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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 18 December 2013, the Company and Wharf entered into the Framework Agreement, pursuant to which the Group and the Wharf Group will jointly develop the Land, on a 50:50 ownership basis, into residential properties.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Wharf and its subsidiaries are holding 524,851,793 Shares, representing 24.32% of the issued share capital of 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 entering into of the Framework Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the independent Shareholders, and an independent financial adviser to advise the independent board committee and the independent Shareholders will be appointed as soon as possible. Wharf and its associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Framework Agreement; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of the EGM; and (v) other information concerning the Company as required under the Listing Rules is expected to be despatched to the Shareholders on or before 28 February 2014 (i.e. more than 15 business days after the date of this announcement) as the Company will require further time to prepare the contents of the circular.

* For identification purposes only

Shareholders and potential investors should note that the Framework Agreement and the transactions contemplated thereunder are subject to the approval by the independent Shareholders at the EGM and may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 18 December 2013, the Investment Company (being an indirect wholly-owned subsidiary of Wharf as of the date hereof) succeeded in bidding for the Land from 杭州市國土資源局蕭山分局 (Hangzhou Municipal Bureau of Land Resources (Xiaoshan branch)*) at the Land Consideration of RMB2,576,000,000 (equivalent to approximately HK\$3,297,280,000).

The Board is pleased to announce that, on 18 December 2013, the Company and Wharf entered into the Framework Agreement, pursuant to which the Group and Wharf Group will jointly develop the Land, on a 50:50 ownership basis, into residential properties.

The Land is situated in Xiao Shan district of Hangzhou, Zhejiang province of the PRC and of approximately 70,227 sqm. The estimated total gross floor area of the residential properties to be developed on the Land are expected to have a total gross floor area of approximately 189,613 sqm with a floor area ratio of 2.7.

CONSIDERATION AND PAYMENT TERMS FOR THE LAND

According to the terms of the bid for the Land, the total Land Consideration of RMB2,576,000,000 (equivalent to approximately HK\$3,297,280,000) 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	RMB303,400,000 (equal to approximately HK\$388,352,000) (being the deposit for the bidding) (the “ Deposit ”)
Within 15 business days from the date of successful bidding	50% of the Land Consideration (taking into account the Deposit already paid)
Within six months from the date of successful bidding	20% of the Land Consideration
Within one year from the date of successful bidding	Remaining 30% of the Land Consideration

Such consideration amount was the outcome of a public bidding announced by 杭州市國土資源局蕭山分局 (Hangzhou Municipal Bureau of Land Resources (Xiaoshan branch)*) on 18 December 2013.

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 50:50 ownership basis. According to the Framework Agreement, each of Wharf (through its wholly-owned subsidiary) and the Company (through its wholly-owned subsidiary) will own 50% of the issued share capital of the Investment Company and the Investment Company will establish the Project Company in the PRC. As at the date of the Framework Agreement, Wharf (through the Investment Company) has already paid the Deposit. Accordingly, the Company shall be responsible for 50% of the Deposit, subject to refund to the Company in the event that the Company is unable to obtain independent Shareholders' approval at the EGM within three months from the date of the Framework Agreement.

The Investment Company intends to develop the Land through the Project Company, being a wholly foreign-owned enterprise to be solely established by the Investment Company in the PRC.

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 10 November 2011 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: the net assets of the Investment Company as of 30 November 2013 is HK\$1.00 (as of 31 December 2012 and 2011: HK\$1.00 (audited) and HK\$1.00 (audited)). As the Investment Company is dormant, there is no profit/loss since its incorporation. The Investment Company will become a non-wholly owned subsidiary of the Company upon the Company (through its wholly-owned subsidiary) holding 50% of the issued share capital of the Investment Company and the Project Company will accordingly be a non-wholly owned subsidiary of the Company as well.

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 50:50 ownership basis) and the Project Company (being a wholly-owned subsidiary of the Investment Company to be established in the PRC).
- Capital requirement : The parties currently expect that the registered capital of the Project Company will be equivalent to the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount and the preliminary stage development funds) which shall be contributed by the Wharf Group and the Group indirectly through the Investment Company on a 50:50 basis. Save as aforesaid, all other funding needs shall be arranged by the Project Company itself.

In the event that any security is required for future external financing of the Investment Company and/or the Project Company and either Wharf or the Company (the “**Contributing Party**”) agrees to provide guarantee and/or security in respect of more than 50% of such financing, the other party (the “**Non-contributing Party**”) agrees (a) to procure its wholly-owned subsidiary holding shares in the Investment Company to execute a share charge over such shares in favour of the Contributing Party as counter-security for the Non-contributing Party’s pro rated portion (i.e. 50%) of the obligations under such financing; (b) to provide a counter-guarantee to the Contributing Party for the due observance and performance by its wholly-owned subsidiary of all the obligations under the share charge.

It is expected that the Investment Company will fund the payment of Land Consideration partially by external financings and Wharf will provide guarantee thereon in consideration of the Group providing counter-guarantee etc. in accordance with the aforesaid terms.

- 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 50:50 shareholding structure at the Investment Company: (a) the board of directors of the Investment Company will comprise five directors of which two will be appointed by the Wharf Group and three by the Group. The 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 five directors of which two will be appointed by the Wharf Group and three 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 and operation : 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.

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. Any transfer of interest of the Investment Company shall be subject to customary right of first refusal and tag-along provisions.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors (excluding the independent non-executive Directors, whose views will be set out in the letter from the independent board committee to be included in the circular to be despatched to the Shareholders) believe that the co-investment pursuant to the Framework Agreement 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 property 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 continuous synergies contributed to the Group since the Wharf Group's strategic investment in the Group in mid-2012. The Directors (excluding the independent non-executive Directors, whose views will be set out in the letter from the independent board committee to be included in the circular to be despatched to the

Shareholders) consider that the terms of the Framework Agreement are on normal commercial terms, fair and reasonable, and are in the interests of the Company and its Shareholders as a whole, and the transactions contemplated under the Framework Agreement are in the ordinary course of business of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Wharf and its subsidiaries are holding 524,851,793 Shares, representing 24.32% of the issued share capital of 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 entering into of the Framework Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In the event that the Company is unable to obtain independent Shareholders' approval at the EGM within three months from the date of the Framework Agreement, the Framework Agreement shall be terminated and each party's further rights and obligations shall cease immediately on termination without affecting a party's accrued rights and obligations as at the date of such termination.

An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the independent Shareholders, and an independent financial adviser to advise the Independent Board Committee and the independent Shareholders will be appointed as soon as possible. Wharf and its associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Framework Agreement; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of the EGM; and (v) other information concerning the Company as required under the Listing Rules is expected to be despatched to the Shareholders on or before 28 February 2014 (i.e. more than 15 business days after the date of this announcement) as the Company will require further time to prepare the contents of the circular. **Shareholders and potential investors should note that the Framework Agreement and the transactions contemplated thereunder are subject to the approval by the independent Shareholders at the EGM and may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

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 with business operations in various major PRC cities 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:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“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)”	has the same meaning ascribed to it under the Listing Rules
“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder
“Framework Agreement”	the framework agreement entered into between the Company and Wharf dated 18 December 2013 in relation to the joint investment in the Investment Company and the proposed formation of the Project Company for the 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”	Magic Delight Limited, a company incorporated in Hong Kong with limited liability on 10 November 2011 which is currently an indirect wholly-owned subsidiary of Wharf and will be held by the Wharf Group and the Group as to 50% and 50%, respectively, pursuant to the Framework Agreement
“Land”	a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC of approximately 70,227 sqm
“Land Consideration”	the total consideration of RMB2,576,000,000 for acquiring the land use rights of the Land from 杭州市國土資源局蕭山分局 (Hangzhou Municipal Bureau of Land Resources (Xiaoshan branch)*)

“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
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“sqm”	square metres
“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
“%”	per cent.

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

Hangzhou, the PRC, 18 December 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 RMB1 to HK\$1.28. 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.