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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)

EXTENSION AND RENEWAL OF CONTINUING CONNECTED TRANSACTIONS SURVEY AND DESIGN SERVICES AND CONSTRUCTION SERVICES

SURVEY AND DESIGN SERVICES

Reference is made to the announcements of the Company dated 17 December 2010 and 31 October 2012, and its announcement dated 13 December 2013 in respect of the Design Services Supplemental Agreement entered into between Shunde Country Garden Co., a wholly-owned subsidiary of the Company, and Elite Architectural Co., pursuant to which Elite Architectural Co. agreed to continue to provide survey work, property design and interior design services to the Group for a term of 3 years commencing from 1 January 2014 to 31 December 2016.

As the Existing Design Services Agreement is due to expire on 31 December 2016, the Design Services Further Supplemental Agreement was entered into on 30 December 2016 to renew the Existing Design Services Agreement, pursuant to which Elite Architectural Co. agreed to continue to provide survey work, property design and interior design services to the Group for a further term of 3 years commencing on 1 January 2017. The annual caps of transactions contemplated under the Design Services Further Supplemental Agreement are RMB2,000 million, RMB2,200 million and RMB2,500 million for each of the three years ending 31 December 2019 respectively.

Shunde Country Garden Co. is a wholly-owned subsidiary of the Company and Elite Architectural Co. is owned as to 52% by Ms. YANG Huiyan, the ultimate controlling shareholder of the Company, the vice chairman of the Board and an executive Director, and therefore is an associate of Ms. YANG Huiyan and a connected person of the Company. The remaining 48% shareholding interest in Elite Architectural Co. is owned as to 12% by Mr. SU Rubo and as to 12% by Mr. OU Xueming, each being an executive Director and as to 12% by Mr. ZHANG Yaoyuan (a former Director who resigned on 13 December 2013) and as to 12% by Mr. YANG Erzhu (a former Director who resigned on 19 August 2015).

As the applicable percentage ratios of the annual caps for transactions contemplated under the Design Services Further Supplemental Agreement exceed 0.1% but are below 5%, such transactions are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONSTRUCTION SERVICES

Reference is made to the announcement of the Company dated 10 May 2013 for (among other things) the provision of construction services by Giant Leap (a wholly-owned subsidiary of the Company) to Qingyuan CG, and its announcement dated 16 December 2014 in respect of the 2015 GL Construction Services Agreement between Giant Leap and Qingyuan CG, pursuant to which Giant Leap would continue to provide construction services to Qingyuan CG for a term of two years commencing from 1 January 2015 to 31 December 2016.

As the 2015 GL Construction Services Agreement is due to expire on 31 December 2016, the 2017 GL Construction Services Agreement was entered into on 30 December 2016 for Giant Leap to continue to provide construction services to Qingyuan CG for a further term of three years commencing on 1 January 2017. The annual caps of transactions contemplated under the 2017 GL Construction Services Agreement are RMB200 million, RMB200 million and RMB200 million for each of the three years ending 31 December 2019 respectively.

Giant Leap is a wholly-owned subsidiary of the Company and Qingyuan CG is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. SU Rubo and as to 12% by Mr. OU Xueming, each being a Director, and as to 12% by Mr. ZHANG Yaoyuan (a former Director who resigned on 13 December 2013) and as to 12% by Mr. YANG Erzhu (a former Director who resigned on 19 August 2015). Ms. YANG Huiyan is the ultimate controlling shareholder of the Company, the vice chairman of the Board, and an executive Director and Qingyuan CG is an associate of Ms. YANG Huiyan. Qingyuan CG is therefore a connected person of the Company under the Listing Rules. Accordingly, the entering into the 2017 GL Construction Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the annual caps for transactions contemplated under the 2017 GL Construction Services Agreement exceed 0.1% but are below 5%, such transactions are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

EXTENSION OF CONTINUING CONNECTED TRANSACTIONS FOR THE PROVISION OF SURVEY AND DESIGN SERVICES BY ELITE ARCHITECTURAL CO. TO THE GROUP

Reference is made to the announcements of the Company dated 17 December 2010, 31 October 2012 and 13 December 2013 in relation to the continuing connected transaction for the provision of survey work, property design and interior design services by Elite Architectural Co. to the Group under the Existing Design Services Agreement. The Design Services Supplemental Agreement was

entered into on 13 December 2013 by Shunde Country Garden Co. and Elite Architectural Co. to extend the term of provision of such services by Elite Architectural Co. to the Group under the Existing Design Services Agreement which will expire on 31 December 2016.

It is expected that the Group will from time to time continue to enter into transactions of nature similar to the transactions under the Existing Design Services Agreement.

DESIGN SERVICES FURTHER SUPPLEMENTAL AGREEMENT

- Date : 30 December 2016
- Parties : (1) Shunde Country Garden Co., a wholly-owned subsidiary of the Company;
and
(2) Elite Architectural Co.
- Term : A term of three years commencing from 1 January 2017
- Subject : Provision of survey work, property design and interior design services by Elite Architectural Co. to the Group
- Price : The prices for the provision of survey work, property design and interior design services shall be determined with reference to the prevailing market prices under arm's length negotiation principle to ensure that they are no less favourable to the Group than those offered by Independent Third Parties. The prevailing market prices are determined by soliciting at least three other contemporaneous transactions between the Group and Independent Third Parties for similar services in similar quantities through tender. Periodic reviews as to any material discrepancies between the prices offered by Elite Architectural Co. and those offered by Independent Third Parties will be conducted (it would be considered as a material discrepancy if the transaction prices exceed the prevailing market prices by more than 10%). If there are no contemporaneous transactions for similar services with Independent Third Parties, the prices will be determined with reference to the prices prescribed by the government or those charged by competitors of the same scale for similar transactions with their independent third parties. The same price determination procedure will be repeated by the Group every half a year. Should there be any material discrepancies between the prices charged by Elite Architectural Co. and those offered by Independent Third Parties, the prices chargeable by Elite Architectural Co. will be adjusted according to the above.
- Payment : Payment will be settled by way of cash payment, cheque, telegraphic transfer or cashier order within 10 business days after the parties thereto have confirmed the services fees for each project/transaction.

Annual caps and basis of determination

The actual fees for the provision of survey work, property design and interior design services paid by the Group to Elite Architectural Co. under the Design Services Supplemental Agreement during each of the two years ended 31 December 2015 and the 11 months ended 30 November 2016 were as follows:

For the year ended 31 December 2014	For the year ended 31 December 2015	For the 11 months ended 30 November 2016
RMB1,126,836,000 (equivalent to approximately HK\$1,259,724,318.34)	RMB915,751,000 (equivalent to approximately HK\$1,023,745,961.48)	RMB929,373,911 (equivalent to approximately HK\$1,038,975,429.01)

The proposed annual caps for the fees for the provision of survey work, property design and interior design services to be paid by the Group to Elite Architectural Co. for each of the three years ending 31 December 2019 are as follows:

For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
RMB2,000,000,000 (equivalent to approximately HK\$2,235,860,974.16)	RMB2,200,000,000 (equivalent to approximately HK\$2,459,447,071.58)	RMB2,500,000,000 (equivalent to approximately HK\$2,794,826,217.71)

The above proposed annual caps for each of the three years ending 31 December 2019 are determined after having taken into account (i) the amount of fees paid by the Group to Elite Architectural Co. during each of the two years ended 31 December 2015 and the 11 months ended 30 November 2016; (ii) the estimated increase of 54%, 10% and 14% in the GFA which will require the survey work, property design and interior design services of Elite Architectural Co. for each of the three years ending 31 December 2019; (iii) the estimated amount of service fees chargeable by Elite Architectural Co. for each square metre of property which requires its services; (iv) the estimated growth of business of the Group; and (v) the estimated costs and taxation in providing the survey work, property design and interior design services by Elite Architectural Co..

PRINCIPAL BUSINESSES AND REASONS FOR THE TRANSACTIONS

The Company is an investment holding company and its subsidiaries, including Shunde Country Garden Co., are principally engaged in property development in the PRC, including property development, construction, fitting and decoration, property management and hotel operation.

Elite Architectural Co. is a company which provides survey work, property design and interior design services to property development projects, and has been providing property design and interior design services to the Group for a long time. The Board believes that given the long term stable, smooth and efficient working relationship between Elite Architectural Co. and the Group, engaging Elite Architectural Co. to provide one-stop services such that it will be involved from an early stage of each of the Group's property development projects will be more efficient and will expedite the development process, which in turn will be beneficial to the Group.

The Directors (including the independent non-executive Directors) are of the view that the Design Services Further Supplemental Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Shunde Country Garden Co. is a wholly-owned subsidiary of the Company and Elite Architectural Co. is owned as to 52% by Ms. YANG Huiyan, the ultimate controlling shareholder of the Company, the vice chairman of the Board and an executive Director, and therefore is an associate of Ms. YANG Huiyan and a connected person of the Company. The remaining 48% shareholding interest in Elite Architectural Co. is owned as to 12% by Mr. SU Rubo and as to 12% by Mr. OU Xueming, each being an executive Director and as to 12% by Mr. ZHANG Yaoyuan (a former Director who resigned on 13 December 2013) and as to 12% by Mr. YANG Erzhu (a former Director who resigned on 19 August 2015).

As the applicable percentage ratios of the annual cap for transactions contemplated under the Design Services Further Supplemental Agreement exceed 0.1% but are below 5%, such transactions are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since (i) Ms. YANG Huiyan, Mr. SU Rubo and Mr. OU Xueming are shareholders of Elite Architectural Co. and (ii) Mr. YEUNG Kwok Keung, Ms. YANG Ziyang and Mr. CHEN Chong are associates of Ms. YANG Huiyan, they are considered to have material interests in the Design Services Further Supplemental Agreement, and have abstained from voting on the resolutions at the Board meeting to approve the transactions contemplated thereunder.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS FOR THE PROVISION OF CONSTRUCTION SERVICES BY GIANT LEAP TO QINGYUAN CG

Reference is made to the announcement of the Company dated 10 May 2013 on (among other things) the provision of construction services by Giant Leap (a wholly-owned subsidiary of the Company) to Qingyuan CG, and its announcement dated 16 December 2014 in respect of the 2015 GL Construction Services Agreement entered into between Giant Leap and Qingyuan CG pursuant to which Giant Leap would provide construction services to Qingyuan CG for a further term of two years from 1 January 2015 to 31 December 2016.

As the 2015 GL Construction Services Agreement is due to expire on 31 December 2016, the 2017 GL Construction Services Agreement is entered into on 30 December 2016 to extend the above provision of services a further term of three years from 1 January 2017 to 31 December 2019 (both days inclusive).

Details of the 2017 GL Construction Services Agreement are set out below:

2017 GL CONSTRUCTION SERVICES AGREEMENT

- Date : 30 December 2016
- Parties : (1) Giant Leap; and
(2) Qingyuan CG
- Term : A fixed term of three years commencing from 1 January 2017 to 31 December 2019 (both days inclusive).
- Subject : Provision of construction services by Giant Leap to Qingyuan CG.
- Price : The prices for the provision of construction services shall be determined with reference to the prevailing market prices under arm's length negotiation principle to ensure that they are no less favourable than those offered by Giant Leap to Independent Third Parties. The prevailing market prices are determined by soliciting at least three other contemporaneous transactions between Giant Leap and Independent Third Parties for similar services in similar quantities through tender. Periodic reviews as to any material discrepancies between the prices offered by Giant Leap to Qingyuan CG and those offered to Independent Third Parties will be conducted (it would be considered as a material discrepancy if the transaction prices are lower than the prevailing market prices by more than 10%). If there are no contemporaneous transactions for similar services with Independent Third Parties, the prices will be determined with reference to the prices prescribed by the government or those charged by competitors of the same scale for similar transactions with their independent third parties. The same price determination procedure will be repeated by the Group every half a year. Should there be any material discrepancies between the prices offered by Giant Leap to Qingyuan CG and those offered to Independent Third Parties, the prices chargeable by Giant Leap will be adjusted according to the above.
- Payment : Payment will be settled by way of cash payment, cheque, telegraphic transfer or cashier order within 30 business days after the parties thereto have confirmed the services fees for each project/transaction.

The Annual Caps and Basis of Determination

The historical transaction amounts between Giant Leap and Qingyuan CG under the 2015 GL Construction Services Agreement for each of the two financial years ended 31 December 2015 and the 11 months ended 30 November 2016 were as follows:

For the year ended 31 December 2014	For the year ended 31 December 2015	For the 11 months ended 30 November 2016
RMB209,917,086 (equivalent to approximately HK\$234,672,710.20)	RMB85,617,359 (equivalent to approximately HK\$95,714,255.85)	RMB57,318,071 (equivalent to approximately HK\$64,077,619.03)

It is proposed that the amounts of the transactions under the 2017 GL Construction Services Agreement for each of the three financial years ending 31 December 2019 will not exceed the followings:

For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
RMB200,000,000 (equivalent to approximately HK\$223,586,097.42)	RMB200,000,000 (equivalent to approximately HK\$223,586,097.42)	RMB200,000,000 (equivalent to approximately HK\$223,586,097.42)

The cap amounts of the transactions under the 2017 GL Construction Services Agreement are determined with reference to (i) historical transaction amounts paid by Qingyuan CG to Giant Leap under the 2015 GL Construction Services Agreement; (ii) the possible acquisition of more land by Qingyuan CG which may require the construction services from Giant Leap in each of the three financial years ending 31 December 2019; (iii) the assumption that the amount of construction services provided by Giant Leap on land development currently held by Qingyuan CG will remain stable for each of the three financial years ending 31 December 2019; and (iv) the estimated increase in the prices charged by Giant Leap for the provision of construction services for each of the three financial years ending 31 December 2019 due to rising raw materials and labor costs.

Reasons for and Benefit of Entering into the 2017 GL Construction Services Agreement

Giant Leap is a wholly-owned subsidiary of the Company and is principally engaged in the provision of construction services in the PRC. Qingyuan CG is principally engaged in real estate development in Qingyuan City, the PRC. The Directors believe that the continue supply of construction services under the 2017 GL Construction Services Agreement will benefit the Group by bringing profits and as another continuing source of income to the Group.

The Directors (including the independent non-executive Directors) are of the view that the 2017 GL Construction Services Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implication

Giant Leap is a wholly-owned subsidiary of the Company and Qingyuan CG is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. SU Rubo and as to 12% by Mr. OU Xueming, each being a Director and as to 12% by Mr. ZHANG Yaoyuan (a former Director who resigned on 13 December 2013) and as to 12% by Mr. YANG Erzhu (a former Director who resigned on 19 August 2015). Ms. YANG Huiyan is the ultimate controlling shareholder of the Company, the vice chairman of the Board, and an executive Director and Qingyuan CG is an associate of Ms. YANG Huiyan. Qingyuan CG is therefore a connected person of the Company under the Listing Rules. Accordingly, the entering into of the 2017 GL Construction Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the annual cap for transactions contemplated under the 2017 GL Construction Services Agreement exceed 0.1% but are below 5%, such transactions are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since (i) Ms. YANG Huiyan, Mr. SU Rubo and Mr. OU Xueming are shareholders of Qingyuan CG and (ii) Mr. YEUNG Kwok Keung, Ms. YANG Ziyang and Mr. CHEN Chong are associates of Ms. YANG Huiyan, they are considered to have material interests in the 2017 GL Construction Services Agreement, and have abstained from voting on the resolutions at the Board meeting to approve the transactions contemplated thereunder.

GENERAL

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise of construction, decoration, project development, property management, as well as hotel development and management services.

DEFINITIONS

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

“2015 GL Construction Services Agreement”	the agreement dated 16 December 2014 entered into between Giant Leap and Qingyuan CG for the provision by Giant Leap of construction services to Qingyuan CG for the period from 1 January 2015 to 31 December 2016
“2017 GL Construction Services Agreement”	the agreement dated 30 December 2016 entered into between Giant Leap and Qingyuan CG for the provision of construction services by Giant Leap to Qingyuan CG for the period from 1 January 2017 to 31 December 2019
“associate”	has the meaning ascribed to it under the Listing Rules

“Board”	the board of Directors
“Company”	Country Garden Holdings Company 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: 2007)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Design Services Supplemental Agreement”	the supplemental agreement dated 13 December 2013 entered into between Shunde Country Garden Co. and Elite Architectural Co. pursuant to which the Existing Design Services Agreement was further extended for a term of 3 years from 1 January 2014
“Design Services Further Supplemental Agreement”	the supplemental agreement dated 30 December 2016 entered into between Shunde Country Garden Co. and Elite Architectural Co. to extend the Existing Design Services Agreement for a further term of 3 years commencing from 1 January 2017
“Directors”	the directors of the Company
“Elite Architectural Co.”	Guangdong Elite Architectural Co., Ltd. (廣東博意建築設計院有限公司) (formerly known as Foshan Shunde Elite Architectural Co., Ltd. (佛山市順德區博意建築設計院有限公司)) which was established in the PRC on 12 June 1997 as a limited liability company and an associate of Ms. YANG Huiyan
“Existing Design Services Agreement”	the agreement dated 27 March 2007 (as amended by supplemental agreements dated 20 June 2008, 17 December 2010, 31 October 2012 and 13 December 2013) entered into between Shunde Country Garden Co. and Elite Architectural Co. in respect of the provision of survey work, property design and interior design services by Elite Architectural Co. to the Group until 31 December 2016
“GFA”	gross floor area
“Giant Leap”	Guangdong Giant Leap Construction Co., Ltd. (廣東騰越建築工程有限公司) which was incorporated in the PRC on 25 March 1997 as a limited liability company and is a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“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
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Shunde Country Garden Co.”	Foshan Shunde Country Garden Property Development Co. Ltd. (佛山市順德區碧桂園物業發展有限公司), a wholly-owned subsidiary of the Company which was established in the PRC on 2 April 1997 as a limited liability company and was transformed into a wholly foreign-owned enterprise on 21 June 2006
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Qingyuan CG”	Qingyuan Country Garden Property Development Co., Ltd (清遠碧桂園物業發展有限公司), which was incorporated in the PRC as a limited liability company and is an associate of Ms. YANG Huiyan
“%”	per cent

By order of the Board
Country Garden Holdings Company Limited
WU Jianbin
Executive Director

Foshan, Guangdong Province, the PRC, 30 December 2016

As of the date of this announcement, the executive Directors are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Vice Chairman), Mr. MO Bin (President), Mr. ZHU Rongbin (Associate President), Mr. WU Jianbin (Chief Financial Officer), Ms. YANG Ziyang, Mr. SU Rubo, Mr. OU Xueming, Mr. YANG Zhicheng, Mr. XIE Shutai, Mr. SONG Jun, Mr. LIANG Guokun and Mr. SU Baiyuan. The non-executive Director is Mr. CHEN Chong. The independent non-executive Directors are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan, Ms. HUANG Xiao, Mr. MEI Wenjue and Mr. YEUNG Kwok On.