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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 CORNERSTONE INVESTMENT IN GREENTOWN SERVICE

THE CORNERSTONE INVESTMENT

The Board announces that on 27 June 2016, the Investor (as investor), a wholly-owned subsidiary of the Company, entered into the Cornerstone Placing Agreement with Greentown Service (as issuer), Merrill Lynch, BOCI, Credit Suisse and Haitong (as joint global coordinators), pursuant to which the Investor has conditionally agreed to acquire the Investor Shares at the IPO Price for such number of GS Shares (rounded down to the nearest whole board lot of 2,000 GS Shares) which may be purchased with the amount of approximately HK\$305.55 million, but in any event not more than 138,880,000 GS Shares, as part of the International Offering.

LISTING RULES IMPLICATIONS

Greentown Service is an associate of Mr Song Weiping (an executive director of the Company and co-chairman of the Board) and Mr Shou Bainian (an executive director of the Company) and therefore a connected person of the Company. As the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the transaction under the Cornerstone Placing Agreement are more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules as if the same were to be applicable.

* For identification purposes only

INTRODUCTION

The Board announces that on 27 June 2016, the Investor (as investor), a wholly-owned subsidiary of the Company, entered into the Cornerstone Placing Agreement with Greentown Service (as issuer), Merrill Lynch, BOCI, Credit Suisse and Haitong (as joint global coordinators), pursuant to which the Investor has conditionally agreed to acquire the Investor Shares at the IPO Price, as part of the International Offering.

THE CORNERSTONE PLACING AGREEMENT

The principal terms of the Cornerstone Placing Agreement are as follows:

- Date: 27 June 2016
- Parties:
- (1) the Investor, as investor;
 - (2) Greentown Service, as issuer;
 - (3) Merrill Lynch, as a joint global coordinator;
 - (4) BOCI, as a joint global coordinator;
 - (5) Credit Suisse, as a joint global coordinator; and
 - (6) Haitong Securities, as a joint global coordinator.

Greentown Service is a connected person of the Company for the reason set out in the section headed “Listing Rules Implications” below. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of the other counterparties to the Cornerstone Placing Agreement and their respective ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

The Cornerstone Investment

Subject to the conditions set out in the section headed “Conditions precedent” below being fulfilled (or waived by (1) the Investor (save for the condition (c) in relation to the representations, warranties, undertakings and acknowledgements of the Investor) or (2) Greentown Service and the Joint Global Coordinators (only in respect of condition (c) as stated above) and other terms and conditions of the Cornerstone Placing Agreement, the Investor will:

- (a) acquire the Investor Shares at the IPO Price as part of the International Offering; and
- (b) pay the Aggregate Subscription Price and the related brokerage, transaction levies and trading fees in respect of the Investor Shares on the Delivery Date.

The Investor Shares will, when issued and delivered, be fully paid and free from all options, liens, charges, mortgages, pledges, claims, equities, encumbrances and other third party rights and shall rank *pari passu* with the GS Shares then in issue and to be listed on the Stock Exchange.

Greentown Service is seeking a listing on the Main Board of the Stock Exchange. Greentown Service has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the GS Shares including the Investor Shares.

Subject matter

The number of Investor Shares shall be calculated according to the formula below:

$$\text{Number of Investor Shares (Note)} = \frac{\text{HK\$305,553,600}}{\text{(IPO Price)}}$$

Note: The number of Investor Shares will be rounded down to the nearest whole board lot of 2,000 Shares (excluding brokerage and levies), provided that in case such number of Investor Shares as calculated shall exceed 138,888,000 GS Shares, the number of Investor Shares shall be adjusted downwards to 138,888,000 GS Shares.

Consideration and payment

The aggregate consideration payable by the Investor under the Cornerstone Placing Agreement comprises (i) the Aggregate Subscription Price in respect of the Investor Shares, being (1) the number of the Investor Shares multiply by (2) the IPO Price; and (ii) the related brokerage, transaction levies and trading fees in respect of the Investor Shares. It is expected that the consideration payable by the Investor under the Cornerstone Placing Agreement for the Investor Shares (excluding brokerage, transaction levies and trading fees) will not exceed HK\$305,553,600.

The Investor shall pay the Aggregate Subscription Price and the related brokerage, transaction levies and trading fees to the Joint Global Coordinators by same day value credit on or before 9:00 a.m. Hong Kong time on the Delivery Date by wire transfer in immediately available clear funds without any deduction or set-off to such Hong Kong dollar bank account as may be notified to the Investor by the Joint Global Coordinators no later than two Hong Kong banking days prior to the due date for payment.

The consideration was determined after arm's length negotiations between the parties to the Cornerstone Placing Agreement taking into account the financial information and the business prospects of Greentown Service. The Board intends to finance the payment of the consideration by the Group's internal financial resources.

Conditions precedent

The Investor's obligation to acquire the Investor Shares under the Cornerstone Placing Agreement is conditional upon, among other things, each of the following conditions having been satisfied at or prior to Closing:

- (a) the underwriting agreement for the Hong Kong Public Offering and the underwriting agreement for the International Offering being entered into by, inter alia, Greentown Service and the Joint Global Coordinators and having become unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the relevant parties) by no later than the time and date as specified therein or as subsequently waived or varied by agreement of such relevant parties;
- (b) that no laws shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the Closing, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of the Closing;
- (c) that the respective representations, warranties, undertakings and acknowledgements of the Investor are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Placing Agreement on the part of the Investor; and
- (d) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the GS Shares and such approval or permission not having been revoked prior to the commencement of the dealings in the GS Shares on the Stock Exchange.

In the event that the aforesaid conditions are not fulfilled or waived by the parties to the Cornerstone Placing Agreement (as applicable) by 5:00 pm on 31 July 2016 (or such other time and date as may be agreed in writing among Greentown Service, the Investor and the Joint Global Coordinators), the Cornerstone Placing Agreement shall cease to be of effect and, subject to the relevant clause in the agreement, no party shall have any claim against the others of any nature in connection therewith provided that the termination of the agreement pursuant to the aforesaid shall be without prejudice to the accrued rights or liabilities of any party to the other parties pursuant to the terms set forth herein at or before such termination.

Restrictions on disposal

Pursuant to the Cornerstone Placing Agreement, the Investor will not, among other things, at any time during the period of six months following the Listing Date, directly or indirectly, dispose of any of the Investor Shares (including any GS Shares or other securities of Greentown Services deriving from the Investor Shares) without prior written consent of Greentown Service and the Joint Global Coordinators.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors (including the independent non-executive Directors) believe that the Cornerstone Investment will be beneficial to the growth of the Company by way of developing a strategic relationship with Greentown Service for future possible business cooperation with Greentown Service. It will help the Company increase its investment in residential property management and diversification of assets configuration of the Company.

Having considered the above, the Directors are of the view that the terms of the Cornerstone Placing Agreement are on normal commercial terms that are fair and reasonable, and the Cornerstone Investment is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as of the date of the Cornerstone Placing Agreement: (i) Greentown Service is a company held as to 51% by Orchid Garden Investment Limited; (ii) Orchid Garden Investment Limited is owned as to 40%, 39% and 21% by Osmanthus Garden Investment Limited, Lily International Investment Limited and ShenaLan International Investment Limited, respectively; (iii) Osmanthus Garden Investment Limited is wholly-owned by Mr Song Weiping; (iv) Lily International Investment Limited is wholly-owned by Mr Shou Bainian; and (v) ShenaLan International Investment Limited is wholly-owned by Ms. Xia Yibo.

Mr Song is an executive director of the Company and co-chairman of the Board. Mr Song is also the sole shareholder of Delta House Limited which holds 126,071,924 Shares, representing 5.83% of the total issued share capital of the Company. Mr Song is also the sole member of Hong Kong Orange Osmanthus Foundation Limited, a company limited by guarantee and established by Mr Song as a charitable institution in Hong Kong which holds 100,000,000 Shares, representing 4.624% of the total issued share capital of the Company. Ms Xia is the spouse of Mr Song.

Mr Shou is an executive director of the Company. Mr Shou is also the sole shareholder of Profitwise Limited which holds 174,549,783 Shares, representing 8.07% of the total issued share capital of the Company.

For the reasons disclosed above, Greentown Service is an associate of Mr Song and Mr Shou and therefore a connected person of the Company. As the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the transaction under the Cornerstone Placing Agreement are more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules as if the same were to be applicable.

As each of Mr Song and Mr Shou may have a material interest in the Cornerstone Investment, each of them has abstained from voting on the board resolution of the Company concerning the Cornerstone Investment.

INFORMATION OF THE PARTIES

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on 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. The Investor is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands and an investment holding company.

Greentown Service is a company incorporated in the Cayman Islands with limited liability. Greentown Service and its subsidiaries are principally engaged in residential property management in the PRC, they have a diversified service portfolio comprising three segments: property management services, property consulting services and community value-added services.

Based on the post-hearing information pack of Greentown Service posted on the website of the Stock Exchange on 20 June 2016, the audited financial information of Greentown Service for the two financial years ended 31 December 2014 and 2015 are as follows:

	For the year ended	
	31 December	
	2014	2015
	<i>RMB' 000</i>	<i>RMB' 000</i>
Profit before taxation	198,618	278,126
Profit after taxation	149,876	202,567

The audited net asset value of Greentown Service as at 31 December 2015 was approximately RMB148,877,000.

Each of Merrill Lynch, BOCI, Credit Suisse and Haitong is a joint global coordinator of the Global Offering.

The Closing is subject to the terms and conditions of the Cornerstone Placing Agreement and therefore may or may not materialise. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Aggregate Subscription Price”	the amount equal to the IPO Price multiplied by the number of Investor Shares to be subscribed by the Investor pursuant to the Cornerstone Placing Agreement
“Board”	the board of Directors

“BOCI”	BOCI Asia Limited
“Closing”	the closing of the subscription of the Investor Shares in accordance with the terms and conditions of the Cornerstone Placing Agreement
“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
“Cornerstone Investment”	the proposed subscription of Investor Shares by the Investor pursuant to the Cornerstone Placing Agreement
“Cornerstone Placing Agreement”	the cornerstone placing agreement dated 27 June 2016 entered into between the Investor, Greentown Service, Merrill Lynch, BOCI, Credit Suisse and Haitong, in relation to the Cornerstone Investment
“Credit Suisse”	Credit Suisse (Hong Kong) Limited
“Delivery Date”	subject to the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become unconditional and not having been terminated, the Listing Date
“Director(s)”	the director(s) of the Company
“Greentown Service”	Greentown Service Group Co. Ltd., a company incorporated in the Cayman Islands with limited liability
“Group”	the Company together with its subsidiaries
“GS Shares”	shares of HK\$0.00001 each in Greentown Service
“Haitong”	Haitong International Securities Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Public Offering”	a public offering of the GS Shares for subscription by the public in Hong Kong
“International Offering”	an international offering of the GS Shares outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S of the Securities Act or any another available exemption from registration under the Securities Act

“Investor”	Loyal Rich Holdings Limited, a company incorporate in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Investor Shares”	GS Shares to be purchased by the Investor pursuant to the Cornerstone Placing Agreement
“IPO Price”	the final price per GS Share (excluding any brokerage, levies and trading fees) at which the Shares are acquired by investors under the International Offering
“Joint Global Coordinators”	the joint global coordinators of the Global Offering, consisting of Merrill Lynch, BOCI, Credit Suisse and Haitong
“Listing Date”	the date on which the GS Shares are first listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Merrill Lynch”	Merrill Lynch International
“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)
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Act”	the U.S. Securities Act of 1933, as amended
“Shareholders”	holders of the ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Greentown China Holdings Limited
Fung Ching, Simon
Company Secretary

Hangzhou, the PRC
27 June 2016

As at the date of this announcement, the Board comprises seven executive directors, namely Mr Song Weiping, Mr Liu Wensheng, Mr Sun Guoqiang, Mr Shou Bainian, Mr Cao Zhounan, Mr Li Qingan and Mr Li Yongqian, and four independent non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, and Mr Hui Wan Fai.