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GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

CONNECTED TRANSACTION FORMATION OF JOINT VENTURE WITH THE WHARF GROUP

The Board is pleased to announce that on 15 November 2012, the Company and Wharf entered into the Framework Agreement, pursuant to which Wharf (through its wholly-owned subsidiary) and the Company (through its wholly-owned subsidiary) will subscribe for new shares of the Investment Company such that the Investment Company will be owned by the Wharf Group and the Group as to 60% and 40% respectively. Pursuant to the Framework Agreement, the Wharf Group and the Group will jointly develop the Land in Dalian, on a 60:40 ownership basis, into residential properties.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Wharf Group is beneficially interested in 524,851,793 Shares, representing 24.6% shareholding in the Company, and therefore is a substantial shareholder of the Company under the Listing Rules. Accordingly, Wharf and its associates are connected persons of the Company and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules in respect of the Transaction is/are greater than 0.1% but all applicable percentage ratios (other than the profits ratio) are less than 5%, the Transaction is subject to the reporting and announcement under Rule 14A.45 to Rule 14A.47 but is exempt from independent shareholders' approval requirements under Rule 14A.48.

INTRODUCTION

On 14 November 2012, the Investment Company (being an indirect wholly-owned subsidiary of Wharf as of the date hereof) succeeded in bidding for the Land from 大連市國土資源和房屋局 (Dalian Municipal Bureau of Land Resources and Housing*) at the Land Consideration of RMB2,028,000,000 (equivalent to approximately HK\$2,526,000,000).

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The Land is situated at Buxiu Lane, Taoyuan Area, Jiefang Road, Zhongshan District, Dalian, the PRC of about 85,700 square metres and is expected to be developed primarily for residential purpose. The estimated total gross floor area of the project is about 240,000 square metres (including approximately 10% as public rental housing for the government) with a floor area ratio of 2.8.

CONSIDERATION AND PAYMENT TERMS FOR THE LAND

According to the terms of the bid for the Land, the total Land Consideration of RMB2,028,000,000 (equivalent to approximately HK\$2,526,000,000) shall be paid by cash instalments in manner as follows:

Stage payment	Amount paid/payable
Already paid by the Investment Company upon submission of bid	RMB676,000,000 (equivalent to approximately HK\$842,000,000) (being the deposit for the bid) (the “ Deposit ”)
Within 30 Days from signing of the relevant contract for the Land	50% of the Land Consideration (taking into account the Deposit already paid)
Within six months from signing of the relevant contract for the Land	Remaining 50% of the Land Consideration

Such consideration amount was the outcome of a public bidding announced by 大連市國土資源和房屋局 (Dalian Municipal Bureau of Land Resources and Housing*) on 14 November 2012.

PROPERTY DEVELOPMENT THROUGH THE PROJECT COMPANY

The Framework Agreement was entered into between Wharf and the Company in order to facilitate the development of the Land on a 60:40 ownership basis. According to the Framework Agreement, Wharf (through its wholly-owned subsidiary) and the Company (through its wholly-owned subsidiary) will subscribe for new shares of the Investment Company at the nominal value of HK\$1 each such that the Investment Company will be owned by the Wharf Group and the Group as to 60% and 40% respectively.

The Investment Company intends to develop the Land via the Project Company. It is expected that the registered capital of the Project Company will be equivalent to the Land Consideration which shall be contributed by the Wharf Group and the Group as to 60% and 40% respectively (i.e. RMB811,200,000 (equivalent to approximately HK\$1,010,000,000) of the Land Consideration to be contributed by the Group). Pursuant to the Framework Agreement, the Wharf Group and the Group shall make available to the Investment Company shareholder's loans in the aggregate amounts equivalent to 60% and 40% of the Land Consideration respectively. As at the date of the Framework Agreement, the Investment Company has already paid the Deposit. Accordingly, the Group shall be responsible for 40% of the Deposit and expects to pay such amount by way of shareholder's loan on or around 20 November 2012.

In the event that any of the party fails to make available shareholder's loans to the Investment Company for payment of the Land Consideration pursuant to the Framework Agreement, the other party shall be entitled to pay such shortfall by way of shareholder's loan to the Investment Company. The Investment Company shall then issue and allot new shares to the paying party so that the shareholding in the Investment Company of the parties shall be adjusted to be equal to the corresponding proportions of shareholder's loan extended by the parties.

Both the Investment Company and Project Company are solely for the purpose of bidding and developing the Land. As advised by the Wharf Group, the Investment Company, being an indirect wholly-owned subsidiary of Wharf as at the date hereof, was incorporated in Hong Kong on 24 August 2010 and dormant (other than solely for the purpose of bidding for the Land) and the Project Company has not yet been established. Based on the management account of the Investment Company: (a) the net loss (both before and after tax) of the Investment Company for the 10 months ended 31 October 2012 is HK\$1,655 (for the year ended 31 December 2011: HK\$75 (audited)); for the period from the date of incorporation up to 31 December 2010: nil); and (b) the net liabilities of the Investment Company as of 31 October 2012 is HK\$1,579 (as of 31 December 2011: net asset of HK\$76 (audited); as of 31 December 2010: net asset of HK\$1 (audited)). The Investment Company will be an associated company but not a subsidiary of the Company.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

A summary of the major terms and conditions of the Framework Agreement is set out below:

- Purpose** : To own and develop the Land through the Investment Company (to be owned by the Wharf Group and the Group on a 60:40 ownership basis) and the Project Company (being a wholly-owned subsidiary of the Investment Company to be established in the PRC).
- Capital requirement** : The registered capital of the Project Company will be equivalent to the Land Consideration which shall be contributed by the Wharf Group and the Group as to 60% and 40% respectively. In addition, prior to obtaining the land use right certificate and the relevant construction permits, any funding needs shall be borne by the Wharf Group and the Group (by way of equity or shareholder's loan) on the basis of their shareholding interest in the Investment Company (namely as to 60% by the Wharf Group and 40% by the Group). Save as aforesaid, all other funding needs shall be arranged by the Project Company itself.
- (on the basis of the aforesaid, the Group currently expects that its total financial commitment pursuant to the Transaction shall not exceed RMB815,000,000 (equivalent to approximately HK\$1,015,000,000))
- Distribution of profit** : The Project Company shall distribute any net profit after taxation (except those retained for operational needs) to the Investment Company to be determined by the board of directors of the Project Company. Upon receipt of such net profit from the Project Company, the Investment Company shall distribute it to the Wharf Group and the Group in accordance with the applicable laws.
- Board representation** : On the basis of a 60:40 shareholding structure at the Investment Company: (a) the board of directors of the Investment Company will comprise 5 directors of which 3 will be appointed by the Wharf Group and 2 by the Group. The Wharf Group will have the right to appoint the chairman of the board of directors of the Investment Company; and (b) the board of directors of the Project Company will comprise 5 directors of which 3 will be appointed by the Wharf Group and 2 by the Group. The Wharf Group will have the right to appoint the chairman of the board of directors (who will also be the legal representative) of the Project Company.
- Management** : The Wharf Group shall be responsible for financial and accounting management and the Group will be responsible for the project management. Major corporate actions concerning the Investment Company and/or the Project Company shall be subject to unanimous approval of both parties.
- Right of first refusal and tag-along** : Any transfer of interest of the Investment Company shall be subject to customary right of first refusal and tag-along provisions. Save as otherwise provided, each party shall not transfer (in whatever form including by way of charge) its interest or any part thereof in the Investment Company without the prior consent of the other party.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors (including the independent non-executive Directors) believe that the Transaction will broaden the asset and earnings base of the Company and further strengthen the Company's position as a premier properties developer in the PRC. Further, both the Group and the Wharf Group are experienced properties developers and their strategic cooperation will complement each other in the co-development of the Land to promote mutual benefit. The co-development of the Land also demonstrates the synergies contributed to the Group after the Wharf Group's strategic investment in the Group earlier this year. The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are on normal commercial terms, fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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As one or more of the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules in respect of the Transaction is/are greater than 0.1% but all applicable percentage ratios (other than the profits ratio) are less than 5%, the Transaction is subject to the reporting and announcement under Rule 14A.45 to Rule 14A.47 but is exempt from independent shareholders' approval requirements under Rule 14A.48.

Save and except that Mr Ng, Tin Hoi Stephen (a non-executive Director and the deputy chairman and managing director of Wharf) and Mr Tsui, Yiu Cheung (a non-executive Director and the chief financial officer of Wharf) have a material interest in the Transaction due to their respective roles in Wharf, and who have abstained from voting on the relevant resolution of the Board in relation to the Transaction, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Director has a material interest in the Land Transaction or is required to abstain from voting on the relevant resolution of the Board in relation to the Transaction.

GENERAL

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange. It is one of the leading property developers in the PRC and is primarily engaged in developing quality properties targeting middle and high income residents in the PRC.

Wharf is a company listed on the main board of the Stock Exchange. The principal business activities of the Wharf Group are ownership of properties for development and letting, investment holding, container terminals as well as communications, media and entertainment.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	Greentown China Holdings Limited (stock code: 03900), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	shall have the same meaning ascribed to the Listing Rules
“Directors”	the directors of the Company
“Framework Agreement”	the framework agreement entered into between the Company and Wharf dated 15 November 2012 in relation to the joint investment in the Investment Company and the proposed formation of the Project Company for the co-development of the Land
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investment Company”	Green Magic Investments Limited, a company incorporated in Hong Kong with limited liability which is currently an indirect wholly-owned subsidiary of Wharf and will be held by the Wharf Group and the Group as to 60% and 40% respectively pursuant to the Framework Agreement
“Land”	a piece of land at Buxin Lane, Taoyuan Area, Jiefang Road, Zhongshan District, Dalian, the PRC of about 85,700 square metres
“Land Consideration”	RMB2,028,000,000
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)

“Project Company”	a company to be established by the Investment Company in the PRC for the purpose of developing the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the entering into of the Framework Agreement, together with the relevant transactions contemplated thereunder
“Wharf”	The Wharf (Holdings) Limited (stock code: 00004), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Wharf Group”	Wharf together with its subsidiaries

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

Hangzhou, the PRC, 15 November 2012

As at the date of this announcement, the Board comprises five executive Directors, namely Mr Song Weiping, Mr Shou Bainian, Mr Luo Zhaoming, Mr Guo Jiafeng and Mr Cao Zhounan; two non-executive Directors, namely Mr Ng, Tin Hoi Stephen and Mr Tsui, Yiu Cheung; and six independent non-executive Directors, namely Mr Jia Shenghua, Mr Jiang Wei, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, Mr Tang Shiding and Mr Hui Wan Fai.

For the purpose of this announcement, amounts denominated in RMB have been converted (for informational purposes only) in HK\$ at the exchange rate of RMB0.803 to HK\$1. Such conversion shall not be construed as a representation that amounts in RMB were or may have been converted into HK\$ at such exchange rates or any other exchange rates.

* *For identification purposes only*