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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 ACQUISITION OF INTERESTS IN FOOTBALL CLUB

THE ACQUISITION

The Board announces that on 27 December 2017, Greentown Real Estate, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Greentown Holdings and the Football Club, pursuant to which Greentown Real Estate agreed to acquire and Greentown Holdings agreed to sell 50% equity interest in the Football Club at the consideration of RMB331,369,550. The consideration for the Acquisition will be satisfied in part by Greentown Real Estate transferring the Consideration Interest to Greentown Holdings and in part in cash.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Greentown Holdings is a company established in the PRC with limited liability which is owned as to 40% by Mr Song Weiping (a co-chairman of the Board and an executive Director), 21% by Ms Xia Yibo (the spouse of Mr Song Weiping) and 39% by Mr Shou Bainian (an executive Director). Accordingly, Greentown Holdings is a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules is more than 0.1% but is lower than 5%, the entering into of the Acquisition Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board announces that on 27 December 2017, Greentown Real Estate, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Greentown Holdings and the Football Club, pursuant to which Greentown Real Estate agreed to acquire and Greentown Holdings agreed to sell 50% equity interest in the Football Club.

The principal terms of the Acquisition Agreement are as follows:

THE ACQUISITION AGREEMENT

Date

27 December 2017

Parties

- (a) Greentown Real Estate (being a wholly-owned subsidiary of the Company)
- (b) Greentown Holdings
- (c) the Football Club

Subject matter

Greentown Real Estate agreed to acquire and Greentown Holdings agreed to sell 50% equity interest in the Football Club.

Conditions precedent

Completion of the Acquisition is conditional upon the satisfaction (or waiver by the parties) of the certain conditions precedent set out in the Acquisition Agreement, which include, among other things:

- (a) the parties to the Acquisition Agreement having obtained all necessary consent, approval, licence, permit or authorisation (including but not limited to, for Greentown Real Estate, the independent Shareholders' approval of the Company under the Listing Rules, if required) in respect of the execution, implementation and completion of the Acquisition Agreement under the applicable laws and regulations; and
- (b) the agreement(s) for the transfer of the Consideration Interest from Greentown Real Estate to Greentown Holdings having been entered into and become effective.

Consideration

The total consideration for the Acquisition is RMB331,369,550, which shall be satisfied:

- (a) as to RMB286,740,700, by Greentown Real Estate transferring to Greentown Holdings the Consideration Interest, namely the entire equity interest in Hangzhou Rose Garden (pursuant to the Acquisition Agreement, it is expected that the above transfer of the Consideration Interest will be completed within 10 business days after the relevant soccer association having approved the Acquisition); and
- (b) as to the remaining RMB44,628,850, in cash on or before 2 July 2018 after the above transfer of the Consideration Interest has been completed.

The consideration and the terms of the Acquisition Agreement were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to, among other things, the value of the Football Club of approximately RMB663 million as at 31 May 2017 as appraised by an independent valuer in the PRC under the market approach, the marketing and associated business potential and prospects of the Football Club and the value of Hangzhou Rose Garden of approximately RMB287 million as at 31 May 2017 as appraised by an independent valuer in the PRC under the asset-based approach.

Completion

Completion of the Acquisition shall take place within 10 business days after the relevant soccer association has approved the Acquisition. Within such period, the parties to the Acquisition Agreement shall complete the registration with the local administration of industry and commerce in relation to the transfer of the Target Interest.

Following completion of the Acquisition, (i) the Football Club will become a jointly controlled entity of the Company owned as to 50% by the Group; and (ii) Hangzhou Rose Garden will cease to be a subsidiary of the Company.

INFORMATION OF THE FOOTBALL CLUB

The Football Club is a limited liability company established in the PRC and a professional football club in the PRC. It currently operates a professional football team participating in China League One. As at the date of this announcement, the Football Club is owned as to 90% by Greentown Holdings and as to 10% by Greentown Education, a company owned by 40% by Mr Song Weiping, 21% by Ms Xia Yibo and 39% by Mr Shou Bainian.

The unaudited net loss (both before and after taxation) of the Football Club for each of the two years ended 31 December 2015 and 2016 were approximately RMB27 million and RMB35 million, respectively.

The assets of the Football Club primarily comprises a land parcel (for cultural and recreational uses) of 216.7 mu (畝) (equivalent to approximately 144,467 sqm), the buildings and training facilities thereon and the registration rights of football team players. As at 30 June 2017, the Football Club recorded unaudited total assets of approximately RMB113 million and total liabilities of approximately RMB223 million.

As disclosed in the Company's announcement dated 12 March 2015, the Company and the Football Club entered into an advertising services agreement on 12 March 2015 (the "**Advertising Services Agreement**"), pursuant to which the Football Club agreed to provide advertising services to the Company including advertising the Company's "Greentown Real Estate" brand name at the football games and events participated by the Football Club. The transactions contemplated under the Advertising Services Agreement constitute continuing connected transactions of the Company for reasons set out in the announcement. The Advertising Services Agreement is due to expire on 31 December 2017 and the Company is still in discussions with the Football Club on the arrangements following the expiry of the Advertising Services Agreement. Further announcement regarding the Advertising Services Agreement will be made by the Company as and when appropriate.

INFORMATION OF HANGZHOU ROSE GARDEN

Hangzhou Rose Garden is a limited liability company established in the PRC wholly-owned by Greentown Real Estate. It is principally engaged in the operation and management of a hotel in Hangzhou, i.e. not the core business of the Group. The primary assets of Hangzhou Rose Garden comprise a land parcel located in No. 128, Zhijiang Road, Xihu District, Hangzhou City, Zhejiang Province with a total gross site area of approximately 54,415 sqm and the hotel thereon.

The unaudited consolidated net asset value of Hangzhou Rose Garden as at 30 June 2017 was approximately RMB174 million.

The unaudited net loss before and after taxation of Hangzhou Rose Garden for each of the two years ended 31 December 2015 and 2016 were as follows:

| | For the year ended | |
|--------------------------|---------------------------|------------------|
| | 31 December | |
| | 2015 | 2016 |
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Net loss before taxation | 15,657 | 18,995 |
| Net loss after taxation | 15,620 | 18,983 |

It is expected that the Company will record an estimated gain of approximately RMB112 million before taxation, being the difference between the consideration payable by Greentown Real Estate for the acquisition of the Football Club and the unaudited consolidated net asset value of Hangzhou Rose Garden as at 30 June 2017. However, it is expected that the ultimate gain that the Company will record may be different from the above stated gain given that there may be changes to the consolidated net asset value of Hangzhou Rose Garden since 30 June 2017.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company believes that the Football Club carries the “Greentown” brand name of the Group in its participation in football matches, the television or online broadcasting of such matches and its day-to-day marketing activities, so as to promote and market the Group’s brand and raise the market awareness and recognition of “Greentown” brand name in the PRC. Further, the development of the Football Club enriches the service system of Greentown Ideal Life with the concept of health and sports. The Group also fulfils its social responsibilities in supporting the only professional football team representing Zhejiang Province and in promoting the development of the football industry.

The Company also believes that the satisfaction of the Consideration partly by way of transferring the equity interest in Hangzhou Rose Garden will allow the Group to reduce its non-core business, to realise its investment gain in such company and minimize the impact of the Acquisition on the cashflow of the Group.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition Agreement and the transactions thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Mr Song Weiping and Mr Shou Bainian, each being an executive director of the Company, respectively, have abstained from voting on the Board resolution approving the Acquisition Agreement and the transactions contemplated thereunder as they have material interests therein.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Greentown Holdings is a company established in the PRC with limited liability which is owned as to 40% by Mr Song Weiping (a co-chairman of the Board and an executive Director), 21% by Ms Xia Yibo (the spouse of Mr Song Weiping) and 39% by Mr Shou Bainian (an executive Director). Accordingly, Greentown Holdings is a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules is more than 0.1% but is lower than 5%, the entering into of the Acquisition Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements 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.

Greentown Real Estate is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company whose principal business is property development.

Greentown Holdings

Greentown Holdings is a company established in the PRC with limited liability whose principal business is property management and information consultancy on international economy, technology and environmental protection.

DEFINITIONS

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

| | |
|--------------------------|---|
| “Acquisition” | the acquisition of 50% equity interest in the Football Club by Greentown Real Estate pursuant to the Acquisition Agreement |
| “Acquisition Agreement” | the sale and purchase agreement dated 27 December 2017 entered into between Greentown Real Estate, Greentown Holdings and the Football Club in relation to the Acquisition |
| “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 |
| “Consideration Interest” | the entire equity interest in Hangzhou Rose Garden |
| “Director(s)” | the director(s) of the Company |

| | |
|-------------------------|---|
| “Football Club” | Zhejiang Greentown Football Club Company Limited* (浙江綠城足球俱樂部有限公司), a company established in the PRC with limited liability |
| “Greentown Education” | Zhejiang Greentown Education Investment Management Company Limited* (浙江綠城教育投資管理有限公司), a company established in the PRC with limited liability |
| “Greentown Holdings” | Greentown Holdings Group Limited* (綠城控股集團有限公司), a company established in the PRC with limited liability |
| “Greentown Real Estate” | 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 and a wholly-owned subsidiary of the Company |
| “Group” | the Company together with its subsidiaries |
| “Hangzhou Rose Garden” | Hangzhou Rose Garden Resort Co., Ltd* (杭州玫瑰園度假村有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “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) |
| “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” | holder of the Shares |
| “sqm” | square metres |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Interest” | 50% equity interest in the Football Club |

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

Hangzhou, the People’s Republic of China
27 December 2017

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*