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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)

CONNECTED TRANSACTION

On 15 October 2009, Country Garden Property Development and Elite Architectural Co. entered into the Share Transfer Agreement pursuant to which Country Garden Property Development sold and Elite Architectural Co. purchased the Sale Shares at a consideration of RMB1.28 (equivalent to approximately HK\$1.45) per Sale Share, which was determined with reference to the Repurchase Price.

As the Share Transfer Agreement was entered into on an urgent basis in view of the imminent deadline for the transfer of the Sale Shares as notified by RCCS, Country Garden Property Development and Elite Architectural Co. had used the Repurchase Price as the purchase price per Sale Share at the time of signing of the Share Transfer Agreement. It was the understanding between the parties at the time of signing of the Share Transfer Agreement that if the Restructuring was finally approved by CBRC and the promoter shares of Shunde Commercial Bank were to be issued at the Issue Price, Elite Architectural Co. would make up the shortfall amount with reference to the purchase price per Sale Share being based on the Issue Price. The Restructuring was finally approved by CBRC in the later half of December 2009 when the Issue Price was simultaneously confirmed and the parties entered into the Side Agreement on 19 January 2010.

Elite Architectural 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. Elite Architectural Co. is an associate of Ms. Yang and is thus a connected person of the Company. The Disposal therefore constituted a connected transaction of the Company. As the deadline in relation to the Disposal was imminent and the Company believed that it was only required to comply with the Listing Rules when the major commercial term, namely the adjustment of the price per Sale Share, had been agreed with the parties, the Company has not complied with the reporting and announcement requirements under Chapter 14A of the Listing Rules in respect of the Disposal in a timely manner.

As the applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules in respect of the Transactions are less than 2.5%, the Share Transfer Agreement and the Side Agreement are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Prior to the Disposal, the Company, through its wholly-owned subsidiary Country Garden Property Development was interested in 29,999,000 RCCS Shares, representing 2.29% of the registered capital of RCCS.

RCCS announced the Restructuring on 22 September 2009. In the later half of December 2009, CBRC approved the Restructuring and RCCS was converted into Shunde Commercial Bank pursuant to the Restructuring.

It had all along been the understanding of Country Garden Property Development since the announcement of the Restructuring by RCCS that the original shareholders of RCCS would be entitled to convert their respective RCCS Shares into the shares of Shunde Commercial Bank at the ratio of 1:1 pursuant to the Restructuring until it was notified by RCCS on 13 October 2009 (i) that being a wholly foreign owned enterprise in the PRC, Country Garden Property Development did not fulfill the qualification of a promoter of Shunde Commercial Bank; and (ii) that Country Garden Property Development was required to transfer the RCCS Shares owned by it to individuals or domestic enterprises which were not financial institutions in the PRC, being eligible promoter(s) of Shunde Commercial Bank, on or before 15 October 2009 or to sell their RCCS Shares back to RCCS at the Repurchase Price on or before 20 October 2009.

Country Garden Property Development considered that it would be more beneficial to the Group to sell the Sale Shares to eligible enterprises than selling the same back to RCCS. However, none of the entities within the Group proposed by Country Garden Property Development to be the transferee of the Sale Shares had been accepted by RCCS on ground that such entities are foreign invested entities. On 15 October 2009, RCCS indicated that Elite Architectural Co. was eligible as a promoter of Shunde Commercial Bank.

THE SHARE TRANSFER AGREEMENT

Immediately after being aware that Elite Architectural Co. was an eligible promoter of Shunde Commercial Bank, Country Garden Property Development entered into the Share Transfer Agreement with Elite Architectural Co. on 15 October 2009, being the deadline for the transfer of the Sale Shares, pursuant to which Country Garden Property Development sold and Elite Architectural Co. purchased the Sale Shares at a consideration of RMB1.28 (equivalent to approximately HK\$1.45) per Sale Share, which was determined with reference to the Repurchase Price. The total consideration amounted to RMB38,398,720 (equivalent to approximately HK\$43,590,328). As at the date of this announcement, the Sale Shares have been transferred to Elite Architectural Co..

THE SIDE AGREEMENT

As the Share Transfer Agreement was entered into on an urgent basis in view of the imminent deadline, Country Garden Property Development and Elite Architectural Co. had used the Repurchase Price as the purchase price per Sale Share at the time of signing of the Share Transfer Agreement. It was the understanding between the parties at the time of signing of the Share Transfer Agreement that if the Restructuring was finally approved by CBRC and the promoter shares of Shunde Commercial Bank were to be issued at the Issue Price, Elite Architectural Co. would make up the shortfall amount with reference to the purchase price per Sale Share being based on the Issue Price, being RMB4.8 per share (equivalent to approximately HK\$5.45). The Restructuring was finally approved by CBRC in the later half of December 2009 when the Issue Price was simultaneously confirmed. Each of the Company, Country Garden Property Development and Elite Architectural Co. then proceeded to seek approval of their respective board of directors regarding the terms of the Side Agreement and Country Garden Property Development and Elite Architectural Co. entered into the Side Agreement on 19 January 2010. Pursuant to the Side Agreement, Elite Architectural Co. agreed to make a payment of RMB105,596,480 (equivalent to approximately HK\$119,873,402), being the shortfall amount with the purchase price being based on the Issue Price, to Country Garden Property Development within 5 working days after fulfillment of the condition of the Side Agreement. Such payment is conditional upon compliance by the Company with the Listing Rules in respect of the Transactions.

INFORMATION ON RCCS

So far as the Company is aware, RCCS was a banking and financial institution established in the PRC principally engaged in the provision of banking and financial services.

The carrying value of the interests of the Group in RCCS (comprised in the unaudited interim financial information of the Group (based on generally accepted accounting principles in Hong Kong) for the six months ended 30 June 2009) were RMB29,999,000 (equivalent to approximately HK\$34,054,944).

A summary of the financial results of RCCS prepared in accordance with the generally accepted accounting principles in the PRC for the two years ended 31 December 2008 is set out below:

	For the year ended	
	31 December	
	2008	2007
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net profit/(loss) before taxation and extraordinary items	900,229	550,660
Net profit/(loss) after taxation and extraordinary items	503,762	349,271

Based solely on the carrying value of the interests of the Group in the Sale Shares as at 30 June 2009 comprised in the unaudited interim financial information of the Group for the six months ended 30 June 2009, the Company expects to realize a gain of approximately RMB113,996,200 (equivalent to approximately HK\$129,408,786) (before taxation) as a result of the Transactions, an

amount representing the difference between the aggregate of the consideration for the Sale Shares and the amount payable by Elite Architectural Co. to Country Garden Property Development under the Side Agreement, and the carrying value of the interests of the Group in the Sale Shares as at 30 June 2009. The Company intends to apply the proceeds of the Transactions for general corporate purposes.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As stated in the paragraph headed “Background” above, on 13 October 2009, Country Garden Property Development was notified by RCCS (i) that being a wholly foreign owned enterprise in the People’s Republic of China, Country Garden Property Development did not fulfill the qualification of a promoter of Shunde Commercial Bank; and (ii) that Country Garden Property Development was required to transfer the RCCS Shares owned by it to individuals or domestic enterprises which were not financial institutions in the PRC, being eligible promoter(s) of Shunde Commercial Bank, on or before 15 October 2009 or to sell their RCCS Shares back to RCCS at the Repurchase Price on or before 20 October 2009. Country Garden Property Development considered that it would be more beneficial to the Group to sell the Sale Shares to eligible enterprises than selling the same back to RCCS. In order to meet the imminent deadline for the transfer of the Sale Shares, Country Garden Property Development entered into the Share Transfer Agreement to sell the Sale Shares to Elite Architectural Co., being confirmed as an eligible promoter of Shunde Commercial Bank by RCCS.

After the Restructuring was finally approved by CRBC and the Issue Price was simultaneously confirmed, the Directors of the Company considered that it would be in the interest of the Group that the price per Sale Share should be based on the Issue Price rather than the Repurchase Price. Therefore, the parties entered into the Side Agreement pursuant to which Elite Architectural Co. agreed to make up the shortfall amount with reference to the purchase price per Sale Share being based on the Issue Price. Pursuant to the Side Agreement, the Company would receive an amount of RMB105,596,480 (equivalent to approximately HK\$119,873,402).

The terms of the Share Transfer Agreement and the Side Agreement have been agreed after arm’s length negotiations between the parties. The Directors (including the independent non-executive directors) consider that the Share Transfer Agreement together with the Side Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Elite Architectural 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. Elite Architectural Co. is an associate of Ms. Yang and is thus a connected person of the Company. The Disposal therefore constituted a connected transaction of the Company. As the deadline in relation to the Disposal was imminent and the Company believed that it was only required to comply with the Listing Rules when the major commercial term, namely the adjustment of the price per Sale Share, had been agreed with the parties, the Company has not complied with the reporting and announcement requirements under Chapter 14A of the Listing Rules in respect of the Disposal in a timely manner.

As the applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules in respect of the Transactions are less than 2.5%, the Share Transfer Agreement and the Side Agreement are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Country Garden Property Development is principally engaged in property development in Shunde district, Foshan, the PRC.

The Group is an investment holding company and its subsidiaries are principally engaged in property development in the PRC including property development, construction, fitting and decoration, property management and hotel operation.

Elite Architectural Co. is principally engaged in construction projects and the corresponding services as to project consultation and design of decorations.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“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
“Country Garden Property Development”	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 limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by Country Garden Property Development to Elite Architectural Co. pursuant to the Share Transfer Agreement

“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有限公司)), a limited liability company established in the PRC and an associate of Ms. Yang and a connected person of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	the issue price of the new shares to be issued by Shunde Commercial Bank to its promoters pursuant to the Restructuring, being RMB4.8 per share (equivalent to approximately HK\$5.45)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Yang”	Ms. Yang Huiyuan, 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, the Macau Special Administrative Region of the PRC and Taiwan)
“RCCS”	The Rural Credit Cooperatives Union of Shunde (佛山市順德區農村信用合作聯社), a financial institution established in the PRC and converted into Shunde Commercial Bank pursuant to the Restructuring
“RCCS Share(s)”	the share(s) in the registered capital of RCCS
“Repurchase Price”	RMB1.28 per RCCS Share
“Restructuring”	the proposal restructure of RCCS from a rural co-operative union to a commercial bank
“Sale Share(s)”	29,999,000 RCCS Shares
“Shareholder(s)”	holders of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Share Transfer Agreement”	the undated share transfer agreement entered into between Country Garden Property Development and Elite Architectural Co. for the sale and purchase of the Sale Shares on 15 October 2009

“Side Agreement”	the agreement entered into between Country Garden Property Development and Elite Architectural Co. dated 19 January 2010, pursuant to which Elite Architectural Co. agreed to pay to Country Garden Property Development a sum of RMB105,596,480 (equivalent to approximately HK\$119,873,402)
“Shunde Commercial Bank”	Foshan Shunde Rural Commercial Bank Company Limited (佛山順德農村商業銀行股份有限公司), a commercial bank established in the PRC on 23 December 2009 pursuant to the Restructuring
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Disposal and the transactions contemplated under the Side Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent.

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

In this announcement, RMB has been converted to HK\$ at the rate of RMB0.8809=HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 25 January 2010

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.