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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 TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

- The board of directors of the Company wishes to announce that on 17 October 2007, the Company has entered into the JV Agreement with Harbour Centre Development Limited, an independent third party, to form the JV Company for the Land development on a 60:40 ownership basis. Under the JV Agreement, it was agreed that the Land will be developed into residential and commercial properties.
- The Land was acquired by the Group at a consideration of RMB3,490 million (equal to approximately HK\$3,608.7 million) through a public auction held by Hangzhou Municipal Bureau of Land and Resources on 30 May 2007.
- The Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, detailed information of the Agreement will be dispatched to the Shareholders as soon as practicable.

INTRODUCTION

On 17 October 2007, the Company has entered into the JV Agreement with Harbour Centre, an independent third party, to form the JV Company for the Land development on a 60:40 ownership basis. The capital contribution in the JV Company by the Company and Harbour Centre will be partly funded from their respective internal resources and partly funded by bank borrowings. The Land was successfully bid by the Group at a consideration of RMB3,490 million (equal to about HK\$3,608.7 million) through a public auction held by Hangzhou Municipal Bureau of Land and Resources on 30 May 2007. Under the JV

Agreement, it was agreed that the Land, which will be owned by the Group and Harbour Centre, or through the JV Company, on a 60:40 ownership basis, will be developed into commercial and residential properties.

FORMATION OF JV COMPANY

The parties entered into a legally binding agreement with principal terms summarized as below:

- Date : 17 October 2007
- Parties : 1. the Company
2. Harbour Centre
- Total registered capital : As at the date of this announcement, the total registered capital of the JV Company is yet to be determined. However, the Company and Harbour Centre will contribute the total registered capital on a 60:40 basis
- Profit and loss : The Company and Harbour Centre will share the profit and loss of the JV Company in proportion to their respective contribution to the registered capital of the JV Company (i.e., on a 60:40 basis)
- Management : The Group will be mainly responsible for the management and development of the Land. The JV Company will promote and market the sale of the Land development through the brand names of the parties

Further announcement will be made by the Company in relation to the future capital commitment on the JV Company and shareholders' approval will be obtained to approve the transactions under the JV Agreement as and when appropriate in compliance with the Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, Harbour Centre and their ultimate beneficial owners are third parties independent of the Company and its connected persons as defined in the Listing Rules.

Consideration and payment terms

The total consideration amount for acquiring the land use rights of the Land is RMB3,490 million (equal to about HK\$3,608.7 million), which has been paid/will be payable by cash instalments in manner as follows:

Date of payment	Amount paid/payable
Guarantee deposit for public auction paid on 25 May 2007	RMB200 million (equal to about HK\$206.8 million)
On or before 16 June 2007	RMB498 million (equal to about HK\$514.9 million)
On or before 6 October 2007	RMB1,396 million (equal to about HK\$1,443.5 million)
On or before 6 February 2008	RMB1,396 million (equal to about HK\$1,443.5 million)

Such consideration amount was the outcome of a public auction held by Hangzhou Municipal Bureau of Land and Resources on 30 May 2007 which was conducted in accordance with the relevant PRC laws and regulations. It was determined on the basis of an accommodation value of about RMB11,758 per square meter. The Company and Harbour Centre will be respectively responsible for the payment of the Land cost on a 60:40 ownership basis. The Company's share of the consideration will be partly funded from its internal resources and partly funded by bank borrowings by the Group. As at the date of this announcement, the financial commitment for the development of the Land is yet to be determined between the parties. However, under the JV Agreement, it was agreed that in the event of working capital being required for the Land development prior to the JV Company being able to itself secure bank borrowings, the relevant capital requirement would be funded by way of capital contribution or shareholders' loans to be obtained in proportion to the shareholding interest in the JV Company.

According to the aforesaid payment schedule, the Land cost of RMB2,094 million (equal to about HK\$2,165.2 million) has become overdue, of which RMB453.9 million (equal to about HK\$469.3 million) was already settled by the Company. The outstanding amount of the Land cost, as at the date of this announcement, is about RMB1,640.1 million (equal to about HK\$1,695.9 million). Under the JV Agreement, while it was agreed in principle that the Company and Harbour Centre will be respectively responsible for the payment of all of the Land cost (whether outstanding or not) on a 60:40 ownership basis, the Company will be solely held liable for the possible consequence of the late payment of the outstanding Land cost of RMB1,640.1 million (equal to about HK\$1,695.9 million), including imposition of penalty and interest payment.

The JV Company will be consolidated into the Company's financial statements as subsidiary.

The Land

The land is a state-owned land located at Shang Cheng District (planned Qianjiang New CBD Wangjiang Road area lots C-06, 08, 17, 18) east border to Zhijiang Road, south to Hangzhou land reserve (2005) lot 41, 42 west border to Fuchunjiang Road, north border to Wangjiang Road (上城區 (規劃錢江新城望江區塊C-06, 08, 17, 18地塊), 東至之江路, 南至杭政儲出〔2005〕41, 42號地塊, 西至富春江路, 北至望江路), the city centre of Hangzhou with a site area of approximately 84,255 square meters and an estimated total ground floor area of approximately 296,800 square meters, of which approximately 63,345 square meters will be developed as high rise residential apartments and approximately 20,910 square meters will be developed as commercial property (the “Land”).

The Land was successfully bid by the Group at a consideration of RMB3,490 million (equal to about HK\$3,608.7 million) through a public auction held by Hangzhou Municipal Bureau of Land and Resources on 30 May 2007.

Conditions

Pursuant to the JV Agreement, the formation of the JV Company is conditional upon the shareholders’ approval of Harbour Centre and the fulfillment of any requirements under the Listing Rules.

REASONS FOR AND BENEFIT OF ACQUIRING THE LAND AND ENTERED INTO THE JV AGREEMENT

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

The Land is conveniently located close to the subway and is the last site along the Qianjiang River which offers a superb panoramic river view. By entering the Agreement, the Directors believe that it provides a good opportunity for the Group to co-develop the Land with Harbour Centre, which is a well established property development company listed in the Stock Exchange with extensive experience and strong expertise in property development in the PRC. The Directors believe that the co-operation with Harbour Centre will bring about synergy effect of the Company and enhance the Company’s market status. Also, the capital contribution by Harbour Centre in the Land will help to alleviate the financial pressure of the Company.

Taking into consideration of the above, the Directors (including independent non-executive directors) consider the terms of the JV Agreement are entered into upon normal commercial terms following arm’s length negotiations among the parties thereto and that the terms of the JV Agreement are fair and reasonable and are in the interests of the Company and the Shareholder as a whole.

Under the Listing Rules, the JV Agreement constitutes a discloseable transaction. A circular containing detailed information of the JV Agreement will be dispatched to the Shareholders as soon as practicable.

Definitions

“Company”	Greentown China Holdings Limited, a company incorporated in the Cayman Islands and the securities of which are listed on the Stock Exchange;
“Director(s)”	director(s) of the Company, including the independent non-executive directors of the Company;
“Group”	the Company and its subsidiaries;
“Harbour Centre”	Harbour Centre Development Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Stock Exchange. It is a 67%-owned subsidiary of Wharf;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“JV Agreement”	the conditional joint venture agreement dated 17 October 2007 and entered into between the Company and Harbour Centre for, among others, the development of the Land on a 60:40 ownership basis;
“JV Company”	a joint venture company to be incorporated in the PRC which will be owned as to 60% and 40% equity interest by the Company and Harbour Centre respectively;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	The People’s Republic of China;
“RMB” or “Renminbi”	the lawful currency of China;
“Shareholders”	holder(s) of the existing shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and

“Wharf”

The Wharf (Holdings) Limited (Stock code: 4), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Stock Exchange.

By order of the Board
Greentown China Holdings Limited
Song Weiping
Chairman

Hangzhou, the PRC, 17 October 2007

As at the date of this announcement, Mr. Song Weiping, Mr. Shou Bainian, Mr. Chen Shunhua and Mr. Guo Jiafeng are the executive Directors of the Company; Mr. Tsui Yiu Wa, Alec, Mr. Jia Shenghua, Mr. Jiang Wei, Mr. Sze Tsai Ping, Michael and Mr. Tang Shiding are the Independent Non-executive Directors of the Company.

** For identification purpose only*