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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)**

### **CONTINUING CONNECTED TRANSACTIONS WITH CG HOLDINGS —**

#### **(I) ADVERTISING AND DOMESTIC SERVICES FRAMEWORK AGREEMENT**

**AND**

#### **(II) MERCHANDISE PROCUREMENT FRAMEWORK AGREEMENT**

#### **I. ADVERTISING AND DOMESTIC SERVICES FRAMEWORK AGREEMENT**

On 23 August 2019, the Company entered into the Advertising and Domestic Services Framework Agreement with CG Holdings, which sets out the principal terms for the provision of services, including but not limited to the Advertising Services and the Domestic Services, by the Group to CGH Group for a term commencing on 23 August 2019 until 31 December 2020.

#### **II. MERCHANDISE PROCUREMENT FRAMEWORK AGREEMENT**

On 23 August 2019, the Company also entered into the Merchandise Procurement Framework Agreement with CG Holdings, which sets out the principal terms for the sale of various kinds of goods, including but not limited to home appliances and food products, by the Group to CGH Group for a term commencing on 23 August 2019 until 31 December 2020.

#### **LISTING RULES IMPLICATIONS**

Since CG Holdings is a 30%-controlled company indirectly held by Ms. YANG Huiyan, a non-executive Director and the controlling shareholder of the Company, it is an associate of Ms. YANG Huiyan and thus a connected person of the Company. Transactions contemplated under the Advertising and Domestic Services Framework Agreement and the Merchandise Procurement Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## **Advertising and Domestic Services Framework Agreement**

The annual caps for transactions of the Advertising Services contemplated under the Advertising and Domestic Services Framework Agreement are RMB2 million and RMB4 million respectively for the two years ending 31 December 2020, whereas the annual caps for transactions of the Domestic Services contemplated under the Advertising and Domestic Services Framework Agreement are RMB9 million and RMB18 million respectively for the two years ending 31 December 2020.

The applicable percentage ratios under the Listing Rules in respect of the highest annual cap of the Advertising Services, when calculated on a standalone basis, are all less than 0.1%; while one or more of the applicable percentage ratios in respect of the highest annual cap of the Domestic Services, when calculated on a standalone basis, exceed 0.1% but all of them are below 5%. Whereas if the Advertising Services, the Domestic Services and the Consultancy and Other Services are required to be aggregated together pursuant to Rule 14A.84 of the Listing Rules, one or more of the applicable percentage ratios would exceed 5%. Nonetheless, as (i) the Company had already complied with all the connected transactions requirements (including independent shareholders' approval requirement) for the Consultancy and Other Services for the three years ending 31 December 2020 (for details, please refer to the announcement of the Company dated 18 September 2018 and the circular of the Company dated 5 November 2018) and the Company is thus not required to aggregate the Advertising Services and the Domestic Services with those Consultancy and Other Services; and (ii) one or more of the applicable percentage ratios for the annual caps of the Domestic Services and the Advertising Services (when aggregated together) would exceed 0.1% but all of them would be less than 5%, the Advertising and Domestic Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

## **Merchandise Procurement Framework Agreement**

The annual caps for transactions contemplated under the Merchandise Procurement Framework Agreement are RMB25 million and RMB50 million respectively for the two years ending 31 December 2020.

As one or more of the applicable percentage ratios under the Listing Rules calculated based on the highest annual cap exceeds 0.1% but all of them are less than 5%, the Merchandise Procurement Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

# I. ADVERTISING AND DOMESTIC SERVICES FRAMEWORK AGREEMENT

- Date : 23 August 2019
- Parties : (1) The Company; and  
(2) CG Holdings
- Term : From 23 August 2019 until 31 December 2020
- Services to be provided : (1) Advertising Services

Provision of advertising services (which comprise installation, maintenance and dismantling services) by the Group to CGH Group in relation to advertisements to be displayed at certain advertising spaces located in the common areas of the property projects managed by the Group (the “**Advertising Spaces**”).

## (2) Domestic Services

To improve the level of satisfaction of Property Owners at the time of delivery, CGH Group will enter into Domestic Services Rights Agreements with the Property Owners pursuant to which the Property Owners will be offered the rights to enjoy Domestic Services provided by the Group subject to certain cash limit.

Fees for the Domestic Services to be provided to the Property Owners pursuant to their rights under the Domestic Services Rights Agreement will be payable to the Group by the CGH Group on behalf of such Property Owners. However, where the relevant cash limit is insufficient to cover the fees for the Domestic Services, the portion in excess shall be paid by the Property Owners to the Group.

The Domestic Services to be provided by the Group include home cleaning, household appliances cleaning, garden maintenance, home maintenance and other domestic services.

Price : (1) Advertising Services

The fees for the provision of the Advertising Services shall be determined after arm's length negotiations taking into account costs involved in provision of the services (including the cost of manpower, raw materials, management and procurement of the Advertising Spaces, having considered the size, location and positioning of the Advertising Spaces), with reference to the prevailing market prices of similar services provided by Independent Third Parties in the open market, as well as (if available) other market reference prices such as prices of similar transactions conducted by other property management companies in the PRC.

(2) Domestic Services

The prices for the Domestic Services provided to the Property Owners pursuant to their rights under the Domestic Services Rights Agreement will be based on the price list of the Group which is the same as that available to Independent Third Parties for the same services.

Payment : (1) Advertising Services

Fees for the Advertising Services provided by the Group will be payable no later than three months after provision of such services by one-time payment or instalment payment.

(2) Domestic Services

Fees for the Domestic Services provided by the Group to the Property Owners will be payable by CGH Group on behalf of the Property Owners within three months after the date of the relevant Domestic Services Rights Agreement.

## Annual caps and basis of determination

The approximate historical amounts of fees paid by CGH Group to the Group (excluding tax) for the provision of Advertising Services and Domestic Services for the year ended 31 December 2018 and the six months ended 30 June 2019 were as follows:

	<b>For the year ended 31 December 2018</b>	<b>For the six months ended 30 June 2019</b>
<b>Advertising Service</b>	— —	RMB428,936 (equivalent to approximately HK\$477,603)
<b>Domestic Service</b>	— —	RMB1,122,642 (equivalent to approximately HK\$1,250,018)

The respective annual caps for fees payable by CGH Group to the Group (excluding tax) for the provision of Advertising Services and Domestic Services for each of the two years ending 31 December 2020 under the Advertising and Domestic Services Framework Agreement are as follows:

	<b>For the year ending 31 December 2019</b>	<b>For the year ending 31 December 2020</b>
<b>Advertising Services</b>	RMB2,000,000 (equivalent to approximately HK\$2,226,924)	RMB4,000,000 (equivalent to approximately HK\$4,453,847)
<b>Domestic Services</b>	RMB9,000,000 (equivalent to approximately HK\$10,021,156)	RMB18,000,000 (equivalent to approximately HK\$20,042,312)

### *Advertising Services*

The above proposed annual caps in relation to the Advertising Services were determined after having taken into account (i) the historical amount of fees paid by CGH Group to the Group for the provision of Advertising Services for the six months ended 30 June 2019; (ii) the estimated transaction amount for the provision of Advertising Services by the Group to CGH Group for each of the two years ending 31 December 2020; (iii) the Group's reference to the market rate for the provision of similar services in the same industry; and (iv) the rates of fees to be charged by the Group for the provision of the relevant services.

## *Domestic Services*

The above proposed annual caps in relation to the Domestic Services were determined after having taken into account (i) the historical amount of fees paid by CGH Group to the Group for the provision of Domestic Services for the six months ended 30 June 2019; (ii) the estimated marketing expenses to be incurred by the CGH Group; (iii) the Group's reference to the market price for the provision of similar services in the same industry; and (iv) the rates of fees to be charged by the Group for the provision of the relevant services.

### **Pricing policy**

During the term of the Advertising and Domestic Services Framework Agreement, members of the Group may from time to time enter into individual agreements with members of CGH Group for the provision of Advertising Services or Domestic Services in accordance with the principal terms of the Advertising and Domestic Services Framework Agreement.

## *Advertising Services*

In relation to the Advertising Services, the Group adopts the following pricing policy for each of such individual agreements:

- (a) each individual agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;
- (b) the relevant member of the Group shall conduct market research on (if available) three Independent Third Parties in the surrounding areas of the relevant property project and make reference to the prevailing prices charged by such Independent Third Parties for providing similar services to ensure that the transaction price is no less favorable to the Group than those available from Independent Third Parties;
- (c) the Group will also determine the price by making reference to (if available) other market reference prices such as prices of similar transactions conducted by other property management companies in the PRC which the Group considers to be matching, fair and competitive, to ensure the relevant fees would not be lower than those charged by Independent Third Parties; and
- (d) should there be any material discrepancies between the price charged by the Group and that charged by Independent Third Parties, the price chargeable by the Group will be adjusted accordingly.

## *Domestic Services*

In relation to the Domestic Services, the Group adopts the following pricing policy for each of such individual agreements:

- (a) each individual agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms; and
- (b) the prices of the Domestic Services to be provided to the Property Owners pursuant to their rights under the Domestic Services Rights Agreement will be the same as those available to Independent Third Parties.

## **II. MERCHANDISE PROCUREMENT FRAMEWORK AGREEMENT**

Date	:	23 August 2019
Parties	:	(1) The Company; and (2) CG Holdings
Term	:	From 23 August 2019 until 31 December 2020
Subject matter	:	The CGH Group agrees to purchase various kinds of goods, including but not limited to home appliances and food products, from the Group
Price	:	The prices of the goods to be procured under the Merchandise Procurement Framework Agreement are determined after arm's length negotiations taking into account the cost of procuring the relevant goods by the Group as well as other costs including manpower and management costs, with reference to the prevailing market prices of same or similar goods charged by Independent Third Parties.
Payment	:	Fees for such goods provided by the Group will be payable within three months from the date of receipt of invoice by CGH Group.



## **Annual caps and basis of determination**

The approximate historical amounts of fees paid by CGH Group to the Group (excluding tax) for the procurement of merchandise for the year ended 31 December 2018 and the six months ended 30 June 2019 were as follows:

<b>For the year ended 31 December 2018</b>	<b>For the six months ended 30 June 2019</b>
RMB692,982 (equivalent to approximately HK\$771,609)	RMB1,898,363 (equivalent to approximately HK\$2,113,755)

The annual caps for transaction amounts payable by CGH Group to the Group (excluding tax) for the provision of goods for each of the two years ending 31 December 2020 under the Merchandise Procurement Framework Agreement are as follows:

<b>For the year ending 31 December 2019</b>	<b>For the year ending 31 December 2020</b>
RMB25,000,000 (equivalent to approximately HK\$27,836,544)	RMB50,000,000 (equivalent to approximately HK\$55,673,088)

The above proposed annual caps were determined after having taken into account (i) the historical amount of fees paid by CGH Group to the Group for the procurement of merchandise for the year ended 31 December 2018 and the six months ended 30 June 2019; (ii) the estimated transaction amount for the goods to be provided by the Group to CGH Group for each of the two years ending 31 December 2020; and (iii) the Group's reference to the market price of same or similar goods in the open market.

## **Pricing policy**

During the term of the Merchandise Procurement Framework Agreement, members of the Group may from time to time enter into individual agreements with members of CGH Group for the sale of various kinds of goods, including but not limited to home appliances and food products, by the Group to CGH Group in accordance with the principal terms of the Merchandise Procurement Framework Agreement. The Group adopts the following pricing policy for each of such individual agreements:

- (a) each individual agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;



- (b) the prices for the goods will be determined with reference to the prevailing market prices of same or similar goods, which will be determined through periodic price researches conducted by the staff of the business department of the Company by obtaining the prices of goods charged by at least three Independent Third Parties in the market for goods comparable to the goods supplied under the Merchandise Procurement Framework Agreement;
- (c) the relevant personnel of the business department of the Company will regularly update the market prices for the purpose of considering if the prices charged for specific transactions are fair and reasonable and in accordance with the Company's pricing policy; and
- (d) should there be any material discrepancies between the price charged by the Group and that charged by Independent Third Parties, the price chargeable by the Group will be adjusted accordingly.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Company considers that the entering into of the Advertising and Domestic Services Framework Agreement and the Merchandise Procurement Framework Agreement helps raise the Group's income from value-added services, which will thereby increase the total revenue and improve the profitability of the Group, and is in conformity with the Group's strategic development needs.

The Directors (including the independent non-executive Directors) consider that the Advertising and Domestic Services Framework Agreement, the Merchandise Procurement Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since (i) Ms. YANG Huiyan is the controlling shareholder of CG Holdings; (ii) Mr. YANG Zhicheng is a cousin of Ms. YANG Huiyan; and (iii) Ms. WU Bijun is the vice president and chief financial officer of CG Holdings, all of them as Directors have abstained from voting on the resolutions at the Board meeting approving the Advertising and Domestic Services Framework Agreement, the Merchandise Procurement Framework Agreement and the transactions contemplated thereunder to avoid any conflicts of interest.

## **LISTING RULES IMPLICATIONS**

Since CG Holdings is a 30%-controlled company indirectly held by Ms. YANG Huiyan, a non-executive Director and the controlling shareholder of the Company, it is an associate of Ms. YANG Huiyan and thus a connected person of the Company. Transactions contemplated under the Advertising and Domestic Services Framework Agreement and the Merchandise Procurement Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## **Advertising and Domestic Services Framework Agreement**

The annual caps for transactions of the Advertising Services contemplated under the Advertising and Domestic Services Framework Agreement are RMB2 million and RMB4 million respectively for the two years ending 31 December 2020, whereas the annual caps for transactions of the Domestic Services contemplated under the Advertising and Domestic Services Framework Agreement are RMB9 million and RMB18 million respectively for the two years ending 31 December 2020.

The applicable percentage ratios under the Listing Rules in respect of the highest annual cap of the Advertising Services, when calculated on a standalone basis, are all less than 0.1%; while one or more of the applicable percentage ratios in respect of the highest annual cap of the Domestic Services, when calculated on a standalone basis, exceed 0.1% but all of them are below 5%. Whereas if the Advertising Services, the Domestic Services and the Consultancy and Other Services are required to be aggregated together pursuant to Rule 14A.84 of the Listing Rules, one or more of the applicable percentage ratios would exceed 5%. Nonetheless, as (i) the Company had already complied with all the connected transactions requirements (including independent shareholders' approval requirement) for the Consultancy and Other Services for the three years ending 31 December 2020 (for details, please refer to the announcement of the Company dated 18 September 2018 and the circular of the Company dated 5 November 2018) and the Company is thus not required to aggregate the Advertising Services and the Domestic Services with those Consultancy and Other Services; and (ii) one or more of the applicable percentage ratios for the annual caps of the Domestic Services and the Advertising Services (when aggregated together) would exceed 0.1% but all of them would be less than 5%, the Advertising and Domestic Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

## **Merchandise Procurement Framework Agreement**

The annual caps for transactions contemplated under the Merchandise Procurement Framework Agreement are RMB25 million and RMB50 million respectively for the two years ending 31 December 2020.

As one or more of the applicable percentage ratios under the Listing Rules calculated based on the highest annual cap exceeds 0.1% but all of them are less than 5%, the Merchandise Procurement Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

## GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners.

CG Holdings is an investment holding company and its subsidiaries are principally engaged in property development in the PRC, including property development, construction, property investment and hotel operation. CGH Group also operates robot and agricultural businesses as well.

## DEFINITIONS

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

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“Advertising and Domestic Services Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 23 August 2019 which sets out the principal terms for the provision of Advertising Services and Domestic Services by the Group to CGH Group for a term commencing on 23 August 2019 until 31 December 2020
“Advertising Services”	the provision of advertising services (which comprise installation, maintenance and dismantling services) by the Group to CGH Group in relation to advertisements to be displayed at certain advertising spaces located in the common areas of the property projects managed by the Group
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CG Holdings”	Country Garden Holdings Company Limited, 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: 2007)
“CGH Group”	CG Holdings and its subsidiaries
“Company”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Consultancy and Other Services”	consultancy services and other services provided by the Group to CGH Group pursuant to the Consultancy and Other Services Framework Agreement in relation to sales of properties and other services, including but not limited to consultancy services on the operational management of the on-site sales offices of CGH Group, and cleaning services for the properties developed by CGH Group before delivery to Property Owners
“Consultancy and Other Services Framework Agreement”	collectively means the framework agreement entered into between the Company and CG Holdings on 1 June 2018 which sets out the principal terms for the provision of Consultancy and Other Services by the Group to CGH Group for a term commencing on 19 June 2018 until 31 December 2020 and the supplement agreement thereto dated 18 September 2018 to revise the annual caps for fees
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Domestic Services”	the provision of domestic services including home cleaning, household appliances cleaning, garden maintenance, home maintenance and other domestic services by the Group to the Property Owners
“Domestic Services Rights Agreement(s)”	the agreement(s) to be entered into between CGH Group and the Property Owners pursuant to which the Property Owners will be offered the rights to enjoy Domestic Services provided by the Group subject to certain cash limit
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties who are independent of, and not connected with, the Company or any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merchandise Procurement Framework Agreement”	the framework agreement entered into between the Company and CG Holdings on 23 August 2019 which sets out the principal terms for the sale of various kinds of goods, including but not limited to home appliances and food products by the Group to CGH Group for a term commencing on 23 August 2019 until 31 December 2020

“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)
“Property Owner(s)”	purchasers of property units of the CGH Group
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*In this announcement, RMB has been converted to HK\$ at the rate of HK\$1 = RMB0.8981 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*

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

Hong Kong, 23 August 2019

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