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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 29 December 2014, 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 24.29% 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. Given that one or more of the applicable percentage ratios (as defined in the Listing Rules) exceeds 1% and all of them are less than 5%, the entering into of the Framework Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 29 December 2014, Greentown Subsidiary and Wharf Subsidiary as joint bidders 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 RMB480,500,000.

The Board is pleased to announce that, on 29 December 2014, 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.

The Land is situated in Xiao Shan district of Hangzhou, Zhejiang province of the PRC and of approximately 21,282 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 53,205 sqm with a floor area ratio of 2.5.

CONSIDERATION AND PAYMENT TERMS FOR THE LAND

According to the terms of the bid for the Land, the total Land Consideration of RMB480,500,000 shall be paid by cash instalments in manner as follows:

Stage payment	Amount paid/payable
Already paid upon submission of bid	RMB143,780,000 (being the deposit for the bidding) (the "Deposit")
Within one month from the date of successful bidding	50% of the Land Consideration (taking into account the Deposit already paid)
Within one year from the date of successful bidding	Remaining 50% 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 29 December 2014.

PROPERTY DEVELOPMENT THROUGH THE PROJECT COMPANY

The Framework Agreement was entered into between the Company and Wharf in order to facilitate the development of the Land on a 50:50 ownership basis. According to the Framework Agreement, each of Greentown Subsidiary and Wharf Subsidiary will own 50% of the equity interest in the Project Company to be established in the PRC. It is expected that the Project Company will be a non-wholly owned 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 Project Company (to be owned by Greentown Subsidiary and Wharf Subsidiary on a 50:50 ownership basis).
Capital requirement:	The parties expect that the Land Consideration, relevant land tax and the preliminary development costs prior to the obtaining of the major licences shall be funded by Hangzhou Greentown Wharf (being a joint venture company indirectly held by the Company and Wharf on a 50:50 basis) to Greentown Subsidiary and Wharf Subsidiary. Each of Greentown Subsidiary and Wharf Subsidiary shall pledge its equity interest in the Project Company in favour of Hangzhou Greentown Wharf as security.

In the event that Hangzhou Greentown Wharf is unable to provide sufficient funding as aforesaid, Greentown Subsidiary and Wharf Subsidiary shall provide the funding on a pro rata basis.

Save as aforesaid, it is expected that all other funding needs shall be arranged by the Project Company itself. In order to provide support to the Project Company in obtaining necessary external borrowings, if required by the lender(s), Greentown Subsidiary and Wharf Subsidiary shall provide guarantees on a several (but not joint and several) and pro rata basis.

Distribution of profit: The Project Company shall distribute any net profit after taxation (except those retained for operational needs) to be determined by the board of directors of the Project Company.

Board representation: On the basis of a 50:50 shareholding structure at the Project Company, the board of directors of the Project Company will comprise five directors of which three will be appointed by the Company and two by Wharf. Wharf will have the right to appoint the chairman of the board of directors and the legal representative of the Project Company.

Management and operation: The Company will be responsible for the project management and Wharf will be responsible for financial and accounting management. Major corporate actions concerning 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 Project Company without the prior consent of the other party. Any transfer of interest of the Project Company shall be subject to customary right of first refusal and tag-along provisions.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors (including the independent non-executive Directors) 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 (including the independent non-executive Directors) 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

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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
“Framework Agreement”	the framework agreement entered into between the Company and Wharf dated 29 December 2014 in relation to the proposed formation of the Project Company for the development of the Land
“Greentown Subsidiary”	河南錦江置業有限公司 (Henan Jinjiang Real Estate Co., Ltd.*), being an indirect wholly-owned subsidiary of the Company established in the PRC
“Group”	the Company together with its subsidiaries

“Hangzhou Greentown Wharf”	杭州綠城九龍倉置業有限公司 (Hangzhou Greentown Wharf Real Estate Co., Ltd.*), being a joint venture company established in the PRC and indirectly held by the Company and Wharf on a 50:50 basis
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC of approximately 21,282 sqm
“Land Consideration”	the total consideration of RMB480,500,000 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 Greentown Subsidiary and Wharf Subsidiary in the PRC for the purpose of developing the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of Shares
“sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“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

“Wharf Subsidiary”

龍潤房地產開發(成都)有限公司 (Long Run Property Development (Chengdu) Co., Ltd.*), being an indirect wholly-owned subsidiary of Wharf established in the PRC

“%”

per cent.

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

Hangzhou, the PRC

29 December 2014

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 four independent non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, and Mr Hui Wan Fai.

* For identification purposes only