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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
JOINT VENTURE ARRANGEMENT IN RESPECT OF
DEVELOPMENT OF HUZHOU ANJI PROJECT**

On 24 December 2019, Greentown Town (a wholly-owned subsidiary of the Company), Zhejiang Yinrun, Zhejiang Bluetown (an associate of Mr Song and hence a connected person of the Company), Ningbo Lanyou, Ningbo Lanzhen and Bluetown Town Zhiyuan entered into the Share Transfer and Cooperation Agreement in relation to the Target Company.

Pursuant to the Share Transfer and Cooperation Agreement, Greentown Town agreed to acquire the Target Shares, representing 40% of the total shares of the Target Company as at the date of the Share Transfer and Cooperation Agreement, for an aggregate amount of not exceeding RMB420,183,860 payable by Greentown Town in accordance with the Share Transfer and Cooperation Agreement, including a consideration of not exceeding RMB390,183,860 and a financial assistance of not exceeding RMB30,000,000. The purpose of the Share Transfer and Cooperation Agreement is to set out the terms of cooperation among the JV Partners for the development of the Huzhou Anji Project.

As at the date of this announcement, the Target Company is 35% owned by Zhejiang Bluetown, which is in turn 66.5% owned by Bluetown. Bluetown is a company established in the PRC and is owned by Mr Song as to over 30% shareholding. Therefore, each of Bluetown, Zhejiang Bluetown and the Target Company is an associate of Mr Song under rule 14A.12(1)(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 Share Transfer 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 Board announces that on 24 December 2019, Greentown Town (a wholly-owned subsidiary of the Company), Zhejiang Yinrun, Zhejiang Bluetown (an associate of Mr Song and hence a connected person of the Company), Ningbo Lanyou, Ningbo Lanzhen, Bluetown Town Zhiyuan entered into the Share Transfer and Cooperation Agreement in relation to the Target Company, pursuant to which Greentown Town agreed to acquire the Target Shares, representing 40% of the total shares of the Target Company as at the date of the Share Transfer and Cooperation Agreement, for an aggregate amount of not exceeding RMB420,183,860 payable by Greentown Town in accordance with the Share Transfer and Cooperation Agreement, including a consideration of not exceeding RMB390,183,860 and a financial assistance of not exceeding RMB30,000,000.

SHARE TRANSFER AND COOPERATION AGREEMENT

Principal terms of the Share Transfer and Cooperation Agreement are set out below:

- Date** : 24 December 2019
- Parties** : (1) Greentown Town;
(2) Zhejiang Yinrun;
(3) Zhejiang Bluetown;
(4) Ningbo Lanyou;
(5) Ningbo Lanzhen; and
(6) Bluetown Town Zhiyuan.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Zhejiang Yinrun, Ningbo Lanyou, Ningbo Lanzhen and Bluetown Town Zhiyuan and their respective ultimate beneficial owners is a third party independent from the Company and its connected persons (save for Mr Song, who indirectly owns less than 0.1% of the equity interest in Bluetown Town Zhiyuan). Zhejiang Bluetown is a connected person of the Company.

- Subject matter** : Greentown Town agreed to purchase, and Zhejiang Yinrun as legal and beneficial owner of the Target Shares agreed to sell the Target Shares. The Target Shares represent 40% of the total shares of the Target Company and such shares have a registered capital of RMB40,000,000. The purpose of the Share Transfer and Cooperation Agreement is to set out the terms of cooperation among the JV Partners for the development of the Huzhou Anji Project.

Upon completion of the Acquisition, the Target Company will be owned by Greentown Town, Zhejiang Bluetown, Ningbo Lanyou, Ningbo Lanzhen, Zhejiang Yinrun, and Bluetown Town Zhiyuan as to 40%, 35%, 10%, 9%, 5%, and 1%, respectively.

According to the Share Transfer and Cooperation Agreement, the Target Shares, representing RMB40,000,000 in the registered capital of the Target Company, will continue to be charged in favour of Bluetown Town Zhiyuan to secure certain debts owed by the Target Company to Bluetown Town Zhiyuan.

- Amount payable** :
- Pursuant to the terms of the Share Transfer and Cooperation Agreement, the aggregate consideration to be paid by Greentown Town shall not exceed RMB390,183,860, a summary of which is as follows:
- (a) an initial consideration of RMB320,000,000 for the transfer of the Target Shares (of which RMB56,526,100 shall be payable to the Target Company for the repayment of the loan owed by Zhejiang Yinrun to the Target Company) (the “**Initial Consideration**”). Among the Initial Consideration, RMB5,000,000 of which is payable within 7 business days after the day on which all conditions precedent are satisfied (subject to waiver, where applicable), while the balance of which is payable within 10 business days after (i) the completion of registration of the transfer of the Target Shares and of the amended and restated articles of association with the industrial and commercial authorities and (ii) the appointment of directors and management pursuant to the terms and provisions of the Share Transfer and Cooperation Agreement;
 - (b) in view of the Changshuo Street Land Parcel acquired by the Target Company on 26 November 2019, an additional consideration of RMB26,470,860 shall be payable by Greentown Town to Zhejiang Yinrun in a manner to be specified by the parties to the agreement (the “**Changshuo Street Land Parcel Consideration**”); and

- (c) in the event that the Target Company successfully acquires the 72.855 mu Land Parcel, a further additional consideration of an amount not exceeding RMB43,713,000 shall be payable by Greentown Town within 30 days from the date of the successful land bid (the “**72.855 mu Land Parcel Consideration**”, together with the Initial Consideration and the Changshuo Street Land Parcel Consideration, the “**Total Consideration**”).

The amount of the Total Consideration was agreed after arm’s length negotiations among the JV Partners having considered, among other things, the prospect and the development needs of the Huzhou Anji Project, the valuation of the Target Company and its working capital requirements.

The Group intends to finance the aforesaid amount by internal financial resources.

Financial assistance : As at 31 October 2019, the Target Company has (i) advanced a loan to Zhejiang Bluetown in the principal amount of RMB525,300,000; (ii) advanced a loan to Zhejiang Yinrun in the principal amount of RMB56,526,100; and (iii) charged certain parcels of land to secure a loan owed by an associate of Zhejiang Bluetown in the amount of RMB272,500,000. According to the Share Transfer and Cooperation Agreement: in respect of (i), Zhejiang Bluetown shall repay the aforesaid loan and related interests to the Target Company before 3 July 2020; in respect of (ii), Zhejiang Yinrun shall repay the aforesaid loan by way of payment of part of the Initial Consideration to the Target Company; and in respect of (iii), Zhejiang Bluetown shall complete the release of such charge two months prior to the Target Company applying for the development loan or handling other development process.

In addition, the Zhejiang Yinrun and Ningbo Lanyou owe certain payables to the Target Company in the amount of RMB2,843,680. Each of them shall repay such amount within 7 business days from the date of the Share Transfer and Cooperation Agreement.

In the event that the Target Company requires additional funding, the shareholders of the Target Company (other than Ningbo Lanyou, Ningbo Lanzhen and Bluetown Town Zhiyuan) shall provide shareholders' loans to the Target Company, for the daily operation and management of the Target Company. The amount of shareholders' loan to be provided by Greentown Town to the Target Company shall not exceed RMB30,000,000 unless otherwise agreed by Greentown Town. According to the Share Transfer and Cooperation Agreement, each of Ningbo Lanyou, Ningbo Lanzhen and Bluetown Town Zhiyuan will not be obligated to provide any additional funding other than the registered capital.

Shareholders' loans provided to the Target Company shall be repayable by the Target Company with interest at a daily accrual rate of 9% per annum subject to the terms and provisions of the Share Transfer and Cooperation Agreement. For any failure to provide the relevant shareholders' loan in a timely manner in accordance with the terms and provisions of the Share Transfer and Cooperation Agreement, the losses incurred therefrom by the Target Company shall be borne by the defaulting party.

- Conditions precedent** :
- Completion of the transactions contemplated under the Share Transfer and Cooperation Agreement is conditional upon the satisfaction of the conditions precedent or, where applicable, waiver by Greentown Town. A summary of the conditions precedent is as follows:
- (a) the Share Transfer and Cooperation Agreement comes into effect;
 - (b) all necessary approval, consents and resolutions have been obtained or passed by Zhejiang Yinrun in accordance with its constitutional documents;
 - (c) all necessary approval, permits, consents and authorisations pursuant to the Listing Rules and other applicable laws and regulations (if required) have been obtained by Greentown Town (including the approval from the independent Shareholders of the Company, if needed);

- (d) the shareholders of the Target Company have passed the resolution approving the transfer of the Target Shares; and
- (e) Bluetown Town Zhiyuan has issued its written consent on the transfer of the Target Shares.

Completion : Completion of the Acquisition shall take place on the day all conditions precedent are satisfied (subject to waiver, where applicable).

Management of the Target Company : Significant matters of the Project Company (including but not limited to increase or reduction in capital, amendments to the memorandum and articles of association, mergers, demergers and liquidation) shall require the approval of the shareholders of the Target Company at the general meetings and shall require the consent of at least two-thirds of the shareholders of the Target Company.

The board of directors of the Target Company will consist of five directors, of which one will be nominated by Zhejiang Yinrun, two will be nominated by Greentown Town and two will be nominated by Zhejiang Bluetown. The chairman of the board of directors shall be the director nominated by Greentown Town.

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

The general manager shall be responsible for the management of the Target Company. Such general manager shall be nominated by Zhejiang Bluetown.

Other provisions : The Target Company will be allowed to use the “Greentown” and “Bluetown” brand names in the Huzhou Anji Project.

Any transfer of interest in the Target Company shall be subject to customary rights of first refusal and tag-along provisions. Subject to the terms and provisions of the Share Transfer and Cooperation Agreement, 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.

INFORMATION ABOUT THE PARTIES AND THE TARGET COMPANY

The Company and Greentown Town

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 cities in the PRC 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 and a wholly-owned subsidiary of the Company and is principally engaged in property development.

Counterparties

Zhejiang Yinrun and Ningbo Lanyou are each a company established in the PRC with limited liability, and Ningbo Lanzhen and Bluetown Town Zhiyuan are each a limited partnership established in the PRC. Each of them is principally engaged in property development in the PRC. To the best knowledge of the Directors after making reasonable enquiries:

- (a) the ultimate beneficial shareholders of Zhejiang Yinrun are Liao Chunrong, Chen Feng, Chen Xia, Zhang Jian, Wang Xinyuan;
- (b) the ultimate beneficial shareholders of Ningbo Lanyou are Liu Hui, Shen Hongfeng and Chen Kunming;
- (c) the ultimate beneficial shareholders of Ningbo Lanzhen are Wang Jing, Wu Jin, Cao Lujia, Xiao Yue, Lin Jingjing; and
- (d) Bluetown Town Zhiyuan is approximately 90% owned by Wuchan Zhongda Group Co. Ltd., a company listed on the Shanghai Stock Exchange and of which the ultimate controlling shareholder is State-owned Assets Supervision and Administration of the People's Government of the Zhejiang Province, the PRC. The ultimate beneficial shareholders of the remaining shares of Bluetown Town Zhiyuan are Chen Hao, Wu Jin, Xiao Yue, Xue Yusheng and the ultimate beneficial shareholders of Zhejiang Bluetown. Zhejiang Bluetown owns less than 0.1% of the shares of Bluetown Town Zhiyuan and Mr Song is indirectly interested in Bluetown Town Zhiyuan through Zhejiang Bluetown.

Zhejiang Bluetown is a company established in the PRC with limited liability, and is principally engaged in property development in the PRC. It is a subsidiary of Bluetown, which in turn is a company owned as to over 30% shareholding by Mr Song. To the best knowledge of the Directors after making reasonable enquiries, the other ultimate shareholders of Zhejiang Bluetown are Fu Linjiang, Chen Yangguang, Xu Feng, Mi Jiandong, Hu Xiaohang, Shao Yangyang, Zhang Fan, Wang Jing, Cao Lujia, Wu Jin, Xiao Yue, Lin Jing Jing, who are not connected persons of the Company.

Target Company

The Target Company is a company established in the PRC with limited liability. It was established in 2017 and is primarily engaged in real estate development, tourism project development and management, property management and education project investment.

As at the date of this announcement, the Target Company is owned by Zhejiang Yinrun, Zhejiang Bluetown, Ningbo Lanyou, Ningbo Lanzhen and Bluetown Town Zhiyuan as to 45%, 35%, 10%, 9% and 1%, respectively. Upon completion of the Acquisition, the Target Company will be owned by Greentown Town, Zhejiang Yinrun, Zhejiang Bluetown, Ningbo Lanyou, Ningbo Lanzhen and Bluetown Town Zhiyuan as to 40%, 5%, 35%, 10%, 9% and 1%, respectively. The Target Company will not become a subsidiary of the Company upon completion of the Acquisition. The table below sets out certain audited financial information of the Target Company for the years ended 31 December 2017 and 31 December 2018:

| | For the year ended 31 December | |
|--------------------------|--------------------------------|----------|
| | 2017 | 2018 |
| | (RMB) | (RMB) |
| | '000 | '000 |
| Revenue | – | – |
| Net loss before taxation | (9,026) | (26,844) |
| Net loss after taxation | (6,770) | (19,216) |

The unaudited net asset value of the Target Company as at 30 June 2019 was approximately RMB54,269,873.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As of the date of this announcement, the Huzhou Anji Project has gained progress by securing 14 construction sites, with a gross site area of 645,493 sqm. The parties to the Share Transfer and Cooperation Agreement intend that the Acquisition will facilitate the Target Company in furthering development of the Huzhou Anji Project. Accordingly, the Board believes that the cooperation among the JV Partners will benefit the Huzhou Anji Project with the JV Partners' respective strengths and synergies and will broaden the asset and earnings base of the Company and further strengthen the Company's position as a premier property developer in the PRC. While pursuant to the Share Transfer and Cooperation Agreement, the financial assistance will not be provided by all the shareholders of the Target Company on a pro-rata basis but will only be provided by Greentown Town, Zhejiang Yinrun and Zhejiang Bluetown, the Board considers that in the event that the Target Company requires additional funding, the financial assistance will provide the Target Company with the funding required for the daily operation and management of the Target Company, and is thus in the interest of the Group as a stakeholder of the Target Company.

The terms of the Share Transfer and Cooperation Agreement were determined by arm's length negotiation among the parties to the agreement with reference, among other things: (i) fair market value of comparable properties similar to the Huzhou Anji Project in the comparable phase of development; and (ii) the capital requirement for the development, the actual and anticipated project costs and the prospect of returns of the Huzhou Anji Project.

In view of the above, the Board considers that the Share Transfer and Cooperation Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Based on the confirmation of each Director, the Company is not aware that any Director has a material interest in the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Mr Song, a former executive Director who has resigned within 12 months from the date of the Share Transfer and Cooperation Agreement, is a connected person of the Company under the Listing Rules.

As at the date of this announcement, the Target Company is 35% owned by Zhejiang Bluetown, which is in turn 66.5% owned by Bluetown. Bluetown is a company established in the PRC and is owned by Mr Song as to over 30% shareholding. Therefore, each of Bluetown, Zhejiang Bluetown and the Target Company is an associate of Mr Song under rule 14A.12(1)(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 the Share Transfer 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.

DEFINITIONS

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

| | |
|-------------------------|--|
| “Acquisition” | the acquisition of the Target Shares by Greentown Town in accordance with the terms and conditions of the Share Transfer and Cooperation Agreement |
| “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 and an associate of Mr Song and hence a connected person of the Company |
| “Bluetown Town Zhiyuan” | Bluetown Town Zhiyuan (Hangzhou) Investment Limited Partnership* (藍城小鎮致源(杭州)投資合夥企業(有限合夥)), a limited partnership established in the PRC and not a connected person of the Company |
| “Board” | the board of Directors |

| | |
|--------------------------------|---|
| “Changshuo Street Land Parcel” | the land parcel in Changshuo Street, Anji District, Huzhou, Zhejiang with a gross site area of approximately 49.6695 mu |
| “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 |
| “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 and a wholly-owned subsidiary of the Company |
| “Group” | the Company together with its subsidiaries |
| “Huzhou Anji Project” | Huzhou Anji Angel Town Project* (湖州市安吉縣天使小鎮項目), situated in Anji District, Huzhou, Zhejiang with a gross site area of approximately 645,493 sqm, which is intended to be developed into residential properties, schools and commercial properties |
| “JV Partners” | Greentown Town, Zhejiang Yinrun, Zhejiang Bluetown, Ningbo Lanyou, Ningbo Lanzhen and Bluetown Town Zhiyuan |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr Song” | Mr Song Weiping |
| “Ningbo Lanyou” | Ningbo Meishan Bonded Port Area Lanyou Investment Management Co., Ltd.* (寧波梅山保稅港區藍右投資管理有限公司), a company established in the PRC with limited liability and not a connected person of the Company |
| “Ningbo Lanzhen” | Ningbo Meishan Bonded Port Area Lanzhen Investment Management Limited Partnership* (寧波梅山保稅港區藍鎮投資管理合夥企業(有限合夥)), a limited partnership established in the PRC and not a connected person of the Company |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |

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| “Share Transfer and Cooperation Agreement” | the Share Transfer and Cooperation Agreement dated 24 December 2019 entered into among Greentown Town, Zhejiang Yinrun, Zhejiang Bluetown, Ningbo Lanyou, Ningbo Lanzhen and Bluetown Town Zhiyuan |
| “Shareholder(s)” | holder(s) of the share(s) of the Company |
| “sqm” | square metres |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Zhejiang Yinrun Bluetown Real Estate Development Co., Ltd.* (浙江銀潤藍城房地產開發有限公司), a company established in the PRC with limited liability and an associate of Mr Song and hence a connected person of the Company |
| “Target Shares” | 40% of the total shares of the Target Company as at the date of the Share Transfer and Cooperation Agreement |
| “Zhejiang Bluetown” | Zhejiang Bluetown Construction Management Co., Ltd.* (浙江藍城建設管理有限公司), a company established in the PRC with limited liability and an associate of Mr Song and hence a connected person of the Company |
| “Zhejiang Yinrun” | Zhejiang Yinrun Leisure Tourism Development Co., Ltd.* (浙江銀潤休閒旅遊開發有限公司), a company established in the PRC with limited liability and an independent third party of the Company |
| “72.855 mu Land Parcel” | the land parcel in Anji District, Huzhou, Zhejiang with a gross site area of approximately 72.855 mu |

By order of the Board
Greentown China Holdings Limited
Zhang Yadong
Chairman

Hangzhou, the PRC
24 December 2019

As at the date of this announcement, the Board comprises Mr ZHANG Yadong, Mr LIU Wensheng, Mr ZHOU Lianying, Mr GUO Jiafeng, Mr GENG Zhongqiang and Mr. LI Jun as executive directors, Mr. Stephen Tin Hoi NG (Mr Andrew On Kiu CHOW as his alternative) as a non-executive director and Mr JIA Shenghua, Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai as independent non-executive directors.

* For identification purpose only