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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 TRANSACTIONS**

#### **(1) ESTABLISHMENT OF A PRC JOINT VENTURE COMPANY**

#### **(2) WAIVER IN RESPECT OF DEED OF NON-COMPETITION**

##### **(1) CONNECTED TRANSACTION – ESTABLISHMENT OF THE JV CO**

The Board wishes to announce that on 3 August 2010, Greentown Real Estate, a wholly-owned subsidiary of the Company, Mr Song and the Consulting Company 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 RMB74 million (approximately HK\$84.36 million) to the registered capital of the JV Co. Upon the establishment of the JV Co, Greentown Real Estate, Mr Song and the Consulting Company will respectively own 37%, 36% and 27% of the equity interest in the JV Co.

The Consulting Company is currently owned by an employee of the Group, an Independent Third Party. Pursuant to the Trust Agreements, the Consulting Company will hold 17% and 10%, respectively, of its equity interests in the JV Co on behalf of the Proposed Company 1 and Proposed Company 2, respectively. The Proposed Company 1 will be established and owned by the Participants (including Mr Ying), and the Proposed Company 2 will be established and owned by Mr Cao.

The principal activities of the JV Co shall be property construction management and advisory services in the PRC.

Mr Song is a connected person of the Company as it is a Director and substantial shareholder of the Company. Upon their respective establishment, each of the Proposed Company 1 and the Proposed Company 2 will be a connected person of the Company since they each will be a substantial shareholder of the JV Co, a non-wholly owned subsidiary of the Company, through the Consulting Company. Mr Ying, a proposed shareholder of the Proposed Company 1, will be a connected person of the Company as it is proposed that he be appointed as a director of the JV Co. Mr Cao, the proposed shareholder of the Proposed Company 2, will be a connected person of the Company as he will be a substantial shareholder of the JV Co through the Proposed Company 2 (through the Consulting Company) and it is also proposed that he be appointed as a director of the JV Co.

Accordingly, the establishment of the JV Co will constitute a connected transaction for 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 above 0.1% and less than 5%, the establishment of the JV Co was subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and were exempt from the independent shareholders' approval requirement.

## **(2) CONNECTED TRANSACTION – GRANT OF THE WAIVER**

As disclosed in the Prospectus, each Original Shareholder and Greentown Holdings Group have undertaken to the Group in the Deed of Non-competition that, subject to certain exceptions set out in the Deed of Non-competition and disclosed in the Prospectus, they will not, and shall procure their controlled affiliates (other than members of the Group) not to, engage in any business that competes or may compete (directly or indirectly) with the core business of the Group. The core business of the Group refers to the property development of residential, office and commercial buildings (except for hotel development and property management) in the PRC, and includes (without limitation) the following activities:

- (i) acquiring, holding, developing, transferring, disposing or otherwise dealing in, whether directly or indirectly, land, real estate properties or property-related investments;
- (ii) engaging, having a right or in any way having an economic interest, in the promotion or development of or investment in land or real estate properties;
- (iii) acquiring, holding, transferring, disposing or otherwise dealing in any option, right or interest over any of the matters set out in paragraphs (i) and (ii) above; or
- (iv) acquiring, holding, transferring, disposing or otherwise dealing in, directly or indirectly, shares of any company, joint venture, corporation or entity of any nature, whether or not incorporated, with any interest in the matters set out in paragraphs (i) to (iii) above.

The JV Co shall be principally engaged in property construction management and advisory services in the PRC. The Group currently undertakes certain property construction management and advisory activities which are largely for the government of the PRC and are non-profit in nature. The revenue contribution from such activities amounted to approximately RMB3.71 million (approximately HK\$4.23 million) for the financial year ended 31 December 2009, being approximately 0.04% of the Group's total revenue for that year. The Directors (including the independent non-executive Directors) are of the view that the business activities of the JV Co may compete with that of the Group, given that the Group is currently undertaking some property construction management and advisory business for the government of the PRC.

It is the current intention of the Group that all property construction management and advisory activities of the Group shall be undertaken by the JV Co in future. Since the JV Co will be considered to be the Company's subsidiary, it (as a subsidiary of the Company) will have the right to use the Trademarks pursuant to the Trademark Licence Agreement.

Given that the Group is currently undertaking some property construction management and advisory business for the government of the PRC, Mr Song, being one of the Original Shareholders who executed the Deed of Non-Competition in favour of the Group, has requested from the Company for the Waiver in respect of the non-competition restrictions that apply to property construction management and advisory services in the PRC to be carried out by the JV Co.

As Mr Song is a Director and substantial shareholder of the Company and therefore a connected person of the Company, the grant of the Waiver will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

The grant of the Waiver is subject to the announcement and circular requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors will be appointed to advise the Independent Shareholders on whether the grant of the Waiver is fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Group will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, among other things, further information on the proposed grant of the Waiver, the letter from the independent financial adviser and the recommendation of the Independent Board Committee in relation to the grant of the Waiver, together with a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable. It is expected that the circular will be despatched to the Shareholders on or before 24 August 2010.

The EGM will be convened as soon as practicable at which an ordinary resolution will be proposed for the Independent Shareholders to consider, and if thought fit, to approve the grant of the Waiver. Pursuant to the Listing Rules, Mr Song and any of his associates are required to abstain from voting on the resolution approving the grant of the Waiver, and voting will be conducted by way of poll. Mdm Xia is the spouse of Mr Song and consequently, she is an associate of Mr Song and will be required to abstain from voting on the resolution approving the grant of the Waiver. Pursuant to the Concert Party Agreement under which the Original Shareholders agreed that they shall act in concert in relation to the business operations and management affairs of the Group, Mr Shou will be required to abstain from voting on the resolution approving the grant of the Waiver as well. Pursuant to a supplemental agreement dated 3 August 2010 in respect of the Concert Party Agreement between Mr Song, Mdm Xia and Mr Shou, each of Mr Song and Mdm Xia agreed that Mr Shou shall be entitled to act and vote on the resolution approving the grant of the Waiver independently.

## **CONNECTED TRANSACTION – ESTABLISHMENT OF THE JV CO**

Date: 3 August 2010

Parties: (1) Greentown Real Estate;  
(2) Mr Song; and  
(3) the Consulting Company

On 3 August 2010, Greentown Real Estate, Mr Song and the Consulting Company entered into the JV Contract for the establishment of the JV Co. Upon the establishment of the JV Co, Greentown Real Estate, Mr Song and the Consulting Company will respectively own 37%, 36% and 27% of the equity interest in the JV Co.

On 3 August 2010, the Consulting Company and Mr Ying (on behalf of himself and the Participants) entered into the Trust Agreement 1 pursuant to which the Consulting Company agreed to hold its 17% equity interests in the JV Co on behalf of the Proposed Company 1 whose proposed beneficial shareholders are the Participants (including Mr Ying).

On 3 August 2010, the Consulting Company and Mr Cao, an employee of the Group, entered into the Trust Agreement 2 pursuant to which the Consulting Company agreed to hold its 10% equity interests in the JV Co on behalf of the Proposed Company 2 whose proposed beneficial shareholder is Mr Cao.

Mr Song is a connected person of the Company as it is a Director and substantial shareholder of the Company. As Mr Song is interested in the JV Co, he has to abstain from voting on the resolution of the Board, and he has not attended the meeting of the Board, for the approval of the Company's investment in the JV Co. The current shareholder of the Consulting Company is an employee of the Group, an Independent Third Party. Upon their respective establishment, each of the Proposed Company 1 and the Proposed Company 2 will be a connected person of the Company since they each will be a substantial shareholder of the JV Co, a non-wholly owned subsidiary of the Company, through the Consulting Company. Mr Ying, a proposed shareholder of the Proposed Company 1, will be a connected person of the Company as it is proposed that he be appointed as a director of the JV Co. Mr Cao, the proposed shareholder of the Proposed Company 2, will be a connected person of the Company as he will be a substantial shareholder of the JV Co through the Proposed Company 2 (through the Consulting Company) and it is also proposed that he be appointed as a director of 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, the Consulting Company and its other ultimate beneficial owners, being the Participants (excluding Mr Ying), are Independent Third Parties.

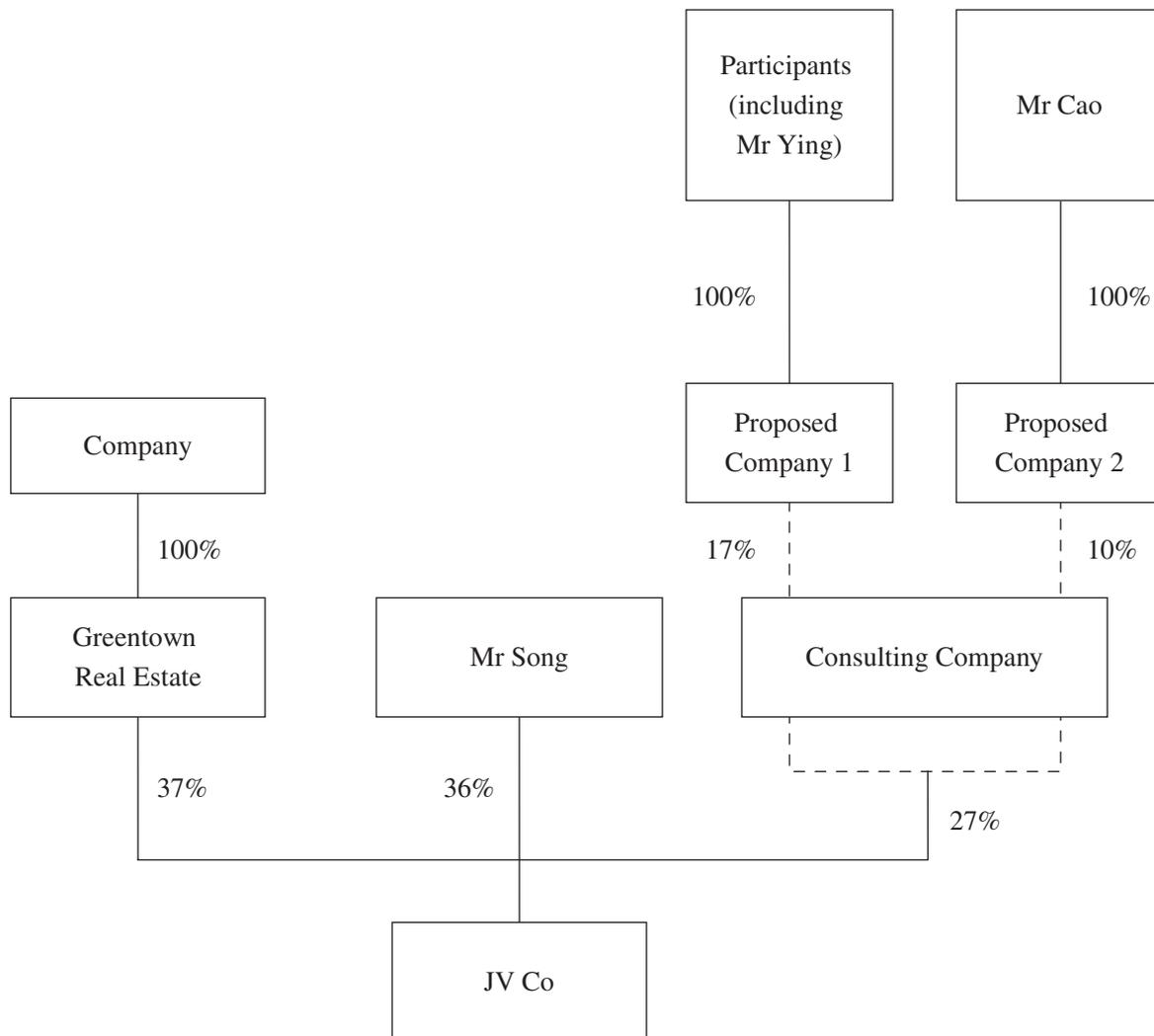
### **Capital Commitments**

Pursuant to the JV Contract, the Total Investment Costs shall be RMB400 million (approximately HK\$456 million), including the registered capital of the JV Co of RMB200 million (approximately HK\$228 million). Each of Greentown Real Estate, Mr Song and the Consulting Company has agreed to make a capital contribution of RMB74 million (approximately HK\$84.36 million), RMB72 million (approximately HK\$82.08 million), and RMB54 million (approximately HK\$61.56 million), respectively, to the registered capital of the JV Co, representing 37%, 36% and 27%, respectively, of the equity interests in the JV Co.

According to the Trust Agreement 1, the Consulting Company shall hold 17% of its 27% equity interests in the JV Co on behalf of the Proposed Company 1. Mr Ying, as the representative of the Participants, shall contribute RMB34 million (approximately HK\$38.76 million) on behalf of the Proposed Company 1, towards the registered capital of the JV Co. According to the Trust Agreement 2, the Consulting Company shall hold 10% of its 27% equity interests in the JV Co on behalf of the Proposed Company 2. Mr Cao shall contribute RMB20 million (approximately HK\$22.80 million), on behalf of the Proposed Company 2, towards the registered capital of the JV Co.

The capital contributions were determined after arm’s length negotiation between Greentown Real Estate, Mr Song, Mr Ying (on behalf of the Proposed Company 1 and through the Consulting Company) and Mr Cao (on behalf of the Proposed Company 2 and through the Consulting Company) with reference to initial capital requirement of the JV Co.

Set out below is the corporate structure of the JV Co after its establishment and pursuant to the arrangements under the Trust Agreements:



Greentown Real Estate, Mr Song and the Consulting Company 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.

### **Business scope of the JV Co**

The scope of business of the JV Co shall include property construction management and advisory services in the PRC.

### **Business model of the JV Co**

The business model of the JV Co shall consist of the JV Co undertaking the management of some or all of the following activities, depending on the terms of the construction management contracts it enters into with its Customers:

- (a) project planning at the initial stage;
- (b) planning and design;
- (c) project construction;
- (d) costs management;
- (e) sales and marketing;
- (f) examination after project completion;
- (g) delivery of properties;
- (h) property management; and
- (i) landscape design and management.

### **The management fees**

The fees to be received by the JV Co will comprise the following:

#### **(a) *Team management fee***

The JV Co will assign a management team for each project taking into account factors such as size, quality control requirements and development plans of the project. The management fee for the management team will be stipulated by contract and payable by the relevant project company to which the JV Co provides property construction management and advisory services.

**(b) Project management fee**

The project management fee will be in the range of 5% to 7% of the total sales revenue. The actual fee will be determined after taking into consideration factors such as the profit rate, size of project, total sales revenue, types of property, rate of sales and development cycles of the relevant project.

**(c) Bonus for profit surplus**

For some construction management projects, the parties may set a profit target as the basis for performance assessment. The JV Co may be entitled to receive a certain percentage (subject to negotiations) from the surplus profit (that is, the profit in excess of the profit target) as bonus. The actual arrangement shall be subject to negotiation and agreement between the parties.

The JV Co may also be subject to a penalty if the actual profit falls below the profit target. The penalty, calculated as a percentage of the profit shortfall (subject to negotiations) shall be deducted from the project management fee, but the maximum penalty shall not exceed the total project management fee payable under the relevant contract. In the event the maximum penalty is levied, the JV Co shall receive only the team management fee.

The profit to be used for performance assessment under this category shall be the profit before tax. The profit target shall normally be calculated by reference to the following formula:

Profit target = Sales revenue – costs of land – costs of construction – interim expenses – business tax and levy

The basis for determining the profit target may vary from project to project, subject to negotiations with the relevant Customers.

For projects that are divided into stages, the profit for each stage may be assessed individually.

The three categories of fees set out above do not include fees which shall be paid by the relevant Customer to third parties, including but not limiting to design fees, bidding agency fees, supervising fees, consultation fees for construction costs, construction expenses, audit consultation fees, property management fees, advertising fees, and sales and marketing fees.

If the relevant Customer requires the JV Co to provide consultation or other services in respect of fund raising activities, the JV Co shall be entitled to receive a service fee according to the type of services rendered.

## **Board composition, supervisor and legal representative of the JV Co**

The board of directors of the JV Co shall comprise seven members. Greentown Real Estate is entitled to appoint four directors while Mr Song is entitled to appoint one director. The Consulting Company is entitled to appoint two directors, with one director to be appointed at the direction of Mr Ying (on behalf of himself and the Participants) and Mr Cao, respectively. The chairman of the board of directors of the JV Co shall be appointed by Mr Song.

The JV Co shall have one supervisor, to be appointed by Greentown Real Estate. The term of the supervisor shall be for a period of three years, subject to re-appointment. The directors and senior management of the JV Co shall not be appointed as the supervisor concurrently.

The board of directors of the JV Co shall appoint the general manager and assistant general manager of the JV Co. The general manager of the JV Co shall also be its legal representative. Pursuant to the articles of association of the JV Co, Mr Cao shall be the legal representative of the JV Co.

## **Term of the JV Co**

The term of the JV Co shall be for a period of ten years commencing from its date of establishment, that is, the date of issuance of its business licence.

## **Pre-emptive right**

If any party to the JV Contract (the “**Proposed Transferor**”) proposes to transfer all or any part of its share of the JV Co’s registered capital to a third party, the other parties shall have a pre-emptive right to buy the interest pro rata, provided that where the Proposed Transferor is Mr Song and/or the Consulting Company (at the direction and on behalf of the Proposed Company 1 and/or the Proposed Company 2), Greentown Real Estate shall remain the largest single shareholder in the JV Co at all times.

## **Arrangement relating to the equity interests of the JV Co held by the Consulting Company**

Currently the Consulting Company holds 27% equity interests of the JV Co, of which 17% is held on behalf of the Proposed Company 1, and 10% is held on behalf of the Proposed Company 2.

Pursuant to the Trust Agreements, the Consulting Company shall exercise shareholder’s rights and undertake shareholders’ obligations in respect of the JV Co on behalf of the Proposed Company 1 and the Proposed Company 2, respectively, during the respective term of the Trust Agreement 1 and Trust Agreement 2. The Proposed Company 1 and the Proposed Company 2 shall enjoy their respective shares of profits or bear their respective shares of losses in the JV Co in proportion to their respective percentage of equity interests to be held through the Consulting Company. The Trust Agreement 1 and Trust Agreement 2 shall terminate, respectively, upon the Proposed Company 1 and the Proposed Company 2 acquiring their respective shares of equity interests in the JV Co from the Consulting Company or the Consulting Company disposing of their respective shares of equity interests in the JV Co at their respective directions.

## **Reasons for the establishment of the JV Co**

Having taken into account the principal factors and considerations set out below, the Directors (including the independent non-executive Directors) consider that the terms of the JV Contract are entered into upon normal commercial terms following arm's length negotiations among the parties thereto and that the terms of the JV Contract are fair and reasonable and are in the interests of the Company and the Shareholder as a whole:

- (a) the Directors believe that there is a huge demand for property construction management and advisory services in the PRC market. Developing the property construction management and advisory business would increase the source of income for the Group, thereby allowing the Group to experience growth in its business without significant capital contribution which would also lower the operational risks of the Group;
- (b) furthering the property construction management and advisory business would allow the Group to co-operate with more investment institutions and other parties with land resources, thereby widening the Group's connections in the PRC real estate market and may bring about more business opportunities for the Group;
- (c) the Group may strengthen its property construction management and advisory skills and experience, which will enhance its long-term competitive strengths; and
- (d) the Trademarks will be more widely used, thereby enhancing the recognition of the Trademarks among the Group's target customers and in the real estate market in the PRC generally. The increased recognition of the Trademarks may enhance the value of the Trademarks and bring about more business opportunities and thus higher revenue contribution for the Group.

## **Financial Information**

Even though the Group will hold 37% in the equity interests of the JV Co, the financial results of the JV Co will be consolidated into the consolidated financial statements of the Group and will be accounted for as a subsidiary of the Company since the Group controls the composition of a majority of the board of directors of the JV Co.

## **Listing Rules Implications**

Mr Song is a connected person of the Company as it is a Director and substantial shareholder of the Company. Upon their respective establishment, each of the Proposed Company 1 and the Proposed Company 2 will be a connected person of the Company since they each will be a substantial shareholder of the JV Co, a non-wholly owned subsidiary of the Company, through the Consulting Company. Mr Ying, a proposed shareholder of the Proposed Company 1, will be a connected person of the Company as it is proposed that he be appointed as a director of the JV Co. Mr Cao, the proposed shareholder of the Proposed Company 2, will be a connected person of the Company as he will be a substantial shareholder of the JV Co through the Proposed Company 2 (through the Consulting Company) and it is also proposed that he be appointed as a director of the JV Co.

Accordingly, the establishment of the JV Co will constitute a connected transaction for 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 above 0.1% and less than 5%, the establishment of the JV Co was subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and were exempt from the independent shareholders' approval requirement.

## **CONNECTED TRANSACTION – GRANT OF THE WAIVER**

As disclosed in the Prospectus, each Original Shareholder and Greentown Holdings Group have undertaken to the Group in the Deed of Non-competition that, subject to certain exceptions set out in the Deed of Non-competition and disclosed in the Prospectus, they will not, and shall procure their controlled affiliates (other than members of the Group) not to, engage in any business that competes or may compete (directly or indirectly) with the core business of the Group. The core business of the Group refers to the property development of residential, office and commercial buildings (except for hotel development and property management) in the PRC, and includes (without limitation) the following activities:

- (i) acquiring, holding, developing, transferring, disposing or otherwise dealing in, whether directly or indirectly, land, real estate properties or property-related investments;
- (ii) engaging, having a right or in any way having an economic interest, in the promotion or development of or investment in land or real estate properties;
- (iii) acquiring, holding, transferring, disposing or otherwise dealing in any option, right or interest over any of the matters set out in paragraphs (i) and (ii) above; or
- (iv) acquiring, holding, transferring, disposing or otherwise dealing in, directly or indirectly, shares of any company, joint venture, corporation or entity of any nature, whether or not incorporated, with any interest in the matters set out in paragraphs (i) to (iii) above.

The JV Co shall be principally engaged in property construction management and advisory services in the PRC. The Group currently undertakes certain property construction management and advisory activities which are largely for the government of the PRC and are non-profit in nature. The revenue contribution from such activities amounted to approximately RMB3.71 million (approximately HK\$4.23 million) for the financial year ended 31 December 2009, being approximately 0.04% of the Group's total revenue for that year. The Directors (including the independent non-executive Directors) are of the view that the business activities of the JV Co may compete with that of the Group, given that the Group is currently undertaking some property construction management and advisory business for the government of the PRC.

It is the current intention of the Group that all property construction management and advisory activities of the Group shall be undertaken by the JV Co in future. Since the JV Co will be considered to be the Company's subsidiary, it (as a subsidiary of the Company) will have the right to use the Trademarks pursuant to the Trademark Licence Agreement.

Given that the Group is currently undertaking some property construction management and advisory business for the government of the PRC, Mr Song, being one of the Original Shareholders who executed the Deed of Non-Competition in favour of the Group, has requested from the Company for the Waiver in respect of the non-competition restrictions that apply to property construction management and advisory services in the PRC to be carried out by the JV Co.

### **Reasons for the proposed grant of the Waiver**

Having taken into account the principal factors and considerations set out below, the Directors (excluding the independent non-executive Directors who reserve their views pending receipt of advice from an independent financial adviser) consider that it would be in the best interests of the Company and the Shareholders as a whole to grant the Waiver in respect of the Deed of Non-competition so that the Group may undertake the property construction management and advisory business through the JV Co to be established by the Group (through Greentown Real Estate), Mr Song, the Participants (including Mr Ying) (through the Proposed Company 1) and Mr Cao (through the Proposed Company 2):

- (a) the Waiver applies mainly to property construction management and advisory services in the PRC to be carried on by the JV Co which are commercial and profit-oriented in nature. The property construction management and advisory services currently operated by the Group are solely for the government of the PRC and are non-profit in nature, and accounted for approximately 0.04% of the Group's total revenue for the financial year ended 31 December 2009;
- (b) the JV Co will rely largely on its senior management and key employees to provide property construction management and advisory services in return for management and advisory fees and its business will not be capital intensive. Given that the business model and management of the JV Co will be different from that of the Group, which is capital intensive and relies mainly on investment returns of its property development projects, the JV Co will be more suitably operated under a relatively independent and separate system and structure;
- (c) the Group's employees currently do not have additional capacity to focus on the development of the property construction management and advisory business. The Group may in future undertake all property construction management and advisory activities through the JV Co, thereby allowing the Group to focus more resources on its core business, that is, property development;
- (d) the Group may benefit from the experience and expertise of Mr Song, Mr Cao and the Participants (including Mr Ying), who have the relevant knowledge and skills in property construction management and advisory services, by forming alliance with them. In particular, Mr Song will participate in the JV Co as an individual shareholder. His expertise and reputation in the real estate industry in the PRC will be beneficial for the development of the business of the JV Co. The strengthened relationship between the Group, the JV Co, the Participants (including Mr Ying), Mr Cao and the Consulting Company may bring in more business opportunities to the Group; and
- (e) the Group will be the largest single shareholder of the JV Co and through its control of the board of directors of the JV Co, the Group will be in a position to ensure that the JV Co will not undertake business that will prejudice the business of the Group.

Save as disclosed above, the Waiver does not lift the other non-competition restrictions obligations of Mr Song, the other Original Shareholders and Greentown Holdings Group. The Group has, since entering into of the Deed of Non-competition on 22 June 2006, enjoyed and will continue to enjoy the benefit of the non-competition restrictions therein.

Accordingly, subject to compliance with the requirements of the Listing Rules (including obtaining the approval of the Independent Board Committee and Independent Shareholders), the Board intends to execute a deed in favour of Mr Song to grant him the Waiver.

### **Listing Rules Implications**

Mr Song is one of the Original Shareholders who signed the Deed of Non-Competition in favour of the Group. He is a Director and substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the grant of the Waiver will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

The grant of the Waiver is subject to the announcement and circular requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors will be appointed to advise the Independent Shareholders on whether the grant of the Waiver is fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Group will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, among other things, further information on the proposed grant of the Waiver, the letter from the independent financial adviser and the recommendation of the Independent Board Committee in relation to the grant of the Waiver, together with a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable. It is expected that the circular will be despatched to the Shareholders on or before 24 August 2010.

The EGM will be convened as soon as practicable at which an ordinary resolution will be proposed for the Independent Shareholders to consider, and if thought fit, to approve the grant of the Waiver. Pursuant to the Listing Rules, Mr Song and any of his associates are required to abstain from voting on the resolution approving the grant of the Waiver, and voting will be conducted by way of poll. Mdm Xia is the spouse of Mr Song and consequently, she is an associate of Mr Song and will be required to abstain from voting on the resolution approving the grant of the Waiver. Pursuant to the Concert Party Agreement under which the Original Shareholders agreed that they shall act in concert in relation to the business operations and management affairs of the Group, Mr Shou will be required to abstain from voting on the resolution approving the grant of the Waiver as well. Pursuant to a supplemental agreement dated 3 August 2010 in respect of the Concert Party Agreement between Mr Song, Mdm Xia and Mr Shou, each of Mr Song and Mdm Xia agreed that Mr Shou shall be entitled to act and vote on the resolution approving the grant of the Waiver independently.

## **ASSIGNMENT AGREEMENT AND FRAMEWORK SERVICE AGREEMENT**

As disclosed above, it is the current intention of the Group that all property construction management and advisory activities of the Group shall be undertaken by the JV Co in future. In the event the Group assigns any existing property construction management and advisory business to the JV Co, the Group will enter into assignment agreement with the JV Co.

The Group may enter into a framework services agreement with the JV Co pursuant to which the Group may from time to time provide certain services relating to property construction management such as landscape management to the JV Co. It is expected that the framework services agreement will be for a term of three years. Such provision of services will constitute continuing connected transactions for the Group.

The JV Co is a connected person of the Company under the Listing Rules as it is a non-wholly owned subsidiary of the Company where Mr Song, a connected person of the Company, is also a substantial shareholder of the JV Co. Accordingly, the execution of the abovementioned assignment agreement and framework services agreement will constitute connected transaction for the Company. The Company will comply with the requirements under the Listing Rules when it enters into such assignment agreement and framework services agreement with the JV Co.

## **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.

Mr Song is a Director and substantial shareholder of the Company and is therefore a connected person of the Company.

The Consulting Company is a sole proprietor enterprise established in the PRC on 7 December 2009 that is principally engaged in financial and management consultancy. Its current shareholder is an employee of the Group, an Independent Third Party.

## **DEFINITIONS**

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

“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

“Concert Party Agreement”	the concert party agreement dated 26 November 2005 entered into among the Original Shareholders pursuant to which the Original Shareholders confirmed and agreed that they will continue to act in concert in relation to the business operations and management affairs of the Group, details of which are set out in the Prospectus
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consulting Company”	上海欣萍財務諮詢事務所 (Shanghai Xinping Financial Consulting Firm*), a sole proprietor enterprise established in the PRC on 7 December 2009 by an employee of the Group, an Independent Third Party
“Customers”	all or any customers (as the case may be) of the JV Co to which the JV Co provides construction management and advisory services
“Deed of Non-competition”	the deed of non-competition dated 22 June 2006 given by the Original Shareholders and Greentown Holdings Group in favour of the Company, further details of which are disclosed in the Prospectus under the section “Business – Non-competition undertaking”
“Directors”	the directors of the Company, whose names are set out at the end of this announcement
“EGM”	an extraordinary general meeting of the Company to be convened to approve the proposed grant of the Waiver
“Greentown Holdings Group”	綠城控股集團有限公司 (Greentown Holdings Group Limited*), a wholly foreign-owned enterprise established in the PRC on 6 December 2001 and is controlled and owned by the Original Shareholders
“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
“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 Board Committee”	the independent board committee of the Company consisting exclusively of independent non-executive Directors who do not have a material interest in the proposed grant of the Waiver
“Independent Shareholders”	Shareholders other than Mr Song, Mdm Xia and their associates

“Independent Third Party”	a third party that is independent of the Company and its connected persons as defined under the Listing Rules
“JV Co”	綠城房產建設管理有限公司 (Greentown Property Construction Management Company Ltd), a limited liability company to be established in the PRC pursuant to the JV Contract
“JV Contract”	the joint venture contract dated 3 August 2010 entered into among Greentown Real Estate, Mr Song, and the Consulting Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mdm Xia”	夏一波 (Xia Yibo*), a substantial shareholder of the Company, and therefore a connected person of the Company
“Mr Cao”	曹舟南 (Cao Zhounan*), an employee of the Group, the legal representative of the JV Co and the beneficial owner of 10% equity interests in the JV Co held through the Consulting Company
“Mr Shou”	壽柏年 (Shou Bainian*), a director and substantial shareholder of the Company, and therefore a connected person of the Company
“Mr Song”	宋卫平 (Song Weiping*), a director and substantial shareholder of the Company, and therefore a connected person of the Company
“Mr Ying”	應國永 (Ying Guoyong*), a representative of the Participants who will hold 17% equity interests in the JV Co on behalf of himself and Participants through the Proposed Company 1 (through the Consulting Company)
“Original Shareholders”	Mr Song, Mr Shou and Mdm Xia, respectively, each of whom is a substantial shareholder and connected person of the Company
“Participants”	certain employees of the Group (including the employees of the JV Co) and/or certain external advisers of the JV Co who hold equity interests in the JV Co through the Proposed Company 1 (through the Consulting 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
“Proposed Company 1”	the limited liability partnership (有限合夥企業) proposed to be established by the Participants (including Mr Ying) to hold 17% equity interests in the JV Co

“Proposed Company 2”	the limited liability company proposed to be established by Mr Cao to hold 10% equity interests in the JV Co
“Prospectus”	the prospectus dated 30 June 2006 issued by the Company in respect of its listing on the Main Board of the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“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
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Total Investment Costs”	RMB400 million (approximately HK\$456 million), being the estimated total investment costs in the JV Co
“Trademark Licence Agreement”	the trademark licence agreement dated 22 June 2006 entered into between Greentown Holdings Group and the Group pursuant to which Greentown Holdings Group has granted the Group an irrevocable and exclusive right to use the Trademarks in the Group’s property development business
“Trademarks”	the trademarks and service marks of “綠城” (Greentown) and “綠城房產” (Greentown Real Estate) in the form of Romanised spelling, Chinese characters (including the simplified and traditional forms) as well as in the form of logos in the PRC
“Trust Agreement 1”	the equity interests trust agreement dated 3 August 2010 entered into between Mr Ying and the Consulting Company pursuant to which the Consulting Company holds its 17% equity interests in the JV Co on behalf of the Proposed Company 1
“Trust Agreement 2”	the equity interests trust agreement dated 3 August 2010 entered into between Mr Cao and the Consulting Company pursuant to which the Consulting Company holds its 10% equity interests in the JV Co on behalf of the Proposed Company 2
“Trust Agreements”	the Trust Agreement 1 and Trust Agreement 2

