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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 JOINT VENTURE WITH THE WHARF GROUP

Reference is made to the announcement of the Company dated 15 November 2012 in relation to the formation of a 60:40 joint venture by the Wharf Group and the Group for the purpose of a property development project in Dalian, the PRC.

SHARE CHARGE

The Project Group obtained the PRC Loan Facility and the Syndicated Loan Facility to fund the remaining Land Consideration and project development and construction costs. In light of the Group's 40% interest in the Project Group, the Company and the Chargor (being a wholly-owned subsidiary of the Company which holds 40% of the issued share capital of the Investment Company) executed the Share Charge in favour of Wharf pursuant to which the Company and the Chargor have agreed, among other things, to secure 40% of the obligations under the PRC Loan Facility and the Syndicated Loan Facility.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Wharf Group is beneficially interested in 524,851,793 Shares, representing approximately 24.4% shareholding in the Company, and therefore is a substantial shareholder of the Company under the Listing Rules. Accordingly, Wharf and its associates (including the Investment Company and the Project Company) are connected persons of the Company and the transactions contemplated under the Share Charge constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

* For identification purposes only

As one or more of the applicable percentage ratios (other than the profit ratios) under Chapter 14A of the Listing Rules is/are greater than 0.1% but all applicable percentage ratios (other than the profits ratio) are less than 5%, the Company's investment in the Project Group (including the shareholders' loan previously advanced by the Group to the Project Group for 40% of the Deposit and the Group's commitment under the Share Charge) is subject to the reporting and announcement requirements but is exempt from independent shareholders approval requirements under Rules 14A.32(1) and 14A.66(2) of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 15 November 2012 (the "Announcement") in relation to the formation of a 60:40 joint venture by the Wharf Group and the Group for the purpose of a property development project in Dalian, the PRC.

As disclosed in the Announcement, the Company subscribed for shares in the Investment Company pursuant to which the Investment Company became a joint venture company held as to 60% by the Wharf Group and 40% by the Group. The Project Company (namely 大連九龍倉綠城置業有限公司) has already been established in the PRC as a wholly-owned subsidiary of the Investment Company. As at the date of this announcement, out of the Land Consideration in the total amount of RMB2,028,000,000 (equivalent to approximately HK\$2,535,000,000), the Deposit in the amount of RMB676,000,000 (equivalent to approximately HK\$845,000,000) has been paid. The Deposit was financed by shareholders' loan provided by each of the Wharf Group and the Group on a 60:40 basis.

For the purpose of funding the remaining Land Consideration and project development and construction costs, the PRC Company obtained the PRC Loan Facility of RMB350,000,000 (equivalent to approximately HK\$437,500,000) and the Investment Company obtained the Syndicated Loan Facility of US\$260,000,000 (equivalent to approximately HK\$2,022,800,000). The aggregate amount under the PRC Loan Facility and the Syndicated Loan Facility is approximately HK\$2,460,300,000. As requested by the lending banks, in order to support the PRC Loan Facility and the Syndicated Loan Facility, Wharf guaranteed the entire obligations under the PRC Loan Facility and the Syndicated Loan Facility by way of the Wharf Guarantee. Given that the Investment Company is interested as to 60% by the Wharf Group and 40% by the Group, the Company and the Chargor (being a wholly-owned subsidiary of the Company which holds 40% of the issued share capital of the Investment Company) executed the Share Charge pursuant to which the Company and the Chargor have agreed, among other things, to secure 40% of the obligations under the PRC Loan Facility and the Syndicated Loan Facility.

BASIC INFORMATION OF THE SHARE CHARGE

Date: 2 May 2013

Parties: The Company

The Chargor (being a wholly-owned subsidiary of the Company which holds 40% of the issued share capital of the Investment Company)

Wharf

The Investment Company (being a company held as to 60% by the Wharf Group and 40% by the Group (through the Chargor))

MAJOR TERMS OF THE SHARE CHARGE

Covenant to pay by the Chargor

Pursuant to the Share Charge, the Chargor covenants that it will:

- (i) within three business days of receiving a written notice from Wharf (or any other party so authorised by Wharf), pay to Wharf or any party specified by Wharf in the written notice 40% of the sum demanded against Wharf under the Wharf Guarantee by reason of the Investment Company and/or the Project Company (as the case may be) not having sufficient funding to make necessary payment under the PRC Loan Facility and/or the Syndicated Loan Facility on time and neither the Company nor Wharf has made funding contribution to make up for such payment deficiency; and
- (ii) within three business days of receiving a written notice from Wharf (or any other party so authorised by Wharf), pay to Wharf or any party specified by Wharf in the written notice 40% of the amount paid by or paid on behalf of Wharf and/or the immediate holding company of the Investment Company to the Investment Company, the Project Company or the lending bank (together with all funding costs incurred) to make up for funding deficiency of the Investment Company and/or the Project Company (as the case may be) in respect of payment that would become due under any of the PRC Loan Facility or the Syndicated Loan Facility within three business days.

For the avoidance of doubt, in respect of the same payment obligation under (i) and (ii) above, such obligation shall be deemed to have been discharged if the payment is made by the Chargor or the Company to Wharf or any party specified by Wharf.

Guarantee and indemnities

Pursuant to the Share Charge, the Company has guaranteed to Wharf the due observance and performance by the Chargor of all the obligations of the Chargor under the Share Charge. The Company also undertakes to fully indemnify Wharf and keep Wharf fully indemnified against the Company's attributable share of the loss, damages, reasonable cost and expenses sustained or incurred by Wharf by reason of or in connection with the Wharf Guarantee.

Assignment of shareholder's loan

Pursuant to the Share Charge, as continuing security for the punctual and due payment of the secured obligations under the Share Charge, the Chargor has assigned to Wharf, among other things, all its rights, title, interest and benefit to, of and in the lending agreements (namely an agreement, confirmation, memorandum, letter, etc., pursuant to which any loan is granted by the Chargor to the Investment Company or otherwise setting out the terms subject to which any loan is granted by the Chargor to the Investment Company) and the full benefit and right to receive and recover the shareholder's loans under such lending agreements (together with interest thereon, if any). The amount of the shareholder's loans as at the date of the Share Charge was RMB270,400,000 (equivalent to approximately HK\$338,000,000), being 40% of the Deposit).

Charge

Pursuant to the Share Charge, the Chargor has charged in favour of Wharf as continuing security for the punctual and due payment and discharge of the secured obligations under the Share Charge, by way of the first fixed charge, all its rights, title and interest from time to time in and to the Charged Shares (namely 40% of the issued share capital of the Investment Company) and all related rights in relation thereto. It will be an event of default if any or both of the Chargor and the Company breach(es) their respective payment obligations and/or obligations to procure payment under the Share Charge unless the failure to pay or procure payment (as the case may be) is remedied, and default interest (as set out below) is paid, within two business days of the date the Chargor and/or the Company is/are demanded by Wharf to rectify such breach.

Default interest

If the Chargor and the Company fail to pay any amount payable by any or both of them under the Share Charge on its due date, interest shall accrue on the unpaid sum from the due date up to the date of actual payment at the default rate of 1% plus the prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time in the currency of the unpaid sum.

REASONS FOR AND BENEFIT OF THE SHARE CHARGE

As disclosed in the Announcement, according to the agreed terms between the Wharf Group and the Group in relation to the capital requirements for the Project Company, the registered capital of the Project Company 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 on a 60:40 basis. Save as aforesaid, all other funding needs shall be arranged by the Project Company itself.

Pursuant to the PRC Loan Facility and the Syndicated Loan Facility, coupled with the Wharf Guarantee and the Share Charge, the Project Group will partially finance the project development costs by way of external loan, supported by Wharf and the Company on a 60:40 basis. By leveraging on the size, reputation and financial condition of the Wharf Group, the Project Group is able to obtain more favourable terms (e.g. lower interest rates) from the lending banks for the PRC Loan Facility and the Syndicated Loan Facility with the support of Wharf to guarantee the entire obligations of the Project Group under these facilities in favour of the lending banks (instead of having Wharf and the Company to guarantee such obligations on a 60:40 basis). The purpose of the Share Charge is to implement the agreed terms between the Wharf Group and the Group in relation to the commitment for the Project Group on a 60:40 basis as mentioned in the preceding paragraph.

The Project Group will utilise the PRC Loan Facility and the Syndicated Loan Facility (i) to fund the remaining Land Consideration of RMB1,352,000,000 (equivalent to approximately HK\$1,690,000,000); and (ii) as the project development and construction costs.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Charge 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

As at the date of this announcement, the Wharf Group is beneficially interested in 524,851,793 Shares, representing approximately 24.4% shareholding in the Company, and therefore is a substantial shareholder of the Company under the Listing Rules. Accordingly, Wharf and its associates (including the Investment Company and the Project Company) are connected persons of the Company and the transactions contemplated under the Share Charge 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 profit ratios) under Chapter 14A of the Listing Rules is/are greater than 0.1% but all applicable percentage ratios (other than the profits ratio) are less than 5%, the investment of the Group in the Project Group (including the shareholders' loan previously advanced by the Group to the Project Group for 40% of the Deposit and the Group's commitment under the Share Charge) is subject to the reporting and announcement requirements but is exempt from independent shareholders approval requirements under Rules 14A.32(1) and 14A.66(2) of the Listing Rules.

Save and except that Mr Ng, Tin Hoi Stephen (a non-executive director of the Company who is also the deputy chairman and managing director of Wharf) and Mr Tsui, Yiu Cheung (a non executive director of the Company who is also an executive director and the group chief financial officer of Wharf) have a material interest due to their respective roles in Wharf, and who have abstained from voting on the relevant resolution of the Board in relation to the Share Charge, 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 Share Charge or is required to abstain from voting on the relevant resolution of the Board in relation to the Share Charge.

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 incorporated in Hong Kong with limited liability, whose shares are 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.

The Investment Company is a company incorporated in Hong Kong with limited liability held as to 60% by the Wharf Group and 40% by the Chargor (a wholly-owned subsidiary of the Company). It is a non-wholly owned subsidiary of Wharf and an associated company of the Company. The Project Company is a company wholly foreign-owned enterprise established by the Investment Company in the PRC. Both the Investment Company and the Project Company are solely for the purpose of bidding and developing the Land.

DEFINITIONS

Unless otherwise stated, terms defined in the Announcement shall have the same meanings when used herein. In addition, capitalised terms used in this announcement shall have the following meaning:

“Charged Shares”	ordinary shares of the Investment Company held by the Chargor as at the date hereof, representing 40% of the issued share capital of the Investment Company as at the date hereof
“Chargor”	Eva Win Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“PRC Loan Facility”	the loan facility of RMB350,000,000 (equivalent to approximately HK\$437,500,000) granted by a bank to the Project Company
“Project Group”	the Investment Company and its wholly-owned subsidiary incorporated in the PRC, namely the Project Company (大連九龍倉綠城置業有限公司)
“Share Charge”	the share charge dated 2 May 2013 executed by the Company and the Chargor in favour of Wharf (with the Investment Company as a party hereto as well)

“Syndicated Loan Facility”	the loan facility of US\$260,000,000 (equivalent to approximately HK\$2,022,800,000) granted by certain banks to (after novation) the Investment Company
“US\$”	the United States dollars, the lawful currency of the United States of America
“Wharf Guarantee”	(i) the guarantee for the 100% obligation of the Project Company in respect of the PRC Loan Facility given by Wharf in favour of the lending bank under the PRC Loan Facility; and (ii) the guarantee for the 100% obligation of the Investment Company in respect of the Syndicated Loan Facility given by Wharf in favour of the security agent for the Syndicated Loan Facility

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

Hangzhou, the PRC, 2 May 2013

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 RMB0.8 to HK\$1 and amounts denominated in US\$ have been converted (for informational purposes only) in HK\$ at the exchange rate of US\$1 to HK\$7.78. 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.