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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 ESTABLISHMENT OF A PRC JOINT VENTURE COMPANY

The Board wishes to announce that on 3 June 2011, Greentown Real Estate, an indirect wholly-owned subsidiary of the Company, entered into the Investment Agreement with Greentown Sunshine, JV Partner A and JV Partner B for the establishment of the JV Co, pursuant to which Greentown Real Estate has agreed to make a capital contribution of RMB480 million (approximately HK\$564 million) to the registered capital of the JV Co. Upon the establishment of the JV Co, Greentown Real Estate, Greentown Sunshine, JV Partner A and JV Partner B will respectively own 24%, 6%, 60% and 10% of the equity interests in the JV Co.

The business scope of the JV Co shall include investments in urban construction, infrastructure construction, pension and healthcare industries, equity investment, project investment, consultancy on investment management, consultancy on corporate management and fee based management of entrusted assets in the PRC.

Greentown Sunshine is a limited liability company established on 6 April 2011 in the PRC with a registered capital of RMB30 million (approximately HK\$35.25 million). All of the registered capital of Greentown Sunshine was contributed by Mr Luo, who is the legal representative of Greentown Sunshine. Greentown Sunshine is wholly-owned by Mr Luo.

Mr Luo is a connected person of the Company as he is an executive Director. As Mr Luo has the right to exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Sunshine, Greentown Sunshine is an associate of Mr Luo and a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Accordingly, the establishment of the JV Co will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest of all applicable percentage ratios for the establishment of the JV Co calculated in accordance with Rule 14.07 of the Listing Rules were less than 5%, the establishment of the JV Co was subject to the reporting and announcement requirements set out in Rule 14A.45 and 14A.47 of the Listing Rules and were exempt from the independent shareholders' approval requirement.

CONNECTED TRANSACTION – ESTABLISHMENT OF THE JV CO

Date: 3 June 2011

- Parties: (1) Greentown Real Estate;
- (2) Greentown Sunshine;
- (3) JV Partner A; and
- (4) JV Partner B.

On 3 June 2011, Greentown Real Estate, Greentown Sunshine, JV Partner A and JV Partner B entered into the Investment Agreement for the establishment of the JV Co. Upon the establishment of the JV Co, Greentown Real Estate, Greentown Sunshine, JV Partner A and JV Partner B will respectively own 24%, 6%, 60% and 10% of the equity interests in the JV Co.

Mr Luo is a connected person of the Company as he is an executive Director. As Mr Luo has equity interest in the JV Co, he has to abstain from voting on the resolution of the Board for the approval of the Company's investment in the JV Co. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, save as disclosed above, JV Partner A, JV Partner B and their ultimate beneficial owners are Independent Third Parties. The identities of JV Partner A, JV Partner B and the JV Co are not disclosed in this announcement as the Company has not obtained consent from both JV Partner A and JV Partner B in relation to making such disclosure.

Capital Commitments

Pursuant to the Investment Agreement, the registered capital of the JV Co shall be RMB2 billion (approximately HK\$2.35 billion). Each of Greentown Real Estate, Greentown Sunshine, JV Partner A and JV Partner B has agreed to make a capital contribution of RMB480 million (approximately HK\$564 million), RMB120 million (approximately HK\$141 million), RMB1.2 billion (approximately HK\$1.41 billion) and RMB200 million (approximately HK\$235 million), respectively, to the registered capital of the JV Co, representing 24%, 6%, 60% and 10% of the equity interests in the JV Co.

Pursuant to the Investment Agreement, it is agreed that an initial 20% of the capital contribution will be paid by each of the parties upon the establishment of the JV Co, while the remaining 80% will be paid within two years after the establishment of the JV Co. Therefore, each of Greentown Real Estate, Greentown Sunshine, JV Partner A and JV Partner B will make an initial capital contribution of RMB96 million (approximately HK\$112.8 million), RMB24 million (approximately HK\$28.2 million), RMB240 million (approximately HK\$282 million) and RMB40 million (approximately HK\$47 million), respectively, to the registered capital of the JV Co upon its establishment.

The capital contributions were determined after arm's length negotiation between Greentown Real Estate, Greentown Sunshine, JV Partner A and JV Partner B with reference to initial capital requirement of the JV Co.

Greentown Real Estate, Greentown Sunshine, JV Partner A and JV Partner B shall share the profits in a manner that is proposed by the Board and decided in shareholders' meetings of the JV Co. Such proposal will only be adopted if a majority of shareholders of the JV Co vote for the proposal.

The establishment of the JV Co is subject to the approval from the relevant PRC government authorities.

Business scope of the JV Co

The business scope of the JV Co shall include investments in urban construction, infrastructure construction, pension and healthcare industries, equity investment, project investment, consultancy on investment management, consultancy on corporate management and fee based management of entrusted assets in the PRC.

Management of the JV Co

The shareholders of the JV Co shall be the highest authority of the JV Co. Material matters in respect of the JV Co (such as increase or reduction in registered capital, external financing, merger, sub-division, dissolution or amendment to the form of the JV Co) shall be approved by the resolutions of all shareholders of the JV Co. Other matters in respect of the JV Co shall be approved by the resolutions of shareholders representing more than 50% of the equity interests in the JV Co.

The board of directors of the JV Co shall comprise seven members. Greentown Real Estate and Greentown Sunshine shall be entitled to jointly appoint one director while JV Partner A shall be entitled to appoint three directors and JV Partner B shall be entitled to appoint one director. All the shareholders of the JV Co shall be entitled to jointly appoint one director, while the employees of the JV Co shall be entitled to elect one director. The term of the directors shall be for a period of three years, subject to re-appointment or re-election.

The JV Co shall have a board of supervisors comprising three members. JV Partner A shall be entitled to appoint two supervisors, while the employees of the JV Co shall be entitled to elect one supervisor. The term of the supervisors shall be for a period of three years, subject to re-appointment or re-election. The directors and senior management of the JV Co shall not be appointed nor elected as supervisors concurrently.

The board of directors of the JV Co shall appoint a president and a financial controller of the JV Co. The president of the JV Co shall also be its legal representative.

The term of the JV Co

The term of the JV Co shall be for a period of 30 years commencing from the Establishment Date.

Pre-emptive right

If any party to the Investment Agreement (the “**Proposed Transferor**”) proposes to transfer all or any part of its equity interests in the JV Co to a third party, such transfer shall be subject to the approval from other shareholders of the JV Co, and the other shareholders shall have a pre-emptive right to buy the equity interests from the Proposed Transferor in accordance with the terms of the Investment Agreement.

Special pre-emptive right

Pursuant to the Investment Agreement, upon the expiry of six years after the Establishment Date, JV Partner B shall be entitled to transfer all or any part of its equity interests in the JV Co to a third party, such transfer shall be subject to the approval from other shareholders of the JV Co provided that the approval shall not be unreasonably withheld if such transfer will not undermine the interest of the JV Co or affect the business operation of the JV Co, and the other shareholders shall have a pre-emptive right to buy the equity interests held by JV Partner B in accordance with the terms of the Investment Agreement.

Also, pursuant to the Investment Agreement, within three months upon the expiry of six years after the Establishment Date, JV Partner B shall be entitled to transfer all or any part of its equity interests in the JV Co to other shareholders of the JV Co based on the fair value of the equity interests held by JV Partner B. If JV Partner B intends to transfer its equity interests in the JV Co to other shareholders of the JV Co, written notice shall be issued to them in accordance with the terms of the Investment Agreement.

Reasons for the establishment of the JV Co

The Directors believe that by making full use of the advantages of the capital contributed by the parties to the Investment Agreement, as well as their respective professional experience, the JV Co can commit itself to urbanisation and infrastructure construction, basic energy and high-tech industries, thereby maintaining a sustainable development of the JV Co and increasing its competitiveness in the market.

Having taken into account the principal consideration above, the Directors (including the independent non-executive Directors) consider that the terms of the Investment Agreement are entered into upon normal commercial terms following arm's length negotiations among the parties thereto and that the terms of the Investment Agreement are fair and reasonable and are in the interests of the Company and shareholders of the Company as a whole.

Listing Rules Implications

Mr Luo is a connected person of the Company as he is an executive Director. As Mr Luo has the right to exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Sunshine, Greentown Sunshine is an associate of Mr Luo and a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Accordingly, the establishment of the JV Co will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest of all applicable percentage ratios for the establishment of the JV Co calculated in accordance with Rule 14.07 of the Listing Rules were less than 5%, the establishment of the JV Co was subject to the reporting and announcement requirements set out in Rule 14A.45 and 14A.47 of the Listing Rules and were exempt from the independent shareholders' approval requirement.

INFORMATION REGARDING THE GROUP AND PARTIES TO THE TRANSACTION

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.

Greentown Sunshine is a limited liability company established in the PRC and is principally engaged in investment management and development of real estates.

JV Partner A is a limited liability company established in the PRC, which is principally engaged in investment projects and asset management. JV Partner A is an Independent Third Party.

JV Partner B is a limited liability partnership established in the PRC, which is principally engaged in equity investments. JV Partner B is an Independent Third Party.

DEFINITIONS

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| “associate” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “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 |
| “Directors” | the directors of the Company, whose names are set out at the end of this announcement |
| “Establishment Date” | the date of establishment of the JV Co, that is, the date of issuance of its business licence |
| “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 |
| “Greentown Sunshine” | 北京綠城陽光投資有限公司 (Beijing Greentown Sunshine Investment Co., Ltd.*), a limited liability company which was established in the PRC on 6 April 2011 and is wholly-owned by Mr Luo |
| “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 Third Party” | a third party that is independent of the Company and its connected persons as defined under the Listing Rules |

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| “Investment Agreement” | the investment agreement dated 3 June 2011 entered into among Greentown Real Estate, Greentown Sunshine, JV Partner A and JV Partner B in respect of the establishment of the JV Co |
| “JV Co” | a limited liability company to be established in the PRC pursuant to the Investment Agreement |
| “JV Partner A” | a limited liability company established in the PRC, which is principally engaged in investment projects and asset management and is a party to the Investment Agreement and an Independent Third Party |
| “JV Partner B” | a limited liability partnership established in the PRC, which is principally engaged in equity investments and is a party to the Investment Agreement and an Independent Third Party |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr Luo” | 羅釗明 (Luo Zhaoming*), an executive Director, and therefore a connected person of the Company |
| “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 |
| “RMB” | Renmenbi, the lawful currency of the PRC |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |

For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.175 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and do 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
3 June 2011

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*