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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

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Reference is made to the Prospectus setting out, inter alia, particulars of the continuing connected transactions in relation to (i) the supply of water under the 2007 Crystal Water Supply Agreement; (ii) the supply of cement products under the 2007 Cement Products Sales Agreement; and (iii) the provision of construction services under the 2007 Construction Services Agreements. The construction periods of the 2007 Construction Services Agreements were subsequently extended by the Extension Agreement to 31 December 2009.

It is expected that the Group will from time to time continue to enter into transactions of a nature similar to the transactions under the 2007 Crystal Water Supply Agreement and the 2007 Cement Products Sales Agreement after their expiry. Accordingly, the Group desired to renew the said agreements on substantially the same terms and entered into the Crystal Water Supply Agreement and the Cement Products Sales Agreement which constitute continuing connected transactions under the Listing Rules.

THE CRYSTAL WATER SUPPLY AGREEMENT

On 15 December 2009, Zengcheng Country Garden Co., a wholly-owned subsidiary of the Company, and Crystal Water Plant Co. entered into the Crystal Water Supply Agreement, pursuant to which, Crystal Water Plant Co. agreed to provide water supply for the Group's operations in Zengcheng District, the PRC for a term of three years commencing on 1 January 2010.

THE CEMENT PRODUCTS SALES AGREEMENT

On 15 December 2009, Giant Leap Construction Co., a wholly-owned subsidiary of the Company and Grand Cement Co. entered into the Cement Products Sales Agreement, pursuant to which, Grand Cement Co. agreed to supply cement products to Giant Leap Construction Co. for a term of three years commencing on 1 January 2010.

THE AMENDMENT AGREEMENT

On 15 December 2009, Giant Leap Construction Co., a wholly-owned subsidiary of the Company and Qingyuan Country Garden Co. entered into the Amendment Agreement, pursuant to which, the parties agreed to further extend the construction periods of the Qingyuan Project, being the only outstanding property development project under the Amended Construction Services Agreements for a term of three years commencing on 1 January 2010 and that Giant Leap Construction Co. would continue to provide construction services to Qingyuan Country Garden Co. for the Qingyuan Project on the terms as provided under the Amended Construction Services Agreements as extended by the Amendment Agreement.

Each of Crystal Water Plant Co. and Qingyuan Country Garden Co. is owned by certain Directors, namely, Ms. YANG (as to 52%), Mr. YANG Erzhu (as to 12%), Mr. SU Rubo (as to 12%), Mr. OU Xueming (as to 12%) and Mr. ZHANG Yaoyuan (as to 12%) and Ms. YANG is also the ultimate controlling shareholder of the Company. Crystal Water Plant Co. and Qingyuan Country Garden Co. are associates of Ms. YANG and are therefore connected persons of the Company.

Grand Cement Co. is a non wholly-owned subsidiary of Lida Investment. Lida Investment is owned by close relatives of certain Directors, namely, Ms. YANG Meirong, a sister of Mr. YEUNG Kwok Keung (as to 52%), Mr. YANG Minsheng, a son of Mr. YANG Erzhu (as to 12%), Mr. SU Zhiyan, a son of Mr. SU Rubo (as to 12%), Mr. ZHANG Chibiao, a son of Mr. ZHANG Yaoyuan (as to 12%) and Ms. OU Jieping, a daughter of Mr. OU Xueming (as to 12%). As Grand Cement Co. is owned as to 73.6% by Lida Investment, a company controlled by an associate of Mr. YEUNG Kwok Keung, Grand Cement Co. is an associate of a connected person of the Company.

The Transactions constitute continuing connected transactions of the Company under the Listing Rules. As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of each of the Crystal Water Supply Agreement, the Cement Products Sales Agreement and the Amended Construction Services Agreements as extended by the Amendment Agreement are more than 0.1%, but all of them are less than 2.5%, the Transactions are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

1. BACKGROUND

Reference is made to the Prospectus which set out, inter alia, particulars of the continuing connected transactions in relation to (i) the supply of crystal water under the 2007 Crystal Water Supply Agreement; (ii) the supply of cement products under the 2007 Cement Products Sales Agreement; and (iii) the provision of construction services under the 2007 Construction Services Agreements. By the Extension Agreement, the construction periods of the 2007 Construction Services Agreements were subsequently extended to 31 December 2009.

The 2007 Crystal Water Supply Agreement, the 2007 Cement Products Sales Agreement and the Amended Construction Services Agreements will expire on 31 December 2009.

It is expected that the Group will from time to time continue to enter into transactions of a nature similar to the transactions under the 2007 Crystal Water Supply Agreement and the 2007 Cement Products Sales Agreement after their expiry. Accordingly, the Group desired to renew the said agreements on substantially the same terms and entered into the Crystal Water Supply Agreement and the Cement Products Sales Agreement which constitute continuing connected transactions under the Listing Rules.

2. THE CRYSTAL WATER SUPPLY AGREEMENT

Date	:	15 December 2009
Parties	:	(1) Zengcheng Country Garden Co., a wholly-owned subsidiary of the Company; and (2) Crystal Water Plant Co.
Terms	:	a term of three years commencing on 1 January 2010
Subject	:	the supply of water by Crystal Water Plant Co. for the Group's projects in Zengcheng District, the PRC.
Price	:	the price for water supply shall be determined with reference to the market price and shall not be higher than those chargeable by other water plants operated by independent third parties in Zengcheng District, the PRC, which shall be settled on a monthly basis based on the actual volume of water supplied.

The annual caps and basis of determination

For each of the two years ended 31 December 2007 and 2008 and the 11 months ended 30 November 2009, the actual fees for water supply paid by the Group to Crystal Water Plant Co. amounted to RMB8.9 million, RMB12.0 million and approximately RMB10.8 million respectively. As disclosed in the Prospectus, the annual cap for each of the three years ended 31 December 2007, 2008 and 2009 under the 2007 Crystal Water Supply Agreement was RMB17.0 million. The annual caps for 2007 and 2008 have not been exceeded and it is anticipated that the annual cap for 2009 will not be exceeded.

The Directors estimate that fees for water should be comparable to the 2007 Crystal Water Supply Agreement. Crystal Water Plant Co. has provided water supply for (i) property management, hotel and cultural village operations in respect of the completed projects in Country Garden Phoenix City located in Zengcheng District, the PRC; and (ii) continuous property construction and expansion of various development phases of Country Garden Phoenix City. With reference to (i) the amounts paid by the Group under the 2007 Crystal Water Supply Agreement; (ii) the expected increase in water usage by the Group for the management and maintenance of the completed development phases of Country Garden Phoenix City in 2010 to 2012; and (iii) the anticipated water supply required for continuing property development and expansion of various development phases of Country Garden Phoenix City in 2010 to 2012, it is estimated that the maximum amount of fees payable by the Group for water supply under the Crystal Water Supply Agreement for each of the three years ended 31 December 2010, 2011 and 2012 will not exceed RMB17.0 million.

Reasons for and benefits of the transaction

Crystal Water Plant Co., which is engaged in operation of a water plant, has been providing water supply to the Group since 2004 and will continue to provide water supply for the construction, property management, hotel and cultural village operations in Group's projects in Zengcheng District, the PRC. The Directors believe the Crystal Water Supply Agreement ensures a quality and stable water supply to the Group's property development projects in Zengcheng District, the PRC.

Listing Rules implications

Crystal Water Plant Co. is owned by certain Directors, namely, Ms. YANG (as to 52%), Mr. YANG Erzhu (as to 12%), Mr. SU Rubo (as to 12%), Mr. OU Xueming (as to 12%) and Mr. ZHANG Yaoyuan (as to 12%) and Ms. YANG is also the ultimate controlling shareholder of the Company. Crystal Water Plant Co. is an associate of Ms. YANG and is therefore a connected person of the Company. As such, the transactions under the Crystal Water Supply Agreement constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are more than 0.1% but less than 2.5%, the transactions contemplated under the Crystal Water Supply Agreement are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. THE CEMENT PRODUCTS SALES AGREEMENT

Date	:	15 December 2009
Parties	:	(1) Giant Leap Construction Co., a wholly-owned subsidiary of the Company; and (2) Grand Cement Co.
Terms	:	a term of three years commencing on 1 January 2010
Subject	:	the supply of cement products by Grand Cement Co. to Giant Leap Construction Co.
Price	:	the price of the cement products shall be determined with reference to the market price and on no less favourable terms than those offered by Grand Cement Co. to independent third parties. The parties shall confirm the quantity and price of cement products purchased on a monthly basis and the purchase price calculated on this basis shall be settled within 10 days upon receipt of such confirmation by the parties.

Annual caps and basis of determination

For each of the two years ended 31 December 2007 and 2008 and the 11 months ended 30 November 2009, the actual fees for cement products payable by the Group to Grand Cement Co. amounted to RMB152.3 million, RMB190.7 million and approximately RMB83.4 million respectively. As disclosed in the Prospectus, the annual cap for each of the three years ended 31 December 2007, 2008 and 2009 under the 2007 Cement Products Sales Agreement was RMB240.0 million. The annual caps for 2007 and 2008 have not been exceeded and it is anticipated that the annual cap for 2009 will not be exceeded.

Due to global economic recession and comparatively slow down in sale in the property market in the PRC in the second half of 2008, the construction of the Group's projects in Guangdong Province, the PRC did not proceed as originally scheduled, which has led to a decrease in demand for cement products and resulted in a decrease in actual fee incurred for cement products for the 11 months ended 30 November 2009.

The Directors estimate that the supply of cement products will be stable and fees for cement products should be comparable to the 2007 Cement Products Sales Agreement. With reference to (i) the amounts paid under the 2007 Cement Products Sales Agreement and (ii) the anticipated increase in construction works as a result of the Group's continuous expansion in property development in Guangdong Province, the PRC, it is estimated that the maximum amount of fees payable by the Group for cement products supplied under the Cement Products Sales Agreement for each of the three years ended 31 December 2010, 2011 and 2012 will not exceed RMB240.0 million.

Reasons for and benefits of the transaction

In so far as the Company is aware, Grand Cement Co. is principally engaged in manufacture and sale of cement products. Grand Cement Co. has delivered cement products to the Group at competitive price and on time. The Directors believe that the entering into of the Cement Products Sales Agreement enables the Group to maintain a competitive edge in the property development industry and hence the Group will continue to source cement products from Grant Cement Co..

Listing Rules implications

Grand Cement Co. is a non wholly-owned subsidiary of Lida Investment. Lida Investment is owned by close relatives of certain Directors, namely, Ms. YANG Meirong, a sister of Mr. YEUNG Kwok Keung (as to 52%), Mr. YANG Minsheng, a son of Mr. YANG Erzhu (as to 12%), Mr. SU Zhiyan, a son of Mr. SU Rubo (as to 12%), Mr. ZHANG Chibiao, a son of Mr. ZHANG Yaoyuan (as to 12%) and Ms. OU Jieping, a daughter of Mr. OU Xueming (as to 12%). As Grand Cement Co. is owned as to 73.6% by Lida Investment, a company controlled by an associate of Mr. YEUNG Kwok Keung, Grand Cement Co. is an associate of a connected person of the Company. As such, transactions under the Cement Products Sales Agreement constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are more than 0.1%, but less than 2.5%, the transactions contemplated under the Cement Products Sales Agreement are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

4. THE AMENDMENT AGREEMENT

Date	:	15 December 2009
Parties	:	(1) Giant Leap Construction Co., a wholly-owned subsidiary of the Company (2) Qingyuan Country Garden Co.
Terms	:	a term of three years commencing on 1 January 2010
Subject	:	to extend the construction periods for the Qingyuan Project as previously provided under the Amended Construction Services Agreements
Price	:	the total contract sum under the Amended Construction Services Agreements is RMB1,723 million, which was determined with reference to the market price and on terms no more favourable than those provided to Qingyuan Country Garden Co. by independent third party.

It is currently estimated that at the end of 2009, an amount of approximately RMB479.8 million, which was determined with reference to the gross floor area (being approximately 584,048 square metres) of the outstanding portion of the Qingyuan Project to be constructed, remains outstanding under the Amended Construction Services Agreements.

Annual caps and basis of determination

For each of the two years ended 31 December 2007 and 2008 and the 11 months ended 30 November 2009, the actual fees received by Giant Leap Construction Co. pursuant to the Amended Construction Services Agreements amounted to RMB521.6 million, RMB335.1 million and approximately RMB386.5 million respectively. As disclosed in the Prospectus, the annual cap for each of the three years ending 31 December 2007, 2008 and 2009 under the Amended Construction Services Agreements was RMB590.0 million. The annual caps for 2007 and 2008 have not been exceeded and it is anticipated that the annual cap for 2009 will not be exceeded.

The construction services provided under the Amended Construction Services Agreements as extended by the Amendment Agreement are for the development of Qingyuan Project. As disclosed above, the outstanding gross floor area under development of the Qingyuan Project is approximately 584,048 square metres. The Directors currently anticipate that the development will be completed within two to three years. Based on (i) the amount of payment outstanding under the Amended Construction Services Agreements; (ii) the construction schedule of Qingyuan Project, which may vary depending on the conditions of the property market in Qingyuan City, the PRC in the next two to three years, it is estimated that the maximum amount of fees receivable by the Group for construction services provided under the Amended Construction Services Agreements, as extended by the Amendment Agreement for each of the three years ended 31 December 2010, 2011 and 2012 will not exceed RMB250.0 million.

Reasons for and benefits of the transaction

Qingyuan Country Garden Co. is principally engaged in real estate development in Qingyuan City, the PRC. Qingyuan Project is the only property development project outstanding under the Amended Construction Services Agreements as at the date of this announcement. As stated in the Prospectus, the Company did not intend to provide any further construction services to Qingyuan Country Garden Co. after the expiry of the 2007 Construction Services Agreements at the end of the construction periods, which was then contemplated to be in April 2009. However, due to global economic recession in 2008 and first half of 2009 which was unforeseeable at the time of issue of the Prospectus, the construction of Qingyuan Project had not proceeded according to the schedule then contemplated. By the Extension Agreement, the parties agreed to extend the construction periods of the Qingyuan Project till 31 December 2009. The parties then negotiated and entered into the Amendment Agreement to further extend the construction periods of Qingyuan Project for a further 3 years' period commencing from 1 January 2010. The construction services to be provided by Giant Leap Construction Co. to Qingyuan Country Garden Co. and the total contract sum set out in the Amended Construction Services Agreements remain unchanged. The Directors believe that the Amended Construction Services Agreements as extended by the Amendment Agreement will benefit the Group by bringing profits to the Group.

Listing Rules implications

Qingyuan Country Garden Co. is owned by certain Directors, namely, Ms. YANG (as to 52%), Mr. YANG Erzhu (as to 12%), Mr. SU Rubo (as to 12%), Mr. OU Xueming (as to 12%) and Mr. ZHANG Yaoyuan (as to 12%) and Ms. YANG is also the ultimate controlling shareholder of the Company. Qingyuan Country Garden Co. is an associate of Ms. YANG and is therefore a connected person of the Company. As such, transactions under the Amended Construction Services Agreements as extended by the Amendment Agreement constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are more than 0.1%, but less than 2.5%, the transactions contemplated under the Amended Construction Services Agreements as extended by the Amendment Agreement are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors consider that the terms of the Crystal Water Supply Agreement, the Cement Products Sales Agreement and the Amended Construction Services Agreements as extended by the Amendment Agreement and the annual caps thereof are entered into on normal commercial terms and in the ordinary and usual course of business of the Group, 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 including property development, construction, fitting and decoration, property management and hotel operation.

DEFINITIONS

Unless otherwise defined, the following terms used in this announcement shall have the following meanings:

“2007 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, the PRC
“2007 Cement Products Sales Agreement”	the cement products sales agreement dated 27 March 2007 entered into between Giant Leap Construction Co. and Grand Cement Co. for the provision of cement products by Grand Cement Co. to the Group for the construction of the Group's property development projects

“2007 Construction Services Agreements”	various construction services agreement entered into between 10 August 2005 to 10 April 2006 (as amended by a supplemental agreement dated 27 March 2007) entered into between Giant Leap Construction Co. and Qingyuan Country Garden Co. for the provision of construction services by Giant Leap Construction Co. to Qingyuan Country Garden Co. for the development of certain properties, including the Qingyuan Project, at the site located in Shijiao Town, Qingcheng District, Qingyuan City, the PRC
“Amendment Agreement”	the amendment agreement dated 15 December 2009 entered into between Giant Leap Construction Co. and Qingyuan Country Garden Co., which extended the construction periods of the Qingyuan Project as stated under the Amended Construction Services Agreements
“Amended Construction Services Agreements”	the 2007 Construction Services Agreements as extended by the Extension Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cement Products Sales Agreement”	the cement products sales agreement dated 15 December 2009 entered into between Giant Leap Construction Co. and Grand Cement Co. for the supply of cement products by Grand Cement Co. to the Group for the construction of the Group’s property development projects
“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
“controlling shareholder”	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 as a limited liability company and is an associate of Ms. YANG and a connected person of the Company
“Crystal Water Supply Agreement”	the water supply agreement dated 15 December 2009 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, the PRC

“Directors”	the directors of the Company
“Extension Agreement”	the extension agreement dated 9 April 2009 signed by Giant Leap Construction Co. and Qingyuan Country Garden Co., which extended the construction periods stated under the 2007 Construction Services Agreements to 31 December 2009
“Giant Leap Construction Co.”	Guangdong Giant Leap Construction Co., Ltd. (廣東騰越建築工程有限公司) a wholly-owned subsidiary of the Company, which was incorporated in the PRC as a limited liability company
“Grand Cement Co.”	Foshan Shunde Grand Cement Co., Ltd. (佛山市順德區鴻業水泥製品有限公司) which was incorporated in the PRC as a limited liability company and is an associate of a connected person of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Lida Investment”	Foshan Shunde Lida Investment Co., Ltd (佛山市順德區利達投資有限公司) which was incorporated in the PRC as a limited liability company and an associate of Mr. YEUNG Kwok Keung, a Director
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. YANG”	Ms YANG Huiyan, a Director and the ultimate controlling shareholder of the Company
“PRC”	the People’s Republic of China, (for the purpose of this announcement, excluding Hong Kong Special Administrative Region, the Macau Special Administrative 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
“Qingyuan Country Garden Co.”	Qingyuan Country Garden Property Development Co., Ltd. (清遠碧桂園物業發展有限公司), which was incorporated in the PRC as a limited liability company and is an associate of Ms. YANG and a connected person of the Company

“Qingyuan Project”	the development of property at the site located in Shijiao Town, Qingcheng District, Qingyuan City, the PRC, being the only outstanding property development project under the Amended Construction Services Agreements as at the date of this announcement
“Shares”	the ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under each of the Crystal Water Supply Agreement, the Cement Products Sales Agreement and the Amended Construction Services Agreements as extended by the Amendment Agreement
“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 as a limited liability company
“RMB”	Renminbi, the lawful currency of PRC

The English names of the PRC entities are translations of their Chinese names and are included for identification purpose only.

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

Foshan, Guangdong Province, the PRC, 15 December 2009

As of 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

<http://www.countrygarden.com.cn>