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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
INTRODUCTION OF STRATEGIC INVESTORS IN
PROJECT COMPANY**

The Board announces that on 23 November 2018, Hangzhou Zhenmei (a wholly-owned subsidiary of the Company) entered into the Agreement with, among other parties, Zhichang Beijing (a wholly-owned subsidiary of Wharf) pursuant to which (i) Hangzhou Zhenmei has conditionally agreed to acquire, and Zhichang Beijing has conditionally agreed to sell, 10% equity interest in the Project Company; and (ii) Hangzhou Greentown Zhizhen has conditionally agreed to transfer 16.66% and 16.67% equity interest in Hangzhou Zhenmei to CMPBJ (a wholly-owned subsidiary of CMP) and Beijing ZRKH (a wholly-owned subsidiary of BCL), respectively.

As at the date of this announcement, Wharf (through its subsidiaries) holds approximately 24.938% of the issued share capital of the Company, and is therefore a substantial shareholder and a connected person of the Company under the Listing Rules. Accordingly, being a wholly-owned subsidiary of Wharf, Zhichang Beijing is also a connected person of the Company.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* For identification purposes only

INTRODUCTION

The Board announces that on 23 November 2018, Hangzhou Zhenmei (a wholly-owned subsidiary of the Company) entered into the Agreement with, among other parties, Zhichang Beijing (a wholly-owned subsidiary of Wharf) pursuant to which (i) Hangzhou Zhenmei has conditionally agreed to acquire, and Zhichang Beijing has conditionally agreed to sell, 10% equity interest in the Project Company; and (ii) Hangzhou Greentown Zhizhen has conditionally agreed to transfer 16.66% and 16.67% equity interest in Hangzhou Zhenmei to CMPBJ (a wholly-owned subsidiary of CMP) and Beijing ZRKH (a wholly-owned subsidiary of BCL), respectively.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date : 23 November 2018

Parties : (1) Zhichang Beijing
(2) Hangzhou Zhenmei
(3) CCCC Real Estate
(4) CMPBJ
(5) Beijing ZRKH
(6) Hangzhou Greentown Zhizhen
(7) the Project Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CMPBJ and Beijing ZRKH and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter

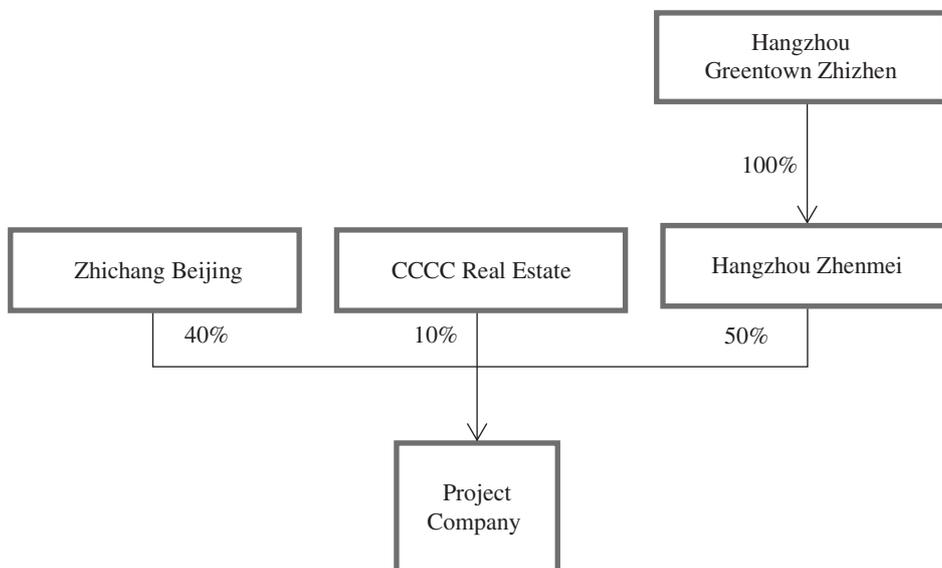
Hangzhou Zhenmei has conditionally agreed to acquire, and Zhichang Beijing has conditionally agreed to sell, the Target Interest, representing 10% equity interest in the Project Company. The Project Company holds the Land, which is proposed to be primarily developed into residential properties. The Land is situated in Beijing, the PRC with a gross site area (including the floor area of the ancillary facilities) of approximately 61,023.18 sqm.

The purchase price payable by Hangzhou Zhenmei to Zhichang Beijing in respect of the Target Interest is RMB10 million, which was determined after arm's length negotiations between the parties with reference to the net asset value of the Project Company as at 30 November 2017 as appraised by an independent valuer in the PRC. The original acquisition cost of the 10% equity interest in the Project Company to Zhichang Beijing is RMB10 million, representing 10% of the registered capital of the Project Company.

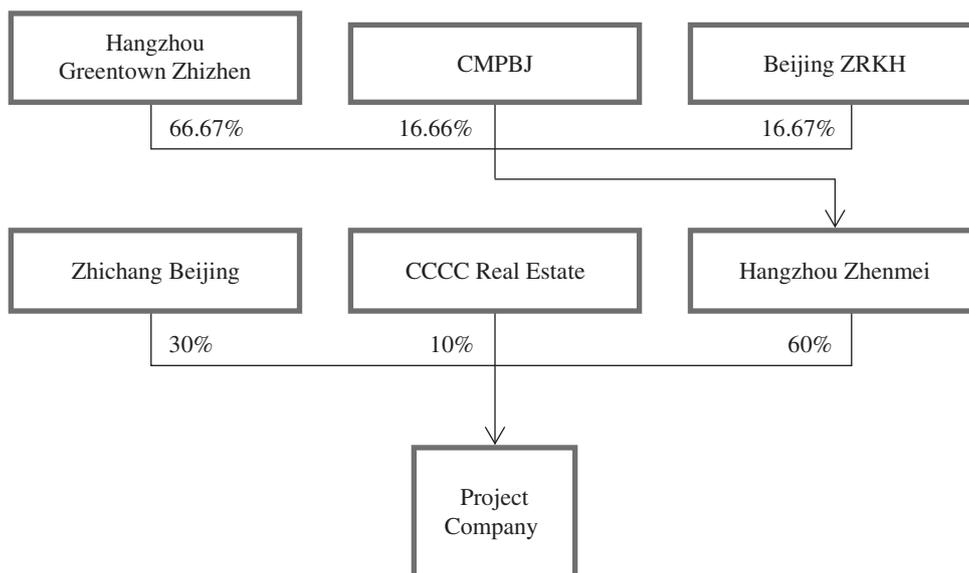
Pursuant to the Agreement, Hangzhou Zhenmei also agreed to acquire the Shareholder’s Loan (amounting to RMB388.6 million as at 31 August 2018), together with an interest accrued thereon (amounting to RMB60.7 million as at 31 August 2018) within five business days after completion of the AIC registration of the Acquisition.

As at the date of this announcement, Hangzhou Zhenmei is wholly-owned by Hangzhou Greentown Zhizhen. Pursuant to the Agreement, Hangzhou Greentown Zhizhen has agreed to transfer 16.66% and 16.67% equity interest in Hangzhou Zhenmei to CMPBJ and Beijing ZRKH, respectively, both at nil consideration as Hangzhou Greentown Zhizhen has not made any capital contribution to Hangzhou Zhenmei as at the date of valuation of such equity interests. Upon completion of such transfer, Hangzhou Zhenmei will be owned as to 66.67% by Hangzhou Greentown Zhizhen, 16.67% by Beijing ZRKH and 16.66% by CMPBJ, and will become a non-wholly owned subsidiary of the Company.

As at the date of this announcement



Upon completion of the Transactions



Pursuant to the Agreement, the purchase price payable by Hangzhou Zhenmei for the Target Interest and the Shareholder's Loan will be contributed as to 66.67% by Hangzhou Greentown Zhizhen, 16.67% by Beijing ZRKH and 16.66% by CMPBJ, respectively. The purchase price to be contributed by Hangzhou Greentown Zhizhen is expected to be funded by the internal resources of the Group.

Conditions precedent

Completion of the Transactions is subject to the satisfaction (or waiver) of certain conditions precedent set out in the Agreement, which include, among other things:

- (1) the land transfer fee and related taxes and fees of the Land having been paid in full according to the requirements of the listing-for-sale documents and the state-owned land use rights assignment contract, and the Project Company having obtained the property right certificate of the Land;
- (2) the asset valuation of and financial and legal due diligence by CMPBJ and Beijing ZRKH on Hangzhou Zhenmei and the Project Company having been completed, and the shareholders of the Project Company having reached an agreement on the solutions to the risks identified in the aforementioned asset valuation report or the due diligence report;
- (3) the asset valuation report of Hangzhou Zhenmei and the Project Company having obtained the relevant approvals from the state-owned asset supervision and administration bodies for CMPBJ and Beijing ZRKH; and
- (4) all necessary consent, permit, licence or approval (including but not limited to the independent Shareholders' approval of the Company under the Listing Rules, if required) in respect of the Agreement and the transactions contemplated thereunder under the applicable laws and regulations.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Upon completion of the Transactions, two new investors will be indirectly introduced to the Project Company while reducing the Group's effective interest in the Project Company through the Disposals. In light of the tightening of governmental policies on the real estate market in Beijing and the market volatility, the Directors consider that the introduction of such strategic investors will be beneficial to the Group's investment portfolio.

Further, both BCL and CMP are experienced property developers. The Directors believe that the introduction of Beijing ZRKH (a subsidiary of BCL) and CMPBJ (a subsidiary of CMP) as investors in the Project Company under the transactions contemplated under the Agreement will support the Project Company through their respective strengths and synergies in real estate development strategies, marketing, management, human resources, branding and other areas, and will complement each other to promote mutual benefit.

The Directors (including the independent non-executive Directors) consider that the 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 (through its subsidiaries) holds approximately 24.938% of the issued share capital of the Company, and is therefore a substantial shareholder and a connected person of the Company under the Listing Rules. Accordingly, being a wholly-owned subsidiary of Wharf, Zhichang Beijing is also a connected person of the Company.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Disposals are less than 5%, the Disposals are exempt from announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As none of the Directors has a material interest in the Agreement and the transactions contemplated thereunder, none of them have abstained from voting on the relevant Board resolution approving the Framework Agreement and the transactions contemplated thereunder.

Financial information of the Project Company

The table below sets out certain unaudited financial information of the Project Company for the year ended 31 December 2016 and 31 December 2017 according to its management account prepared under PRC generally accepted accounting principles:

	For the year ended 31 December	
	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>
	<i>'000</i>	<i>'000</i>
Revenue	–	–
Loss before taxation and extraordinary items	7,697	26,594
Loss after taxation and extraordinary items	5,773	21,869

The unaudited net asset value of the Project Company was approximately RMB61.6 million as at 30 June 2018.

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 mainly middle and high income residents in the PRC. Hangzhou Zhenmei is, as at the date of this announcement, a wholly-owned subsidiary of the Company and is principally engaged in property investment and property development. Hangzhou Greentown Zhizhen is a wholly-owned subsidiary of the Company and is principally engaged in property investment and property development.

Zhichang Beijing is a wholly-owned subsidiary of Wharf and is principally engaged in the business of investment holding. Wharf is a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange. Wharf Group is principally engaged in investment and development properties in Hong Kong and the Mainland, hotels and management, and logistics.

CCCC Real Estate is a wholly-owned subsidiary of CCCG and is principally engaged in the business of property development. CCCG is a wholly state-owned company established in the PRC and the controlling shareholder of China Communications Construction Co. Ltd., a company established in the PRC whose H shares are listed on the Stock Exchange. Based on publicly available information, CCCG is principally engaged in the design and construction of transportation infrastructure, dredging and heavy machinery manufacturing business and covers the following business aspects: port, terminal, road, bridge, railway, tunnel, civil work design and construction, capital dredging and reclamation dredging, container crane, heavy marine machinery, large steel structure and road machinery manufacturing, and international project contracting, import and export trading services. According to CCCG, it is the largest port construction and design company in the PRC, a leading company in road and bridge construction and design, a leading railway construction company, the largest dredging company in the PRC and the largest dredging company (in terms of dredging capacity) in the world.

CMPBJ is a wholly-owned subsidiary of CMP and is principally engaged in the business of property development and property-related business.

Beijing ZRKH is a wholly-owned subsidiary of BCL and is principally engaged in investment management.

The Project Company is, as at the date of this announcement, owned as to 40%, 50% and 10% by Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate, respectively, and is principally engaged in property investment. The primary asset of the Project Company is the Land.

DEFINITIONS

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

“Acquisition”	the sale and purchase of the Target Interest and the Shareholder’s Loan pursuant to the terms and conditions of the Agreement
“Agreement”	the agreement dated 23 November 2018 entered into among Zhichang Beijing, Hangzhou Zhenmei, CCCC Real Estate, CMPBJ, Beijing ZRKH, Hangzhou Greentown Zhizhen and the Project Company in relation to, among other matters, the Acquisition and the Disposals
“AIC”	the local Administration for Industry and Commerce which is the relevant government authority with respect to the Project Company
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“BCL”	Beijing Capital Land Ltd. (首創置業股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and whose H shares are listed and traded on the Main Board of the Hong Kong Stock Exchange
“Beijing ZRKH”	Beijing Zhong Rui Kai Hua Investment Management Limited* (北京中瑞凱華投資管理有限公司), a company incorporated under the laws of the PRC with limited liability
“Board”	the board of Directors
“CCCC Real Estate”	CCCC Real Estate Company Limited* (中交地產有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CCCG
“CCCG”	China Communication Constructions Group (Limited), a wholly state-owned company established in the PRC and a substantial shareholder of the Company
“CMP”	China Merchants Property Development Co., Ltd.* (招商局地產控股股份有限公司), a company incorporated in the PRC, whose shares are listed on the Shenzhen Stock Exchange
“CMPBJ”	China Merchants Property Development (Beijing) Co., Ltd.* (招商局地產(北京)有限公司), a company incorporated in the PRC with limited liability, and being a wholly-owned subsidiary of CMP

“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 Main Board of 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 transfer of 16.66% and 16.67% equity interest in Hangzhou Zhenmei from Hangzhou Greentown Zhizhen to CMPBJ and Beijing ZRKH, respectively, pursuant to the Agreement
“Group”	the Company together with its subsidiaries
“Hangzhou Greentown Zhizhen”	Hangzhou Greentown Zhizhen Investment Limited* (杭州綠城致臻投資有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Hangzhou Zhenmei”	Hangzhou Zhenmei Investment Limited* (杭州臻美投資有限公司), a company established in the PRC and, as at the date of this announcement, a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land in Jiangtai Village, Chaoyang District of Beijing, the PRC with a gross site area (including the floor area of the ancillary facilities) of approximately 61,023.18 sqm
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange
“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”	Beijing Liangma Real Estate Co., Ltd* (北京亮馬置業有限公司), a company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“shareholder(s)”	holder(s) of the Shares(s)

“Shareholder’s Loan”	the loan owed by the Project Company to Zhichang Beijing as at the date of completion of the Acquisition pursuant to the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Target Interest”	10% equity interest in the Project Company, being the subject matter of the Acquisition
“Transactions”	the Acquisition and the Disposals
“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 Main Board of the Stock Exchange
“Wharf Group”	Wharf together with its subsidiaries
“Zhichang Beijing”	Zhichang (Beijing) Corporate Management Company Limited* (致昌(北京)企業管理有限公司), a company established in the PRC and a wholly-owned subsidiary of the Wharf

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

Hangzhou, the PRC

23 November 2018

As at the date of this announcement, the board of directors of the Company comprises six executive Directors, namely Mr Song Weiping, Mr Liu Wensheng, Mr Zhang Yadong, Mr Li Qingan, Mr Li Yongqian and Mr Li Jun, 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*