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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 ISSUE OF RMB DENOMINATED USD SETTLED 2.5% CONVERTIBLE BONDS DUE 2013

(2) PROPOSED CASH SETTLED SHARE SWAP TRANSACTION

Sole Global Coordinator, Sole Bookrunner and Sole Swap Counterparty for Equity Swap



On 15 February 2008, after 12:30 p.m., the Company entered into the Bonds Subscription Agreement with the Lead Manager, pursuant to which the Lead Manager agreed to subscribe and pay for the Firm Bonds to be issued by the Company in an initial aggregate principal amount of RMB3,595 million (equivalent to approximately HK\$3,899 million). In addition, the Company has granted to the Lead Manager an option to require the Company to issue the Optional Bonds in whole or in part, up to a further aggregate principal amount of RMB719 million (equivalent to approximately HK\$780 million), exercisable on one or more occasions, in whole or in part, at any time on or before the 60th day after the Closing Date.

Based on an initial Conversion Price of HK\$9.05 and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 517,012,020 Shares (being the aggregate of 430,843,350 Shares to be converted from the Firm Bonds and 86,168,670 Shares from the Optional Bonds), representing approximately 3.2% of the issued share capital of the Company as at the date of this announcement and approximately 3.1% of the issued share capital of the Company as enlarged by the full conversion of the Bonds. The Shares to be issued upon conversion of the Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

Completion of the Bonds Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Bonds Subscription Agreement may be terminated in certain circumstances. Please refer to the Section headed “Bonds Subscription Agreement” below for further information.

As the Bonds Subscription Agreement may or may not complete, potential investors are advised to exercise caution when dealing in the Shares.

The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies Ordinance.

The Bonds and the Conversion Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

An application has been made to the Singapore Stock Exchange for the listing of the Bonds. The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The gross proceeds from the Bonds Issue (assuming the option is not exercised) is approximately US\$500 million (equivalent to approximately HK\$3,899 million) or if the Optional Bonds are issued in full, US\$600 million (equivalent to approximately HK\$4,679 million). The total expenses and commissions amount to approximately US\$13.3 million (equivalent to approximately HK\$104 million), in which the Company will receive net proceeds in the amount of US\$486.7 million (equivalent to approximately HK\$3,795 million) from the Bonds Issue (assuming the option is not exercised) or if the Optional Bonds are issued in full, US\$586.7 million (equivalent to approximately HK\$4,575 million). Assuming the option is not exercised, approximately 50% of the proceeds will be used for funding the collateral for the Equity Swap, approximately 40% of the proceeds will be used for repayment of existing debt obligations and the balance will be used for funding the existing and new projects and general corporate purposes.

Concurrently with the execution of the Subscription Agreement, the Company entered into the Equity Swap with the Equity Swap Counterparty for Shares up to a value of US\$250 million (equivalent to approximately HK\$1,950 million). Under the Equity Swap, the Company receives a payment if the Final Price is higher than the Initial Price and the Equity Swap Counterparty receives a payment if the Final Price is lower than the Initial Price. Both the Company and the Equity Swap Counterparty have the option to early terminate the Equity Swap upon the occurrence of any of the following events:

- (a) any holder of the Bonds validly exercises all or part of its conversion right; and/or
- (b) any holder of the Bonds validly redeems all or some only of such holder's Bond on the Put Option Date (“Put Event”); and/or
- (c) any Bonds become payable prior to the Maturity Date other than by reason of a Put Event, and the holder of such Bonds does not exercise the conversion right attached to such Bonds.

The Initial Price will be determined in accordance with the formula sets out in the Equity Swap and the Final Price will be determined with reference to the arithmetic mean of the relevant prices of the Shares on specified Averaging Dates.

The Company is required to put up collateral in the amount of US\$250 million (equivalent to approximately HK\$1,950 million) during the term of the Equity Swap.

The effect of the Equity Swap is to provide the Company with a hedge against an increase in its Share price above the Initial Price. If the Final Price is higher than the Initial Price, the Equity Swap Counterparty will be required to pay the Company an amount determined by reference to the difference between the Final Price and the Initial Price. If the Final Price is lower than the Initial Price, the Company will be required to pay the Equity Swap Counterparty an amount determined by reference to that difference. In all circumstances the Equity Swap will be settled in cash on the third New York business day after the determination of the Final Price and will have no impact on the issued share capital or the shareholdings of the shareholders of the Company.

Trading in Shares was suspended at the request of the Company with effect from 2:30 p.m. on 15 February 2008 pending release of this announcement. An application has been made by the Company to the Hong Kong Stock Exchange for trading in Shares to resume from 9:30 a.m. on 18 February 2008.

BONDS SUBSCRIPTION AGREEMENT

Date: 15 February 2008

Parties: The Company
The Lead Manager

Subject to the fulfillment of the conditions set out below under the section headed “Conditions Precedent of the Bonds Subscription Agreement”, the Lead Manager has agreed to subscribe and pay for the Firm Bonds with an initial aggregate principal amount of RMB3,595 million (equivalent to approximately HK\$3,899 million). In addition, the Company has granted to the Lead Manager an option to require the Company to issue the Optional Bonds up to a further aggregate principal amount of RMB719 million (equivalent to approximately HK\$780 million), exercisable on one or more occasions, in whole or in part, at any time on or before the 60th day after the Closing Date. Accordingly, the maximum aggregate principal amount of the Bonds to be issued will be RMB4,314 million (equivalent to approximately HK\$4,679 million).

Based on an initial Conversion Price of HK\$9.05 and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 517,012,020 Shares (being the aggregate of 430,843,350 Shares to be converted from the Firm Bonds and 86,168,670 Shares from the Optional Bonds) (subject to adjustment), representing approximately 3.2% of the issued share capital of the Company as at the date of this announcement and approximately 3.1% of the issued share capital of the Company as enlarged by the full conversion of the Bonds. The Shares to be issued upon conversion of the Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

The Bonds will be offered and sold outside the United States in reliance upon Regulation S of the Securities Act. None of the Bonds will be offered to the public in Hong Kong nor will they be placed to any connected persons (as defined in the Listing Rules) of the Company. The Lead Manager is not a connected person of the Company under the Listing Rules for the purposes of the Bonds Issue.

The Bonds will be offered and sold to not less than six persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the Securities Act. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry,

the placees (and their respective ultimate beneficial owners) are and will be independent of the Company and its connected persons.

In connection with the proposed offering, the Lead Manager and its affiliates may also, for their own account, enter into asset swaps, credit derivatives or other derivative transactions relating to the Bonds and/or the Conversion Shares at the same time as the offer and sale of the Bonds or in secondary market transactions (including synthetic short positions for investors of the Bonds).

Lock-up Undertaking

The Company has undertaken with the Lead Manager that it will not, and will procure that none of its Group Entities or affiliates will not, for a period from the date of the Bonds Subscription Agreement until 90 days after the Closing Date, without the prior written consent of the Lead Manager, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal), any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security, contract or financial product (other than the Equity Swap) whose value is determined directly or indirectly by reference to the price of the Shares except for the Shares issued pursuant to the conversion of the Bonds.

Concrete Win Limited will execute a lock-up agreement whereby it undertakes not to sell any Shares or enter into other transactions with a similar effect for a period from the date of the Bonds Subscription Agreement until 90 days after the Closing Date.

Conditions Precedent to the Bonds Subscription Agreement

Completion is subject to fulfillment of, among others, the following conditions:

- (1) the Lead Manager shall have been satisfied with the results of its due diligence investigations on the Issuer and its Group Entities for the purposes of the preparation of the offering memorandum in connection with the Bonds and the listing of the Bonds on the Singapore Stock Exchange, and such document shall have been prepared in form and content satisfactory to the Lead Manager;
- (2) the trust deed and the paying and conversion agency agreement in connection with the Bonds, each in a form reasonably satisfactory to the Lead Manager, shall have been executed by all parties thereto on or prior to the Closing Date;
- (3) the Singapore Stock Exchange shall have agreed to list the Bonds and the Hong Kong Stock Exchange shall have agreed to list the Conversion Shares (or, in each case, the Lead Manager being satisfied that such listing will be granted);
- (4) upon the Publication Date and on the Closing Date and the Option Closing Date (if any), there shall have been delivered to the Lead Manager comfort letters, dated the Publication Date in the case of the first letter and dated the Closing Date and the Option Closing Date (if any) in the case of subsequent letters, from (i) PricewaterhouseCoopers, Certified Public Accountants to the Company, in a form reasonably satisfactory to the Lead Manager; and (ii) an executive Director and the Chief Financial Officer of the Company, in the agreed form provided in the Bonds Subscription Agreement;
- (5) on or prior to the Closing Date, there shall have been delivered to the Lead Manager, each in a form reasonably satisfactory to the Lead Manager, opinions, dated the Closing Date, of (i) the legal advisers to the Company as to the Cayman Islands law; (ii) the legal advisers to the Lead Manager as to PRC law; and (iii) the legal advisers to the Lead Manager and the Trustee as to English law;

- (6) at the Closing Date and the Option Closing Date (if any), (i) the representations and warranties of the Company in the Bonds Subscription Agreement shall be true, accurate and correct in all respects at, and as if made on such date; and (ii) the Company shall have performed all of its obligations under the Bonds Subscription Agreement expressed to be performed on or before such date; and
- (7) at the Closing Date and the Option Closing Date (if any), there shall not have occurred any change, or any development or event reasonably likely to involve a prospective change, in the condition (financial or other), prospects, results of operations, business or properties of the Company and the Group respectively and which makes it, in the opinion of the Lead Manager, impracticable to market the Bonds on the terms and in the manner contemplated herein.

The Lead Manager may, at its discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent.

Termination

The Lead Manager may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Bonds Subscription Agreement in any of the following circumstances:

- (1) if there shall have come to the notice of the Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Bonds Subscription Agreement or any failure by the Company to perform any of its undertakings or agreements in the Bonds Subscription Agreement;
- (2) if any of the conditions precedent to the Bonds Subscription Agreement has not been satisfied or waived by the Lead Manager;
- (3) if there shall have occurred any change, or any development involving a prospective change, in national or international financial, political or economic conditions or currency exchange rates or foreign exchange controls which would in the Lead Manager's view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
- (4) if there shall have occurred a general moratorium on commercial banking activities in the PRC or the United Kingdom or United States or Hong Kong by any PRC, United Kingdom, New York State, United States Federal or Hong Kong authorities which would in the Lead Manager's view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
- (5) if there shall have occurred an outbreak or escalation of hostilities or act of terrorism which would in the Lead Manager's view be likely to prejudice materially the success of the offering or the distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (6) if on or after the date of Bonds Subscription Agreement, there shall have occurred either of the following: (i) a suspension or material limitation of trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc or the Hong Kong Stock Exchange; or (ii) a suspension in trading in the Company's securities on the Hong Kong Stock Exchange, which would in the Lead Manager's view be likely to prejudice materially the success of the offering or the distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (7) if the Equity Swap is terminated for any reason.

Subject to the foregoing, completion of the subscription and issue of the Firm Bonds will take place on the Closing Date.

The Directors consider that the terms and conditions of the Bonds Subscription Agreement and the Bonds are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarized as follows:

Issuer	:	The Company.
Principal amount of the Bonds	:	The aggregate principal amount of the Firm Bonds will be RMB3,595 million (equivalent to approximately HK\$3,899 million). In addition, the Company has granted to the Lead Manager an option to require the Company to issue the Optional Bonds up to a further aggregate principal amount of RMB719 million (equivalent to approximately HK\$780 million), exercisable on one or more occasions, in whole or in part, at any time up to and including the 60th day after the Closing Date. Accordingly, the maximum aggregate principal amount of the Bonds to be issued will be RMB4,314 million (equivalent to approximately HK\$4,679 million).
Issue Price	:	100% of the principal amount of the Bonds.
Interest	:	The Bonds bear interest from (and including) 22 February 2008 at the rate of 2.5% per annum calculated by reference to the principal amount thereof and payable in US Dollars at the US Dollar equivalent semi-annually in arrear in equal instalments on 22 February and 22 August in each year (each an “ Interest Payment Date ”), commencing with the Interest Payment Date falling on 22 August 2008.
Fee	:	The Company will pay to the Lead Manager an aggregate combined management and underwriting commission and selling concession of 2.5% of the aggregate principal amount of the Bonds issued. The Directors (including the independent non-executive Directors) consider the fee mentioned above to be fair and reasonable.

- Conversion Period : Bondholder(s) may exercise conversion rights at any time on or after 3 April 2008 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on 15 February 2013 or if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business on the 7th business day prior to the date of redemption or if notice requiring redemption has been given by the holder of such Bond, then up to the close of business on the business day prior to the giving of such notice.
- Conversion Price : The initial Conversion Price is HK\$9.05 per Share, representing (i) a premium of approximately 37.1% over the volume weighted average price during the morning trading session on 15 February 2008, which is the Trading Day the Bonds Subscription Agreement being signed, (ii) a premium of approximately 32.70% over the closing price of HK\$6.82 per Share as quoted on the Hong Kong Stock Exchange on 14 February 2008, which is the Trading Day prior to the Bonds Subscription Agreement being signed, (iii) a premium of approximately 41.85% over the average of the closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 5 Trading Days up to and including 14 February 2008 of HK\$6.38 per Share and (iv) a premium of approximately 43.65% over the average of the closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 10 Trading Days up to and including 14 February 2008 of HK\$6.30 per Share respectively.
- The Conversion Price is subject to adjustment upon the occurrence of certain prescribed events namely, consolidation, subdivision or reclassification of shares, capitalization of profits or reserves, capital distributions, rights issues of Shares or options over Shares, rights issues of other securities, and issues at less than current market price. The Conversion Price may not be reduced so that, on conversion of the Bonds, Shares would be issued at a discount to their par value.
- Ranking of Shares : The Shares to be issued upon conversion of the Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.
- Maturity : Unless previously redeemed, converted or purchased and cancelled as provided in the terms and condition of the Bonds, the Company will redeem each Bond at an amount equal to the US Dollar equivalent of its principal amount in RMB multiplied by 121.306% on 22 February 2013.

Redemption for
taxation reasons

:

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' prior notice to the Bondholders (which notice will be irrevocable) in accordance with terms and conditions of the Bonds at the US Dollar equivalent of their Early Redemption Amount, together with accrued but unpaid interest to the date of redemption, if (i) the Company satisfies the trustee immediately prior to the giving of such notice that the Company has or will become obliged to pay additional tax amounts as provided or referred to in terms and condition of the Bonds as a result of any change in, or amendment to, the laws or regulations of the PRC, Hong Kong or Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 15 February 2008, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no tax redemption notice will be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

Redemption at option of
the Company

:

On giving not less than 30 or more than 90 days' notice to the Bondholders and the trustee (which notice will be irrevocable), the Company:

(i) may, at any time after 22 February 2011 and prior to the Maturity Date, redeem all but not some only of the Bonds for the time being outstanding at the US Dollar equivalent of their Early Redemption Amount on the redemption date, together with accrued but unpaid interest to the date of redemption, provided that the closing price of the Shares, translated into RMB at the prevailing rate applicable to the relevant Trading Day, for 20 Trading Days out of 30 consecutive Trading Days where the last day of such 30-Trading Day period falls with five Trading Days prior to the date, upon notice of such redemption is given was at least 130% of the applicable Early Redemption Amount divided by the Conversion Ratio ; or

(ii) may, at any time prior to the Maturity Date redeem all and not some only, of the Bonds for the time being outstanding at the US Dollar equivalent of their Early Redemption Amount, together with accrued but unpaid interest to the date of redemption, on the redemption date if at least 90% in principal amount in RMB of the Bonds originally issued have already been converted, redeemed or purchased and cancelled.

Redemption at option of the Bondholder(s)	:	The Company will, at the option of the holder of any Bond, redeem all or some only of such holder's Bonds on 22 February 2011 at the US Dollar equivalent of their principal amount in RMB multiplied by 111.997%, together with accrued but unpaid interest to the date of redemption. A put notice, once delivered, shall be irrevocable unless the Company consents to such withdrawal.
Redemption for delisting and change of control	:	<p>Following the occurrence of any of the following events:</p> <p>(i) when the Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or, if applicable, an Alternative Stock Exchange; or</p> <p>(ii) when there is a change of control in the Company,</p> <p>the holder of each Bond will have the right by notice given to the Company not later than 30 days following any such event, or if later, 30 days following the giving of notice by the Company to the Bondholders of such event to require the Company to redeem all or some of such holder's Bonds on the 14th day following the expiry of such 30-day period at the US Dollar equivalent of their Early Redemption Amount, together with accrued but unpaid interest to the date of redemption.</p>
Voting rights	:	Before conversion of the Bonds, Bondholders will not have any right to attend or vote in any general meeting of the Company by virtue of their being Bondholders.
Listing	:	<p>An application has been made for the listing of the Bonds on the Singapore Stock Exchange.</p> <p>An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon conversion of the Bonds.</p>
Denomination	:	RMB100,000 each without coupons attached.
Transferability	:	The Bonds are freely transferable.
Status	:	The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank <i>pari passu</i> and without any preference or priority among themselves.

EFFECT ON THE SHARE CAPITAL

The following table summarizes the shareholding structure of the Company as at the date of this announcement and as a result of conversion of the Bonds:

Name of Shareholder	As at the date of this announcement		Assuming the Firm Bonds (but not the Optional Bonds) are fully converted into Shares (subject to adjustment) at the initial Conversion Price of HK\$9.05 each at a fixed exchange rate of HK\$1 = RMB0.922		Assuming the Firm Bonds and the Optional Bonds are fully converted into Shares (subject to adjustment) at the initial Conversion Price of HK\$9.05 each at a fixed exchange rate of HK\$1 = RMB0.922	
	No. of Shares	Approximately % of issued share capital of the Company	No. of Shares	Approximately % of issued share capital of the Company	No. of Shares	Approximately % of issued share capital of the Company
Concrete Win Limited	9,520,000,000 ⁽¹⁾	58.19%	9,520,000,000 ⁽¹⁾	56.70%	9,520,000,000 ⁽¹⁾	56.40%
Automic Group Limited	1,632,000,000 ⁽²⁾	9.98%	1,632,000,000 ⁽²⁾	9.72%	1,632,000,000 ⁽²⁾	9.67%
Easy Hope Holdings Ltd	816,000,000 ⁽³⁾	4.99%	816,000,000 ⁽³⁾	4.86%	816,000,000 ⁽³⁾	4.84%
Acura International Global Limited	816,000,000 ⁽⁴⁾	4.99%	816,000,000 ⁽⁴⁾	4.86%	816,000,000 ⁽⁴⁾	4.84%
Highlander Group Limited	816,000,000 ⁽⁵⁾	4.99%	816,000,000 ⁽⁵⁾	4.86%	816,000,000 ⁽⁵⁾	4.84%
Bondholders	—	—	430,843,350	2.57%	517,012,020	3.06%
Public shareholders	2,760,000,000	16.86%	2,760,000,000	16.43%	2,760,000,000	16.35%
Total:	16,360,000,000	100%	16,790,843,350	100%	16,877,012,020	100%

Notes:

- These 9,520,000,000 shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
- These 1,632,000,000 shares are held by Automic Group Limited, the entire issued share capital of which is beneficially owned by Mr. YANG Erzhu.
- These 816,000,000 shares are held by Easy Hope Holdings Ltd, the entire issued share capital of which is beneficially owned by Mr. SU Rubo.
- These 816,000,000 shares are held by Acura International Global Limited, the entire issued share capital of which is beneficially owned by Mr. ZHANG Yaoyuan.
- These 816,000,000 shares are held by Highlander Group Limited, the entire issued share capital of which is beneficially owned by Mr. OU Xueming.

As at the date of this announcement, the Company has no outstanding convertible securities or options which are convertible into Shares.

The Hong Kong Stock Exchange has on 30 March 2007 granted a waiver to the Company for the compliance of the 25% minimum public float requirement under Rule 8.08 of the Listing Rules and the Hong Kong Stock Exchange has also exercised its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% or such higher percentage of its issued share capital as will be held by the public.

USE OF PROCEEDS

The gross proceeds from the Bonds Issue (assuming the Option is not exercised) is US\$500 million (equivalent to approximately HK\$3,899 million) or if the Optional Bonds are issued in full, US\$600 million (equivalent to approximately HK\$4,679 million). The total expenses and commissions amount to approximately US\$13.3 million (equivalent to approximately HK\$104 million), in which the Company will receive net proceeds in the amount of US\$486.7 million (equivalent to approximately HK\$3,795 million) from the Bonds Issue (assuming the Option is not exercised) or if the Optional Bonds are issued in full, US\$586.7 million (equivalent to approximately HK\$4,575 million). The Group intends to apply the proceeds as follows:

Use of proceeds	Percentage of the net proceeds from the issue of the Bonds	Amount of the net proceeds from the issue of the Bonds
1. to fund the collateral for the Equity Swap	Approximately 50%	Approximately US\$293.3 million (equivalent to approximately HK\$2,287 million)
2. to fund the repayment of existing debt obligations	Approximately 40%	Approximately US\$234.7 million (equivalent to approximately HK\$1,830 million)
3. to fund existing and new property projects and general corporate purposes	Approximately 10%	Approximately US\$58.7 million (equivalent to approximately HK\$458 million)
Total:	100%	US\$586.7 million (equivalent to approximately HK\$4,575 million)

EQUITY SWAP

Concurrently with the execution of the Subscription Agreement, the Company entered into the Equity Swap with the Equity Swap Counterparty for Shares up to a value of US\$250 million (equivalent to approximately HK\$1,950 million). Under the Equity Swap, the Company receives a payment if the Final Price is higher than the Initial Price and the Equity Swap Counterparty receives a payment if the Final Price is lower than the Initial Price. Both the Company and the Equity Swap Counterparty have the option to early terminate the Equity Swap upon the occurrence of any of the following events:

- (a) any holder of the Bonds validly exercises all or part of its conversion right; and/or
- (b) any holder of the Bonds validly redeem all or some only of such holder's Bond on the Put Option Date ("Put Event"); and/or
- (c) any Bonds become payable prior to the Maturity Date other than by reason of a Put Event, and the holder of such Bonds does not exercise the conversion right attached to such Bonds.

The Initial Price will be determined in accordance with the formula sets out in the Equity Swap and the Final Price will be determined with reference to the arithmetic mean of the relevant prices of the Shares on specified Averaging Dates.

The Company is required to put up collateral in the amount of US\$250 million (equivalent to approximately HK\$1,950 million) during the term of the Equity Swap.

The effect of the Equity Swap is to provide the Company with a hedge against an increase in its Share price above the Initial Price. If the Final Price is higher than the Initial Price, the Equity Swap Counterparty will be required to pay the Company an amount determined by reference to the difference between the Final Price and the Initial Price. If the Final Price is lower than the Initial Price, the Company will be required to pay the Equity Swap Counterparty an amount determined by reference to that difference. In all circumstances the Equity Swap will be settled in cash on the third New York business day after the determination of the Final Price and will have no impact on the issued share capital or the shareholdings of the shareholders of the Company.

The principal terms of the Equity Swap are summarized as follows:

Trade Date	:	15 February 2008, being the date on which the Equity Swap is agreed.
Effective Date	:	the date of issuance of the Bonds.
Termination Date	:	the third Hong Kong business days following the seventh calendar day immediately preceding the Maturity Date and the relevant Equity Amount shall remain payable notwithstanding the fact that the cash settlement payment date falls after the Termination Date.
Equity Amount Payer	:	the Equity Swap Counterparty, being the party which will make a payment with respect to the price of the Share to the Equity Amount Receiver if the market price of the Shares increases.

Equity Amount Receiver	:	the Company, being the party which will make a payment with respect to the price of the Share to the Equity Amount Payer if the market price of the Shares decreases.
Equity Notional Amount	:	US\$250 million (equivalent to approximately HK\$1,950 million), being the value of Shares for which Share price hedging is provided under the Equity Swap.
Settlement	:	Payments will be made in US Dollars. No physical delivery of Shares will be required under the Equity Swap.
Collateral	:	The Equity Amount Receiver will be required to provide US\$250 million (equivalent to approximately HK\$1,950 million) as collateral for the Equity Swap.
Optional Early Termination Event	:	Where the conversion rights under the Bonds are exercised by a holder of the Bonds, any Bonds are redeemed prior to the Maturity Date at the option of the Company, or any Bonds otherwise become due for redemption prior to the Maturity Date, the Equity Amount Payer and the Equity Amount Receiver each have the option to terminate a <i>pro rata</i> portion of the Equity Swap.

The Equity Swap Counterparty is not a connected person of the Company under the Listing Rules for the purposes of the Equity Swap transaction.

REASONS FOR AND BENEFITS OF THE BONDS ISSUE AND THE EQUITY SWAP

The issue and conversion of the Bonds will enlarge and diversify the shareholder base of the Company whilst providing an opportunity to raise further capital for the purposes as set out in the paragraph headed “Use of Proceeds” above.

The Directors believe that a repurchase of Shares at current market prices would enhance the net value of the Company and its earnings per Share. At its Annual General Meeting on 28 May 2007, the shareholders of the Company, by ordinary resolution, approved the exercise by the Directors of all powers of the Company to repurchase Shares, subject to certain conditions. The Company intends to seek shareholders’ approval to renew its share repurchase mandate from time to time. However, any repurchase of Shares by the Company currently may result in the Company failing to adhere to the free float requirements of the Listing Rules. Conditional upon the Company maintaining its minimum free float as required by the Listing Rules and subject to market conditions, the availability of its share repurchase mandate from shareholders and compliance with the Listing Rules and relevant law, the Company intends to repurchase Shares in the open market in the future. If share prices increase in the future, the Equity Swap Counterparty will be required to pay the Company an amount determined by reference to the difference between the future market price and market prices around 15 February 2008 of the Equity Swap and vice versa. Therefore, if the Company repurchases Shares in the open market in the future, the Equity Swap will hedge it against future share price. The Equity Swap will be cash settled in all circumstances.

Taken together and assuming the current share prices remain stable, the Equity Swap and the intended future repurchases of Shares will reduce the potential dilution upon future conversions of the Bonds by reducing

the net issue proceeds and the net number of Shares issueable upon full conversion of the Bonds, thereby increasing the effective issue price per new Share, if the Bonds are converted, to approximately HK\$14.

GENERAL MANDATE

By a resolution of the shareholders of the Company passed at the annual general meeting held on 28 May 2007, the Company granted a general mandate to the Directors to allot and issue up to 3,272,000,000 Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to the general mandate granted. As at the date of this announcement, the Company is entitled to issue up to 3,272,000,000 Shares pursuant to such general mandate. The Conversion Shares will be issued under the such general mandate.

FUND RAISING IN THE PAST 12 MONTHS

The Company has not carried out any capital fund raising activities since the listing of its Shares on the Main Board of the Hong Kong Stock Exchange on 20 April 2007.

GENERAL

The Group is one of the leading integrated property developers in the PRC, with substantially all of its assets and operations based in the PRC.

Application has been made to the Singapore Stock Exchange for the listing of the Bonds. The Shares are listed on the Hong Kong Stock Exchange and application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The Bonds and the Conversion Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

None of the Bonds will be offered to the public in Hong Kong.

The Company will promptly notify the Hong Kong Stock Exchange upon becoming aware of any dealing in the Bonds by any connected person (as defined in the Listing Rules) of the Company.

Trading in Shares were suspended at the request of the Company with effect from 2:30 p.m. on 15 February pending release of this announcement. An application has been made by the Company to the Hong Kong Stock Exchange for trading in Shares to resume from 9:30 a.m. on 18 February 2008.

DEFINITIONS

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

“Alternative Stock Exchange” : at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the shares are then listed or quoted or dealt in

“Averaging Date”	:	the five scheduled trading days beginning on the third scheduled trading day immediately following the Termination Date
“Board”	:	board of directors of the Company
“Bonds Issue”	:	issue of the Bonds
“Bondholder(s)”	:	holder(s) of the Bonds from time to time
“Bonds”	:	the Firm Bonds and the Optional Bonds (if any)
“Bonds Subscription Agreement”	:	the subscription agreement between the Company and the Lead Manager dated 15 February 2008 in respect of the subscription of the Bonds
“Closing Date”	:	22 February 2008 or such later date as the Company and the Lead Manager may agree
“Company”	:	Country Garden Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liabilities whose shares are listed on the Hong Kong Stock Exchange
“Conversion Price”	:	the price at which Shares will be issued upon conversion which will initially be HK\$9.05 per Share with a fixed exchange rate of HK\$1.00 = RMB0.922 and will be subject to adjustment in the manner provided in the terms and conditions of the Bonds
“Conversion Ratio”	:	the RMB principal amount of each Bond translated into Hong Kong dollars at the fixed rate of exchange of HK\$1.00 to RMB0.922 divided by the applicable Conversion Price
“Conversion Shares”	:	Shares to be allotted and issued by the Company upon conversion of the Bonds
“Directors”	:	directors of the Company
“Early Redemption Amount”	:	in respect of each RMB100,000 in principal amount of the Bonds, the amount which is determined to be the amount which, together with unpaid accrued interest from the immediately preceding interest payment date or if none, the Closing Date, and after taking into account any interest paid in respect of such Bonds in preceding periods, represents for the Bondholder on the relevant date for determination of the Early Redemption Amount a gross yield to maturity of 6.20% per annum, calculated on a semi annual basis

“Equity Swap”	:	a confirmation between the Company and the Equity Swap Counterparty dated 15 February 2008 and an ISDA master agreement (multicurrency cross-boarder) to be signed between the Company and the Equity Swap Counterparty in connection with the equity swap transaction, the particulars of which are set out in the paragraph headed “Equity Swap” in this announcement
“Equity Swap Counterparty”	:	Merrill Lynch International
“Firm Bonds”	:	the RMB Denominated USD Settled 2.5% Convertible Bonds due 2013 of an initial aggregate principal amount of RMB3,595 million (equivalent to approximately HK\$3,899 million)
“Group”	:	the Company and its subsidiaries
“Group Entities”	:	<p>(a) any company or other business entity in respect of which that person (either directly or through one or more other group entities): (aa) controls the affairs of such company or other business entity; (bb) owns, holds or controls more than 50% of the voting rights at a meeting of the board of directors or a meeting of a similar body of that company or other business entity; or (cc) owns, holds or controls more than 50% of the issued share capital or other ownership interest or contractual rights having ordinary voting power to elect directors, managers or trustees of such company or other business entity; or</p> <p>(b) any company or other business entity which at any time has its accounts consolidated with those of, or is otherwise accounted for as a jointly controlled entity of, that person or which, under Cayman Islands or Hong Kong law, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those, or be accounted for as a jointly controlled entity, of that persons.</p>
“Hong Kong”	:	the Hong Kong Special Administration Region of the PRC
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
“Hong Kong Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Initial Price”	:	the price to be determined in accordance with the formula sets out in the Equity Swap
“Lead Manager”	:	Merrill Lynch (Singapore) Pte. Ltd.

“Listing Rules”	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	:	the fifth anniversary of the Closing Date
“Optional Bonds”	:	the additional RMB Denominated USD Settled 2.5% Convertible Bonds due 2013 of up to an aggregate principal amount of RMB719 million (equivalent to approximately HK\$780 million)
“Option Closing Date”	:	a date to be specified by the Lead Manager upon exercise of the option to subscribe for all or any of the Optional Bonds, being a date not later than 15 business days after the date of exercise of such option
“PRC”	:	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Publication Date”	:	the date of the offering memorandum which shall not be later than two business days prior to the Closing Date or such other date as may be agreed between the Company and the Lead Manager
“Put Option Date”	:	22 February 2011
“Regulation S”	:	Regulation S under the Securities Act
“RMB”	:	Renminbi, the lawful currency of PRC
“Securities Act”	:	the US Securities Act of 1933, as amended
“Singapore Stock Exchange”	:	the Singapore Exchange Securities Trading Limited
“Shares”	:	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Trading Day”	:	a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no closing price of the Shares is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and will be deemed not to have been dealing days when ascertaining any period of dealing days
“United States”	:	the United States of America

“US\$” or “USD” or “US Dollar” : United States dollars, the lawful currency of the United States

“%” : per cent.

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1.00 = HK\$0.922; and amounts denominated in US\$ have been converted into HK\$ at the rate of US\$1.00 = HK\$7.798.

By order of the Board
Country Garden Holdings Company Limited
CUI Jianbo
Executive Director

Foshan, Guangdong Province, the PRC, 15 February 2008

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