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碧桂园服务
COUNTRY GARDEN SERVICES

COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧桂园服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6098)

DISCLOSEABLE TRANSACTION
ACQUISITION OF ENTIRE EQUITY INTEREST IN
LINK JOY HOLDINGS

The Board is pleased to announce that, on 28 September 2021 (after trading hours), CG Property Services HK (an indirect wholly-owned subsidiary of the Company) and Colour Life Services entered into the Equity Transfer Agreement, pursuant to which the Group agreed to acquire 100% of the equity interests in the Target Company. The Target Group is the core asset of Colour Life Services, a leading property management and community services operator in the PRC.

Upon completion of the Acquisition, the Group will hold 100% of the equity interests in the Target Company, and will indirectly hold 100% of the equity interests in the Core Asset Companies, and the Target Group will become subsidiaries of the Group, whose 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 Agreement are more than 5% but all of them are less than 25%, the Acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that, on 28 September 2021 (after trading hours), CG Property Services HK (an indirect wholly-owned subsidiary of the Company) and Colour Life Services entered into the Equity Transfer Agreement. The principal terms of the Equity Transfer Agreement are as follows:

PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

- Date : 28 September 2021 (after trading hours)
- Parties : (1) CG Property Services HK (an indirect wholly-owned subsidiary of the Company, as purchaser);
- (2) Colour Life Services (as vendor);
- (3) the Guarantor I (as guarantor); and
- (4) the Target Company.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Guarantor I, Colour Life Services and their ultimate beneficial owners (including the Guarantor II) are third parties independent of the Company and its connected persons.

Subject Matter and Target Group

Pursuant to the terms of the Equity Transfer Agreement and subject to conditions, CG Property Services HK has agreed to acquire 100% of the equity interests in the Target Company from Colour Life Services.

Colour Life Services will procure the Target Company to directly or indirectly hold 100% of the equity interests in the Core Asset Companies, cease to hold any rights, obligations or liabilities in respect of the Spun-off Businesses, obtain necessary approvals, consents or confirmations, and go through the relevant transfer formalities and registration within the specified time after signing the Equity Transfer Agreement.

Consideration

The maximum amount of the total Consideration for the Acquisition is RMB3,300 million, which will be paid by the internal resources of CG Property Services HK and/or through equity financing and/or loans, etc.. The Consideration was determined following arm's length negotiation after taking into account factors such as the property management fee income of the Target Group, the chargeable gross floor area and the net profit indicators after deducting non-operating gains and losses of the projects under management and the projects that have been contracted for but not yet taken over, and the sustainable independent operation of the Target Company and the status of the Target Company's existing management projects, and the current market situation and the future development of the property services industry.

For the avoidance of doubt, the abovementioned profit indicators do not represent the expected level of future profits, nor do they constitute a profit forecast under Rule 14.61 of the Listing Rules.

Terms of Payment for Consideration

The Consideration for the Acquisition will be paid by CG Property Services HK in cash in three instalments, namely, the first instalment of RMB2,300 million, the second instalment of RMB700 million and the third instalment of RMB300 million. Unless otherwise specified, the Consideration shall be settled in HKD. The central parity rate of RMB against HKD officially released by the People's Bank of China one business day before payment shall be adopted as the exchange rate.

First Instalment of Consideration

CG Property Services HK shall pay the First Instalment of Consideration, comprising the amount of United States dollars equivalent to RMB1,000 million (approximately US\$155 million) and the amount of HKD equivalent to the remaining balance of RMB1,300 million on the day on which the following conditions are met:

- (1) Fantasia Holdings Group Co., Limited, the controlling shareholder of Colour Life Services, having issued a letter of commitment to vote in favor of the Acquisition at the general meeting of Colour Life Services;
- (2) the registration and procedures in relation to the pledges of 99% of the equity interests in Wanxiangmei Property, 100% of the equity interests in Kaiji Commercial and 100% of the equity interests in Wanxiangmei Residential, and the online reporting of the pledge of 100% of the equity interest in Beijing Wanxiangmei having been completed;
- (3) the third-party written confirmation required for the equity transfer of Wanxiangmei Property and Changbaishan Tourism Resort Property (two of the Core Asset Companies) having been obtained;
- (4) Colour Life Services and the Target Company having obtained the written consent from their lending bank for the Acquisition and creation of pledges over the equity interests in the Core Asset Companies as referred to in the section "*Principal Terms of the Equity Transfer Agreement — Pledges and Guarantees*"; and
- (5) Colour Life Services having handed over the credentials and licenses of Wanxiangmei Property and Kaiyuan International to CG Property Services HK.

Second Instalment of Consideration

After Colour Life Services provides CG Property Services HK with such securities as may be approved by the latter, CG Property Services HK shall pay the amount of HKD equivalent to the Second Instalment of Consideration to Colour Life Services.

Third Instalment of Consideration

CG Property Services HK shall pay the amount of HKD equivalent to the Third Instalment of Consideration within three working days after the following conditions are met:

- (1) between the date on which the completion of payment of the First Instalment of Consideration and 31 December 2021, Colour Life Services and the competent institutions that are in charge of the Target Company effectively adopt all necessary resolutions;
- (2) the PRC anti-monopoly law enforcement agency agrees and approve the Acquisition, and issues relevant documents;
- (3) within five Working Days after the condition referred to in paragraph (i) of this section is met, Colour Life Services completes the change of registration formalities for the transfer of the Target Shares to CG Property Services HK and issues the register of members and capital contribution certificate to CG Property Services HK;
- (4) all of the necessary formalities and registration to procure the Target Company to directly or indirectly hold 100% of the equity interests in the Core Asset Companies and to cease to hold any rights, obligations or liabilities in respect of the Spun-off Businesses are completed;
- (5) the existing pledges of the Target Shares and the equity interests in certain subsidiaries of the Target Group are released, and the relevant registration procedure are completed;
- (6) the registration and formalities in relation to the pledge of the immovable properties of the Spun-off Businesses referred to in the section “*Principal Terms of the Equity Transfer Agreement — Pledges and Guarantees*” are completed;
- (7) in terms of the transfer, the allocation and the handover of the businesses, related-party current accounts and the arrangement dealing with the funds on account pursuant to the Equity Transfer Agreement, the relevant formalities are completed, or the relevant documents or agreements are signed;
- (8) CG Property Services HK completes the takeover of the daily management of the Target Company and the Core Asset Companies;
- (9) the registration formalities in relation to the change in the equity interests that are not within the scope of the Acquisition are completed;
- (10) Colour Life Services completes the handover of the documents and materials of the Target Company to CG Property Services HK;

- (11) the arrangements in relation to the retention and compensation of the personnel of the Target Group and the handover of information and data systems are completed;
- (12) the existing guarantee provided by the Target Company to external parties is released and relevant written confirmation documents are provided; and
- (13) Colour Life Services and its controlling shareholder, Fantasia Holdings Group Co., Limited, fulfill and comply with all applicable regulations and requirements under the Listing Rules in relation to the Equity Transfer Agreement and the transactions contemplated thereunder, including but not limited to obtaining the adoption and approval in relation to the Equity Transfer Agreement and the transactions contemplated thereunder at the general meeting.

Existing Pledges

Colour Life Services shall release the existing equity pledges of the Target Group (including the Target Company) within ten working days after the payment of the First Instalment of Consideration.

Pledges and Guarantees

Colour Life Services and the Guarantors agree to pledge the following equity interests in the Core Asset Companies to CG Property Services HK or its designated agent to guarantee the obligations of Colour Life Services under the Equity Transfer Agreement:

- (1) 99% of the equity interests in Wanxiangmei Property;
- (2) 100% of the equity interests in Kaiji Commercial;
- (3) 100% of the equity interests in Wanxiangmei Residential Property;
- (4) 100% of the equity interests in Beijing Wanxiangmei;
- (5) 100% of the equity interests in the Target Company;
- (6) 100% of the equity interests in Link Joy (HK) Co., Ltd. (being a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Target Company); and
- (7) 100% of the equity interests in Kaiyuan International.

The guarantee period is from the date of establishment of the pledge and ends on the date when Colour Life Services fulfills its obligations under the Equity Transfer Agreement.

Colour Life Services agrees to pledge part of its property rights in relation to the immovable properties of the Spun-off Businesses to CG Property Services HK or its designated agent to guarantee the obligations of Colour Life Services under the Equity Transfer Agreement. The guarantee period is from the date of establishment of the mortgage and ends on the date of expiry of the two-year period.

The Guarantor I agrees to provide a joint and several guarantee for the obligations of Colour Life Services under the Equity Transfer Agreement. The guarantee period is from the signing date of the Equity Transfer Agreement and ends on the date on which Colour Life Services fulfills the obligations under the Equity Transfer Agreement.

The Guarantor II agrees to provide a joint and several guarantee in form of an undertaking letter for the designated obligations of Colour Life Services under the Equity Transfer Agreement. The guarantee period is from the signing date of the Equity Transfer Agreement and ends when the payment of the Third Instalment of Consideration is completed.

Closing

The closing date of the Equity Transfer Agreement is the date on which the equity interests in the Target Shares are transferred to CG Property Services HK (“**Closing Date**”).

Treatment of Funds and Assets of the Target Company

The Target Company shall retain the net assets of RMB500 million as of 28 September 2021 (of which monetary funds shall not be less than RMB200 million). The balance remaining after deducting RMB500 million from the net assets of the Target Company as of 28 September 2021 belongs to Colour Life Services.

Treatment of Related-Party Current Accounts

Colour Life Services and the Target Company shall settle various types of related-party current accounts of the Target Company within 30 days from the date of signing the Equity Transfer Agreement. The net assets of the Target Company that belongs to Colour Life Services can be used to offset related-party current accounts in accordance with the terms of the Equity Transfer Agreement. In terms of related-party current accounts that remain unsettled after the offsetting, Colour Life Services and its related parties shall repay the Target Company in cash.

Non-Competition

Within five years from the Closing Date, unless with the consent of CG Property HK, Colour Life Services, Colour Life Services’ affiliates, the Guarantor I and the companies in which any of them directly or indirectly holds shares shall not directly or indirectly take over any project within the scope of the Acquisition and engage in any act which may compete with any project being or to be negotiated over with the Target Company, nor shall they jeopardize the operation and management thereof.

Termination and Dispute Resolution

If the Acquisition is not approved by the PRC anti-monopoly law enforcement agency, each of the Parties can unilaterally terminate the Equity Transfer Agreement from the date on which they are informed that the Acquisition is not approved, and it does not constitute a breach of contract by either party.

If Colour Life Services fails to obtain a resolution to approve the Acquisition issued by its competent authorities by 1 March 2022, CG Property Services HK has the right to unilaterally terminate the Equity Transfer Agreement. If CG Property Services HK elects to terminate the Equity Transfer Agreement, Colour Life Services shall pay 15% of the Consideration to CG Property Services HK as liquidated damages.

If the Equity Transfer Agreement is terminated or cancelled, Colour Life Services shall refund CG Property Services HK the paid consideration in full (after deducting the liquidated damages (if any) payable by CG Property Services HK) within the agreed period. Then, CG Property Services HK shall cooperate in going through formalities to return the Target Shares (if transferred) to Colour Life Services, to change the Target Company's directors and supervisors (if changed), and to return the materials and licenses (if handed over) of the Target Company to Colour Life Services.

INFORMATION ON THE TARGET GROUP

The Target Company is a limited liability company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of Colour Life Services. The Target Company is principally engaged in investment holding. As at the Closing Date, the Target Company will directly or indirectly own 100% of the equity interests in the Core Asset Companies. Such equity interests will be the principal assets of the Target Company.

All of the Core Asset Companies are limited companies established under the laws of the PRC, and their principal businesses are property management in the PRC.

Financial Information of the Target Group

As at 30 June 2021, the unaudited consolidated net asset value of the Target Company (excluding the Spun-off Businesses but taking into account of the Core Asset Companies) is approximately RMB1,374 million. According to the financial report of the Target Company prepared in accordance with Hong Kong Financial Reporting Accounting Standards, its unaudited consolidated net profits (excluding Spun-off Businesses but taking into account of the Core Asset Companies) for the two years ended 31 December 2020 are as follows:

Unit: RMB'000

	For the year ended 31 December	
	2020	2019
	(unaudited)	(unaudited)
Profit before taxation	412,112	417,862
Profit after taxation	309,467	305,787

FINANCIAL EFFECTS OF THE ACQUISITION

Upon completion of the Acquisition, the Group will hold 100% of the equity interests in the Target Company, and will indirectly hold 100% of the equity interests in each of the Core Asset Companies, whose results, assets and liabilities will be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Group is the core assets (e.g. Wanxiangmei Property and Kaiyuan International) of Colour Life Services, a leading property management and community services operator in the PRC. Colour Life Services is a high-tech and comprehensive community service enterprise integrating property services, intelligent buildings and community services. Adhering to the brand concept of “Perfecting our Community Services”, Colour Life Services is committed to providing owners and customers with the care for their families during the lifetime. It was honoured as 2021 Top 10 China Listed Companies of Property Management Service in Overall Strengths, 2021 Top 10 China Listed Companies of Property Management Service in Service Scale, 2021 China Internet Community Operation Leading Company awarded by China Index Academy, and 2021 Top 50 China Property Management Service Companies awarded by Guandian Index Academy etc..

The Acquisition will supplement the Group’s business, further expand the scale and coverage of the Group’s business, promote the development of the Group’s community value-added services and other services (especially the Group’s development in commercial property management), enhance the Group’s influence and competitiveness in the market, contribute to the long-term stable development of the Group and stabilize the leading position in the industry.

The Directors (including independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the transaction 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 Agreement are more than 5% but all of them are less than 25%, the Acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and is 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 the PRC 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, “Three Supplies and Property Management” businesses, city services and commercial operational 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, heating services, “Three Supplies and Property Management” businesses, city services and commercial operational services.

Colour Life Services is a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1778), and is principally engaged in the provision of property management services, engineering services, community leasing, sales and other services.

The Guarantor I is a limited company established under the laws of the PRC and an indirect wholly-owned subsidiary of Colour Life Services, and it is principally engaged in the provision of property management services.

The Guarantor II is a Hong Kong citizen and the ultimate beneficial owner of Colour Life Services as at the date of this announcement.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Shares by CG Property Services HK from Colour Life Services in accordance with the Equity Transfer Agreement
“Beijing Wanxiangmei”	Beijing Wanxiangmei Great Lakes Property Co., Ltd.* (北京萬象美信合大湖物業管理有限公司)
“Board”	the board of directors 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
“Changbaishan Tourism Resort Property”	Jilin Changbaishan Tourism Resort Property Management Co., Ltd.* (吉林省長白山旅遊度假區物業管理有限公司)
“Closing Date”	as defined under the section “ <i>Principal Terms of the Equity Transfer Agreement — Closing</i> ” in this Announcement
“Colour Life Services”	Colour Life Services Group Co., Limited, 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: 1778)
“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”	has the meanings ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition of up to RMB3,300 million
“Core Asset Companies”	Wanxiangmei Property, Changbaishan Tourism Resort Property, Kaiyuan International, Kaiji Commercial, Wanxiangmei Residential, Huaxu Property, and Beijing Wanxiangmei, each of them is a limited company established under the laws of the PRC and is or will become a direct or indirect wholly-owned subsidiary of the Target Company before closing of the Acquisition
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 28 September 2021 entered into between CG Property Services HK and Colour Life Services in relation to the Acquisition
“First Instalment of Consideration”	RMB2,300 million
“Group”	the Company and its subsidiaries

“Guarantor I”	Shenzhen Colour Life Services Group Co., Ltd., a company with limited liability established under the laws of the PRC and an indirect wholly-owned subsidiary of Colour Life Services
“Guarantor II”	Ms. Zeng Jie, Baby
“Guarantors”	collectively, the Guarantor I and the Guarantor II
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaxu Property”	Shijiazhuang Huaxu Property Management Co., Ltd.* (石家莊花胥物業管理有限公司)
“Kaiji Commercial”	Shenzhen Kaiji Commercial Property Management Co., Ltd.* (深圳市開際商業物業管理有限公司)
“Kaiyuan International”	Shenzhen Kaiyuan International Property Management Co., Ltd.* (深圳市開元國際物業管理有限公司)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	collectively, CG Property Services HK and Colour Life Services
“percentage ratio”	has the meanings ascribed to it under the Listing Rules
“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
“Second Instalment of Consideration”	RMB700 million
“Spun-off Businesses”	the designated business projects, immovable property interests and equity interests directly or indirectly held by the Target Company on the date of signing of the Equity Transfer Agreement but to be disposed of and spun off before closing of the Acquisition and do not fall within the ambit of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company” or “Link Joy Holdings”	Link Joy Holdings Group Co., Limited, a limited liability company incorporated in the Cayman Islands and is a direct wholly-owned subsidiary of Colour Life Services

“Target Group”	the Target Company and its subsidiaries, including the Core Asset Companies
“Target Shares”	100% of the equity interests in the Target Company
“Third Instalment of Consideration”	RMB300 million
“Wanxiangmei Property”	Wanxiangmei Property Management Co., Ltd* (萬象美物業管理有限公司)
“Wanxiangmei Residential”	Shenzhen Wanxiangmei Residential Property Management Co., Ltd.* (深圳市萬象美住宅物業管理有限公司)
“Working Day”	the statutory working days in the PRC
“%”	per cent

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

Foshan, China, 28 September 2021

As of the date of this announcement, the executive Directors are Mr. LI Changjiang (President), 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.

* *For identification purpose only*