian Dongfei. If the shareholding percentage of Guarantor One is insufficient to or Guarantor One fails to compensate CG Life Services within the agreed period, Xinde Investment shall perform the same obligation for equity compensation with the 30% equity interest in Fujian Dongfei held by it.

Guarantee for the Return on Investment from the Disposal of Domestic Waste Incineration Power Generation Project

Dingrong Environmental Protection and the Guarantors have undertaken to dispose of the waste incineration power generation project designated by CG Life Services, which shall be disposed of at a price representing a return on investment of not lower than RMB30 million (taking into account the interest cost of the funds invested by Fujian Dongfei, calculated at an annualized rate of 8%).

Liability for Misstatement

If any of the statements, representations, undertakings or warranties made by Dingrong Environmental Protection and Fujian Dongfei under the Fujian Dongfei Equity Transfer Agreement is found to be false or untrue or contain material omissions, before the full settlement of the consideration for the Fujian Dongfei Acquisition, CG Life Services shall have the right to deduct such amount from the consideration for the Fujian Dongfei Acquisition. If CG Life Services has commenced or completed the performance of its obligations under the agreement, CG Life Services shall have the right to request Dingrong Environmental Protection to refund the consideration for the Fujian Dongfei Acquisition in full and pay liquidated damages equivalent to 15% of the consideration for the Fujian Dongfei Acquisition already received by Dingrong Environmental Protection.

Liability for Default

- (1) If there is any delay on the part of Dingrong Environmental Protection or CG Life Services in the performance of the payment obligations under the Fujian Dongfei Equity Transfer Agreement, a late payment penalty shall accrue on the overdue portion at a daily interest rate of 0.05%.
- (2) If Dingrong Environmental Protection or CG Life Services fails to perform the non-monetary obligations under the Fujian Dongfei Equity Transfer Agreement at all or in conformity with its terms, a late payment penalty shall accrue at a rate of RMB10,000/day from the date of overdue performance.

- (3) If Dingrong Environmental Protection or CG Life Services fails to perform the obligations under the Fujian Dongfei Equity Transfer Agreement for 20 calendar days, the other party shall have the right to unilaterally terminate the agreement. If the other party chooses to unilaterally terminate the agreement, the defaulting party shall pay liquidated damages equivalent to 15% of the total consideration for the Fujian Dongfei Acquisition.

(2) GENUINE INVESTMENT EQUITY TRANSFER AGREEMENT

The principal terms of the Genuine Investment Equity Transfer Agreement are set out below:

- Date** : 30 October 2020
- Parties** : (1) CG Property Services HK
- (2) One Supreme
- (3) the One Supreme Related Persons
- (4) Genuine Investment
- (5) Fujian Dongfei

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, One Supreme, the One Supreme Related Persons, Genuine Investment, Fujian Dongfei and their respective ultimate beneficial owners are all third parties independent of the Company and its connected persons.

Subject Matter

In accordance with the terms of the Genuine Investment Equity Transfer Agreement, CG Property Services HK agreed to acquire a total of 66.67% equity interest in Genuine Investment from One Supreme.

Condition Precedent for Completion

The completion of the Genuine Investment Acquisition is conditional upon the lawful change of registration of the Fujian Dongfei Target Shares to an affiliate of CG Property Services HK.

Consideration and Payment Terms

The consideration for the Genuine Investment Acquisition is RMB495.84 million. The consideration was determined following arm's length negotiations after taking into account, among other factors, the current status and future development potential of the industry in which Fujian Dongfei, which is indirectly held as to 30% by Genuine Investment, operates, the indirect transfer by One Supreme of the controlling interest in Fujian Dongfei, the Performance Guarantees, the price-to-earnings ratio determined with reference to the merger

and acquisition cases in the same industry in the market, the share pledges and guarantees under the Genuine Investment Equity Transfer Agreement, and the status of the existing management projects of Fujian Dongfei.

The aforesaid consideration shall be settled by CG Property Services HK in cash within 10 Working Days after certain conditions precedent have been fulfilled, which mainly include:

- (1) the Genuine Investment Equity Transfer Agreement has been signed, and the competent bodies of One Supreme and Genuine Investment have passed all necessary resolutions;
- (2) the procedures for the change of registration for the transfer of ownership of the Genuine Investment Target Shares to CG Property Services HK, the filing and registration of the directors designated by CG Property Services HK and the filing of the articles of association recognized by CG Property Services HK with the State Administration for Industry and Commerce have been completed;
- (3) the procedures for the registration of the share pledges in respect of the pledges of the equity interest in favor of CG Property Services HK as stated in the paragraph headed “2. *Genuine Investment Equity Transfer Agreement — Pledges*” below have been completed;
- (4) As at the Genuine Investment Equity Delivery Date:
 - (I) there are no pending or potential litigations, arbitrations, judgments, awards, rulings or injunctions which have had or will have an adverse impact on One Supreme, Genuine Investment or the Genuine Investment Acquisition;
 - (II) there are no encumbrances over the Genuine Investment Target Shares and the equity interest in Fujian Dongfei (except for those otherwise agreed in the Genuine Investment Equity Transfer Agreement); and
 - (III) there are no events which have a material adverse impact on the financial position, business, assets, liabilities, business qualifications and licenses, prospects or operation of Genuine Investment or Fujian Dongfei;
- (5) During the period from the date of the Genuine Investment Equity Transfer Agreement to the Genuine Investment Equity Delivery Date:
 - (I) Genuine Investment and Fujian Dongfei have no new amounts utilized by their shareholders or related parties (unless with the written consent of CG Property Services HK) and have completed the settlement of the amounts utilized by their shareholders and related parties; and
 - (II) Genuine Investment and Fujian Dongfei have no new financing liabilities, external guarantees, and any other matters which may cause it to assume contingent liabilities; and

- (6) As at the end of the month immediately preceding the Genuine Investment Equity Delivery Date:
- (I) the cash balance of Fujian Dongfei is not less than RMB114.22 million; and
 - (II) the net assets of Fujian Dongfei are not less than RMB478.16 million.

Pledges

- (1) Waytop Investment will pledge the 30% equity interest in Fujian Dongfei held by it in favor of the pledgee designated by CG Property Services HK;
- (2) Xinde Investment will pledge the 30% equity interest in Fujian Dongfei held by it in favor of the pledgee designated by CG Property Services HK;
- (3) Guarantor One will pledge the 100% equity interest in One Supreme held by it in favor of CG Property Services HK;
- (4) Guarantor One will pledge the 100% equity interest in Waytop Investment under its actual control in favor of CG Property Services HK;
- (5) Guarantor One will pledge the 100% equity interest in Genuine Investment under its actual control in favor of CG Property Services HK (the parties have agreed to release the pledge over the relevant portion of equity interest when completing the procedures for the registration for change in the ownership of the shares of Genuine Investment under the Genuine Investment Equity Transfer Agreement); and
- (6) Guarantor Three will pledge the 100% equity interest in Xinde Investment under its actual control in favor of CG Property Services HK.

The aforesaid pledges are to guarantee the due performance by One Supreme of its obligations under the Genuine Investment Equity Transfer Agreement. The term of each of the aforesaid pledges (1), (2), (4), (5) and (6) shall commence on the date of the creation of the pledge and end on the date on which audit has confirmed that Fujian Dongfei has fulfilled the Performance Guarantees, and the term of the aforesaid pledge (3) shall commence on the date of the creation of the pledge and end on the date on which CG Property Services HK and its related parties directly or indirectly hold 60% equity interest in Fujian Dongfei.

Guarantees

The Guarantors have undertaken to provide an irrevocable joint and several guarantee as to the performance of the obligations, assumption of liabilities and the payment for the expenses payable by One Supreme and the One Supreme Related Persons under the Genuine Investment Equity Transfer Agreement, with the guarantee period ending on the date CG Property Services HK and its related parties directly or indirectly hold 60% equity interest in Fujian Dongfei.

Performance Guarantees

One Supreme has made the Performance Guarantees, details of which are set out in the section headed “1. Fujian Dongfei Equity Transfer Agreement — Performance Guarantees” above.

Valuation Adjustment and Compensation

Compensation for Performance Guarantee One

If Fujian Dongfei fails to fulfill the Performance Guarantee One, One Supreme shall pay to CG Property Services HK compensation calculated as follows in cash within 30 calendar days of confirmation of the annual audit results:

$$20\% \times (\text{Performance Guarantee One} - \text{Net Profit After NRI for 2020}) \times \\ \text{Valuation reference coefficient} \times \text{Valuation adjustment coefficient}$$

For the purpose of this section:

The valuation reference coefficient is 7.81

The valuation adjustment coefficient is approximately 1.79

Compensation for Performance Guarantee Two

For each financial year during the Performance Guarantee Period, if the audited accumulated Operating Revenue or audited accumulated Net Profit After NRI of Fujian Dongfei is lower than the Performance Guarantee Two, the Guarantors shall pay compensation to CG Property Services HK in cash or through the equity interest in Fujian Dongfei.

For compensation in cash, the amount (M) shall be the higher of the following:

$$(A) \frac{(\text{Guaranteed minimum accumulated Operating Revenue for the Performance Guarantee Period} - \text{Accumulated actual Operating Revenue for the Performance Guarantee Period})}{\text{Guaranteed minimum accumulated Operating Revenue for the Performance Guarantee Period}} \times C; \text{ or}$$

$$(B) \frac{(\text{Guaranteed minimum accumulated Net Profit After NRI for the Performance Guarantee Period} - \text{Accumulated actual Net Profit After NRI for the Performance Guarantee Period})}{\text{Guaranteed minimum accumulated Net Profit After NRI for the Performance Guarantee Period}} \times C,$$

C = Consideration for the Genuine Investment Acquisition – Compensation already received by CG Property Services HK regarding the Performance Guarantee One (if any)

For compensation through the equity interest in Fujian Dongfei, the proportion of equity interest shall be calculated as follows:

$$\frac{M}{(\text{Valuation reference coefficient} \times \text{Valuation adjustment coefficient} \times Z)}$$

Z = The lower of the Net Profit After NRI of Fujian Dongfei for 2020 and RMB120 million

During the Performance Guarantee Period, if the difference between the Operating Revenue or Net Profit After NRI of Fujian Dongfei for any year and the Performance Guarantee Benchmarks X and Y, respectively, is not more than 5%, CG Property Services HK may choose to request the Guarantors to make compensation either in cash or through equity interest. If the difference is more than 5%, the Guarantors shall have the right to choose between compensation in cash or through equity interest.

If compensation is made through equity interest, Guarantor One has agreed to make compensation by transferring the equity interest in Genuine Investment under its control to CG Property Services HK at nil consideration, according to the basis that 100% equity interest in Genuine Investment translates to 30% equity interest in Fujian Dongfei. If the shareholding percentage of Guarantor One is insufficient to or Guarantor One fails to compensate CG Property Services HK within the agreed period, Xinde Investment shall perform the same obligation for equity compensation with the 30% equity interest in Fujian Dongfei held by it.

Guarantee for the Return on Investment for the Disposal of Domestic Waste Incineration Power Generation Project

One Supreme and the Guarantors have undertaken to dispose of the waste incineration power generation project designated by CG Property Services HK, which shall be disposed of at a price representing a return on investment of not lower than RMB30 million (taking into account the interest cost of the funds invested by Fujian Dongfei, calculated at an annualized rate of 8%).

Liability for Misstatement

If any of the statements, representations, undertakings or warranties made by One Supreme and Genuine Investment under the Genuine Investment Equity Transfer Agreement is found to be false or untrue or contain material omissions, before the full settlement of the consideration for the Genuine Investment Acquisition, CG Property Services HK shall have the right

to deduct such amount from the consideration for the Genuine Investment Acquisition. If CG Property Services HK has commenced or completed the performance of its obligations under the agreement, CG Property Services HK shall have the right to request One Supreme to refund the consideration for the Genuine Investment Acquisition in full and pay to CG Property Services HK liquidated damages equivalent to 15% of the consideration for the Genuine Investment Acquisition already received by One Supreme.

Liability for Default

- (1) If there is any delay on the part of One Supreme or CG Property Services HK in the performance of the payment obligations under the Genuine Investment Equity Transfer Agreement, a late payment penalty shall accrue on the overdue portion at a daily interest rate of 0.05%.
- (2) If One Supreme or CG Property Services HK fails to perform the non-monetary obligations under the Genuine Investment Equity Transfer Agreement at all or in conformity with its terms, a late payment penalty shall accrue at a rate of RMB10,000/day from the date of overdue performance.
- (3) If One Supreme or CG Property Services HK fails to perform the obligations under the Genuine Investment Equity Transfer Agreement for 20 calendar days, the other party shall have the right to unilaterally terminate the agreement. If the other party chooses to unilaterally terminate the agreement, the defaulting party shall pay liquidated damages equivalent to 15% of the total consideration for the Genuine Investment Acquisition.

INFORMATION ON THE TARGET COMPANIES

Fujian Dongfei

Fujian Dongfei is a company with limited liability established in accordance with the laws of the PRC in January 2013. Its principal activities cover the whole industry chain of urban and rural environment services including road cleaning, domestic garbage collection and transportation, construction and operation of garbage transfer stations, river treatment and maintenance, greening maintenance, and investment in and operation of integrated urban and rural environmental sanitation projects. As a well-known private provider of integrated environmental services in Fujian Province, it has dozens of project companies, a service team of over 10,000 persons and thousands of various environmental sanitation operation vehicles across China. It possesses the qualifications for providing commercial cleaning, collection and transportation services for municipal domestic waste and the qualification of class-A environmental sanitation operation enterprise in Fujian Province. It has received honorary titles including the “Top 10 Brands in the PRC Environmental Sanitation Industry” (中國環衛行業十佳優質品牌), the “Best Model Enterprise in the PRC Environmental Sanitation Industry” (中國環衛行業最佳示範企業), the “Key Listing Reserve Enterprise in Fuzhou for 2020” (2020年福州市重點上市後備企業) and the “Headquarters Enterprise in Fuzhou” (福州市總部企業).

Financial Information

The audited consolidated net assets of Fujian Dongfei as at 31 December 2019 were approximately RMB478.16 million. According to the financial report of Fujian Dongfei prepared in accordance with the China Accounting Standards for Business Enterprises, the audited consolidated net profits of Fujian Dongfei for the two years ended 31 December 2019 were as follows:

	Unit: RMB in million	
	For the year ended 31 December	
	2019	2018
	(audited)	(audited)
Profit before taxation	131.43	85.11
Profit after taxation	101.62	63.03

Genuine Investment

Genuine Investment is a company with limited liability established in accordance with the laws of the British Virgin Islands on 23 March 2017 and is principally engaged in investment holding.

Financial Information

The unaudited consolidated net assets of Genuine Investment as at 31 December 2019 were approximately RMB54.31 million. According to the financial report of Genuine Investment prepared in accordance with the China Accounting Standards for Business Enterprises, the unaudited consolidated net profits of Genuine Investment for the two years ended 31 December 2019 were as follows:

	Unit: RMB in million	
	For the year ended 31 December	
	2019	2018
	(unaudited)	(unaudited)
Profit before taxation	33.25	13.38
Profit after taxation	33.25	13.38

FINANCIAL EFFECTS OF THE ACQUISITIONS

Upon completion of the Acquisitions, the Group will directly and indirectly hold a total of 60% equity interest in Fujian Dongfei. Genuine Investment, Waytop Investment and Fujian Dongfei will become subsidiaries of the Group, and their results, assets and liabilities will be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The notion that “lucid waters and lush mountains are invaluable assets” has become a consensus of the Chinese nationals. Inheriting and carrying forward the fine tradition of patriotic health movement and continuing to carry out urban environmental sanitation and cleanliness actions are the responsibility and mission of the times. As a prominent urban environmental service provider in Fujian Province, Fujian Dongfei was recognised as a “Top 10 Influential Enterprise in the PRC Environmental Sanitation Industry” (中國環衛行業十大影響力企業) for its professional service ability, outstanding industry reputation and standardized corporate governance. The Acquisitions will further consolidate the Group’s leading position in the area of urban services, and enable it to explore the key to services and the foundation for development and to effectively facilitate the upgrade from providing environmental services to providing urban services. Upon completion of the Acquisitions, Fujian Dongfei will generate synergies with Shandong Manguo Kangjie Environmental Sanitation Group Co., Ltd.* (山東滿國康潔環衛集團有限公司) under the coordinated planning of the Group. They will integrate the concept of building an ecological civilization and a beautiful China into the whole process of urban service through resource sharing, business collaboration and capital integration, in order to effectively beautify the environment and improve people’s health.

The Directors, including independent non-executive Directors, are of the view that the terms of the Equity Transfer Agreements 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

As one or more applicable percentage ratios in respect of the Equity Transfer Agreements are more than 5% but all of them are less than 25%, the Acquisitions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE PARTIES

The Company is an investment holding company and a leading service provider in comprehensive property management in China with residential property as its major focus. Its subsidiaries are principally engaged in property management services, community value-added services, value-added services to non-property owners and “Three Supplies and Property Management” businesses (currently including property management services and heat supply business).

CG Life Services is an indirect 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 heat supply services.

CG Property Services HK is an indirect wholly-owned subsidiary of the 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 heat supply services.

Guarantor One is a Hong Kong resident and an ultimate actual controller of Fujian Dongfei, Dingrong Environmental Protection, Waytop Investment, Genuine Investment and One Supreme as at the date of this announcement.

Guarantor Two is a Hong Kong resident and the chief capital strategic advisor and head of capital market of Fujian Dongfei as at the date of this announcement.

Guarantor Three is a PRC citizen and an ultimate actual controller of Fujian Dongfei and Xinde Investment as at the date of this announcement, and is also the founder, chairman of board of directors and general manager of Fujian Dongfei.

Waytop Investment, Xinde Investment and One Supreme are principally engaged in investment holding.

Dingrong Environmental Protection is principally engaged in environmental protection consulting, environmental protection technology promotion services, ecological environment materials sales, etc.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

“Acquisitions”	the Genuine Investment Acquisition and the Fujian Dongfei Acquisition
“Board”	the board of directors of the Company
“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 joint-stock company with limited liability established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“CG Property Services HK”	Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司), a company with limited liability established under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Company”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6098)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules

“Dingrong Environmental Protection”	Fuzhou Dingrong Environmental Protection Technology Co., Ltd. *(福州市鼎榕環保科技有限公司), a company with limited liability established in accordance with the laws of the PRC
“Dingrong Environmental Protection Related Persons”	the Guarantors, Waytop Investment, Xinde Investment and Genuine Investment
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreements”	the Genuine Investment Equity Transfer Agreement and the Fujian Dongfei Equity Transfer Agreement
“Fujian Dongfei”	Fujian Dongfei Environment Group Co., Ltd. *(福建東飛環境集團有限公司), a company with limited liability established in accordance with the laws of the PRC
“Fujian Dongfei Acquisition”	the acquisition of the Fujian Dongfei Target Shares by CG Life Services from Dingrong Environmental Protection in accordance with the Fujian Dongfei Equity Transfer Agreement
“Fujian Dongfei Equity Delivery Date”	the date on which the Fujian Dongfei Target Shares are transferred to CG Life Services and the relevant change in business registration is completed
“Fujian Dongfei Equity Transfer Agreement”	the equity transfer agreement dated 30 October 2020 between CG Life Services, Dingrong Environmental Protection, the Dingrong Environmental Protection Related Persons and Fujian Dongfei in relation to the Fujian Dongfei Acquisition
“Fujian Dongfei Target Shares”	40% equity interest in Fujian Dongfei
“Genuine Investment”	Genuine Investment Group Limited (至誠投資集團有限公司), a company with limited liability established in accordance with the laws of the British Virgin Islands
“Genuine Investment Acquisition”	the acquisition of the Genuine Investment Target Shares by CG Property Services HK from Genuine Investment in accordance with the Genuine Investment Equity Transfer Agreement
“Genuine Investment Equity Delivery Date”	the date on which the Genuine Investment Target Shares are transferred to CG Property Services HK and the relevant change in business registration is completed

“Genuine Investment Equity Transfer Agreement”	the equity transfer agreement dated 30 October 2020 between CG Property Services HK, One Supreme, the One Supreme Related Persons, Genuine Investment and Fujian Dongfei in relation to the Genuine Investment Acquisition
“Genuine Investment Target Shares”	66.67% equity interest in Genuine Investment
“Group”	the Company and its subsidiaries
“Guarantor One”	Mr. CAI Yuan (蔡原)
“Guarantor Three”	Mr. CHEN Jian (陳鍵)
“Guarantor Two”	Mr. YANG Zhuoya (楊卓亞)
“Guarantors”	Guarantor One, Guarantor Two and Guarantor Three
“HK\$”	Hong Kong dollars, 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, the audited net profit of Fujian Dongfei attributable to the shareholders of its holding company after deducting the non-recurring profit or loss for that period
“One Supreme”	One Supreme Limited, a company with limited liability established in accordance with the laws of the British Virgin Islands
“One Supreme Related Persons”	the Guarantors, Waytop Investment and Xinde Investment
“Operating Revenue”	in respect of any period, the audited operating revenue of Fujian Dongfei for that period
“percentage ratio(s)”	has the meanings ascribed to it under the Listing Rules
“Performance Guarantee Benchmark(s)”	has the meanings ascribed to it under the section headed “1. Fujian Dongfei Equity Transfer Agreement — Performance Guarantees” in this announcement

“Performance Guarantee One”	has the meanings ascribed to it under the section headed “1. Fujian Dongfei Equity Transfer Agreement — Performance Guarantees” in this announcement
“Performance Guarantee Period”	the years of 2021, 2022 and 2023
“Performance Guarantees”	the Performance Guarantee One and the Performance Guarantee Two
“Performance Guarantee Two”	has the meanings ascribed to it under the section headed “1. Fujian Dongfei Equity Transfer Agreement — Performance Guarantees” in 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)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Dingrong Environmental Protection and One Supreme
“Waytop Investment”	Waytop Investment Group Limited (匯鼎投資集團有限公司), a company with limited liability established in accordance with the laws of Hong Kong
“Working Day(s)”	the statutory working days in the PRC
“Xinde Investment”	Xinde Investment Limited (鑫德投資有限公司), a company with limited liability established in accordance with the laws of Hong Kong
“%”	per cent

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

Foshan, China, 30 October 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.

* For identification purposes only