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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 DEVELOPMENT OF RESIDENTIAL PROPERTIES IN HANGZHOU WITH WHARF**

The Board announces that on 29 January 2018, the Company entered into the Framework Agreement with Wharf and the other parties thereto in relation to the development of the Land into residential properties by Zhejiang Lujiu (a subsidiary of the Company owned as to 50% by the Group and 50% by Wharf). Pursuant to the Framework Agreement, the Company will transfer the entire equity interest of the Target Company (which holds the Land through the Project Company) to Zhejiang Lujiu. The Land is situated in Xiaoshan District of Hangzhou in the PRC with a gross site area of approximately 70,129 sqm, which is intended to be developed into residential properties with a total gross floor area of approximately 196,361 sqm, with a floor area ratio of 2.8.

As at the date of this announcement, Wharf, together with its subsidiaries, holds approximately 24.963% of the issued share capital of the Company, and is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, as Wharf holds more than 30% equity interest in Zhejiang Lujiu, Zhejiang Lujiu is an associate of Wharf and thus a connected person of the Company. Based on the applicable size tests, the entering into of the Framework Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) the sole purpose of the Project Company is to develop the Land which is of a revenue nature in the ordinary and usual course of business of the Company; (ii) the transactions contemplated under the Framework Agreement are on an arm's length basis and on normal commercial terms; and (iii) the Project Company may not, without unanimous consent from the parties to the Framework Agreement, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis, the transactions contemplated under the Framework Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

\* For identification purposes only

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. Wharf and its associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Framework Agreement; (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 15 April 2018 (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 Framework Agreement and the transactions contemplated thereunder are subject to the approval by the independent Shareholders at the EGM.

## **INTRODUCTION**

The Board announces that on 29 January 2018, the Company entered into the Framework Agreement with Wharf and the other parties thereto in relation to the development of the Land into residential properties by Zhejiang Lujiu (a subsidiary of the Company owned as to 50% by the Group and 50% by Wharf). Pursuant to the Framework Agreement, Zhejiang Lujiu will acquire the entire equity interest of the Target Company (which holds the Land through the Project Company) from the Company.

The Land is situated in Xiaoshan District of Hangzhou in the PRC with a gross site area of approximately 70,129 sqm, which is intended to be developed into a residential properties with a total gross floor area of approximately 196,361 sqm, with a floor area ratio of 2.8.

## **CONSIDERATION AND PAYMENT TERMS FOR THE LAND**

According to the terms of the bid for the Land, the total Land Consideration of RMB3,938,900,000 shall be paid by cash instalments in the manner as follows:

<b>Stage payment</b>	<b>Amount paid/payable</b>
Already paid as of 18 December 2017	RMB787,780,000 (being the deposit for the bidding) (the “ <b>Deposit</b> ”)
Already paid as of 18 January 2018	50% of the Land Consideration. The Deposit was applied to the partial settlement of such amount. An additional amount of RMB20,000,000 (the “ <b>Completion Deposit</b> ”) was paid as a deposit repayable after completion of the development of the Land in accordance with the land use right transfer contract

By 20 June 2018

30% of the Land Consideration

By 20 December 2018

Remaining 20% of the Land Consideration

Such consideration amount was the outcome of a public bidding announced by Xiaoshan Branch of Hangzhou Municipal Bureau of Land Resources\* (杭州市國土資源局蕭山分局).

## **PROPERTY DEVELOPMENT THROUGH THE PROJECT COMPANY**

The Framework Agreement was entered into between, among other parties, Wharf and the Company in order to facilitate the development of the Land on a 50:50 basis. Upon completion of the Equity Transfer, each of the Company and Wharf will be indirectly interested in 50% of the Project Company through Zhejiang Lujiu and the Target Company.

## **PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT**

The principal terms of the Framework Agreement are as follows:

- Date** : 29 January 2018
- Purpose** : To own and develop the Land through the Project Company.
- It is currently expected that the sole purpose of the Project Company is to develop the Land.
- Parties** : (a) The Company  
(b) Wharf  
(c) Zhejiang Lujiu  
(d) The Target Company  
(e) The Project Company
- Subject matter** : The Company agrees to transfer to Zhejiang Lujiu the entire equity interest in the Target Company, which holds the entire equity interest the Project Company. The primary asset of the Project Company is the Land.
- Conditions precedent** : The Framework Agreement takes effect upon, among other things, the parties to the agreement having obtained all necessary consent, permit, licence or approval (including but not limited to the independent Shareholders' approval of the Company under the Listing Rules, if required) in respect of the Framework Agreement and the transactions contemplated thereunder under the applicable laws and regulations.
- Consideration** : The total consideration for the Equity Transfer is RMB5 million, pursuant to the Framework Agreement, the total consideration shall be payable to the Company in cash within 10 days after the date of the agreement.

The consideration for the Equity Transfer was arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to the registered capital of the Target Company.

**Completion** : Completion of the Equity Transfer shall take place within 30 days after the Framework Agreement becomes effective as provided above. Within such period, the parties to the Framework Agreement shall complete the registration with the local administration of industry and commerce in relation to the Equity Transfer.

Upon completion of the Equity Transfer, each of the Target Company and the Project Company will be wholly-owned by Zhejiang Lujiu (a subsidiary of the Company owned as to 50% by the Group) and will thus continue to be a subsidiary of the Company.

**Capital requirement** : Pursuant to the Framework Agreement, the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount and the preliminary stage development funds) shall be payable by Zhejiang Lujiu. The parties expect that the Land Consideration shall be settled primarily through external financing of Zhejiang Lujiu and in the event that Zhejiang Lujiu is unable to raise sufficient funds through external financing, such Land Consideration shall be contributed by the Group and the Wharf Group on a 50:50 basis. Save as aforesaid, all other funding needs shall be primarily arranged by Zhejiang Lujiu itself.

In the event that any security and/or guarantee is required for future external financing of Zhejiang Lujiu, the Group and the Wharf Group shall use its best endeavours to provide such security or guarantee (on a several basis) according to 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 the Company and two will be nominated by Wharf. Wharf will have the right to appoint the chairman of the board of directors (who will also be the legal representative) of the Project Company.

**Management and operation** : The Company will be primarily responsible for project operation and management, while Wharf will be primarily responsible for the financial and accounting management of the Project Company.

The Company is entitled to appoint the general manager, one of deputy general managers and the marketing director of the Project Company.

Wharf is entitled to appoint the other deputy general manager and the finance director of the Project Company.

Each of the Company and Wharf is entitled to appoint one supervisor of the Project Company.

## **INFORMATION OF THE TARGET GROUP**

The Target Group comprises the Target Company and the Project Company. The Target Company is an investment holding company established in the PRC with limited liability on 16 October 2017, which holds the entire equity interest in the Project Company. The Project Company is a project company established in the PRC with limited liability on 28 December 2017 principally engaged in the investment and development of the Land.

At 31 December 2017, the Target Group recorded unaudited consolidated total assets of approximately RMB787,780,728 and unaudited consolidated total liabilities of approximately RMB787,781,000.

The unaudited consolidated net loss (both before and after taxation) of the Target Group from the date of incorporation of the Target Company up to 31 December 2017 amounted to approximately RMB272.

## **FINANCIAL IMPACT OF THE TRANSACTIONS**

As the Equity Transfer will not result in a loss of control in the Target Group by the Group, it is expected that no gain or loss will accrue to the Group in its consolidated statement of comprehensive income as a result of the Equity Transfer. The Company intends to apply the net proceeds from the Equity Transfer to the payment of the unpaid registered capital of the Target Company.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

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) believe that the co-development of the Land pursuant to the Framework Agreement will broaden the asset and earnings base of the Company and further strengthen the Company's position as a premier properties developer in the PRC. Further, both the Group and the Wharf Group are experienced property developers and their strategic

cooperation will complement each other in the co-development of the Land to promote mutual benefit. The co-development of the Land also demonstrates the continuous synergies contributed to the Group since the Wharf Group's strategic investment in the Group in mid-2012.

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 Framework 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.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Wharf, together with its subsidiaries, holds approximately 24.963% of the issued share capital of the Company, and is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, as Wharf holds more than 30% equity interest in Zhejiang Lujiu, Zhejiang Lujiu is an associate of Wharf and thus a connected person of the Company. Based on the applicable size tests, the entering into of the Framework Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) the sole purpose of the Project Company is to develop the Land which is of a revenue nature in the ordinary and usual course of business of the Company; (ii) the transactions contemplated under the Framework Agreement are on an arm's length basis and on normal commercial terms; and (iii) the Project Company may not, without unanimous consent from the parties to the Framework Agreement, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis, the transactions contemplated under the Framework Agreement do not constitute notifiable transactions of the Company under Chapter 14 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. Wharf and its associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Framework Agreement; (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 15 April 2018 (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 Framework Agreement and the transactions contemplated thereunder are subject to the approval by the independent Shareholders at the EGM.

## **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.

Zhejiang Lujiu is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which is held by the Group and the Wharf Group as to 50% and 50%, respectively.

### **The Wharf Group**

Wharf is a company incorporated in Hong Kong with limited liability, whose shares are listed on the main board of the Stock Exchange. The principal business activities of the Wharf Group are ownership of properties for development and letting, investment holding, container terminals as well as communications, media and entertainment.

## **DEFINITIONS**

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

“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
“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder
“Equity Transfer”	the transfer of the entire equity interest in the Target Company from the Company to Zhejiang Lujiu pursuant to the Framework Agreement

“Framework Agreement”	the framework agreement entered into between the Company, Wharf, Zhejiang Lujiu, the Target Company and the Project Company dated 29 January 2018 in relation to, among other things, the development of the Land by Zhejiang Lujiu and the Equity Transfer
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC with a gross site area of approximately 70,129 sqm
“Land Consideration”	the total consideration of RMB3,938,900,000 for acquiring the land use rights of the Land from Xiaoshan Branch of Hangzhou Municipal Bureau of Land Resources* (杭州市國土資源局蕭山分局) pursuant to the bid successfully made by the Target Company for the Land from Xiaoshan Branch of Hangzhou Municipal Bureau of Land Resources* (杭州市國土資源局蕭山分局)
“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)
“Project Company”	Hangzhou Greentown Chaoyang Real Estate Company Limited* (杭州綠城朝陽置業有限公司), a company established in the PRC with limited liability which is a direct wholly owned subsidiary of the Target Company and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	holder of the Shares
“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
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules



“Target Company”	Hangzhou Zhiqian Investment Company Limited* (杭州致謙投資有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Target Group”	the Target Company and the Project Company
“Wharf”	The Wharf (Holdings) Limited (stock code: 00004), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Wharf Group”	Wharf together with its subsidiaries
“Zhejiang Lujiu”	Zhejiang Lujiu Real Estate Co., Ltd.* (浙江綠九置業有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which is held by the Group and the Wharf Group as to 50% and 50%, respectively

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

Hangzhou, the People’s Republic of China  
29 January 2018

*As at the date of this announcement, the Board comprises seven executive directors, namely Mr Song Weiping 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.*