COUNTRY GARDEN

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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)

UPDATE ON THE OFFSHORE DEBT RESTRUCTURING AND BUSINESS DEVELOPMENT

This announcement is made by Country Garden Holdings Company Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 10 October 2023, 16 January 2024, 7 April 2024, 27 June 2024 and 30 September 2024 in relation to, *inter alia*, the Company's pursuit of a holistic solution to address the Group's material offshore indebtedness (together, the "**Announcements**"). Terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated.

1. UPDATE ON THE DEBT RESTRUCTURING

(a) Progress on developing the holistic solution

The Company is pleased to announce the key terms of its restructuring proposal (the "**Restructuring Proposal**") and that it has reached an understanding with the co-ordination committee (the "**CoCom**"), which comprises seven eminent banks that are long-term business partners of the Group, that this proposal forms the framework for further negotiations and detailed documentation, aimed at implementing a successful restructuring of the Group's offshore indebtedness. This development marks a significant milestone for the Company in implementing a successful restructuring. The Company expresses its gratitude to the CoCom and its advisors for their ongoing support and engagement and would like to update the market on the indicative terms of the Restructuring Proposal and the progress made towards a comprehensive solution for its offshore liquidity situation.

If implemented, the Restructuring Proposal will enable the Group to achieve significant deleveraging, with a targeted reduction of indebtedness up to USD11.6 billion. It also includes a maturity extension of up to 11.5 years and a reduction in funding costs, with a targeted decrease in the weighted average borrowing cost from approximately 6% per annum before the restructuring to approximately 2% per annum post-restructuring. As a result, the Group will have a more sustainable capital structure, allowing it to focus on delivering housing units, continuing its business operations, preserving asset value, and implementing a business and asset disposal strategy which it believes has the best potential to maximise value for all stakeholders. The Company is particularly pleased with the interest shown by certain banks in supporting the Company over the long term to navigate current challenges. In addition, the controlling shareholder of the Company is considering converting its existing shareholder loan to the Group, which has an aggregate outstanding principal amount of USD1.1 billion, into shares of the Company or its subsidiaries, subject to terms to be agreed upon. This proposal reaffirms the controlling shareholder's confidence in the long-term success of the Group.

The CoCom consists of lenders who collectively hold or control approximately 48% of the outstanding principal amount of three syndicated loans of the Company, with a total outstanding principal amount of USD3.6 billion (the "**Existing Syndicated Loan Debts**"). The CoCom is supportive of the Company's ongoing efforts to implement the restructuring and is willing to work with the Company to ensure the Group continues its business with minimal disruption. The Company believes that the Restructuring Proposal provides a framework for restructuring its other offshore indebtedness.

The Company and its advisors have been proactively engaging in constructive dialogues with its other offshore creditors and their respective advisors regarding the Restructuring Proposal. This includes engagement with certain holders (the "**AHG**") who collectively hold or control approximately 30% of the outstanding principal amount of USD senior notes and HKD convertible notes issued by the Group, with a total outstanding principal amount of USD10.3 billion (the "**Existing Bond Debts**"). The Company wishes to extend its gratitude to the AHG, other creditors, and their advisors for their continued support and engagement.

(b) Key terms of the Restructuring Proposal

The key terms of the Restructuring Proposal are as summarised below:

(i) The Restructuring Proposal addresses the Company's offshore indebtedness under the Existing Bond Debts, the Existing Syndicated Loan Debts and certain other loan facilities borrowed or guaranteed by the Company (together, the "**In-Scope Debts**").

(ii) The Restructuring Proposal contemplates giving the holders/lenders under the In-Scope Debts (collectively, the "**Creditors**") five (5) economic options (together, the "**Options**" and each an "**Option**") to convert their In-Scope Debts into cash (through a tender offer), mandatory convertible bonds, different notes (the "**New Notes**") and/or loan facilities (the "**New Loans**", and together with the New Notes, the "**New Debt Instruments**"), offering the Creditors structures between (1) the sale of the relevant In-Scope Debts held by a Creditor to the Company by way of a tender offer for cash on the effective date of the transaction (the "**RED**") at a discount to the face value of such In-Scope Debts; (2) pure equitisation (in the form of mandatory convertible bonds with a final maturity date falling 3.5 years after 30 June 2025 (the "**Reference Date**")); (3) maturity extension and partial equitisation (in the form of mandatory convertible bonds with a final maturity date falling 7.5 years after the Reference Date, and notes and/or loan facilities); (4) maturity extension with a principal relief (in the form of notes and/or loan facilities with a final maturity date falling 9.5 years after the Reference Date); and (5) pure maturity extension with no principal relief (in the form of notes and/or loan facilities with a final maturity date falling 11.5 years after the Reference Date), to cater to the different preferences and needs of the Creditors. Several Options will be subject to a cap amount.

(iii) In addition, the Restructuring Proposal contemplates compensating the lenders under the Existing Syndicated Loan Debts with a combination of upfront cash payments on RED and debt instruments, in return for such lenders releasing their entitlement to certain security granted in connection with the refinancing of certain of the Existing Syndicated Loan Debts in July 2023. This will enable the Company to share the benefit of certain assets subject to such security across all the New Debt Instruments.

(iv) The Company seeks to address its aggregate offshore indebtedness under the In-Scope Debts by deleveraging the Company's consolidated balance sheet (with a targeted debt reduction of approximately USD11.6 billion) and designing a sustainable amortisation schedule to provide a healthy capital structure for the Company. Therefore, the Options incorporate elements of principal relief and equitisation. The Company notes that the approximate percentage of principal relief for the various Options will be as set out below:

Options	**Debt Reduction (%)**
Option 1 (cash tender)	Minimum 90% principal relief
Option 2 (mandatory convertible bonds only)	100% equitisation
Option 3 (mandatory convertible bonds and New Debt Instruments)	67% equitisation
Option 4 (New Debt Instruments)	35% principal relief
Option 5 (New Debt Instruments)	Nil (this Option is for Creditors who prefers no principal relief)

(v) The amortisation schedules of most of the New Debt Instruments will be spread over a number of years, with maturities ranging from 7.5 years to 11.5 years from the Reference Date. The New Debt Instruments that are issued pursuant to Options with equitisation and/or principal relief elements will have a shorter weighted average maturity than the New Debt Instruments issued pursuant to the Options with no principal relief.

(vi) The coupon rate of the New Debt Instruments will vary across the different Options. New Debt Instruments that are issued pursuant to Options where there is an element of a principal relief or equitisation will have a comparatively higher coupon rate as compared to the no principal relief option. The New Debt Instruments will include a payment-in-kind mechanism, where the applicable coupon will accrue at a higher rate if the Company elects to pay-in-kind. All New Debt Instruments will have the benefit of a credit support package involving (among others) (i) guarantees and pledges over the shares of certain subsidiaries in the Group; (ii) a cash sweep of a specified portfolio of projects and assets and (iii) potentially other forms of credit enhancement, each of which is still being negotiated between the parties.

(vii) In addition, as part of the Restructuring Proposal, the Company's controlling shareholders is considering further deleverage the Company's balance sheet by, *inter alia*, partially equitising its shareholder loans that were advanced to the Company over the period of December 2021 to September 2023 in an aggregate outstanding principal amount of USD1.1 billion (the "**Shareholder Loans**"). The original purpose of the Shareholder Loans was to support the Company's funding needs given that the Company faced challenges with raising financing during that time period.

For the avoidance of doubt, as at the date of this announcement, the Company is still in negotiations with the AHG, the CoCom and the other creditors on the definitive terms of the Restructuring Proposal and parties have not entered into any legally binding agreement in respect of the same. The Company expects to continue its proactive and constructive dialogue with the Creditors and maintain a positive momentum, with a view to documenting the terms of the Restructuring Proposal as soon as practicable. In this regard, the Company will continue to provide material updates regarding the Restructuring Proposal to all stakeholders as and when appropriate.

2. UPDATE ON THE BUSINESS DEVELOPMENT

Landbank and Project Overview

As of 31 December 2023, the Group controls over 3,000 development projects with a total saleable contract area of between 90 and 92 million square meters. These projects include (i) 29 development projects in 9 international markets including Malaysia, Thailand, Australia, Indonesia, USA, India, Hong Kong, the United Kingdom and New Zealand, and (ii) over 2,900 onshore development projects based in the Mainland China. In addition, the Company also has approximately 1.3 to 1.4 million of carpark units available for sale.

Debt Overview

As of 31 December 2023, in relation to offshore debts, the Group had total attributable interest-bearing liabilities (excluding accrued interest) of approximately USD16.4 billion, which comprise of approximately USD10.3 billion in outstanding principal amount of Existing Bond Debts, approximately USD3.6 billion in outstanding principal amount of Existing Syndicated Loan Debts, approximately USD1.1 billion in outstanding principal amount of Shareholder Loans and approximately USD1.4 billion in the outstanding principal amount of other secured and unsecured debts.

Caution: The information contained in this announcement is based solely on a preliminary assessment by the management of the Company with reference to the information currently available to it, which has not been audited by the Company's auditors, and based on a series of assumptions. The actual annual results of the Group for the year ended 31 December 2023 may be different from what is disclosed in this announcement.

Holders of securities and potential investors of the Company are advised to read the annual results announcement of the Company for the year ended 31 December 2023, which will be published in due course.

Onshore Group Cash Flow

The Group's projected net cash surplus available to be distributed offshore over the forecasting period from 2024 to 2039 is estimated to be in the range of RMB20 to 25 billion. This net cash surplus is projected by the Group after taking into account the total cumulative attributable levered free cash flow from the Group's over 2,900 onshore development projects and the proceeds from disposal of non-core assets, including certain urban renewal projects, commercial properties, financial investments, and other onshore minority financial investments over the forecasting period from 2024 to 2039, and netting against the onshore operating expenses and group-level onshore indebtedness over the same period.

The above projected future cash flows from onshore operations are based on various forecasting assumptions, including but not limited to the following:

(a) the Group is able to maintain its going concern status with normal business operations amid a gradual recovery of the onshore real estate markets;

(b) the average selling price of the Group's onshore projects will experience a slight decline in the low single digits during 2025, followed by low-to-mid-single-digit growth from 2026 to 2032. Growth is expected stabilize at low single-digit rates in 2033;

(c) the cash flow forecast is based solely on the Group's existing projects and does not include any potential new development projects that may be secured in the future;

(d) all saleable resources of the Group, including its commercial properties (such as hotels and commercial complexes), urban renewal projects and other financial assets, are projected to be realised between 2025 and 2033; and

(e) a 3.5% per annum interest rate is assumed to apply to the Group's onshore project-level indebtedness.

Offshore Group Cash Flow

The Group's offshore assets include the 29 international development projects and certain minority financial investments held by offshore subsidiaries, including the equity interest in Zhuhai Wanda Commercial Management Group Co., Ltd as well as 11 minority equity investments beneficially held by a wholly-owned subsidiary, CGVC Company Limited.

As of August 2024, the Company estimates that the total cumulative attributable levered free cash flow generated from the 29 international development projects is projected to be in the range of USD2.6 to 3.0 billion for the period from 2024 to 2040. This estimate accounts for existing project-level cash, land costs, construction costs, marketing and operating expenses, debt service, taxes, and offshore group-level operating expenses.

The Company is in the process of disposing its offshore minority financial investments and has made significant progress in this respect. As of the date of this announcement, approximately USD140 million in disposal proceeds has been deposited (or are planned to be deposited) into a designated account for the purposes of the Restructuring Proposal. For the forecasting period from January 2025 to 2033, the Company expects to raise approximately USD600 to 800 million in net disposal proceeds from the disposal of these minority financial investments. The Company is committed to use these disposal proceeds to fund the Restructuring Proposal and support debt servicing obligations under the New Debt Instruments following the consummation of the Restructuring Proposal.

Caution: The cashflow projections set out above were prepared by the Company during August 2024 and early September 2024. They represent a preliminary assessment based on the information available as at that time and based on a series of assumptions including those set out above and is not based on any figures reviewed or audited by the auditor or the audit committee of the Company. For the avoidance of doubt, the onshore cash flow projection was prepared prior to any national policy announcements made at the end of September 2024 and early October 2024. The Company is currently assessing the potential impacts of these policies on the Group's onshore cash flow and is in active discussions with the advisors of the AHG and CoCom in respect of the same.

It is important to note that any variation of such information or the aforementioned assumptions may materially and adversely affect the cash flow projections. The cashflow projections contained in this announcement do not constitute forecasts or estimates of the Group's profit or losses. Moreover, this information has not yet been audited or reviewed by the auditor or the audit committee of the Company and may be subject to adjustments. Therefore, holders of securities and potential investors of the Company are advised to treat this information with caution, as actual cash flow outcomes may differ from those disclosed in this announcement, and to exercise caution when dealing in the securities of the Company.

CONTINUED SUSPENSION OF TRADING

Reference is made to the announcements of the Company dated 28 March 2024 and 2 April 2024. At the request of the Company, the trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024. Trading in the shares of the Company will remain suspended until further notice.

Shareholders, holders of securities and other investors of the Company are advised not to rely solely on the information contained in this announcement and should exercise caution when dealing in the securities of the Company. When in doubt, the shareholders, holders of securities and other investors of the Company are advised to seek professional advice from their own professional or financial advisors.

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

Foshan, Guangdong Province, the PRC, 9 January 2025

As of the date of this announcement, the executive directors of the Company are Ms. YANG Huiyan (Chairman), Mr. MO Bin (President), Ms. YANG Ziying, Dr. CHENG Guangyu and Ms. WU Bijun. The non-executive director of the Company is Mr. CHEN Chong. The independent non-executive directors of the Company are Dr. HAN Qinchun, Mr. WANG Zhijian and Mr. TUO Tuo.