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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 ESTABLISHMENT OF A PRC JOINT VENTURE COMPANY

The Board wishes to announce that on 8 July 2009, Greentown Real Estate, a wholly-owned subsidiary of the Company, Xiangsheng Real Estate and Zhongyi Group entered into the JV Contract for the establishment of the JV Co pursuant to which Greentown Real Estate has agreed to make a capital contribution of RMB58,800,000 to the registered capital of the JV Co. Upon the establishment of the JV Co, Greentown Real Estate, Xiangsheng Real Estate and Zhongyi Group will respectively own 60%, 30% and 10% of the equity interest in the JV Co.

The principal activities of the JV Co are property development and investment in the PRC.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the establishment of the JV Co pursuant to the JV Contract constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

THE JV CONTRACT

Date: 8 July 2009

Parties: (1) Greentown Real Estate;
(2) Xiangsheng Real Estate; and
(3) Zhongyi Group

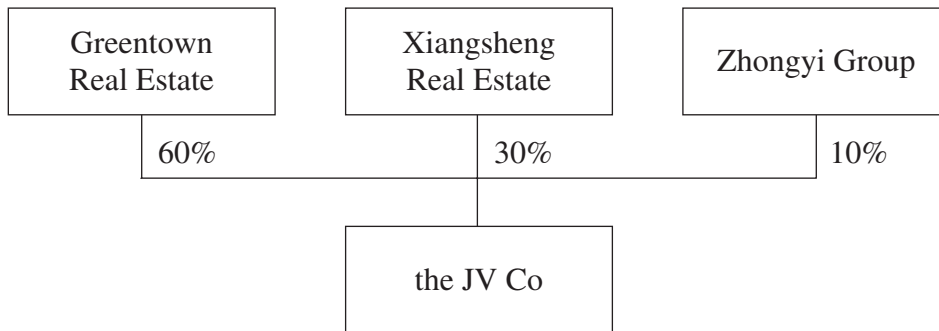
To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, Xiangsheng Real Estate, Zhongyi Group and their respective ultimate beneficial owners are independent of the Group and its connected persons.

Capital Commitments

Pursuant to the JV Contract, the Total Investment Costs are estimated to be RMB2,000,000,000 (including the registered capital of the JV Co of RMB98,000,000). Greentown Real Estate, Xiangsheng Real Estate and Zhongyi Group have agreed to make their respective capital contributions to the registered capital of the JV Co of RMB58,800,000, RMB29,400,000 and RMB9,800,000 within three business days after establishing the registered capital inspection account of the JV Co. The Capital Contribution was determined after arm's length negotiation between Greentown Real Estate, Xiangsheng Real Estate and Zhongyi Group with reference to the Total Investment Costs.

Upon the establishment of the JV Co, Greentown Real Estate, Xiangsheng Real Estate and Zhongyi Group will respectively own 60%, 30% and 10% of the equity interest in the JV Co and the financial results of the JV Co will be consolidated into the consolidated financial statements of the Group and the JV Co will be accounted for as a subsidiary of the Company.

Set out below is the corporate structure of the JV Co upon its establishment:



Greentown Real Estate, Xiangsheng Real Estate and Zhongyi Group shall share the profits and bear the losses of the JV Co in proportion to their respective equity interests in the JV Co at the time of distribution.

The establishment of the JV Co is subject to the approval from the relevant PRC government authorities. It is expected that such approval will be granted in around end of July 2009.

Business scope of the JV Co

The scope of business of the JV Co shall include property development and investment in the PRC.

Board composition of the JV Co

The board of directors of the JV Co shall comprise five members whom shall be elected by the shareholders of the JV Co. Greentown Real Estate is entitled to nominate three directors of the JV Co and each of Xiangsheng Real Estate and Zhongyi Group is entitled to nominate one director of the JV Co, respectively. The JV Co shall have one supervisor whom shall be appointed by Xiangsheng Real Estate and such supervisor shall not be a staff of the JV Co.

Matters to be passed by unanimous consent of the shareholders of the JV Co

The following matters of the JV Co shall require unanimous consent in the shareholders' meeting of the JV Co:

- (1) amendments to the articles of association of the JV Co;
- (2) increase, decrease and transfer of registered capital of the JV Co;
- (3) provision of guarantee by the JV Co in favour of a third party;
- (4) dividend payment or distributions by the JV Co; and
- (5) merger, demerger or dissolution of the JV Co or to change the organisation structure of the JV Co.

Restrictions on transfer and mortgage of interest in the JV Co

Transfer of any interest in the JV Co by a party to the JV Contract shall require unanimous consent of the shareholders or the directors of the JV Co. In addition, transfer of interest in the JV Co by a party to the JV Contract to a third party is subject to pre-emptive right of the other parties of the JV Contract and the terms of transfer offered to the third party shall not be more favourable than those offered to the other parties of the JV Contract. However, in the case of a transfer by a party to the JV Contract to its group company of all or any part of its equity interest in the JV Co and such transfer is for the purpose of its internal restructuring and no gain will be arisen as a result of such transfer, the other parties to the JV Contract shall waive their respective pre-emptive right in respect of such transfer.

Mortgage of any interest in the JV Co by a party to the JV Contract shall require prior written approval of the other parties to the JV Contract.

Other rights and obligations of the parties to the JV Contract

Pursuant to the JV Contract, Greentown Real Estate and Xiangsheng Real Estate shall coordinate with the Ministry of Land and Resources and arrange the JV Co to: (i) enter into a state-owned land use rights transfer contract with the Ministry of Land and Resources in respect of the transfer of the land use rights of the Land to the JV Co; (ii) pay the Total Land Premium; and (iii) arrange the Land to be registered under the name of the JV Co; and (iv) obtain the state-owned land use rights certificate(s) of the Land to be issued to the JV Co.

INFORMATION ON THE LAND AND THE PROJECT

The Land is located in 中國浙江省慈溪市澱山街道 (Hushan Street, Cixi City, Zhejiang Province, the PRC) which comprises two plots of land with a total area for development of approximately 62,576 square meters. The approved purposes of the Land are for both commercial and residential uses. The term of the land use rights of the two plots of land to be granted are 40 years and 70 years, respectively. The Land is intended to be developed into residential buildings and commercial premises, with a total gross floor area of 131,830 square meters. It is expected that the development of the Project will be completed at different stages in or around September 2012.

The Total Investment Costs are estimated to be RMB2,000,000,000. The Total Land Premium is RMB1,089,000,000 which shall be funded as to RMB98,000,000 by the registered capital of the JV Co and as to RMB991,000,000 by interest-bearing shareholders' loans at an annual interest rate of 10.98% to be provided by Greentown Real Estate, Xiangsheng Real Estate and Zhongyi Group in proportion to their respective equity interests in the JV Co. The remaining portion of the Total Investment Costs of RMB911,000,000 shall be funded by bank borrowings of the JV Co and if required, by further capital contribution to the JV Co by Greentown Real Estate, Xiangsheng Real Estate and Zhongyi Group in proportion to their respective equity interests in the JV Co. According to their shareholdings in the JV Co, the share of the Total Investment Costs of each party to the JV Contract is as follows:

Greentown Real Estate – RMB1,200,000,000 (60%)

Xiangsheng Real Estate – RMB600,000,000 (30%)

Zhongyi Group – RMB200,000,000 (10%)

It is expected that the above total capital commitment of the Greentown Real Estate in the JV Co as contemplated under the JV Contract (including the Capital Contribution and the shareholder's loan to be made by Greentown Real Estate to the JV Co) will be funded by internal resources of the Group.

Save for the total capital commitment as disclosed above, Greentown Real Estate has no other capital commitment (whether equity, loan or otherwise) to the JV Co.

REASONS FOR THE INVESTMENT IN THE JV CO

The JV Co is principally engaged in property development and investment in the PRC.

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. In order to strengthen the Group's position in residential property development in the PRC, the Board believes that the investment in the JV Co is in the interest of the Shareholders as it would provide a good opportunity for the Company to further participate in property development in Zhejiang Province which the Board considers to have continued growth potential in the future in light of the healthy development of the real estate market in Zhejiang Province. Moreover, the Board considers the location of the Land to be superior as it is situated at the center of Cixi City, one of the top-100 counties of the PRC.

Xiangsheng Real Estate is a company incorporated in the PRC with limited liability which is owned as to 90% by Zhejiang Xiangsheng Investment Group Limited and as to 10% by Mr. Zhu Guo Ling, all of which are independent third parties of the Group and its connected persons. It is principally engaged in property development and investment in the PRC.

Zhongyi Group is an investment holding company incorporated in the PRC with limited liability which is owned as to 60% by Mr. Ying Jun Yi and as to 40% by Ms. Yang Min Min, all of which are independent third parties of the Group and its connected persons.

With the combined experience, standing and expertise of Greentown Real Estate, Xiangsheng Real Estate and Zhongyi Group in commercial and residential projects, the development of the Project is expected to enhance the value of the Shareholders.

In connection with the development, construction and project management of the Project, it is expected that Greentown Real Estate will provide certain on-going project development, construction management and project consultancy services to the JV Co during the period of construction of the Project at an aggregate fee of not more than 2% of the total revenue to be generated from the sale of the properties to be developed on the Land.

The Directors (including the independent non-executive Directors) consider that the investment in the JV Co by Greentown Real Estate and the transactions contemplated under the JV Contract have been made on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the JV Contract and the investment in the JV Co are in the interest of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the establishment of the JV Co pursuant to the JV Contract constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Board”	the board of Directors;
“Capital Contribution”	the capital contribution of RMB58,800,000 to be made by Greentown Real Estate to the registered capital of the JV Co pursuant to the JV Contract;
“Company”	Greentown China Holdings Limited, 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;
“Director(s)”	the director(s) of the Company;
“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 established in the PRC and is an indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“JV Co”	an equity joint venture company to be established in the PRC pursuant to the JV Contract;
“JV Contract”	the joint venture contract dated 8 July 2009 entered into between Greentown Real Estate, Xiangsheng Real Estate and Zhongyi Group in relation to the establishment of the JV Co;

“Land”	two plots of land located in 中國浙江省慈溪市澚山街道 (Hushan Street, Cixi City, Zhejiang Province, the PRC*) with a total area for development of approximately 62,576 square meters;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Ministry of Land and Resources”	中國國土資源部 (The Ministry of Land and Resources of the PRC);
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement;
“Project”	the development of the Land pursuant to the JV Contract;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Total Investment Cost”	RMB2,000,000,000, being the estimated total investment costs in the Land including the Total Land Premium, construction costs and other investment costs of the Project;
“Total Land Premium”	the total land premium of the Land of RMB1,089,000,000 to be paid by the JV Co to the Ministry of Land and Resources;
“Xiangsheng Real Estate”	浙江祥生房地產開發有限公司 (Zhejiang Xiangsheng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability and is owned as to 90% by 浙江祥生實業集團有限公司 (Zhejiang Xiangsheng Investment Group Limited*) and as to 10% by Mr. Zhu Guo Ling (朱國玲);
“Zhongyi Group”	浙江中義集團有限公司 (Zhejiang Zhongyi Group Co., Ltd.*), a company established in the PRC with limited liability and is owned as to 60% by Mr. Ying Jun Yi (應軍毅) and as to 40% by Ms. Yang Min Min (楊敏敏);
“%”	per cent.

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

Hangzhou, the PRC, 8 July 2009

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

* For identification purpose only