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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 RELATING TO THE PAYMENT OF DEPOSIT FOR THE POSSIBLE TRANSACTION AND ADVANCE TO AN ENTITY**

Reference is made to the announcement of Country Garden Services Holdings Company Limited (the “**Company**”) dated 25 February 2021 (the “**Announcement**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

## **SUPPLEMENTAL MOU**

The board of directors of the Company wishes to further inform the shareholders and potential investors of the Company that, on 11 March 2021, Languang Hejun and the Subsidiary entered into a supplemental memorandum of understanding (the “**Supplemental MOU**”) to amend the MOU, to the effect that (a) the Subsidiary intends to acquire 115,090,200 H shares and 750,000 domestic shares in the Target (representing approximately 65.04% equity interests in the Target) from Languang Hejun at a price of RMB42.8546 per H share or per domestic share; and (b) the Subsidiary shall pay a deposit (without interests) equivalent to the amount of RMB1,985.67 million (the “**Deposit**”) (comprising RMB500 million and HK\$1,774.63 million\*) to Languang Hejun and Languang Hejun shall execute a share charge over 106,861,296 H shares of the Target (representing approximately 60% of the entire equity interests in the Target) (the “**Share Charge**”) in favour of the Subsidiary. Under the Share Charge, the Subsidiary will have security interest over 106,861,296 H shares of the Target (representing approximately 60% of the entire equity interests in the Target) (the “**Charged Shares**”).

In connection with the Possible Transaction, the general offer obligation under the Takeovers Code may be triggered on the part of the Subsidiary under the Takeovers Code and the offer price per share will be no less than the higher of (i) the price paid by the Subsidiary to Languang Hejun, and (ii) the Hong Kong dollar equivalent of RMB42.8546. Languang Development is a joint stock company with limited liability established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600466). As Languang Development owns 100% shareholding interest in Languang Hejun, it is required to issue an announcement on the Supplemental MOU disclosing the above consideration amount pursuant to regulatory guidance of the Shanghai Stock Exchange.

Before the Share Charge becomes enforceable, Languang Hejun shall be entitled to retain all dividends and distributions (if any); and Languang Hejun shall be entitled to exercise or direct the exercise of the voting rights attached to the Charged Shares. The Subsidiary as chargee will only have security interest over the Charged Shares under the Share Charge without getting any voting rights attached thereto. The Supplemental MOU and the Share Charge are legally binding on the parties thereto.

If completion of the Possible Transaction occurs, the Deposit will (subject to customary procedures for on-market block trade sales) be used to satisfy part of the consideration to be paid by the Subsidiary under the Possible Transaction and whereupon the Share Charge shall be released and discharged. If there is no signing of any binding agreement, completion of the Possible Transaction does not occur or the binding agreement is terminated because of any reason not attributable to the default of the Subsidiary, the Deposit will be returned in full to the Subsidiary. If Languang Hejun breaches the exclusivity provision under the MOU, it shall pay to the Subsidiary an additional indemnity amount approximate to the Deposit and the Share Charge shall be released and discharged. If there is no signing of any binding agreement, completion of the Possible Transaction does not occur or the binding agreement is terminated because of the default of the Subsidiary, Languang Hejun shall forfeit the Deposit and the Share Charge shall be released and discharged.

Save as disclosed above and certain provisions regarding confidentiality and exclusivity in the MOU, other provisions of the MOU (as amended by the Supplemental MOU) do not have any legally binding effect. Having made all reasonable enquiries with respect to the Company, as at the date of this announcement, the Possible Transaction is still under negotiation by the parties, and no definitive and/or legally binding agreement has been entered into with respect to the Possible Transaction.

## **INFORMATION ON THE PARTIES**

### **The Subsidiary and the Company**

The Subsidiary is an investment holding company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. 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.

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6098). It is an investment holding company and a leading service provider in comprehensive property management in China

with residential property as its major focus. The Company and its subsidiaries (the “**Group**”) 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).

### **Languang Hejun**

Languang Hejun is a company established in the PRC with limited liability and is a wholly owned subsidiary of Languang Development. It is an investment holding company. Languang Development is a joint stock company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600466), and is owned as to 11.45% by Mr. Yang Keng (“**Mr. Yang**”) and 46.86% by Languang Investment Holdings Group Co., Ltd. (“**Languang Investment**”), which is 58.31% in aggregate. It is principally engaged in the businesses of real estate development and operation, modern service industry, 3 dimension (3D) bio-printing and medical segment. Languang Investment is an investment holding company established in the PRC with limited liability and is owned as to 95.04% by Mr. Yang.

To the best knowledge and belief of the Company after having made all reasonable enquiries, as at the date of this announcement, Languang Hejun and its beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

## **REASONS FOR AND BENEFITS OF THE POSSIBLE TRANSACTION**

The Target is a leading property management service provider in Southwest China and Sichuan Province in the PRC. The Target had its shares listed on the Main Board of the Stock Exchange on 18 October 2019, and is the first property management enterprise from Western China being listed in Hong Kong. In 2020, the Target was ranked first among the Top 100 Property Management Companies in China in terms of gross floor area under management in Sichuan Province. In 2020, the Target was also ranked 11th among the Top 100 Property Management Companies in China with a brand value of approximately RMB7.002 billion. As at 31 December 2020, the Target and its subsidiaries (the “**Target Group**”) had a total gross floor area under management of approximately 129.9 million square meters. The Target Group is primarily engaged in the provision of property management services, consultancy services and community value-added services in the PRC.

It is contemplated that upon completion of the Possible Transaction, the Target will become a subsidiary of the Company and its financial results will be consolidated into the Group’s financial statement.

The Possible Transaction will complement the Group’s business by providing a regional advantage to the Group, expanding the scale and coverage of the Group’s business, improving the Group’s economies of scale in the region and facilitating the development of the Group’s community value-added services and other services. This will also enhance the Group’s influence and competitiveness in the market and contribute to the Group’s stable long-term development. The Company will fund the Deposit and the Possible Transaction by internal financial resources.

Given the Deposit was arrived at after arm's length negotiation which reflects the commercial intention of the parties to lock up the Possible Transaction and the Share Charge will be executed in favour of the Subsidiary as security for the Deposit, the directors of the Company, including independent non-executive directors, are of the view that the terms of the Supplemental MOU are fair and reasonable and in the interests of the Company and its shareholders as a whole. As no directors of the Company have a material interest in the Supplemental MOU and the transactions contemplated thereunder, none of the directors is required to abstain from voting on the relevant board resolutions approving the Supplemental MOU and the transactions contemplated thereunder.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the payment of the Deposit under the Supplemental MOU exceeds 5% but all of them are less than 25%, such payment of the Deposit under the Supplemental MOU constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirements but exempt from the shareholders' approval requirement.

Given the amount of the Deposit exceeds 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the payment of the Deposit constitutes an advance to an entity by the Company under Rule 13.13 of the Listing Rules.

Further announcement(s) will be made by the Company when the parties enter into a formal binding agreement in relation to the Possible Transaction.

**WARNING: There is no assurance that the Possible Transaction will materialise or eventually be consummated. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.**

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

Foshan, China, 11 March 2021

*\*Note: The exchange rate of HK\$1:RMB0.83717 used in this announcement is based on the middle exchange rate as quoted by the People's Bank of China on the date of this announcement.*

*As at the date of this announcement, the directors of the Subsidiary are Ms. YANG Huiyan, Mr. LI Changjiang and Mr. YANG Zhicheng.*

*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.*

*The directors of each of the Subsidiary and the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*