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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 WITH  
THE CCCG SUBSIDIARY IN BEIJING**

The Board announces that, on 26 July 2016, Hangzhou Zhiquan and CCCC Real Estate entered into the Joint Development Agreement pursuant to which Hangzhou Zhiquan and CCCC Real Estate proposed to jointly develop the Land on a 85:15 ownership basis through the Project Company. The Land is expected to be primarily developed into residential properties with an expected gross floor area of approximately 202,725 sqm (which includes 31,000 sqm as public rental housing) and a floor area ratio of 2.8.

As at the date of this announcement, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 28.895% 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. Based on the applicable size tests, the entering into of the Joint Development Agreement and the transactions contemplated thereunder 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 Joint Development 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 Joint Development 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 Joint Development 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. CCCG and its associates are required to abstain from voting at the EGM.

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

## **INTRODUCTION**

The Board announces that, on 26 July 2016, Hangzhou Zhiquan and CCCC Real Estate entered into the Joint Development Agreement pursuant to which Hangzhou Zhiquan and CCCC Real Estate proposed to jointly develop the Land on a 85:15 ownership basis through the Project Company. The Land is expected to be primarily developed into residential properties with an expected gross floor area of approximately 202,725 sqm (which includes 31,000 sqm as public rental housing) and 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 was RMB5,700,000,000, which has been paid in full as at the date of this announcement. Among such amount RMB1,700,000,000 shall be contributed in cash in accordance with the shareholding percentage of Hangzhou Zhiquan and CCCC Real Estate in the Project Company, funded by their respective internal resources. The remaining RMB4,000,000,000 shall be funded by financing obtained by the Project Company.

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).

## PROPERTY DEVELOPMENT THROUGH THE PROJECT COMPANY

The Joint Development Agreement was entered into between Hangzhou Zhiquan and CCCC Real Estate in order to facilitate the development of the Land on a 85:15 basis. The Project Company shall be beneficially owned by Hangzhou Zhiquan and CCCC Real Estate as to 85% and 15%, respectively, and accordingly shall constitute a non wholly-owned subsidiary of the Company.

## PRINCIPAL TERMS OF THE JOINT DEVELOPMENT AGREEMENT

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

Purpose : To own and develop the Land on a 85:15 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 registered capital of the Project Company is RMB100,000,000, which shall be contributed by Hangzhou Zhiquan and CCCC Real Estate as to 85% and 15%, respectively. Furthermore, the parties expect that the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount) shall be contributed by Hangzhou Zhiquan and CCCC Real Estate on a 85:15 basis. Save as aforesaid, all other funding needs shall be primarily arranged by the Project Company itself.

In the case that the Project Company is unable to raise any required fund through external financing, Hangzhou Zhiquan and CCCC Real Estate shall provide funding by way of provision of shareholder loans to or increase in registered capital of the Project Company on a 85:15 basis.

In the event that any security is required for future external financing of the Project Company, Hangzhou Zhiquan and CCCC Real Estate shall provide such security (including acting as a guarantor) 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, 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.

- Distribution of profit : The Project Company shall distribute any net profits after taxation in compliance with all applicable laws, rules and regulations to Hangzhou Zhiquan and CCCC Real Estate according to their respective shareholding percentages in the Project Company.
- Board representation : The board of directors of the Project Company shall comprise five directors of which four shall be appointed by Hangzhou Zhiquan and one shall be appointed by CCCC Real Estate. Hangzhou Zhiquan has 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 general manager will be responsible for the daily management and operation of the Project Company. The general manager will be nominated by Hangzhou Zhiquan and appointed by the board of directors of the Project Company.
- Others : The joint venture contemplated under the Joint Development Agreement shall be subject to compliance with the requirements under the Listing Rules and the applicable laws and regulations in the PRC.

According to the Joint Development Agreement, the agreement will become effective upon, among other things, the Company having obtained approval in its Shareholders' meeting. In the event that the approval for the transactions contemplated under the Joint Development Agreement is not obtained in the Shareholders' meeting of the Company in accordance with the Listing Rules and its articles of association, the parties to the Joint Development Agreement shall discuss in good faith to reduce the shareholding percentage of Hangzhou Zhiquan in the Project Company, pursuant to which any excess amount already contributed by Hangzhou Zhiquan shall be refunded to Hangzhou Zhiquan based on the revised shareholding structure, such that the investment by Hangzhou Zhiquan in the development of the Land, as adjusted, will not exceed the threshold that requires independent Shareholders' approval under the Listing Rules. CCCC Real Estate agreed to provide all reasonable support in relation to the above (if required).

## **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 Joint Development 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, both the Company and CCCG are experienced property developers and 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 Joint Development 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 624,851,793 Shares, representing approximately 28.895% 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. Based on the applicable size tests, the entering into of the Joint Development Agreement and the transactions contemplated thereunder 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 Joint Development 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 Joint Development 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 Joint Development 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. CCCG and its associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Joint Development 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 September 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 Joint Development 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.

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.

CCCC Real Estate is a company incorporated in the PRC and a wholly-owned subsidiary of CCCG, whose principal business is property development in the PRC.

## DEFINITIONS

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

“Board”	the board of Directors
“CCCC Real Estate”	CCCC Real Estate Company Limited* (中交地產有限公司), a company established in the PRC and a wholly-owned subsidiary of CCCG
“CCCG”	China Communication Constructions 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 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 Joint Development Agreement and the transactions contemplated thereunder
“Group”	the Company together with its subsidiaries
“Hangzhou Zhiquan”	Hangzhou Zhiquan Investment Co., Ltd.* (杭州致全投資有限公司), 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
“Joint Development Agreement”	the joint development agreement entered into between Hangzhou Zhiquan and CCCC Real Estate dated 26 July 2016
“Land”	a piece of land located in the Mentougou District of Beijing, the PRC with a site area of approximately 72,401.83 sqm
“Land Consideration”	the total consideration of RMB5,700,000,000 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

“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”	Beijing Greentown CCCC Real Estate Development Company Limited* (北京綠城中交房地產開發有限公司), a company established in the PRC for the purpose of developing the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the ordinary shares 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

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

Hangzhou, the PRC

26 July 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 non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Hui Wan Fai.*