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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)

CONTINUING CONNECTED TRANSACTIONS REVISED ANNUAL CAPS FOR DESIGN SERVICES AGREEMENT AND JIANGKOU WATER SUPPLY AGREEMENT

The Company disclosed in the Prospectus that Shunde Country Garden Co., a wholly owned subsidiary of the Company, on 27 March 2007 entered into the Design Services Agreement with Elite Architectural Co. and the Jiangkou Water Supply Agreement with Jiangkou Water Plant Co., for three years commencing on 1 January 2007. Under the Design Services Agreement, Elite Architectural Co. agreed to provide property design and interior design services to the Group. Under the Jiangkou Water Supply Agreement, Jiangkou Water Plant Co. shall provide water supply for use in the Group's operations in Panyu and Shunde Districts. Each of Elite Architectural Co. and Jiangkou Water Plant Co. is owned by certain Directors, and hence both Elite Architectural Co. and Jiangkou Water Plant Co. are associates of connected persons of the Company under the Listing Rules. As such, transactions pursuant to the Design Services Agreement and the Jiangkou Water Supply Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the Company expects that the Existing Annual Caps will be exceeded in the year ending 31 December 2008, Elite Architectural Co. and Shunde Country Garden Co. entered into the Design Services Supplemental Agreement to amend the term of the Design Services Agreement to three years commencing on 1 January 2008 and to revise the Existing Annual Cap of RMB75,000,000 to the Revised Annual Cap of RMB300,000,000, and Jiangkou Water Plant Co. and Shunde Country Garden Co. entered into the Jiangkou Water Supply Supplemental Agreement to amend the term of the Jiangkou Water Supply Agreement to three years commencing on 1 January 2008 and to revise the Existing Annual Cap of RMB3,500,000 to the Revised Annual Cap of RMB6,000,000. The applicable percentage ratios in respect of the Revised Annual Cap for the Design Services Agreement (as amended) exceed 0.1% but are below 2.5%. The applicable percentage ratios in respect of the Revised Annual Cap for the Jiangkou Water Supply Agreement (as amended) (when aggregated with the annual cap for the Crystal Water Supply Agreement as disclosed in the Prospectus which is of a similar nature to the Jiangkou Water Supply Agreement) exceed 0.1% but are below 2.5%. Therefore, the Design Services Agreement (as amended) and the Jiangkou Water Supply Agreement (as amended) are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

There were no previous transactions between the Group and each of Elite Architectural Co. or Jiangkou Water Plant Co. (apart from the Crystal Water Supply Agreement) or their respective beneficial owners which are required to be aggregated with the Design Services Agreement or the Jiangkou Water Supply Agreement under Rule 14A.25 of the Listing Rules.

REVISIONS TO THE DESIGN SERVICES AGREEMENT AND THE JIANGKOU WATER SUPPLY AGREEMENT

The Company disclosed in the Prospectus that Shunde Country Garden Co., a wholly owned subsidiary of the Company, on 27 March 2007 entered into the Design Services Agreement with Elite Architectural Co. and the Jiangkou Water Supply Agreement with Jiangkou Water Plant Co.. Under the Design Services Agreement, Elite Architectural Co. agreed to provide property design and interior design services to the Group for three years commencing on 1 January 2007. The payment of the design services fees for each design project pursuant to the Design Services Agreement shall be made by cash within 10 working days after the parties to the Design Services Agreement have confirmed the amount of services fees for such design project. Under the Jiangkou Water Supply Agreement, Jiangkou Water Plant Co. shall provide water supply for use in the Group's operations in Panyu and Shunde Districts. The fees for water supply under the Jiangkou Water Supply Agreement for each property shall be paid in cash on a monthly basis. Transactions under the Design Services Agreement and the Jiangkou Water Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company expects that the Existing Annual Caps will be exceeded in the year ending 31 December 2008. Accordingly, Elite Architectural Co. and Shunde Country Garden Co. entered into the Design Services Supplemental Agreement to amend the term of the Design Services Agreement to three years commencing on 1 January 2008 and to revise the Existing Annual Cap of RMB75,000,000 to the Revised Annual Cap of RMB300,000,000, and Jiangkou Water Plant Co. and Shunde Country Garden Co. entered into the Jiangkou Water Supply Supplemental Agreement

to amend the term of the Jiangkou Water Supply Agreement to three years commencing on 1 January 2008 and to revise the Existing Annual Cap of RMB3,500,000 to the Revised Annual Cap of RMB6,000,000.

REASONS FOR THE DESIGN SERVICES AGREEMENT AND THE REVISION OF THE EXISTING ANNUAL CAP

Shunde Country Garden Co. is a wholly owned subsidiary of the Company engaging in property development projects in various parts of the PRC. Elite Architectural Co. is a company incorporated in the PRC which provides property design and interior design services to property development projects. Elite Architectural Co. holds a first-grade design quality certificate issued by the Ministry of Construction of the PRC and is constantly able to deliver quality design services to the Group on time and at competitive prices. As disclosed in the Prospectus, the Directors estimated that the maximum amount of fees for property design and interior design services provided by Elite Architectural Co. to the Group for each of the three years ending 31 December 2007, 2008 and 2009 will not exceed RMB75,000,000.

The fees for property design and interior design services provided by Elite Architectural Co. to the Group for the year ended 31 December 2007 amounted to RMB74,760,000 (based on GFA of approximately 3.74 million sq.m. which required design services from Elite Architectural Co.). During the period from 1 January 2008 to 31 May 2008, the actual amount of design services fees paid by the Group under the Design Services Agreement was RMB67,000,000. The Existing Annual Cap for 2008 for the Design Services Agreement has not yet been exceeded but may be exceeded soon. It is estimated that the total amount of design services fees payable by the Group under the Design Services Agreement in 2008 will be approximately RMB288,049,000.

Elite Architectural Co. has been providing property design and interior design services to the Group for a long time, and is familiar with the property style and capable of meeting the design requirements of the Group. Furthermore, Elite Architectural Co. has established new branches in Shenyang and Anhui of the PRC, where the Group is developing a number of new property projects, which made it possible for Elite Architectural Co. to provide speedy services to the Group. The Board believes that having design services delivered by Elite Architectural Co. is one of the strengths which enable the Group to have rapid development, and hence prefers to obtain design services from Elite Architectural Co. rather than from other design services companies. The Board believes that the continual engagement of Elite Architectural Co. to provide property design and interior design services to the Group will help it to develop and promote its unique brand and style in its property development projects and is beneficial to the Group.

The GFA of the property development projects of the Group which engaged the design services of Elite Architectural Co. is estimated to increase from approximately 3.74 million sq.m. for the year ended 31 December 2007 to approximately 14.4 million sq m., due to changes in the GFA for development of the original projects plus the GFA for development of new projects commencing in 2008. The total GFA of projects of the Group which will require design services is estimated to further increase to approximately 14.52 million sq.m. in 2009 and approximately 14.84 million sq.m. in 2010, as a result of increases in GFA for development of these projects plus the GFA for development of new land to be acquired. It is thus expected that the aggregated amount of fees payable to Elite Architectural Co. under the Design Services Agreement for each

of the three years ending 31 December 2008, 2009 and 2010 will amount to at least approximately RMB288.05 million, RMB290.5 million and RMB296.8 million respectively and will exceed the Existing Annual Cap. The increase is due to the fact that there has been an increase in both scale and number of the Group's land development projects in various provinces of the PRC, which can now be financed by the additional capital raised from the listing of the Shares on the Stock Exchange in 2007. There has also been an increase in the service capacity of Elite Architectural Co. due to the opening of new branches and increase in the number of staff. As of 31 December 2007, there were 45 projects under different stages of development. The attributable GFA with land use right certificates obtained by the Group was approximately 38 million sq.m, and the attributable GFA under development was around 9.88 million sq.m. Under the pressure arising from the PRC national regulations on property development and also adhering to the Group's established rapid development business model, there is a need for the Group to accomplish the development of land banks mentioned above in a short period of time. Hence, the Group has to engage Elite Architectural Co. and its branches for additional property design and interior design services. The Existing Annual Cap of RMB75,000,000 is thus revised to the Revised Annual Cap of RMB300,000,000 for the Design Services Supplemental Agreement.

The Revised Annual Cap for the Design Services Agreement (as amended) was determined based on the increase in the GFA of the land development of the Group which needs to engage property design and interior design services from Elite Architectural Co. and its branches for each of the three years ending 31 December 2008, 2009 and 2010 and the per square meter design service fee charged by Elite Architectural Co. under the Design Services Agreement (as amended).

REASONS FOR THE JIANGKOU WATER SUPPLY AGREEMENT AND THE REVISION OF THE EXISTING ANNUAL CAP

Jiangkou Water Plant Co. which is engaged in the operation of a water plant, has been providing water supply for the construction, property management, hotel and restaurant operations in the Group's projects in Panyu and Shunde Districts. The Jiangkou Water Supply Agreement ensures a quality and stable water supply to the Group's property development projects in Panyu and Shunde Districts. As disclosed in the Prospectus, the Directors estimated that the Existing Annual Cap of fees for water supply by Jiangkou Water Plant Co, to the Group for the year ended 31 December 2007 and each of the two years ending 31 December 2008 and 2009 would not exceed RMB3,500,000. The actual fees for water supplied by Jiangkou Water Plant Co. to the Group for the year ended 31 December 2007 amounted to approximately RMB3,470,000. During the period from 1 January 2008 to 31 May 2008, the amount of fees paid by the Group for water supply under the Jiangkou Water Supply Agreement was approximately RMB2,500,000 and the Existing Annual Cap has not yet been exceeded.

Due to the further development and sales of properties in the Shunde Country Garden project (including Country Garden West Court), the need for water supply from Jiangkou Water Plant Co. will increase from the year ending 31 December 2008 onwards for the construction work and increased property management operations after completion of sales of properties in this project. It is estimated that the total amount of fees payable by the Group for water supply under the Jiangkou Water Supply Agreement will be approximately RMB5.51 million, RMB5.95 million and RMB5.95 million for each of the three years ending 31 December 2008, 2009 and 2010 respectively. The Revised Annual Cap of RMB6,000,000 in respect of the Jiangkou Water Supply Agreement (as

amended) was determined based on an approximately 60% to 70% increase in the use of water for construction work and property management operations of the Shunde Country Garden project in 2008 to 2010 as compared to the corresponding amount for 2007.

The Directors (including the independent non-executive Directors) are of the view that each of the Design Services Agreement (as amended) and the Jiangkou Water Supply Agreement (as amended) was made on an arm's length basis and on normal commercial terms, transactions pursuant to each of the Design Services Agreement (as amended) and the Jiangkou Water Supply Agreement (as amended) are in the ordinary and usual course of business of the Group, and the Design Services Agreement (as amended), the Jiangkou Water Supply Agreement (as amended) and the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PRINCIPAL BUSINESS ACTIVITIES OF THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaging in property development in the PRC. Its subsidiaries also provide services in relation to property development including interior decoration services and property management services.

LISTING RULES IMPLICATIONS

Elite Architectural Co. and Jiangkou Water Plant Co. are companies owned by certain Directors, namely, Ms. Yang Huiyan (as to 52%), Mr. Yang Erzhu (as to 12%), Mr. Su Rubo (as to 12%), Mr. Zhang Yaoyuan (as to 12%) and Mr. Ou Xueming (as to 12%). Hence, each of Elite Architectural Co. and Jiangkou Water Plant Co. is an associate of the connected persons of the Company. Accordingly, transactions pursuant to the Design Services Agreement and the Jiangkou Water Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company applied for and was granted by the Stock Exchange a waiver from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of, among others, transactions under the Design Services Agreement and the Jiangkou Water Supply Agreement.

The applicable percentage ratios in respect of the Revised Annual Cap for the Design Services Agreement (as amended) exceed 0.1% but are below 2.5% threshold. The applicable percentage ratios in respect of the Revised Annual Cap for the Jiangkou Water Supply Agreement (as amended) (when aggregated with the percentage ratios for the annual cap for transactions under the Crystal Water Supply Agreement as disclosed in the Prospectus which is of a similar nature to the Jiangkou Water Supply Agreement) exceed 0.1% but are below 2.5%. Therefore, the Design Services Agreement (as amended) and the Jiangkou Water Supply Agreement (as amended) are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

There were no previous transactions between the Group and each of Elite Architectural Co. or Jiangkou Water Plant Co. (apart from the Crystal Water Supply Agreement) or their respective beneficial owners which are required to be aggregated with the Design Services Agreement or the Jiangkou Water Supply Agreement under Rule 14A.25 of the Listing Rules.

DEFINITIONS

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| “associate” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Company” | Country Garden Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “Crystal Water Plant Co.” | Zengcheng Crystal Water Plant Co., Ltd. (增城市清源自來水廠有限公司) which was incorporated in the PRC on 27 June 2002 as a limited liability company and an associate of a connected person of the Company |
| “Crystal Water Supply Agreement” | the water supply agreement dated 27 March 2007 entered into between Zengcheng Country Garden Co. and Crystal Water Plant Co. for the provision of water supply by Crystal Water Plant Co. to the Group’s operations in Zengcheng District |
| “Design Services Agreement” | the design services agreement dated 27 March 2007 entered into between Shunde Country Garden Co. and Elite Architectural Co., and “Design Services Agreement (as amended)” refers to such agreement as amended by the Design Services Supplemental Agreement |
| “Design Services Supplemental Agreement” | the supplemental agreement dated 20 June 2008 entered into between Shunde Country Garden Co. and Elite Architectural Co. to amend the Design Services Agreement |
| “Directors” | the directors of the Company |
| “Elite Architectural Co.” | Guangdong Elite Architectural Co., Ltd. (廣東博意建築設計院有限公司) (formerly named Foshan Shunde Elite Architectural Co., Ltd. (佛山市順德區博意建築設計院有限公司)), which was incorporated in the PRC on 12 June 1997 as a limited liability company and is an associate of connected persons of the Company |

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| “Existing Annual Caps” | the existing annual cap of the Design Services Agreement in the amount of RMB75,000,000 for each of the year ended 31 December 2007, the year ending 31 December 2008 and the year ending 31 December 2009, and the existing annual cap of the Jiangkou Water Supply Agreement in the amount of RMB3,500,000 for each of the year ended 31 December 2007, the year ending 31 December 2008 and the year ending 31 December 2009, and “Existing Annual Cap” shall refer to the existing annual cap of the Design Services Agreement or of the Jiangkou Water Supply Agreement, as the case may be |
| “GFA” | gross floor area |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Jiangkou Water Plant Co.” | Foshan Shunde Jiangkou Water Plant Co., Ltd. (佛山市順德區江口自來水有限公司) which was incorporated in the PRC on 20 February 2003 as a limited liability company and an associate of connected persons of the Company |
| “Jiangkou Water Supply Agreement” | the water supply agreement dated 27 March 2007 entered into between Shunde Country Garden Co. and Jiangkou Water Plant Co., and “Jiangkou Water Supply Agreement (as amended)” refers to such agreement as amended by the Jiangkou Water Supply Supplemental Agreement |
| “Jiangkou Water Supply Supplemental Agreement” | the supplemental agreement dated 20 June 2008 entered into between Shunde Country Garden Co. and Jiangkou Water Plant Co. to amend the Jiangkou Water Supply Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administration Region of the PRC and Taiwan) |
| “Prospectus” | the prospectus of the Company dated 3 April 2007 in relation to its global offering and listing on the main board of the Stock Exchange |

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| “Revised Annual Caps” | the revised annual cap of the Design Services Agreement in the amount of RMB300,000,000 for the each of the three years ending 31 December 2008, 2009 and 2010 and the revised annual cap of the Jiangkou Water Supply Agreement in the amount of RMB6,000,000 for the each of the three years ending 31 December 2008, 2009 and 2010, and “Revised Annual Cap” shall refer to the revised annual cap of the Design Services Agreement or of the Jiangkou Water Supply Agreement, as the case may be |
| “Shares” | the ordinary shares of HK\$0.10 each in the issued share capital of the Company |
| “Shareholders” | holders of the Shares |
| “Shunde Country Garden Co.” | Foshan Shunde Country Garden Property Development Co., Ltd. (佛山市順德區碧桂園物業發展有限公司), a wholly owned subsidiary of the Company which was incorporated in the PRC on 2 April 1997 as a limited liability company and was converted into a wholly foreign owned enterprise on 21 June 2006 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Zengcheng Country Garden Co.” | Zengcheng Country Garden Property Development Co., Ltd. (增城市碧桂園物業發展有限公司), a wholly owned subsidiary of the Company which was incorporated in the PRC on 22 September 2000 as a limited liability company and was converted into a wholly foreign owned enterprise on 21 June 2006 |
| “HK\$” | Hong Kong Dollar, the lawful currency of Hong Kong |

“RMB” Renminbi, the lawful currency of PRC

“sq.m.” square meter

By order of the Board
Country Garden Holdings Company Limited
HUEN Po Wah
Company Secretary

Foshan, Guangdong Province, the PRC, 20 June 2008

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