

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 A SUBSIDIARY**

The Board announces that on 25 December 2015, the Seller, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with, among other parties, the Purchaser, pursuant to which the Purchaser agreed to (i) acquire the Sale Interest, representing the entire equity interest of the Target Company, (ii) assume the Shareholders Loan and (iii) assume Other Liabilities for a total consideration of RMB1,950 million.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Equity Transfer Agreement constitute a discloseable transaction of the Company and are therefore subject to the requirements of reporting and announcement pursuant to Chapter 14 of the Listing Rules.

The Board announces that on 25 December 2015, the Seller, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with, among other parties, the Purchaser, pursuant to which the Purchaser agreed to (i) acquire the Sale Interest, representing the entire equity interest of the Target Company, (ii) assume the Shareholders Loan and (iii) assume Other Liabilities, for a total consideration of RMB1,950 million.

* For identification purposes only

THE EQUITY TRANSFER AGREEMENT

Date

25 December 2015

Parties

- (a) The Seller (being a wholly-owned subsidiary of the Company)
- (b) The Seller Guarantor (being a wholly-owned subsidiary of the Company)
- (c) The Purchaser
- (d) The Purchaser Guarantor
- (e) The Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser, the Purchaser Guarantor and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Asset being disposed of

The asset being disposed of is the Sale Interest, representing the entire equity interest of the Target Company. The Target Company is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. Its primary asset is a piece of land located in Chaoyang District of Beijing in China with a gross site area of approximately 13,593 sqm, which was intended to be developed into commercial properties. As at the date of this announcement, construction work for the project has not commenced.

In addition, the Purchaser agreed to assume the Shareholders Loan owed by the Target Company to the Company and its subsidiaries and Other Liabilities owed by the Target Company to third parties.

Completion

Within three days after signing of the Equity Transfer Agreement, the parties to the Equity Transfer Agreement shall attend to the registration with the AIC in relation to the transfer of the Sale Interest (the "**AIC Registration**"). Completion of the Disposal shall take place upon completion of the AIC Registration.

The Target Company will cease to be a subsidiary of the Company upon Completion.

Consideration

The Total Consideration payable by the Purchaser under the Equity Transfer Agreement is RMB1,950 million, which is allocated as follows:

- (a) approximately RMB1,172 million payable to the Seller as consideration for the acquisition of the Sale Interest;
- (b) approximately RMB713 million payable to the Seller as assumption of the Shareholders Loan; and
- (c) approximately RMB65 million payable to third parties as assumption of the Other Liabilities.

The Total Consideration is payable in cash in four tranches:

- (a) the first payment of RMB390 million (representing 20.0% of the Total Consideration) is payable to the Seller within five business days from signing of the Equity Transfer Agreement;
- (b) the second payment of RMB780 million (representing 40.0% of the Total Consideration) is payable to the Seller within five business days after the application for the AIC Registration is accepted by the AIC;
- (c) the third payment of approximately RMB715 million (representing approximately 36.7% of the Total Consideration) is payable to the Seller within five business days upon fulfilment of certain conditions including, among other things, (i) primary development of the Land having been completed and the vacant possession of the Land having been delivered to the Target Company; (ii) completion of the Disposal having been taken place; and (iii) the relevant government department approval for the project development on the Land having been obtained; and
- (d) for the balance of approximately RMB65 million (representing approximately 3.3% of the Total Consideration, which comprises tax payable and primary development costs for the Land), the Purchaser shall procure the settlement thereof with the relevant third parties.

In the event that the primary development of the Land is not completed and the vacant possession of the Land is not delivered to the Target Company by 31 December 2015 and such matter is not remedied within 30 days thereafter, the Purchaser has the right to terminate the Equity Transfer Agreement. In the event that the relevant government department approval for the project development on the Land is not obtained by 31 March 2016, the Purchaser has the right to terminate the Equity Transfer Agreement by 31 May 2016. Upon termination, the Purchaser shall transfer the Sale Interest to the Seller and the Seller shall repay all the amounts of the Total Consideration already paid by the Purchaser with interest.

The consideration and the terms of the Equity Transfer Agreement were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to, among other things, the book value of the Sale Interest, the Shareholders Loan and the Other Liabilities.

Guarantee

Each of the Seller Guarantor and the Purchaser Guarantor has agreed to guarantee the obligations of the Seller and the Purchaser under the Equity Transfer Agreement, respectively.

FINANCIAL EFFECTS OF THE DISPOSAL

The unaudited book value of the Target Company as at 31 December 2014 was approximately RMB36 million. The unaudited net losses before and after tax and extraordinary items attributable to the Target Company for each of the two years ended 31 December 2013 and 2014 were as follows:

| | Unaudited net losses before taxation and extraordinary items (RMB'000) | Unaudited net losses after taxation and extraordinary items (RMB'000) |
|-------------------------------------|---|--|
| For the year ended 31 December 2013 | 2,506 | 2,506 |
| For the year ended 31 December 2014 | 2,565 | 2,565 |

It is expected that the Company will record an estimated gain of approximately RMB1,136 million before taxation, being the difference between RMB1,172 million as the consideration payable by the Purchaser for the acquisition of the Sale Interest and the unaudited book value of the Target Company as at 31 December 2014 in the amount of approximately RMB36 million. However, it is expected that the ultimate gain that the Company will record may be different from the above stated gain given that there have been changes to the book value of the Target Company since 31 December 2014, being the date to which the last audited financial statements of the Group were made up.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group 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. The Group reviews its existing land bank and development projects from time to time and has been in the process of re-aligning its strategy to focus on property development projects for residential properties, where the Group has a proven track record. In view of the fact that the Land, being the primary assets of the Target Company, will be developed into commercial properties, the Directors consider that the Disposal represents a good opportunity for the Group to dispose of such commercial property development project proposed to be undertaken by the Target Company, so as to enable the Group to focus the resources on its core strategies.

On the basis of the above and also in view of the estimated gain as described above to be realised from the Disposal, the Directors consider that the terms of the Equity Transfer Agreement and the Disposal 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 Disposal to finance its other property development projects and 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 Disposal exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Equity Transfer Agreement constitute a discloseable transaction of the Company and are therefore subject to the requirements of reporting and announcement pursuant to Chapter 14 of the Listing Rules.

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 the Target Company |
| “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 |
| “Completion” | completion of the Disposal in accordance with the terms of the Equity Transfer Agreement |
| “connected person(s)” | has the same meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Disposal” | the disposal of the entire equity interest of the Target Company in accordance with the terms of the Equity Transfer Agreement |
| “Equity Transfer Agreement” | the equity transfer agreement dated 25 December 2015 entered into between the Seller, the Purchaser, the Seller Guarantor, the Purchaser Guarantor and the Target Company in relation to the Disposal |

| | |
|-----------------------|--|
| “Group” | the Company together with its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Land” | a piece of land located in Chaoyang District of Beijing of the PRC of approximately 13,593 sqm |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Other Liabilities” | the liabilities owed by the Target Company to third parties in the aggregate amount of RMB65 million |
| “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” | a company established in the PRC with limited liability (whose principal business is, so far as the Directors are aware, property development) |
| “Purchaser Guarantor” | a company established in the PRC with limited liability (whose principal business is, so far as the Directors are aware, property development) |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale Interest” | the registered capital of RMB50 million, representing the entire equity interest of the Target Company |
| “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 (whose principal business is property development) and a wholly-owned subsidiary of the Company |
| “Seller Guarantor” | 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 (whose principal business is property development) and a wholly-owned subsidiary of the Company |
| “Shareholder” | holder of the Shares |
| “Shareholders Loan” | the amount owed by the Target Company to the Company and its subsidiaries of approximately RMB713 million in aggregate |

| | |
|-----------------------|---|
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the issued share capital of the Company |
| “sqm” | square metres |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | 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 and a wholly-owned subsidiary of the Company |
| “Total Consideration” | RMB1,950 million, being the total consideration payable by the Purchaser for the Disposal under the Equity Transfer Agreement |
| “%” | per cent. |

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

Hangzhou, the PRC
27 December 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 non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Hui Wan Fai.

* *For identification purposes only*