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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARIES

The Board announces that on 7 May 2017, the Sellers, each being a wholly-owned subsidiary of the Company, entered into the Yinshi Disposal Agreement and Litao Disposal Agreement with, among other parties, the Purchaser in relation to, among other things, the disposal of the entire equity interest in Greentown Yinshi and Hangzhou Litao by the Sellers to the Purchaser, respectively. The total consideration for the Yinshi Disposal and the Litao Disposal are approximately RMB1,785 million and RMB1,691 million, respectively.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals, in aggregate, exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Disposal Agreements constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

The Board announces that on 7 May 2017, the Sellers, each being a wholly-owned subsidiary of the Company, entered into the Yinshi Disposal Agreement and Litao Disposal Agreement with, among other parties, the Purchaser in relation to, among other things, the disposal of the entire equity interest in Greentown Yinshi and Hangzhou Litao by the Sellers to the Purchaser, respectively.

* *For identification purposes only*

THE YINSHI DISPOSAL AGREEMENT

Date

7 May 2017

Parties

- (a) the Yinshi Seller (being a wholly-owned subsidiary of the Company)
- (b) Greentown Real Estate (being a wholly-owned subsidiary of the Company)
- (c) the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Asset being disposed of

The asset being disposed of is the Yinshi Equity Interest, representing the entire equity interest of Greentown Yinshi. Greentown Yinshi is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Yinshi Seller. In December 2015, the entire equity interest in Greentown Yinshi was previously proposed to be transferred from the Yinshi Seller to a third party pursuant to an equity transfer agreement, but such agreement has been terminated as at the date of this announcement. The primary asset of Greentown Yinshi is two pieces of land located in Chaoyang District of Beijing in China with a total gross site area of approximately 13,001 sqm, which are intended to be developed into commercial properties.

In addition, the Purchaser agreed to assume the Yinshi Shareholders Loan owed by Greentown Yinshi to the Yinshi Seller and the Yinshi Other Liabilities owed by Greentown Yinshi to Greentown Real Estate.

Completion

The Yinshi Disposal Agreement shall take effect upon signing. The Yinshi Disposal Agreement and the Litao Disposal Agreement are inter-conditional with each other such that in the event that the Litao Disposal Agreement is terminated, the Yinshi Disposal Agreement will be terminated simultaneously unless otherwise agreed between the Yinshi Seller and the Purchaser.

Within 10 business days after the payment of tranches (a) and (b) of the Yinshi Consideration as set out in the section headed "Yinshi Consideration" below pursuant to the Yinshi Disposal Agreement, the Yinshi Seller will procure Greentown Yinshi to attend to the registration with the AIC in relation to the transfer of the Yinshi Equity Interest (the "**Yinshi AIC Registration**").

Greentown Yinshi will cease to be a subsidiary of the Company upon the Yinshi Disposal Agreement having been signed and become effective.

At least five days prior to the submission of documents to the AIC for the Yinshi AIC Registration, the Purchaser will procure its affiliate as identified in the Yinshi Disposal Agreement to enter into an agreement to guarantee the obligations of the Purchaser under the Yinshi Disposal Agreement. Within five business days after the date of Yinshi AIC Registration, the Purchaser will pledge the Yinshi Equity Interest to the Yinshi Seller as security for the performance of the obligations of the Purchaser under the Yinshi Disposal Agreement.

Yinshi Consideration

The Yinshi Consideration payable by the Purchaser under the Yinshi Disposal Agreement is RMB1,785 million, which is allocated as follows:

- (a) approximately RMB1,344 million payable to the Yinshi Seller as consideration for the acquisition of the Yinshi Equity Interest (the “**Yinshi Equity Consideration**”);
- (b) approximately RMB21 million payable to the Yinshi Seller as assumption of the Yinshi Shareholders Loan; and
- (c) approximately RMB420 million payable to Greentown Real Estate as assumption of the Yinshi Other Liabilities.

The Yinshi Consideration is payable in cash in four tranches:

- (a) the payment of RMB77 million is payable to the Yinshi Seller within five business days from the date of execution of the Yinshi Disposal Agreement;
- (b) the payment of RMB854 million is payable to the Yinshi Seller within (i) five business days from the day when Yinshi Disposal Agreement become effective; or (ii) three months from the date of the Yinshi Disposal Agreement, whichever is later;
- (c) the balance of the Yinshi Equity Consideration amounting to approximately RMB413 million is payable to the Yinshi Seller within nine months from the date of completion of the Yinshi AIC Registration; and
- (d) the payment of the Yinshi Shareholders Loan and the Yinshi Other Liabilities to the Yinshi Seller and Greentown Real Estate, respectively, within nine months from the date of completion of the Yinshi AIC Registration.

Pursuant to the Yinshi Disposal Agreement, the obligation to pay the contractual compensation to an independent third party due to the late delivery of certain property for a period agreed by Yinshi Seller and the Purchaser (the **Compensation**) will be novated from Greentown Yinshi to Greentown Real Estate from the date of the Yinshi Disposal Agreement.

The consideration and the terms of the Yinshi Disposal Agreement were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to, among other things, the net asset value of Greentown Yinshi at fair value, the Shareholders Loan and the Other Liabilities.

THE LITAO DISPOSAL AGREEMENT

Date

7 May 2017

Parties

- (a) the Litao Seller (being a wholly-owned subsidiary of the Company)
- (b) Greentown Real Estate (being a wholly-owned subsidiary of the Company)
- (c) the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Asset being disposed of

The asset being disposed of is the Litao Equity Interest, representing the entire equity interest of Hangzhou Litao. Hangzhou Litao is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Litao Seller. Hangzhou Litao indirectly holds a piece of land located in Chaoyang District of Beijing in China with a total gross site area of approximately 3,204 sqm, together with certain buildings of serviced apartments thereon.

In addition, the Purchaser agreed to assume the Litao Liabilities owed by a subsidiary of Hangzhou Litao to Greentown Real Estate.

Completion

The Litao Disposal Agreement shall take effect upon signing. The Yinshi Disposal Agreement and the Litao Disposal Agreement are inter-conditional with each other such that in the event that the Yinshi Disposal Agreement is terminated, the Litao Disposal Agreement will be simultaneously terminated unless otherwise agreed between the Litao Seller and the Purchaser.

Within 10 business days after the payment of the tranches (a) and (b) of the Litao Consideration as set out in the section headed “Litao Consideration” below pursuant to the Litao Disposal Agreement, the Litao Seller will procure Hangzhou Litao to attend to the registration with the AIC in relation to the transfer of the Litao Equity Interest (the “**Litao AIC Registration**”).

Hangzhou Litao will cease to be a subsidiary of the Company upon the Litao Disposal Agreement having been signed and become effective.

At least five days prior to the submission of documents to the AIC for the Litao AIC Registration, the Purchaser will procure its affiliate as identified in the Litao Disposal Agreement to enter into an agreement to guarantee the obligations of the Purchaser under the Litao Disposal Agreement. Within 25 business days after the date of Litao AIC Registration, the Purchaser will pledge the Litao Equity Interest and the entire equity interest of the subsidiaries of Hangzhou Litao to the Litao Seller as security for the performance of the obligations of the Purchaser under the Litao Disposal Agreement.

Litao Consideration

The Litao Consideration payable by the Purchaser under the Litao Disposal Agreement is RMB1,691 million, which is allocated as follows:

- (a) approximately RMB1,409 million payable to the Litao Seller as consideration for the acquisition of the Litao Equity Interest (the “**Litao Equity Consideration**”); and
- (b) approximately RMB282 million payable to Greentown Real Estate as assumption of the Litao Liabilities.

The Litao Consideration is payable in cash in four tranches:

- (a) the payment of RMB85 million is payable to the Litao Seller within five business days from the date of execution of the Litao Disposal Agreement;
- (b) the payment of RMB877 million is payable to the Litao Seller within (i) five business days from the day when Litao Disposal Agreement become effective and the termination of a hotel service agreement entered into by Hangzhou Litao in accordance with the Litao Disposal Agreement; or (ii) three months from the date of the Litao Disposal Agreement, whichever is later;
- (c) the balance of the Litao Equity Consideration amounting to approximately RMB447 million is payable to the Litao Seller within nine months from the date of completion of the Litao AIC Registration; and
- (d) the payment of the Litao Liabilities to Greentown Real Estate within nine months from the date of completion of the Litao AIC Registration.

The consideration and the terms of the Litao Disposal Agreement were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to, among other things, the net asset value of Hangzhou Litao at fair value and the Litao Liabilities.

FINANCIAL EFFECTS OF THE DISPOSALS

The unaudited net asset value of Greentown Yinshi and the unaudited consolidated net asset value of Hangzhou Litao Group as at 31 December 2016 were approximately RMB33 million and RMB1,023 million, respectively.

The unaudited net loss before and after tax attributable to Greentown Yinshi for each of the two years ended 31 December 2015 and 2016 were as follows:

	For the year ended 31 December	
	2015	2016
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net loss before taxation	(1,962)	(1,310)
Net loss after taxation	(1,962)	(1,492)

The unaudited consolidated net profits before and after tax attributable to Hangzhou Litao Group for each of the two years ended 31 December 2015 and 2016 were as follows:

	For the year ended 31 December	
	2015	2016
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net profit before taxation	48,743	69,118
Net profit after taxation	38,743	56,618

It is expected that the Company will record an estimated gain of approximately RMB1,256 million before taxation, being the difference between the consideration payable by the Purchaser for the acquisition of the Yinshi Equity Interest and the sum of unaudited net asset value of Greentown Yinshi as at 30 April 2017 and the estimated Compensation. However, it is expected that the ultimate gain that the Company will record may be different from the above stated gain given that there may be changes to the net asset value of Greentown Yinshi since 30 April 2017 and the actual amount of Compensation payable to the Customer.

It is expected that the Company will record an estimated gain of approximately RMB376 million before taxation, being the difference between the consideration payable by the Purchaser for the acquisition of the Litao Equity Interest and the unaudited consolidated net asset value of Hangzhou Litao Group as at 30 April 2017. However, it is expected that the ultimate gain that the Company will record may be different from the above stated gain given that there may be changes to the consolidated net asset value of Hangzhou Litao Group since 30 April 2017.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group is primarily engaged in developing quality properties targeting mainly middle and high income residents in the PRC. The Group reviews its existing land bank and development projects from time to time and the Disposals will allow the Group to realise its investment gain in Greentown Yinshi and Hangzhou Litao, receive additional cash inflow and reallocate more financial resources on future potential investment opportunities and/or working capital of the Group. The Board is of the view that Disposals will enhance the liquidity of the Group and generate future benefits for the Company and the Shareholders as a whole.

The Directors consider that the terms of the Disposal Agreements and the Disposals are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Company intends to use the net proceeds from the Disposals to finance its other property development projects and/or as general working capital.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals, in aggregate, exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Disposal Agreements constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

GENERAL

The Group

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 mainly middle and high income residents in the PRC.

The Yinshi Seller is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company whose principal business is property development.

The Litao Seller is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company whose principal business is investment holding.

Greentown Real Estate is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company whose principal business is property development.

The Purchaser

The Purchaser is a company established in the PRC with limited liability whose principal business is property development.

DEFINITIONS

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

“AIC”	the local Administration for Industry and Commerce which is the relevant government authority with respect to Greentown Yinshi and Hangzhou Litao, as the case may be
“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
“Disposals”	the Yinshi Disposal and the Litao Disposal
“Disposal Agreements”	the Yinshi Disposal Agreement and the Litao Disposal Agreement
“Greentown Real Estate”	Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Greentown Yinshi”	Beijing Greentown Yinshi Real Estate Co., Ltd.* (北京綠城銀石置業有限公司), a company established in the PRC
“Group”	the Company together with its subsidiaries
“Hangzhou Litao”	Litao (Hangzhou) Construction Design Company Limited* (力濤(杭州)建築設計諮詢有限公司), a company established in the PRC
“Hangzhou Litao Group”	Hangzhou Litao and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Litao Consideration”	RMB1,691 million, being the total consideration payable by the Purchaser for the Litao Disposal under the Litao Disposal Agreement
“Litao Disposal”	the disposal of the entire equity interest of Hangzhou Litao and the Litao Liabilities in accordance with the terms of the Litao Disposal Agreement
“Litao Disposal Agreement”	the equity transfer agreement dated 7 May 2017 entered into between the Litao Seller, the Purchaser and Greentown Real Estate in relation to the Litao Disposal
“Litao Equity Interest”	the entire equity interest of Hangzhou Litao
“Litao Liabilities”	the liabilities owed by a subsidiary of Hangzhou Litao to Greentown Real Estate in the aggregate amount of approximately RMB282 million
“Litao Seller”	Skymoon International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“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)
“Purchaser”	China Investment Development Co., Ltd.* (中投發展有限責任公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	the Yinshi Seller and the Litao Seller
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder”	holder of the Shares
“sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yinshi Consideration”	RMB1,785 million, being the total consideration payable by the Purchaser for the Yinshi Disposal under the Yinshi Disposal Agreement

“Yinshi Disposal”	the disposal of the entire equity interest of Greentown Yinshi, Yinshi Shareholders Loan and Yinshi Other Liabilities in accordance with the terms of the Yinshi Disposal Agreement
“Yinshi Disposal Agreement”	the equity transfer agreement dated 7 May 2017 entered into between the Yinshi Seller, the Purchaser and Greentown Real Estate in relation to the Yinshi Disposal
“Yinshi Equity Interest”	the entire equity interest of Greentown Yinshi
“Yinshi Other Liabilities”	the liabilities owed by Greentown Yinshi to Greentown Real Estate in the aggregate amount of approximately RMB420 million
“Yinshi Seller”	Beijing Greentown Investment Co., Ltd.* (北京綠城投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Yinshi Shareholders Loan”	the amount owed by Greentown Yinshi to the Yinshi Seller in the aggregate amount of approximately RMB21 million

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

Hangzhou, the People’s Republic of China

7 May 2017

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.

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