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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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS**

On 27 January 2010, Greentown Real Estate, Shanghai Greentown Project Company and Zhongtai Trust entered into the Framework Cooperation Agreement.

Pursuant to the Framework Cooperation Agreement, (a) Zhongtai Trust shall establish the Trust with a capital of not more than RMB1,650,000,000 (approximately HK\$1,881,000,000) and not less than RMB880,000,000 (approximately HK\$1,003,200,000) for the purposes of (i) the Capital Injection; and (ii) the acquisition of the Assigned Shareholders' Loan; (b) Zhongtai Trust shall act as the trustee of the Trust; (c) Greentown Real Estate shall subscribe for all the Ordinary Units in cash by its internal resources; (d) Zhongtai Trust shall use part of Trust Capital in the amount of RMB96,080,000 (approximately HK\$109,531,200) for the Capital Injection; (e) before the Trust Establishment Date, Greentown Real Estate shall enter into an entrusted loan agreement with a financial institution in the PRC to provide the Shareholders' Loan through the financial institution to Shanghai Greentown Project Company; (f) after the establishment of the Trust, Greentown Real Estate shall assign the Assigned Shareholders' Loan to Zhongtai Trust and the consideration for the Assigned Shareholders' Loan shall be the balance of the Trust Capital after deducting the amount for the Capital Injection; (g) Greentown Real Estate shall provide a guarantee in favour of Zhongtai Trust in respect of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (h) Greentown Real Estate shall provide the Share Pledge in respect of its 51% direct equity interest in Shanghai Greentown Project Company in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (i) Greentown Real Estate shall provide the Guarantee on Return and the Guarantee on Net Asset Value to Zhongtai Trust; and (j) Greentown Real Estate shall deposit the Escrow Dividends in the Escrow Account to secure the payment obligations of Greentown Real Estate under the Transaction Documents.

On or before the Trust Establishment Date, Greentown Real Estate and Zhongtai Trust will enter into the Custodian Agreement with the Custodian Bank. Pursuant to the Custodian Agreement, Greentown Real Estate shall pay a custodian fee in an amount of not more than RMB30,000,000 (approximately HK\$34,200,000) to the Custodian Bank for the holding of the Trust Capital.

Greentown Real Estate currently holds all of the equity interest in Shanghai Greentown Project Company. After the Capital Injection, Zhongtai Trust will directly hold a 49% equity interest in Shanghai Greentown Project Company, and Greentown Real Estate will directly hold the remaining 51% equity interest in Shanghai Greentown Project Company. Such dilution of interest is treated as a deemed disposal by the Company of an interest in Shanghai Greentown Project Company under Rule 14.29 of the Listing Rules. Shanghai Greentown Project Company will remain a subsidiary of the Company after the Capital Injection. Zhongtai Trust will become a substantial shareholder of Shanghai Greentown Project Company and therefore a connected person of the Company after the Capital Injection.

As the highest of all applicable percentage ratios in respect of the Transactions (excluding the subscription of the Ordinary Units) is above 5% but below 25% on an aggregate basis, the Transactions (excluding the subscription of the Ordinary Units) together constitute a discloseable transaction for the Company under the Listing Rules and are therefore subject to the announcement requirement under Chapter 14 of the Listing Rules. In addition, as Zhongtai Trust will become a connected person of the Company after the Capital Injection, the Connected Transactions constitute connected transactions for the Company under the Listing Rules. As the highest of all percentage ratios (other than the profit ratio) in respect of the Connected Transactions is above 2.5% on an aggregate basis, the Connected Transactions are therefore 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 (a) no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Connected Transactions; and (b) 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 Connected 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 Connected 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 Connected Transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the Shareholders in relation to the Connected Transactions.

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

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

The Board announces that (a) on 27 January 2010, Greentown Real Estate, Shanghai Greentown Project Company and Zhongtai Trust entered into the Framework Cooperation Agreement; and (b) Greentown Real Estate and Zhongtai Trust will enter into the Custodian Agreement on or before the Trust Establishment Date.

## THE FRAMEWORK COOPERATION AGREEMENT

### Date

27 January 2010

### Parties

- (1) Greentown Real Estate (an indirect wholly-owned subsidiary of the Company)
- (2) Shanghai Greentown Project Company (a direct wholly-owned subsidiary of Greentown Real Estate)
- (3) Zhongtai Trust

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

### The Trust

#### *Establishment of the Trust*

Zhongtai Trust shall establish the Trust with a capital of not more than RMB1,650,000,000 (approximately HK\$1,881,000,000) (the "**Maximum Trust Capital**") and not less than RMB880,000,000 (approximately HK\$1,003,200,000) (the "**Minimum Trust Capital**") for the purposes of (a) the Capital Injection; and (b) the acquisition of the Assigned Shareholders' Loan. Zhongtai Trust shall act as the trustee of the Trust.

The composition of the Trust shall be as follows:

#### Trust Units

		<b>Assuming the Trust Capital is equal to the Maximum Trust Capital</b>	<b>Assuming the Trust Capital is equal to the Minimum Trust Capital</b>
Preferred Units	Preferred A Units	1,000 million units	533.3 million units
	Preferred B Units	500 million units	266.7 million units
Ordinary Units		150 million units	80 million units
Total Trust Units		<u>1,650 million units</u>	<u>880 million units</u>

The ratio of Preferred A Units to Preferred B Units shall be 2:1, subject to adjustment by the parties to the Framework Cooperation Agreement, and the ratio of Preferred Units to Ordinary Units shall be 10:1.

### ***Subscription of the Trust Units***

Greentown Real Estate shall subscribe for all the Ordinary Units in cash by its internal resources. The Preferred Units are only available for subscription by the Qualified Investors. Zhongtai Trust shall enter into a Trust Agreement with each of the Subscribers in relation to the subscription of the Trust Units.

### ***Unit price and subscription price***

The unit price for each Trust Unit shall be RMB1.00. The maximum and the minimum amounts of subscription price payable by Greentown Real Estate for all Ordinary Units are set out as follows:

	<b>Assuming the Trust Capital is equal to the Maximum Trust Capital</b>	<b>Assuming the Trust Capital is equal to the Minimum Trust Capital</b>
Number of Ordinary Units to be subscribed by Greentown Real Estate	150 million Ordinary Units	80 million Ordinary Units
Total amount of subscription price to be paid by Greentown Real Estate	RMB150,000,000 (approximately HK\$171,000,000)	RMB80,000,000 (approximately HK\$91,200,000)

### ***Duration***

The maximum duration of the Trust shall be eighteen (18) months from the Trust Establishment Date. The maximum duration of the Preferred A Units and the Preferred B Units shall be twelve (12) months and eighteen (18) months from the Trust Establishment Date, respectively. The maximum duration of the Ordinary Units shall be eighteen (18) months from the Trust Establishment Date.

### ***Launching period***

The Launching Period is tentatively scheduled to commence on 27 January 2010 and expire on 9 February 2010, subject to the final Launching Period as stipulated in the Trust Documents and any change by Zhongtai Trust. The Trust shall be established upon the expiry of the Launching Period, subject to the condition that a minimum of 880 million Trust Units (in the proportion of 800 million Preferred Units and 80 million Ordinary Units) have been subscribed. Before the expiry of the Launching Period, Greentown Real Estate or its designated affiliates shall subscribe for the Ordinary Units in an amount of not less than 10% of the Preferred Units subscribed by the Qualified Investors during the Launching Period.

### ***Further subscription***

The Trust may be reopened for a further subscription, but not for redemption, for once after its establishment. The Reopening Period is tentatively scheduled in February 2010, subject to the final Reopening Period as stipulated in the Trust Documents and any change as may be agreed between the parties. Before the expiry of the Reopening Period, Greentown Real Estate or its designated affiliates shall subscribe for the Ordinary Units in an amount of not less than 10% of the Preferred Units subscribed by the Qualified Investors during the Reopening Period.

## The Capital Injection

Within three (3) working days from the Trust Establishment Date, Zhongtai Trust shall use part of Trust Capital in the amount of RMB96,080,000 (approximately HK\$109,531,200) for the Capital Injection. After the Capital Injection, Zhongtai Trust will directly hold a 49% equity interest in Shanghai Greentown Project Company, and Greentown Real Estate will directly hold the remaining 51% equity interest in Shanghai Greentown Project Company.

Greentown Real Estate, Shanghai Greentown Project Company and Zhongtai Trust shall enter into the Capital Injection Agreement before the Trust Establishment Date.

## The Shareholders' Loan

Before the Trust Establishment Date, Greentown Real Estate shall enter into an entrusted loan agreement with a financial institution in the PRC to provide the Shareholders' Loan through the financial institution to Shanghai Greentown Project Company, and a portion of the Shareholders' Loan will be assigned to Zhongtai Trust as described below.

### Assignment of the Shareholders' Loan

After the establishment of the Trust, Greentown Real Estate shall assign the Assigned Shareholders' Loan to Zhongtai Trust. The consideration for the Assigned Shareholders' Loan shall be the balance (the "**Balance**") of the Trust Capital after deducting the amount for the Capital Injection. The maximum and the minimum amount of the Balance shall be RMB1,553,920,000 (approximately HK\$1,771,468,800) assuming that the Trust Capital is equal to the Maximum Trust Capital and RMB783,920,000 (approximately HK\$893,668,800) assuming that the Trust Capital is equal to the Minimum Trust Capital, respectively.

Greentown Real Estate has undertaken that:

- (1) the total amount of the principal of the Assigned Shareholders' Loan shall not be less than the Balance, and the term of the Assigned Shareholders' Loan shall be not more than nineteen (19) months and not less than eighteen (18) months from the Trust Establishment Date;
- (2) the interest on the Assigned Shareholders' Loan shall be calculated at a rate of 9.3% per annum;
- (3) a portion of the principal of the Assigned Shareholders' Loan (the "**Tranche A Shareholders' Loan**") which equals to (a) the dollar amount of the Preferred A Units subscribed as at the Trust Establishment Date plus (b) the dollar amount of the Preferred A Units subscribed during the Reopening Period, and the interest accrued thereon, may be repaid after twelve (12) months from the Trust Establishment Date; and
- (4) the remaining portion of the principal of the Assigned Shareholders' Loan (the "**Tranche B Shareholders' Loan**") which equals to the Assigned Shareholders' Loan minus the Tranche A Shareholders' Loan, and the interest accrued thereon, may be repaid after eighteen (18) months from the Trust Establishment Date.

The maximum and minimum amount of the Tranche A Shareholders' Loan, the Tranche B Shareholders' Loan, the total Assigned Shareholders' Loan and the interest accrued thereon, respectively, as at the expiry of the Trust, are set out as follows:

		<b>Assuming the Trust Capital is equal to the Maximum Trust Capital</b>	<b>Assuming the Trust Capital is equal to the Minimum Trust Capital</b>
Tranche A Shareholders' Loan	Principal:	RMB1,000,000,000 (approximately HK\$1,140,000,000)	RMB533,333,333 (approximately HK\$608,000,000)
	Interest:	RMB93,000,000 (approximately HK\$106,020,000)	RMB49,600,000 (approximately HK\$56,544,000)
Tranche B Shareholders' Loan	Principal:	RMB553,920,000 (approximately HK\$631,468,800)	RMB250,586,667 (approximately HK\$285,668,800)
	Interest:	RMB77,271,840 (approximately HK\$88,089,898)	RMB34,956,840 (approximately HK\$39,850,798)
Total Assigned Shareholders' Loan	Principal:	RMB1,553,920,000 (approximately HK\$1,771,468,800)	RMB783,920,000 (approximately HK\$893,668,800)
	Interest:	RMB170,271,840 (approximately HK\$194,109,898)	RMB84,556,840 (approximately HK\$96,394,798)

Greentown Real Estate and Zhongtai Trust shall enter into the Loan Assignment Agreement before the Trust Establishment Date.

## **Security**

### *The Guarantee*

Greentown Real Estate has agreed to provide a guarantee (the "**Guarantee**") in favour of Zhongtai Trust in respect of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon.

Greentown Real Estate and Zhongtai Trust shall enter into the Guarantee on or before the signing of the Loan Assignment Agreement.

## *The Share Pledge*

Greentown Real Estate has agreed to provide a share pledge (the “**Share Pledge**”) in respect of its 51% direct equity interest in Shanghai Greentown Project Company in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders’ Loan and the interest accrued thereon.

Greentown Real Estate and Zhongtai Trust shall enter into the Share Pledge Agreement on or before the signing of the Loan Assignment Agreement and shall complete the necessary registration procedures for the share pledge before the Trust Establishment Date.

## *Escrow Dividends*

Greentown Real Estate has agreed to deposit the Escrow Dividends in the Escrow Account to secure the payment obligations of Greentown Real Estate under the Transaction Documents. For further details, please see the section headed “Dividends” below.

## **Trust Income**

The income generated by the Trust (the “**Trust Income**”) comprises dividends to be derived from the 49% equity interest in Shanghai Greentown Project Company held by Zhongtai Trust after the Capital Injection, the equity transfer income, the amount of the principal of the Assigned Shareholders’ Loan and the interest accrued thereon, and other income after deducting all expenses relating to the Trust.

The Trust Income shall be paid (a) in cash on the Preferred Units and (b) in cash, in equity or in other kind on the Ordinary Units, upon the expiry or the termination of the relevant Trust Units. No Trust Income may be paid on the Ordinary Units until the Trust Income on the Preferred Units has been paid in full according to the Trust Agreement. After the Trust Income on the Preferred Units has been paid in full according to the Trust Agreement, all the remaining Trust Income (after deducting the Trustee Fee) shall be paid to the holders of the Ordinary Units.

If Greentown Real Estate, any of its designated affiliates or Shanghai Greentown Project Company breaches any provision in the Transaction Documents and fails to remedy the breach within a reasonable period, and Greentown Real Estate fails to make up any Shortfall Income, the holders of the Ordinary Units shall not be entitled to receive any Trust Income.

## **Guarantee on Return**

Greentown Real Estate has agreed to provide a guarantee on return (the “**Guarantee on Return**”) as follows:

- (1) the aggregate of the Estimated Return in respect of the Preferred A Units and the Trustee Fee shall be 8.5% of the Trust Capital of the Preferred A Units; while the aggregate of the Estimated Return in respect of the Preferred B Units and the Trustee Fee shall be 9.3% of the Trust Capital of the Preferred B Units; and
- (2) in the event that the Trust Income to be paid on the Preferred Units fails to meet the Estimated Return and the Trustee Fee, and is therefore not able to pay the holders of the Preferred Units in full according to the Trust Agreement, Greentown Real Estate shall inject or shall procure its affiliates to inject additional capital into the Trust to make up such difference between the Trust Income and the Estimated Return (the “**Shortfall Income**”).

Greentown Real Estate and Zhongtai Trust shall enter into the Supplemental Trust Agreement before the Trust Establishment Date.

### **Guarantee on Net Asset Value**

Greentown Real Estate has agreed to guarantee to Zhongtai Trust that the ratio of (a) the market value of the net assets of Shanghai Greentown Project Company and all its projects plus the Trust Capital contributed by Greentown Real Estate for the subscription of the Ordinary Units to (b) the Trust Capital contributed by the Qualified Investors for the subscription of the Preferred Units shall at all times be maintained at 1.3:1 before the expiry or the termination of the Trust. Otherwise, Greentown Real Estate shall inject further capital into Shanghai Greentown Project Company to restore the ratio to 1.3:1 (the “**Guarantee on Net Asset Value**”).

### **Dividends**

Zhongtai Trust shall not be entitled to receive dividends in respect of its 49% equity interest in Shanghai Greentown Project Company from the profits generated in the year 2010 and the years prior to the year 2010. All such dividends shall be paid to Greentown Real Estate.

To secure the payment obligations of Greentown Real Estate under the Transaction Documents, in the event that Shanghai Greentown Project Company distributes dividends in the year 2010, Greentown Real Estate shall deposit the dividends (the “**Escrow Dividends**”) in respect of the 49% equity interest in Shanghai Greentown Project Company held by Zhongtai Trust in the Escrow Account. Greentown Real Estate and Zhongtai Trust shall enter into the Escrow Account Agreement before the Trust Establishment Date.

Commencing from 1 January 2011, Greentown Real Estate and Zhongtai Trust shall be entitled to receive dividends in respect of their respective equity interest in Shanghai Greentown Project Company.

### **Other obligations and undertakings of Greentown Real Estate**

Greentown Real Estate shall bear any liabilities and contingent liabilities of Shanghai Greentown Project Company not disclosed to Zhongtai Trust before the Capital Injection, and shall not make any claims against Shanghai Greentown Project Company in relation to such liabilities prior to the expiry or the termination of the Trust.

If, for any reasons, Shanghai Greentown Project Company does not have enough funds for the development of the Shanghai Rose Garden Project, Greentown Real Estate shall provide further capital to Shanghai Greentown Project Company for such purpose.

During the term of the Trust, unless Greentown Real Estate has obtained the written consent from Zhongtai Trust, and (a) the Trust Income is adequate to pay the holders of the Preferred Units in full according to the Trust Agreement or (b) all the Trust Units are held by the holders of the Ordinary Units, Greentown Real Estate shall not (i) transfer, pledge or otherwise dispose of its equity interest in Shanghai Greentown Project Company, or (ii) make any claims against Shanghai Greentown Project Company other than claims in relation to the Assigned Shareholders’ Loan.



In the event of a liquidation of Shanghai Greentown Project Company, the holders of the Preferred Units shall be paid the Assigned Shareholders' Loan and the capital in respect of its 49% equity interest in Shanghai Greentown Project Company in priority to the holders of the Ordinary Units. Before Zhongtai Trust is repaid in full, Greentown Real Estate shall not make any claims against Shanghai Greentown Project Company or exercise any rights under its equity interest in Shanghai Greentown Project Company.

## **Termination**

The Framework Cooperation Agreement shall be terminated (a) if the Trust is not established within thirty (30) working days after the date of the Framework Cooperation Agreement; or (b) by agreement between the parties.

## **Management of Shanghai Greentown Project Company**

### ***Shareholders' meetings***

The following matters shall be approved by all shareholders of Shanghai Greentown Project Company:

- (1) reviewing and approving the annual financial budgets and final construction budgets;
- (2) reviewing and approving the dividend distribution and loss compensation plans;
- (3) amending the articles of association;
- (4) increasing or decreasing the registered capital;
- (5) merger, splitting or dissolution;
- (6) changing the form of the company; and
- (7) investing in or providing guarantees in favour of other companies.

### ***Directors' meetings***

The board of directors of Shanghai Greentown Project Company shall comprise three (3) directors. Zhongtai Trust has the right to appoint one (1) director, while Greentown Real Estate has the right to appoint two (2) directors. The following matters require unanimous consent of all directors of Shanghai Greentown Project Company:

- (1) assumption of any liabilities not relating to the property construction and development business of Shanghai Greentown Project Company;
- (2) disposals of assets other than sale of properties;
- (3) reviewing and approving the quarterly financial budget and final construction budgets of Shanghai Greentown Project Company; and
- (4) any one transaction between Shanghai Greentown Project Company and any of its related parties, which amount is more than RMB10,000,000 (approximately HK\$11,400,000).

## *Supervisor*

Greentown Real Estate has the right to appoint a supervisor for Shanghai Greentown Project Company.

## *Senior management*

Greentown Real Estate has the right to nominate the senior management members such as general manager and the deputy general manager for Shanghai Greentown Project Company. Zhongtai Trust has the right to appoint a financial officer for Shanghai Greentown Project Company and the financial officer shall be entitled to review certain financial matters of Shanghai Greentown Project Company.

## **THE CUSTODIAN AGREEMENT**

On or before the Trust Establishment Date, Greentown Real Estate and Zhongtai Trust will enter into a custodian agreement (the “**Custodian Agreement**”) with the Custodian Bank for the holding of the Trust Capital in custody by the Custodian Bank. Pursuant to the Custodian Agreement, Greentown Real Estate shall pay a custodian fee, which is determined based on the size of the Trust Capital, in an amount of not more than RMB30,000,000 (approximately HK\$34,200,000) to the Custodian Bank.

## **INFORMATION ABOUT THE GROUP**

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.

## **INFORMATION ON SHANGHAI GREENTOWN PROJECT COMPANY**

Shanghai Greentown Project Company is a limited liability company which was established in the PRC on 19 June 2002 and is directly wholly-owned by Greentown Real Estate as at the date of this announcement. The registered capital of Shanghai Greentown Project Company is RMB100,000,000 (approximately HK\$114,000,000). Shanghai Greentown Project Company is principally engaged in real estate development.

Shanghai Greentown Project Company owns the Shanghai Rose Garden Project which is located at Maqiao Town, Minhang, Shanghai, the PRC (中國上海市閔行區馬橋鎮) with a total site area of approximately 803,352 square metres and a total gross floor area of approximately 239,198 square metres. Shanghai Rose Garden Project is a seven-phased villa project with Phase I and Phase II completed, Phase III under development and Phase IV to Phase VII held for future development. Shanghai Greentown Project Company has obtained the land use rights certificates and other necessary permits for the development of substantially the entire Shanghai Rose Garden Project. The construction of the Shanghai Rose Garden Project is expected to be completed in November 2013. Shanghai Greentown Project Company also owns 49% interest in Shanghai East Sea Plaza Project which is located at West Nanjing Road, Jing'an District, Shanghai, the PRC (中國上海市靜安區南京西路) with a total site area of approximately 4,741 square metres and a total gross floor area of approximately 38,117 square metres. Shanghai East Sea Plaza Project is a commercial project which is held for future development. Shanghai Greentown Project Company does not own any material fixed assets other than the Shanghai Rose Garden Project and Shanghai East Sea Plaza Project.

## FINANCIAL INFORMATION ON SHANGHAI GREENTOWN PROJECT COMPANY

The following table sets out certain financial information of Shanghai Greentown Project Company prepared in accordance with the PRC Generally Accepted Accounting Principles:

	<b>As at 31 December 2007 (audited)</b>		<b>As at 31 December 2008 (audited)</b>		<b>As at 31 December 2009 (unaudited)</b>	
	<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>
Total assets/(liabilities)	1,661.1	1,893.7	1,878.2	2,141.1	1,938.2	2,209.5
Net assets/(liabilities)	145.8	166.2	252.7	288.1	488.3	556.7

  

	<b>For the financial year ended 31 December 2007 (audited)</b>		<b>For the financial year ended 31 December 2008 (audited)</b>		<b>For the 12-month period ended 31 December 2009 (unaudited)</b>	
	<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>
Net profit/(loss) before tax	78.4	89.4	142.6	162.6	390.2	444.8
Net profit/(loss) after tax	45.8	52.2	106.9	121.9	299.3	341.2

## INFORMATION ON ZHONGTIAN TRUST

Zhongtai Trust is a limited liability company incorporated in the PRC in 1988. It provides trust related products and services to customers including capital trusts, movable and immovable property trusts and other property trusts, fund investment and management, charity trusts, agency asset management and financial advisory.

## REASONS FOR THE TRANSACTIONS

The Board considers that the Transactions have an overall effect of enhancing the cashflow position of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Transactions (excluding the Connected Transactions in the case of the independent non-executive Directors who will express their view after receiving advice from an independent financial adviser) are on normal commercial terms after arm's length negotiations between the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

Greentown Real Estate currently holds all of the equity interest in Shanghai Greentown Project Company. After the Capital Injection, Zhongtai Trust will directly hold a 49% equity interest in Shanghai Greentown Project Company, and Greentown Real Estate will directly hold the remaining 51% equity interest in Shanghai Greentown Project Company. Such dilution of interest is treated as a deemed disposal by the Company of an interest in Shanghai Greentown Project Company under Rule 14.29 of the Listing Rules. Shanghai Greentown Project Company will remain a subsidiary of the Company after the Capital Injection. Zhongtai Trust will become a substantial shareholder of Shanghai Greentown Project Company and therefore a connected person of the Company after the Capital Injection.

As the highest of all applicable percentage ratios in respect of the Transactions (excluding the subscription of the Ordinary Units) is above 5% but below 25% on an aggregate basis, the Transactions (excluding the subscription of the Ordinary Units) together constitute a discloseable transaction for the Company under the Listing Rules and are therefore subject to the announcement requirement under Chapter 14 of the Listing Rules. In addition, as Zhongtai Trust will become a connected person of the Company after the Capital Injection, the Connected Transactions constitute connected transactions for the Company under the Listing Rules. As the highest of all percentage ratios (other than the profit ratio) in respect of the Connected Transactions is above 2.5% on an aggregate basis, the Connected Transactions are therefore 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 (a) no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Connected Transactions; and (b) 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 Connected 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 Connected 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 Connected Transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the Shareholders in relation to the Connected Transactions.

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

**As the completion of the Transactions is subject to the fulfillment of certain conditions, the Transactions 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:

“Assigned Shareholders’ Loan”	the part of the Shareholders’ Loan to be assigned by Greentown Real Estate to Zhongtai Trust pursuant to the Framework Cooperation Agreement
“Assignment of the Shareholders’ Loan”	the assignment by Greentown Real Estate to Zhongtai Trust of the Assigned Shareholders’ Loan

“Balance”	has the meaning ascribed to it under the section headed “Assignment of the Shareholders’ Loan” in this announcement
“Board”	the board of Directors
“Capital Injection”	the capital injection of RMB96,080,000 (approximately HK\$109,531,200) by Zhongtai Trust into Shanghai Greentown Project Company for the subscription of a 49% equity interest in Shanghai Greentown Project Company
“Capital Injection Agreement”	the agreement to be entered into between Greentown Real Estate and Zhongtai Trust in respect of the Capital Injection
“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
“Connected Transactions”	the Assignment of the Shareholders’ Loan, the provision of the Assigned Shareholders’ Loan by Zhongtai Trust to Shanghai Greentown Project Company, the provision of the Security Package to Zhongtai Trust and the provision of the Guarantee on Return and the Guarantee on Net Asset Value
“Custodian Agreement”	has the meaning ascribed to it in the section headed “The Custodian Agreement” in this announcement
“Custodian Bank”	中國建設銀行（浦東分行）(China Construction Bank (Pudong Branch))
“Directors”	the directors of the Company, whose names are set out at the end of this announcement
“Escrow Account”	the bank account held in the name of Greentown Real Estate in the bank jointly appointed by Greentown Real Estate and Zhongtai Trust for the purpose of depositing the Escrow Dividends
“Escrow Account Agreement”	the agreement to be entered into among Greentown Real Estate, Zhongtai Trust and a bank in respect of the operation of the Escrow Account
“Escrow Dividends”	the dividends, which may be distributed by Shanghai Greentown Project Company in the year 2010, to be held in escrow in the Escrow Account for the purpose of securing the payment obligations of Greentown Real Estate under the Transaction Documents

“Estimated Return”	the estimated Trust Income in respect of the Preferred Units in the range of 6% to 8% per annum for Preferred A Units and 7% to 9% per annum for the Preferred B Units according to the Trust Agreement
“Framework Cooperation Agreement”	the legally-binding framework cooperation agreement dated 27 January 2010 entered into among Greentown Real Estate, Shanghai Greentown Project Company and Zhongtai Trust in respect of the Transactions
“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 an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	has the meaning ascribed to it in the section headed “Security” in this announcement
“Guarantee on Net Asset Value”	has the meaning ascribed to it under the section headed “Guarantee on Net Asset Value” in this announcement
“Guarantee on Return”	has the meaning ascribed to it under the section headed “Guarantee on Return” in this announcement
“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 Connected Transactions
“Launching Period”	the period during which the Trust is launched for subscription by Greentown Real Estate and the Qualified Investors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Assignment Agreement”	the agreement to be entered into between Greentown Real Estate and Zhongtai Trust for the Assignment of the Shareholders’ Loan
“Maximum Trust Capital”	has the meaning ascribed to it under the section headed “The Trust” in this announcement
“Minimum Trust Capital”	has the meaning ascribed to it under the section headed “The Trust” in this announcement
“Ordinary Units”	the ordinary units of the Trust to be subscribed by Greentown Real Estate

“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
“Preferred A Units”	division A of the Preferred Units which have a duration of twelve (12) months
“Preferred B Units”	division B of the Preferred Units which have a duration of eighteen (18) months
“Preferred Units”	the preferred units of the Trust, comprising the Preferred A Units and Preferred B Units
“Qualified Investors”	investors who have satisfied the criteria to become subscribers of the Preferred Units as described in the Framework Cooperation Agreement, and “Qualified Investor” shall be any one of them
“Reopening Period”	the period during which the Trust is reopened for further subscription by Greentown Real Estate and the Qualified Investors, tentatively scheduled in the month of February 2010, subject to change by the Trust Documents and by Zhongtai Trust
“RMB”	Renminbi, the lawful currency of the PRC
“Security Package”	the security to be given by Greentown Real Estate in favour of Zhongtai Trust pursuant to the Framework Cooperation Agreement in respect of (a) the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders’ Loan and the interest accrued thereon (including the Guarantee and the Share Pledge); and (b) the payment obligations of Greentown Real Estate under the Transaction Documents (including the Escrow Dividends)
“Shanghai Greentown Project Company”	上海綠城森林高爾夫別墅開發有限公司 (Shanghai Greentown Woods Golf Villas Development Co., Ltd*), a limited liability company which was established in the PRC on 19 June 2002 and directly wholly-owned by Greentown Real Estate as at the date of this announcement
“Shanghai Rose Garden Project”	a seven-phased villa project located at Maqiao Town, Minhang, Shanghai, the PRC (中國上海市閔行區馬橋鎮) with a total site area of approximately 803,352 square metres and a total gross floor area of approximately 239,198 square metres, wholly-owned by Shanghai Greentown Project Company
“Shareholders”	holders of the Shares

“Shareholders’ Loan”	the shareholders’ loan in the amount of not less than RMB783,920,000 (approximately HK\$893,668,800) to be provided by Greentown Real Estate to Shanghai Greentown Project Company through entrustment arrangements with banks
“Share Pledge”	has the meaning ascribed to it in the section headed “Security” in this announcement
“Share Pledge Agreement”	the share pledge agreement to be entered into between Greentown Real Estate and Zhongtai Trust, pursuant to which Greentown Real Estate shall provide the Share Pledge to Zhongtai Trust
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shortfall Income”	has the meaning ascribed to it in the section headed “Guarantee on Return” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the subscribers of the Trust Units including the Qualified Investors and Greentown Real Estate
“Supplemental Trust Agreement”	the supplemental agreement to be entered into between Greentown Real Estate and Zhongtai Trust in relation to the arrangement for the injection of additional capital into the Trust when the Trust Income does not meet the Estimated Return and the Trustee Fee
“Tranche A Shareholders’ Loan”	has the meaning ascribed to it in the section headed “Assignment of the Shareholders’ Loan” in this announcement
“Tranche B Shareholders’ Loan”	has the meaning ascribed to it in the section headed “Assignment of the Shareholders’ Loan” in this announcement
“Transaction Documents”	the Framework Cooperation Agreement, the Trust Documents, the Supplemental Trust Agreement, the Escrow Account Agreement, the Capital Injection Agreement, the Loan Assignment Agreement, the Guarantee, the Share Pledge Agreement and the Custodian Agreement
“Transactions”	the transactions contemplated under the Framework Cooperation Agreement including the subscription of all the Ordinary Units by Greentown Real Estate, the Capital Injection, the Assignment of the Shareholders’ Loan, the provision of the Assigned Shareholders’ Loan by Zhongtai Trust to Shanghai Greentown Project Company, the provision of the Security Package, the provision of the Guarantee on Return and the Guarantee on Net Asset Value and the entering into of the Custodian Agreement



“Trust”	the trust to be established by Zhongtai Trust pursuant to the Framework Cooperation Agreement for the purpose of (a) the Capital Injection; and (b) the payment for the Assignment of the Shareholders’ Loan
“Trust Agreement”	the agreement to be entered into between Zhongtai Trust and each of the Subscribers, setting out the terms and conditions for the subscription of the Trust Units
“Trust Capital”	the fund to be injected by the Subscribers
“Trust Documents”	the Trust Agreement, the subscription risk declaration of the Trust to be signed by each Subscriber and the explanatory memorandum of the Trust
“Trustee Fee”	the annual fee payable to Zhongtai Trust for the provision of trustee service in relation to the Trust
“Trust Establishment Date”	the date of establishment of the Trust, not later than 9 February 2010, subject to change by the Trust Agreement and by Zhongtai Trust
“Trust Income”	has the meaning ascribed to it under the section headed “Trust Income” in this announcement
“Trust Units”	the Preferred Units and the Ordinary Units, and “Trust Unit” shall mean any one of them as the case may be
“Zhongtai Trust”	中泰信托有限責任公司 (Zhongtai Trust Co., Ltd.*), a limited liability company which was established in the PRC in 1988, and is a subsidiary of 中國人民保險集團公司 (The People’s Insurance Company (Group) of China Limited*)

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\$ has 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, 27 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