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## **GREENTOWN CHINA HOLDINGS LIMITED**

**綠城中國控股有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3900)**

### **CONNECTED TRANSACTION**

The Board announces that, on 6 January 2010, Hangzhou Qiandaohu, an indirect non-wholly owned subsidiary of the Company, and Mr Song entered into the Agreement pursuant to which Hangzhou Qiandaohu agreed to sell, and Mr Song agreed to buy, the Property for RMB29,830,104 (approximately HK\$34,006,318.6), subject to adjustment.

As Mr Song is an executive Director and a substantial Shareholder, he is a connected person of the Company under the Listing Rules. The Agreement constitutes a connected transaction of the Company under the Listing Rules. Since the highest of all applicable percentage ratios of the Disposal calculated in accordance with Rule 14.07 of the Listing Rules are above 0.1% but below 2.5%, the Disposal is subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirement.

### **THE AGREEMENT**

The Board announces that, on 6 January 2010, Hangzhou Qiandaohu and Mr Song entered into the Agreement pursuant to which Hangzhou Qiandaohu agreed to sell, and Mr Song agreed to buy, the Property.

#### **Date**

6 January 2010

#### **Parties**

1. Hangzhou Qiandaohu
2. Mr Song

#### **Asset to be disposed of**

The Property is one of the residential properties of the Project. The Property has an estimated total GFA of approximately 731.13 square metres, comprising an estimated usable floor area of approximately 483.18 square metres and an estimated common area of approximately 247.95 square metres.

The Property is currently under development and the construction of the Property is expected to be completed in June 2010.

According to (a) the book value of the Project of RMB1,220,870,605 (approximately HK\$1,391,792,490) as shown in the unaudited management accounts of Hangzhou Qiandaohu as at 30 November 2009, prepared in accordance with the PRC Generally Accepted Accounting Principles, and (b) the calculations based on the proportion of the saleable GFA of the Property and that of the Project, the book value of the Property was approximately RMB3,610,144 (approximately HK\$4,115,564).

### **Consideration**

The consideration for the Property shall be RMB29,830,104 (approximately HK\$34,006,318.6) of which (a) RMB8,950,104 (approximately HK\$10,203,118.6) shall be paid before 20 January 2010 and (b) RMB20,880,000 (approximately HK\$23,803,200) shall be paid before 30 August 2010.

The consideration for the Property was determined based on the unit price of RMB40,800 per square metre (approximately HK\$46,512 per square metre) multiplied by the total GFA of the Property, and after arm's length negotiation between the parties with reference to the average selling price of comparable residential properties sold by Hangzhou Qiandaohu to third parties.

The Directors (including the independent non-executive Directors) are of the view that the consideration for the Property is fair and reasonable.

### **Area difference**

If there is a difference between the Registered GFA and the Contract GFA (the "**Area Difference**"):

1. in the case that the Area Difference is caused by the alteration of the design of the Property and the Agreement is not terminated by the parties, the parties shall entered into a supplementary agreement within 20 days after Hangzhou Qiandaohu has served a written notice of alteration of the design. If Mr Song has not entered into any such supplementary agreement with Hangzhou Qiandaohu, Mr Song shall be deemed to have accepted such alteration and the Contract GFA shall be deemed to have been changed to the GFA after such alteration;
2. in the case that the Area Difference is 3% of the Contract GFA or below, the consideration shall be adjusted according to the Registered GFA; and
3. in the case that the Area Difference exceeds 3% of the Contract GFA, Mr Song is entitled to return the Property to Hangzhou Qiandaohu and the refund of all the consideration paid by Mr Song together with the interest accrued thereon at the concurrent bank deposit rate (銀行同期存款利率). If Mr Song has chosen not to return the Property, and (a) the Registered GFA is larger than the Contract GFA, (i) Mr Song shall pay the price for the additional GFA which is 3% of the Contract GFA; (ii) Hangzhou Qiandaohu shall bear the price for the GFA which equals to the Area Difference minus 3% of the Contract GFA, without affecting Mr Song's title to the Property; or (b) the Registered GFA is smaller than the Contract GFA, (i) Hangzhou Qiandaohu shall refund to Mr Song the price for the Area Difference; (ii) Hangzhou Qiandaohu shall further compensate Mr Song the price for GFA which equals to the Area Difference minus 3% of the Contract GFA.

## **Penalty for late payment of the consideration**

If Mr Song fails to pay the consideration of the Property within the timeframe as specified under “Consideration” above:

1. Mr Song shall pay to Hangzhou Qiandaohu a daily fine equivalent to 0.01% of the consideration payable from the second day of the specified timeframe until the actual day of payment of the consideration payable if the delayed payment is made within 120 days after the specified timeframe; and
2. Hangzhou Qiandaohu is entitled to terminate the Agreement if the delayed payment is made after 120 days from the specified timeframe: (a) in the case of such termination, Mr Song shall pay to Hangzhou Qiandaohu a fine equivalent to 1% of the consideration payable; (b) in the case that Hangzhou Qiandaohu has chosen to proceed with the Agreement, Mr Song shall pay to Hangzhou Qiandaohu a daily fine equivalent to 0.01% of the consideration payable from the second day of the specified timeframe until the actual day of payment of the consideration payable.

## **Delivery of the Property**

Before 30 June 2010, Hangzhou Qiandaohu shall deliver to Mr Song the Property which shall have been inspected and accepted as qualified (驗收合格) in accordance with the national and provincial regulations, save for the occurrence of any of the following events (a “**Special Event**”) in which case the parties may agree to terminate or amend the Agreement or to extend the delivery period of the Property:

1. a force majeure event, including natural disasters such as earthquake and flood, war, riot, abnormal social incidents such as large scale epidemics, and a change of law, regulation or policy, has occurred and Hangzhou Qiandaohu has served a notice on Mr Song within 30 days of such occurrence;
2. authorities at the county (municipality) level and above in charge of planning, culture and heritage, environment protection, land administration, forestry, water conservation, electricity etc has implemented any administrative measures in accordance with the relevant laws and regulations or any material technical issue has taken place resulting in the extension of development and construction period, provided that any such extension shall not exceed 6 months; and
3. upon the expiry of the specified time for delivery, if any consideration of the Property or other sum payable has not been settled in full, and if the Agreement is not terminated by the parties, the delivery period of the Property shall be extended by 7 days after the settlement in full of any such payment by Mr Song, and any such extension shall not be considered as a default of delivery.

Save for the occurrence of a Special Event, if Hangzhou Qiandaohu fails to deliver the Property to Mr Song before 30 June 2010:

1. Hangzhou Qiandaohu shall pay to Mr Song a daily fine equivalent to 0.01% of the paid consideration of the Property from 1 July 2010 until the actual day of delivery of the Property if the delayed delivery is within 120 days after 30 June 2010; and

2. Mr Song is entitled to terminate the Agreement if the delayed delivery has exceeded 120 days after 30 June 2010: (a) in the case of such termination, Mr Song shall provide a termination notice on Hangzhou Qiandaohu which shall then (i) refund all the consideration paid by Mr Song within 15 days from the date of completion of procedures for the return of the Property (including the deregistration from the housing management department); and (ii) pay to Mr Song a fine equivalent to 1% of the consideration paid by Mr Song; and (b) in the case that Mr Song has chosen to proceed with the Agreement, Hangzhou Qiandaohu shall pay to Mr Song a daily fine equivalent to 0.01% of the consideration paid from 1 July 2010 until the actual day of delivery of the Property.

### **Other rights of Mr Song**

Mr Song is also entitled to:

1. receive certain compensation from Hangzhou Qiandaohu if the Property fails to meet the delivery standards as stipulated in the Agreement;
2. terminate the Agreement, return the Property to Hangzhou Qiandaohu and the refund from Hangzhou Qiandaohu of all the consideration paid by Mr Song if the construction and design of the Property is changed;
3. save for the occurrence of a Special Event, the rights under the section “Delivery of the Property” if the ancillary facilities and public facilities of the Property fail to meet the delivery standards as stipulated in the Agreement; and
4. return the Property to Hangzhou Qiandaohu and the refund from Hangzhou Qiandaohu of all consideration paid by Mr Song and certain compensation or receive certain compensation from Hangzhou Qiandaohu without returning the Property if a delay in the title registration of the Property has occurred due to the fault of Hangzhou Qiandaohu.

### **FINANCIAL EFFECTS OF THE DISPOSAL**

Upon completion of the Disposal, it is estimated that the Group will record a net profit (based on the Group’s interest of 80% in Hangzhou Qiandaohu) of approximately RMB6,250,000 (approximately HK\$7,125,000) which is estimated based on the Group’s internal financial projection with an assumption that the average selling price of RMB28,100 per square metre (equivalent to approximately HK\$32,034 per square metre) of the residential properties of Block 2, Thousand Islands Lake Resort of the Project. The Board intends to use the proceeds from the Disposal as a general working capital and in the future development of the Group’s business.

### **INFORMATION ON THE PROJECT**

The Project is a commodity properties project under development by Hangzhou Qiandaohu and is situated at 中國浙江省杭州市淳安縣千島湖鎮清風苑 (地塊編號0-01-(000)-820-1、0-01-(000)-820-2及1-1-36) (Lots number 0-01-(000)-820-1, 0-01-(000)-820-2 and 1-1-36, Qingfeng Garden, Thousand Islands Lake Town, Chunan District, Hangzhou, Zhejiang province, the PRC\*) with a total site area of approximately 80,749.75 square metres, 47,517.47 square metres and 5,245.94 square metres, respectively.



“commodity properties”	residential properties, commercial properties and other buildings that are developed by property developers for the purposes of sale or lease
“Company”	Greentown China Holdings Limited (綠城中國控股有限公司*), a company incorporated in the Cayman Islands on 31 August 2005 with limited liability, the Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Contract GFA”	the GFA of the Property as set out in the Agreement, being approximately 731.13 square metres
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property from Hangzhou Qiandaohu to Mr Song pursuant to the Agreement
“GFA”	gross floor area
“Greentown Real Estate”	綠城房地產集團有限公司 (Greentown Real Estate Group Co., Ltd.*), a wholly foreign-owned enterprise which was incorporated in the PRC and is a direct wholly-owned subsidiary the Company
“Group”	the Company and its subsidiaries
“Hangzhou Qiandaohu”	杭州千島湖綠城投資置業有限公司 (Hangzhou Qiandaohu Real Estate Investment Co., Ltd.*), a limited liability company which was established in the PRC on 15 June 2005, and 80% owned by Greentown Real Estate which is wholly-owned by the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Song”	Mr Song Weiping 宋卫平, an executive Director and a substantial Shareholder
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Project”	千島湖度假公寓 (Thousand Islands Lake Resort*), a commodity property development project located at 中國浙江省杭州市淳安縣千島湖鎮清風苑 (地塊編號0-01-(000)-820-1、0-01-(000)-820-2及1-1-36) (Lots number 0-01-(000)-820-1, 0-01-(000)-820-2 and 1-1-36, Qingfeng Garden, Thousand Islands Lake Town, Chunan District, Hangzhou, Zhejiang province, the PRC*) with a total site area of approximately 80,749.75 square metres, 47,517.47 square metres and 5,245.94 square metres, respectively, and is wholly-owned by Hangzhou Qiandaohu
“Property”	the property situated at 中國浙江省杭州市淳安縣千島湖鎮清風苑千島湖度假公寓2幢1單元12A01室 (Room 12A01, Unit 1, Block 2, Thousand Islands Lake Resort, Qingfeng Garden, Thousand Islands Lake Town, Chunan District, Hangzhou, Zhejiang province, the PRC*), which is one of the residential properties of the Project
“Registered GFA”	the GFA shown in the title registration record of the Property
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.14 has been used for currency translation, where applicable. Such exchange rates are for illustration purposes and do not constitute representations that any amount in RMB or HK\$ have been, could have been or may be converted at such rates.

By Order of the Board  
**Greentown China Holdings Limited**  
**Shou Bainian**  
*Executive Vice Chairman*

Hangzhou, the PRC, 6 January 2010

*As at the date of this announcement, Mr Song Weiping, Mr Shou Bainian, Mr Luo Zhaoming, Mr Chen Shunhua and Mr Guo Jiafeng are the executive Directors; Mr Jia Shenghua, Mr Jiang Wei, Mr Sze Tsai Ping, Michael, Mr Tsui Yiu Wa, Alec, Mr Tang Shiding and Mr Ke Huanzhang are the independent non-executive Directors.*

\* For identification purposes only