

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 DEVELOPMENT OF RESIDENTIAL PROPERTIES WITH THE WHARF GROUP IN HANGZHOU**

On 27 October 2015, the Company and Wharf entered into the Framework Agreement in relation to the proposed joint development of the Land into residential properties by the Group and the Wharf Group on a 50:50 basis. The Land is situated in Bin Jiang District of Hangzhou, Zhejiang province of the PRC and of approximately 38,605 sqm. The residential properties to be developed on the Land have an above-ground gross floor area of approximately 77,210 sqm with a floor area ratio of 2.0.

As at the date of this announcement, Wharf and its subsidiaries are holding approximately 25% 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. Based on the applicable size tests, 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 31 December 2015 (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.

\* For identification purposes only

## INTRODUCTION

On 27 October 2015, the Company and Wharf entered into the Framework Agreement in relation to the proposed joint development of the Land into residential properties by the Group and the Wharf Group on a 50:50 basis.

The Land is situated in Bin Jiang District of Hangzhou, Zhejiang province of the PRC and of approximately 38,605 sqm. The residential properties to be developed on the Land have an above-ground gross floor area of approximately 77,210 sqm with a floor area ratio of 2.0.

## CONSIDERATION AND PAYMENT TERMS FOR THE LAND

According to the terms of the bid for the Land, the total Land Consideration of RMB1,625,000,000 shall be paid by cash instalments in the manner as follows:

<b>Stage payment</b>	<b>Amount paid/payable</b>
Already paid by Zhejiang Lujiu upon submission of bid	RMB120,000,000 (being the deposit for the bidding) (the “ <b>Deposit</b> ”)
By 3 December 2015	50% of the Land Consideration (taking into account the Deposit already paid)
By 3 July 2016	Remaining 50% of the Land Consideration

Such consideration amount was the outcome of a public bidding announced by Hangzhou Municipal Bureau of Land Resources\* (杭州市國土資源局) on 27 October 2015.

## 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 basis. According to the Framework Agreement, each of the Company and Wharf will be interested in 50% of the Project Company through Zhejiang Lujiu.

It is currently expected that the Project Company will be established solely for the purpose of developing the Land and will become an indirect 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 on a 50:50 basis through the Project Company.

The parties currently expect that the sole purpose and business of the Project Company is to develop the Land.

Capital requirement : The parties currently expect that the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount and the preliminary stage development funds) shall be financed on a 50:50 basis by the Group and the Wharf Group through one or more companies held by each of the Group and the Wharf Group as to 50%, and (in the case of any funding shortfall for such purpose) on a 50:50 basis by the Group and the Wharf Group.

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 Project Company, the Company and Wharf shall provide such security (including acting as a guarantor) on a several (and not a joint or a joint and several) basis.

Board representation : It is currently expected that the board of directors of the Project Company will comprise five directors of which three will be appointed by the Group and two will be appointed by the Wharf 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 Group will be responsible for the project management and the Wharf Group shall be responsible for financial and accounting management.

## **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-development of the Land 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 Framework Agreement has been made on normal commercial terms and in the ordinary and usual course of business of the Group; and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Wharf and its subsidiaries are holding approximately 25% 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. Based on the applicable size tests, 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 31 December 2015 (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.

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

## **DEFINITIONS**

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)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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 27 October 2015 in relation to proposed formation of the Project Company for the development of the Land
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land in the Bin Jiang District of Hangzhou, Zhejiang province of the PRC of approximately 38,605 sqm
“Land Consideration”	the total consideration of RMB1,625,000,000 for acquiring the land use rights of the Land from Hangzhou Municipal Bureau of Land Resources* (杭州市國土資源局) pursuant to the bid successfully made by Zhejiang Lujiu for the Land from Hangzhou Municipal Bureau of Land Resources* (杭州市國土資源局) on 27 October 2015
“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 in the PRC which will be interested by the Group and the Wharf Group on a 50:50 basis through Zhejiang Lujiu for the purpose of developing the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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
“Zhejiang Lujiu”	Zhejiang Lujiu Real Estate Co., Ltd.* (浙江綠九置業有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which is held by the Group and the Wharf Group as to 50% and 50%, respectively
“%”	per cent.

By order of the Board  
**Greentown China Holdings Limited**  
**Song Weiping Zhu Bixin**  
*Co-chairmen*

Hangzhou, the PRC  
28 October 2015

*As at the date of this announcement, the Board comprises six executive directors, namely Mr Song Weiping, Mr Zhu Bixin, Mr Sun Guoqiang, Mr Shou Bainian, Mr Cao Zhounan and Mr Li Qingan, one non-executive director, namely Mr Liu Wensheng 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*