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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 AND CONNECTED TRANSACTION RESTRUCTURING OF BLUETOWN

The Board announces that the Acquisition Agreement, the Disposal Agreement, the Ningbo Acquisition Agreement and the Trademark Assignment Framework and Supplemental Agreement were entered into on 25 June 2016.

INTRODUCTION

As at the date of this announcement, Bluetown is principally engaged in the Construction Management Business, namely the business of property development management and advisory, offering management and advisory services in planning, design, budgeting, construction and sales for government construction projects and property development projects, and is also engaged in the Other Business, namely projects related to retirement, agriculture and township development and business in relation to construction technology, scenery design, decoration design and sales agency.

The shareholders of Bluetown propose to undergo a restructuring of Bluetown by way of demerging and continuing it into two entities, namely (a) New Bluetown which will be principally engaged in the Construction Management Business and will take over the assets, rights and liabilities and employees associated with such business; and (b) Bluetown (i.e. the original entity after the Restructuring) which will be principally engaged in the Other Business, and both of which entities will, immediately after such restructuring, be under the same shareholding structure as that under the existing Bluetown. In connection with the aforesaid, on 25 June 2016, the Acquisition Agreement and the Disposal Agreement were entered into pursuant to which the Company, through the HK Subsidiary, will acquire the remaining equity interest in New Bluetown from the other shareholders, and through Greentown Property, will dispose of its 35.4% equity interest in Bluetown (after the Restructuring) to 1st Counterparty (namely Mr Song).

* For identification purposes only

In addition to the Acquisition Agreement and the Disposal Agreement, the following agreements were also entered into on 25 June 2016: (a) the Ningbo Acquisition Agreement pursuant to which Greentown Property will acquire, and Bluetown will dispose of, 60% equity interests in Ningbo Company; and (b) the Trademark Assignment Framework and Supplemental Agreement pursuant to which, among other things, Greentown Holdings agreed to assign to the Company or its designated entities a total of 15 “Greentown” series of trademarks currently registered in the PRC or Hong Kong by Greentown Holdings, and the Company agreed to procure the assignment to Greentown Holdings one “育華” trademark currently registered by Greentown Property, free of charge.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr Song is co-chairman of the Board and an executive Director. 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. As at the date of this announcement, this charitable institution holds 100,000,000 Shares, representing 4.62% of the total issued share capital of the Company. As at the date of this announcement, 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. Greentown Holdings is a company established in the PRC with limited liability which is owned as to 40% by Mr Song, 21% by Ms Xia Yibo (being the spouse of Mr Song) and 39% by Mr Shou. Each of Mr Song (i.e. the 1st Counterparty) and Greentown Holdings (i.e. the 1st and 3rd Counterparty Guarantor) is a connected person of the Company (at the issuer level) under the Listing Rules.

Based on the applicable size tests, the entering into of the Agreements and the transactions contemplated thereunder will constitute a discloseable and connected transaction of the Company subject to the reporting, announcement and independent Shareholder’s approval requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the independent Shareholders, and an independent financial adviser to advise the independent board committee and the independent Shareholders will be appointed as soon as possible. Mr Song, Mr Shou and their respective associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Agreements; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of the EGM; and (v) other information concerning the Company as required under the Listing Rules is expected to be despatched to the Shareholders on or before 31 August 2016 (i.e. more than 15 business days after the date of this announcement) as the Company will require further time to prepare the contents of the circular. Shareholders and potential investors should note that the Agreements and the transactions contemplated thereunder are subject to the approval by the independent Shareholders at the EGM.

Shareholders and potential investors should note that completion of the transactions contemplated under the Agreements is subject to conditions to be satisfied or waived (as the case may be) and may or may not proceed. Shareholders and potential investors are reminded to exercise extreme caution when dealing in the Shares and other securities of the Company.

INTRODUCTION

Reference is made to the circular of the Company dated 23 August 2010 in relation to, among other things, the establishment of Bluetown. Bluetown, a company established in the PRC with limited liability, is currently owned as to 35.4% by the Company (through Greentown Property), 34.6% by 1st Counterparty (namely Mr Song), 17% by 2nd Counterparty, 10% by 3rd Counterparty, 1.7% by 4th Counterparty and 1.3% by 5th Counterparty. Bluetown has, since its establishment, been accounted for as a non-wholly owned subsidiary of the Company given that the Company (through Greentown Property) controls the composition of a majority of the board of directors of Bluetown.

As at the date of this announcement, Bluetown is principally engaged in the Construction Management Business, namely the business of property development management and advisory, offering management and advisory services in planning, design, budgeting, construction and sales for government construction projects and property development projects, and is also engaged in the Other Business, namely projects related to retirement, agriculture and township development and business in relation to construction technology, scenery design, decoration design and sales agency.

The shareholders of Bluetown propose to undergo a restructuring of Bluetown by way of demerging and continuing it into two entities, namely (a) New Bluetown which will be principally engaged in the Construction Management Business and will take over the assets, rights and liabilities and employees associated with such business; and (b) Bluetown (i.e. the original entity after the Restructuring) which will be principally engaged in the Other Business, and both of such entities will, immediately after such restructuring, be under the same shareholding structure as that under the existing Bluetown. In connection with the aforesaid, on 25 June 2016, the Acquisition Agreement and the Disposal Agreement were entered into pursuant to which the Company, through the HK Subsidiary, will acquire the remaining equity interest in New Bluetown from the other shareholders, and through Greentown Property, will dispose of its 35.4% equity interest in Bluetown (after the Restructuring) to 1st Counterparty (namely Mr Song).

In addition to the Acquisition Agreement and the Disposal Agreement, the following agreements were also entered into on 25 June 2016: (a) the Ningbo Acquisition Agreement pursuant to which Greentown Property will acquire, and Bluetown will dispose of, 60% equity interests in Ningbo Company; and (b) the Trademark Assignment Framework and Supplemental Agreement pursuant to which, among other things, Greentown Holdings agreed to assign to the Company or its designated entities a total of 15 “Greentown” series of trademarks currently registered in the PRC or Hong Kong by Greentown Holdings, and the Company agreed to procure the assignment to Greentown Holdings one “育華” trademark currently registered by Greentown Property, free of charge.

PRINCIPAL TERMS OF THE AGREEMENTS

The Acquisition Agreement

Date 25 June 2016

Parties The purchaser side:

- The HK Subsidiary (as purchaser)
- Richwise (as purchaser's guarantor)

The vendor side:

- The 1st Counterparty (namely Mr Song)
- The 1st and 3rd Counterparty Guarantor (as 1st Counterparty's guarantor and 3rd Counterparty's guarantor)
- The 2nd Counterparty
- The 2nd Counterparty Guarantors (as 2nd Counterparty's guarantors)
- The 3rd Counterparty
- The 4th Counterparty
- The 4th and 5th Counterparty Guarantor (as 4th Counterparty's and 5th Counterparty's guarantor)
- The 5th Counterparty

The 1st Counterparty (namely Mr Song) is a co-chairman of the Board and an executive Director. Mr Song is also indirectly interested in certain Shares as described in the section headed "Listing Rules Implications" below. The 1st and 3rd Counterparty Guarantor (namely Greentown Holdings) is a company established in the PRC with limited liability which is owned as to 40% by Mr Song, 21% by Ms Xia Yibo (being the spouse of Mr Song) and 39% by Mr Shou (being an executive director of the Company). Each of Mr Song and Greentown Holdings is a connected person of the Company (at the issuer level) under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, other than the equity interest in Bluetown, each of the other parties to the Acquisition Agreement and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Notwithstanding that the 2nd Counterparty, the 3rd Counterparty and one of the 2nd Counterparty Guarantors (namely, Mr Xu Feng (許峰)) is a substantial shareholder or director (as the case may be) of Bluetown (being a non-wholly-owned subsidiary of the Company), none of them is a connected person of the Company, given that Bluetown is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules.

Subject matter

The HK Subsidiary shall acquire an aggregate of 64.6% equity interest in New Bluetown from each of the 1st Counterparty, the 2nd Counterparty, the 3rd Counterparty, the 4th Counterparty and the 5th Counterparty as follows:

- The 1st Counterparty: 34.6%
- The 2nd Counterparty: 17%
- The 3rd Counterparty: 10%
- The 4th Counterparty: 1.7%
- The 5th Counterparty: 1.3%

Upon completion of the acquisition, New Bluetown will be wholly-owned by the Company (through the HK Subsidiary as to 64.6% and Greentown Property as to 35.4%).

Consideration

RMB949,100,000.

This consideration is determined after arm's length negotiations among the parties with reference to (i) the financial information of Bluetown, (ii) the transaction multiples of Greentown Dingyi Real Estate Investment Management Co., Ltd. and Greentown Shidai City Construction & Development Company Limited when they were acquired by the Group in 2015 as announced by the Company on 2 August 2015, (iii) comparable company trading analysis; and (iv) the reasons for entering into the transaction as more particularly set out in the section headed "Reasons for and Benefits of the Transactions" below.

The aforesaid amount shall be subject to adjustment (if any) arising out of the change of circumstances with respect to the relevant contracts for the projects proposed to be allocated to New Bluetown pursuant to the Acquisition Agreement.

The consideration shall be allocated to each of the vendors on a pro-rated basis based on their respective equity interests in New Bluetown.

The Board intends to finance the payment of the consideration by the Group's internal financial resources

Payment schedule

- 20% within 5 business days from the date of the Acquisition Agreement as deposit
- 40% (setting off against the deposit) within 5 business days from the date on which the shareholders of the Company approve the transactions contemplated under the Acquisition Agreement
- 25% within 5 business days from the date on which, as confirmed by the purchaser, at least 50% of the principals of the projects that are proposed to be allocated to New Bluetown having agreed in writing to continue to proceed with the original contracts, and another 25% within 5 business days from the date on which, as confirmed by the purchaser, all of the principals of the projects that are proposed to be allocated to New Bluetown having agreed in writing to continue to proceed with the original contracts (the payment of such amount shall not be subject to the requirement to pay the remaining balance of the consideration before 30 June 2017 as set out below) unless the purchaser agrees to pay the relevant consideration or the vendors agree otherwise with the purchaser
- The balance upon determination of the final remaining amount by the parties and not later than 30 June 2017

Conditions precedent

Completion of the sale and purchase of the equity interest in New Bluetown shall be conditional upon (or waiver by the parties, where applicable) the satisfaction of certain conditions precedent including:

- the Restructuring having been approved by the board of directors of Bluetown
- the necessary approvals, permits, consents and registrations for the Restructuring having been obtained, the New Bluetown having completed its registration for the establishment and Bluetown having completed its registration for the changes

- the principals of the projects that are proposed to be allocated to New Bluetown having acknowledged and agreed in writing to continue to proceed with the original contracts
- New Bluetown having entered into the necessary legal documents with certain Start-up Alliance Companies (the equity interests of which will be transferred from Bluetown to New Bluetown) and its shareholders pursuant to which New Bluetown shall be entitled to increase its equity interest therein to 51% by capital injection or equity transfer (unless otherwise decided by New Bluetown not to pursue so)
- each of the vendors having become the shareholders of New Bluetown in the same shareholding structure as that of Bluetown
- each of the vendors (other than Mr Song) having obtained its internal approval pursuant to its articles of association
- the transfer of the equity interests in New Bluetown having been approved by the governmental authorities
- the Company having obtained its board and shareholders' approval and having complied with all applicable requirements under the Listing Rules in connection with the Acquisition Agreement
- the Disposal Agreement having become effective
- the Trademark Assignment Framework and Supplemental Agreement having becoming effective

Moreover, the Acquisition Agreement and the Disposal Agreement are inter-related and none of the parties may choose to proceed with only one of these two agreements.

Closing date

The date on which the conditions precedent having been satisfied (or waived by the parties, where applicable) or such other date as the parties may agree.

Arrangements in relation to the equity interests in the Start-up Alliance Companies

As at the date of the Acquisition Agreement, Bluetown has certain equity interests in a total of 16 non-wholly owned companies (i.e. the Start-up Alliance Companies). The Start-up Alliance Companies are principally engaged in the Construction Management Business. Pursuant to the Restructuring, the equity interests in five of the Start-up Alliance Companies will be transferred to New Bluetown while the equity interests in the remaining 11 Start-up Alliance Companies will be retained by Bluetown.

Non-competition After the signing of the Acquisition Agreement, the vendors may, through Bluetown (after the Restructuring) and the relevant Start-up Alliance Companies, conduct the existing Construction Management Business until completion of the existing projects or termination of the relevant contracts.

Mr Song shall procure Bluetown that the business activities of Construction Management Business participated, conducted or undertaken by it in China in whatsoever form (including but not limited to investment, joint venture, cooperation, partnership, contracting, leasing, acquisition or investment in listed companies) shall not result in any adverse effect on the principal businesses of the Company.

Brand name and trademark From the signing of the Acquisition Agreement, New Bluetown shall not use the “Bluetown” brand name in its Construction Management Business without the consent of Bluetown, other than in the existing projects of New Bluetown or the Start-up Alliance Companies which have been using the “Bluetown” brand name until completion of such projects.

Please also refer to the sub-sections headed “The Disposal Agreement” and “The Trademark Assignment Framework and Supplemental Agreement” in relation to the “Greentown” brand name and trademark.

Termination The purchaser may terminate the Acquisition Agreement by written notice to the vendors upon the occurrence of any of certain termination events including:

- the conditions precedent not having been satisfied
- the Disposal Agreement having been terminated, cancelled or revoked by reasons not at the fault of the vendor therein (i.e. Greentown Property)
- the Trademark Assignment Framework and Supplemental Agreement having been terminated, cancelled or revoked, or the trademark assignment thereunder not having been completed, in each case at the fault of Greentown Holdings

The vendors may terminate the Acquisition Agreement by written notice to the purchaser upon the occurrence of any of certain termination events including:

- the conditions precedent not having been satisfied

- the Disposal Agreement having been terminated, cancelled or revoked by reasons not at the fault of the purchaser therein (i.e. Mr Song)
- the Trademark Assignment Framework and Supplemental Agreement having been terminated, cancelled or revoked at the fault of the Company

Upon termination, all obligations of the parties under the Agreement shall end but all rights and liabilities of the parties which shall survive the termination shall continue to exist. Upon termination, the vendors shall forthwith refund any consideration that has been paid by the purchaser and the purchaser shall return any equity interest in New Bluetown to the vendors.

The Disposal Agreement

Date 25 June 2016

Parties The vendor side:

- Greentown Property (as vendor)
- Richwise (as vendor’s guarantor)

The purchaser side:

- Mr Song (as purchaser)
- Greentown Holdings (as purchaser’s guarantor)

Mr Song is a co-chairman of the Board and an executive Director. Mr Song is also indirectly interested in certain Shares as described in the section headed “Listing Rules Implications” below. Greentown Holdings is a company established in the PRC with limited liability which is owned as to 40% by Mr Song, 21% by Ms Xia Yibo (being the spouse of Mr Song) and 39% by Mr Shou (being an executive director of the Company). Each of Mr Song and Greentown Holdings is a connected person of the Company (at the issuer level) under the Listing Rules.

Subject matter Greentown Property shall dispose of its 35.4% equity interest in Bluetown (after the Restructuring) to the 1st Counterparty.

Upon completion of the disposal, the Company (through Greentown Property) will cease to have any equity interest in Bluetown.

Consideration

RMB116,931,100.

This consideration is determined after arm's length negotiations among the parties with reference to (i) the financial information of Bluetown; (ii) the valuation (based on asset based approach) conducted by an independent valuer in the PRC; and (iii) the reasons for entering into the transaction as more particularly set out in the section headed "Reasons for and Benefits of the Transactions" below.

The aforesaid amount has already deducted the dividends of RMB93,102,000 that are expected to be received by Greentown Property from Bluetown after 31 March 2016. In case of any deviation between the expected and actual amount of dividends or if any principals of the projects do not agree that New Bluetown shall assume the contracts for such projects and demand Bluetown to continue to undertake such projects, the consideration shall be adjusted accordingly.

Payment schedule

- 20% within 5 business days from the date of the Disposal Agreement as deposit
- 40% (setting off against the deposit) within 10 business days from the date on which the shareholders of the Company approve the transactions contemplated under the Disposal Agreement
- 25% within 5 business days from the date on which the purchaser under the Acquisition Agreement (i.e. the HK Subsidiary) pays the first tranche of the third stage consideration (as set out above in the sub-section headed "The Acquisition Agreement" above) to the vendors, and another 25% within 5 business days from the date on which the purchaser under the Acquisition Agreement pays the second tranche of the third stage consideration (in any event, these payments (in aggregate amounting to 50% of the total consideration under the Disposal Agreement) shall be made no later than 30 days from the date of completion of the disposal of equity interest under the Disposal Agreement)
- The balance upon determination of the final remaining amount by the parties and not later than 7 July 2017

Conditions precedent	<p>Completion of the sale and purchase of the equity interest in Bluetown shall be conditional upon (or waiver by the parties, where applicable) the satisfaction of certain conditions precedent including:</p> <ul style="list-style-type: none"> – the Restructuring having been approved by the board of directors of Bluetown – the necessary approvals, permits, consents and registrations for the Restructuring having been obtained, New Bluetown having completed its registration for the establishment and Bluetown having completed its registration for the changes – Bluetown or its board of directors having resolved the distribution of profits accrued as of 31 March 2016 to its shareholders – the other shareholders of Bluetown having approved the transfer of the equity interests in Bluetown and the board of directors of Bluetown having approved such transfer – the transfer of the equity interests in Bluetown having been approved by the governmental authorities – the Company having obtained its board and shareholders’ approval and having complied with all applicable requirements under the Listing Rules in connection with the Acquisition Agreement – the Acquisition Agreement having become effective and all conditions for completion having been fulfilled – the Trademark Assignment Framework and Supplemental Agreement having becoming effective
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Moreover, the Acquisition Agreement and the Disposal Agreement are inter-related and none of the parties may choose to proceed with only one of these two agreements.

Closing date	The date on which the conditions precedent having been satisfied (or waived by the parties, where applicable) or such other date as the parties may agree
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Arrangements in relation to the equity interests in the Start-up Alliance Companies	See the sub-section headed “The Acquisition Agreement” above
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Non-competition	See the sub-section headed “The Acquisition Agreement” above
Brand name and trademark	<p>The purchaser shall use the “Bluetown” brand name in the business of Bluetown (including its subsidiaries). For the projects engaged in the Construction Management Business that will be retained at Bluetown and existing projects of the Start-up Alliances Companies or others which have been using the “Greentown” brand name, they can continue to do so until completion of the relevant project or termination of the relevant contract.</p> <p>Also see the sub-section headed “The Acquisition Agreement” above.</p>
Termination	<p>The vendor may terminate the Disposal Agreement by written notice to the purchaser upon the occurrence of any of certain termination events including:</p> <ul style="list-style-type: none"> – the conditions precedent not having been satisfied – the Acquisition Agreement having been terminated, cancelled or revoked by reasons not at the fault of the purchaser therein (i.e. Greentown Property) – the Trademark Assignment Framework and Supplemental Agreement having been terminated, cancelled or revoked, or the trademark assignment thereunder not having been completed, in each case at the fault of Greentown Holdings <p>The purchaser may terminate the Disposal Agreement by written notice to the vendor upon the occurrence of any of certain termination events including:</p> <ul style="list-style-type: none"> – the conditions precedent not having been satisfied – the Acquisition Agreement having been terminated, cancelled or revoked by reasons not at the fault of the vendors therein – the Trademark Assignment Framework and Supplemental Agreement having been terminated, cancelled or revoked at the fault of the Company <p>Upon termination, all obligations of the parties under the Agreement shall end but all rights and liabilities of the parties which shall survive the termination shall continue to exist. Upon termination, the vendor shall forthwith refund any consideration that has been paid by the purchaser and the purchaser shall return any equity interest in Bluetown to the vendors.</p>

The Ningbo Acquisition Agreement

Date	25 June 2016
Parties	<ul style="list-style-type: none">– Bluetown (as vendor)– Greentown Property (as purchaser)
Subject matter	<p>Greentown Property shall acquire, and Bluetown shall dispose of, 60% equity interest in Ningbo Company.</p> <p>Upon completion of the acquisition, Greentown Property will be interested in 60% equity interest in Ningbo Company and Bluetown will cease to hold any equity interest in Ningbo Company.</p>
Consideration	<p>RMB103,251,200.</p> <p>This consideration is determined after arm's length negotiations among the parties with reference to (i) the financial information of Ningbo Company; (ii) the valuation (based on asset based approach) conducted by an independent valuer in the PRC; and (iii) the reasons for entering into the transaction as more particularly set out in the section headed "Reasons for and Benefits of the Transactions" below.</p> <p>The Board intends to finance the payment of the consideration by the Group's internal financial resources</p>
Payment schedule	<ul style="list-style-type: none">– 50% within 5 business days from the closing date of the Ningbo Acquisition Agreement– 50% within 5 business days from the date on which Ningbo Company completes (i) its registration of changes and changes of register of shareholders; and (ii) its registration of changes regarding the change of directors, supervisors, general manager and legal representative
Conditions precedent	<p>Completion of the sale and purchase of the equity interest in Ningbo Company shall be conditional upon (or waiver by the parties, where applicable) the satisfaction of certain conditions precedent including:</p> <ul style="list-style-type: none">– The respective boards of directors of each of Bluetown and Greentown Property have approved the sale and purchase of equity interest– The other shareholder of Ningbo Company having approved the sale and purchase of equity interest

Consideration

No assignment fee will be payable by either party for the Assignment of trademarks.

Other arrangements include, among other things

- Among the 15 “Greentown” series of trademarks to be assigned to the Company or its designated entities, three of which are registered in Hong Kong. The parties agreed that, if the registration of such Hong Kong trademarks are able to be further sub-divided into different classifications, such trademarks which are to be registered under the classifications relevant to real estate development business of the Company shall be assigned to the Company or its designated entities, while those to be registered under the classifications irrelevant to the real estate development business of the Company shall be retained by Greentown Holdings. In the event that such sub-division is not feasible, Greentown Holdings shall, for the purpose of the real estate development business of the Company, grant the exclusive right to the Company or entities in which the Company has a direct or indirect interest to use such trademarks (which are registered in the areas related to real estate development business) free of charge during the validity period (or extension thereof) of such trademarks.
- The parties agreed that, after the assignment of trademarks to the Company or its designated entities, the Company shall grant the right to Greentown Holdings and its connected persons to use those trademarks for the existing businesses of Greentown Holdings as set out in the agreement that does not or may not compete with the real estate development business, free of charge during the validity period (or extension thereof) of such trademarks.
- The parties agreed to use their endeavours to protect the “Greentown” brand name. The parties further agreed that each of them shall ensure that there should be clear delineation when they conduct their respective businesses and avoid any confusion that may be brought to the public by virtue of the use of “Greentown” series of trademarks or brand names.

- The parties agreed that if the Construction Management Business, hotel business and high-end renovation business of the Company are to be listed on a stock exchange, Greentown Holdings agreed to assign to the Company or its designated entities the “Greentown” series of trademarks relevant to such businesses which have been registered by Greentown Holdings (and its connected persons) or for which trademark registration have been applied. The detailed terms of assignment are to be agreed upon at the relevant time.
- The parties confirmed that the Trademark Licence Agreement shall remain effective pursuant to which the Company and the PRC entities in which the Company has a direct or indirect interest shall be entitled to continue using the trademarks under the free licence under the said agreement.
- The parties agreed that: (i) the Company has the right to apply for registration in or outside of China those unregistered “Greentown” series of trademarks or similar trademarks within the scope of real estate development business; and (ii) Greentown Holdings has the rights to apply for registration in or outside China those unregistered “Greentown” series of trademarks or similar trademarks within the scope which do not or may not compete with the real estate development business for so long as they do not contravene certain obligations of Greentown Holdings under the Trademark Licence Agreement (including the obligation that Greentown Holdings shall not register or use or agree to register or use the similar “Greentown” or “Greentown Property” trademarks for the businesses which compete or may compete with the principal businesses of the Group).

- The parties agreed that: (i) in respect of the trademarks that the Company is entitled to use pursuant to the Trademark Licence Agreement and the Trademark Assignment Framework and Supplemental Agreement, for the purpose of the real estate development businesses, the Company has the right to authorise a party in which the Company has a direct or indirect interest or, even without such interest, over which the Company has the management right through contractual arrangements to use such trademarks and shall be entitled to retain any profits therefrom; and (ii) in respect of the trademarks that Greentown Holdings is entitled to use pursuant to the Trademark Assignment Framework and Supplemental Agreement, for the purpose of the businesses which do not or may not compete with the real estate development business, Greentown Holdings has the right to authorise a party in which Greentown Holdings has a direct or indirect interest or, even without such interest, over which Greentown Holdings has the management right through contractual arrangements and shall be entitled to retain any profits therefrom.

- The parties agreed that Greentown Holdings shall not use or authorise any third party to use “Greentown” or similar brand names for the businesses which compete or may compete with the real estate development business (other than those that have been previously authorised by Greentown Holdings or approved by the Company), and shall be entitled to use or authorise any third party to use “Greentown” or similar brand names for businesses which do not or may not compete with the real estate development business.

- The parties agreed that for the companies that have been established and are engaged in the businesses which compete or may compete with the real estate development businesses and that have been previously granted the right to use the “Greentown” series of trademarks or brand names, if the Company negotiates with such companies separately regarding the arrangements for the use of such trademarks or brand names going forward, Greentown Holdings shall provide all assistance and cooperation. The parties acknowledged that Greentown Service Group Co. Ltd. (including companies in which it has a direct or indirect interest) and Hangzhou Greentown Hotel Management Co. Ltd. (including companies in which it has a direct or indirect interest) shall not be regarded as companies which are engaged in the businesses which compete or may compete with the real estate development businesses.

INFORMATION ABOUT BLUETOWN, NEW BLUETOWN AND NINGBO COMPANY

Bluetown and New Bluetown

As at the date of this announcement, Bluetown is principally engaged in the Construction Management Business, namely the business of offering property development management and advisory services in planning, design, budgeting, construction and sales for government construction projects and property development projects, and is also engaged in the Other Business, namely projects related to retirement, agriculture and township development and business in relation to construction technology, scenery design, decoration design and sales agency.

Set out below are the net profits (before and after taxation) of Bluetown according to its audited accounts prepared in accordance with PRC GAAP:

	For the year ended 31 December	
	2014 (audited)	2015 (audited)
Net profits before taxation	RMB149.2 million	RMB212.3 million
Net profits after taxation	RMB106.9 million	RMB160.6 million

The net asset value of Bluetown as at 31 December 2015 according to its audited accounts is RMB577.4 million.

The Board expects that, pursuant to the Restructuring, New Bluetown will be principally focused on the Construction Management Business, while Bluetown (after the Restructuring) will be principally focused on the Other Business.

Ningbo Company

Ningbo Company is a company established in the PRC with limited liability and owed by Bluetown as to 60% and an independent third party as to 40%. It is principally engaged in the business of property development.

Set out below are the net loss (before and after taxation) of Ningbo Company according to its audited accounts prepared in accordance with PRC GAAP:

	For the year ended 31 December	
	2014 (audited)	2015 (audited)
Net loss before taxation	RMB6.1 million	RMB14.0 million
Net loss after taxation	RMB6.1 million	RMB14.0 million

The net asset value of Ningbo Company as at 31 December 2015 according to its audited accounts is RMB129.9 million.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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 middle and high income residents in the PRC. As part of the principal businesses, the Group is also engaged in the Construction Management Business.

Bluetown is currently a non-wholly-owned subsidiary of the Company, which is principally engaged in the Construction Management Business, namely the business of offering property development management and advisory services in planning, design, budgeting, construction and sales for government construction projects and property development projects. Bluetown (and New Bluetown, after the Restructuring) provides comprehensive services to corporate clients and government authorities in the development of residential and commercial properties as well as rural and urban community projects. The senior management and officers of Bluetown (and New Bluetown, after the Restructuring) possess rich expertise, experience and network in the construction management industry in the PRC. The Company considers that the transactions contemplated under the Agreements will enable the Group (i) to further increase the scale and attributable income of its Construction Management Business; (ii) to focus on its core business and dispose of its non-core businesses; and (iii) to enhance delineation of the use of “Greentown” series of trademarks by the Group and Greentown Holdings in conducting their respective business activities.

The Directors (excluding the independent non-executive Directors, whose views will be set out in the letter from the independent board committee to be included in the circular to be despatched to the Shareholders) consider that the Agreements have been made on normal commercial terms and that their 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, Mr Song is a co-chairman of the Board and an executive Director. 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. As at the date of this announcement, this charitable institution holds 100,000,000 Shares, representing 4.62% of the total issued share capital of the Company. As at the date of this announcement, 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. Greentown Holdings is a company established in the PRC with limited liability which is owned as to 40% by Mr Song, 21% by Ms Xia Yibo (being the spouse of Mr Song) and 39% by Mr Shou. Each of Mr Song (i.e. the 1st Counterparty) and Greentown Holdings (i.e. the 1st and 3rd Counterparty Guarantor) is a connected person of the Company (at the issuer level) under the Listing Rules.

Based on the applicable size tests, the entering into of the Agreements and the transactions contemplated thereunder will constitute a discloseable and connected transaction of the Company subject to the reporting, announcement and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the independent Shareholders, and an independent financial adviser to advise the independent board committee and the independent Shareholders will be appointed as soon as possible. Mr Song, Mr Shou and their respective associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Agreements; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of the EGM; and (v) other information concerning the Company and the transactions contemplated under the Agreements as required under the Listing Rules is expected to be despatched to the Shareholders on or before 31 August 2016 (i.e. more than 15 business days after the date of this announcement) as the Company will require further time to prepare the contents of the circular.

OTHER INFORMATION

Greentown Holdings (i.e. the 1st and 3rd Counterparty Guarantor) is a company established in the PRC with limited liability which is owned as to 40% by Mr Song, 21% by Ms Xia Yibo (being the spouse of Mr Song) and 39% Mr Shou. It is principally engaged in property management and information consultancy on international economy, technology and environmental protection.

The 2nd Counterparty is a limited liability partnership established in the PRC. It is managed by Mr Chen Yangquang (陳仰光) and is principally engaged in investment management.

The 2nd Counterparty Guarantors are Mr Xu Feng (許峰) and Mr Fu Linjiang (傅林江).

The 3rd Counterparty is a company established in the PRC with limited liability and is owned by Mr Mi Jiandong (宓建棟). It is principally engaged in investment management, investment consultancy (other than securities and futures), marketing and sales strategy, corporate image planning, commercial information consultancy (other than commodity intermediate), corporate management consultancy, intellectual property agency (other than patent agency), technical development and computer software.

The 4th Counterparty is a limited liability partnership established in the PRC. It is managed by 上海易德增股權投資管理中心 (有限合伙) (Shanghai Yidezeng Equity Investment Centre (Limited Liability Partnership)*) and is principally engaged in equity investment, investment consultancy and asset management.

The 4th and 5th Counterparty Guarantor is a company established in the PRC with limited liability and is principally engaged in equity investment management, enterprise investment, investment consultancy and investment management.

The 5th Counterparty is a limited liability partnership established in the PRC. It is managed by the 4th and 5th Counterparty Guarantor and is principally engaged in equity investment, investment consultancy and asset management.

Shareholders and potential investors should note that completion of the transactions contemplated under the Agreements is subject to conditions to be satisfied or waived (as the case may be) and may or may not proceed. Shareholders and potential investors are reminded to exercise extreme caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“1st Counterparty” or “Mr Song”	Mr Song Weiping, an executive director and co-chairman of the Company
“1st and 3rd Counterparty Guarantor”	Greentown Holdings
“2nd Counterparty”	寧波合基投資管理合夥企業（有限合夥）(Ningbo Heji Investment Management Partnership (Limited Liability Partnership)*), a limited liability partnership established in the PRC
“2nd Counterparty Guarantors”	Mr Xu Feng (許峰) and Mr Fu Linjiang (傅林江)
“3rd Counterparty”	杭州翠都投資管理有限公司 (Hangzhou Cuidu Investment Management Company Limited*), a company established in the PRC with limited liability
“4th Counterparty”	上海易居生源股權投資中心（有限合夥）(Shanghai Yiju Shengyuan Equity Investment Centre (Limited Liability Partnership)*), a limited liability partnership established in the PRC
“4th and 5th Counterparty Guarantor”	上海易德信股權投資管理有限公司 (Shanghai Yidexin Equity Investment Management Company Limited*), a company established in the PRC with limited liability
“5th Counterparty”	上海易居生泉股權投資中心（有限合夥）(Shanghai Yiju Shengquan Equity Investment Centre (Limited Liability Partnership)*), a limited liability partnership established in the PRC

“Acquisition Agreement”	the agreement dated 25 June 2016 among the HK Subsidiary (as purchaser), Richwise (as purchaser’s guarantor), each of the 1st Counterparty, 2nd Counterparty, 3rd Counterparty, 4th Counterparty and 5th Counterparty (as vendors) and each of the 1st Counterparty Guarantor, 2nd Counterparty Guarantors, 1st and 3rd Counterparty Guarantor and 4th and 5th Counterparty Guarantor (as guarantors) in relation to, among other things, the acquisition by the HK Subsidiary of an aggregate of 64.6% equity interest in New Bluetown (as amended and supplemented from time to time, if any)
“Agreements”	the Acquisition Agreement, the Disposal Agreement, the Ningbo Acquisition Agreement and the Trademark Assignment Framework and Supplemental Agreement
”Bluetown”	藍城房產建設管理集團有限公司 (Bluetown Real Estate Construction Management Group Co., Ltd.*), formerly known as 綠城房產建設管理集團有限公司 (Greentown Real Estate Construction Management Group Co., Ltd*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company As at the date of this announcement
“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 Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Construction Management Business”	the business of offering property development management and advisory services in planning, design, budgeting, construction and sales for government construction projects and property development projects
“Disposal Agreement”	the agreement dated 25 June 2016 among Greentown Property (as vendor), the 1st Counterparty (as purchaser) and Greentown Holdings (as purchaser’s guarantor) in relation to, among other things, the disposal of 35.4% equity interest in Bluetown (after the Restructuring) by Greentown Property to the 1st Counterparty (as amended and supplemented from time to time, if any)
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Agreements and the transactions contemplated thereunder
“Group”	the Company together with its subsidiaries
“Greentown Holdings”	綠城控股集團有限公司 (Greentown Holdings Group Limited*), a company established in the PRC with limited liability which is owned as to 40% by Mr Song, 21% by Ms Xia Yibo (being the spouse of Mr Song) and 39% by Mr Shou Bainian (being an executive director of the Company)
“Greentown Property”	綠城房地產集團有限公司 (Greentown Real Estate Group Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK Subsidiary”	Mainwide (H.K.) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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)
“PRC GAAP”	the PRC General Accepted Accounting Principles
“Mr Shou”	Mr Shou Bainian, an executive director of the Company
“New Bluetown”	杭州藍城致信建設管理有限公司 (Hangzhou Bluetown Zhixin Construction Management Group Co., Ltd.*), a company established in the PRC with limited liability pursuant to the Restructuring, which will become a wholly-owned subsidiary of the Company upon completion of the Acquisition Agreement
“Ningbo Company”	寧波高新區智慧綠城建設有限公司 (Ningbo Innovative District Intellectual Greentown Construction Co., Ltd.*), a company established in the PRC with limited liability which is held as to 60% by Bluetown as at the date of this announcement

“Ningbo Acquisition Agreement”	the agreement dated 25 June 2016 between Bluetown (as vendor) and Greentown Property (as purchaser) in relation to, among other things, the acquisition of 60% equity interest in Ningbo Company Greentown Property from Bluetown (as amended and supplemented from time to time, if any)
“Other Businesses”	projects related to retirement, agriculture and township development and business in relation to construction technology, scenery design, decoration design and sales agency
“Richwise”	Richwise Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Restructuring”	the restructuring to be undertaken by Bluetown by way of demerging and continuing into two entities, namely (a) New Bluetown which will be principally engaged in the Construction Management Business and will take over the assets, rights and liabilities and employees associated with such business; and (b) Bluetown (i.e. the original entity) which will be principally engaged in the Other Businesses, and both of which entities will, immediately after such restructuring, be under the same shareholding structure as that under the existing Bluetown
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Start-up Alliance Companies”	a total of 16 companies established in the PRC with limited liability in which, as at the date of the Acquisition Agreement, Bluetown has certain equity interests therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trademark Assignment Framework and Supplemental Agreement” the trademark assignment framework agreement and its supplemental agreement dated 25 June 2016 between the Company and Greentown Holdings in relation to, among other things, the assignment of trademarks (as amended and supplemented from time to time, if any)

“Trademark Licence Agreement” the trademark licence Agreement dated 22 June 2006 entered into between the Company and Greentown Holdings pursuant to which, among other things, the Company and the PRC entities in which the Company has a direct or indirect interest shall be entitled to continue using the trademarks set out therein free of charge

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.

* *For identification purposes only*