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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)**

### **CONNECTED TRANSACTIONS**

On 3 December 2009, Greentown Real Estate (a wholly-owned subsidiary of the Company) as buyer and Huanhai Lianhe and Zhejiang Yifeng as sellers entered into the Share Transfer Agreement. Pursuant to the Share Transfer Agreement, Greentown Real Estate agreed to acquire 31% and 49% of the equity interests in Tianjin Yijun from Huanhai Lianhe and Zhejiang Yifeng respectively for a total consideration of RMB8,000,000 (equivalent to approximately HK\$9,120,000), subject to adjustment. The consideration will be financed by the Group's internal resources.

The consideration for the Acquisitions was determined after arm's length negotiations between Greentown Real Estate, Huanhai Lianhe and Zhejiang Yifeng. Upon completion of the Acquisitions, the Company (through Greentown Real Estate) and Huanhai Lianhe will hold 80% and 20% of the equity interests in Tianjin Yijun, respectively.

As Evon China (99.99% owned by Mr Mao) and Addgenius (a wholly-owned subsidiary of the Company) hold 49% and 51%, respectively, of the equity interests of a joint venture, Mr Mao is a connected person of the Company under the Listing Rules so as the sellers, Huanhai Lianhe and Zhejiang Yifeng, which are wholly-owned by Mr Mao. Therefore, the Transactions constitute connected transactions for the Company under the Listing Rules.

Since the highest of all applicable percentage ratios of the Transactions calculated in accordance with Rule 14.07 of the Listing Rules are above 0.1% but below 2.5%, the Transactions are only subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements.

### **THE SHARE TRANSFER AGREEMENT**

The Board announces that, on 3 December 2009, Greentown Real Estate, Huanhai Lianhe and Zhejiang Yifeng entered into the Share Transfer Agreement.

# 1. THE ACQUISITIONS

## 1.1 Date

3 December 2009

## 1.2 Parties

Buyer: Greentown Real Estate

Sellers: (1) Huanhai Lianhe  
(2) Zhejiang Yifeng

## 1.3 Assets to be acquired

Pursuant to the Share Transfer Agreement, Greentown Real Estate agreed to acquire 31% and 49% of the equity interests in Tianjin Yijun from Huanhai Lianhe and Zhejiang Yifeng respectively.

Upon completion of the Acquisitions, the Company (through Greentown Real Estate) and Huanhai Lianhe will hold 80% and 20% of the equity interests in Tianjin Yijun, respectively.

## 1.4 Consideration

Subject to adjustment, the total consideration for the Acquisitions is RMB8,000,000 (equivalent to approximately HK\$9,120,000) of which RMB3,100,000 (equivalent to approximately HK\$3,534,000) is to be paid to Huanhai Lianhe and RMB4,900,000 (equivalent to approximately HK\$5,586,000) is to be paid to Zhejiang Yifeng. The consideration shall be settled on or before a date (the “**Consideration Payment Date**”) which is 10 working days after the completion of the Acquisitions.

Within 10 working days after the Effective Date, Greentown Real Estate shall pay a refundable deposit (the “**Deposit**”) in the amount of RMB8,000,000 of which RMB3,100,000 (equivalent to approximately HK\$3,534,000) is to be paid to Huanhai Lianhe and RMB4,900,000 (equivalent to approximately HK\$5,586,000) is to be paid to Zhejiang Yifeng. After the completion of the Acquisitions, the Deposit shall be used to settle the consideration as may be adjusted (the “**Adjusted Consideration**”) according to Share Transfer Agreement on the Consideration Payment Date. Any amount of the Deposit exceeding the Adjusted Consideration shall be refunded to Greentown Real Estate within five working days from the Consideration Payment Date. In the event that the Acquisitions shall not be completed on or before a date which is 90 days from the Effective Date, the entire Deposit shall be refunded to Greentown Real Estate by Huanhai Lianhe and Zhejiang Yifeng within five working days of such date.

The consideration for the Acquisitions was determined after arm's length negotiations between Greentown Real Estate, Huanhai Lianhe and Zhejiang Yifeng with reference to the following conditions or assumptions:

- (a) as at the Effective Date, the registered capital of RMB10,000,000 of Tianjin Yijun has been fully paid;
- (b) as at the Audit Date, the pre-existing liabilities of Tianjin Yijun were of the type and in the amount as disclosed in the schedule to the Share Transfer Agreement and Tianjin Yijun has no other liabilities;
- (c) as at the Effective Date, Tianjin Yijun did not have assets and business other than the Projects and the development of the Projects; and
- (d) during the period from the Audit Date to the completion of the Acquisitions, there is no depreciation of Tianjin Yijun's net asset value unless otherwise permitted by the parties.

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

If, (a) due to any of the above conditions or assumptions being incorrect, there is a depreciation of the net asset value of Tianjin Yijun; and/or Greentown Real Estate is subject to additional payment obligations; and/or (b) there arose any liabilities that should be borne by Huanhai Lianhe and Zhejiang Yifeng in relation to the Contract Termination, the Unpaid Land Premium or the Total Account Payables (as defined in paragraph 2 below), such amount of depreciation, additional payment obligations, and liabilities of Huanhai Lianhe and Zhejiang Yifeng shall be deducted from the consideration payable by Greentown Real Estate. If such amount of depreciation, additional payment obligations, and liabilities exceeds the consideration, Huanhai Lianhe and Zhejiang Yifeng shall pay the excess amount to Greentown Real Estate in cash. Greentown shall also be entitled to terminate the Share Transfer Agreement in this regard.

## **1.5 Conditions Precedent**

Completion of the Acquisitions is conditional upon the fulfilment of the following conditions:

- (a) each of Huanhai Lianhe and Zhejiang Yifeng has complete title to Tianjin Yijun (including but not limited to, right of ownership, right of disposal, voting right, right to receive income, shareholders' rights pursuant to existing law and regulations and the articles of association of Tianjin Yijun and extended rights) free from any encumbrances (including but not limited to mortgage, pledge or other form of security, dispute, forfeiture, seizure or any other third party rights);
- (b) there is no order or judgment of governmental or regulatory authority, court, judicial department or organisation of similar nature, which would cause the Acquisitions invalid, unenforceable or illegal or would prohibit the Acquisitions under the Share Transfer Agreement or would result in the parties to the Share Transfer Agreement imposing or bearing additional conditions or obligations;

- (c) as at the Effective Date, Tianjin Yijun is not involved in any litigation or arbitration proceeding, administrative sanction or other sanction and any dispute of interest and third party claims that reduce or may reduce, its net asset value; and there is no unperformed contractual obligation or contractual factors that reduce or may reduce, Tianjin Yijun's net asset value;
- (d) Tianjin Yijun has the valid and legal title to the Projects; and
- (e) Tianjin Yijun has paid the entire land premium and has obtained the land use rights in relation to the Land; and is not subject to any obligation arising from breach of contract and any administrative penalty.

If any of the aforesaid conditions precedent has not been fulfilled on or before a date which is 90 days from the Effective Date of and such date has not been extended by the parties, (a) the Share Transfer Agreement shall terminate and become void; (b) Tianjin Yijun shall repay Greentown Real Estate any amount of loans provided by Greentown Real Estate to it under the Share Transfer Agreement and the relevant interest within five working days from the aforesaid date; and (c) the entire Deposit shall be refunded to Greentown Real Estate by Huanhai Lianhe and Zhejiang Yifeng within five working days from the aforesaid date.

## 1.6 Completion

Completion of the Acquisitions shall take place within three working days after the day on which the conditions precedent are fulfilled.

## 2. LOANS TO TIANJIN YIJUN

### 2.1 Outstanding Contractual Obligations

As at the Effective Date, Tianjin Yijun had certain outstanding contractual obligations. It is agreed that Tianjin Yijun shall terminate these contracts after completion the Acquisitions. As at the Effective Date, the total amount payable by Tianjin Yijun for the termination of these outstanding contractual obligations (the “**Contract Termination**”) was RMB68,579,717 (the “**Outstanding Contract Amount**”). Greentown Real Estate has agreed to provide a loan in a maximum amount of the Outstanding Contract Amount to Tianjin Yijun for the Contract Termination. The loan will be provided by Greentown Real Estate to Tianjin Yijun as and when the payment for the Outstanding Contract Amount is needed. Currently, there is no fixed timetable for the provision of the loan. Should the actual amount paid by Tianjin Yijun for the Contract Termination exceed the Outstanding Contract Amount, such excess amount shall be borne by Huanhai Lianhe and Zhejiang Yifeng.

### 2.2 Unpaid Land Premium

As at the Audit Date, a portion of the total premium amounted to RMB46,550,000 (the “**Unpaid Land Premium**”) relating to the Land had not been settled by Tianjin Yijun. On 24 November 2009, Greentown Real Estate provided a loan in the same amount to Tianjin Yijun for the payment of the Unpaid Land Premium. On 26 November 2009, Greentown Real Estate further provided a loan in the amount of RMB3,000,000 to Tianjin Yijun for the payment of the tax and stamp duty relating to the Land. As at

the Effective Date, Tianjin Yijun has paid the Unpaid Land Premium and part of the relevant tax and stamp duty to the relevant government bureau. The loans provided by Greentown Real Estate to Tianjin Yijun for the payment of the Unpaid Land Premium and the relevant tax and stamp duty amounted to RMB49,550,000 in aggregate. Should Tianjin Yijun be subject to any additional liabilities (including but not limited any fine, default interest or obligations arising from breach of the land use right grant contract) relating to the Unpaid Land Premium, such additional liabilities shall be borne by Huanhai Lianhe and Zhejiang Yifeng.

### **2.3 Other Account Payables**

As at the Audit Date, Tianjin Yijun had other account payables amounted to RMB66,980,000 (the “**Total Account Payables**”) in aggregate. It is agreed that (a) out of the Total Account Payables, an amount of RMB36,980,000 shall be set off against the total account receivables of Tianjin Yijun; (b) if any of such amount of account payables is not fully off-set by the account receivables of Tianjin Yijun, the outstanding amount shall be borne by Huanhai Lianhe and Zhejiang Yifeng; and (c) in respect of the remaining RMB30,000,000 of the Total Account Payables, Greentown Real Estate has agreed to provide a loan in the same amount to Tianjin Yijun for its repayment to the relevant creditors. Greentown Real Estate shall provide a portion of such loan in an amount of RMB20,000,000 to Tianjin Yijun on the Effective Date and the remaining RMB10,000,000 within 10 working days from the Effective Date.

### **2.4 Arrangements relating to the Loans to Tianjin Yijun**

All the loans provided by Greentown Real Estate to Tianjin Yijun under the Share Transfer Agreement (the “**Loans**”) shall carry an interest calculated at the rate of 10.98% per annum. If the Share Transfer Agreement shall be terminated or become void due to the occurrence of any of the following events, the amount of the Loans and the interest accrued thereon shall be repaid to Greentown Real Estate within five working days from the date of occurrence of such event:

- (a) the conditions precedent in relation to the Acquisitions have not been fulfilled on or before a date which is 90 days from the Effective Date and such date has not been extended by the parties;
- (b) Greentown Real Estate has exercised its right of termination under the Share Transfer Agreement;
- (c) the parties have mutually agreed to terminate the Share Transfer Agreement;
- (d) the Share Transfer Agreement has become void due to a legally-binding decision, judgment, order or court declaration;
- (e) the Acquisitions have not been completed for any reason whatsoever on or before a date which is 90 days from the Effective Date; and
- (f) the Share Transfer Agreement has become void for any other reasons being not the sole responsibility of Greentown Real Estate.

Huanhai Lianhe and Zhejiang Yifeng have agreed to be jointly and severally liable for Tianjin Yijun's obligations to repay the Loans and the interest accrued thereon.

On the Effective Date, Evon China has signed a letter of undertaking in favour Greentown Real Estate pursuant to which Evon China has undertaken to be jointly and severally liable for Tianjin Yijun's obligations to repay the Loans and the interest accrued thereon and the reasonable expenses incurred by Greentown Real Estate in relation to the Loans, backed by all of its assets and the shareholders' distributions receivable from its 49% equity interests in a property company named 杭州金馬房地產開發有限公司 (Hangzhou Jinma Real Estate Development Company Limited\*).

### **3. TERMINATION RIGHT**

Greentown Real Estate is entitled to a right to terminate the Share Transfer Agreement (a) within 90 days from the Effective Date; or (b) before the completion of the Acquisition, whichever is earlier.

### **FINANCIAL INFORMATION OF TIANJIN YIJUN**

As at the Audit Date, the audited net asset value of Tianjin Yijun was approximately RMB4,572,134 (equivalent to approximately HK\$5,212,233) and the audited total asset value of Tianjin Yijun was approximately RMB208,171,253 (equivalent to approximately HK\$237,315,228).

The audited attributable net losses before and after taxation of Tianjin Yijun from the date of its incorporation to the Audit Date was approximately RMB5,427,866 (equivalent to approximately HK\$6,187,767).

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

The participation in the business relating to office buildings and service apartments developments is in line with the Group's strategic development policy. The Transactions would enable the Group to strengthen its market share within the property industry in the PRC. The Directors believe that the Transactions 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 Tianjin City.

The Directors (including the Independent Non-executive Directors) are of the opinion that the consideration is arrived at, and the terms of the Transactions are, 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 Transactions will not have any material changes to the assets and liabilities of the Group.

### **IMPLICATIONS UNDER THE LISTING RULES**

As Evon China (99.99% owned by Mr Mao) and Addgenius (a wholly-owned subsidiary of the Company) hold 49% and 51%, respectively, of the equity interests of a joint venture, Mr Mao is a connected person of the Company under the Listing Rules so as the sellers, Huanhai Lianhe and Zhejiang Yifeng, which are wholly-owned by Mr Mao. Therefore, the Transactions constitute connected transactions for the Company under the Listing Rules.

Since the highest of all applicable percentage ratios of the Transactions calculated in accordance with Rule 14.07 of the Listing Rules are above 0.1% but below 2.5%, the Transactions are only subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements.

## **INFORMATION ABOUT THE GROUP, HUANHAI LIANHE AND ZHEJIANG YIFENG**

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. Huanhai Lianhe is principally engaged in real estate development in Shandong, the PRC. Zhejiang Yifeng is principally engaged in real estate development in Zhejiang, the PRC.

## **INFORMATION ABOUT TIANJIN YIJUN AND THE PROJECTS**

Tianjin Yijun was incorporated by Huanhai Lianhe and Zhejiang Yifeng in the PRC as a limited liability company on 11 January 2008 with a registered capital of RMB10,000,000. Before the Acquisitions, Huanhai Lianhe and Zhejiang Yifeng owns 51% and 49% of the equity interests in Tianjin Yijun, respectively.

Tianjin Yijun is principally engaged in the business of investment in real estate and industrial and commercial enterprises, real estate development and sale of commodity properties.

Tianjin Yijun owns and is currently developing the Projects:

- (a) the Tianjin Bohai Financial Tower Project which is an office-building project at 天津市塘沽區響螺灣商務區第B-14號 (No. B-14, Commercial District, Xiangluo Bay, Tanggu District, Tianjin City) with a total site area of approximately 9,238 square metres and a total gross floor area of approximately 106,879 square metres; and
- (b) the Tianjin Bohai Hotel Project which is a serviced-apartment project at 天津市塘沽區響螺灣商務區第B-15號 (No. B-15, Commercial District, Xiangluo Bay, Tanggu District, Tianjin City) with a total site area of approximately 7,900 square metres and a total gross floor area of approximately 103,849 square metres.

Tianjin Yijun does not have any major assets other than the interests in the Land and Projects.

## **DEFINITIONS**

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

“Acquisitions”	the acquisitions of 31% and 49% of the equity interests in Tianjin Yijun by Greentown Real Estate from Huanhai Lianhe and Zhejiang Yifeng respectively;
“Addgenius”	添智企業有限公司 (Addgenius Enterprises Limited), a limited liability company which was incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company;
“Audit Date”	23 September 2009;

“Board”	the board of Directors;
“China” or “PRC”	the People’s Republic of China;
“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;
“Effective Date”	the date of signing of the Share Transfer Agreement;
“Evon China”	逸豐(中國)投資有限公司 (Evon (China) Ltd.), a limited liability company which was incorporated in Hong Kong and is 99.99% owned by Mr Mao and 0.01% owned by Mr Mao’s wife;
“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;
“Huanhai Lianhe”	聊城市環海聯合房地產開發有限公司 (Liaocheng City Huanhai Lianhe Real Estate Development Co., Ltd.*), a limited liability company which was incorporated in the PRC and is directly wholly-owned by Mr Mao;
“Independent Non-executive Directors”	the independent non-executive directors of the Company;
“Land”	the two parcels of land at which the Projects are situated;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr Mao”	毛志金 (Mao Zhijin), who currently holds all the equity interests in Huanhai Lianhe and Zhejiang Yifeng respectively and 99.99% of the equity interests in Evon China;



“Projects”	(a) the Tianjin Bohai Financial Tower Project which is an office-building project at 天津市塘沽區響螺灣商務區第B-14號 (No. B-14, Commercial District, Xiangluo Bay, Tanggu District, Tianjin City) with a total site area of approximately 9,238 square metres and a total gross floor area of approximately 106,879 square metres; and (b) the Tianjin Bohai Hotel Project which is a serviced-apartment project at 天津市塘沽區響螺灣商務區第B-15號 (No. B-15, Commercial District, Xiangluo Bay, Tanggu District, Tianjin City) with a total site area of approximately 7,900 square metres and a total gross floor area of approximately 103,849 square metres;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	the ordinary shares of the Company;
“Share Transfer Agreement”	the share transfer framework agreement dated 3 December 2009 entered into between Greentown Real Estate, Huanhai Lianhe and Zhejiang Yifeng in relation to the Transactions;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjin Yijun”	天津逸駿投資有限公司 (Tianjin Yijun Investment Co., Ltd.*), a limited liability company which was incorporated in the PRC and is 51% owned by Huanhai Lianhe and 49% owned by Zhejiang Yifeng;
“Transactions”	all the transactions contemplated under the Share Transfer Agreement, including the Acquisitions; and
“Zhejiang Yifeng”	浙江益豐投資有限公司 (Zhejiang Yifeng Investment Co., Ltd.*), a limited liability company which was incorporated in the PRC and is directly wholly-owned by Mr Mao.

*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 rates are for illustration purposes and do not constitute representations that any amount in RMB or HK\$ have been, could have been or may be converted at such rates.*

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

Hangzhou, the PRC, 3 December 2009

*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