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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)**

### **PARTIAL REPURCHASE OF ZERO COUPON SECURED GUARANTEED CONVERTIBLE BONDS DUE 2019**

### **ISSUE OF 4.50% SECURED GUARANTEED CONVERTIBLE BONDS BY SMART INSIGHT INTERNATIONAL LIMITED**

### **PURCHASED CALL OPTIONS AND WRITTEN CALL OPTIONS**

### **RESUMPTION OF TRADING**

*Joint Global Coordinators, Joint Dealer Managers and Option Counterparties*

**J.P.Morgan**

**Goldman  
Sachs**

*Joint Lead Managers and Joint Bookrunners*

**J.P.Morgan**

**Goldman  
Sachs**



Reference is made to the announcement of the Company dated 21 November 2018 in relation to the proposed Repurchase, the proposed issue of the New Bonds and the proposed Purchased Call Options and the Written Call Options.

## **THE REPURCHASE**

The Company announces that the Issuer, a wholly-owned subsidiary of the Company, has conducted a partial repurchase of the Existing Bonds and has received commitments from holders of the Existing Bonds to sell approximately HK\$6,054 million in aggregate principal amount of the Existing Bonds to the Company via Joint Dealer Managers. The Repurchase will close on or about the issue date of the New Bonds. Following settlement of the Repurchase, the Existing Bonds repurchased will be cancelled. Upon cancellation of the repurchased Existing Bonds, the aggregate principal amount of Existing Bonds that remain outstanding will be HK\$9,150 million, representing approximately 59% of the Existing Bonds originally issued.

## **THE NEW BONDS ISSUE**

Concurrent with the Repurchase, the Issuer has carried out the New Bonds Issue and on 21 November 2018 entered into the Bonds Subscription Agreement with the Joint Lead Managers under which the Joint Lead Managers agreed to subscribe for the New Bonds to be issued by the Issuer in the aggregate principal amount of HK\$7,830 million. The New Bonds may be converted into Shares at the initial conversion price of HK\$12.5840 per Share. The New Bonds are guaranteed by the Company, and will be jointly and severally guaranteed by the Subsidiary Guarantors. The New Bonds will also have the benefit of certain security interests on the capital stock of the Subsidiary Guarantors.

Completion of the New Bonds Issue is subject to the satisfaction or waiver (as the case may be) of the conditions to the Bonds Subscription Agreement, including, among others, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Conversion Shares when they are issued.

## **THE PURCHASED CALL OPTIONS AND THE WRITTEN CALL OPTIONS**

In connection with the New Bonds Issue, the Issuer and the Company will on or about 21 November 2018 enter into the Purchased Call Options and the Written Call Options with Option Counterparties or their respective affiliates.

The Purchased Call Options and the Written Call Options are expected generally to reduce or offset the potential dilution upon conversion of the New Bonds and/or offset any cash payments the Issuer is required to make in excess of the principal amount of converted New Bonds, as the case may be. The Purchased Call Options and the Written Call Options will cover, subject to anti-dilution adjustments substantially similar to those applicable to the New Bonds, the equivalent number of Conversion Shares underlying the New Bonds.

## **GENERAL**

The Repurchase, the New Bonds Issue, the Purchased Call Options and Written Call Option are concurrent, but not inter-conditional (except for the Repurchase that is conditional upon the New Bonds Issue).

The New Bonds will not be offered to the public in Hong Kong and it is not expected that any of the New Bonds will be placed to any connected persons of the Company.

The New Bonds have not been and will not be registered under the U.S. Securities Act. The New Bonds will only be offered outside of the United States in an offshore transaction in compliance with Regulation S under the U.S. Securities Act.

**As completion of the Repurchase, the New Bonds Issue, the Purchased Call Options and the Written Call Options are subject to the satisfaction of the respective conditions precedent of the relevant transaction, and may or may not materialise, Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 21 November 2018 in relation to the proposed Repurchase, the proposed issue of the New Bonds and the Proposed Purchased Call Options and the Written Call Options.

## **THE REPURCHASE**

The Issuer has conducted a partial repurchase of the Existing Bonds (ISIN:XS1756818768), in accordance with the terms and conditions of the Existing Bonds and J.P. Morgan and Goldman Sachs have been appointed as the Joint Dealer Managers to assist the Issuer and the Company with the partial repurchase by the Issuer of its existing outstanding HK\$15,204,000,000 Existing Bonds for cash in an aggregate principal amount up to HK\$7,830,000,000. The Repurchase has been conducted concurrently with the offering of the New Bonds, and will close on or about the issue date of the New Bonds.

Completion of the Repurchase is subject to, among other things, completion of the New Bonds Issue and the conditions precedent set forth in the Dealer Manager Agreement, market conditions and investors' demand. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

Following settlement of the Repurchase, the Existing Bonds repurchased will be cancelled and the amount of Existing Bonds shall be reduced accordingly.

The Repurchase will not be conducted within or offered to the United States or to persons located or resident in the United States, or to person acting on behalf of a beneficial owner of Existing Bonds located or resident in the United States or acting for the account or benefit of any person located or resident in the United States.

Set out below are details of the Repurchase:

Repurchase price: HK\$2,015,000 per HK\$2,000,000 of the outstanding principal amount of the Existing Bonds

Commitment from holders of Existing Bonds to sell: HK\$6,054 million

Settlement date: On or about 5 December 2018

Other conditions: The Issuer has accepted for repurchase Existing Bonds in the following order of priority:

- a. First, Existing Bonds held by holders who have subscribed for New Bonds in the New Bonds Issue. The aggregate principal amount of Existing Bonds which is eligible to be repurchased from a holder pursuant to this paragraph (a) will be up to but no more than the aggregate principal amount of New Bonds which such holder subscribes for pursuant to the New Bonds Issue. For the avoidance of doubt, a holder may choose to offer an aggregate principal amount of Existing Bonds for repurchase pursuant to the Repurchase which is less than the aggregate principal amount of New Bonds which such holder subscribes for pursuant to the New Bonds Issue.

Existing Bonds accepted for repurchase pursuant to this paragraph (a) are referred to as “**Priority Bonds**”.

- b. Second, the Issuer may, in its sole and absolute discretion, elect to accept for repurchase additional Existing Bonds (other than the Priority Bonds) pursuant to the Repurchase. Existing Bonds submitted for repurchase pursuant to this paragraph (b) are referred to as “**Additional Bonds**”, and may be subject to pro-rata where the aggregate principal amount of Existing Bonds offered for repurchase pursuant to this paragraph (b) exceeds the aggregate principal amount of Additional Bonds accepted for repurchase by the Issuer. For the avoidance of doubt, the Issuer is not obliged to accept any Additional Bonds for repurchase.

Aggregate principal amount of outstanding Existing Bonds upon cancellation of the Existing Bonds repurchased: HK\$9,150 million

## THE NEW BONDS ISSUE

Concurrent with the Repurchase, the Issuer has carried out the New Bonds Issue. In connection with the New Bonds Issue, the Issuer and the Company will enter into the Purchased Call Options and the Written Call Options with the Option Counterparties or their respective affiliates to mitigate the dilution effect of the New Bonds.

Set out below are the details of the Bonds Subscription Agreement:

- Date: 21 November 2018
- Parties:
- (1) the Issuer;
  - (2) the Company;
  - (3) J.P. Morgan;
  - (4) Goldman Sachs; and
  - (5) HSBC.

Subject to the fulfillment of the conditions set out below under the section headed “Conditions of the Bonds Subscription Agreement”, J.P. Morgan, Goldman Sachs and HSBC, being the Joint Lead Managers, will be the initial subscribers to subscribe for the New Bonds with an aggregate principal amount of HK\$7,830 million. Each of J.P. Morgan, Goldman Sachs and HSBC and their respective ultimate owners is independent of and not connected with the Company and its connected persons.

Based on an initial Conversion Price of HK\$12.584 per Share and assuming full conversion of the New Bonds at the initial Conversion Price, the New Bonds will be convertible into 622,218,690 Shares, representing approximately 2.87% of the existing issued share capital of the Company and approximately 2.79% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Price was determined by the Company and the Joint Lead Managers after arm’s length negotiations with reference to the price of the Shares on the Stock Exchange. The Conversion Shares have a nominal value of HK\$62,221,869.0 and a market value of approximately HK\$5,743,078,508.70, based on the closing price of the Shares of HK\$9.68 per Share on 21 November 2018, the date of execution of the Bonds Subscription Agreement.

## Conditions of the Bonds Subscription Agreement

The obligations of the Joint Lead Managers to subscribe and pay for the New Bonds are conditional upon:

- (1) **Due Diligence:** each Joint Lead Manager being satisfied with the results of its due diligence investigations with respect to the Issuer, the Company, the Subsidiary Guarantors and its respective subsidiaries, and the offering circular have been prepared in form and content satisfactory to each Joint Lead Manager;
- (2) **Contracts:** the execution and delivery of the Other Contracts, each in a form reasonably satisfactory to the each Joint Lead Manager, by the respective parties;
- (3) **Delivery of the Lock-up:** Concrete Win Limited, Genesis Capital Global Limited and Golden Value Investments Limited shall have delivered lock-up undertakings on or before the Closing Date duly executed and in the form set out in the Bonds Subscription Agreement;
- (4) **Delivery of the Voting Undertaking:** there shall have been delivered to the Joint Lead Managers and the Option Counterparties (as defined below), an irrevocable undertaking from Concrete Win Limited, Genesis Capital Global Limited and Golden Value Investments Limited duly executed and in the form set out in the Bonds Subscription Agreement, which shall not have been breached and shall remain in full force and effect on the date of the EGM convened to approve the Specific Mandate;
- (5) **Listing:** approval in-principle shall have been received for the listing and quotation of the New Bonds on the SGX and the Stock Exchange shall have agreed to list the Conversion Shares upon conversion of the New Bonds (or, in each case, the Joint Lead Managers being satisfied that such listing will be granted);
- (6) **Comfort Letters:** upon the Publication Date and on the Closing Date, there shall have been delivered to the Joint Lead Managers comfort letters and a certificate of no default, dated the Publication Date in the case of the first letters and the Closing Date in the case of subsequent letters, in each case addressed to the Joint Lead Managers, from: (i) PricewaterhouseCoopers, Certified Public Accountants to the Issuer, in a form reasonably satisfactory to the Joint Lead Managers; and (ii) an executive director and the chief financial officer of each of the Issuer and the Company respectively, in the form set forth in Bonds Subscription Agreement;
- (7) **Legal Opinions:** on or prior to the Closing Date, there shall have been delivered to the Joint Lead Managers, each in a form reasonably satisfactory to the Joint Lead Managers, certain legal opinions on the laws of various jurisdictions (including but not limited to Hong Kong law, PRC law, US law and English law), dated the Closing Date;



- (8) **Compliance:** at the Closing Date (i) the representations and warranties of the Issuer and the Company in the Bonds Subscription Agreement shall be true, accurate and correct in all respects at, and as if made on such date; (ii) the Issuer, the Company, the Subsidiary Guarantors and the Subsidiary Guarantor Pledgors shall have performed all of its obligations under the Bonds Subscription Agreement expressed to be performed on or before such date; and (iii) there shall have been delivered to the Joint Lead Managers a certificate, dated as of such date, of a duly authorised officer of the Issuer and the Company to such effect;
- (9) **Stock Exchange Waiver:** on or prior to the Closing Date, there shall have been delivered to the Joint Lead Managers, in a form reasonably satisfactory to the Joint Lead Managers, a waiver from the Stock Exchange in respect of Rule 10.06(3) of the Listing Rules;
- (10) **NDRC Pre-Issuance Registration Certificate:** a copy of the NDRC Pre-Issuance Registration Certificate issued pursuant to the NDRC Circular having been delivered to the Joint Lead Managers prior to the launch date of the New Bonds and remaining in full force and effect as at the Closing Date;
- (11) **Other consents:** on or prior to the Closing Date there shall have been delivered to the Joint Lead Managers copies of all consents and approvals required in relation to the issue of the New Bonds and the performance of the Issuer's, the Company's, the Subsidiary Guarantors' and the Subsidiary Guarantor Pledgors' obligations under each contract and the New Bonds (including without limitation the consents and approvals required from all lenders, relevant governmental and regulatory authorities); and
- (12) **Material Adverse Change:** after the date of the Bonds Subscription Agreement up to and at the Closing Date there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Issuer, the Company or of the Company and its consolidation subsidiaries, which, in the opinion of the Joint Lead Managers, is material and adverse in the context of the issue and offering of the New Bonds.

The Joint Lead Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent (except that condition (2) cannot be waived).

## Lock-up Undertakings

### *Company's undertakings*

Each of the Issuer and the Company has undertaken to the Joint Lead Managers that neither the Issuer, the Company nor any of its subsidiaries or affiliates over which it exercises management or voting control, nor any person acting on behalf of any of them will, for a period from the date of the Bonds Subscription Agreement up to 30 June 2019 or the date of the EGM, whichever is earlier (both dates inclusive) (the “**Lock-up Period**”), provided that where the EGM falls on a date earlier than 90 days after the Closing Date, the Lock-up Period shall end on the date falling 90 days after the Closing Date (both dates inclusive), without the prior written consent of the Joint Lead Managers, (a) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in, any Shares or securities of the same class as the New Bonds or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the New Bonds, the Shares or securities of the same class as them (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing except for:

- (i) the New Bonds and any Conversion Shares issued pursuant to the conversion provisions of the New Bonds;
- (ii) the issuance of any Shares under the Company's publicly disclosed share option scheme; and
- (iii) the Shares issued on exercise of the call option pursuant to the Written Call Options entered into by the Issuer and the Option Counterparties (as defined below) in relation to the New Bonds; and
- (iv) any Shares held by Power Great Enterprises Limited, the trustee to the Company's employee incentive scheme.

### *Shareholders' undertakings*

Each of Concrete Win Limited, Genesis Capital Global Limited and Golden Value Investments Limited, being the shareholders of the Company, has undertaken with the Joint Lead Managers that for the Lock-up Period, provided that where the EGM falls on a date earlier than 90 days after the Closing Date, the Lock-up Period shall end on the date falling 90 days after the Closing Date, whichever is earlier (both dates inclusive), neither it nor any of its subsidiaries or affiliates over which it exercises management or voting control, nor any person acting on its or their behalf will, without the prior written consent of the Joint Lead Managers (a) issue,



offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in, any Shares or securities of the same class as the New Bonds or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the New Bonds, the Shares or securities of the same class as them; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares; (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing.

## **Termination**

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

- (1) if there shall have come to the notice of the Joint Lead Managers 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 to perform any of the Issuer's or the Company's 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 Joint Lead Managers on or prior to the Closing Date;
- (3) if in the opinion of the Joint Lead Managers, there shall have been, since the date of the Bonds Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls as such would in the Joint Lead Managers' view, be likely to prejudice materially the success of the offering or the distribution of the New Bonds or dealings in the New Bonds in the secondary market;
- (4) if there shall have occurred a general moratorium on commercial banking activities in the PRC, the United Kingdom, United States, Hong Kong or Singapore by any PRC, United Kingdom, New York State, United States Federal, Hong Kong or Singapore authorities which would in the Joint Lead Managers' view be likely to prejudice materially the success of the offering and distribution of the New Bonds or dealings in the New Bonds in the secondary market;

- (5) if, in the opinion of the Joint Lead Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic which would in the Joint Lead Managers' view be likely to prejudice materially the success of the offering or the distribution of the New Bonds or dealings in the New Bonds in the secondary market; or
- (6) if, in the opinion of the Joint Lead Managers, on or after the date of the Bonds Subscription Agreement there shall have occurred either of the following events: (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 Stock Exchange and/or any other stock exchange on which the Company's securities are traded; or (ii) a suspension in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; or (iii) a change or development involving a prospective change in taxation or a prospective material adverse change in existing laws or regulations affecting the Issuer, the Company, the Subsidiary Guarantors, the Subsidiary Guarantor Pledgors, the New Bonds, the guarantees, the security and the Conversion Shares to be issued upon conversion of the New Bonds or the transfer thereof.

### **Principal terms of the New Bonds**

The principal terms of the New Bonds are summarised below:

Issuer	Smart Insight International Limited
Principal amount of the New Bonds	HK\$7,830 million
Issue price	100% of the principal amount of the New Bonds
Interest	The New Bonds bear interest on their outstanding principal amount from and including 5 December 2018 at the rate of 4.50% per annum, payable semi-annually in arrear.
Guarantees and security	The Company has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the New Bonds and the Trust Deed. The New Bonds are also jointly and severally guaranteed by the initial Subsidiary Guarantors and will have the benefit of the collateral granted by the Company and the Subsidiary Guarantor Pledgors.

## Conversion period

*Initial Conversion Period:* Bondholder(s) may exercise conversion rights at any time on or after 15 January 2019 (the “**Initial Conversion Period Commencement Date**”) up to (a) the close of business (at the place where the certificate evidencing such New Bond is deposited for conversion) on the day falling the 57 Scheduled Trading Day prior to the Maturity Date (the “**Initial Conversion Period End Date**”) or (b) if such New Bond shall have been called for redemption before the Maturity Date, then up to the close of business on the 7th Scheduled Trading Day prior to the date of redemption or (c) if notice requiring redemption has been given by the holder of such New Bond prior to the Initial Conversion Period End Date, then up to the close of business on the Scheduled Trading Day prior to the giving of such notice (the “**Initial Conversion Period**”); and

*Final Conversion Period:* at any time after the Initial Conversion Period End Date (the “**Final Conversion Period Commencement Date**”) up to (a) the close of business (at the place where the certificate evidencing such New Bond is deposited for conversion) on the date falling 7 Scheduled Trading Days prior to the Maturity Date (the “**Final Conversion Period End Date**”) or (b) if such New Bond shall have been called for redemption at any time after the Initial Conversion Period End Date, then up to the close of business (at the place aforesaid) on a date no later than 7 Scheduled Trading Days (in the place aforesaid) prior to the date fixed for redemption thereof or (c) if notice requiring redemption has been given by the holder of such New Bond at any time after the Initial Conversion Period End Date, then up to the close of business (at the place aforesaid) on the trading day (in the place aforesaid) prior to the giving of such notice (the “**Final Conversion Period**”, and together with the Initial Conversion Period, the “**Conversion Period**”),

provided that prior to the Final Conversion Period Commencement Date and no earlier than the date falling 60 trading days prior to the Maturity Date (both days inclusive), the Issuer will make a determination as to its election to either cash settle or physically settle all conversion rights attaching to all outstanding New Bonds in respect of the Final Conversion Period (a “**Final Conversion Period Determination**”) by giving notice to the Bondholders stating that any conversion rights exercised by a Bondholder during the Final Conversion Period will be wholly satisfied and settled by cash or by the delivery of Shares equal to the amount determined by dividing the principal amount of the New Bonds to be converted by the Conversion Price then in effect on the relevant conversion date. The Issuer shall only make one Final Conversion Period Determination and the notice thereto shall be irrevocable. Such Final Conversion Period Determination shall apply to all conversion rights exercised by any Bondholder during the Final Conversion Period, and if the Issuer has elected the cash settlement option, then the Issuer will be deemed to have irrevocably elected the cash settlement option in respect of satisfaction of the conversion rights attaching to all outstanding New Bonds.

#### Conversion Price

The initial Conversion Price is HK\$12.584 per Share, which represents

- (i) a premium of 30% to the closing price of HK\$9.68 per Share as quote on the Stock Exchange on the date of the Bonds Subscription Agreement;
- (ii) a premium of 37.11% to the average closing price of approximately HK\$9.18 per Share for the last 5 consecutive trading days up to and including 20 November 2018, the last trading date before the date Bonds Subscription Agreement; and
- (iii) a premium of 39.37% to the average closing price of HK\$9.03 per Share for the last 10 consecutive trading days up to and including 20 November 2018, the last trading day before the date of the Bonds Subscription Agreement.

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 New Bonds, Shares would be issued at a discount to their par value.

Ranking of Shares

The Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.

Cash Settlement  
Option

Notwithstanding the conversion right of each Bondholder in respect of each New Bond, at any time when the delivery of Shares deliverable upon conversion of the New Bonds is required to satisfy the conversion right in respect of a conversion notice, the Issuer shall have the option, in its sole discretion, to pay to the relevant Bondholder an amount of cash in Hong Kong dollars in order to satisfy such conversion right in whole or in part (and if in part, the other part shall be satisfied by the delivery of Shares) (the “**Cash Settlement Option**”). In order to exercise the Cash Settlement Option, the Issuer shall provide notice of the exercise of the Cash Settlement Option to the relevant Bondholder, the trustee of the New Bonds and the agents as soon as practicable but no later than the 5th trading day following the date of delivery of the conversion notice. The notice must specify the number of Shares in respect of which the Issuer will make a cash payment in the manner set out in the conditions of the New Bonds. The Issuer shall pay the cash settlement amount no later than the 7th Hong Kong business day after the end of the relevant cash settlement calculation period.

Maturity

Unless previously redeemed, converted or purchased and cancelled as provided in the terms and condition of the New Bonds, the Company will redeem each New Bond at an amount equal to 100% of the principal amount multiplied on the Maturity Date.

Redemption for taxation reasons	<p>The New Bonds may be redeemed at the option of the Issuer 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 and the trustee and the principal paying, conversion and agent (which notice will be irrevocable) in accordance with terms and conditions of the New Bonds, if (i) the Issuer (or if the guarantees were called, the Company or any Subsidiary Guarantor) has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of a payment by the Issuer) or the Cayman Islands or Hong Kong (in the case of a payment by the Company), the relevant jurisdiction of incorporation of each relevant Subsidiary Guarantor (in the case of a payment by any Subsidiary Guarantor) or, in each case, the PRC 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 21 November 2018, and (ii) such obligation cannot be avoided by the Issuer (or the Company or the relevant Subsidiary Guarantor, as the case may be) 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 Issuer (or the Company or the relevant Subsidiary Guarantor, as the case may be) would be obliged to pay such additional tax amounts were a payment in respect of the New Bonds then due.</p>
Redemption at option of the Issuer	<p>On giving not less than 30 or more than 60 days' notice to the Bondholders and the trustee and the principal paying, conversion and agent (which notice will be irrevocable), the Issuer may, redeem all and not some only of the New Bonds for the time being outstanding at their principal amount (together with any interest accrued to the date fixed for redemption) if at least 90% in principal amount of the New Bonds originally issued have already been converted, redeemed or purchased and cancelled.</p>
Redemption for delisting and change of control	<p>Following the occurrence of any of the following events:</p> <ul style="list-style-type: none"> <li>(i) when the Shares cease to be listed or admitted to trading, or are suspended for a period equal to or exceeding 15 consecutive trading days, on the Stock Exchange or, if applicable, an alternative securities exchange; or</li> <li>(ii) when there is a change of control in the Company,</li> </ul>



the holder of each New Bond will have the right by notice given to the Issuer 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 New Bonds on the 14th day following the expiry of such 30-day period of their principal amount, together with accrued but unpaid interest to the date fixed for redemption.

Redemption at the option of the Bondholders	The holder of each New Bond will have the right to require the Issuer to redeem such New Bond on 5 December 2021 at a redemption price equal to their principal amount (together with any interest accrued to the date fixed for redemption but unpaid) as at such date.
Purchases	The Issuer, the Company or any of their respective subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase the New Bonds at any price in the open market or otherwise.
Voting rights	Before conversion of the New Bonds, Bondholders will not have any right to attend or vote in any general meeting of the Company by virtue of their being Bondholders.
Transferability:	The New Bonds are freely transferable subject to conditions.
Status:	The New Bonds constitute direct, unsubordinated, unconditional and secured obligations of the Issuer and will at all times rank pari passu and without any preference or priority among themselves.

### **Application for listing**

Application will be made for the listing and quotation of the New Bonds on the SGX.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

As the initial conversion price of HK\$12.584 per Conversion Share is at a premium to the benchmarked price as defined under Rule 13.36(5) of the Listing Rules, the new Shares that may fall to be issued upon the conversion of the New Bonds may be issued under the General Mandate.

At the annual general meeting held on 17 May 2018, the Directors were granted authority to issue up to 4,348,186,628 Shares, representing 20% of the total number of Shares of the Company in issue as at the date of the annual general meeting. The Company has not issued any Shares pursuant to such General Mandate. As the total number of Conversion Shares that may fall to be issued upon the exercise of the New Bonds will fall within the limit of the General Mandate, no Shareholders' approval will be required to approve the issue of the New Bonds.

## THE PURCHASED CALL TRANSACTIONS AND THE WRITTEN CALL TRANSACTIONS

In connection with the issuance and pricing of the Bonds, the Issuer will on or about 21 November 2018 enter into purchased call transactions and the written call transactions with J.P. Morgan Securities plc and Goldman Sachs International or their respective affiliates (collectively, the “**Option Counterparties**”) as follows:

- (a) call option transaction(s) involving the sale of call option(s) by the Option Counterparties to the Issuer with a strike price equal to the Conversion Price (the “**Purchased Call Transactions**”); and
- (b) call option transaction(s) involving the sale of call option(s) by the Issuer to the Option Counterparties with a strike price of approximately HK\$17.908 (the “**Written Call Transactions**”),

The Purchased Call Transactions and Written Call Transactions are expected generally to reduce or offset the potential dilution upon conversion of the Bonds and/or offset any cash payments the Issuer is required to make in excess of the principal amount of the converted Bonds, as the case may be. The Purchased Call Transactions and Written Call Transactions will cover, subject to anti-dilution adjustments substantially similar to those applicable to the Bonds, the equivalent number of Shares underlying the Bonds.

The Purchased Call Transactions comprise of a number of individual options, each of which may be exercised during the period from 21 November 2018 to its expiry date, and will expire on its expiry date under the terms of the Purchased Call Transactions. The expiry dates under the Purchased Call Transactions range from the Final Conversion Period Commencement Date to the Final Conversion Period End Date (each as defined in the Conditions) (subject to adjustment in accordance with the terms of the Purchased Call Transactions). Each option will be automatically exercised on its expiry date unless the Issuer notifies the relevant Option Counterparty prior to the expiration time on such date in accordance with the terms of the Purchased Call Transactions. The Purchased Call Transactions will be settled in cash only. On settlement, the Issuer will receive an amount of cash generally based on the difference between the volume weighted average price per Share, as measured under the terms of the Purchased Call Transactions, and the strike price of the Purchased Call Transactions on each valuation date under the terms of the Purchased Call Transactions.

The Written Call Transactions comprise of a number of individual options, each of which may only be exercised on its expiry date under the terms of the Written Call Transactions. The expiry dates under the Written Call Transactions range from the Final Conversion Period Commencement Date to the Final Conversion Period End Date (each as defined in the Conditions) (subject to adjustment in accordance with the terms of the Written Call Transactions). The Written Call Transactions are intended to be settled physically and accordingly, its terms provide for physical settlement to apply from 30 June 2019 (being a date prior to the Final Conversion Period Commencement Date, provided that if the Issuer

has not obtained shareholders' approval at an extraordinary general meeting for a specific mandate in relation to these Written Call Transactions and approval from the Stock Exchange for the listing of new Shares to be issued in relation thereto, the Written Call Transactions will be terminated. Each option will be automatically exercised on its expiry date unless the relevant Option Counterparty notifies the Issuer prior to the expiration time on such date in accordance with the terms of the Written Call Transactions or the volume weighted average price per Share, as measured under the terms of the Written Call Transactions, is equal to or less than the strike price. Each option comprised in the Written Call Transactions will be settled by delivery from the Issuer to the relevant Option Counterparty of a number of Shares referenced by such option, against payment by the relevant Option Counterparty to the Issuer of an amount determined by reference to the strike price. Such delivery of Shares at settlement will be effected by the issuance of new Shares by the Guarantor to the Option Counterparties.

The strike price of HK\$17.908 per Share under the Written Call Option represents:

- (i) a premium of 85% to the closing price of HK\$9.68 per Share as quote on the Stock Exchange on the date of the Bonds Subscription Agreement;
- (ii) a premium of 95.12% to the average closing price of approximately HK\$9.18 per Share for the last 5 consecutive trading days up to and including 20 November 2018, the last trading date before the date Bonds Subscription Agreement; and
- (iii) a premium of 98.34% to the average closing price of HK\$9.03 per Share for the last 10 consecutive trading days up to and including 20 November 2018, the last trading day before the date of the Bonds Subscription Agreement.

The Purchased Call Options and Written Call Options are separate transactions entered into by the Issuer and the Company with the Option Counterparties, are not part of the terms and conditions of the New Bonds and will not change the rights of the holders of the New Bonds under the New Bonds. A holder of the New Bonds will not have any rights with respect to the Purchased Call Options and Written Call Options.

### **Listing Rules implications of the Purchased Call Option and Written Call Option**

#### ***(1) Purchased Call Option***

Each of the applicable ratios on an aggregate basis of the Purchased Call Option is below 5%, the Purchased Call Option does not constitute a notifiable transaction of the Company for the purpose of Chapter 14 of the Listing Rules.

#### ***(2) Written Call Option***

The Written Call Options is subject to the approval of the Shareholders pursuant to Rule 15.02 of the Listing Rules. The issue of any Shares under the Written Call Options will be subject to the Specific Mandate to be sought from the Shareholders.

Each of Concrete Win Limited, Genesis Capital Global Limited and Golden Value Investments Limited, collectively holding approximately 57.23% of the issued share capital of the Company as at the date of this announcement, has provided an irrevocable undertaking to the Joint Lead Managers that it will vote in favour of the Written Call Options and the Specific Mandate at the EGM to be convened to approve the Written Call Options and the Specific Mandate.

## EFFECT ON THE SHAREHOLDING OF THE COMPANY

The shareholding structure of the Company before and after the full conversion of the New Bonds will be as follows:

Shareholders	As at the date of this announcement		Immediately after full conversion of the New Bonds (assuming the Company elects for physical settlement and no exercise of the Written Call Option)		Immediately after exercise of the Written Call Options (assuming the Company elected for cash settlement under the New Bonds)	
	Number of shares	%	Number of shares	%	Number of shares	%
Ms. Yang Huiyan (Note)	12,388,274,943	57.23	12,388,274,943	55.64	12,388,274,943	55.64
Bondholders	—	—	622,218,690	2.79	—	—
Option Counterparties	—	—	—	—	622,218,690	2.79
Other Shareholders	9,255,808,197	42.77	9,255,808,197	41.57	9,316,308,197	41.57
Total	<u>21,644,083,140</u>	<u>100.00</u>	<u>22,266,301,830</u>	<u>100.00</u>	<u>22,266,301,830</u>	<u>100.00</u>

*Note: Ms. Yang Huiyan, who through three wholly-owned companies, Concrete Win Limited, Genesis Capital Global Limited and Golden Value Investments Limited are interested in an aggregate of 12,388,274,943 Shares, representing approximately 57.23% of the total issued share capital of the Company as at the date of this announcement.*

## REASON FOR THE NEW BONDS ISSUE AND THE PURCHASED CALL OPTION AND WRITTEN CALL OPTION

The New Bonds Issue is being carried out to enable the Group to raise funds to refinance the Existing Bonds. The Purchased Call Option and Written Call Option are entered into as such transactions are expected generally to reduce or offset potential dilution upon any conversion of the New Bonds and/or offset any cash payments the Issuer is required to make in excess of the principal amount of the converted New Bonds, as the case may be.

## USE OF PROCEEDS

The estimated net proceeds from the New Bonds Issue is approximately HK\$7,751,700,000. The Company intends to use the net proceeds to fund the Repurchase and use any remainder for refinancing existing offshore indebtedness.

## CAPITAL-RAISING ACTIVITIES DURING PAST 12 MONTHS

Save as disclosed below, the Company has not carried out any equity capital raising activities during the 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
17 January 2018	Placing of Shares and issue of convertible bonds	HK\$7,816.2 million and HK\$15,490.8 million, respectively	the repayment of debts of the Group and/or as general working capital purpose	used as intended

## INFORMATION ABOUT THE GROUP

The Group is PRC's largest residential property developer focusing on urbanization. The Group runs a centralized and standardized business model that comprises property development, construction, decoration, property investment, as well as hotel development and management. The Group offers a broad range of products to cater for diverse market demands. Its various products include residential projects such as townhouses, condos, as well as car-parks and retail shops. The Group also develops and manages hotels within some of its projects to enhance the potential for property value appreciation. The Group operates independent hotels as well.

## GENERAL

The Repurchase, the New Bonds Issue, the Purchased Call Options and Written Call Option are concurrent, but not inter-conditional (except for the Repurchase that is conditioned upon the New Bonds Issue).

The New Bonds will not be offered to the public in Hong Kong and it is not expected that any of the New Bonds will be placed to any connected persons of the Company.

The New Bonds have not been and will not be registered under the U.S. Securities Act. The New Bonds will only be offered outside of the United States in an offshore transaction in compliance with Regulation S under the U.S. Securities Act.

The EGM will be convened and held for the Shareholders to approve the Written Call Options and the transactions contemplated thereunder. No Shareholder is interested in the Written Call Options and is required to abstain from voting on the relevant resolution to approve the Written Call Options and the issue of the Shares under the Specific Mandate.

A circular containing, among other things, further details about the Written Call Options, and a notice of the EGM, is expected to be despatched to the Shareholders on or before 30 April 2019.

**As completion of the Repurchase, the New Bonds Issue, the Purchased Call Option and Written Call Option are subject to the satisfaction of the conditions precedent of the relevant transactions, and may or may not materialise, Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 22 November 2018 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 1:00 p.m. on 22 November 2018 following the publication of this announcement.

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Bondholders”	holders of the New Bonds;
“Bonds Subscription Agreement”	the agreement dated 21 November 2018 entered into between the Issuer, the Company and the Joint Lead Managers in relation to the New Bonds Issue;
“Closing Date”	the closing date for the New Bonds Issue, which is 5 December 2018 or such later date, not being later than 19 December 2018, as the Issuer, the Company and the Joint Lead Managers may agree;
“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 (Stock Code: 2007);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Conversion Price”	HK\$12.584 per Share subject to adjustment in the manner provided in the terms and conditions of the New Bonds;
“Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the New Bonds;



“Dealer Manager Agreement”	the agreement dated 21 November 2018 between the Issuer, the Company and Joint Dealer Managers in relation to the appointment of J.P. Morgan and Goldman Sachs as the joint dealer managers to assist the Company with the Repurchase;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to approve the Written Call Option and the Specific Mandate;
“Existing Bonds”	the zero coupon secured guaranteed convertible bonds due 2019 issued by the Issuer on 30 January 2018;
“General Mandate”	the general authority granted by the Shareholders to the Directors at the annual general meeting of the Company held on 17 May 2018 to issue up to 4,348,186,628 Shares, representing 20% of the total number of Shares of the Company in issue as at 17 May 2018;
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C.;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China;
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited;
“Issuer”	Smart Insight International Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company;
“Joint Bookrunners”	J.P. Morgan, Goldman Sachs and HSBC;
“Joint Dealer Managers”	J.P. Morgan and Goldman Sachs;
“Joint Global Coordinators”	J.P. Morgan and Goldman Sachs;
“Joint Lead Managers”	J.P. Morgan, Goldman Sachs and HSBC;
“J.P. Morgan”	J.P. Morgan Securities plc;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Maturity Date”	5 December 2023;
“New Bonds”	new secured guaranteed convertible bonds to be issued by the Issuer;
“New Bonds Issue”	the issue of the New Bonds;
“NDRC”	the National Development and Reform Commission of the PRC;
“Option Counterparties”	J.P. Morgan and Goldman Sachs and Goldman Sachs International;
“Other Contracts”	the other contracts to be entered into in relation to the New Bonds Issue and the Purchased Call Options and the Written Call Options, including the trust deed, paying and conversion agency agreement, intercreditor agreement, security documents, such confirmations and agreements for the Purchased Call Options and the Written Call Options;
“Pre-Issuance Registration Certificate”	a certificate issued by NDRC for the issue of debt securities;
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement;
“Publication Date”	the date of publication of the offering circular, being not later than three business days prior to the Closing Date or such other date as may be agreed between the Issuer, the Company and the Joint Lead Managers
“Purchased Call Options”	the sale of call option(s) by the Option Counterparties or their respective affiliates to the Issuer with a strike price equal to the conversion price of the conversion shares under the New Bonds;
“Repurchase”	the partial repurchase of the Existing Bonds by the Issuer for cash in an aggregate principal amount up to HK\$7,830,000,000;
“SGX”	Singapore Exchange Securities Trading Limited;
“Scheduled Trading Day”	means any day on which the Stock Exchange or, as the case may be, an alternative securities exchange, are, as at 21 November 2018, scheduled to be open for trading on their respective regular trading sessions.

“Shareholders”	holders of the Shares;
“Shares”	ordinary shares of the Company;
“Specific Mandate”	the specific mandate to be sought from the Shareholders to issue Shares under the Written Call Options;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Guarantor Pledgors”	certain subsidiaries of the Company that on the issue date of the New Bonds will provide pledges over their stock in certain subsidiaries of the Company held by them to secure the obligations of the Issuer under the New Bonds;
“Subsidiary Guarantors”	certain existing subsidiaries of the Company which guarantee the New Bonds;
“Trust Deed”	a trust deed (as amended or supplemented from time to time) constituting the New Bonds between the Issuer, Company, the Subsidiary Guarantors and the trustee and security trustee for the holders of the New Bonds;
“United States”	The United States of America;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“Written Call Options”	the sale of call option(s) by the Issuer to the Option Counterparties or their affiliates with a strike price of HK\$17.908, which is significantly higher than the Conversion Price; and
“%”	per cent

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

Foshan, Guangdong Province, the PRC, 22 November 2018

*As of the date of this announcement, the executive Directors are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Vice Chairman), Mr. MO Bin (President), Ms. YANG Ziyang, Mr. YANG Zhicheng, Mr. SONG Jun, Mr. LIANG Guokun and Mr. SU Baiyuan. The non-executive Director is Mr. CHEN Chong. The independent non-executive Directors are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Mr. HUANG Hongyan and Mr. YEUNG Kwok On.*