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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

THE DISPOSAL

THE DISPOSAL

On 13 December 2023, the Country Garden Parties, Wanda Commercial Management Group and Zhuhai Wanying entered into the Agreement, pursuant to which Gold Ease (an indirect wholly-owned subsidiary of the Company) has conditionally agreed to sell to Zhuhai Wanying or the designated party of the Wanda Parties, and Zhuhai Wanying or the designated party of the Wanda Parties has conditionally agreed to purchase from Gold Ease, the Target Shares (representing 1.79% equity interest in the Target Company), at a consideration of RMB3,068,518,970.

Upon completion of the Disposal, the Group will no longer have any interest in the Target Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE AGREEMENT

The principal terms of the Agreement are summarised as follows:

Parties

- (a) Gold Ease, an indirect wholly-owned subsidiary of the Company;
- (b) Country Garden Real Estate, an indirect wholly-owned subsidiary of the Company;
- (c) Shunde Lizhan, an indirect wholly-owned subsidiary of the Company;
- (d) Wanda Commercial Management Group; and
- (e) Zhuhai Wanying.

Subject Matter

Pursuant to the Agreement, Gold Ease (an indirect wholly-owned subsidiary of the Company) has conditionally agreed to sell to Zhuhai Wanying or the designated party of the Wanda Parties, and Zhuhai Wanying or the designated party of the Wanda Parties has conditionally agreed to purchase from Gold Ease, the Target Shares (representing 1.79% equity interest in the Target Company).

Consideration

The Consideration for the Disposal is RMB3,068,518,970.

The Consideration was determined after arm's length negotiations between the parties to the Agreement with reference to the prevailing industry outlook, the nature of operations and current financial conditions of the Target Group, the historical valuations by independent third parties and comparable market values.

Payment Arrangements of the Consideration

Subject to the terms of the Agreement, the Transferee shall pay to Gold Ease in the following manner:

- (a) on the First Completion Date, the Transferee shall pay RMB657,000,000 (the “**First Payment**”) to the designated account of Gold Ease;

- (b) within two Business Days after the Second Target Shares Security Discharge, the Transferee shall pay RMB36,480,710 (the “**Second Payment**”) to the designated account of Gold Ease;
- (c) subject to the terms of the Agreement, the Transferee shall pay the U.S. dollars equivalent of RMB2,375,038,260 (the “**Third Payment**”) to the designated account of Gold Ease within 30 days after the conditions set out in the Agreement are satisfied or simultaneous with the change in the register of members of the Target Company in respect of the transfer of the Second Target Shares to the Transferee. Such conditions include (1) all the existing securities and security registration over the Second Target Shares being legally and validly discharged within three weeks after the payment date of the First Payment (the “**Second Target Shares Security Discharge**”); and (2) the relevant parties having completed the relevant tax procedures and relevant foreign exchange procedures in the PRC in respect of the Third Payment in accordance with the PRC laws. If the relevant conditions set out in the Agreement are not fulfilled due to the fault of the Wanda Parties, the Transferee shall make the Third Payment no later than 31 March 2024.

Return/Settlement of the First Payment and the Second Payment

Subject to the foreign exchange regulatory policies under the PRC laws, the Transferee shall have the right to claim that the First Payment and the Second Payment made by it constitute the debts owed by the relevant Country Garden Parties to the Transferee and shall have the right to require the Country Garden Parties to return or settle the First Payment and the Second Payment within 30 days from the date of the Transferee’s notice. The Transferee shall pay to Gold Ease in U.S. dollars equivalent to the First Payment and the Second Payment upon receipt of the First Payment and the Second Payment returned/settled in full by the Country Garden Parties, and within 10 days after the relevant tax procedures and relevant foreign exchange procedures in the PRC have been completed in accordance with the PRC laws in relation to the outbound transfer of such payments.

Completion

Gold Ease shall sign the share transfer agreement in respect of the First Target Shares no later than the date of signing the Agreement, return the original shareholder certificate issued by the Target Company in respect of the Target Shares to the Target Company, and provide the Target Company with all documents and information required for the registration/filing procedures with the relevant government authorities or share custodian institutions in respect of the transfer of the Target Shares as reasonably requested by the Wanda Parties. The date of completion of the change in the register of members of the Target Company shall be the date of completion of the transfer of the First Target Shares (the “**First Completion Date**”). From the First Completion Date, the First Target Shares and their related shareholders’ rights and interests shall be vested in the Transferee.

The Wanda Parties shall have the right to request for the change in the register of members in respect of the transfer of the Second Target Shares to be simultaneous with the payment of the Third Payment. The date of completion of the change in the register of members shall be the date of completion of the transfer of the Second Target Shares (the “**Second Completion Date**”). From the Second Completion Date, the Second Target Shares and their related shareholders’ rights and interests shall be vested in the Transferee.

Notwithstanding the above terms, the shareholders’ rights to dividends corresponding to the First Target Shares and the Second Target Shares (including the undistributed profits accumulated up to the date of signing the Agreement and the shareholders’ rights to dividends since the date of signing the Agreement) shall be vested in the Transferee from the date of signing the Agreement and from the Second Completion Date, respectively.

Provision of Security to Gold Ease in respect of The Second Target Shares

In relation to the transfer of the Second Target Shares, with the written consent of the Transferee, the shares released through the Second Target Shares Security Discharge may be first transferred to an independent third-party escrow agent (the “**Escrow Agent**”) reasonably agreed by the parties to provide share custody during the transitional period. The Escrow Agent shall transfer the Second Target Shares to the Transferee within three Business Days after receipt of the written acquisition notice issued by the Transferee and simultaneously with the receipt of the Third Payment by Gold Ease. Under this independent third-party share transfer proposal, the Wanda Parties agreed that the Escrow Agent shall provide a security to Gold Ease in respect of the Second Target Shares for a term up to 31 March 2024 (unless the security period is required to be extended in accordance with the Agreement).

Within two Business Days after the payment of the Third Payment, Gold Ease shall cooperate to complete the relevant registration procedures for the release of the security.

If the Transferee fails to pay the Third Payment in a timely manner as agreed in the Agreement (if the overdue payment is caused by the handling of relevant tax procedures and relevant foreign exchange procedures in the PRC, Gold Ease agrees to grant a grace period of three months), Gold Ease shall have the right to unwind the transfer transaction arrangement in respect of the Second Target Shares under the Agreement, upon which the Wanda Parties (including their designated entities) or the Escrow Agent shall unconditionally return the Second Target Shares under the name of Gold Ease.

INFORMATION ON THE TARGET GROUP

The Target Company is a joint stock company established in the PRC with limited liability. As at the date of the Agreement, the Target Company was held as to approximately 1.79% by Gold Ease and the remaining 98.21% equity interest was held by other shareholders.

The Target Group is the only business platform for asset-light operation and management of commercial centers under Dalian Wanda Commercial Management Group. As of November 2023, the Target Group operates and manages 494 large-scale commercial centers, of which 290 are commercial centers owned by Dalian Wanda and 204 are third-party asset-light commercial centers.

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

	For the year ended	
	31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)
Net profit (before tax)	9,303,508	4,934,473
Net profit (after tax)	7,533,827	3,512,218

As at 31 December 2022, the unaudited net asset value of the Target Group was approximately RMB7,233 million.

Upon completion of the Disposal, the Group will no longer have any interest in the Target Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is actively resolving the periodic liquidity pressure. As the Group only holds a minority interest in the Target Company, the Company is of the view that it will be beneficial to the Company that the Disposal can lock in a more appropriate transaction price and exit path in advance to avoid the significant uncertainty of the timing of and amount realised in a future exit and effectively protect the realisation value of the Company's strategic investment assets.

As the Group is actively seeking a comprehensive solution to fully address the current offshore debt risks, the First Payment under the Disposal will be used to settle the debts relating to the security over the Second Target Shares and discharge the security over the Second Target Shares. The net proceeds from the sale of the Target Shares received by Gold Ease pursuant to the Agreement will be used for the offshore restructuring.

As the Disposal was conducted on normal commercial terms after arm's length negotiations, the Directors consider that the Disposal is in the interests of the Company and the Shareholders as a whole and the terms of the Agreement are fair and reasonable and on normal commercial terms.

FINANCIAL IMPACT OF THE DISPOSAL

Subject to the final audit, it is expected that the Group will record an accumulated other comprehensive loss of approximately RMB160 million, which is the difference between the consideration for the Target Shares and the initial investment cost of the Target Shares held by the Group, as a result of the Disposal.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements 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 capitalises on urbanisation. With centralised management and standardisation, 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.

Gold Ease

Gold Ease is a company established in the British Virgin Islands with limited liability and is principally engaged in investment holding. It held 1.79% equity interest in the Target Company as at the date of the Agreement. Gold Ease is an indirect wholly-owned subsidiary of the Company.

Country Garden Real Estate

Country Garden Real Estate is a company established in the PRC with limited liability and is principally engaged in real estate development and sales. It is an indirect wholly-owned subsidiary of the Company.

Shunde Lizhan

Shunde Lizhan is a company established in the PRC with limited liability and is principally engaged in enterprise management and consultancy services. It is an indirect wholly-owned subsidiary of the Company.

Wanda Commercial Management Group

Wanda Commercial Management Group is a joint stock company established in the PRC with limited liability and is principally engaged in holding and operation of commercial properties. The largest ultimate beneficial owner of Wanda Commercial Management Group is Mr. WANG Jianlin.

Zhuhai Wanying

Zhuhai Wanying is a company established in the PRC with limited liability and is principally engaged in corporate management and consultancy services. The largest ultimate beneficial owner of Zhuhai Wanying is Mr. WANG Jianlin.

To the best knowledge of the Directors after making reasonable enquiries, Wanda Commercial Management Group, Zhuhai Wanying and their ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

DEFINITIONS

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

“Agreement”	the agreement dated 13 December 2023 entered into by the Country Garden Parties, Wanda Commercial Management Group and Zhuhai Wanying in relation to the Disposal (as supplemented and amended from time to time)
“Board”	the board of directors of the Company
“Business Day”	days other than statutory holidays and public holidays in Mainland China
“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)
“Consideration”	the consideration payable by the Transferee to Gold Ease for the Disposal under the Agreement

“Country Garden Parties”	collectively, Gold Ease, Country Garden Real Estate and Shunde Lizhan
“Country Garden Real Estate”	Country Garden Real Estate Group Co., Ltd.* (碧桂園地產集團有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Target Shares by Gold Ease to the Transferee in accordance with the terms of the Agreement
“Escrow Agent”	has the meaning ascribed to it under the paragraph headed “The Agreement — Provision of Security to Gold Ease in respect of The Second Target Shares” in this announcement
“First Completion Date”	has the meaning ascribed to it under the paragraph headed “The Agreement — Completion” in this announcement
“First Payment”	has the meaning ascribed to it under the paragraph headed “The Agreement — Payment Arrangements of the Consideration” in this announcement
“First Target Shares”	the 29,392,236 shares in the Target Company held by Gold Ease
“Gold Ease”	Gold Ease Global Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Completion Date”	has the meaning ascribed to it under the paragraph headed “The Agreement — Completion” in this announcement

“Second Payment”	has the meaning ascribed to it under the paragraph headed “The Agreement — Payment Arrangements of the Consideration” in this announcement
“Second Target Shares”	the 100,662,764 shares in the Target Company held by Gold Ease
“Second Target Shares Security Discharge”	has the meaning ascribed to it under the paragraph headed “The Agreement — Payment Arrangements of the Consideration” in this announcement
“Shareholders”	shareholders of the Company
“Shunde Lizhan”	Foshan Shunde Lizhan Enterprise Management Co., Ltd.* (佛山市順德區麗展企業管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhuhai Wanda Commercial Management Group Co., Ltd.* (珠海萬達商業管理集團股份有限公司), a joint stock company established in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“Target Shares”	collectively, the First Target Shares and the Second Target Shares, representing a total of 1.79% equity interest in the Target Company as at the date of the Agreement
“Third Payment”	has the meaning ascribed to it under the paragraph headed “The Agreement — Payment Arrangements of the Consideration” in this announcement
“Transferee”	Zhuhai Wanying, or other entity designated by the Wanda Parties to be transferred all or part of the Target Shares
“Wanda Commercial Management Group”	Dalian Wanda Commercial Management Group Co., Ltd.* (大連萬達商業管理集團股份有限公司), a joint stock company established in the PRC with limited liability
“Wanda Parties”	Wanda Commercial Management Group, Zhuhai Wanying and the Target Company
“Zhuhai Wanying”	Zhuhai Wanying Enterprise Management Co., Ltd.* (珠海萬贏企業管理有限公司), a company established in the PRC with limited liability

“%”

per cent.

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

Foshan, Guangdong Province, the PRC, 14 December 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 Ziying, 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*