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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 A JOINT VENTURE

The Company announces that, on the date of this announcement, Hunan Greentown Town (a wholly-owned subsidiary of the Company) and Bluetown Zhisheng (an associate of a Director and hence a connected person of the Company) as joint bidders were notified of their successful bid for the Land from HangZhou Bureau of Planning and Natural Resources at the Land Consideration of RMB260.92 million.

The Shareholders' Agreement was entered into between Hunan Greentown Town and Bluetown Zhisheng in order to facilitate the development of the Land. According to the Shareholders' Agreement, the Project Company will have a registered capital of RMB100 million, of which RMB51 million and RMB49 million will be contributed by Hunan Greentown Town and Bluetown Zhisheng, accounting for 51% and 49% of the total registered capital of the Project Company, respectively.

Bluetown Zhisheng is a company established in the PRC and is indirectly owned by Mr Song as to over 30% shareholding. Bluetown Zhisheng is therefore an associate of Mr Song under rule 14A.12(c) of the Listing Rules and a connected person of the Company.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceed 0.1% and all of them are less than 5%, the entering into of the Shareholders' 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

The Company announces that, on the date of this announcement, Hunan Greentown Town (a wholly-owned subsidiary of the Company) and Bluetown Zhisheng (an associate of Mr Song and hence a connected person of the Company) as joint bidders were notified of their successful bid for the Land from HangZhou Bureau of Planning and Natural Resources at the Land Consideration of RMB260.92 million.

The Land is situated at Longwu Unit, Xihu District of Hangzhou, Zhejiang province of the PRC with a gross site area of approximately 17,382 sqm. The commercial and business properties to be developed on the Land are expected to have a total gross floor area of approximately 19,120.2 sqm with a floor area ratio of 1.1.

The Company announces that, on the date of this announcement, Hunan Greentown Town and Bluetown Zhisheng entered into the Shareholders' Agreement in relation to the Project Company. The Project Company is proposed to be established for the development of the Land on a 51:49 shareholding basis by Hunan Greentown Town and Bluetown Zhisheng.

CONSIDERATION AND PAYMENT TERMS FOR THE LAND

According to the terms of the bid for the Land, the total Land Consideration of RMB260.92 million shall be paid by cash instalments in the manner as follows:

Stage payment	Amount paid/payable
Already paid upon submission of bids	RMB16,700,000 (the “ Surety Money ”) (being the surety money for the bidding)
Before 31 May 2019	RMB35,484,000 (together with the Surety Money paid which shall be counted in the amount payable in this instalment as deposit (the “ Deposit ”), being 20% of the Land Consideration)
Before 30 June 2019	RMB78,276,000 (together with the Deposit paid which shall be counted in the amount payable in this instalment, being 50% of the Land Consideration)
Before 29 January 2020	RMB130,460,000 (the remaining 50% of the Land Consideration)

Such consideration amount was the outcome of a public bidding announced by HangZhou Bureau of Planning and Natural Resources and is payable by Hunan Greentown Town and Bluetown Zhisheng on a 51:49 basis in accordance with their respective equity interests in the Project Company.

PROPERTY DEVELOPMENT THROUGH THE PROJECT COMPANY

The Shareholders' Agreement was entered into between Hunan Greentown Town and Bluetown Zhisheng in order to facilitate the development of the Land. According to the Shareholders' Agreement, Hunan Greentown Town and Bluetown Zhisheng will own 51% and 49%, respectively, of the equity interests in the Project Company to be established in the PRC.

PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT

A summary of the major terms and conditions of the Shareholders' Agreement is set out below:

Purpose : To own and develop the Land through the Project Company

Parties : (1) Hunan Greentown Town
(2) Bluetown Zhisheng

Shareholding structure and capital requirement : The Project Company will have a registered capital of RMB100 million, of which RMB51 million and RMB49 million will be contributed by Hunan Greentown Town and Bluetown Zhisheng, accounting for 51% and 49% of the total registered capital of the Project Company, respectively.

The capital contributions shall be made in accordance with the progress of development of the Land.

The amount of the capital contributions under the Shareholders' Agreement was determined after arm's length negotiation between the parties, taking into account, among other factors, the development needs of the Land and its working capital requirements.

The capital contribution by Hunan Greentown Town is expected to be funded by the internal resources and/or external financing of the Group.

Save as disclosed, all other funding needs shall be arranged by the Project Company itself.

As a general principle, in the event that any security is needed for future external financing of the Project Company, Hunan Greentown Town and Bluetown Zhisheng should accommodate such needs and facilitate the provision of such security or guarantee according to their respective shareholding percentages in the Project Company. In the event that such future external financing cannot satisfy the funding needs for developing the Land, Hunan Greentown Town and Bluetown Zhisheng should provide further funding to the Project Company by shareholders' loan according to their respective shareholding percentages in the Project Company, and interests are payable by the Project Company at an interest rate to be agreed upon by the parties.

Distribution of profit : Distributable profit shall go to the shareholders in accordance with their respective shareholding percentages in the Project Company.

Board representation : The board of directors of the Project Company will comprise five directors of which three will be nominated by Hunan Greentown Town and two will be nominated by Bluetown Zhisheng. Hunan Greentown Town will have the right to appoint the chairman of the board of directors of the Project Company.

Management and operation : General manager of the Project Company, to be nominated by Bluetown Zhisheng and appointed by the board of directors of the Project Company, will be responsible for the project management. Deputy general manager(s) shall be nominated by the general manager of the Project Company.

A finance director shall be appointed by Hunan Greentown Town. The finance of the Project Company will be under the direct management of the finance centre of Hunan Greentown Town.

Two supervisors, of which each of Hunan Greentown Town and Bluetown Zhisheng shall nominate one, will be responsible for supervision of the Project Company according to the applicable laws and regulations.

Others : The liabilities of the shareholders are limited to their respective capital contributions.

The Project Company will be allowed to use the “Greentown” and “Bluetown” brand names in the development project of the Land.

Any business under the Shareholders’ Agreement shall be subject to such consent, approval or authorisation under the applicable laws, regulations and rules (if required).

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors believe that the development of the Land by the Project Company will broaden the asset and earnings base of the Company and further strengthen the Company’s position as a premier property developer in the PRC. The cooperation between the Group and Bluetown Zhisheng will benefit the Project Company through their respective strengths and contribute to the successful development of the Land.

The Directors (including the independent non-executive Directors) consider that the Shareholders’ 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.

Mr Song, a co-chairman of the Board and an executive Director, has by virtue of his interest in Bluetown Zhisheng abstained from voting at the Board on the Shareholders’ Agreement and the transactions contemplated thereunder. Save as disclosed, the Company is not aware of any other Directors who has a material interest therein.

LISTING RULES IMPLICATIONS

Mr Song is co-chairman of the Board and an executive Director. Mr Song is therefore a connected person of the Company under the Listing Rules.

Bluetown Zhisheng is a company established in the PRC and is indirectly owned by Mr Song as to over 30% shareholding. Bluetown Zhisheng is therefore an associate of Mr Song under rule 14A.12(c) of the Listing Rules and a connected person of the Company.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceed 0.1% and all of them are less than 5%, the entering into of the Shareholders’ 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.

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.

Hunan Greentown Town is a company established in the PRC with limited liability principally engaged in property development and construction decoration.

Bluetown Zhisheng is a company established in the PRC with limited liability principally engaged in investment management and consultation services.

DEFINITIONS

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

“associate”	has the same meaning ascribed to it under the Listing Rules
“Bluetown Zhisheng”	Hangzhou Bluetown Zhisheng Investment Management Co., Ltd.* (杭州藍城致盛投資管理有限公司), a company established in the PRC with limited liability
“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
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Greentown Town”	Hunan Greentown Ideal Town Construction Group Co., Ltd.* (湖南綠城理想小鎮建設集團有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company

“Land”	a piece of land at the Longwu Unit, Xihu District of Hangzhou, Zhejiang Province of the PRC with a gross site area of approximately 17,382 sqm
“Land Consideration”	the consideration of RMB260.92 million for acquiring the land use right of the Land pursuant to the bid successfully made for the Land from HangZhou Bureau of Planning and Natural Resources
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr Song”	Mr Song Weiping, a co-chairman of the Board and an executive Director
“PRC”	the People’s Republic of China
“Project Company”	a company established in the PRC for the purpose of developing the Land
“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 Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement dated 17 May 2019 entered into between Hunan Greentown Town and Bluetown Zhisheng in relation to the formation of the Project Company
“sqm”	square metres
“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
17 May 2019

As at the date of this announcement, the Board 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*