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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 70% EQUITY INTEREST IN MANGUO KANGJIE

EQUITY TRANSFER AGREEMENT

On 14 October 2020, the Purchasers (i.e. CG Property Services HK and CG Life Services, being indirect wholly-owned subsidiaries of the Company) entered into the Equity Transfer Agreement with the Vendors, Mr. FAN and Manguo Kangjie, pursuant to which the Purchasers have agreed to acquire 70% equity interest in Manguo Kangjie in accordance with the terms of the Equity Transfer Agreement.

Following the completion of the Acquisition, the Company will indirectly hold 70% equity interest of Manguo Kangjie and Manguo Kangjie will become a subsidiary of the Group, and its results, assets and liabilities will be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the Equity Transfer Agreement and the transactions contemplated thereunder exceed 5% but all are below 25%, the Equity Transfer Agreement and the transactions contemplated thereunder therefore constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 14 October 2020 (after trading hours), the Purchasers (i.e. CG Property Services HK and CG Life Services, being indirect wholly-owned subsidiaries of the Company) entered into the Equity Transfer Agreement with the Vendors, Mr. FAN and Manguo Kangjie, pursuant to which the Purchasers have agreed to acquire 70% equity interest in Manguo Kangjie 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 : 14 October 2020

Parties : (1) the Purchasers
(2) the Vendors
(3) Mr. FAN
(4) Manguo Kangjie

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors, Mr. FAN, Manguo Kangjie and their respective ultimate beneficial owners is/are a third party(ies) independent of the Company and its connected persons.

Consideration and payment terms

- (1) CG Property Services HK agreed to acquire 49.505% equity interest of Manguo Kangjie held by the First Vendor. The consideration is subject to the calculation as described in the paragraph headed “— *Third Installment of the Consideration of the Target Shares and Valuation Adjustment Amount*” below, and will not exceed RMB1,485.10 million; and
- (2) CG Life Services agreed to acquire 20.495% equity interest of Manguo Kangjie held by the Second Vendor (as to 15.371%) and the Third Vendor (as to 5.124%). The consideration is subject to the calculation as described in the paragraph headed “— *Third Installment of the Consideration of the Target Shares and Valuation Adjustment Amount*” below, and will not exceed RMB964.90 million (of which RMB723.68 million will be paid to the Second Vendor and RMB241.22 million will be paid to the Third Vendor).

CG Property Services HK and CG Life Services agree to acquire the aforesaid shares which represent 70% interest in Manguo Kangjie in total. The consideration of the Target Shares of not more than RMB2,450.00 million was determined following arm's length negotiations based on the performance guarantee for Manguo Kangjie for 2020 made by the Vendors and Mr. FAN, being the Net Profit After NRI of not less than RMB220.00 million and the Operating Revenue of not less than RMB2,400.00 million, multiplied by the P/E multiple of 15.9 and the P/S multiple of 1.46, respectively, after taking into account the different returns on investment required by each of the Vendors. The relevant P/E multiple and P/S multiple were determined with reference to the merger and acquisition cases in the same industry in the market.

The amount payable by CG Property Services HK to the First Vendor under the Equity Transfer Agreement shall be paid in Hong Kong dollar (translated at the exchange rate of RMB against Hong Kong dollar on the date of payment).

Prior to the entering into of the Equity Transfer Agreement, CG Life Services entered into a cooperation intention agreement with the Second Vendor, the Third Vendor and the Fourth Vendor and paid an earnest money of RMB241.22 million (the “**Earnest Money**”). Upon fulfillment of the conditions to the payment of the First Instalment of the Consideration under the Equity Transfer Agreement, the relevant consideration payable by CG Life Services shall be deemed to have been settled.

The consideration of the Target Shares will be paid by the Purchasers to the First Vendor, the Second Vendor and the Third Vendor in three instalments with reference to the progress of the equity transfer of the Target Shares:

- (1) The first instalment of the consideration of the Target Shares is in the amount of RMB612.50 million, which should be paid within 5 Working Days after satisfaction of the relevant payment conditions, among which CG Property Services HK shall pay RMB371.28 million to the First Vendor and CG Life Services shall pay RMB180.92 million to the Second Vendor and RMB60.30 million to the Third Vendor. The aforesaid RMB241.22 million in total payable by CG Life Services to the Second Vendor and the Third Vendor shall be deemed to have been settled by virtue of the Earnest Money paid by it) (the “**First Installment of the Consideration**”). The conditions to the payment of the First Installment of the Consideration mainly include:
 - (A) The Vendors have disposed of certain existing subsidiaries of Manguo Kangjie that are not within the scope of the Acquisition before entering into the Equity Transfer Agreement.
 - (B) Manguo Kangjie has completed the business filing procedures necessary for foreign-invested enterprises regarding the Acquisition, if necessary.
 - (C) Regarding certain existing projects of the Target Group, if a contract entered into by a relevant company under the Target Group with an unauthorized entity exists, or there are any defects in the effectiveness of the contract, the Vendors and Manguo Kangjie shall eliminate such defects, including but not limited to entering into formal service contracts with qualified and authorized entities and conducting and obtaining all necessary legal procedures and permits.
 - (D) The Fourth Vendor and other shareholders of Manguo Kangjie have waived the pre-emptive right in respect of the Target Shares.
 - (E) all necessary resolutions (including but not limited to those on the approval of the Acquisition, the approval of the amendment to the original articles of association of Manguo Kangjie, etc.) of directors, shareholders or limited partnership having been effectively approved by the competent bodies of Manguo Kangjie.
- (2) The second instalment of the consideration of the Target Shares is in the amount of RMB1,225.00 million, which should be paid within 5 Working Days after satisfaction of the relevant payment conditions, provided that the payment of the First Instalment of the Consideration has been completed, among which CG Property Services HK shall pay RMB742.55 million to the First Vendor and CG Life Services shall pay RMB361.84 million to the Second Vendor and RMB120.61 million to the Third Vendor (the “**Second Installment of the Consideration**”). The conditions to the payment of the Second Installment of the Consideration mainly include:
 - (A) Manguo Kangjie and the Purchasers shall obtain the approval from the competent government authorities for the Acquisition within 30 Working Days after the payment of the First Installment of the Consideration by the Purchasers.

- (B) Manguo Kangjie shall have legally and effectively completed the registration procedures for the change of registration of the Target Shares to the Purchasers at the State Administration for Industry and Commerce, submit the relevant change approval filing notice or other certification documents evidencing the change of equity interest to the Purchasers for retaining as well as issue the register of shareholders and capital contribution certificate to the Purchasers.
- (C) The Vendors shall have legally and effectively completed the filing and registration of directors, supervisors and general manager (if any) at the State Administration for Industry and Commerce, and filed the articles of association of the company recognized by the Purchasers. The abovementioned filings shall be available for access and verification at the State Administration for Industry and Commerce.
- (D) Within 20 Working Days after the payment of the First Installment of the Consideration by the Purchasers, the financial controller and others assigned by the Purchasers shall, in cooperation with Manguo Kangjie, take over and verify licenses and financial information of Manguo Kangjie, and provide a written confirmation regarding the takeover verification result.
- (E) The Fourth Vendor has pledged the Vendors' Remaining Shares in favour of the Purchasers and has legally and effectively completed the equity pledge registration procedures to guarantee the obligations and responsibilities of the Vendors under the Equity Transfer Agreement (including any Valuation Adjustment Amount for the Third Instalment of the Consideration payable by the Vendors, the Valuation Adjustment Amount arising from the non-fulfillment of the Performance Guarantee by Manguo Kangjie, etc.).
- (F) If the Acquisition or the change of equity interest in a contracting entity of a project related to it requires the consent of the relevant lending institutions, the counterparties to the contract or Changyi City Environmental Hygiene Center (昌邑市環境衛生中心) prior to such transfer or require the notification to the relevant institutions in writing, then all the above-mentioned institutions shall have performed the corresponding procedures according to the laws and contract, and have issued a written consent or receipt.
- (G) As of the Equity Delivery Date:
- (I) the Target Shares held by the First Vendor, the Second Vendor and the Third Vendor being free from any entrustment arrangements, mortgage, pledge, lien, judicial freezing or any other encumbrance.
- (II) there being no events, facts, conditions, changes or other circumstances that have a material adverse effect on the financial position, businesses, assets, liabilities, prospects or operations of Manguo Kangjie.
- (III) Manguo Kangjie having no new amounts utilized by shareholders or related parties (unless with the written consent of the Purchasers) and have completed the settlement of the amounts utilized by shareholders and related parties. The Purchasers have completed the on-site audit of Manguo Kangjie as of the Interest Delivery Date, the balance sheet and income statement of Manguo Kangjie as of the Interest Delivery

Date, as audited by the Purchasers, must be stamped and confirmed by the Vendors and stamped with the official seal of Manguo Kangjie. As of the Interest Delivery Date:

(i) the undistributed profit in the consolidated statement of Manguo Kangjie is not less than RMB300.00 million. If its undistributed profit by then is less than RMB300.00 million, then the Vendors and Mr. FAN shall compensate Manguo Kangjie by cash at nil consideration within 5 Working Days after the completion of the on-site audit on the Interest Delivery Date.

(ii) the net assets in the consolidated statement of Manguo Kangjie are not less than RMB500.00 million. If its net assets by then are less than RMB500.00 million, then the Vendors and Mr. FAN shall compensate Manguo Kangjie by cash at nil consideration within 5 Working Days after the completion of the on-site audit on the Interest Delivery Date.

(IV) Except with the written consent of the Purchasers, the Target Group not having any new financing liabilities (including but not limited to financial institution financing, non-financial institution financing, private lending, etc.), external guarantees, and other matters that may cause the Target Group to assume contingent liabilities.

(H) Prior to the Interest Delivery Date, if the Target Group purchases minority interests in its subsidiary, then the consideration payment for such corresponding minority interests has been completed. If the payment fails to be completed, the consideration for the purchase of such minority interests shall be paid by own funds of Mr. FAN and the Vendors, and the Target Group shall not assume payment obligation for such consideration, nor will it assume the obligation to make payment to Mr. FAN and the Vendors.

(3) The third installment of the consideration of the Target Shares shall be up to RMB612.50 million in aggregate, on the condition that the Second Installment of the Consideration has been paid, and after the completion of Manguo Kangjie's audit for 2020, payment shall be made within 5 Working Days after the satisfaction of the relevant payment conditions. Among which, CG Property Services HK will pay to the First Vendor an amount of not more than RMB371.27 million, and CG Life Services will pay to the Second Vendor an amount of not more than RMB180.92 million and the Third Vendor an amount of not more than RMB60.31 million. The specific calculation is based on the paragraph headed "*— Third Installment of the Consideration and Valuation Adjustment Amount of the Target Shares*" below (the "**Third Installment of the Consideration**"). The conditions to the payment of the Third Installment of the Consideration mainly include:

(A) Certain specified agreements to which the Target Group is a party and which are intended by the Purchasers not to continue have been terminated within six months after the signing of the Equity Transfer Agreement.

(B) Within six months after the signing of the Equity Transfer Agreement, the title status and environmental impact assessment compliance of the Target Group have reached the level required by the Purchasers.

(C) Regarding the first, second and third installments of the consideration, the Vendors have fulfilled their tax obligations in accordance with the tax laws of China and Hong Kong.

Third Installment of the Consideration of the Target Shares and Valuation Adjustment Amount

The specific calculation method of the Third Installment of the Consideration of the Target Shares is as follow:

- (1) If the Operating Revenue of Manguo Kangjie in 2020 is not less than RMB2,400.00 million and its Net Profit After NRI is not less than RMB220.00 million, then the Third Installment of the Consideration of the Target Shares will be RMB612.50 million in total. Among which, RMB371.27 million will be paid by CG Property Services HK to the First Vendor, RMB180.92 million will be paid by CG Life Services to the Second Vendor and RMB60.31 million to the Third Vendor.
- (2) If the Operating Revenue of Manguo Kangjie in 2020 is less than RMB2,400.00 million or its Net Profit After NRI is less than RMB220.00 million, the total Third Installment of the Consideration receivable by the Vendors shall be the value of item (a) minus item (b) below:
 - (a) the value of the Target Shares calculated based on the actual performance of Manguo Kangjie in 2020 and the corresponding P/S multiple (being 1.46) or P/E multiple (being 15.9), i.e. the lower of the (i) the actual Operating Revenue of Manguo Kangjie in 2020 x 1.46 x 70% and (ii) the actual Net Profit After NRI of Manguo Kangjie in 2020 x 15.9 x 70%; and
 - (b) the First Installment of the Consideration and the Second Installment of the Consideration in total paid by the Purchasers to the Vendors.

If the value of item (a) minus item (b) is negative (i.e. the First Installment of the Consideration and the Second Installment of the Consideration in total paid by the Purchasers is higher than the value of the Target Shares calculated based on the actual performance of Manguo Kangjie in 2020), the Purchasers are not required to pay the Third Installment of the Consideration to the Vendors, and the Vendors shall pay the Valuation Adjustment Amount in cash to the Purchasers, being the excess of item (b) over item (a).

The Third Installment of the Consideration receivable by the First Vendor, the Second Vendor and the Third Vendor respectively or the Valuation Adjustment Amount payable by them respectively shall be calculated based on the different P/E multiples and P/S multiples corresponding to the different consideration per share agreed by them and the Purchasers, as well as their shareholding percentages prior to the Acquisition.

Performance Guarantee and the valuation adjustment mechanism

Performance Guarantee during the Valuation Adjustment Period

The Vendors and Mr. FAN undertake that, during the Valuation Adjustment Period, the accumulated Operating Revenue and the accumulated Net Profit After NRI of Manguo Kangjie shall meet the minimum performance requirements for the relevant year(s) (“**Performance Guarantee**”) as follows:

Performance year	Operating Revenue		Net Profit After NRI	
	The guaranteed minimum amount of the Operating Revenue for the year	The guaranteed minimum amount of accumulated Operating Revenue for the year(s) during the Valuation Adjustment Period	The guaranteed minimum amount of the Net Profit After NRI for the year	The guaranteed minimum amount of the accumulated Net Profit After NRI for the year(s) during the Valuation Adjustment Period
2021	1.22X	1.22X	1.20Y	1.20Y
2022	1.49X	2.71X	1.44Y	2.64Y
2023	1.82X	4.53X	1.73Y	4.37Y

In the table above and in the paragraph headed “— *Valuation Adjustment Amount*” below:

- (1) X represents the Operating Revenue of Manguo Kangjie in 2020, which shall not exceed RMB2,400.00 million.
- (2) Y represents the Net Profit After NRI of Manguo Kangjie in 2020, which shall not exceed RMB220.00 million.

Valuation Adjustment Amount

During the Valuation Adjustment Period, if the guaranteed minimum amount of any year listed in the above table is not fulfilled during that year, the Vendors and Mr. FAN are not required to pay the Valuation Adjustment Amount to the Purchasers. However, following the conclusion of the Valuation Adjustment Period, if the Performance Guarantee is not fulfilled (i.e. the accumulated Operating Revenue of Manguo Kangjie is less than 4.53X or the accumulated Net Profit After NRI is less than 4.37Y), the Vendors and Mr. FAN shall jointly and severally pay the Purchasers the Valuation Adjustment Amount within 10 Working Days:

- (1) The amount payable by the First Vendor shall be the higher of the following:

$$(a) \frac{(4.53X - \text{the accumulated actual Operating Revenue of Manguo Kangjie during the Valuation Adjustment Period})}{4.53X} \times C_1; \text{ or}$$

$$(b) \frac{(4.37Y - \text{the accumulated actual Net Profit After NRI of Manguo Kangjie during the Valuation Adjustment Period})}{4.37Y} \times C_1;$$

C_1 = the total consideration of the Target Shares paid by CG Property Services HK to the First Vendor

(2) The amount payable by the Second Vendor and the Third Vendor shall be the higher of the following:

$$(a) \frac{(4.53X - \text{the accumulated actual Operating Revenue of Manguo Kangjie during the Valuation Adjustment Period})}{4.53X} \times C_2; \text{ or}$$

$$(b) \frac{(4.37Y - \text{the accumulated actual Net Profit After NRI of Manguo Kangjie during the Valuation Adjustment Period})}{4.37Y} \times C_2.$$

C_2 = the total consideration of the Target Shares paid by CG Life Services to the Second Vendor and the Third Vendor

If the Vendors fail to pay the aforesaid Valuation Adjustment Amount by then, the Purchasers have the right to realise the pledge over the Vendors' Remaining Shares in accordance with the laws.

Certain Transitional Arrangements

Except with the prior written consent of the Purchasers, the Vendors and the Target Group shall operate in a prudent manner from the date of the Equity Transfer Agreement to the completion date of the payment of the Second Installment of the Consideration (the "**Transition Period**").

After the Transition Period:

(1) The board of directors and supervisors

Manguo Kangjie's board of directors should consist of five members, three of them should be appointed by the Purchasers, and two of them should be jointly appointed by the Second Vendor, the Third Vendor and the Fourth Vendor. The chairman of the board of directors will be appointed by the Purchasers while the co-chairman of the board of directors will be one of the directors appointed by the Second Vendor, the Third Vendor and the Fourth Vendor.

In addition, Manguo Kangjie should have three supervisors. One of them should be jointly appointed by the Second Vendor, the Third Vendor and the Fourth Vendor; one should be appointed by the Purchasers; and the other one should be an employee supervisor.

(2) Legal representative

The legal representative of Manguo Kangjie shall be appointed by the Purchasers.

(3) Profit distribution

The Purchasers and the Fourth Vendor shall be entitled to the accumulated undistributed profits generated by Manguo Kangjie before the Interest Delivery Date and the revenue generated by it after the Interest Delivery Date, in proportion to their respective shareholding percentages after the completion of the Acquisition.

After the end of the Valuation Adjustment Period and before the acquisition of the Vendors' Remaining Shares by the Purchasers under the Obligation to Purchase the Remaining Shares, the daily operation and management of Manguo Kangjie shall be directed by the Purchasers.

In the event that the shareholding percentages of the Vendors and the Purchasers in Manguo Kangjie by then are consistent with those agreed in the Equity Transfer Agreement, the numbers of directors and supervisors appointed by the Second Vendor, the Third Vendor and the Fourth Vendor shall follow the arrangement as described in the paragraph headed “— (1) *The board of directors and supervisors*” above. Otherwise, the numbers of directors and supervisors appointed by the Second Vendor, the Third Vendor and the Fourth Vendor shall be calculated as follows (rounded to the nearest whole number):

$$\frac{\text{Shareholding percentages of the Vendors in Manguo Kangjie}}{(100\%)} \times \text{Total number of directors/ supervisors of Manguo Kangjie.}$$

Restrictions on Equity Transfer

During the Valuation Adjustment Period, the equity interest of Manguo Kangjie is subject to the following transfer restrictions:

- (1) Without the written consent of the Purchasers, the Fourth Vendor shall not, by any means, transfer the Vendors' Remaining Shares to any third parties (including but not limited to transferring its income rights, setting up a trust or entrusting any unrelated third parties to conduct management, etc).
- (2) Without the written consent of Mr. FAN and the Fourth Vendor, the Purchasers shall not, by any means, transfer the equity interest of Manguo Kangjie held by the Purchasers to unrelated third parties (including but not limited to transferring its income rights, setting up a trust or entrusting any unrelated third party to conduct management, etc).

Acquisition of the Vendors' Remaining Shares

If the environmental sanitation segment of the Purchasers has not been listed on a domestic or foreign stock exchange by 31 December 2027, the Purchasers will acquire the 29.01% equity interest in Manguo Kangjie held by the Fourth Vendor (the “**Obligation to Purchase the Remaining Shares**”) within one year (or on any earlier date as agreed by the parties). The consideration for acquiring the Vendors' Remaining Shares shall not exceed RMB4,500.00 million and shall be calculated as follows:

Net Profit After NRI of Manguo Kangjie for the previous year attributable to the Vendors' Remaining Shares to be acquired × the relevant P/E multiple × the then shareholding percentages of the Vendors in Manguo Kangjie

In the above calculation, the relevant P/E multiple at the time the Purchasers acquire the Vendors' Remaining Shares shall be:

- (1) 35/2.2, if the co-chairman and general manager appointed to Manguo Kangjie by the Second Vendor, the Third Vendor and the Fourth Vendor remain in office;
- (2) 15, if the above-mentioned co-chairman and general manager fail to remain in office (except for voluntary resignation); or
- (3) 12, if the above-mentioned co-chairman and general manager have resigned voluntarily.

In the case that, at the time the Purchasers acquire the Vendors' Remaining Shares, the arithmetic mean of the static P/E multiples of companies with environmental sanitation business comparable to that of Manguo Kangjie listed on domestic stock markets is lower than the agreed P/E multiples mentioned above, the relevant P/E multiple shall be calculated at 70% of the arithmetic mean of the static P/E multiples of the above companies, or any P/E multiple as agreed by the parties by then.

Non-competition

During the period in which the Vendors and Mr. FAN directly and indirectly hold the equity interest of Manguo Kangjie, or within three years after the Vendors or Mr. FAN no longer directly or indirectly hold the equity interest of Manguo Kangjie, the Vendors, Mr. FAN, the core employees of Manguo Kangjie and their related parties shall not (except for that which have already been disclosed to the Purchasers and obtained their written consents):

- (1) work, whether on a full-time or part-time basis, for any environmental sanitation companies or companies whose business is similar to that of the Target Group;
- (2) invest in or separately establish, as the de facto controller or a significant shareholder (with shareholding of more than 5%), environmental sanitation management companies engaged in urban and rural environmental sanitation business, environmental sanitation-related PPP projects, property management services-related business, waste sorting-related business, or other businesses similar to the existing businesses of the Target Group;
- (3) act in any way that may cause competition with the Target Group or be detrimental to its operation and management.

CORE EMPLOYEE INCENTIVE SCHEME

Based on the value of Y stated in the paragraph headed “— *Performance Guarantee and the Valuation Adjustment Mechanism — Performance Guarantee during the Valuation Adjustment Period*” above, during the Valuation Adjustment Period:

- (1) if the compound annual growth rate of the Net Profit After NRI of Manguo Kangjie is more than 30% and less than 40%, 15% of the portion exceeding 30% of its increased Net Profit After NRI shall be distributed to the core management team of Manguo Kangjie in the form of cash reward.
- (2) if the compound annual growth rate of the Net Profit After NRI of Manguo Kangjie is not less than 40%, the Purchasers agree that up to 4% of the Target Shares shall be awarded to the core management team of Manguo Kangjie according to the following percentages:

Range of compound annual growth rate of Net Profit After NRI	Corresponding amount of equity incentive
Not less than 40% and less than 50%	1.0% of the Target Shares
Not less than 50% and less than 60%	1.5% of the Target Shares
Not less than 60% and less than 70%	2.0% of the Target Shares
Not less than 70% and less than 80%	2.5% of the Target Shares
Not less than 80% and less than 90%	3.0% of the Target Shares
Not less than 90% and less than 100%	3.5% of the Target Shares
Not less than 100%	4.0% of the Target Shares

Details of the members and the distribution plans for each member under the incentive scheme shall be submitted by Mr. FAN to the board of directors of Manguo Kangjie, subject to the approval by way of the resolution of the board of directors of Manguo Kangjie.

INFORMATION ON MANGUO KANGJIE AND THE TARGET GROUP

Manguo Kangjie is a company established in 2015 with limited liability in accordance with the laws of the PRC. The Target Group specializes in the provision of integrated management and operation services for urban and rural environmental sanitation, with business covering over 20 provinces, cities and autonomous regions in the PRC. It took the lead in the PRC in providing integrated urban and rural environmental sanitation services and developed the “Changyi Model”, which had been widely promoted in the PRC environmental sanitation industry. Kangjie Technology Group Co., Ltd.*(康潔科技集團有限公司), a major subsidiary of Manguo Kangjie, possesses the national first-class qualification in the PRC cleaning industry and is a standing member of China Association of Urban Environmental Sanitation (“CAUES”) and a vice president of the Urban and Rural Environmental Sanitation Integration Professional Committee of CAUES.

Financial Information

The audited consolidated net asset value of Manguo Kangjie as at 31 December 2019 was approximately RMB904.78 million. Based on the financial report of Manguo Kangjie prepared in accordance with the China Accounting Standards for Business Enterprises, the audited net profit of Manguo Kangjie for the two years ended 31 December 2019 is set out in the table below:

	<i>Currency: RMB in million</i>	
	For the year ended 31 December	
	2018	2019
	<i>(audited)</i>	<i>(audited)</i>
Net profit before taxation	133.66	235.07
Net profit after taxation	101.24	190.98

FINANCIAL EFFECTS OF THE ACQUISITION

Following the completion of the Acquisition, Manguo Kangjie will become a subsidiary of the Group, and its results, assets and liabilities will be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

With the acceleration of the urbanization process and the growing market-driven development of the environmental sanitation industry in the PRC, the environmental sanitation industry is expected to record a stable growth under the favourable policy environment. As a fast-growing industry leader, Manguo Kangjie and the Target Group have business covering more than 20 provinces, cities and autonomous regions in the PRC, as well as an outstanding capability in management, operation and market expansion. The Acquisition will be beneficial for the Group's strategy of expanding into the urban service field and will help build a diversified urban service brand. Upon completion of the Acquisition, the Group and Manguo Kangjie will replicate the operation and management model and further consolidate their leading position in the PRC urban service market through their strong resources and coordinated development of large platforms.

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 Target Shares shall not exceed RMB2,450.00 million while the consideration of purchasing the Vendors' Remaining Shares by the Purchasers in accordance with the Obligation to Purchase the Remaining Shares shall not exceed RMB4,500.00 million. Based on these capped amounts, as one or more of the applicable percentage ratios of the Equity Transfer Agreement and the transactions contemplated thereunder exceed 5% but all are below 25%, the Equity Transfer Agreement and the transactions contemplated thereunder therefore constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

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 includes property management services and heat supply business).

CG Property Services HK is an indirectly 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.

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 heat supply services.

The First Vendor is a limited company established under the laws of Hong Kong, and is principally engaged in equity investment and is owned as to 60% by LIN Yucheng (林玉程) and as to 40% by PAN Shuhong (潘書鴻).

Each of the Second Vendor, the Third Vendor and the Fourth Vendor is a limited partnership established in accordance with the laws of the People’s Republic of China and is principally engaged in equity investment. As at the date of the Equity Transfer Agreement, the shareholding structure of each of the Second Vendor, the Third Vendor and the Fourth Vendor, all of which have Mr. FAN as an executive partner, is as follows:

	Name of shareholder	Shareholding percentage
1.	FAN Manguo (范滿國)	37.60%
2.	HUANG Mingdong (黃明東)	8.00%
3.	ZHANG Yandu (張言讀)	8.00%
4.	JIANG Honghong (姜紅紅)	8.00%
5.	ZHAO Changsheng (趙常勝)	8.00%
6.	LV Jizhao (呂繼兆)	6.40%
7.	SUN Dedong (孫德東)	4.00%
8.	LV Fengxuan (呂奉軒)	4.00%
9.	JIAO Zhixing (焦治星)	4.00%
10.	WANG Yang (王洋)	4.00%
11.	HU Wei (胡偉)	2.50%
12.	CAO Dongjun (曹東君)	2.00%
13.	DAI Zhijie (戴志傑)	2.00%
14.	MING Fangmei (明芳美)	1.50%

Mr. FAN is a Chinese citizen and the founder of Manguo Kangjie and the Target Group. He has over 12 years’ experience in the urban and rural environmental sanitation industry and is the founder of the “Changyi Model” for integrated urban and rural environmental sanitation.

DEFINITIONS

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

“Acquisition”	the acquisition by CG Property Services HK of 49.505% equity interest of Manguo Kangjie from the First Vendor and the acquisition by CG Life Services of 20.495% equity interest of Manguo Kangjie from the Second Vendor and the Third 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
“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 established under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Company”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), 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
“Directors”	the directors of the Company
“Earnest Money”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Consideration and payment terms</i> ” in this announcement
“Equity Delivery Date”	the date on which the Target Shares has been transferred to CG Life Services and CG Property Services HK and on which the change in business registration is completed
“Equity Transfer Agreement”	the equity transfer agreement dated 14 October 2020 entered into between the Purchasers, the Vendors, Mr. FAN and Manguo Kangjie in relation to the purchase and sale of the Target Shares

“First Installment of the Consideration”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Consideration and payment terms</i> ” in this announcement
“First Vendor”	BLP Capital Limited (木榮資本有限公司), a limited company established under the laws of Hong Kong
“Fourth Vendor”	Huzhou Yixin Enterprise Management Partnership (Limited Partnership)* (湖州益鑫企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Delivery Date”	the last day of the previous month of the Equity Delivery Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manguo Kangjie”	Shandong Manguo Kangjie Environmental Sanitation Group Co., Ltd.* (山東滿國康潔環衛集團有限公司), a limited company established in the People’s Republic of China
“Mr. FAN”	Mr. FAN Manguo
“Net Profit After NRI”	in respect of any period, the audited net profit of Manguo Kangjie attributable to the shareholders of the parent company after deducting the non-recurring profit or loss, during that period
“Obligation to Purchase the Remaining Shares”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Acquisition of the Vendors’ Remaining Shares</i> ” in this announcement
“Operating Revenue”	in respect of any period, the audited operating revenue (excluding taxation) of Manguo Kangjie during that period
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“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> ” 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)

“Purchasers”	CG Property Services HK and CG Life Services
“RMB”	Renminbi, the lawful currency of the PRC
“Second Installment of the Consideration”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Consideration and payment terms</i> ” in this announcement
“Second Vendor”	Huzhou Yuxin Enterprise Management Partnership (Limited Partnership)* (湖州育鑫企業管理合夥企業(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”	Manguo Kangjie and its subsidiaries, and other legal entities that are included in the consolidated financial statements of Manguo Kangjie
“Target Shares”	70% equity interest of Manguo Kangjie in total held by the First Vendor, the Second Vendor and the Third Vendor
“Third Installment of the Consideration”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Consideration and payment terms</i> ” in this announcement
“Third Vendor”	Huzhou Ruilong Enterprise Management Partnership (Limited Partnership)* (湖州睿隆企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Transition Period”	has the meaning ascribed to it under the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Certain Transitional Arrangements</i> ” in this announcement
“Valuation Adjustment Amount”	the valuation adjustment amount payable in accordance with the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Third Installment of the Consideration of the Target Shares and Valuation Adjustment Amount</i> ” or the paragraph headed “ <i>The Principal Terms of the Equity Transfer Agreement — Performance Guarantee and the valuation adjustment mechanism — Valuation Adjustment Amount</i> ” in this announcement
“Valuation Adjustment Period”	the years of 2021, 2022 and 2023

“Vendors”	the First Vendor, the Second Vendor, the Third Vendor and the Fourth Vendor
“Vendors’ Remaining Shares”	the 29.01% equity interest of Manguo Kangjie held by the Fourth Vendor
“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

Foshan, China, 14 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.