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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: 03900)**

### **CONNECTED TRANSACTION**

On 31 December 2010, Greentown Real Estate (an indirect wholly-owned subsidiary of the Company) as buyer and Chuang Jing as seller entered into the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, Greentown Real Estate conditionally agreed to acquire 30% of the equity interests in Laifu from Chuang Jing for a total consideration of RMB60,000,000 (equivalent to approximately HK\$68,400,000), subject to adjustment. The consideration will be financed by the Group's internal resources.

The consideration for the Acquisition was determined after arm's length negotiations between Greentown Real Estate and Chuang Jing. Upon completion of the Acquisition, the Company (through Greentown Real Estate) will hold 30% of the equity interests in Laifu and the remaining 70% of the equity interests will remain to be held by an Independent Third Party.

As Mr Luo (a Director) wholly owns Chuang Jing, Chuang Jing is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the Listing Rules.

Since the highest of all applicable percentage ratios of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules are above 0.1% but below 5%, the Acquisition is only subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements.

### **THE EQUITY TRANSFER AGREEMENT**

The Board announces that, on 31 December 2010, Greentown Real Estate and Chuang Jing entered into the Equity Transfer Agreement.

#### **1. THE ACQUISITION**

##### **1.1 Date**

31 December 2010

## **1.2 Parties**

Buyer: Greentown Real Estate

Seller: Chuang Jing

## **1.3 Asset to be acquired**

Pursuant to the Equity Transfer Agreement, Greentown Real Estate conditionally agreed to acquire 30% of the equity interests in Laifu from Chuang Jing.

Upon completion of the Acquisition, the Company (through Greentown Real Estate) will hold 30% of the equity interests in Laifu and the remaining 70% of the equity interests will remain to be held by an Independent Third Party.

## **1.4 Consideration**

Subject to adjustment, the total consideration for the Acquisition is RMB60,000,000 (equivalent to approximately HK\$68,400,000) is to be paid to Chuang Jing. The consideration shall be settled on completion of the Acquisition.

Within five working days after the date of the Equity Transfer Agreement, Greentown Real Estate or Chuang Jing may value Laifu as at 30 November 2010 by a third party valuer or itself. If the valuation determined by Greentown Real Estate or its appointed valuer is less than RMB60,000,000, the consideration will be reduced to the amount of the valuation. If the valuation determined by Greentown or its appointed valuer is more than RMB60,000,000, the consideration will be fixed at RMB60,000,000.

The consideration for the Acquisition was determined after arm's length negotiations between Greentown Real Estate and Chuang Jing.

The consideration will be financed by the Group's internal resources.

## **1.5 Conditions Precedent**

Completion of the Acquisition is conditional upon the fulfillment of the following conditions:

- (a) Laifu is a duly incorporated limited liability company, and all of its shareholders have fully paid the registered capital;
- (b) Chuang Jing is the legal owner of its equity interest in Laifu and the equity interest is not subject to any third party rights and is not subject to any litigation or arbitration, and the transfer of the equity interest does not contravene any agreements with third parties and the execution of the Equity Transfer Agreement does not contravene any law and is not subject to any restrictions;
- (c) Laifu has complied with all the valid and legal procedures in obtaining the Land and there are no restrictions, either by law or de facto, or policies, which would prohibit Laifu from developing the Land or would prohibit Greentown Real Estate from acquiring the equity interest in Laifu under the Equity Transfer Agreement;

- (d) Greentown Real Estate completed the due diligence and valuation over Laifu;
- (e) Greentown Real Estate and Laifu have the right to claim against Chuang Jing for losses (if any) incurred from any undisclosed liabilities, guarantees or contingent liabilities to be borne by Laifu or Greentown Real Estate (apart from the liabilities disclosed on the financial statements of Laifu); and
- (f) all relevant authorisations or approvals required for the transfer of the 30% equity interest as contemplated under the Equity Transfer Agreement have been duly obtained in accordance with the articles of association of Laifu and the other holder of equity interest in Laifu has waived its pre-emptive right to purchase the above 30% equity interest in Laifu.

If any of the aforesaid conditions precedent has not been fulfilled and both Greentown Real Estate and Chuang Jing cannot reach an agreement on resolution, Greentown Real Estate shall have the right to terminate the Equity Transfer Agreement.

Within five working days after the date of the Equity Transfer Agreement, Greentown Real Estate has the right to carry out due diligence over Laifu.

## **1.6 Completion**

Completion of the Acquisition shall take place within 30 working days after the day on which the conditions precedent are fulfilled and in any event shall not be later than 28 February 2011.

## **INFORMATION OF LAIFU**

As at 31 December 2009, the audited net asset value of Laifu was approximately RMB92,856,589 (equivalent to approximately HK\$105,856,511) and the audited total asset value of Laifu was approximately RMB2,441,248,127 (equivalent to approximately HK\$2,783,022,865).

The net loss before and after taxation and extraordinary items attributable to Laifu for the year ended 31 December 2008 was approximately RMB6,585,928 (equivalent to approximately HK\$7,507,958).

The net loss before and after taxation and extraordinary items attributable to Laifu for the year ended 31 December 2009 was approximately RMB557,482 (equivalent to approximately HK\$635,529).

Laifu was incorporated in the PRC as a limited liability company on 27 December 2007 with a registered capital of RMB100,000,000. Before the Acquisition, Chuang Jing owns 30% of the equity interest in Laifu and the remaining 70% of the equity interest in Laifu is owned by an Independent Third Party.

Laifu is principally engaged in the business of real estate development of residential properties. Laifu owns, and is currently developing, the Land at 浙江省杭州市拱墅區杭一棉地塊 (Gongshuqu Hangyimian Land, Hangzhou Municipality, Zhejiang Province, PRC), with a total site area of approximately 85,069 square metres for residential use, at which 杭政儲出[2007] 59號地塊 (the Hangzheng Chuchu [2007] No. 59 Land Project\*) is situated.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As Laifu holds the Land, the Acquisition would enable the Group to strengthen its market share within the property industry in the PRC. The Directors believe that the Acquisition will improve the income base and thus increase the earnings of the Group by the increase in the total land bank of the Group. The Directors are also optimistic about the prospect of the property market in Hangzhou.

The Directors (including the Independent Non-executive Directors) are of the opinion that the consideration is arrived at, and the terms of the Acquisition is, on normal commercial terms and at arm's length after negotiations between the parties, and they are 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 changes to the assets and liabilities of the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As Mr Luo (a Director) wholly owns Chuang Jing, Chuang Jing is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the Listing Rules.

Since the highest of all applicable percentage ratios of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules are above 0.1% but below 5%, the Acquisition is only subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements.

Save and except that Mr Luo (a Director) has a material interest in the Equity Transfer Agreement and has abstained from voting on the relevant resolution of the Board in relation to the Equity Transfer Agreement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Director has a material interest in the Equity Transfer Agreement or is required to abstain from voting on the relevant resolution of the Board in relation to the Equity Transfer Agreement.

## **INFORMATION ABOUT THE GROUP AND CHUANG JING**

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. Chuang Jing is principally engaged in management consultancy and investment holding.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of 30% of the equity interest in Laifu by Greentown Real Estate from Chuang Jing;
“Board”	the board of Directors;

“Chuang Jing”	北京創景天時管理諮詢有限公司 (Beijing Chuang Jing Tian Shi Management Consulting Company Ltd*), a limited liability company which was incorporated in the PRC;
“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, the Shares of which are listed on the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Equity Transfer Agreement”	the equity transfer agreement dated 31 December 2010 entered into between Greentown Real Estate and Chuang Jing in relation to 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 incorporated in the PRC and is an indirect wholly-owned subsidiary of 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 Non-executive Directors”	the independent non-executive directors of the Company;
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company;
“Laifu”	杭州遠洋萊福房地產開發有限公司 (Hangzhou Sino-Ocean Laifu Land Limited*), a limited liability company which was incorporated in the PRC;
“Land”	the parcel of land at 浙江省杭州市拱墅區杭一棉地塊 (Gongshuqu Hangyimian Land), Hangzhou Municipality, Zhejiang Province, PRC), with a total site area of approximately 85,069 square metres for residential use, at which 杭政儲出[2007] 59號地塊 (the Hangzheng Chuchu [2007] No. 59 Land Project*) is situated;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Mr Luo”	羅釗明 (Luo Zhaoming), a Director;
“percentage ratios”	has the meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	the ordinary shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong 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  
31 December 2010

*As at the date of this announcement, Mr Song Weiping, Mr Shou Bainian, Mr Luo Zhaoming, and Mr Guo Jiafeng are the executive Directors; Mr Jia Shenghua, Mr Jiang Wei, Mr Sze Tsai Ping, Michael, Mr Tang Shiding, Mr Ke Huanzhang and Mr Xiao Zhiyue are the Independent Non-executive Directors.*

\* *For identification purposes only*