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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)

- (1) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES
AT THE SUBSCRIPTION PRICE OF HK\$2.50 EACH
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY FIFTEEN EXISTING SHARES
HELD ON THE RECORD DATE
AND
(2) CLOSURE OF REGISTER OF MEMBERS**

Joint Underwriters of the Rights Issue
(in alphabetical order)

**Goldman
Sachs**

J.P.Morgan

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$3,180.0 million before expenses, and not more than approximately HK\$3,180.5 million before expenses, by way of a rights issue of not less than 1,271,988,736 Rights Shares and not more than 1,272,188,736 Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$2.50 per Rights Share payable in full on acceptance.

The Company will provisionally allot one (1) Rights Share in nil-paid form for every fifteen (15) existing Shares held by each Qualifying Shareholder on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The Directors consider that the Rights Issue would optimise the capital structure of the Company, equitize the Company's balance sheet and enhance the credit profile of the Company. For further details of the reasons for the Rights Issue, please also refer to the section headed "5. Reasons for the Rights Issue" below.

The net proceeds of the Rights Issue are estimated to be not less than approximately HK\$3,154.1 million and not more than approximately HK\$3,154.5 million after the deduction of all estimated expenses (based on the number of Shares in issue as at the date of this announcement). The Company intends to apply all of the net proceeds from the Rights Issue to refinance the existing indebtedness of the Group and as general working capital of the Company.

IRREVOCABLE UNDERTAKINGS BY THE REGISTERED COMMITTED SHAREHOLDERS

As at the date of this announcement, the Registered Committed Shareholders hold, directly or indirectly, an aggregate of 11,350,133,388 Shares, representing approximately 59.49% of the issued share capital of the Company. Each Registered Committed Shareholder has provided an Irrevocable Undertaking to the Company and the Joint Underwriters that, subject to the Rights Issue not being terminated, by no later than 10:00 a.m. on the Latest Acceptance Date, each of the Registered Committed Shareholders will (i) accept the Committed Shares provisionally allotted to it under the Rights Issue and it will lodge the PALs together with payment of the Irrevocable Subscription Amount in accordance with the terms of the Rights Issue Documents; and (ii) not dispose of or transfer (directly or indirectly, including without limitation by the creation of any option, charge or encumbrance or rights over or in respect of) its legal and beneficial interests in any of the Shares owned by it as at the date of the Irrevocable Undertaking and shall ensure and procure that there shall be no change to the registered owner of such Shares from the date of the Irrevocable Undertaking up to and including the Record Date.

Save for the Irrevocable Undertakings by the Registered Committed Shareholders, the Company has not obtained any undertakings from other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them under the Rights Issue.

The Rights Shares (other than the Committed Shares) will be fully underwritten by the Joint Underwriters on the terms and subject to the conditions set out in the Underwriting Agreement.

The Rights Issue is conditional on (i) the satisfaction (or, as applicable, waiver) of the conditions of the Underwriting Agreement referred to in the section headed “2(b) Conditions of the Rights Issue” in this announcement below, and (ii) the Underwriting Agreement not being terminated by the Joint Underwriters in accordance with its terms. If the conditions of the Underwriting Agreement are not fulfilled (or waived) or the Underwriting Agreement is terminated pursuant to its terms, the Rights Issue will not proceed.

NO SHAREHOLDERS’ APPROVAL IS REQUIRED

As the proposed Rights Issue would not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders in a general meeting in accordance with Rule 7.19(6)(a) of the Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Underwriting Agreement contains provisions granting the Joint Underwriters the right to terminate their obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “2(d) Termination of the Underwriting Agreement” below for further details. If the Underwriting Agreement does not become unconditional or is terminated in accordance with its terms, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 15 September 2014. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 24 September 2014 to Friday, 3 October 2014 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to the Rights Issue are fulfilled (or, as applicable, waived) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

TRADING ARRANGEMENTS

The last day of dealings in the Shares on a cum-rights basis will be Friday, 12 September 2014. The Shares will be dealt in on an ex-rights basis from Monday, 15 September 2014. The Rights Shares are expected to be dealt in their nil-paid form from Wednesday, 24 September 2014 to Friday, 3 October 2014 (both days inclusive). To qualify for the Rights Issue, a Shareholder must:

- (a) be registered as a member of the Company on the Record Date; and
- (b) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant Share certificate(s)) must be lodged with the Registrar,

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

by 4:30 p.m. (Hong Kong time) on the Last Day for Transfer.

The register of members of the Company will be closed from Wednesday, 17 September 2014 to Friday, 19 September 2014 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Holders of the Vested Share Options who wish to participate in the Rights Issue should exercise the subscription rights in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company before the Record Date.

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. on the Latest Acceptance Date, which is expected to be on Wednesday, 8 October 2014 or such other date as the Company and the Joint Underwriters may agree in writing. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

For details of the trading arrangements, please refer to the section headed "4(a) Expected Timetable" below.

GENERAL

The Rights Issue Documents containing, among other things, further details of the Rights Issue, are expected to be despatched by the Company to Qualifying Shareholders on or before the Posting Date. A copy of the Prospectus will also be made available on the respective websites of the Company (www.countrygarden.com.cn) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send any PAL or EAF to them. The Prospectus will not be distributed, and the Rights Shares will not be sold, in the United States, except, in limited circumstances, for certain transactions exempt from registration under the US Securities Act.

1. PROPOSED RIGHTS ISSUE

(a) Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every fifteen (15) existing Shares held on the Record Date
Subscription Price	:	HK\$2.50 per Rights Share
Number of Shares in issue	:	19,079,831,046 Shares as at the date of this announcement
Number of Rights Shares to be issued under the Rights Issue	:	Not less than 1,271,988,736 Rights Shares (assuming no new Shares are allotted and issued pursuant to any exercise of the Vested Share Options on or before the Record Date) and not more than 1,272,188,736 Rights Shares (assuming new Shares are allotted and issued pursuant to the full exercise of the Vested Share Options on or before the Record Date)
Joint Underwriters	:	Goldman Sachs and J.P. Morgan
Minimum enlarged issued share capital of the Company upon completion of the Rights Issue	:	20,351,819,782 Shares (assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue)
Maximum enlarged issued share capital of the Company upon completion of the Rights Issue	:	20,355,019,782 Shares (assuming new Shares are allotted and issued pursuant to the full exercise of the Vested Share Options on or before the Record Date and no other Shares (other than the Rights Shares) are allotted and issued or before completion of the Rights Issue)
Funds raised before expenses	:	Approximately HK\$3,180.0 million to HK\$3,180.5 million

As at the date of this announcement, there were outstanding Share Options granted in respect of 9,173,457 Shares, of which Share Options in respect of 3,000,000 Shares have been vested. Assuming the full exercise of the subscription rights attached to the Vested Share Options and new Shares are allotted and issued pursuant to such exercise on or before the Record Date, a total of 3,000,000 new Shares would fall to be allotted and issued, which would result in the allotment and issue of 200,000 additional Rights Shares. Of the 200,000 additional Rights Shares, 199,998 Rights Shares will be allotted and issued to the Directors in the event there is a full exercise of the subscription rights attached to the Vested Share Options and such Directors decide to subscribe in full for such Rights Shares.

Save for the outstanding Share Options as mentioned above, the Company has no other outstanding convertible securities, options or warrants in issue or other similar rights which confer any right to convert or exchange into or subscribe for Shares as at the date of this announcement.

Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue, the aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents approximately 6.67% of the Company's issued share capital as at the date of this announcement and approximately 6.25% of the Company's issued share capital as enlarged by the Rights Issue.

(b) Subscription Price

The Subscription Price of HK\$2.50 per Rights Share, which is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or, where applicable, application for excess Rights Shares or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 30.9% to the closing price of HK\$3.62 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 31.5% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK\$3.65;
- (iii) a discount of approximately 32.3% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately HK\$3.69; and
- (iv) a discount of approximately 29.6% to the theoretical ex-rights price of approximately HK\$3.55 per Share based on the closing price of HK\$3.62 per Share as quoted on the Stock Exchange on the Last Trading Day.

Each Rights Share will have a par value of HK\$0.10.

The Subscription Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the Subscription Price in proportion to his/her/its shareholding held on the Record Date as well as to apply for additional Rights Shares in excess of their respective pro rata entitlements under the Rights Issue.

After taking into consideration the reasons for the Rights Issue as stated in the sections headed “5. Reasons for the Rights Issue” and “6. Use of Proceeds” below, the Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), to be fair and reasonable to, and in the interests of, the Company and the Shareholders as a whole.

(c) Basis of provisional allotment

The basis of the provisional allotment will be one (1) Rights Share (in nil-paid form) for every fifteen (15) existing Shares held by Qualifying Shareholders on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares with the Registrar on or before the Latest Time for Acceptance.

(d) Status of the Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the existing Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, the record dates of which are on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

(e) Share Certificates for the Rights Shares and Refund Cheques

Subject to the fulfilment of the conditions of the Rights Issue as set out below, Share certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or around Wednesday, 15 October 2014 to those persons who have paid for and have accepted the Rights Shares at their own risk. Applicant(s) will receive one Share certificate for all the Rights Shares allotted and issued to him/her/it. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be sent by ordinary post on or around Wednesday, 15 October 2014 to the applicants at their own risk.

(f) Fractions of the Rights Shares

The Company will not provisionally allot and will not accept applications for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to J.P Morgan or its nominee/agent, and will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any such unsold aggregated fractions of nil-paid Rights Shares will be made available for excess applications by Qualifying Shareholders under the EAFs. No odd lot matching services will be provided.

(g) Application for excess Rights Shares

Qualifying Shareholders will be entitled to apply, by way of excess application, for:

- (i) any unsold Rights Shares which would have been allotted to Non-Qualifying Shareholders had they been Qualifying Shareholders;
- (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares; and
- (iii) any unsold Rights Shares created by adding together fractions of the Rights Shares.

Application for excess Rights Shares can be made only by Qualifying Shareholders and only by completing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by the Latest Time for Acceptance or such later time as may be agreed between the Company and the Joint Underwriters.

Any excess Rights Shares will, at the discretion of the Directors, be allocated and allotted on a fair and reasonable basis and as far as practicable on a pro rata basis by reference to the number of excess Rights Shares applied for under each application. No preference will be given to topping up odd lots to whole board lots.

The Board would like to note that, in relation to applications for excess Rights Shares, where Shares are held by a nominee (or which are held in CCASS), the Beneficial Owners of those Shares should note that the Board will regard a Registered Nominee as a single Shareholder. Accordingly, the arrangements regarding allocation of excess Rights Shares will not be extended to the Beneficial Owners individually. Beneficial Owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to 4:30 p.m. on the Last Day for Transfer.

Beneficial Owners whose Shares are held by a Registered Nominee and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on the Last Day for Transfer.

(h) Application for listing of and dealings in the Right Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. The nil-paid and fully-paid Rights Shares are expected to be traded in board lots of 1,000 (as the Shares are currently traded on the main board of the Stock Exchange in board lots of 1,000). No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed on or dealt in, any other stock exchange.

(i) Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both their nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

(j) Rights Shares will be eligible for admission into CCASS

Subject to the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

(k) Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must:

- (a) be registered as a member of the Company on the Record Date; and
- (b) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant Share certificate(s)) must be lodged with the Registrar,

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

by 4:30 p.m. (Hong Kong time) on the Last Day for Transfer.

The Company expects to despatch the Rights Issue Documents to Qualifying Shareholders on or before the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send any PAL or EAF to them.

Holders of Vested Share Options who wish to participate in the Rights Issue should exercise the subscription rights in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company before the Record Date.

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. on the Latest Acceptance Date.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

(I) Non-Qualifying Shareholders

Overseas Shareholders on the Record Date may not be eligible to take part in the Rights Issue as explained below.

The Rights Issue Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Board is making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange to assess the feasibility of extending the Rights Issue to the Overseas Shareholders and the results of the enquiries will be included in the Prospectus. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account of either the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Rights Shares to any of the Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. The basis of exclusion of Non-Qualifying Shareholders, if any, from the Rights Issue will be disclosed in the Prospectus. The Company will, to the extent reasonably practicable and legally permitted, send the Prospectus to Non-Qualifying Shareholders for their information only on or before the Posting Date but will not send the PALs or the EAFs to them.

The Company will make arrangements for the Rights Shares which would otherwise have been provisionally allotted to Non-Qualifying Shareholders to be provisionally allotted (in nil-paid form) to J.P. Morgan or its nominee/agent, who will sell such Rights Shares in the market in their nil-paid form after dealings in the nil-paid Rights Shares commence on the Stock Exchange but before the Latest Time for Acceptance, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses, will be paid by the Company to the relevant Non-Qualifying Shareholder(s) pro rata to their shareholdings in the Company on the Record Date in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for the benefit of the Company. Any unsold entitlements of Non-Qualifying Shareholders, as referred to above in this announcement, will be made available for excess applications by Qualifying Shareholders under the EAFs.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

(m) Closure of the register of members

The register of members of the Company will be closed from Wednesday, 17 September 2014 to Friday, 19 September 2014 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

2. THE UNDERWRITING AGREEMENT

(a) Underwriting Agreement

Date	:	27 August 2014
Joint Underwriters	:	Goldman Sachs and J.P. Morgan
Number of Underwritten Shares	:	The Rights Shares (other than the Committed Shares) will be fully underwritten by the Joint Underwriters
Joint Underwriters' Commission	:	1.75% of the aggregate subscription price payable in respect of the Underwritten Shares determined on the Record Date.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Joint Underwriters) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Joint Underwriters have agreed to subscribe or procure the subscription for all Underwritten Shares that are not otherwise taken up.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Joint Underwriters and their respective ultimate holding companies are Independent Third Parties.

The Directors consider that the terms of the Underwriting Agreement including the rate of commission are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned.

(b) Conditions of the Rights Issue

The Rights Issue is conditional on (i) the satisfaction (or, as applicable, waiver) of the conditions of the Underwriting Agreement referred to in this section, and (ii) the Underwriting Agreement not being terminated in accordance with its terms. The obligations of the Joint Underwriters under the Underwriting Agreement are conditional upon:

- (i) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) being granted (subject only to allotment and despatch of the appropriate documents of title) by the Stock Exchange by no later than the business day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and such permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (ii) compliance by the Company with its obligations under the Underwriting Agreement in relation to making the Rights Issue and allotting and offering the Rights Shares;
- (iii) each condition to enable the nil-paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied not later than the business day prior to the first day of dealings in the nil-paid Rights Shares as set out in the Prospectus and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (iv) the Stock Exchange issuing a certificate authorising registration of the Prospectus with the Hong Kong Companies Registry under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than a business day before the date of the Prospectus (or such later time and/or date as the Company and the Joint Underwriters may agree in writing);
- (v) a duly certified copy of the Prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than a business day before the date of the Prospectus, and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than a business day before the date of the Prospectus;
- (vi) posting of the Rights Issue Documents to the Qualifying Shareholders not later than the date of Prospectus (or such later time and/or date as the Company and the Joint Underwriters may agree in writing);
- (vii) compliance by the Registered Committed Shareholders with their obligations under the Irrevocable Undertakings by the times specified, and the Irrevocable Undertakings not having been terminated;
- (viii) receipt by the Joint Underwriters (in such form and substance as satisfactory to them) of the deliverables as provided in the Underwriting Agreement by such timing as set out in the Underwriting Agreement;

- (ix) the warranties given by the Company under the Underwriting Agreement remaining true and accurate in all respects and none of the undertakings of the Company having been breached by any respect by the Latest Time for Termination;
- (x) any Joint Underwriter not having any cause to believe that any breach of the warranties or undertakings of the Company under the Underwriting Agreement has occurred or may occur by the Latest Time for Termination;
- (xi) a matter not having arisen which would reasonably be expected to give rise to any breach or a claim under the Underwriting Agreement; and
- (xii) compliance by the Company with all of its obligations under the Underwriting Agreement in all material respects.

The Company has undertaken to use its best endeavours to procure the fulfilment of each of the conditions by the due time and/or date referred to in each case (or if no date is specified, by the Latest Time for Termination) and to procure that each of the conditions is fulfilled in sufficient time so that the Latest Time for Termination falls on or before the Long Stop Date and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by the Joint Underwriters and the Stock Exchange in connection with the making of the Rights Issue and the listing of the Rights Shares.

If any of the above conditions of the Underwriting Agreement is not fulfilled, or waived if permitted by the terms of the Underwriting Agreement in whole or in part by the Joint Underwriters, by the specified time and date or the date on which the Latest Time for Termination occurs, the Underwriting Agreement shall terminate (save in respect of certain rights and obligations under the Underwriting Agreement) and the Rights Issue will not proceed.

The Joint Underwriters shall have the right, in their absolute discretion, by giving written notice to the Company on or before the latest time at which, or the latest day on which, any of the above conditions of the Underwriting Agreement may be fulfilled:

- (i) to extend the deadline for the fulfilment of any condition by such time or number of days or in such manner as the Joint Underwriters may determine; or
- (ii) to waive such condition (other than conditions (i), (iii), (iv) and (v) above), and such waiver may be made subject to such terms and conditions as the Joint Underwriters may determine.

(c) Lock up provisions under the Underwriting Agreement

The Company undertakes to the Joint Underwriters that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the Closing Date, except with the prior written consent of the Joint Underwriters (such consent not to be unreasonably withheld or delayed), the Company shall not: (i) except for (a) the Rights Shares

and (b) any options which may be granted under the Share Option Scheme, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, grant or sell any option, warrant or right to subscribe for or purchase, either directly or indirectly, conditionally or unconditionally, any Shares or any interests in Shares or any securities which are convertible into or exercisable or exchangeable for any Shares or any interests in Shares; (ii) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any Shares; (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) and (ii) above; or (iv) announce any intention to enter into or effect any such transaction described in (i), (ii) or (iii) above.

(d) Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Joint Underwriters, by notice in writing to the Company, the right to terminate the Underwriting Agreement on the occurrence of certain events.

The Joint Underwriters may at any time prior to the Latest Time for Termination, by notice in writing to the Company, rescind or terminate the Underwriting Agreement if:

- (i) any matter or circumstance arises as a result of which any of the conditions set out in the section headed “2(b) Conditions of the Rights Issue” above has become incapable of satisfaction as at the required time; or
- (ii) any breach of any of the warranties or certain undertakings given by the Company under the Underwriting Agreement comes to the knowledge of any of the Joint Underwriters, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement or any matter has arisen which would reasonably be expected to give rise to such a breach or a claim in respect of such warranties or undertakings; or
- (iii) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the warranties given by the Company under the Underwriting Agreement are deemed to be given, would have rendered any of those warranties untrue, incorrect or misleading in any material respect; or
- (iv) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or
- (v) the Company is required to produce a supplementary Prospectus; or
- (vi) there is any change or prospective change in the condition, results of operations, prospects, management, business, shareholders’ equity or in the financial or trading position of any member of the Group which, in the sole opinion of the Joint Underwriters, is or may be materially adverse in the context of the Rights Issue; or
- (vii) permission to deal in and listing of all the Right Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or

- (viii) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
- (a) any change in, or any event or series of events likely to result in any change in (whether or not permanent) local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting the PRC, Hong Kong, the United States or the European Union (or any member thereof); or
 - (b) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in or affecting the PRC, Hong Kong, the United States or the European Union (or any member thereof); or
 - (c) the declaration of a banking moratorium by authorities in the PRC, Hong Kong, United States or the European Union (or any member thereof) occurring due to exceptional financial circumstances or otherwise; or
 - (d) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the London Stock Exchange plc, the New York Stock Exchange, Inc. or NASDAQ, or any major disruption of any securities settlement or clearing services in Hong Kong; or
 - (e) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Rights Issue or transactions pursuant to Chapter 14 and/or 14A of the Listing Rules which are conducted in the ordinary and normal course of business of the Company); or
 - (f) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong, the PRC or any other place in which any member of the Group conducts or carries on business,

the effect of which events or circumstances referred to above individually or in the aggregate (in the sole opinion of the Joint Underwriters) (x) is or would be materially adverse to, or prejudicially affects or would prejudicially affect, the Group as a whole or its prospects or the Rights Issue or (y) makes or may make it impracticable, inadvisable or inexpedient to proceed with the Rights Issue.

In the event the Joint Underwriters exercise their right to terminate the Underwriting Agreement prior to the Latest Time for Termination, the obligations of all parties thereunder shall terminate forthwith (save in respect of certain rights or obligations under the Underwriting Agreement) and no party will have any claim against any other for costs, damages, compensation or otherwise provided that such termination shall be without prejudice to the rights of the Company and the Joint Underwriters in respect of any breach of the Underwriting Agreement occurring prior to such termination.

If the Joint Underwriters exercise such right, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Joint Underwriters.

(e) Irrevocable Undertaking by each of the Registered Committed Shareholders

As at the date of this announcement, the Registered Committed Shareholders hold, directly or indirectly, an aggregate of 11,350,133,388 Shares, representing approximately 59.49% of the issued share capital of the Company. Each Registered Committed Shareholder has provided an Irrevocable Undertaking to the Company and each of the Joint Underwriters that subject to the Rights Issue not being terminated, by no later than 10:00 a.m. on the Latest Acceptance Date, each of the Registered Committed Shareholders will (i) accept the Committed Shares provisionally allotted to it under the Rights Issue and it will lodge the PALs together with payment of the Irrevocable Subscription Amount in accordance with the terms of the Rights Issue Documents; and (ii) not dispose of or transfer (directly or indirectly, including without limitation by the creation of any option, charge or encumbrance or rights over or in respect of) its legal and beneficial interests in any of the Shares owned by it as at the date of the Irrevocable Undertaking and shall ensure and procure that there shall be no change to the registered owner of such Shares from the date of the Irrevocable Undertaking up to and including the Record Date.

Pursuant to each Irrevocable Undertaking, each of the Registered Committed Shareholders has undertaken to the Company and the Joint Underwriters that from the date of the Irrevocable Undertaking up to 90 calendar days after the first day of trading of the Rights Shares on the Stock Exchange, each of the Registered Committed Shareholders will not, and will procure that none of its subsidiaries which hold the Rights Shares will:

- (i) sell, offer to sell, contract or agree to sell, lend, grant any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, directly or indirectly, conditionally or unconditionally, any Share held by, or any Rights Shares provisionally allotted to, the Registered Committed Shareholder or its relevant subsidiaries (as the case may be) or any interest therein (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any such Shares); or
- (ii) enter into any swap or other transaction that transfers, in whole or in part, the economic consequences of ownership of any such Shares; or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to enter in or effect any transaction described in paragraph (i), (ii) or (iii) above,

in each case, whether any of the transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares, in cash or otherwise, and PROVIDED THAT each Irrevocable Undertaking shall not prohibit or restrict any:

- (a) allotment and issue of Shares pursuant to the exercise of the Share Options under the Share Option Scheme; or
- (b) sale, transfer or disposal of Shares (or transaction referred to in paragraph (ii) or (iii) above or agreement or announcement referred to in paragraph (iv) above) among the Registered Committed Shareholder and its wholly-owned subsidiaries and such transferee(s) agrees to receive and hold the Shares subject to the provisions of the Irrevocable Undertaking; or
- (c) sale, transfer or other disposal (or any transaction referred to in paragraph (ii) or (iii) above or agreement or announcement referred to in paragraph (iv) above) pursuant to any security interest, charge or other encumbrance or rights over or in respect of any Shares in which the Registered Committed Shareholder is or may become (or any of its subsidiaries are or may become) interested which is either in existence as at the date of the Irrevocable Undertaking or which is or may be granted to or created in favour of the Joint Underwriters or their respective affiliates providing finance to enable the Registered Committed Shareholder and/or its subsidiaries to subscribe for Rights Shares; or
- (d) grant or creation of any such security interest, charge or encumbrance or rights over or in respect of any Shares in which the Registered Committed Shareholder is or may become (or any of its subsidiaries are or may become) interested in favour of the Joint Underwriters or their respective affiliates providing finance to enable the Registered Committed Shareholder and/or its subsidiaries to subscribe for the Rights Shares.

For the avoidance of doubt, the lock-up arrangements as described above are not applicable to any subsequent disposal of the Pledged Shares by the Syndicate Members (if applicable) under the Loan Facility as particularly described in the section headed “14. The Loan Facility” below. Any sale of the Pledged Shares may cause the price of the Shares to decline.

Save for the Irrevocable Undertakings by each of the Registered Committed Shareholders, the Company has not obtained any undertakings from other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them under the Rights Issue.

3. EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

Changes in the Shareholding Structure of the Company arising from the Rights Issue

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

Scenario 1:

Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue:

Shareholders	As at the date of this announcement (Notes 1 and 2)		Shareholding immediately after completion of the Rights Issue (Note 2)			
			Assuming no Rights Shares have been taken up by the Qualifying Shareholders other than the Registered Committed Shareholders		Assuming all of the Rights Shares have been taken up by the Qualifying Shareholders	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<i>Shareholders:</i>						
Registered Committed Shareholders (Note 3)	11,350,133,388	59.49	12,106,808,946	59.49	12,106,808,946	59.49
Automic Group Limited (Note 4)	1,019,733,743	5.34	1,019,733,743	5.01	1,087,715,992	5.34
<i>Directors:</i>						
Mr. YEUNG Kwok Keung (Note 5)	66,060,000	0.35	66,060,000	0.32	70,464,000	0.35
Mr. MO Bin (Note 6)	3,000,000	0.016	3,000,000	0.015	3,200,000	0.016
Mr. ZHU Rongbin	2,068,000	0.011	2,068,000	0.010	2,205,866	0.011
Mr. SU Rubo (Note 7)	749,437,312	3.93	749,437,312	3.68	799,399,799	3.93
Mr. OU Xueming (Note 8)	772,144,068	4.05	772,144,068	3.79	823,620,339	4.05
Mr. XIE Shutai (Note 9)	844,937	0.004	844,937	0.004	901,266	0.004
Mr. LIANG Guokun (Note 10)	1,570,254	0.008	1,570,254	0.008	1,674,937	0.008
Mr. SU Baiyuan (Note 11)	855,739	0.004	855,739	0.004	912,788	0.004
Mr. WU Jianbin	3,000,000	0.016	3,000,000	0.015	3,200,000	0.016
Sub-total	13,968,847,441	73.21	14,725,529,999	72.35	14,900,103,933	73.21
Joint Underwriters (Note 12)	—	—	515,313,178	2.53	—	—
Public	5,110,983,605	26.79	5,110,983,605	25.11	5,451,715,849	26.79
Total	19,079,831,046	100.00	20,351,819,782	100.00	20,351,819,782	100.00

Notes:

1. *Based on the information in the disclosure of interest register of the Company.*
2. *Certain figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.*
3. *The 11,350,133,388 Shares are held as to 9,167,484,388 Shares by Concrete Win, as to 66,626,000 Shares by Golden Value, as to 16,023,000 by Jolly Faith and as to 2,100,000,000 Shares by Genesis Capital. Concrete Win, Golden Value and Genesis Capital are wholly owned by Ms. YANG Huiyan, an executive Director and the controlling shareholder of the Company. Jolly Faith is owned as to 50% by Ms. YANG Huiyan and as to 50% by Mr. YEUNG Kwok Keung, an executive Director.*
4. *Automic Group Limited is legally and beneficially owned as to 100% by Mr. YANG Erzhu, an executive Director. Therefore, Mr. YANG Erzhu is deemed to be interested in 1,019,733,743 Shares through his interests in Automic Group Limited.*
5. *The 66,060,000 Shares held by Mr. YEUNG Kwok Keung, an executive Director, represents shares held by Kenpac Investments Limited and Jolly Faith in which Mr. YEUNG Kwok Keung beneficially owned as to 90% and 50% of the issued share capital, respectively.*
6. *The 3,000,000 Shares represent Shares in which Mr. MO Bin has a beneficiary interest in a trust.*
7. *The 749,437,312 Shares held by Mr. SU Rubo, an executive Director, represents Shares held by Easy Hope Holdings Limited, a company in which Mr. SU Rubo beneficially owned as to 100% of the issued share capital.*
8. *The 772,144,068 Shares held by Mr. OU Xueming, an executive Director, represents Shares held by Highlander Group Limited, a company in which Mr. OU Xueming beneficially owned as to 100% of the issued share capital.*
9. *These shares represent Shares held by Ms. YANG Congrong being the spouse of Mr. XIE Shutai, an executive Director.*
10. *These shares represent Shares held by Ms. MA Minhua being the spouse of Mr. LIANG Guokun, an executive Director.*
11. *Out of the 855,739 Shares, 419,643 represent Shares held by Ms. LIU Qing being the spouse of Mr. SU Baiyuan, an executive Director.*
12. *Pursuant to the Joint Underwriters' respective underwriting obligations under the Underwriting Agreement.*

Scenario 2:

Assuming no new Shares have been allotted and issued other than those falling to be issued upon full exercise of the Share Options and no Shares being repurchased by the Company before the Record Date:

Shareholders	Shareholding immediately after completion of the Rights Issue (Note 2)					
	As at the date of this announcement (Notes 1 and 2)		Assuming no Rights Shares have been taken up by the Qualifying Shareholders other than the Registered Committed Shareholders		Assuming all of the Rights Shares have been taken up by the Qualifying Shareholders	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<i>Shareholders:</i>						
Registered Committed Shareholders (Note 3)	11,350,133,388	59.48	12,106,808,946	59.48	12,106,808,946	59.48
Automatic Group Limited (Note 4)	1,019,733,743	5.34	1,019,733,743	5.01	1,087,715,992	5.34
<i>Directors:</i>						
Mr. YEUNG Kwok Keung (Note 5)	66,060,000	0.35	66,060,000	0.32	70,464,000	0.35
Mr. MO Bin (Note 6)	3,000,000	0.016	3,000,000	0.015	3,200,000	0.016
Mr. ZHU Rongbin	2,068,000	0.011	2,068,000	0.010	2,205,866	0.011
Mr. SU Rubo (Note 7)	749,437,312	3.93	749,437,312	3.68	799,399,799	3.93
Mr. OU Xueming (Note 8)	772,144,068	4.05	772,144,068	3.79	823,620,339	4.05
Mr. XIE Shutai (Note 9)	844,937	0.004	844,937	0.004	901,266	0.004
Mr. LIANG Guokun (Note 10)	1,570,254	0.008	1,570,254	0.008	1,674,937	0.008
Mr. SU Baiyuan (Note 11)	855,739	0.004	855,739	0.004	912,788	0.004
Mr. LAI Ming, Joseph	1,000,000	0.005	1,000,000	0.005	1,066,666	0.005
Mr. SHEK Lai Him, Abraham	1,000,000	0.005	1,000,000	0.005	1,066,666	0.005
Mr. TONG Wui Tung, Ronald	1,000,000	0.005	1,000,000	0.005	1,066,666	0.005
Mr. WU Jianbin	3,000,000	0.016	3,000,000	0.015	3,200,000	0.016
Sub-total	13,971,847,441	73.22	14,728,522,999	72.36	14,903,303,931	73.22
Joint Underwriters (Note 12)	—	—	515,513,178	2.53	—	—
Public	5,110,983,605	26.78	5,110,983,605	25.11	5,451,715,851	26.78
Total	19,082,831,046	100.00	20,355,019,782	100.00	20,355,019,782	100.00

Notes:

1. *Based on the information in the disclosure of interest register of the Company.*
2. *Certain figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.*
3. *The 11,350,133,388 Shares are held as to 9,167,484,388 Shares by Concrete Win, as to 66,626,000 Shares by Golden Value, as to 16,023,000 by Jolly Faith and as to 2,100,000,000 Shares by Genesis Capital. Concrete Win, Golden Value and Genesis Capital are wholly owned by Ms. YANG Huiyan, an executive Director and the controlling shareholder of the Company. Jolly Faith is owned as to 50% by Ms. YANG Huiyan and as to 50% by Mr. YEUNG Kwok Keung, an executive Director.*
4. *Automic Group Limited is legally and beneficially owned as to 100% by Mr. YANG Erzhu, an executive Director. Therefore, Mr. YANG Erzhu is deemed to be interested in 1,019,733,743 Shares through his interests in Automic Group Limited.*
5. *The 66,060,000 Shares held by Mr. YEUNG Kwok Keung, an executive Director, represents shares held by Kenpac Investments Limited and Jolly Faith in which Mr. YEUNG Kwok Keung beneficially owned as to 90% and 50% of the issued share capital, respectively.*
6. *The 3,000,000 Shares represent Shares in which Mr. MO Bin has a beneficiary interest in a trust.*
7. *The 749,437,312 Shares held by Mr. SU Rubo, an executive Director, represents Shares held by Easy Hope Holdings Limited, a company in which Mr. SU Rubo beneficially owned as to 100% of the issued share capital.*
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9. *These shares represent Shares held by Ms. YANG Congrong being the spouse of Mr. XIE Shutai, an executive Director.*
10. *These shares represent Shares held by Ms. MA Minhua being the spouse of Mr. LIANG Guokun, an executive Director.*
11. *Out of the 855,739 Shares, 419,643 represent Shares held by Ms. LIU Qing being the spouse of Mr. SU Baiyuan, an executive Director.*
12. *Pursuant to the Joint Underwriters' respective underwriting obligations under the Underwriting Agreement.*

4. RIGHTS ISSUE TIMETABLE

(a) Expected Timetable

The expected timetable of the Rights Issue is set out below:

Last day of dealings in the Shares on a cum-rights basis	Friday, 12 September 2014
Commencement of dealings in the Shares on an ex-rights basis	Monday, 15 September 2014
Latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue.	4:30 p.m. on Tuesday, 16 September 2014
Closure of the register of members of the Company for determining entitlements under the Rights Issue (both days inclusive)	Wednesday, 17 September 2014 to Friday, 19 September 2014
Record Date for determining entitlements under the Rights Issue	Friday, 19 September 2014
Register of members of the Company re-opens	Monday, 22 September 2014
Despatch of the Rights Issue Documents	Monday, 22 September 2014
First day for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares.	Tuesday, 23 September 2014
First day of dealings in nil-paid Rights Shares.	Wednesday, 24 September 2014
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 26 September 2014
Last day of dealings in nil-paid Rights Shares.	Friday, 3 October 2014
Latest time for acceptance of, and payment for the Rights Shares and application and payment for excess Rights Shares.	4:00 p.m. on Wednesday, 8 October 2014
Latest time for the termination of the Underwriting Agreement and the Rights Issue to become unconditional	4:00 p.m. on Monday, 13 October 2014
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company on or around	Tuesday, 14 October 2014
Despatch of certificates for fully-paid Rights Shares and refund cheques on or around	Wednesday, 15 October 2014
Expected first day of dealings in fully-paid Rights Shares on the Stock Exchange.	Thursday, 16 October 2014

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be varied by agreement between the Company and the Joint Underwriters.

If any special circumstances arise, the Board may extend, or make adjustment to, the expected timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

(b) Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

(i) a tropical cyclone warning signal number 8 or above; or

(ii) a “black” rainstorm warning is in force in Hong Kong at any local time:

(A) before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. In such event, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

(B) between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. In such event, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “4(a) Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

(c) Warning of the risks of dealing in the Shares and the nil-paid Rights Shares

The Underwriting Agreement contains provisions granting the Joint Underwriters a right to terminate their obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “2(d) Termination of the Underwriting Agreement” above for further details.

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If this condition is not fulfilled or waived, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 15 September 2014. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 24 September 2014 to Friday, 3 October 2014 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which the condition to the Rights Issue is fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

5. REASONS FOR THE RIGHTS ISSUE

The Directors consider that the Rights Issue would optimise the capital structure of the Company, equitize the Company's balance sheet and enhance the credit profile of the Company for the following reasons:

- (a) The Rights Issue provides the ability for existing Shareholders to participate in the Rights Issue**
- (i) support of controlling shareholder of the Company to participate in the Rights Issue demonstrates confidence in the Company's growth prospects and long-term fundamentals of China's real estate sector;
 - (ii) the Rights Issue will offer to Qualifying Shareholders the opportunity to participate in the future development of the Company on equal terms; and
 - (iii) Qualifying shareholders will be entitled to apply by way of excess application for any unsubscribed Rights Shares pursuant to the terms as stated in the section headed “1. Proposed Rights Issue – (g) Application for excess Rights Shares” above.

(b) The Rights Issue is an optimal financing strategy for the Company

- (i) the net proceeds of the Rights Issue will be used to refinance the existing indebtedness, and as general working capital, of the Company;
- (ii) enable the Company to invest capital in its growth as well as strengthen its financial position as a whole; and
- (iii) improve the Company's trading liquidity and attractiveness to large institutional investors by increasing the number of public float shares to the market.

(c) The Rights Issue will also improve the Company's credit profile through the repayment of debt

- (i) enable the Company to diversify funding channels in both debt and equity capital markets;
- (ii) increase equity base and provide debt headroom for the Company and therefore enhancing financing flexibility of the Company; and
- (iii) achieve continual improvement in the Company's credit ratios and target ratings upgrade for the Company.

Based on the foregoing, the Directors consider that the Rights Issue is favourable to the Company's long-term business development and in the best interests of the Company and the Shareholders as a whole.

6. USE OF PROCEEDS

The net proceeds of the Rights Issue are estimated to be not less than approximately HK\$3,154.1 million and not more than approximately HK\$3,154.5 million after the deduction of all estimated expenses which is estimated to be approximately HK\$25.9 million and will be borne by the Company. The estimated net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$2.48.

The Company intends to apply all of the net proceeds from the Rights Issue to refinance the existing indebtedness of the Group and as general working capital of the Company. The Company intends to apply the net proceeds from the Rights Issue to repay the Group's existing indebtedness, including the 2014 Senior Notes. The 2014 Senior Notes will mature on 10 September 2014. Due to the timing gap between the maturity of the 2014 Senior Notes and the receipt of the net proceeds from the Rights Issue, tentatively on 16 October 2014, an affiliate of each of the Joint Underwriters will extend a 3-month bridge loan of an aggregate principal amount of US\$400 million to the Company (the "**Bridge Loan**") to facilitate the Company's repayment of the 2014 Senior Notes upon its maturity. The Bridge Loan will be borrowed on terms and conditions which will be agreed among the Company and the Lenders after arm's length negotiations. Upon completion of the Rights Issue, the Company intends to immediately use the net proceeds from the Rights Issue to repay the Bridge Loan.

Although there is no current intention to deviate from the stated use of proceeds, the Directors may review and vary the purpose for which the proceeds are used in light of what they consider to be the optimal use of proceeds from time to time. Further announcements will be made, if necessary, in the event of material change to the use of proceeds.

7. TAXATION

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of, in the case of Qualifying Shareholders, the receipt, purchase, holding, exercising, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares and, in the case of the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

8. PREVIOUS EQUITY FUND RAISING BY THE COMPANY

The Company has not engaged in or initiated any equity fund raising exercises (including any rights issue exercise) during the 12 months immediately preceding the date of this announcement.

9. NO SHAREHOLDERS' APPROVAL IS REQUIRED FOR THE RIGHTS ISSUE

As the proposed Rights Issue would not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders in a general meeting in accordance with Rule 7.19(6)(a) of the Listing Rules.

10. POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS

As a result of the Rights Issue, the exercise prices of, and/or the number or nominal amount of Shares subject to, the outstanding Share Options may be adjusted in accordance with the terms and conditions of the Share Option Scheme. The Company will make further announcements on the appropriate adjustments (if any) and the date they are expected to take effect in due course.

11. INFORMATION ON THE GROUP

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.

12. GENERAL

The Rights Issue Documents containing, among other things, further details of the Rights Issue are expected to be despatched by the Company to Qualifying Shareholders on or before the Posting Date. A copy of the Prospectus will also be made available on the respective websites of the Company (www.countrygarden.com.cn) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send any PAL or EAF to them. The Prospectus will not be distributed, and the Rights Shares will not be sold, in the United States, except, in limited circumstances, for certain transactions exempt from registration under the US Securities Act.

13. ACTIVITIES BY SYNDICATE MEMBERS

The Syndicate Members may each individually undertake a variety of activities which do not form part of the underwriting process. In the ordinary course of their respective business activities, the Syndicate Members have provided from time to time, and are expected to provide in the future, investment banking, financing and other services to the Company and each of their affiliates for which such Syndicate Members have received or will receive fees and commissions as agreed among the Company and/or its affiliates and the Syndicate Members. In particular, the Syndicate Members may act as lenders under one or more of the Group's loan facilities or as lenders to the Shareholders for loans which are secured against the Shares.

14. THE LOAN FACILITY

In connection with the Rights Issue, one of the Registered Committed Shareholders (the "**Borrower**") has obtained a credit facility from the Syndicate Members providing it the option to obtain financing on customary terms (the "**Loan Facility**") to finance up to the Irrevocable Subscription Amount on behalf of the Registered Committed Shareholders. If the Borrower exercises its option to draw down the Loan Facility, such Loan Facility will be secured by a pledge of Shares (the "**Pledged Shares**") in favour of the Syndicate Members.

DEFINITIONS

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

"2014 Senior Notes"	the US\$375 million 11.75% senior notes due 2014;
"associate(s)"	has the meaning ascribed thereto under the Listing Rules;
"Beneficial Owner(s)"	any beneficial owner(s) of Shares whose Shares are registered in the name of a registered Shareholder;

“Board”	the board of Directors;
“Business Day”	any weekday (other than a Saturday or on a day which a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) which banks generally are open for business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Closing Date”	the date falling on the third business day after the Latest Time for Acceptance (or such later date as the Company and the Joint Underwriters may agree in writing), but in any event shall be on or before the Long Stop Date;
“Committed Shares”	the Rights Shares which each of the Registered Committed Shareholders has undertaken to accept;
“Company”	Country Garden Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Concrete Win”	Concrete Win Limited, a company incorporated in the British Virgin Islands on 7 April 2006 and wholly owned by Ms. YANG Huiyan;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders in respect of applications for excess Rights Shares;
“Genesis Capital”	Genesis Capital Global Limited, a company incorporated in the British Virgin Islands on 28 July 2014 and wholly owned by Ms. YANG Huiyan;
“Golden Value”	Golden Value Investments Limited, a company incorporated in the British Virgin Islands on 10 August 2012 and wholly owned by Ms. YANG Huiyan;
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C.;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and who are not connected person(s) of the Company;
“Irrevocable Subscription Amount”	the amount equal to the relevant number of Committed Shares multiplied by the Subscription Price, which in aggregate equals to approximately HK\$1,891.7 million;
“Irrevocable Undertakings”	the irrevocable undertakings dated 27 August 2014 given by each of Concrete Win, Golden Value, Jolly Faith and Genesis Capital in favour of the Company and the Joint Underwriters;
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited;
“Joint Underwriters”	Goldman Sachs and J.P. Morgan;
“Jolly Faith”	Jolly Faith Group Limited, a company incorporated in the British Virgin Islands on 5 October 2012 and owned as to 50% by Ms. YANG Huiyan and 50% by Mr. YEUNG Kwok Keung;
“Last Day for Transfer”	Tuesday, 16 September 2014, being the last date for lodging transfer of Shares prior to the closure of register of members of the Company;
“Last Trading Day”	Wednesday, 27 August 2014, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement;
“Latest Acceptance Date”	Wednesday, 8 October 2014, being the last day for acceptance of, and payment for, the Rights Shares, or such other date as the Company and the Joint Underwriters may agree in writing;
“Latest Time for Acceptance”	the latest time for acceptance of, and payment for, the rights Shares, which is expected to be 4:00 p.m. on the Latest Acceptance Date;
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the Latest Acceptance Date or such later date as the Company and the Joint Underwriters may agree in writing;
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Loan Facility”	has the meaning ascribed to it in the section headed “14. The Loan Facility” above;
“Long Stop Date”	Friday, 24 October 2014 (or such later date as the Joint Underwriters may agree);
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) and other person(s) whom the Directors, after making relevant enquiries, consider it necessary or expedient not to offer the Rights Shares to on account of either the legal restrictions under the laws of a place outside Hong Kong or the requirements of the relevant regulatory body or stock exchange in that place;
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong and Shareholder(s) (whether as direct holder or Beneficial Owner) who is/are known by the Company to be resident(s) of places outside Hong Kong;
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue;
“Pledged Shares”	has the meaning ascribed to it in the section headed “14. The Loan Facility” above;
“Posting Date”	Monday, 22 September 2014 or such other date as the Company and the Joint Underwriters may agree in writing for the despatch of the Rights Issue Documents;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue;
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholders, whose names(s) appear(s) on the register of members of the Company on the Record Date;
“Record Date”	Friday, 19 September 2014 (or such other date as the Company and the Joint Underwriters may agree in writing), being the date by reference to which entitlements to the Rights Issue are expected to be determined;
“Registered Committed Shareholders”	Concrete Win, Golden Value, Jolly Faith and Genesis Capital;

“Registered Nominee”	a nominee (including HKSCC Nominees Limited) whose name appears on the register of members of the Company;
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Rights Issue”	the proposed issue by the Company of the Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every fifteen (15) existing Shares held on the Record Date payable in full on acceptance;
“Rights Issue Documents”	the Prospectus, PAL(s) and EAF(s);
“Rights Shares”	the new Shares to be issued and allotted under the Rights Issue (which is expected to be not less than 1,271,988,736 Shares and not more than 1,272,188,736 Shares);
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of HK\$0.10 each;
“Shareholder(s)”	holder(s) of the Share(s);
“Share Option(s)”	the option(s) to subscribe for Share(s) granted under the Share Option Scheme;
“Share Option Scheme”	the share option scheme of the Company adopted on 20 March 2007;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$2.50 per Rights Share;
“Syndicate Members”	the Joint Underwriters and/or their respective affiliates;
“taken up/take up”	the taking up of those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged accompanied by cheques or other remittances for the full amount payable in respect thereof;

“US Securities Act”	US Securities Act of 1933, as amended;
“Underwriting Agreement”	the underwriting agreement dated 27 August 2014 and entered into between the Company and the Joint Underwriters in relation to the Rights Issue;
“Underwritten Shares”	the Rights Shares underwritten by the Joint Underwriters pursuant to the terms of the Underwriting Agreement;
“United States” or “US”	the United States of America (including its territories and possessions, any state in the US and the District of Columbia);
“Vested Share Options”	Share Options which have been validly vested to the holders entitling them to subscribe for Shares on or before the Record Date (being Share Options in respect of 3,000,000 Shares as at the date of this announcement); and
“%”	per cent. or percentage.

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

Hong Kong, 27 August 2014

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 Ziying, Mr. YANG Erzhu, Mr. SU Rubo, Mr. OU Xueming, Mr. YANG Zhicheng, Mr. XIE Shutai, Mr. SONG Jun, Mr. LIANG Guokun, Mr. SU Baiyuan and Mr. WU Jianbin. 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, Mr. MEI Wenjue and Mr. YEUNG Kwok On.