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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 APPROXIMATELY 1.56% EQUITY INTEREST IN CHANGXIN TECHNOLOGY

THE DISPOSAL

The Board is pleased to announce that, on 27 December 2024, the Vendor, an indirect non-wholly owned limited partnership of the Company (as vendor), the Purchaser (as purchaser) and Changxin Technology (as target company) entered into the Share Transfer 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 approximately 1.56% equity interest in Changxin Technology, at a total Consideration of RMB2.0 billion.

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

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, 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 SHARE TRANSFER AGREEMENT

Major terms of the Share Transfer Agreement are summarized as follows:

Date

27 December 2024

Parties

- (a) the Vendor, an indirect non-wholly owned limited partnership of the Company (as vendor);
- (b) the Purchaser (as purchaser); and
- (c) Changxin Technology (as target company).

Subject Matter

The Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor the Sales Equity, representing approximately 1.56% equity interest in Changxin Technology and corresponding to a subscribed registered capital of RMB901,314,180 and a paid-up registered capital of RMB901,314,180. Pursuant to the Share Transfer Agreement, the Sales Equity and all related rights, obligations and liabilities of the Vendor under the Changxin Technology Shareholder Agreement and the Original Capital Increase Agreement shall be transferred to the Purchaser as at the date of the Share Transfer Agreement (but excluding any repurchase, indemnity, default or payment obligations of the Sales Equity or monetary obligations, if any).

The other existing shareholders of Changxin Technology have, either explicitly or implicitly, abstained from exercising the right of first refusal with respect to the Sales Equity, and Changxin Technology and the early-stage shareholders had signed a joinder agreement with the Purchaser on the date of the Share Transfer Agreement, specifying that the Purchaser (in respect of the Sales Equity only) becomes a party to the Changxin Technology Shareholder Agreement from the date of the Share Transfer Agreement, and shall enjoy the relevant shareholder rights under the Changxin Technology Shareholder Agreement and assume corresponding obligations, including compliance with the restrictions on equity transfer under the Changxin Technology Shareholder Agreement.

Consideration and Completion

The Consideration of the Disposal is RMB2.0 billion. The manner of payment of the Consideration and the completion arrangements of the Disposal are set out below:

1. On the date of the Share Transfer Agreement, the Purchaser and the Vendor shall jointly apply to Changxin Technology in writing to request for the change of its register of shareholders.
2. Changxin Technology shall, upon receiving the above written request and the Vendor issuing the payment notice to the Purchaser, on the tenth (10th) working day from the date of the Share Transfer Agreement, provide the Purchaser the original copy of the latest register of shareholders. Such original copy of the register of shareholders shall be stamped with the official seal of Changxin Technology, and states the date on which the Purchaser receives the Sales Equity as the date of the Share Transfer Agreement.
3. The Purchaser shall, on the later of the date on which it signs for receipt of the original copy of the latest register of shareholders or the date on which Vendor issues the payment notice, pay the total amount of Consideration in one lump-sum to the Vendor.

The Consideration is determined by the parties after arm's length negotiations with reference to the following values and is equivalent to the higher of the following values:

- (i) the initial investment cost of RMB2.0 billion of the Sales Equity invested by the Group (through Haikou Country Garden); and
- (ii) the value of RMB1.999 billion, which is derived from the latest financing valuation of Changxin Technology and adjusted by negotiations after considering various factors such as the current downturn in the primary equity transaction market and the Group's liquidity needs.

Since the initial investment cost of the Sales Equity invested by the Group is of higher value, the parties ultimately agreed to set RMB2.0 billion as the Consideration.

Performance Guarantee

Regarding the payment of the Consideration, as at the date of the Share Transfer Agreement, the Purchaser has provided the Vendor a performance guarantee mutually recognized by both parties and issued by the Guarantee Company (which directly holds 87.45% equity interest in the Purchaser) to the Vendor. In accordance with the performance guarantee, if the Purchaser fails to perform or fails to fully perform its obligation to pay the Consideration under the Share Transfer Agreement, the Guarantee Company shall bear a joint and several liability with respect to the payment of 99.985% of the unpaid Consideration (i.e. up to RMB1.9997 billion) within five (5) days of receiving a notice. The performance guarantee takes effect from the date of the Share Transfer Agreement to ten (10) working days after the expiration of the share transfer payment period, and the Vendor may issue a written notice to the Guarantee Company within the period of the performance guarantee to request the performance of its guarantee obligations.

Breach and Termination

In case Changxin Technology fails to provide the register of shareholders to the Purchaser and still fails to do so within three (3) working days after being urged by the Purchaser or the Vendor, the Purchaser or the Vendor is entitled to terminate the Share Transfer Agreement, and treat the Share Transfer Agreement as if it had not become effective at all. The ownership of the Sales Equity and such transfer status shall be restored to that immediately before entering into the Share Transfer Agreement.

Besides, in case the Purchaser, within three (3) working days after entering into the Share Transfer Agreement and Changxin Technology providing the Purchaser the original copy of the updated register of shareholders, fails to pay the Consideration in full to the Vendor as agreed in the Share Transfer Agreement, and still fails to do so on the agreed day upon being urged by the Vendor or Changxin Technology, the Vendor or Changxin Technology is entitled to terminate the Share Transfer Agreement. The ownership of the Sales Equity and such transfer status shall be restored to that immediately before entering into the Share Transfer Agreement. Further, the Purchaser shall within three (3) working days after the termination of the Share Transfer Agreement, return the original copy of the register of shareholders to Changxin Technology cooperatively.

In any case, if a party is unable to complete the Disposal within 180 days from the date of the Share Transfer Agreement, the non-defaulting party has the right to unilaterally terminate the Share Transfer Agreement without assuming any liability for breach.

INFORMATION ON CHANGXIN TECHNOLOGY

Changxin Technology is a joint stock company established in the PRC with limited liability on 13 June 2016, and is principally engaged in the design and manufacturing of integrated circuit. The Group participated in investing in Changxin Technology as a series B strategic investor in 2021. As at the date of the Share Transfer Agreement, Changxin Technology has a subscribed registered capital of RMB57,770,942,240 and is held as to approximately 1.56% by the Vendor.

As the Group only held approximately 1.56% equity interest in Changxin Technology as at the date of the Share Transfer Agreement, Changxin Technology is not a subsidiary or an associate of the Company. The Group has requested Changxin Technology to approve the disclosure of its financial information by the Company in this announcement in accordance with the Listing Rules (including the net profits (both before and after taxation) attributable to the assets which are the subject of the transaction for the two financial years immediately preceding the date of the Share Transfer Agreement), but consent from Changxin Technology could not be obtained. Therefore, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.58(7) of the Listing Rules, and the Stock Exchange has agreed with such waiver.

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

FINANCIAL IMPACT OF THE DISPOSAL

The fair value of the Sales Equity held by the Group as at 31 December 2023 was approximately RMB1.941 billion (according to the valuation conducted by an independent third-party valuer engaged by the Group for the purpose of the preparation of the financial report of the Group with 31 December 2023 as the appraisal benchmark date), and therefore the sale of the Sales Equity is expected to record a profit of approximately RMB59 million in 2024, which is the difference between the Consideration of the Sales Equity and the carrying value of the Sales Equity, subject to final audit.

Assumptions and Methods of the Valuation

The valuation was prepared in accordance with applicable requirements and standards, including but not limited to the International Valuation Standards. The valuation was primarily based on the following assumptions:

- the sustainable development of Changxin Technology;

- no significant change in the existing political, legal, technological, fiscal or economic conditions that might have adverse impacts on the business of Changxin Technology; and
- relevant information and legal documents.

The valuation has been conducted primarily based on the market approach for the following reasons:

- the cost approach is considered inapplicable as it does not take into account the future earnings potential of Changxin Technology;
- while the income approach takes into account future income, it relies on a large number of assumptions and estimates, and the valuation results may be sensitive to some of these factors, representing only one of the predicted outcome scenarios; and
- the market approach was adopted as Changxin Technology is engaged in the integrated circuit design and manufacturing industry, where certain comparable companies with similar businesses can be found in the market to benchmark the value of Changxin Technology.

In the course of selecting market comparable companies, the valuer has selected 16 comparable companies, which is an exhaustive list, in accordance with the following criteria: (i) the principal business of the comparable companies is related to integrated circuit industry, with over 50% of their revenue generated from such field; and (ii) the comparable companies are listed on stock exchanges with public financial information available. The valuer adopts the price-to-book ratio (P/B) as the comparable quantitative standard for valuation, while taking in account factors such as discount for lack of marketability to arrive at the discount rate of lack of marketability of 18.57%. Suitable adjustments on the appraised value were made based on such discount rate and the final valuation was approximately RMB1.941 billion.

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 Changxin Technology, the Company is of the view that the Disposal and realizing the value of the Sales Equity will be beneficial to the Company. The Company intends to utilize the proceeds from the Disposal as the general working capital of the Group, which are currently intended to be mainly applied as project construction expenses in respect of, among other things, the delivery of properties.

As the Disposal is 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 Share Transfer Agreement are fair and reasonable and on normal commercial terms.

LISTING RULES IMPLICATIONS

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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 limited partnership established in the PRC and is principally engaged in equity investment, investment management, asset management and other activities with private equity funds. It held approximately 1.56% of the equity interest in Changxin Technology as of the date of the Share Transfer Agreement. The Vendor is an indirect non-wholly owned limited partnership of the Company.

Purchaser

The Purchaser is a limited partnership established in the PRC and is principally engaged in equity investment, investment management, asset management and other activities with private equity funds. The Purchaser is directly held as to 87.45% by the Guarantee Company, and the ultimate beneficial owner of which is the State-owned Assets Supervision and Administration Commission of Hefei People's Government. The Guarantee Company and the State-owned Assets Supervision and Administration Commission of Hefei People's Government also indirectly hold additional equity in the Purchaser through other minority shareholders of the Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is a third party independent of and are not connected with the Company and its connected persons.

CONTINUED SUSPENSION OF TRADING

Reference is made to the announcements of the Company dated 28 March 2024 and 2 April 2024. At the request of the Company, the trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024. Trading in the shares of the Company will remain suspended until further notice.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Changxin Technology”	Changxin Technology Group Co., Ltd.* (長鑫科技集團股份有限公司), a company incorporated in the PRC with limited liability and approximately 1.56% of its equity interest is held by the Vendor as at the date of the Share Transfer Agreement
“Changxin Technology Shareholder Agreement”	the shareholder agreement dated 22 April 2024 entered into between Changxin Technology, the Vendor and other shareholders of Changxin Technology in the capacity of shareholders of Changxin Technology, which governs all shareholders’ rights and obligations of Changxin Technology as of the date of the Share Transfer Agreement
“Company”	Country Garden Holdings Company Limited (碧桂園控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2007)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the Consideration payable by the Purchaser to the Vendor in respect of the Disposal under the Share Transfer Agreement, in the amount of RMB2.0 billion
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sales Equity by the Vendor to the Purchaser in accordance with the terms and conditions of the Share Transfer Agreement
“Group”	the Company and its subsidiaries

“Guarantee Company”	Hefei Construction Investment and Holding Co., Ltd* (合肥市建設投資控股(集團)有限公司), a company incorporated in the PRC with limited liability and directly holds 87.45% of equity interest in the Purchaser as at the date of the Share Transfer Agreement
“Haikou Country Garden”	Haikou Country Garden Venture Capital Technology Company Limited* (海口市碧桂園創投科技有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It holds approximately 98.65% of equity interest in the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Capital Increase Agreement”	the Changxin Technology Series B Capital Increase Agreement dated 5 July 2021 entered into by Changxin Technology, Haikou Country Garden and other shareholders of Changxin Technology, pursuant to which Haikou Country Garden acted as the Series B strategic investor in the capital increase of Changxin Technology
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Hefei Jianchang Equity Investment Partnership Enterprise (Limited Partnership)* (合肥建長股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Equity”	approximately 1.56% equity interest in Changxin Technology held by the Vendor as of the date of the Share Transfer Agreement
“Share Transfer Agreement”	the Share Transfer Agreement entered into by the Vendor, the Purchaser, and Changxin Technology in respect of the Disposal dated 27 December 2024
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” Foshan Nanhai District Huibi No. 5 Equity Investment Partnership (Limited Partnership)* (佛山市南海區匯碧五號股權投資合夥企業(有限合夥)), a limited partnership established in the PRC and an indirect non-wholly owned limited partnership 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, 27 December 2024

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 and Ms. WU Bijun. The non-executive director of the Company is Mr. CHEN Chong. The independent non-executive directors of the Company are Dr. HAN Qinchun, Mr. WANG Zhijian and Mr. TUO Tuo.

* *For identification purpose only*