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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 BEIJING WITH THE WHARF AND CCCG SUBSIDIARIES**

On 4 February 2016, Zhichang Beijing (a wholly-owned subsidiary of Wharf), Hangzhou Zhenmei (a wholly-owned subsidiary of the Company) and CCCG Real Estate (a wholly-owned subsidiary of CCCG) entered into the Agreement pursuant to which Zhichang Beijing, Hangzhou Zhenmei and CCCG Real Estate will jointly develop the Land into residential properties on a 40:50:10 ownership basis. The Land is situated in Jiangtai Xiang, Chaoyang District of Beijing, PRC with a gross site area of approximately 47,769 sqm. The residential properties to be developed on the Land are expected to have a total gross floor area of approximately 119,423 sqm (which includes 21,100 sqm as public rental housing) with a floor area ratio of 2.5.

As at the date of this announcement, CCCG and Wharf (together with their respective subsidiaries) hold approximately 28.9% and 25.0% of the issued share capital of the Company, respectively. Each of CCCG and Wharf is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCG Real Estate, being a wholly-owned subsidiary of CCCG), as well as Wharf and its associates (including Zhichang Beijing, being a wholly-owned subsidiary of Wharf) are connected persons of the Company. Based on the applicable size tests, the entering into of the Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholder's approval requirements under Chapter 14A 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. CCCG, Wharf and their respective associates are required to abstain from voting at the EGM.

\* For identification purposes only

A circular containing, among other things, (i) further details of the 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 30 April 2016 (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 Agreement and the transactions contemplated thereunder are subject to the approval by the independent Shareholders at the EGM.

## **INTRODUCTION**

On 4 February 2016, Zhichang Beijing (a wholly-owned subsidiary of Wharf), Hangzhou Zhenmei (a wholly-owned subsidiary of the Company) and CCCC Real Estate (a wholly-owned subsidiary of CCCG) entered into the Agreement pursuant to which Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate will jointly develop the Land into residential properties on a 40:50:10 ownership basis.

Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate succeeded in bidding for the Land from Beijing Municipal Bureau of Land and Resources\* (北京市國土資源局) at a total consideration of RMB5,135,000,000.

The Land is situated in Jiangtai Xiang, Chaoyang District of Beijing, PRC with a gross site area of approximately 47,769 sqm. The residential properties to be developed on the Land are expected to have a total gross floor area of approximately 119,423 sqm (which includes 21,100 sqm as public rental housing) with a floor area ratio of 2.5.

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

According to the terms of the bid for the Land, the total Land Consideration of RMB5,135,000,000 shall be paid by cash instalments in the manner as follows:

<b>Stage payment</b>	<b>Amount paid/payable</b>
Paid	RMB1,510,000,000
Within 15 business days from the date of the land use right transfer contract in relation to the Land	Remaining portion of the Land Consideration

Such consideration amount was the outcome of a public bidding announced by Beijing Municipal Bureau of Land and Resources\* (北京市國土資源局). The Company currently expects that the Land Consideration will be settled in full around mid-March 2016.

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

The Agreement was entered into between Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate in order to facilitate the development of the Land on a 40:50:10 basis. According to the Agreement, Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate will be interested in 40%, 50% and 10%, respectively, of the Project Company.

It is currently expected that the Project Company will be established solely for the purpose of developing the Land. Upon establishment, the Project Company will become a subsidiary of the Company.

## **PRINCIPAL TERMS OF THE AGREEMENT**

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

Purpose : For Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate to own and develop the Land on a 40:50:10 basis through the Project Company.

The parties currently expect that the sole purpose and business of the Project Company is to develop the Land.

Capital requirement : The parties currently expect that the registered capital of the Project Company will be RMB100,000,000, which shall be contributed by Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate as to 40%, 50% and 10%, respectively. Further, the parties expect that the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount) shall be contributed by Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate on a 40:50:10 basis.

In the event that the Project Company requires additional funding for payment of the Land Consideration, project development, construction and operation (including the repayment of shareholder's loans), the Project Company shall first raise its funding through external financing (including but not limited to debt or equity financing). In cases where external financing is insufficient for the Land Consideration, Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate shall contribute the remaining portion of the funding required in proportion to their respective shareholdings in the Project Company.

In the event that any security or guarantee is required for future external financing of the Project Company, Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate shall provide such security or guarantee according to their respective shareholding percentages in the Project Company. In the event that either party (the “**Contributing Party**”) agrees to provide guarantee and/or security in respect of such financing which is more than its pro-rated portion, (i) the other party (the “**Non-contributing Party**”) agrees to provide a counter-guarantee to the Contributing Party for the Non-contributing Party’s pro-rated portion of the obligations under such financing, and (ii) the Contributing Party has a right to receive from the Non-contributing Party a guarantee fee to be determined by the parties.

Board representation : It is currently expected that the board of directors of the Project Company will comprise seven directors, of which two will be appointed by Zhichang Beijing, four will be appointed by Hangzhou Zhenmei, and one will be appointed by CCCC Real Estate.

One of the directors appointed by Hangzhou Zhenmei will be the chairman of the board of directors (who will also be the legal representative) of the Project Company.

Management and operation : The general manager will be responsible for the daily management and operation of the Project Company. The general manager will be nominated by Zhichang Beijing and appointed by the board of directors of the Project Company.

Hangzhou Zhenmei will have the right to nominate the finance director, who will be responsible for financial and accounting management of the Project Company.

Major corporate actions concerning the Project Company shall be subject to unanimous approval of all parties.

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

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 Agreement 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. Further, as the property development business is one of the key development strategies of CCGG, and both the Group and the Wharf Group are experienced property developers, their strategic cooperation will complement each other in the co-development of the Land to promote mutual benefit. 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 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, CCCG and its subsidiaries are holding approximately 28.9% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC Real Estate, being a wholly-owned subsidiary of CCCG) are connected persons of the Company.

As at the date of this announcement, Wharf and its subsidiaries are holding approximately 25.0% of the issued share capital of the Company, and therefore is a substantial shareholder of the Company under the Listing Rules. Accordingly, Wharf and its associates (including Zhichang Beijing, being a wholly-owned subsidiary of Wharf) are connected persons of the Company.

Based on the applicable size tests, the entering into of the Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholder's approval requirements under Chapter 14A 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. CCCG, Wharf and their respective associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the 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 30 April 2016 (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 Agreement and the transactions contemplated thereunder are subject to the approval by the independent Shareholders at the EGM.

## **GENERAL**

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on 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 middle and high income residents in the PRC.

Zhichang Beijing is a wholly-owned subsidiary of Wharf and is principally engaged in the business of investment holding. Wharf is a company incorporated in Hong Kong with limited liability, whose shares are listed on 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.

CCCC Real Estate is a wholly-owned subsidiary of CCCG and is principally engaged in the business of property development. CCCG is a wholly state-owned company established in the PRC and the controlling shareholder of China Communications Construction Co. Ltd., a company established in the PRC whose H shares are listed on the Stock Exchange. Based on publicly available information, CCCG is principally engaged in the design and construction of transportation infrastructure, dredging and heavy machinery manufacturing business and covers the following business aspects: port, terminal, road, bridge, railway, tunnel, civil work design and construction, capital dredging and reclamation dredging, container crane, heavy marine machinery, large steel structure and road machinery manufacturing, and international project contracting, import and export trading services. According to CCCG, it is the largest port construction and design company in the PRC, a leading company in road and bridge construction and design, a leading railway construction company, the largest dredging company in the PRC and the largest dredging company (in terms of dredging capacity) in the world.

## DEFINITIONS

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

“Agreement”	the agreement entered into between the Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate dated 4 February 2016 in relation to the proposed formation of the Project Company for the development of the Land
“Board”	the board of Directors
“CCCC Real Estate”	CCCC Real Estate Company Limited* (中交地產有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CCCG
“CCCG”	China Communication Construction Group (Limited), a wholly state-owned company established in the PRC and a substantial shareholder of the Company
“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
“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder

“Group”	the Company together with its subsidiaries
“Hangzhou Zhenmei”	Hangzhou Zhenmei Investment Limited* (杭州臻美投資有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land in Jiangtai Xiang, Chaoyang District of Beijing, PRC with a gross site area of approximately 47,769 sqm
“Land Consideration”	the total consideration of RMB5,135,000,000 for acquiring the land use rights of the Land from Beijing Municipal Bureau of Land and Resources* (北京市國土資源局)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	Main Board of 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”	a company to be established in the PRC which will be held by Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate on a 40:50:10 basis for the purpose of developing the Land
“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)
“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
“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 Main Board of the Stock Exchange

“Wharf Group”	Wharf together with its subsidiaries
“Zhichang Beijing”	Zhichang (Beijing) Corporate Management Company Limited* (致昌(北京)企業管理有限公司), a company established in the PRC and a wholly-owned subsidiary of the Wharf
“%”	per cent.

By order of the Board  
**Greentown China Holdings Limited**  
**Song Weiping     Liu Wensheng**  
*Co-chairmen*

Hangzhou, the PRC

4 February 2016

*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 nonexecutive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Hui Wan Fai.*