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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)**

### **ISSUE OF US\$400 MILLION 10.50% SENIOR NOTES DUE 2015**

On 4 August 2010, the Company, the Subsidiary Guarantors, the Subsidiary Guarantor Pledgors and the Joint Lead Managers entered into a Purchase Agreement in relation to the issue of US\$400 million 10.50% senior notes due 2015.

The estimated net proceeds of the Notes Issue will amount to approximately US\$388 million. The Company intends to use the net proceeds from the Notes Issue to repurchase the outstanding Convertible Bonds and to fund existing and new property projects (including construction costs and land premium).

An application has been made for the listing of Notes on the SGX-ST. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors, the Company's associated companies or the Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this announcement.

The Notes are expected to be issued on or about 11 August 2010.

Reference is made to the announcement of the Company dated 4 August 2010 in relation to the Notes Issue. The Board is pleased to announce that on 4 August 2010, the Company, the Subsidiary Guarantors, the Subsidiary Guarantor Pledgors and the Joint Lead Managers entered into the Purchase Agreement in relation to the Notes Issue.

## **THE PURCHASE AGREEMENT**

Date: 4 August 2010

Parties: (a) the Company as the issuer;

(b) the Subsidiary Guarantors as the guarantors of the Company's obligations under the Notes;

(c) the Subsidiary Guarantor Pledgors that will pledge the capital stock of other Subsidiary Guarantors held by them to secure their obligations under their respective Subsidiary Guarantees; and

(d) the Joint Lead Managers.

Goldman Sachs and J.P. Morgan are the Joint Lead Managers and the joint bookrunners in respect of the offer and sale of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Goldman Sachs and J.P. Morgan is an independent third party and not a connected person of the Company and its connected persons.

The Notes will only be offered outside the United States to non-U.S. persons. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.

### **Principle terms of the Notes**

Issuer : the Company

Aggregated principle amount: US\$400 million

Offering price : 99.052% of the principal amount of the Notes and accrued interest, if any

Settlement date : 11 August 2010

Interest rate : 10.50% per annum, payable semi-annually in arrears on 11 February and 11 August of each year, commencing on 11 February 2011

Maturity : 11 August 2015

Subsidiary Guarantees : guarantees will be provided by the Subsidiary Guarantors

The Notes are general obligations of the Company and guaranteed by the Subsidiary Guarantors on a senior basis. The Notes are senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes and rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law). The Notes are also effectively subordinated to all existing and future obligations of the subsidiaries of the Company other than the Subsidiary Guarantors.

## **Covenants**

The Notes, the Indenture and the guarantees to be provided by the Subsidiary Guarantors will limit the Company's ability and the ability of its restricted subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of restricted subsidiaries;
- (e) guarantee indebtedness of restricted subsidiaries;
- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

## **Events of default**

The events of defaults under the Notes include, among other things:

- (i) default in the payment of principal;
- (ii) default in the payment of interest;
- (iii) defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes;
- (iv) there occurs with respect to any indebtedness of the Company or any restricted subsidiary having an outstanding principal amount of US\$10 million or more in the aggregate for all such indebtedness;
- (v) one or more final judgments or orders for the payment of money are rendered against the Company or any of its restricted subsidiaries and are not paid or discharged;
- (vi) involuntary bankruptcy or insolvency proceedings against the Company or any restricted subsidiary;
- (vii) voluntary bankruptcy or insolvency proceedings commenced by the Company or any restricted subsidiary; and
- (viii) default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security provided in relation to the Notes.

## **Redemption**

At any time prior to 11 August 2015, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to 11 August 2013, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the proceeds from sales of certain kinds of the Company's capital stock at a redemption price of 110.50% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

## **Reason for the Notes Issue**

The Board considers that the proposed Notes Issue represents a prudent measure to refinance the remaining outstanding Convertible Bonds and enhance the Company's liquidity position. The Board believes that the proposed Notes Issue will further extend the debt maturity profile of the Group and improve its ability to access the international debt capital markets to support the growth of the Group in the future.

## **Proposed use of proceeds**

The estimated net proceeds of the Notes Issue will amount to approximately US\$388 million. The Company intends to use the net proceeds from the Notes Issue to repurchase the outstanding Convertible Bonds and to fund existing and new property projects (including construction costs and land premium).

## **Listing**

An application has been made for the listing of Notes on the SGX-ST. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors, the Company's associated companies or the Notes. No listing of the Notes has been sought in Hong Kong.

## **Rating**

The Notes have been rated BB- by Standard & Poor's and Ba3 (with a negative outlook) by Moody's.

## **ABOUT COUNTRY GARDEN**

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

the development of large-scale residential community projects and the sale of various types of properties, including townhouses, apartment buildings, parking spaces and retail shops. As an integrated property developer, the Group's lines of business also include construction, installation, fitting and decoration as well as property management. Ancillary to the Group's projects, the Group also develops and manages hotels within some of the Group's projects to enhance their potential for value appreciation. The residential projects of the Group are generally located in suburban areas of first-tier cities, and in the newly urbanized town centers of second-and third-tier cities.

## DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Country Garden Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Convertible Bonds”	RMB-denominated US dollar settled 2.5% convertible bonds due 2013 issued by the Company bearing ISIN: XS0347451022 and Common Code: 034745102, and as at the date hereof, the aggregate principal amount of outstanding Convertible Bonds is RMB1,978,100,000
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the Indenture to govern the Notes
“J.P. Morgan”	J.P. Morgan Securities Ltd.
“Joint Lead Managers”	Goldman Sachs and J.P. Morgan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	US\$400 million 10.50% senior notes due 2015 to be issued by the Company

“Notes Issue”	the issue of the Notes by the Company
“PRC”	the People’s Republic of China
“Purchase Agreement”	the agreement dated 4 August 2010 entered into between the Company, the Subsidiary Guarantors, the Subsidiary Guarantor Pledgors and the Joint Lead Managers in relation to the Notes Issue
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	guarantees to be provided by the Subsidiary Guarantors
“Subsidiary Guarantors”	certain subsidiaries of the Company which will provide guarantees at the original issue date of the Notes to secure the Company’s obligations under the Notes
“Subsidiary Guarantor Pledgors”	each a Subsidiary Guarantor that will pledge the capital stock of other Subsidiary Guarantors held by it to secure the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee
“US\$”	US dollar, the lawful currency of the United States of America
“%”	per cent

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

Foshan, Guangdong Province, PRC  
5 August 2010

*As of the date of this announcement, the executive directors of the Company are Mr. YEUNG Kwok Keung (Chairman), Mr. Mo Bin, 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.*