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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 PROVISION OF PROJECT MANAGEMENT SERVICES

The Company announces that, on 19 March 2019, the Participating Parties, namely (i) Greentown Real Estate (a wholly-owned subsidiary of the Company); (ii) Zhejiang Greentown Lipu (a non-wholly owned subsidiary of the Company); (iii) China First Highway (an associate of the controlling shareholder and hence a connected person of the Company); and (iv) HEGI (an independent third party), were notified of the success of the bid in the Tender for the Project. The Project involves the EPC Contract for the undertaking of survey, design, and construction works for the infrastructure and common facilities on the Land including the civil engineering works, installation works, outdoor plumbing and drainage, heating and ventilation, swimming pool and parking lots for the Principal.

It is expected that China First Highway shall undertake the construction works for the Project, while the other Participating Parties shall provide the respective services for the Project. In this respect, Greentown Real Estate shall be the coordinator on behalf of the Participating Parties and provide the project management service for the Project including matters in relation to the Tender. Zhejiang Greentown Lipu (another subsidiary of the Company) shall provide the design service for the Project, while HEGI shall provide geological survey service for the Project.

On 19 March 2019, Greentown Real Estate entered into the Agreement with China First Highway in relation to their cooperation in the Project.

* *For identification purposes only*

LISTING RULES IMPLICATIONS

As at the date of the Agreement, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 28.79% of the issued share capital of the Company. CCCG is therefore a substantial shareholder and connected person of the Company under the Listing Rules. China First Highway is an indirect non-wholly owned subsidiary of CCCG and therefore an associate of a connected person of the Company. The arrangements contemplated under the Agreement thus constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (with the meanings ascribed thereto under the Listing Rules) are more than 0.1% but all of them less than 5%, the entering into of the Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Company announces that, on 19 March 2019, the Participating Parties, namely (i) Greentown Real Estate (a wholly-owned subsidiary of the Company) (ii) Zhejiang Greentown Lipu (a non-wholly owned subsidiary of the Company); (iii) China First Highway (an associate of a substantial shareholder and hence a connected person of the Company); and HEGI (an independent third party), were notified of the success of the bid in the Tender for the Project. The Project involves the EPC Contract for the undertaking of survey, design and construction works for the infrastructure and common facilities on the Land including the civil engineering works, installation works, outdoor plumbing and drainage, heating and ventilation, swimming pool and parking lots for the Principal.

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THE AGREEMENT

Date

19 March 2019

Parties

1. Greentown Real Estate
2. China First Highway

Key duties of the Participating Parties

Greentown Real Estate shall be the coordinator on behalf of the Participating Parties and provide the project management service for the Project. Zhejiang Greentown Lipu shall provide the design service for the Project, while HEGI shall provide geological survey service for the Project. Save for the respective responsibilities of each of Greentown Real Estate, Zhejiang Greentown Lipu and HEGI, China First Highway shall be responsible for all the duties and obligations under the documentation for the Tender and the contractual terms thereof, including but not limited to construction works, maintenance and repair, construction quality, safety, construction schedule, among other things.

Service fee and payment terms

Greentown Real Estate shall receive from China First Highway a project management fee totaling RMB76,343,872.50 (inclusive of any expenses and fees incurred by Greentown Real Estate), representing 5% of RMB1,526,877,450, being the amount of the successful bid for the Project under the Tender, of which:

- (a) within seven days after the entering into of the EPC Contract for the Project: 20% of the project management fee;
- (b) before the fifth day of each month: an amount equivalent to 65% of the project management fee in relation to the Base Figures (being 5% of the verified finished work value of the Project for the preceding month); and
- (c) within seven days after the inspection completion and acceptance of the Project: the balance of the project management fee.

The fees payable to the Group under the Agreement are arrived at after arm's length negotiations with China First Highway taking into account factors including the anticipated resources and manpower to be allocated by the Group, the expected timetable and the comparable market rates.

Others

China First Highway shall apply the contract sum of the EPC Contract, after paying the relevant fees, for the constructions of the Project, and shall be entitled to any surplus (or shall bear any shortfall) therefrom. China First Highway shall be entitled to, and shall be responsible for, all the bonuses and penalties, as the case may be, under the tender documents of the Project, including any responsibilities arising out of any construction delay (other than any delay due to the parties responsible for geological inspection and design works).

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Board considers that the arrangements contemplated under the Agreement will enable the Group to generate stable income without substantial capital input, by leveraging on its expertise and experience in property development and project management in the PRC in facilitating the Project and enhancing the quality thereof.

The Directors, including the independent non-executive Directors, are of the view that the Agreement and the arrangements contemplated thereunder have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, with the terms fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Liu Wensheng, Mr. Zhang Yadong, Mr. Li Qingan and Mr. Li Yongqian, each a Director, have by virtue of their respective roles in CCCG and/or its subsidiaries prior to assuming directorships in the Company abstained from voting on the resolutions of the Board approving the 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

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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.

Greentown Real Estate is a company established in the PRC with limited liability and a wholly owned subsidiary of the Company principally engaged in property investment and development.

China First Highway

China First Highway is a company established in the PRC with limited liability and a non-wholly subsidiary of the CCCG principally engaged in infrastructure works, projects and construction.

DEFINITIONS

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

“Agreement”	the agreement dated 19 March 2019 entered into between the Greentown Real Estate and China First Highway in relation to their cooperation in the Project
“Board”	the board of Directors
“CCCG”	China Communication Constructions Group (Limited), a wholly state-owned company established in the PRC and a substantial shareholder of the Company
“China First Highway”	中交一公局集團有限公司 (China First Highway Engineering Company Ltd*), a company with limited liability established in the PRC and a non-wholly subsidiary of the CCCG
“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
“EPC Contract”	the survey, design, and construction contract granted by the Principal to the successful bidder in the Tender for the Project
“Greentown Real Estate”	綠城房地產集團有限公司 (Greentown Real Estate Group Co. Ltd.*), a company with limited liability established in the PRC and a wholly-owned subsidiary of the Company
“Group”	the Company together with its subsidiaries

“HEGI”	海南水文地質工程地質勘察院 (Hainan Investigation Institute of Hydrogeology and Engineering*), an enterprise unit belonging to the 海南省地質局 (Hainan Geological Bureau*), of which each is independent from and not connected with the Company or its connected persons
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a plot of land located south of 南海大道 (Nanhai Avenue*), west of 永萬路 (Yongwan Road*) and north of 藥谷一橫路 (the First Horizontal road of Yaogu*) of 秀英區 (Xiuying District*), Haikou City, Hainan Province in the PRC with a gross site area of approximately 72,150 sqm
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Participating Parties”	China First Highway, Greentown Real Estate, Zhejiang Greentown Lipu and HEGI
“PRC”	the People’s Republic of China
“Principal”	海口國家高新區發展控股有限公司 (Haikou National Hi-tech Area Development Holding Co. Ltd.*), a wholly state-owned company under the People’s Government of Hainan Province, the PRC
“Project”	藥谷人才房項目 EPC (the Yaogun Talent-housing Project EPC*) which involves the survey, design, and construction works in respect of the infrastructure and common facilities on the Land including the civil engineering works, installation works, outdoor plumbing and drainage, heating and ventilation, swimming pool and parking lots
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder”	holder of the Shares
“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
- “Tender” the open tender for the undertaking of the survey, design, and construction works for the Project
- “Zhejiang Greentown Lipu” 浙江綠城利普建築設計有限公司 (Zhejiang Greentown Lipu Construction Design Co., Ltd.*), a company with limited liability established in the PRC and an non-wholly owned subsidiary of the Company

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

Hangzhou, the PRC
19 March 2019

As at the date of this announcement, the board of directors of the Company 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.

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