

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 TRANSACTIONS**

On 6 January 2010, the Buyer and the Seller entered into the Agreement pursuant to which, (a) the Buyer agreed to buy, and the Seller agreed to sell, the Sale Interests for RMB250,000,000 (approximately HK\$285,000,000); and (b) the Buyer agreed to repay the Shareholder's Loan and the Interest to the Seller.

The Consideration was determined with reference to, among other things, the net asset value of the Target Company as at 31 July 2009 of RMB619,462,200 (approximately HK\$706,186,908) as appraised by a property valuer which is independent of and not a connected person of the Company.

The Target Company is 40% owned by the Seller, 30% owned by Zhongji Group and 30% owned by De He. Zhongji Group and De He are both indirectly wholly-owned by the Company. Upon completion of the Acquisition, the Company will indirectly wholly own the Target Company, which, in turn, directly or indirectly, owns certain interests in the Target Group Companies and the Chang Zhi Dao Project as shown in the diagrams under the section headed "Shareholding Structures of the Target Group".

The Target Company is a subsidiary of the Company. As the Seller is a substantial shareholder of the Target Company, the Seller is a connected person of the Company under the Listing Rules. Therefore, the Transactions constitute connected transactions of the Company under the Listing Rules. As the highest of all percentage ratios in respect of the Transactions is above 2.5% on an aggregate basis, the Transactions are subject to the requirements of reporting, announcement and independent shareholders' approval of the Company under Chapter 14A of the Listing Rules.

On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Transactions; and (ii) Delta House Limited, Wisearn Limited and Profitwise Limited, being a closely allied group of Shareholders, which hold 442,124,000 Shares, 68,859,000 Shares and 384,490,500 Shares respectively, representing an aggregate of approximately 54.09% of the issued share capital of the Company as at the date of this announcement, have approved the Transactions in writing, the Company has applied to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for a waiver from the requirement to hold a general meeting of the Shareholders and permission for the independent shareholders' approval of the Transactions to be given in writing on the basis that the conditions prescribed by the Listing Rules have been met. Delta House Limited, Wisearn Limited and Profitwise Limited are wholly-owned by Mr Song Weiping, his spouse, Ms Xia Yibo and Mr Shou Bainian respectively, who are parties acting in concert pursuant to a concert party agreement dated 26 November 2005.

The Independent Board Committee will be established to advise the Shareholders in relation to the Transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the Shareholders in relation to the Transactions.

A circular containing, among other things, (a) particulars of the Transactions; (b) the recommendation of the Independent Board Committee to the Shareholders in relation to the Transactions; and (c) the letter of advice from an independent financial adviser to the Independent Board Committee and the Shareholders in relation to the Transactions will be despatched to the Shareholders as soon as practicable.

**As the completion of the Acquisition is subject to the fulfillment of certain conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## THE AGREEMENT

The Board announces that the Buyer and the Seller entered into the Agreement on 6 January 2010.

### Date

6 January 2010

### Parties

- (1) The Buyer, an indirect wholly-owned subsidiary of the Company, as buyer
- (2) The Seller, as seller

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and the ultimate beneficial owner of the Seller are third parties independent of and not connected persons of the Company.

## **Assets to be acquired**

Pursuant to the Agreement, the Buyer agreed to buy, and the Seller agreed to sell, the Sale Interests. The Target Company is 40% owned by the Seller, 30% owned by Zhongji Group and 30% owned by De He. Zhongji Group and De He are both indirectly wholly-owned by the Company. Upon completion of the Acquisition, the Company will indirectly wholly own the Target Company, which, in turn, directly or indirectly, owns certain interests in the Target Group Companies and the Chang Zhi Dao Project as shown in the diagrams under the section headed “Shareholding Structures of the Target Group” below.

## **Consideration**

As the Seller is a state-controlled enterprise, the sale of equity interests or assets owned by the Seller has to go through the listing-for-sale (掛牌出讓) process according to PRC law. Pursuant to the MOU and the Framework Agreement, the Seller shall commence the listing-for-sale process at the Beijing Equity Exchange in relation to the sale of the Sale Interests and the Buyer shall submit to bid for the Sale Interests. As at the date of this announcement, the Seller has completed the said list-for-sale process and the Buyer has successfully bid for the Sale Interests.

The offer price (起始價) and the final price (成交價) for listing-for-sale of the Sale Interests have both been determined at RMB250,000,000 (approximately HK\$285,000,000). Pursuant to the Confirmation on Transfer of State-owned Equity (企業國有產權交易證明) issued by the Beijing Equity Exchange, the Consideration shall be RMB250,000,000 (approximately HK\$285,000,000).

Pursuant to the Notice on Confirmation on Transferee (受讓資格通知書) issued by the Beijing Equity Exchange, on 5 January 2010, the Buyer paid the Auction Deposit. The Auction Deposit shall be used to settle against part of the Consideration and the Buyer shall settle the balance of the Consideration by a one-off payment within two (2) working days from the Effective Date. On 11 January 2010, the Buyer settled the balance of the Consideration which was financed by the Group’s internal resources.

The Consideration was determined with reference to, among other things, the net asset value of the Target Company as at 31 July 2009 of RMB619,462,200 (approximately HK\$706,186,908) as appraised by a property valuer which is independent of and not a connected person of the Company.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from an independent financial adviser) are of the opinion that the Consideration is fair and reasonable and was determined after the listing-for-sale process.

## **Shareholder’s Loan**

The Buyer shall make a one-off repayment of the Shareholder’s Loan and the Interest to the Seller within five (5) working days from the Effective Date.

Pursuant to the MOU and the Framework Agreement, the Buyer paid the Deposit in the amount of RMB5,000,000 (approximately HK\$5,700,000) and RMB15,000,000 (approximately HK\$17,100,000) to the Seller on 26 August 2009 and 16 November 2009, respectively. The Deposit and the interest in the amount of RMB3,245 (approximately HK\$3,699), calculated at the rate which is the same as the rate applicable to the Interest, accrued thereon from 6 January 2010 until the Effective Date shall be used to offset against part of the Shareholder’s Loan and the Interest, respectively.

On 7 January 2010, City Construction repaid the balance of the Shareholder's Loan in the amount of RMB187,744,110 (approximately HK\$214,028,285) and the balance of the Interest in the amount of RMB25,713,705 (approximately HK\$29,313,623) on behalf of the Buyer, resulting in the Buyer owing an aggregate amount of RMB213,457,815 (approximately HK\$243,341,909) to City Construction. Such amount owed by the Buyer to City Construction is not interest-bearing.

### **Conditions precedent and completion**

The completion of the Acquisition is conditional and shall take place upon the fulfillment of the following conditions:

- (a) the Seller having completed the listing-for-sale process at the Beijing Equity Exchange in respect of the Acquisition in accordance with the applicable laws, regulations and policies;
- (b) the Buyer having obtained the relevant approvals and authorisations in respect of the Acquisition in accordance with its articles of association and the applicable laws, including the approval on the change of shareholders of the Target Company from the competent industry and commerce authority in the PRC; and
- (c) the Buyer having made a one-off repayment of the Shareholder's Loan and the Interest to the Seller within five (5) working days from the Effective Date.

On 31 December 2009, the Seller completed the listing-for-sale process at the Beijing Equity Exchange in respect of the Acquisition. On 7 January 2010, the Shareholder's Loan and the Interest have been repaid to the Seller.

### **INFORMATION ABOUT THE GROUP, THE BUYER AND THE SELLER**

The Group is one of the leading residential property developers in the PRC and is principally engaged in developing quality residential properties targeting at middle to higher income residents in the PRC.

The Buyer is principally engaged in real estate development in Zhoushan City, Zhejiang Province, the PRC.

The Seller is principally engaged in real estate development and investment holding in the PRC.

### **INFORMATION ON THE TARGET GROUP AND THE CHANG ZHI DAO PROJECT**

The Target Company is a company incorporated in the PRC on 18 November 2004 as a sino-foreign equity joint venture by the Seller, Zhongji Group and De He. Before completion of the Acquisition, the Company indirectly owns 60% of the Target Company, through its wholly-owned subsidiaries, Zhongji Group and De He, and the Seller directly owns 40% of the Target Company. The registered capital of the Target Company is RMB100,000,000 (approximately HK\$114,000,000). The Seller, Zhongji Group and De He have contributed registered capital of RMB40,000,000 (approximately HK\$45,600,000), RMB30,000,000 (approximately HK\$34,200,000) and RMB30,000,000 (approximately HK\$34,200,000) respectively to the Target Company. The Target Company is principally engaged in investment holding.

The Target Company owns certain interests in the Target Group Companies and the Chang Zhi Dao Project as shown in the diagrams under the section headed "Shareholding Structures of the Target Group" below.

As at the date of this announcement:

- (a) the Target Company owns (i) 96.875% of City Construction; and (ii) 54% of Zhoushan Ruifeng and the Ruifeng Land; and
- (b) City Construction owns (i) 100% of Zhoushan Mingcheng, Zhoushan Qianyuan, the Mingcheng Land and the Qianyuan Land; (ii) 6% of Zhoushan Ruifeng and the Ruifeng Land; and (iii) 100% of the City Construction Land.

Each of the Target Company and the Target Group Companies is a subsidiary of the Company and will remain a subsidiary of the Company after the Acquisition.

Each of the Target Group Companies is principally engaged in real estate development in Zhoushan City, Zhejiang province, the PRC.

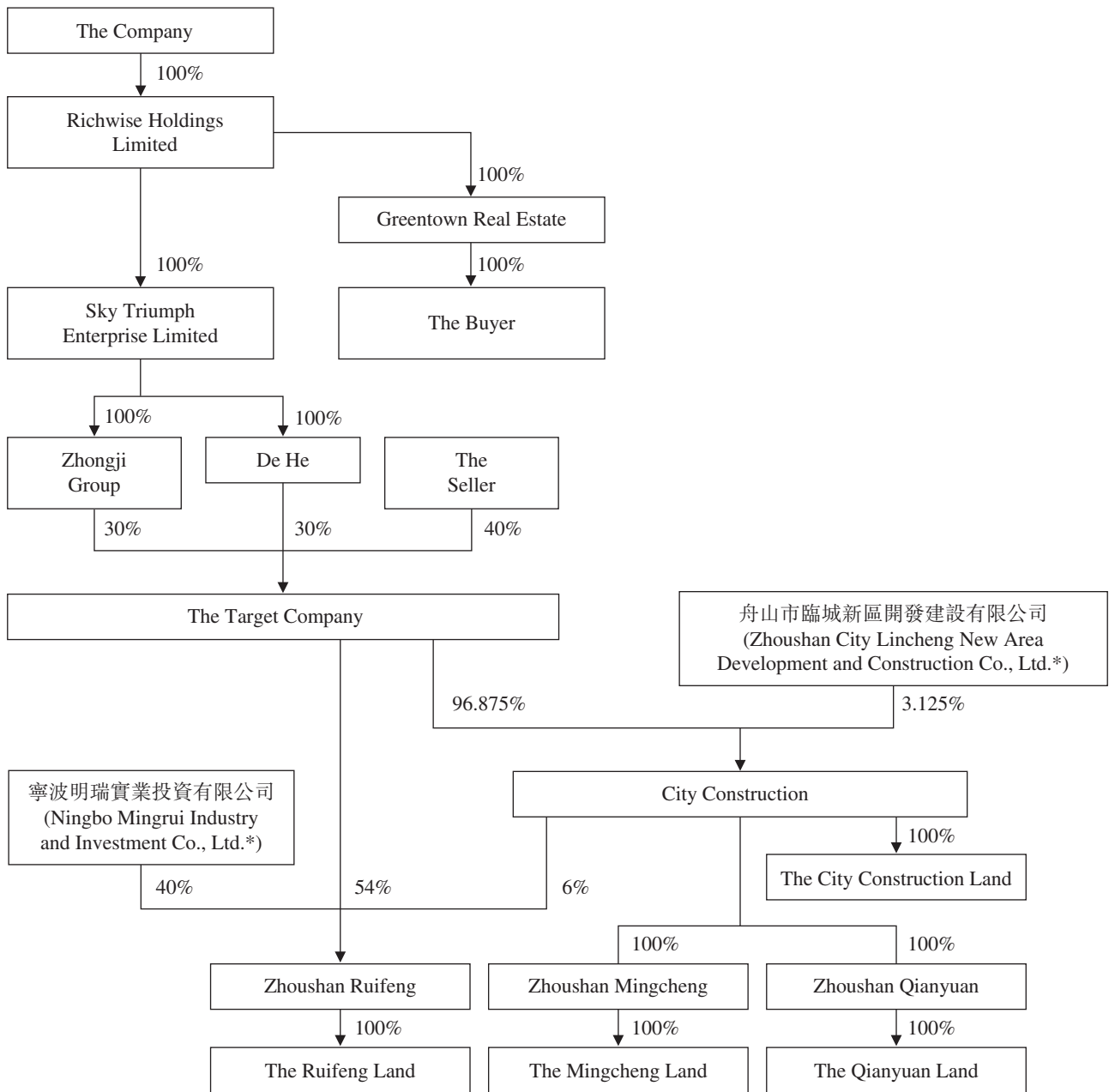
The Chang Zhi Dao Project is primarily a residential property development project located at Lincheng New Area, Zhoushan City, Zhejiang province, the PRC with a total site area of approximately 1,580,987 square metres. The Chang Zhi Dao Project comprises the City Construction Land, the Mingcheng Land, the Qianyuan Land and the Ruifeng Land which are all held for future development and have been granted with the land use rights certificates.

Save as disclosed in this announcement, each of the Target Company and the Target Group Companies does not own any material fixed assets.

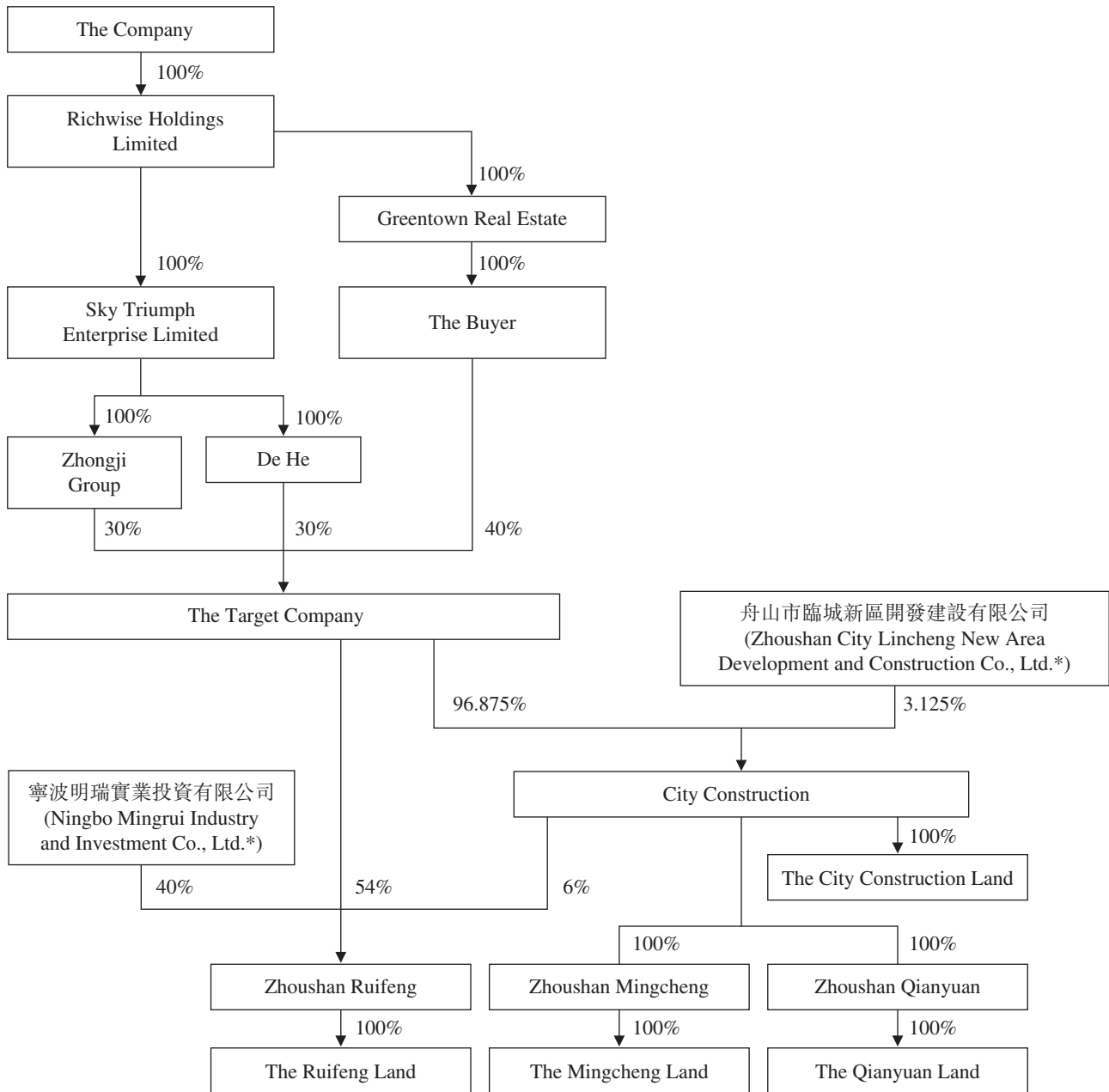
## **SHAREHOLDING STRUCTURES OF THE TARGET GROUP**

The following diagrams illustrate the shareholding structures of the Target Group (a) as at the date of this announcement and (b) immediately after the completion of the Acquisition.

**As at the date of this announcement**



## Immediately after the completion of the Acquisition



## FINANCIAL INFORMATION ON THE TARGET GROUP

The following table sets out certain consolidated financial information of the Target Group prepared in accordance with the PRC Generally Accepted Accounting Principles:

	As at 31 Dec 2007 (audited)		As at 31 Dec 2008 (audited)		As at 30 November 2009 (unaudited)	
	RMB million	HK\$ million	RMB million	HK\$ million	RMB million	HK\$ million
Total assets/(liabilities)	798.0	909.7	863.5	984.4	1,023.8	1,167.1
Net assets/(liabilities)	100.2	114.2	100.2	114.2	100.2	114.2
	For the financial year ended 31 December 2007 (audited)		For the financial year ended 31 December 2008 (audited)		For the 11-month period ended 30 November 2009 (unaudited)	
	RMB million	HK\$ million	RMB million	HK\$ million	RMB million	HK\$ million
Attributable net profit/(loss) before tax	Nil	Nil	Nil	Nil	Nil	Nil
Attributable net profit/(loss) after tax	Nil	Nil	Nil	Nil	Nil	Nil

## REASONS FOR THE ACQUISITION

The Company indirectly owned 60% of the Target Company as at the date of this announcement. After the Acquisition, the Company will indirectly wholly own the Target Company. This allows the Company to further participate in real estate development in Zhoushan City, Zhejiang province, the PRC which the Directors consider to have continued growth potential in the future. The Directors are optimistic about the prospect of the property market in Zhoushan City, Zhejiang province, the PRC.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from an independent financial adviser) are of the opinion that the Agreement and the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The completion of the Acquisition will not have any material change to the assets and liabilities of the Group.

## IMPLICATIONS UNDER THE LISTING RULES

The Target Company is a subsidiary of the Company. As the Seller is a substantial shareholder of the Target Company, the Seller is a connected person of the Company under the Listing Rules. Therefore, the Transactions constitute connected transactions of the Company under the Listing Rules. As the highest of all percentage ratios in respect of the Transactions is above 2.5% on an aggregate basis, the Transactions are subject to the requirements of reporting, announcement and independent shareholders' approval of the Company under Chapter 14A of the Listing Rules.



On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Transactions; and (ii) Delta House Limited, Wisearn Limited and Profitwise Limited, being a closely allied group of Shareholders, which hold 442,124,000 Shares, 68,859,000 Shares and 384,490,500 Shares respectively, representing an aggregate of approximately 54.09% of the issued share capital of the Company as at the date of this announcement, have approved the Transactions in writing, the Company has applied to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for a waiver from the requirement to hold a general meeting of the Shareholders and permission for the independent shareholders' approval of the Transactions to be given in writing on the basis that the conditions prescribed by the Listing Rules have been met. Delta House Limited, Wisearn Limited and Profitwise Limited are wholly-owned by Mr Song Weiping, his spouse, Ms Xia Yibo and Mr Shou Bainian respectively, who are parties acting in concert pursuant to a concert party agreement dated 26 November 2005.

The Independent Board Committee will be established to advise the Shareholders in relation to the Transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the Shareholders in relation to the Transactions.

A circular containing, among other things, (a) particulars of the Transactions; (b) the recommendation of the Independent Board Committee to the Shareholders in relation to the Transactions; and (c) the letter of advice from an independent financial adviser to the Independent Board Committee and the Shareholders in relation to the Transactions will be despatched to the Shareholders as soon as practicable.

**As the completion of the Acquisition is subject to the fulfillment of certain conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set opposite them below:

“Acquisition”	the acquisition of the Sale Interests from the Seller by the Buyer under the Agreement
“Agreement”	the equity transfer agreement dated 6 January 2010 entered into between the Buyer and the Seller in respect of the Acquisition
“Auction Deposit”	the auction deposit (競賣保證金) in the amount of RMB75,000,000 (approximately HK\$85,500,000) paid by the Buyer into the account designated by the Beijing Equity Exchange in accordance with the requirements of the Beijing Equity Exchange, as a guarantee for its intention to bid for the Sale Interests
“Beijing Equity Exchange”	北京產權交易所有限公司(China Beijing Equity Exchange Co., Ltd.*)
“Board”	the board of Directors

“Buyer”	舟山綠城房地產開發有限公司 (Zhoushan Greentown Real Estate Development Co., Ltd.*), a limited liability company which was incorporated in the PRC on 16 December 1999, and is wholly-owned by Greentown Real Estate, and indirectly wholly-owned by the Company
“Chang Zhi Dao Project”	浙江舟山市長峙島項目 (Zhejiang Zhoushan City Chang Zhi Dao Project*), principally a residential property development project located at Lincheng New Area, Zhoushan City, Zhejiang province, the PRC with a total site area of approximately 1,580,987 square metres, and comprising the City Construction Land, the Mingcheng Land, the Qianyuan Land and the Ruifeng Land
“City Construction”	城建中稷 (浙江) 實業發展有限公司 (Urban Construction Zhongji (Zhejiang) Industry & Development Co., Ltd.*), a limited liability company which was incorporated in the PRC on 5 May 2005, and is 96.875% owned by the Target Company and 3.125% owned by 舟山市臨城新區開發建設有限公司 (Zhoushan City Lincheng New Area Development and Construction Co., Ltd.*), a party which is independent of and not a connected person of the Company
“City Construction Land”	the eight parcels of land with a total site area of approximately 539,464 square metres, directly wholly-owned by City Construction under the Chang Zhi Dao Project
“Company”	Greentown China Holdings Limited (綠城中國控股有限公司*), a company incorporated in the Cayman Islands with limited liability on 31 August 2005, the Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB250,000,000 (approximately HK\$285,000,000)
“De He”	德和國際實業有限公司 (De He International Industrial Limited), a limited liability company which was incorporated in Hong Kong on 26 July 2004, and is indirectly wholly-owned by the Company
“Deposit”	the deposit in an aggregate amount to RMB20,000,000 (approximately HK\$22,800,000) paid by the Buyer to the Seller in relation to the Acquisition
“Directors”	the directors of the Company
“Effective Date”	the effective date of the Agreement, being 7 January 2010, the date on which the approval on the Acquisition is obtained from 北京市商務局 (Beijing Municipal Commission of Commerce*)
“Framework Agreement”	the legally binding framework agreement dated 4 November 2009 entered into between the Buyer and the Seller in respect of the Acquisition

“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 established in the PRC on 6 January 1995, and is indirectly wholly-owned by the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors to advise the Shareholders in respect of the Transactions
“Interest”	the interest accrued on the Shareholder’s Loan from 1 February 2008 to the actual date of repayment of the Shareholder’s Loan, calculated at a rate which equals to 110% of the one-year benchmark lending interest rate of bank loans (一年期銀行貸款基準利率) set by the People’s Bank of China for the same period
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mingcheng Land”	the two parcels of land with a total site area of approximately 409,540 square metres, directly wholly-owned by Zhoushan Mingcheng under the Chang Zhi Dao Project
“MOU”	the legally binding memorandum of understanding dated 20 August 2009 entered into between the Seller and Greentown Real Estate in respect of the sale of the Sale Interests by the Seller
“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
“Qianyuan Land”	the parcel of land with a site area of approximately 165,119 square metres, directly wholly-owned by Zhoushan Qianyuan under the Chang Zhi Dao Project
“RMB”	Renminbi, the lawful currency of the PRC
“Ruifeng Land”	the 11 parcels of land with a total site area of approximately 466,864 square metres, directly wholly-owned by Zhoushan Ruifeng under the Chang Zhi Dao Project
“Sale Interests”	the 40% direct equity interests owned by the Seller in the Target Company

“Seller”	北京城建投資發展股份有限公司 (Beijing Urban Investment & Development Co., Ltd.*), a limited liability company which was incorporated in the PRC on 30 December 1998, the shares of which are listed on the Shanghai Stock Exchange
“Shareholders”	holders of the Shares
“Shareholder’s Loan”	the shareholder’s loan in the total amount of RMB207,744,110 (approximately HK\$236,828,285) provided by the Seller to the Target Company
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京城建中稷實業發展有限公司 (Beijing Urban Construction Sino-Statelty Industry & Development Co., Ltd.*), a sino-foreign equity joint venture which was incorporated in the PRC on 18 November 2004, and is 40% owned by the Seller, 30% owned by Zhongji Group and 30% owned by De He
“Target Group”	the Target Company and the Target Group Companies
“Target Group Companies”	City Construction, Zhoushan Mingcheng, Zhoushan Qianyuan and Zhoushan Ruifeng
“Transactions”	the Acquisition, the payment of the Deposit and the repayment of the Shareholder’s Loan and the Interest
“Zhongji Group”	中稷集團 (香港) 國際金融投資有限公司 (Zhongji Group (HK) International Financial Investment Limited), a limited liability company which was incorporated in Hong Kong on 6 June 2003, and is indirectly wholly-owned by the Company
“Zhoushan Mingcheng”	舟山明程房地產開發有限公司 (Zhoushan Mingcheng Real Estate Development Co., Ltd.*), a limited liability company which was incorporated in the PRC on 11 July 2003, and is wholly-owned by City Construction
“Zhoushan Qianyuan”	舟山幹源房地產開發有限公司 (Zhoushan Qianyuan Real Estate Development Co., Ltd.*), a limited liability company which was incorporated in the PRC on 31 October 2005, and is wholly-owned by City Construction

“Zhoushan Ruifeng”

舟山瑞豐房地產開發有限公司 (Zhoushan Ruifeng Real Estate Development Co., Ltd.\*), a limited liability company which was incorporated in the PRC on 12 April 2005, and is 54% owned by the Target Company, 40% owned by 寧波明瑞實業投資有限公司 (Ningbo Mingrui Industry and Investment Co., Ltd.\*), a party which is independent of and not a connected person of the Company, and 6% owned by City Construction

*\* For identification purposes only*

*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 rate is for illustration purposes and does not constitute representations that any amount in RMB or HK\$ have been, could have been or may be converted at such rate.*

By Order of the Board  
**Greentown China Holdings Limited**  
**Song Weiping**  
Chairman

Hangzhou, the PRC, 11 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.*