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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 FORMATION OF JOINT VENTURE

The Company announces that, on the date of this announcement, Greentown Town (a wholly-owned subsidiary of the Company), Bluetown (an associate of Mr Song and hence a connected person of the Company) and Bafulo Agriscience (an independent third party) entered into the Investment and Cooperation Agreement in relation to the Project Company.

The Investment and Cooperation Agreement was entered into among the JV Partners to facilitate the development of the Project. Pursuant to the Investment and Cooperation Agreement, the Company and Bluetown will subscribe for equity interests in the Project Company (currently a wholly-owned subsidiary of Bafulo Agriscience with a registered capital of RMB50,000,000 and a capital reserve of RMB43,000,000 prior to the Capital Contribution) by way of Capital Contribution of RMB65,939,400 and RMB64,000,000 into the Project Company, respectively. Upon completion of the Capital Contribution, each of Greentown Town and Bluetown will hold 34% and 33% of the enlarged equity interests in the Project Company.

Bluetown is a company established in the PRC and is owned by Mr Song as to over 30% shareholding. Bluetown is therefore an associate of Mr Song under rule 14A.12(c) of the Listing Rules and a connected person of the Company.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceed 0.1% and all of them are less than 5%, the entering into of the Investment and Cooperation Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Company announces that, on the date of this announcement, Greentown Town (a wholly-owned subsidiary of the Company), Bluetown (an associate of Mr Song and hence a connected person of the Company) and Bafulo Agriscience (an independent third party) entered into the Investment and Cooperation Agreement in relation to the Project Company. Pursuant to the Investment and Cooperation Agreement, the Company and Bluetown will subscribe for equity interests in the Project Company (a wholly-owned subsidiary of Bafulo Agriscience with a registered capital of RMB50,000,000 and a capital reserve of RMB43,000,000 prior to the Capital Contribution) by way of capital contributions of RMB65,939,400 and RMB64,000,000 into the Project Company, respectively (collectively, “**Capital Contribution**”). Upon completion of the Capital Contribution, each of Greentown Town and Bluetown will hold 34% and 33% of the enlarged equity interests in the Project Company. The Project Company will be engaged in the Project in Gao’an, Jiangxi, which involves the development of ecotourism, modern agriculture, green food processing and characteristic towns and bidding for and acquiring land in Gao’an for these purposes.

PRINCIPAL TERMS OF THE INVESTMENT AND COOPERATION AGREEMENT

A summary of the major terms and conditions of the Investment and Cooperation Agreement is set out below:

Date	:	3 June 2019
Parties	:	(1) Greentown Town (2) Bluetown (3) Bafulo Agriscience (4) Project Company
Shareholding structure and capital requirement	:	As at the date of the Investment and Cooperation Agreement, the Project Company is wholly owned by Bafulo Agriscience with a registered capital of RMB50,000,000 and a capital reserve of RMB43,000,000. After the Capital Contribution of RMB65,939,400 (of which RMB51,515,000 as registered capital and RMB14,424,400 as capital reserve) and RMB64,000,000 (of which RMB50,000,000 as registered capital and RMB14,000,000 as capital reserve) into the Project Company by Greentown Town and Bluetown respectively, the Project Company will have a registered capital of RMB151,515,000 and will be owned by Greentown Town, Bluetown and Bafulo Agriscience as to 34%, 33% and 33%, respectively.

The Capital Contribution will be made in two installments: (1) within seven days after the completion of the changes of registration with the relevant industrial and commercial authorities and the transfer of the corporate documents of the Project Company, the first instalment of the Capital Contribution of RMB51,515,000 by Greentown Town and RMB50,000,000 by Bluetown shall be made to the Project Company; and (2) after the payment of the first instalment and within seven days after the Project Company and the People's Government of Gao'an having entered into the definitive agreement in respect of the Project, the second installment of the Capital Contribution of RMB14,424,400 by Greentown Town and RMB14,000,000 by Bluetown shall be made to the Project Company. The first instalment of the Capital Contribution will constitute the registered capital of the Project Company and the second instalment will constitute the capital reserve of the Project Company.

The amount of the Capital Contribution under the Investment and Cooperation Agreement was determined after arm's length negotiations among the JV Partners, taking into account, among other factors, the prospect and the development needs of the Project, the valuation of the Project Company and its working capital requirements.

The capital contribution by Greentown Town is expected to be funded by the internal resources and/or external financing of the Group.

It is further provided that the equity interests of the JV Partners in the Project Company will be pledged as security for its existing debts and interests accrued. As shareholder of the Project Company, the amount guaranteed by Greentown Town will be limited to the equity interest to be pledged by it.

Save as disclosed, all other funding needs shall be arranged by the Project Company itself.

As a general principle, in the event that any security is needed for future external financing of the Project Company, the JV Partners should accommodate such needs and facilitate the provision of such security or guarantee. In the event that such future external financing cannot satisfy the funding needs of the Project Company, the JV Partners should provide further funding to the Project Company by shareholders' loan according to their respective shareholding percentages in the Project Company at an interest rate of 9% per annum. If Bafulo Agriscience fails to provide shareholders' loan according to its shareholding proportion in the Project Company, Greentown Town and Bluetown should make up for the deficiency and the amount of loans provided in excess of the proportions to their respective equity interests in the Project Company will be at an interest rate of 10% per annum.

Any business under the Investment and Cooperation Agreement shall be conditional on the clearance of the Stock Exchange and the Company having obtained approval of independent Shareholders or such consent, approval or authorisation under the Listing Rules and such other applicable laws, regulations and rules (if required).

- Distribution of profit** : In view of the contributions made by Bafulo Agriscience in respect of the Project Company and the Project before the Capital Contribution, the distributable profit of the Project Company shall be distributed to Greentown Town, Bluetown and Bafulo Agriscience on a 20.3%: 19.7%: 60% basis until the profit distributed to Bafulo Agriscience in excess of its entitled amount based on its shareholding percentage in the Project Company reaches RMB236,000,000. After that, the distributable profit shall be distributed to the JV Partners in accordance with their respective shareholding percentages in the Project Company.
- Board representation** : The board of directors of the Project Company will comprise three directors. Each of the JV Partners will nominate one director. Bafulo Agriscience will have the right to nominate the chairman of the board of directors of the Project Company.
- Management and operation** : General manager of the Project Company, to be nominated by Bluetown and appointed by the board of directors of the Project Company, will be responsible for the project management. Each of Greentown Town and Bafulo Agriscience shall have the right to nominate a deputy general manager.

A finance director shall be appointed by Greentown Town. A finance manager shall be appointed by Bluetown, and a finance staffer shall be appointed by Bafulo Agriscience.

Two supervisors, of which each of Greentown Town and Bafulo Agriscience shall nominate one, will be responsible for supervision of the Project Company according to the applicable laws and regulations.

Others

: Any transfer of interest in the Project Company shall be subject to customary right of first refusal and tag-along provisions. Each JV Partner shall not transfer (in whatever form including by way of charge) its interest or any part thereof in the Project Company to anyone not a JV Partner without the prior consent of the other JV Partners.

It is agreed that, the Project Company may, after receipt of the first instalment of the Capital Contribution, provide a loan of RMB48,000,000 to Bafulo Agriscience. After the receipt of the second instalment of the Capital Contribution, the Project Company may provide a further loan of RMB25,800,000 to Bafulo Agriscience. The terms and provisions of such loans are subject to loan agreements to be separately entered into between the Project Company and Bafulo Agriscience.

In the event that the Project Company fails to acquire 800 mu state-owned construction land use right of Bafuluo Eco Valley in the Project within one year from entry into the Agreement, Greentown Town may elect to sell and Bafulo Agriscience and Bluetown shall at the request of Greentown Town acquire all of Greentown Town's interests in the Project Company. The consideration for the disposal shall be the amount of the funds Greentown Town actually contributed to the Project Company plus an interest of 9% per annum.

The Project Company will be allowed to use the "Greentown" and "Bluetown" brand names in the Project.

Bluetown may perform the Investment and Cooperation Agreement and hold its interests in the Project Company through its designated subsidiary.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Project Company will be engaged in the Project in Gao'an, Jiangxi, which involves the development of ecotourism, modern agriculture, green food processing and characteristic towns and bidding for and acquiring land in Gao'an for these purposes. As of the date of this announcement, the Project has gained progress on the infrastructure construction such as roads, reservoirs and parking lots and substantial exploration of agricultural plantation fields in Phase I of Bafuluo Eco Valley. It has also gained the status of National 4A-class Tourist Attraction and is among one of the eight National Rural Complex Pilot Projects. Bafulo Agriscience has demonstrated its experience and ability in agricultural development, ecotourism and research in accordance with the planning requirements of the Project, whereas the cooperation between the Group and Bluetown will benefit each other in the areas of property development, sale and management. The Directors believe that the cooperation among the Group, Bluetown and Bafulo Agriscience will benefit the Project with their respective strengths and synergies and will broaden the asset and earnings base of the Company and further strengthen the Group's position as a premier property developer in the PRC.

The Directors (including the independent non-executive Directors) consider that the Investment and Cooperation 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.

Mr Song, a co-chairman of the Board and an executive Director, has by virtue of his interest in Bluetown abstained from voting at the Board on the Investment and Cooperation Agreement and the transactions contemplated thereunder. Save as disclosed, the Company is not aware of any other Directors who has a material interest therein.

LISTING RULES IMPLICATIONS

Mr Song is co-chairman of the Board and an executive Director. Mr Song is therefore a connected person of the Company under the Listing Rules.

Bluetown is a company established in the PRC and is owned by Mr Song as to over 30% shareholding. Bluetown is therefore an associate of Mr Song under rule 14A.12(c) of the Listing Rules and a connected person of the Company.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceed 0.1% and all of them are less than 5%, the entering into of the Investment and Cooperation Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

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 Town is a company established in the PRC with limited liability principally engaged in property development and construction decoration.

Bluetown is a company established in the PRC with limited liability principally engaged in property development management and advisory services in planning, design, budgeting and construction.

Bafulo Agriscience is a company established in the PRC with limited liability principally engaged in agricultural development, business investment, property management, investment management and trading.

The Project Company is a company established in the PRC with limited liability established for the carrying out the Project. Based on its unaudited financial accounts, the Project Company has not recorded net profit for the year ended 31 December 2017 and has recorded a net profit of RMB16,413,402.81 for the year ended 31 December 2018. There was no Enterprise Income Tax payable by the Project Company for the year ended 31 December 2018. Based on a valuation report dated 31 May 2019 in respect of the Project Company, as of the benchmark date of 30 April 2019, the appraised value of 100% equity interest of the Project Company by asset-based approach was RMB64,686,500 and the book value of its net assets was RMB68,054,000.

DEFINITIONS

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

“associate”	has the same meaning ascribed to it under the Listing Rules
“Bafulo Agriscience”	Jiangxi Bafulo Eco-agricultural science and technology Co., Ltd* (江西巴夫洛生態農業科技有限公司), a company established in the PRC with limited liability
“Bluetown”	Bluetown Property Construction Management Group Co., Ltd.* (藍城房產建設管理集團有限公司), a company established in the PRC with limited liability
“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
“Greentown Town”	Greentown Ideal Town Construction Group Co., Ltd.* (綠城理想小鎮建設集團有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company

“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment and Cooperation Agreement”	the Investment and Cooperation Agreement dated 3 June 2019 entered into among Greentown Town, Bluetown and Bafulo Agriscience in relation to the Project Company
“JV Partners”	Greentown Town, Bluetown and Bafulo Agriscience
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr Song”	Mr Song Weiping, a co-chairman of the Board and an executive Director
“PRC”	the People’s Republic of China
“Project”	Jiangxi Gao’an Bafuluo Modern Agricultural Complex Project* (江西高安巴夫洛現代農業綜合體項目) as approved by the People’s Government of Gao’an
“Project Company”	Jiangxi Bafulo Eco Valley* (江西高安巴夫洛生態谷有限公司), a company established in the PRC with limited liability
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hangzhou, the PRC
3 June 2019

As at the date of this announcement, the Board comprises the Board comprises six executive directors, namely Mr SONG Weiping, Mr LIU Wensheng, Mr ZHANG Yadong, Mr LI Qingan, Mr LI Yongqian and Mr LI Jun, 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 purpose only