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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
CONSTRUCTION AGREEMENT IN RELATION TO THE BEIJING
SHUNYI CONSTRUCTION PROJECT**

The Board announces that Beijing Zhishun, a non-wholly owned subsidiary of the Company, has conducted the selection process for the main contractor for construction works of the Beijing Shunyi Construction Project by way of a bidding process, and CCCG First Highway was selected in accordance with the relevant requirements under the tender documents after review. On 27 December 2019, Beijing Zhishun entered into the Construction Agreement with CCCG First Highway pursuant to which Beijing Zhishun agreed to engage CCCG First Highway as the main contractor to carry out the construction works of the Beijing Shunyi Construction Project at the Consideration of RMB254,616,414.82.

As at the date of this announcement, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 28.78% 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 CCCG First Highway, an indirect non-wholly owned subsidiary of CCCG) are connected persons of the Company. The transaction contemplated under the Construction Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Construction Agreement exceed 0.1% but all of them are less than 5%, such transaction 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.

* For identification purposes only

INTRODUCTION

The Board announces that on 27 December 2019, Beijing Zhishun, a non-wholly owned subsidiary of the Company, entered into the Construction Agreement with CCCC First Highway pursuant to which Beijing Zhishun agreed to engage CCCC First Highway as the main contractor to carry out the construction works of the Beijing Shunyi Construction Project at the Consideration of RMB254,616,414.82.

PRINCIPAL TERMS OF THE CONSTRUCTION AGREEMENT

The principal terms of the Construction Agreement are as follows:

- Date : 27 December 2019
- Parties : (1) Beijing Zhishun, a non-wholly owned subsidiary of the Company; and
(2) CCCC First Highway
- Subject Matter : CCCC First Highway will be responsible for the construction works under the Beijing Shunyi Construction Project in accordance with the technical specifications prescribed by Beijing Zhishun under the Construction Agreement.
- The Beijing Shunyi Construction Project is located in Mapo Town, Shunyi District of Beijing in the PRC, with a gross construction area of approximately 109,186 sqm, which is intended to be primarily developed into residential properties.
- Construction Period : The construction period of the Beijing Shunyi Construction Project will be 793 days from the commencement date of the construction works.
- Consideration : The aggregate Consideration payable to CCCC First Highway under the Construction Agreement amounts to RMB254,616,414.82 and was arrived from a tender process whereby invitation to bid for the construction was solicited by Beijing Zhishun of plot 2018-036 auctioned by the Shunyi District Branch of Beijing Land Consolidation and Reserve Center. Taking into account, among other factors, the construction experience of CCCC and the bid price tendered, the Company considers that the tender submitted by CCCC First Highway was the most appropriate in respect of the Beijing Shunyi Construction Project received.

The Company intends to finance the payment of the total Consideration payable under the Construction Agreement using its internal resources and external financing.

- Payment Terms : The Consideration will be payable based on construction progress in the following manner:
- (i) no advance payment shall be required for the construction. Upon completion of the underground part of the basic structure of all comprehensive units, Beijing Zhishun will pay CCC First Highway 70% of the construction fees for the construction work completed, after which the construction fees will be settled in monthly payments for 70% of the construction work completed. Upon completion of the construction of the top level of each comprehensive unit, Beijing Zhishun will pay CCC First Highway 80% of the construction fees for the construction work completed. One month prior to the completion and acceptance of the construction work, Beijing Zhishun will pay CCC First Highway 85% of the construction fees for the construction work completed. The remainder of the construction settlement price shall be settled once (A) Beijing Zhishun and CCC First Highway have both made written confirmations on the final settlement of the completed construction work; and (B) Beijing Zhishun has reserved the Construction Quality Warranty Money and certain other agreed retention money. The quality warranty money shall be 5% of the settlement price (the “**Construction Quality Warranty Money**”) and shall be paid after the quality warranty period expires. The Construction Quality Warranty Money will not be interest-bearing;
 - (ii) no advance payment shall be required for the earthwork construction. The earthwork construction fees will be settled in monthly payments for 65% of the assessed completed works. Upon completion of excavation and once all deposit soil has been shipped out, Beijing Zhishun will pay CCC First Highway 80% of the earthwork fees for the assessed completed works. The remainder of the earthwork construction fees shall be settled in one lump sum once the backfilling work has been completed and all the parties including Beijing Zhishun, the foundation pit protector, the general contractor, the supervision company and CCC First Highway have signed and confirmed the acceptance handover procedures; and

- (iii) no advance payment shall be required for the slope protection construction. The slope protection construction fees will be settled in monthly payments of 65% of the construction work completed. Upon completion and inspection of the construction of the foundation pit protection, passing of the basic structure inspection and completion of all relevant settlement calculations, 90% of the settlement price will be paid. Upon completion of the construction of the top level of the main structure, Beijing Zhishun will pay CCCC First Highway 95% of the settlement price, with the remaining 5% of the consideration reserved as quality warranty money and will be paid one year following the day on which the construction of the top level is completed. The quality warranty money will not be interest-bearing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

The Board believes that, taking into account the comprehensive experience of CCGC in the construction industry in the PRC, CCCC First Highway is capable of meeting the construction requirements of the Beijing Shunyi Construction Project under the Construction Agreement.

Selection of the main contractor for the construction works for the Beijing Shunyi Construction Project and determination of the Consideration were conducted by way of a bidding process. There are a number of participants in the tender process. Following a review conducted by Beijing Zhishun and a comprehensive comparison of market participants, CCCC First Highway was selected in accordance with the relevant requirements under the tendering documents. Accordingly, the Company considers that CCCC First Highway was selected in a competitive tendering process and the terms of the Construction Agreement are in line with the market practice and the commercial interests of the Group.

The Board considers that the Construction 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 28.78% 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 CCCG First Highway, an indirect non-wholly owned subsidiary of CCCG) are connected persons of the Company. The transaction contemplated under the Construction Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Construction Agreement exceed 0.1% but all of them are less than 5%, such transaction 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.

Since CCCG has a material interest in the Construction Agreement and the transaction thereunder and in light of CCCG's relationship with Mr LIU Wensheng, Mr ZHOU Lianying, Mr GENG Zhongqiang and Mr LI Jun, these Directors have abstained from voting on the Board resolutions on the Construction Agreement and the transaction contemplated thereunder.

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.

Beijing Zhishun is a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company. It is owned as to 51% by the Company and 49% by China Construction First Bureau Zhidi (Beijing) Real Estate Development Co., Ltd., which is a state-owned enterprise and not a connected person of the Company. Beijing Zhishun is principally engaged in property development.

CCCCG

CCCCG is a wholly state-owned company established in the PRC and the controlling shareholder of China Communications Construction Co. Ltd. (a joint stock limited company incorporated in the PRC of which the H shares are listed on the Stock Exchange and the A shares are listed on the Shanghai Stock Exchange, Stock Code: 601800). Based on publicly available information, CCCC 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 CCCC, 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 in the world (in terms of dredging capacity). To the best knowledge of the Directors after making reasonable enquiries, the ultimate beneficial shareholder of CCCC is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

CCCC First Highway is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCC. CCCC First Highway is principally engaged in the construction of highways, bridges, transportation, tunnels, municipal, building construction, transport engineering, railways, airports, stations, car parks and shipyards. It is a large state-owned enterprise that integrates engineering contracting, engineering design and consulting, engineering project management, technology research and development, highway engineering testing, import and export of goods/technology and agency, lease of office space and commercial properties. To the best knowledge of the Directors after making reasonable enquiries, CCCC First Highway is a wholly-owned subsidiary of China Communications Construction Co. Ltd. The State-owned Assets Supervision and Administration Commission of the State Council of the PRC is the ultimate controlling shareholder of China Communications Construction Co. Ltd.

DEFINITIONS

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

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| “Beijing Zhishun” | Beijing Zhishun Real Estate Development Co., Ltd.* (北京致順房地產開發有限公司), a company established in the PRC and a non-wholly owned subsidiary of the Company |
| “Beijing Shunyi Construction Project” | the construction project of Beijing Zhishun, which is located in Mapo Town, Shunyi, Beijing (北京順義馬坡鎮), with a gross construction area of approximately 109,186 sqm, which is intended to be primarily developed into residential properties |

“Board”	the board of Directors
“CCCCG”	China Communication Constructions Group (Limited), a wholly state-owned company established in the PRC and a substantial shareholder of the Company
“CCCC First Highway”	CCCC First Highway Engineering Group Co., Ltd. (中交一公局集團有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of CCCC
“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
“Consideration”	the total consideration of RMB254,616,414.82 payable to CCCC First Highway by Beijing Zhishun in relation to the contracting of the construction works of the Beijing Shunyi Construction Project under the Constructions Agreement
“Construction Agreement”	the construction agreement dated 27 December 2019 entered into between Beijing Zhishun and CCCC First Highway in relation to, among other things, the contracting of construction works of the Beijing Shunyi Construction Project
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	Holder(s) of the Shares
“Share(s)”	ordinary share(s) 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
Zhang Yadong
Chairman

Hangzhou, the PRC
27 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.