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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 TRANSACTIONS ACQUISITION OF EQUITY INTERESTS IN GREENTOWN DINGYI AND GREENTOWN SHIDAI

Reference is made to the announcement of Greentown China Holdings Limited (the “**Company**”) dated 2 August 2015 in relation to the proposed acquisition of Greentown Dingyi and Greentown Shidai, each of which constitutes a connected transaction of the Company (the “**Announcement**”). Unless otherwise stipulated, terms used in this announcement have the same meanings as given to them in the Announcement.

The Board would like to provide additional information regarding the consideration for each the Dingyi Acquisition and the Shidai Acquisition as follows:

- (a) For the reasons set out in the Announcement, the Company has been considering to further expand its business in the property development management industry following the establishment of Bluetown Property Construction Management Group Co., Ltd. (藍城房產建設管理集團有限公司) (“**Bluetown Construction Management**”), a non-wholly owned subsidiary of the Company. Bluetown Construction Management was established in September 2010 in the PRC and has been primarily engaged in the construction consultancy business, which includes the property development management business.
- (b) When considering the proposed transactions, the Directors have taken into account factors, among other things, that each of Greentown Dingyi and Greentown Shidai has been in steady business operation with its own property projects, client base and proven track record, and their respective senior management and officers also possess rich expertise, experience and network in the property development management industry in the PRC.

* For identification purposes only

In this connection and also in view of the time, cost and management attention that may be required for the Group to expand its own property development management business through the organic growth together with the uncertainties associated thereto, the Directors consider the proposed transactions represent a good opportunity for the Group to rapidly expand further in the property development management industry with immediate benefit from the existing business operations (in particular, the existing property projects and client base) and the financials of Greentown Dingyi and Greentown Shidai, while at the same time to minimise the time required and uncertainties associated with the proposed expansion through the organic growth.

- (c) The Group has been primarily engaged in the property development in the PRC. The Directors expect that the expanded property development management business pursuant to the proposed transactions will create synergy with the Group's existing property management business as well as its existing principal business of property development.
- (d) The Directors also conducted a comparable company trading analysis in formulating their view. The Directors considered a number of comparable companies which are primarily engaged in engineering, procurement and construction business. For reference purpose only, it is noted that: (i) as of 31 July 2015, the 2014 price/earnings multiples (“**P/E multiples**”) of such comparable companies ranged from approximately 10.4 times to 34.7 times, with an average and median 2014 P/E multiple of approximately 18.7 times and 14.9 times, respectively; and (ii) the consideration for each of the Dingyi Acquisition and the Shidai Acquisition represents an implied 2014 P/E multiple of approximately 18.3 times and 16.8 times, respectively, which is between the average and the median 2014 P/E multiples of such comparable companies.
- (e) For this purpose, the Directors take the view that the net asset value of each of Greentown Dingyi and Greentown Shidai should not be the key factor in determining the amount of consideration. As disclosed in the Announcement, each of Greentown Dingyi and Greentown Shidai is principally engaged in the business of property development management, offering one-stop services in planning, design, project development and construction management; and both companies provide comprehensive services to corporate clients and government authorities in the development of residential and commercial properties as well as rural and urban community projects. As such, each of Greentown Dingyi and Greentown Shidai is in substance a service provider which operates in a business model of light assets and light liabilities.

Taking into consideration the aforesaid reasons and benefits as a whole, the Directors (including the independent non-executive Directors) are of the view that the consideration for each of the Dingyi Acquisition and the Shidai Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Hangzhou, the PRC
4 September 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 nonexecutive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, and Mr Hui Wan Fai.