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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)**

### **VOLUNTARY ANNOUNCEMENT FORMATION OF A JOINT VENTURE FOR PROPERTY DEVELOPMENT**

This is a voluntary announcement made by the Company.

The Board is pleased to announce that on 23 December 2011, the Company, the Relevant CG Group Companies, Mayland, the Relevant Mayland Group Companies and the JV Company entered into the Agreement pursuant to which, among other things, the Relevant CG Group Companies agreed to subscribe for a total of 55 new shares of RM1.00 each in the share capital of the JV Company, representing 55% of the enlarged issued share capital of the JV Company. The JV Company shall be principally engaged in the acquisition of the land use rights over the Development Land in Malaysia and its development into residential and ancillary commercial properties.

Upon Completion, the JV Company will be held as to 55% by the Relevant CG Group Companies and 45% by the Relevant Mayland Group Companies and the JV Company will become an indirect non-wholly owned subsidiary of the Company.

This is a voluntary announcement made by the Company.

The Board is pleased to announce that on 23 December 2011, the Group entered into the Agreement with details as follows:

## **THE AGREEMENT**

### **Parties**

(A) Golden Favour

(B) Pure Smart

(C) the Company

(D) Primal Milestone

(E) Quantum Bonus

(F) Mayland

(G) the JV Company

Each of Golden Favour and Pure Smart is an indirect wholly owned subsidiary of the Company.

Each of Primal Milestone and Quantum Bonus is a wholly owned subsidiary of Mayland. To the best knowledge, information and belief of the Directors, having made reasonable enquiries, as at the date of the Agreement, each of Primal Milestone and Quantum Bonus and their ultimate beneficial owner are Independent Third Parties.

### **Principal terms of the Agreement**

**Name of the JV Company** : Wealthy Signet Sdn Bhd

**The JV Company and its shareholding structure** : The JV Company was incorporated in Malaysia on 26 August 2011 and as at the date hereof, the JV Company has an authorised share capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each, of which 2 shares have been issued and are wholly and beneficially held by Quantum Bonus.

Pursuant to the Agreement:

- (a) the Relevant CG Group Companies agreed to subscribe for a total of 55 new shares of RM1.00 each in the share capital of the JV Company, representing 55% of the enlarged issued share capital of the JV Company; and

- (b) Primal Milestone agreed to subscribe for 43 new shares of RM1.00 each in the share capital of the JV Company, representing 43% of the enlarged issued share capital of the JV Company.

Upon Completion, the JV Company will be held as to 55% by the Relevant CG Group Companies and 45% by the Relevant Mayland Group Companies.

As at the date hereof, the JV Company has no assets other than its issued and paid-up capital.

**Scope of business** : The JV Company shall be principally engaged in the acquisition of the land use rights over the Development Land and its development into residential and ancillary commercial properties.

**The Development Land** : The Development Land consists of parcels of lands located in Selangor, Malaysia. It is intended that the Development Land will be developed into residential and ancillary commercial properties.

As at the date hereof, Serendah Land and Semenyih Land are owned by Mayland and/or its associate(s) and Lembah Beringin Land is owned by Independent Third Parties. Pursuant to the Agreement, the JV Company shall acquire, directly or indirectly, the Development Land from the respective owners and the Relevant Mayland Group Companies shall be responsible for negotiating to acquire the Development Land and use their reasonable endeavours in sourcing for financing from banks or financial institutions to finance the acquisition and development of the Development Land (or any part thereof).

**Financing** : Further financing shall be in the form of loans from banks or financial institutions on reasonable terms as to interest, repayment and security.

In case if financing from banks or financial institutions is not available, shareholders of the JV Company shall provide financing to the JV Company in proportion to their respective shareholdings by way of shareholders' loans or capital injections.

The initial capital contribution and commitment to be made by the Group to the JV Company is expected to be not more than RMB110,000. The Group intends to finance the capital contribution and commitment of the JV Company from its internal resources and will comply with the relevant provisions of the Listing Rules in relation to the further financing as and when appropriate.

**Rights or options to require the other party to purchase/sell the interests of the JV Company** : Under the Agreement, shareholders of the JV Company will have the following rights or options to require the other shareholders to buy/sell the interests of the JV Company:

*(a) Deadlock*

In the event of a deadlock in relation to certain matters being proposed but not duly passed at the board or shareholder meetings of the JV Company as set out in the Agreement, among other things, at any time after the second anniversary of the date of signing of the Agreement and subject to the terms and conditions therein, the Relevant Mayland Group Companies may serve a notice to any of the Relevant CG Group Companies requesting any of the Relevant CG Group Companies to purchase all the shares held by the Relevant Mayland Group Companies in the JV Company and shareholders' loans made by the Relevant Mayland Group Companies to the JV Company.

*(b) Default*

If any shareholder is in breach of its funding and payment obligations of the JV Agreement and has failed to remedy such breach within the stipulated period in the Agreement, subject to the terms and conditions of the Agreement, the non-defaulting shareholders shall have the right to (i) purchase all the shares held by the defaulting shareholder in the JV Company and shareholder's loan made by the defaulting shareholder to the JV Company or (ii) sell to the defaulting shareholder all the shares held and shareholders' loans made by the non-defaulting shareholders.

(c) *Other*

In the event of the occurrence of any of the Triggering Events as stipulated in the Agreement, subject to the terms and conditions of the Agreement, among other things, the Relevant Mayland Group Companies may serve a notice to the Relevant CG Group Companies to sell to the Relevant CG Group Companies all or any of the shares held by the Relevant Mayland Group Companies in the JV Company and shareholder's loans made by the Relevant Mayland Group Companies to the JV Company; and/or (as the case may be) the Relevant Mayland Group Companies may also serve a notice to the JV Company to purchase all or any of the assets or properties of the JV Company.

The Triggering Events include, among other things:

- (i) any proceedings instituted or commenced for the enforcement of the security provided by the Group in relation to certain bonds and senior notes issued by the Company;
- (ii) the JV Company pays any indebtedness or other obligation of and for the benefit of any member of the Group or any affiliate or related corporation of the Company;
- (iii) the JV Company makes loans or lends or advances or gives credit to any member of the Group or any affiliate or related corporation of the Company; or
- (iv) the JV Company sells, leases or transfers any of its property or assets to any member of the Group or any affiliate or related corporation of the Company which is not in the ordinary course of business and at less than the fair market value.

Concrete Win has also undertaken to vote in favour of the resolution(s) regarding the exercise of the aforesaid rights or options in the event of the occurrence of any of the Triggering Events should a shareholders' meeting is required to be held.

Upon Completion, the JV Company will become an indirect non-wholly owned subsidiary of the Company. The financial results of the JV Company will be consolidated into the Group's financial statements. Given that upon Completion, Primal Milestone shall become a substantial shareholder of the JV Company, Mayland and its associates will therefore be regarded as connected persons of

the Company. As such, the acquisition of Serendah Land and Semenyih Land by the JV Company from Mayland and/or its associate(s), if materializes, will constitute a connected transaction for the Company under Rule 14A.13 of the Listing Rules. However, such acquisition will be exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules since it meets the requirement under Rule 14A.31(9) of the Listing Rules.

## **INFORMATION ON THE GROUP**

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

Each of Golden Favour and Pure Smart is an indirect wholly owned subsidiary of the Company whose respective principal business activity is investment holdings.

## **INFORMATION ON MAYLAND GROUP**

Mayland Group is primarily engaged in property development and property investment in residential and commercial properties in Malaysia.

Each of Primal Milestone and Quantum Bonus is a wholly owned subsidiary of Mayland whose respective principal business activity is investment holdings.

## **REASONS FOR AND BENEFIT OF THE TRANSACTIONS**

The Board is optimistic about the property market in Malaysia and considers that the acquisition of the Development Land will broaden and strengthen the existing investment portfolio of the Group. The Board further believes that the formation of the JV Company will allow the Group to co-operate with a well-known property developer in Malaysia and that the joint development of the Development Land with Mayland Group will allow the leverage of expertise and resources of both parties.

The Directors consider that the Agreement has been made on normal commercial terms and that such terms are fair and reasonable so far as the Group and the Shareholders are concerned and that the transactions contemplated under the Agreement are in the interest of the Group and the Shareholders as a whole.

## **DEFINITIONS**

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

“Agreement”                      the shareholders' agreement entered into between the Company, the Relevant CG Group Companies, Mayland, the Relevant Mayland Group Companies and the JV Company on 23 December 2011

“associate(s)”	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
“Completion”	completion of the parties’ respective share subscription obligations under the Agreement in accordance with the terms and conditions of the Agreement
“Concrete Win”	Concrete Win Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Company
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Development Land”	Serendah Land, Semenyih Land, Lembah Beringin Land and any other land to be agreed by the shareholders of the JV Company from time to time
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Golden Favour”	Golden Favour Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) independent of the Group and its connected persons
“JV Company”	Wealthy Signet Sdn Bhd, a company incorporated in Malaysia with limited liability

“Lembah Beringin Land”	parcels of lands located within the township of Lembah Beringin, Selangor, Malaysia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mayland”	Malaysia Land Properties Sdn Bhd, a company incorporated in Malaysia with limited liability
“Mayland Group”	Mayland and its subsidiaries
“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)
“Primal Milestone”	Primal Milestone Sdn Bhd, a company incorporated in Malaysia with limited liability and a wholly owned subsidiary of Mayland
“Pure Smart”	Pure Smart Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Quantum Bonus”	Quantum Bonus Sdn Bhd, a company incorporated in Malaysia with limited liability and a wholly owned subsidiary of Mayland
“RMB”	Renminbi, the lawful currency of PRC
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Relevant CG Group Companies”	Golden Favour and Pure Smart
“Relevant Mayland Group Companies”	Primal Milestone and Quantum Bonus
“Semenyih Land”	parcels of lands located in Mukim Semenyih, Selangor, Malaysia
“Serendah Land”	parcels of lands located in Mukim Serendah, Selangor, Malaysia
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.1 each in the issued share capital of the Company



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Triggering Events”	has the meaning ascribed to it under the paragraph headed “Principal terms of the Agreement — Rights or options to require the other party to purchase/sell the interests of the JV Company” in this announcement
“%”	per cent

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

Foshan, Guangdong Province, PRC  
23 December 2011

*As of the date of this announcement, the executive directors of the Company are Mr. YEUNG Kwok Keung (Chairman), Mr. MO Bin, Ms. YANG Huiyan, Ms. YANG Ziyang, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan, Mr. OU Xueming, Mr. YANG Zhicheng and Mr. YANG Yongchao. The independent non-executive directors of the Company are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald.*