

## Chairman's Statement

Dear Shareholders,

I am pleased to present the annual results of Country Garden Holdings Company Limited ("Country Garden" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2007.

During the year under review, the Group's project developments were well in progress within and beyond Guangdong Province and the property sales recorded satisfactory performance. For the fiscal year ended 31 December 2007, the Group's revenue and gross profit reached RMB17,735 million and RMB8,174.1 million, representing an annual growth of 123.3% and 170.8% respectively. Profit attributable to equity holders significantly increased by 172.2% to RMB4,135.9 million comparing with last year. The Board of Directors recommended the payment of a final dividend of RMB9.52 cents per share for the year ended 31 December 2007.

The Group was successfully listed on the Main Board of the Stock Exchange of Hong Kong on 20 April 2007 and raised about HKD14.85 billion. The successful listing has opened the door of international capital markets to the Group, providing it with innovative financing tools such as the recent issuance of convertible bonds with equity swap agreement in February 2008. The bond issuance offered the Group with capital for its business development and further broadened its global investor base. Given the market condition warrants, the Group will, in future, proactively consider other capital market financing tools, so as to further strengthen the Group's capital structure.

In line with the national policy, the Group effectively utilized the listing proceeds to actively expand its business within and beyond the Guangdong Province. As of 31 December 2007, there were 45 projects under different stages of development. The attributable gross floor area (GFA) with land use right certificates was approximately 38 million sq.m. Among which, the attributable GFA under development was around 9.88 million sq.m.

The Group continues to capitalize on its competitive advantages of rapid property development and fast property sales. By the end of December 2007, the additional 18 new projects established since listing are all well underway in developments. These new projects, together with previous existing projects, are all expected to contribute towards the Group's sales revenue in 2008.

Based in Guangdong Province, Country Garden has been, in recent years, proactively exploring opportunities to further

its footholds and replicate its successful business model in other regions outside of Guangdong Province. Country Garden has already established its presence outside of Guangdong Province such as in Hunan Province, Hubei Province, Jiangsu Province, Anhui Province, Liaoning Province, Inner Mongolia Autonomous Region and Chongqing municipality. By 31 December 2007, Hunan Changsha Country Garden had achieved contracted sales of approximately RMB2.35 billion since its first launch in October 2006; Jiangsu Taizhou Country Garden had also recorded contracted sales of approximately RMB290 million during its initial two months presale period starting from January 2008. The successful sale performance for projects outside of Guangdong Province has well demonstrated the Group's strong ability in project execution, as well as the Group's ability to replicate its successful business model beyond Guangdong Province.

The Group continues to expand its hotel business to broaden its recurring income stream from non-residential developments which diversifies the Group's property income portfolio. As of 31 December 2007, the Group has developed and currently operates two five-star hotels and one four-star hotel, as well as five hotels that have been developed to the five-star rating standard. In addition, the Group has another four five-star standard hotels under construction.

Country Garden was added to the Morgan Stanley Capital International ("MSCI") Global Standard Indices on 1 September 2007 and to the Hang Seng Composite Index 200 and Hang Seng Mainland Composite Index on 10 September 2007. The inclusion symbolizes the capital market's recognition of Country Garden as a major component of the Hong Kong stock market. It also strengthened the Group's benchmarking position in the international capital market. In future, the Group will continue to improve its transparency and strengthen its corporate governance in an effort to enhancing shareholder value.

Being one of the leading integrated property developers in China, Country Garden faces relatively low market risks. This is mainly due to the Group's main focus of developing residential property projects in 2nd, 3rd and 4th-tier cities, where the economy and the property markets are experiencing the early stage of growth in prosperity. Unlike property prices in large cities that experience downward adjustments, the impact on the relatively low property priced 2nd, 3rd and 4th-tier cities is low. In addition, the Group is fully dedicated to providing quality residential properties with an attractive value to price ratio with enhancing living environment for local residents. Especially through following the banner of development a harmonious society advocated by the central government, the Group will continue to offer large supply of quality properties which are

## Chairman's Statement (continued)

value for money. These properties are mainly located in 3rd and 4th-tier cities. Such development model not only realizes rapid property sales for the Group, but also at the same time helps to contribute to the price stabilization in the local property market. The Group believes that the austerity measures implemented by the government are beneficial to the long term development of the property market, especially positive to those companies with a solid foundation.

Looking ahead, Country Garden will continue its development in line with the national development strategies and the

environment. Through strategic selection of project locations, coupled with fast track development, exceptional execution capability, the Group will further increase its asset turnover, and replicate its successful business model into other new high growth regions across China.

### APPRECIATION

The achievement that Country Garden has made today is attributable to the concerted efforts of the management and the entire staff. On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to the management and every staff of the Company for their excellent effort over the past years. We would also like to extend our appreciation to the local governments for their continuous support in making possible the smooth progress of our various projects. We would also like to express our appreciation to our residents, shareholders and business partners for their strong support and confidence in the Group. The entire management and staff of Country Garden will continue to dedicate their professional knowledge with excellent team spirit, working towards generating prosperous returns to our shareholders.

#### **Yeung Kwok Keung**

*Chairman*

Hong Kong, the PRC, 18 March 2008

