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COUNTRY GARDEN HOLDINGS COMPANY LIMITED

碧桂園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

DISCLOSEABLE TRANSACTION DISPOSAL OF 26.67% EQUITY INTEREST IN THE ASSOCIATE

THE DISPOSAL

The Board is pleased to announce that, on 25 August 2023 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Associate entered into the Disposal Agreement, pursuant to which, the Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor the Sales Equity, representing 26.67% equity interest in the Associate, at a total Consideration of approximately RMB1.2915 billion.

Upon completion of the Disposal, the Group will no longer own any interest in the Associate.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratio(s) in respect of the Disposal is more than 5% but less than 25% pursuant to Rule 14.07 of the Listing Rules, under Chapter 14 of the Listing Rules, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

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THE DISPOSAL AGREEMENT

Major terms of the Disposal Agreement are summarized as follows:

Date

25 August 2023 (after trading hours)

Parties

- (a) the Vendor, an indirect wholly-owned subsidiary of the Company (as the vendor of the Sales Equity);
- (b) the Purchaser (as the purchaser of the Sales Equity); and
- (c) the Associate.

Subject Matter

Pursuant to the Disposal Agreement, the Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor the Sales Equity, representing 26.67% equity interest in the Associate, and relevant effective interests, including but not limited to the undistributed profit and equity surplus reserve of the Associate attributable to the Vendor totaling approximately RMB237.7 million as at 30 June 2023, as well as any profit or loss based on the Sales Equity of the Associate from 30 June 2023 to the date of Completion.

Upon Completion, the debts payable by the Vendor to the Associate of approximately RMB541.2 million (the “**Debts**”) shall be borne by the Purchaser.

Consideration

The Consideration of the Disposal is approximately RMB1.2915 billion, which shall be settled and adjusted in the following manners:

- (a) As a part of the Consideration, at Completion, Debts of approximately RMB541.2 million payable by the Vendor to the Associate will be deducted from the Consideration, and shall be borne by the Purchaser upon Completion;

- (b) the first tranche of instalment (i.e. the Consideration less (i) approximately RMB541.2 million (i.e. the Debts amount); (ii) RMB8.00 million (i.e. the retained amount for the second tranche of instalment); (iii) RMB2.00 million (i.e. the retained amount for the third tranche of instalment); and (iv) RMB39.91 million (i.e. the Retained Amount Payables)) will be paid within three working days upon the satisfaction of payment terms (the “**Payment Terms**”) (i.e. upon the completion of equity transfer registration of the Sales Equity and various completion matters/procedures);
- (c) the second tranche of instalment (i.e. RMB8.00 million less the losses actually borne by the Associate for dealing with the default in marketing of the Vendor, if any) will be paid within five working days upon the completion of the settlement of the second tranche of instalment (the Vendor and the Purchaser shall complete such settlement within 30 days from 30 December 2023);
- (d) the third tranche of instalment (i.e. RMB2.00 million less the losses actually borne by the Associate for dealing with the default in marketing of the Vendor, if any) will be paid within five working days upon the completion of the settlement of the third tranche of instalment (the Vendor and the Purchaser shall complete such settlement within 30 days from 30 June 2024); and
- (e) Retained amount payables of RMB39.91 million (“**Retained Amount Payables**”), representing the amounts retained by the Purchaser for its associated companies (the “**Suppliers**”) to guarantee the payment of the payables under certain supply contracts by associate companies of the Vendor (the “**Developers**”) (such supply contracts and the corresponding payables are detailed in the Disposal Agreement). Under the premise of satisfaction of the Payment Terms, it will be settled/offset in the following manners:
 - (i) the Vendor and the Purchaser will settle the amounts paid to the Suppliers by the Developers for the prevailing month (the “**Paid Amounts**”) on a monthly basis, where the Vendor will provide the Purchaser with the payment evidence on the 25th day of each month and make reconciliation with the breakdown of payables listed in the Disposal Agreement, and then the Purchaser will, within three working days after verifying the evidence, settle equivalent amounts to the Vendor;
 - (ii) If the Developers fail to pay all payables listed in the Disposal Agreement to the Suppliers before 25 December 2023, the Purchaser will no longer need to pay the remaining amounts, calculated by the Retained Amount Payables less the Paid Amounts, to the Vendor, and such remaining amounts will be applied to offset the payables owed by the Developers to the Suppliers.

The Consideration is determined by the Vendor and Purchaser after arm’s length negotiation with reference to, among other things, the net asset of the Associate Group as at 30 June 2023 as well as its historical sales results, development cost incurred, assets and liabilities and business development and prospects.

Completion

The Vendor and the Purchaser shall, within two working days after obtaining the industrial and commercial documents necessary for the change in equity interest according to the terms of the Disposal Agreement, complete the equity transfer for the Sales Equity (i.e. both parties have completed the change registration for the transfer of Sales Equity with the Market Supervision Administration, and obtain the relevant “Notice on Approval of Change Registration (Filing)” (《准予變更登記(備案)通知書》) issued by the Market Supervision Administration) as well as the registration procedures for the industrial and commercial change of its directors, supervisors and senior management, and complete the handover of, among other things, documents, certificates and licenses, seal and in kind of the Associate (the “**Completion**”). Within 30 working dates upon the completion of equity transfer for the Sales Equity, the Vendor and the Purchaser shall cooperate to complete all procedures for the release of guarantees previously made by the Vendor on the debts of the Associate.

As agreed by the Vendor and the Purchaser, if the equity transfer for the Sales Equity is postponed for any reason not related to both parties, including but not limited to the adjustment or replenishment of materials as requested by the industrial and commercial department of the PRC, the Disposal Agreement shall be correspondingly postponed and continued to be performed.

Breach and Termination

If the Vendor fails to perform its obligation on the completion of the Disposal under the Disposal Agreement, liquidated damages calculated at 0.03% of the Debts subtracted from the Consideration shall be paid by the Vendor to the Purchaser for each day of delay, effective from the date of performance of the Vendor’s obligation. In contrary, in case the Purchaser fails to perform its obligation of the payment of Consideration under the Disposal Agreement, liquidated damages calculated at 0.03% of the amount of delayed payment shall be paid by the Purchaser to the Vendor each day, effective from the date of performance of the Purchaser’s obligation. In addition, in case the above situation is still not fully performed within 30 days from the reminder notice by the complying party, the complying party could notify the defaulting party in writing to terminate the Disposal Agreement, and is at the same time entitled to request the defaulting party to pay liquidated damages of RMB50.0 million. In case the liquidated damages are insufficient to make up the losses incurred by the complying party, the complying party is entitled to request the defaulting party to compensate all losses suffered by it therefrom.

Upon Completion, if the Vendor does not make disclosure or makes false disclosure on matters related to marketing and management which have already caused losses to the Associate, and therefore causing material losses to the Purchaser, the Vendor shall pay liquidated damages of RMB30.0 million to the Purchaser. In case the liquidated damages are insufficient to make up the losses incurred by the Purchaser, the Purchaser is entitled to request the Vendor to compensate all losses suffered by it therefrom.

Except for the above, the defaulting party in breach of the Disposal Agreement shall pay the complying party liquidated damages of RMB20.0 million and compensate all losses caused therefrom to the complying party.

INFORMATION ON THE ASSOCIATE GROUP

The Associate is a company established in the PRC with limited liability. It is an associate which is owned as to approximately 26.67% by the Vendor and as to approximately 73.33% by the Purchaser respectively. The Associate is principally engaged in the property development business in the PRC. As at the date of this announcement, the Associate holds 100% equity interest in Guangzhou Shija. Guangzhou Shija is a company established in the PRC with limited liability, which is principally engaged in construction decoration and renovation business in the PRC.

The Associate Group's major asset is the Project, and owns the land use right of the Project. The Project is located in Guangzhou Asian Games City, Shilou Town, Panyu District, Guangzhou, the PRC, which is a mixed commercial and residential complex named Guangzhou Asian Games City, with a gross floor area of approximately 5,850,000 sq.m. and a site area of approximately 2,521,000 sq.m.. As at the date of this announcement, gross floor area of approximately 5,055,554 sq.m. of the Project has been developed as residential and commercial units and carparks (final data is subject to the completion certificate as approved by the relevant governmental department). The remaining gross floor area (i.e. approximately 794,446 sq.m.) is still under construction, and such construction is expected to be completed by the end of 2025. As at the date of this announcement, gross floor area of approximately 3,680,000 sq.m. of such complex (including residential and commercial units and carparks) has been sold.

Set out below is the consolidated financial information of the Associate Group^{note} for each of the two financial years ended 31 December 2021 and 31 December 2022 prepared in accordance with generally accepted accounting principles in the PRC:

	For the year ended	
	31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Net profit before taxation	2,325,735	3,862,660
Net profit after taxation	1,744,517	2,896,942

Note: Guangzhou Lihe Property Management Co., Ltd.* (廣州利合物業管理有限公司) was wholly-owned by the Associate in these two years (transferred on 14 December 2022), and thus the above consolidated financial information also includes its financial data.

Set out below is the consolidated financial information of the Associate Group for the six months ended 30 June 2023 prepared in accordance with generally accepted accounting principles in the PRC:

**For the six
months ended
30 June 2023**
RMB'000
(Unaudited)

Net profit before taxation	68,797
Net profit after taxation	51,598

The unaudited net asset value of the Associate Group as at 30 June 2023 was approximately RMB2.95 billion.

Upon completion of the Disposal, the Group will no longer own any interest in the Associate.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is actively resolving the phased liquidity pressure. As the Group only holds a minority interest in the Associate, the Company is of the view that the Disposal and realizing the value of the Sales Equity will be beneficial to the Company. The proceeds from the Disposal are currently intended to be mainly applied as project construction expenses of the Group in respect of, among other things, the delivery of properties.

As the Disposal is being carried out after arm's length negotiation and on normal commercial terms, the Directors are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole, and the terms of the Disposal Agreement are fair and reasonable and on normal commercial terms.

FINANCIAL IMPACT OF THE DISPOSAL

Subject to final audit, it is expected that the Group will realize a gain on the disposal before taxation of approximately RMB500 million, with reference to the fair value of 26.67% equity interest in the Associate held by the Group of approximately RMB1.29 billion after deducting the unaudited net investment value of the Associate of the Group of approximately RMB790 million.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratio(s) in respect of the Disposal is more than 5% but less than 25% pursuant to Rule 14.07 of the Listing Rules, under Chapter 14 of the Listing Rules, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INFORMATION ON THE PARTIES

The Company

The Company is one of the PRC's largest residential property developers that capitalizes on urbanization. With centralized management and standardization, the Group runs the businesses of property development, construction, interior decoration, property investment, and the development and management of hotels. The Group offers a broad range of products to cater for diverse demands, namely residential projects such as townhouses, condominiums, car parks and retail shop spaces. The Group also develops and manages hotels at some of its property projects with the aim of enhancing the properties' marketability. The Group's other businesses are robotics and modern agriculture.

Vendor

The Vendor is a company established in the PRC with limited liability and is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of the Company.

Purchaser

The Purchaser is a limited liability company established in the PRC and holds 73.33% equity interest in the Associate as at the date of this announcement. The Purchaser is principally engaged in the business of property development.

The Purchaser is an indirect wholly-owned subsidiary of China Overseas Land & Investment Ltd. ("**China Overseas**"), a company incorporated in Hong Kong with limited liability which is principally engaged in the business of property development. The shares of China Overseas are listed on the main board of the Stock Exchange (stock code: 688).

To the best knowledge of the Directors, having made reasonable enquiry, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

DEFINITIONS

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

“Associate”	Guangzhou Lihe Real Estate Development Co., Ltd.* (廣州利合房地產開發有限公司), a company established in the PRC with limited liability
“Associate Group”	the Associate and its subsidiary, Guangzhou Shija
“Board”	the board of Directors of the Company
“Company”	Country Garden Holdings Company Limited (碧桂園控股有限公司), 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: 2007)
“Completion”	has the meaning ascribed to it under the paragraph headed “The Disposal Agreement — Completion” in this announcement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendor in relation to the Disposal pursuant to the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sales Equity by the Vendor to the Purchaser
“Disposal Agreement”	the sales and purchase agreement dated 25 August 2023 entered into among the Vendor, the Purchaser and Associate in relation to the Disposal, as amended by the supplemental agreement signed by these parties on the same date
“Guangzhou Shija”	Guangzhou Shija Decoration Co., Ltd.* (廣州世佳裝飾有限公司), a company established in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Debts”	has the meaning ascribed to it under the paragraph headed “The Disposal Agreement — Subject Matter” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Retained Amount Payables”	has the meaning ascribed to it under the paragraph headed “The Disposal Agreement — Consideration” in this announcement
“Payment Terms”	has the meaning ascribed to it under the paragraph headed “The Disposal Agreement — Consideration” in this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Project”	a mixed commercial and residential complex named “Guangzhou Asian Games City” located in Guangzhou, the PRC, the details of which are set out in the paragraph headed “Information on the Associate Group” in this announcement
“Purchaser”	Guangzhou Zhonghai Property Co., Ltd.* (廣東中海地產有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Equity”	26.67% equity interest in the Associate as held by the Vendor as at the date of this announcement
“Shareholders”	shareholders of the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“working days”	any day on which commercial banks in the PRC are open for business, other than Saturday, Sunday or statutory public holidays
“Vendor”	Guangzhou Hongying Greening Engineering Co., Ltd.* (廣州市鴻盈綠化工程有限公司), a company established in the PRC with limited liability, and is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Country Garden Holdings Company Limited
MO Bin
President and Executive Director

Foshan, Guangdong Province, the PRC, 25 August 2023

As of the date of this announcement, the executive directors of the Company are Ms. YANG Huiyan (Chairman), Mr. MO Bin (President), Ms. YANG Ziyang, Dr. CHENG Guangyu, Ms. WU Bijun and Mr. SU Baiyuan. The non-executive director of the Company is Mr. CHEN Chong. The independent non-executive directors of the Company are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung and Mr. TO Yau Kwok.

** for identification purpose only*