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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)**

### **DISCLOSEABLE TRANSACTION INVESTMENT IN A JOINT VENTURE COMPANY**

#### **Investment Agreement and Joint Venture Company**

On 25 April 2010, Hangzhou Greentown Investment entered into the Investment Agreement with Shanghai Zendai whereby Hangzhou Greentown Investment and Shanghai Zendai have agreed to invest, together with Shanghai Forte and Shanghai Panshi, in the Joint Venture Company pursuant to the terms of the Investment Agreement. The Joint Venture Company will be principally engaged in developing properties located in Shanghai, the PRC.

Upon completion, Hangzhou Greentown Investment, Shanghai Zendai, Shanghai Forte and Shanghai Panshi will hold 10%, 50%, 30% and 10% equity interest in the Joint Venture Company respectively. Pursuant to the Investment Agreement, Hangzhou Greentown Investment and Shanghai Zendai may designate a subsidiary company located in the PRC to be the holders of their respective equity interest in the Joint Venture Company.

#### **Shareholders' Loan**

Upon the establishment of the Joint Venture Company, Hangzhou Greentown Investment and Shanghai Zendai will provide shareholders' loans of RMB858,000,000 (approximately HK\$978,120,000) and RMB1,000,000,000 (approximately HK\$1,140,000,000) to the Joint Venture Company respectively. Shanghai Forte will also provide a shareholders' loan of RMB2,572,000,000 (approximately HK\$2,932,080,000) to the Joint Venture Company. Interest on these shareholders' loans will be payable by the Joint Venture Company at a normal commercial rate or such other rate which is more favourable to the Joint Venture Company.

#### **Contingent Investment**

If Shanghai Forte fails to provide the shareholders' loan of RMB2,572,000,000 (approximately HK\$2,932,080,000) to the Joint Venture Company pursuant to the Forte Investment Agreement before 31 August 2010, Hangzhou Greentown Investment will acquire the 10% equity interest in the Joint Venture Company held by Shanghai Forte for a consideration of RMB100,000,000 (approximately HK\$114,000,000) and provide a further shareholders' loan of RMB858,000,000 (approximately HK\$978,120,000) to the Joint Venture Company such that Hangzhou Greentown Investment will be holding an aggregate of 20% equity interest in the Joint Venture Company.

The Directors (including the independent non-executive Directors) are of the opinion that the Investment Agreement is on normal commercial terms after arm's length negotiation between the Parties, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### **Listing Rules implications**

As the highest of the percentage ratios in respect of the transactions contemplated in the Investment Agreement is above 5% but below 25%, the entering into of the Investment Agreement by Hangzhou Greentown Investment constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

**Shareholders and other investors should note that completion of the transactions contemplated in the Investment Agreement is subject to the condition to be fulfilled on the part of Shanghai Zendai in satisfaction of the requirements under the Listing Rules which may or may not be fulfilled. Accordingly, Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.**

## **INVESTMENT AGREEMENT**

On 25 April 2010, Hangzhou Greentown Investment entered into the Investment Agreement with Shanghai Zendai whereby Hangzhou Greentown Investment and Shanghai Zendai have agreed to invest, together with Shanghai Forte and Shanghai Panshi, in the Joint Venture Company pursuant to the terms of the Investment Agreement. Shanghai Zendai has also entered into the Forte Investment Agreement and Panshi Investment Agreement with Shanghai Forte and Shanghai Panshi respectively which set out the terms under which Shanghai Forte and Shanghai Panshi shall invest in the Joint Venture Company.

The major terms of the Investment Agreement are set out below:

### **Business of the Joint Venture Company**

The Joint Venture Company will be principally engaged in the business of developing properties located in Shanghai, PRC, as recommended by Shanghai Zendai.

### **Registered capital**

The registered capital of the Joint Venture Company will be RMB1,000,000,000 (approximately HK\$1,140,000,000). Upon completion, Hangzhou Greentown Investment, Shanghai Zendai, Shanghai Forte and Shanghai Panshi will invest, in the form of cash, RMB100,000,000 (approximately HK\$114,000,000), RMB500,000,000 (approximately HK\$570,000,000), RMB300,000,000 (approximately HK\$342,000,000) and RMB100,000,000 (approximately HK\$114,000,000) in the Joint Venture Company respectively and hold 10%, 50%, 30% and 10% equity interest in the Joint Venture Company respectively. The capital contribution shall be made upon the opening of the registered capital verification account of the Joint Venture Company. The above amounts of investments were agreed after taking into consideration the fund that the Joint Venture Company may require for developing large-scale property developments. The investment amount to be contributed by Hangzhou Greentown Investment will be funded by the internal resources of the Group.

Pursuant to the Investment Agreement, Hangzhou Greentown Investment and Shanghai Zendai may designate a subsidiary company located in the PRC to be the holders of their respective equity interests in the Joint Venture Company.

### **Shareholders' loan**

Upon the establishment of the Joint Venture Company, Hangzhou Greentown Investment and Shanghai Zendai will provide shareholders' loans of RMB858,000,000 (approximately HK\$978,120,000) and RMB1,000,000,000 (approximately HK\$1,140,000,000) to the Joint Venture Company respectively. Shanghai Forte will also provide a shareholders' loan of RMB2,572,000,000 (approximately HK\$2,932,080,000) to the Joint Venture Company. Interest on these shareholders' loans will be payable by the Joint Venture Company at a normal commercial rate or such other rate which is more favourable to the Joint Venture Company.

The shareholders' loan to be provided by Hangzhou Greentown Investment will be funded by the internal resources of the Group.

### **Distribution of profit and loss**

Profit and loss of the Joint Venture Company will be distributed to Hangzhou Greentown Investment, Shanghai Zendai, Shanghai Forte and Shanghai Panshi according to their respective percentage of equity interest holding in the Joint Venture Company.

### **Composition of the board of directors of the Joint Venture Company**

The Investment Agreement does not contain provisions on the composition of the board of directors of the Joint Venture Company. It is the current intention that the board of directors of the Joint Venture Company will comprise 10 directors and each of Hangzhou Greentown Investment, Shanghai Zendai, Shanghai Forte and Shanghai Panshi will have the right to nominate one (1) director, five (5) directors, three (3) directors and one (1) director to the board of directors of the Joint Venture Company respectively.

### **Investments by the Joint Venture Company**

The Parties have agreed that all investments that the Joint Venture Company intends to make and the amounts of investments shall be approved by its holders of equity interest representing two-thirds or more of the equity interest in the Joint Venture Company. Funds provided to the Joint Venture Company under the Investment Agreement shall only be used in investments approved in such manner.

### **Performance under the Forte Investment Agreement and the Panshi Investment Agreement**

The Parties have agreed that non-performance of the Forte Investment Agreement and the Panshi Investment Agreement, or of any part of them, or termination or cancellation of the Forte Investment Agreement and the Panshi Investment Agreement shall not affect the performance of the Investment Agreement.

The Parties have also agreed that in case Shanghai Forte fails to provide the shareholders' loan of RMB2,572,000,000 (approximately HK\$2,932,080,000) to the Joint Venture Company pursuant to the Forte Investment Agreement before 31 August 2010, Hangzhou Greentown Investment shall acquire the 10% equity interest in the Joint Venture Company held by Shanghai Forte for a consideration of RMB100,000,000 (approximately HK\$114,000,000) and provide a further shareholders' loan of RMB858,000,000 (approximately HK\$978,120,000) to the Joint Venture Company such that Hangzhou Greentown Investment will hold an aggregate of 20% of the equity interest in the Joint Venture Company.

### **Further funding for developments**

If the funds provided by the holders of the equity interest in the Joint Venture Company pursuant to the Investment Agreement, the Forte Investment Agreement and the Panshi Investment Agreement are insufficient in meeting the need of the Investment Projects of the Joint Venture Company, additional funding will be raised by the Joint Venture Company in its own name.

### **Refund of equity investment and shareholders' loan**

In case the Joint Venture Company has not confirmed and obtained the Development Right for any Investment Projects within 9 months after the date of the Investment Agreement, the Parties will be entitled to request for a full refund of their respective equity investments made and shareholders' loans given under the Investment Agreement.

### **Condition precedent**

The obligations of the Parties under the Investment Agreement are conditional upon the approvals by the respective shareholders of the Parties in their shareholders' meetings, if shareholders' approval is required under the Listing Rules.

### **INFORMATION ABOUT THE GROUP, HANGZHOU GREENTOWN INVESTMENT, SHANGHAI ZENDAI, SHANGHAI FORTE, SHANGHAI PANSHI AND THE JOINT VENTURE COMPANY**

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.

Hangzhou Greentown Investment is principally engaged in investment holding.

Shanghai Zendai is an exempt company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange. According to its recent public announcements, Shanghai Zendai is a diversified property development company in the PRC, focusing on the development, investment and management of residential and commercial properties in the PRC.

Shanghai Forte is a Sino-foreign joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange. According to its recent public announcements, Shanghai Forte is principally engaged in the development and sale of high quality commercial and residential properties in the PRC.

Shanghai Panshi is a limited liability company established under the laws of the PRC and is principally engaged in investment and relevant management.

It is the current intention that the Joint Venture Company, when established, will be a company incorporated in the PRC with limited liability and will be principally engaged in developing properties located in Shanghai, the PRC.

To the best of the Directors' knowledge, information and belief and after making all reasonable enquiries, Shanghai Zendai, Shanghai Forte and Shanghai Panshi are Independent Third Parties.

## **REASONS FOR ENTERING INTO THE INVESTMENT AGREEMENT**

After the completion of the Investment Agreement, the Company will be beneficially interested in 10% of the equity interest in the Joint Venture Company. This allows the Company to further participate in real estate development in Shanghai, the PRC which the Directors consider to have continued growth potential in the future. The Directors are optimistic about the prospect of the property market in Shanghai, the PRC.

The Directors (including the independent non-executive Directors) are of the opinion that the Investment Agreement is on normal commercial terms after arm's length negotiation between the Parties, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The completion of the Investment Agreement will not have any material change to the assets and liabilities of the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest of the percentage ratios in respect of the transactions contemplated in the Investment Agreement is above 5% but below 25%, the entering into of the Investment Agreement by Hangzhou Greentown Investment constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

**Shareholders and other investors should note that completion of the transactions contemplated in the Investment Agreement is subject to the condition to be fulfilled on the part of Shanghai Zendai in satisfaction of the requirements under the Listing Rules which may or may not be fulfilled. Accordingly, Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“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 with limited liability, whose Shares are listed on the Stock Exchange with stock code 03900

“Development Right”	the right to develop a project obtained by the Joint Venture Company by duly entering into a state-owned land use right transfer contract (國有土地使用權出讓合同) or the registration of the Joint Venture Company as the shareholder of a target company with the relevant authorities after acquiring the controlling equity interest in such target company
“Directors”	the directors of the Company
“Forte Investment Agreement”	the investment agreement entered into on 25 April 2010 between Shanghai Zendai and Shanghai Forte in relation to their investments in the Joint Venture 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 which was established in the PRC on 6 January 1995, and is indirectly wholly-owned by the Company
“Group”	the Company and its subsidiaries
“Hangzhou Greentown Investment”	杭州綠城置業投資有限公司 (Hangzhou Greentown Real Estate Investment Co., Ltd.*), a limited liability company which was incorporated in the PRC on 30 September 2004, and is wholly-owned by 浙江嘉和實業有限公司 (Zhejiang Jiahe Industrial Co., Ltd.*) which, in turn, is wholly-owned by Greentown Real Estate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Investment Agreement”	the investment agreement dated 25 April 2010 between Hangzhou Greentown Investment and Shanghai Zendai
“Investment Projects”	the investments of the Joint Venture Company as approved by its holders of equity interest representing two-thirds or more of the equity interest in the Joint Venture Company
“Joint Venture Company”	the joint venture company to be set up in which Hangzhou Greentown Investment and Shanghai Zendai will invest pursuant to the Investment Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



“Panshi Investment Agreement”	the investment agreement entered into on 25 April 2010 between Shanghai Zendai and Shanghai Panshi in relation to their investments in the Joint Venture Company
“Parties”	the parties to the Investment Agreement
“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”	Renminbi, the lawful currency of the PRC
“Shanghai Forte”	復地(集團)股份有限公司 (Shanghai Forte Land Co Ltd*), a sino-foreign joint stock company incorporated in the PRC with limited liability, whose H shares are listed and traded on the main board of the Stock Exchange with stock code 02337
“Shanghai Panshi”	上海磐石投資管理有限公司 (Shanghai Panshi Investment Management Ltd*), a limited liability company established under the laws of the PRC
“Shanghai Zendai”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda with limited liability, whose shares are listed and traded on the main board of the Stock Exchange with stock code 00755
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*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 representation 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, 27 April 2010

*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