

[For immediate release]



Fitch upgrades Country Garden's credit rating to 'BBB-' of "investment grade"

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(21 September 2017 – Hong Kong) Country Garden Holdings Company Limited ("Country Garden" or the "Group", SEHK stock code: 2007) announces that its Long-term Issuer Default Rating was upgraded to "BBB-" from "BB+" with a "Stable" rating outlook by Fitch Ratings, one of the world's three leading credit rating agencies. Moreover, Fitch Ratings has upgraded the rating of Country Garden's senior unsecured notes to "BBB-" from "BB+".

Fitch Ratings states that Country Garden's ratings are supported by the company's stronger fundamentals and improving stability of its financial profile. Among China's outstanding residential property developers, Country Garden is one of the companies which own the most well-balanced land bank. A balanced land bank, which is the key to the credit ratings upgrade, not only enabled Country Garden to successfully take advantage of the upturn in the property market cycle in the third- and fourth-tier cities in the past 12 months, but also tided the Group over the industry downturn that lasted from 2015 to 2016, paving the way for strong growth in its financial results afterwards. With the well-balanced land bank, the Group leads the industry in performance and generate positive operating cash flow. While growing in scale, Country Garden effectively controlled its leverage ratio. Fitch expects leverage ratio to be sustained at a low level in the coming three years.

For over 20 years, Country Garden has adapted itself to the needs of China's urbanization by developing anchor projects in the suburbs and satellite cities around higher-tier cities with low capital commitment and high asset turnover. Meanwhile, the Group also develops landmark property projects that satisfy the upgraders' demand in lower-tier cities. As at 30 June 2017, the land bank contracted and those of which have received land permit totaled 212 million square meters (sq.m.). In addition, as of the first half of 2017, lands that the Group acquired targeting first- and second-tier cities accounted for 67% of the total transaction value (excluding minority interests) while those targeting third- and fourth-tier cities accounted for 33%. The Group has been enhancing its land bank which can give strong support to its future development.

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For the first eight months of 2017, the Group, together with its joint ventures and associate companies, recorded a year-on-year increase of 112.0% in contracted sales to approximately RMB380.67 billion by selling approximately 42.12 million sq.m. of gross floor area (GFA) under contract, which represented a year-on-year increase of 89%. The average selling price was up by 12% year on year to RMB9,038 per sq.m.

In addition to its outstanding financial results, Country Garden has maintained strict financial discipline while keeping a low leverage ratio to protect investor interests. It has also succeeded in decreasing financing cost further through unimpeded financing channels and good communication with the capital market. As at 30 June 2017, the weighted average borrowing cost was 5.32% per annum, which was down by 44 basis points from that at the end of 2016.

Previously, Malaysian credit rating agency RAM Rating Services Berhad ("RAM") has also revised upwards the rating outlook of Country Garden and its Islamic Medium Term Notes (IMTN) Programme to "stable" from "negative". Presently, RAM has given an "AA3" rating to Country Garden and its IMTN Programme which is equivalent to "BBB" of "investment grade" of international credit ratings, which reflected the increasing recognition of the company from Malaysian institutions. Furthermore, Standard & Poor's has raised the Group's rating outlook from "stable" to "positive" in last July.

In the year to date, various credit rating agencies have revised upwards the credit ratings and outlook of Country Garden, reflecting the market's recognition of the Group's good financial results, stable financial condition and excellent operation capability. The raised credit ratings also help the Group to broaden financing channel and decrease financing cost. This, in turn, can enhance the Group's financial condition further in a virtuous circle.

Looking ahead, the Group expects to unlock the highest value from its balanced, quality land bank with the consistency of its excellent operation. This can lead to consistent, stable growth in financial results. The Group will adhere to its prudent financial strategy so as to give impetus to its development.

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About Country Garden

Country Garden is one of China's leading integrated property developers. It has standardized operations with business comprising property development construction, installation, fitting, property management, property investment, as well as hotel development and management. In addition, "Country Garden" has been named by the PRC State Administration for Industry and Commerce as "China's Well-Known Trademarks" in the property sector in 2006. The Group became a constituent stock of MSCI Global Standard Indices on 1 September 2007, Hang Seng Composite Index, Hang Seng Mainland 100 on 10 September 2007, and FTSE China 50 Index on 14 September 2016 and Hang Sang China (Hong Kong-listed) 25 Index on 12 June 2017.

Forward-looking Information

This press release contains forward-looking statements. These forward-looking statements are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Actual events and results could vary materially from the description contained herein due to many factors including changes in the business and financial condition of the Company and its subsidiaries, changes in the condition of the PRC economy and property market, and changes in the capital markets in general.

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