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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)**

### CONNECTED TRANSACTION

## ACQUISITION OF 49% EQUITY INTEREST IN QINGYUAN COUNTRY GARDEN XINYA PROPERTY DEVELOPMENT COMPANY LIMITED AND REPAYMENT OF SHAREHOLDER'S LOAN

Reference is made to the announcement of the Company dated 6 January 2011 in respect of the discloseable transaction concerning the Cooperation Agreement relating to a joint venture for property development (“**Previous Announcement**”).

The Board is pleased to announce that on 28 October 2013, Shunde Country Garden, a wholly owned subsidiary of the Company (as purchaser), and the Target Company (a 51% owned subsidiary of the Company) entered into the Share Transfer Agreement with Qingyuan Xinya (as vendor), pursuant to which Qingyuan Xinya agreed to dispose of, and Shunde Country Garden agreed to acquire, the Subject Interest, at a consideration of RMB477,000,000 (equivalent to approximately HK\$605,790,000).

On the same date, the parties to the Share Transfer Agreement also entered into a supplemental agreement to the Cooperation Agreement with Nanshan Travel, which amended the terms thereof to cater for, amongst other things, the completion of the Acquisition when the Vendor will cease to hold any equity interest in the Target Company, and the repayment of shareholder's loan owed by the Target Company to the Vendor.

As the Vendor is a substantial shareholder of the Target Company which is a non-wholly owned subsidiary of the Company, the Vendor is a connected person of the Company. The Acquisition together with the Loan Repayment constitute connected transactions for the Company pursuant to Rule 14A.13 of the Listing Rules.

As the relevant percentage ratios of the Acquisition together with the Loan Repayment as defined under Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the Acquisition and the Loan Repayment are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

## THE SHARE TRANSFER AGREEMENT

**Date:** 28 October 2013

**Parties:** Vendor: 清遠新亞房地產開發有限公司  
(Qingyuan Xinya Property Development Company Limited\*)

As the Vendor is a substantial shareholder of the Target Company, which is a non-wholly owned subsidiary of the Company, the Vendor is a connected person of the Company.

Purchaser: 佛山市順德區碧桂園物業發展有限公司  
(Foshan Shunde Country Garden Property Development Company Limited\*), an indirect wholly owned subsidiary of the Company

Target Company: 清遠碧桂園新亞房地產開發有限公司  
(Qingyuan Country Garden Xinya Property Development Company Limited\*), a limited company established under the laws of the PRC on 25 January 2011 and a non-wholly owned subsidiary of the Company

**Interests to be acquired:** Pursuant to the Share Transfer Agreement, the Vendor has agreed to dispose of, and the Purchaser has agreed to acquire, the Subject Interest.

Upon completion of the Acquisition, the Target Company will become a wholly owned subsidiary of the Company.

**Consideration and payment Terms:** The Consideration is RMB477,000,000 (equivalent to approximately HK\$605,790,000), which was arrived at after arm's length negotiation between the Vendor and the Purchaser and on normal commercial terms with reference to the registered capital amount of the Target Company contributed by the Vendor, the cost of capital of the Target Company, and a discount to the present value of the estimated net profit after taxation to be generated from development of the Project Site by the Target Company.

The Consideration shall be paid by the Purchaser to the Vendor in the following manner:

- a) RMB147,000,000 to be paid within 5 Business Days from the effective date of the Share Transfer Agreement;
- b) RMB100,000,000 to be paid within 30 Days from the effective date of the Share Transfer Agreement, provided that if there is any delay in the submission of registrations of transfer of the Subject Interest with the relevant governmental authorities in the PRC due to the Vendor's delay in signing the relevant documents, such part payment will be paid when the relevant governmental authorities in the PRC acknowledges receipt of the relevant registration documents;
- c) RMB130,000,000 to be paid within 90 Days from the effective date of the Share Transfer Agreement; and
- d) RMB100,000,000 to be paid within 360 Days from the effective date of the Share Transfer Agreement;

The Group will satisfy the Consideration from its internal resources.

**Other major terms**

- a) The Vendor shall procure the registrations of the transfer of the Subject Interest with the relevant governmental authorities in the PRC within 30 days after receipt of the written notice issued by the Purchaser or the Target Company.
- b) At present, the Vendor, as shareholder of the Company, is a guarantor for up to 49% of the bank loans of the Target Company with various banks. Such guaranteed bank loans amount to an aggregate sum of RMB503,000,000 (equivalent to approximately HK\$638,810,000). The Purchaser agreed to replace the Vendor as guarantor under these guarantees. The Purchaser shall, and shall procure the Target Company to, assist the Vendor to release the Vendor as guarantor under the said guarantees. If any of the banks refuse to release the Vendor from any of these guarantees, the Purchaser and the Target Company shall provide back to back guarantee to the Vendor for the same amount and undertake to compensate the Vendor for any loss and damage incurred by the Vendor from any of these guarantees that are not released.

# SUPPLEMENTAL AGREEMENT TO THE COOPERATION AGREEMENT

Apart from signing the Share Transfer Agreement, the Vendor, the Purchaser and the Target Company also entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Cooperation Agreement with Nanshan Travel, which amended the terms thereof to cater for, amongst other things, the completion of the Acquisition when the Vendor will cease to hold any equity interest in the Target Company, and the Loan Repayment. The major terms of the Supplemental Agreement are as follows:

- a) As there were changes in town planning, the People’s Government of Qingyuan City of Guangdong Province, the PRC (“**Qingyuan People’s Government**”) requested the Target Company to exchange certain pieces of land originally forming part of the Project Site of approximately 185,135 square metres together with a piece of land the land use rights of which is owned by Nanshan Travel of approximately 4,699.53 square metres, for other pieces of land (“**Land Exchange**”);
- b) To facilitate the unified planning and development of the Project Site and the Land Exchange, the Target Company agreed to purchase from Nanshan Travel the land use rights over (1) the aforesaid piece of land of approximately 4,699.53 square metres; and (2) a further piece of land of approximately 1,784.1 square metres, at a total consideration of RMB15,074,440 (equivalent to approximately HK\$19,144,538.80), or approximately RMB2,325 per square metre (equivalent to approximately HK\$2,952.75 per square metre). Within 5 Business Days from the transfer of the above land use rights from Nanshan Travel to the Target Company, the Vendor shall provide an interest-free loan in the amount of RMB15,074,440 (equivalent to approximately HK\$19,144,538.80) (“**1st Loan**”) to the Target Company and the Target Company shall within 2 Business Days thereafter pay such consideration to Nanshan Travel on receipt of an official tax receipt. When the Target Company receives the land use rights certificate over those pieces of land exchanged with the Qingyuan People’s Government under the Land Exchange or the corresponding compensation for loss of land area (as the case maybe) (“**Land Exchange Completion**”), the Target Company shall repay the 1st Loan to the Vendor within 10 Business Days after the date of the Land Exchange Completion.
- c) As at the date of the Supplemental Agreement, the aggregate outstanding loan amount and the relevant fixed interest (if any) owed by the Target Company to the Vendor (for avoidance of doubt, it excludes the 1st Loan to be provided by the Vendor to the Target Company) is RMB1,007,137,922 (equivalent to approximately HK\$1,279,065,161) (“**2nd Loan**”). The 2nd Loan is subject to an interest rate of up to 6% per annum which is the current base interest rate of People’s Bank of China and will be repaid within 22 months from the effective date of the Supplemental Agreement pursuant to the terms and conditions of the Supplemental Agreement, provided that if Land Exchange Completion has not taken place when repayment of the remaining balance of the 2nd Loan is due, the repayment amount may be varied or withheld pursuant to the terms and conditions of the Supplemental Agreement. The then remaining balance and interest accrued will be repaid from time to time corresponding to the area of the land over which the Target Company either obtains the land use rights certificate over such remaining parts of the land under the Land Exchange or the Qingyuan People’s Government pays the corresponding compensation to the Target Company for loss of land area, within 5 Business Days.

## **INFORMATION REGARDING THE TARGET COMPANY**

The Target Company is engaged in the principal business of development of the Project Site for residential purpose.

The Target Company is established as a limited liability in the PRC on 25 January 2011. According to the audited financial statements of the Target Company for the twelve months ended 31 December 2011 and 31 December 2012, the audited net loss of the Target Company both before and after taxation and extraordinary items is RMB3,755,648.11 (equivalent to approximately HK\$4,769,673.10) and RMB27,430,538.14 (equivalent to approximately HK\$34,836,783.44) respectively. According to the unaudited financial statements of the Target Company for the nine months ended 30 September 2013, the total assets of the Target Company is RMB3,284,605,997.65 (equivalent to approximately HK\$4,171,449,617.01) and the total liability of the Target Company is RMB2,934,777,970.37 (equivalent to approximately HK\$3,727,168,022.36).

## **REASONS FOR THE ACQUISITION, THE LOAN REPAYMENT AND ITS BENEFITS**

The Directors consider that the Acquisition (and the Loan Repayment which is part and parcel to the terms of the Acquisition) are in line with the Group's business strategy of property development in the PRC and that the Acquisition and the Loan Repayment will contribute positively to the Group's profit and future development by broadening the base of property projects and business opportunities of the Group, which will provide a long-term benefit to the Company and its shareholders taken as a whole.

None of the Directors have a material interest in the Acquisition and the Loan Repayment, and hence none of the Directors have abstained from voting on the resolution of the Board to approve the Acquisition and the Loan Repayment.

In view of the above, the Directors (including the independent non-executive Directors) of the Company consider that the terms of the Acquisition and the Loan Repayment were determined upon normal commercial terms by the parties after arm's length negotiations, and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **GENERAL INFORMATION ON THE PARTIES**

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

The Vendor is a limited liability company incorporated under the laws of the PRC which is principally engaged in property development in the PRC.

## LISTING RULES IMPLICATIONS

As the Vendor is a substantial shareholder of the Target Company, which is a non-wholly owned subsidiary of the Company, the Vendor is a connected person of the Company. The Acquisition and the Loan Repayment together constitute connected transactions for the Company pursuant to Rule 14A.13 of the Listing Rules.

As the relevant percentage ratios of the Acquisition and the Loan Repayment as defined under Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the Acquisition and the Loan Repayment are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

## DEFINITIONS

“Acquisition”	the acquisition of 49% equity interest in the Target Company by the Purchaser from the Vendor pursuant to the Share Transfer Agreement;
“Board”	the board of Directors;
“Business Day”	any day, other than a Saturday, Sunday or public holiday, on which licensed banks are generally open for business in the PRC;
“Company”	Country Garden Holdings Company Limited ( 碧桂園控股有限公司 ), a company incorporated in the Cayman Islands with limited liability on 10 November 2006, the shares of which are listed on the Main Board of the Stock Exchange (stock code 2007);
“Consideration”	RMB477,000,000, being the total consideration for the Acquisition;
“Cooperation Agreement”	has the meaning ascribed to it in the Previous Announcement, as amended from time to time by the parties thereto;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

“Loan Repayment”	the repayment of the 1st Loan and 2nd Loan on the terms and conditions set out in the Supplemental Agreement, a summary of which is set out in this announcement under the heading entitled “Supplemental Agreement to the Cooperation Agreement”;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement;
“Project Site”	the parcels of lands located in Qingcheng District, Qingyuan City, Guangdong Province, the PRC that was referred in the Previous Announcement, which is intended to be developed into residential properties;
“Qingyuan Xinya” or “Vendor”	清遠新亞房地產開發有限公司 (Qingyuan Xinya Property Development Company Limited*), a limited liability company incorporated under the laws of the PRC on 17 May 2007. As the Vendor is a substantial shareholder of the Target Company, which is a non-wholly owned subsidiary of the Company, the Vendor is a connected person of the Company;
“Nanshan Travel”	清遠新亞南山嶺旅遊開發有限公司 (Qingyuan Xinya Nanshan Travel Development Limited), a limited liability company incorporated under the laws of the PRC on 31 December 2010 and a wholly owned subsidiary of the Vendor. Nanshan Travel is the legal owner of the land use rights of the Project Site;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share Transfer Agreement”	the share transfer agreement dated 28 October 2013 entered into between the Vendor and the Purchaser in relation to the Acquisition;
“Shunde Country Garden” or “Purchaser”	佛山市順德區碧桂園物業發展有限公司 (Foshan Shunde Country Garden Property Development Company Limited*), a limited liability company established under the laws of the PRC on 2 April 1997 and was converted into a wholly foreign owned enterprise on 21 June 2006 and a wholly owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Interest”	49% of the equity interest in the Target Company owned by the Vendor;
“subsidiary(ies)”	has the meaning ascribed to it as defined in the Listing Rules;

“Target Company”

清遠碧桂園新亞房地產開發有限公司 (Qingyuan Country Garden Xinya Property Development Company Limited\*), a limited company established under the laws of the PRC on 25 January 2011 and a non-wholly owned subsidiary of the Company as at the date of this announcement and on completion of the Acquisition, wholly owned subsidiary of the Company; and

“%”

per cent.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the rate of RMB1.00 = HK\$1.27. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.

On behalf of  
**Country Garden Holdings Company Limited**  
**MO Bin**  
*President and Executive Director*

Foshan, Guangdong Province, the PRC, 28 October 2013

*As of the date of this announcement, the executive directors of the Company are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Vice Chairman), Mr. MO Bin (President), Mr. ZHU Rongbin (Associate President), Ms. YANG Ziyang, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan, Mr. OU Xueming, Mr. YANG Zhicheng, Mr. YANG Yongchao, Mr. XIE Shutai, Mr. SONG Jun and Mr. LIANG Guokun. The independent non-executive directors of the Company are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan, Ms. HUANG Xiao, Mr. LIU Hongyu and Mr. MEI Wenjue.*

\* *English name for identification purposes only*