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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

TRANSFER OF STAKES IN PROJECT

The Company announces that on 20 March 2020, Beijing Boyi, a wholly-owned subsidiary of the Company, entered into the Agreement with Tianjin Shimao, CCCG Real Estate and the Project Company in relation to, among other things, the disposal of part of the interests in the equity of the Project Company and in the development of the Project from Beijing Boyi to each of Tianjin Shimao and CCCG Real Estate. The Project comprises of the development of a Land of a planned aboveground gross floor area of approximately 170,022 sqm into residential properties in Changping District, Beijing, the PRC.

Based on the applicable size tests, Disposal A and the businesses contemplated thereunder constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

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 Real Estate, a wholly-owned subsidiary of CCCG) are connected persons of the Company. Based on the applicable size tests, Disposal B and the businesses contemplated thereunder constitutes a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company comprising the independent non-executive Directors will be formed to advise the independent Shareholders, and an independent financial adviser to advise the independent board committee and the independent Shareholders will be appointed.

A circular containing, among other things, (i) further details of the transactions set out herein; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of general meeting; 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 June 2020, as the Company will need 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 a general meeting of the Company. CCCG and its associates are required to abstain from voting on the Agreement at the general meeting.

INTRODUCTION

The Company announces that on 20 March 2020, Beijing Boyi, a wholly-owned subsidiary of the Company, entered into the Agreement with Tianjin Shimao, CCCG Real Estate and the Project Company in relation to, among other things, the disposal of part of the interests in the equity of the Project Company and in the development of the Project from Beijing Boyi to each of Tianjin Shimao and CCCG Real Estate.

The Land is situated in Changping District of Beijing in the PRC with a planned aboveground gross floor area of approximately 170,022 sqm, which is intended to be developed primarily into residential properties.

PAYMENT TERMS FOR THE LAND

According to the terms of the bid for the Land, the successful bid price for acquiring the land use rights of the Land is RMB6,360,000,000. Such amount was the outcome of a public bidding announced by Beijing Municipal Commission of Planning and Natural Resources* (北京市規劃和自然資源委員會). The payment schedule is as follows:

Stage payment	Amount paid
13 February 2020	RMB980 million (being the deposit for the bidding) (the “ Deposit ”). The Deposit will be applied to the partial settlement of the balance for the acquisition of the Land
19 March 2020	(a) RMB3,436,675,000 (being development and construction compensation fees for the Land) (b) RMB1,943,325,000 (being government fees for the Land)

In addition, a deed tax of RMB190,800,000 and stamp duty of RMB3,180,000 shall be payable by a date to be specified by the government authority, tentatively in around May 2020 (together with the successful bid price set out above, the “**Land Payment**”).

All Land Payment (for avoidance of doubt, totaling RMB6,553,980,000, representing all amounts, tax and duty payable for the Land) shall be fully borne by the Project Company.

PRINCIPAL TERMS OF THE AGREEMENT

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

- Date : 20 March 2020
- Parties : (1) Beijing Boyi
- (2) Tianjin Shimao
- (3) CCCG Real Estate
- (4) Project Company

Each of Beijing Boyi and the Project Company is a wholly-owned subsidiary of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Tianjin Shimao and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Subject matter

As at the date of this announcement, the Project Company has a registered and unpaid capital of RMB50,000,000 and is wholly-owned by Beijing Boyi (and hence a wholly-owned subsidiary of the Company).

Subject to the terms and conditions of the Agreement:

- (a) Beijing Boyi agreed to transfer to Tianjin Shimao 42.5% equity interest in the Project Company, which is nil-paid as at the date of this announcement (the “**Disposal A**”); and
- (b) Beijing Boyi agreed to transfer to CCCG Real Estate 15% equity interest in the Project Company, which is nil-paid as at the date of this announcement (the “**Disposal B**”, together with the Disposal A, the “**Disposals**”);
- (c) as consideration for the Disposals, each of Tianjin Shimao and CCCG Real Estate shall, pro rata to their respective equity interests in the Project Company:
 - (i) contribute to the outstanding registered capital of the Project Company;
 - (ii) contribute to the amount paid for the Land Payment. Initially such contributions shall take the form of shareholders' loans and shall, upon completion of the Disposals, be turned into capital contribution to the registered capital of the Project Company (including the amount set out in (c)(i) herein); and
 - (iii) contribute to a follow-up amount of RMB10,000,000 for kicking-start the operation of the Project Company.

For the avoidance of doubt, the total sums payable by Tianjin Shimao and CCCG Real Estate under the Agreement shall be RMB2,789,691,500 and RMB984,597,000, respectively. Following the Disposals, the overall exposure of Beijing Boyi for the Project shall be reduced from 100% (as sole shareholder of the Project Company prior to the Disposals) to 42.5% (pro rata to its shareholding in the Project Company following the Disposals), to be afforded with the internal resources of the Group and/or by means of external financing.

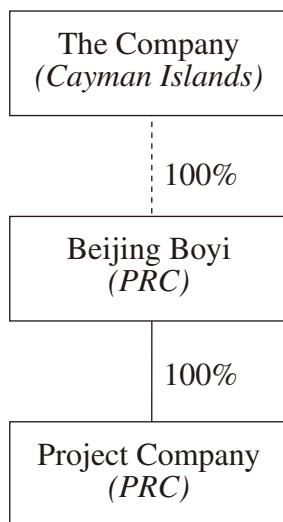
All contributions by the shareholders of the Project Company in relation to the Disposals shall be applied to the development of the Project.

The consideration was arrived at after arm's length negotiations among the parties with reference to factors including (i) the total commitment each of Tianjin Shimao and CCCG Real Estate is required to contribute to the Land Payment pro rata to their respective equity interests in the Project Company upon completion of the Disposals; and (ii) the total commitment each of Tianjin Shimao and CCCG Real Estate is required to contribute to the outstanding registered capital and operation expenses of the Project Company.

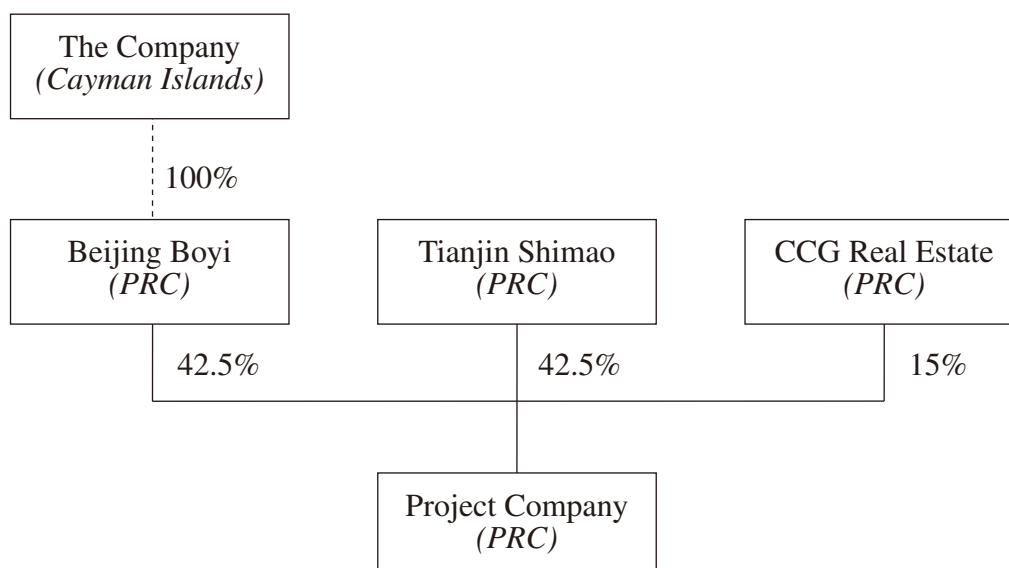
Beijing Boyi was the sole founding member of the Project Company.

The following charts set forth the shareholding structures of the Project Company as at the date of this announcement and upon completion of the transactions contemplated under the Agreement:

As at the date of this announcement



Upon completion of the Disposals



Notes:

* ----- indicates indirect shareholding

Completion

The equity transfer under the Disposals are subject to the registration with the relevant industrial and commercial authorities. Completion of the transactions will take place on the date of (i) completion of the registration with the relevant industrial and commercial authorities in relation to the relevant transactions; and (ii) issuance of a new business licence to the Project Company (the “**Completion Date**”).

Within 20 calendar days after each of Tianjin Shimao and CCG Real Estate first contribute to the Land Payment, Beijing Boyi shall, as security for such contributions, procure its shareholder to (i) pledge 42.5% of the equity interest in Beijing Boyi (the “**Equity Pledge A**”) to Tianjin Shimao or its designated entities; and (ii) pledge 15% of the equity interest in Beijing Boyi (the “**Equity Pledge B**”, together with Equity Pledge A, the “**Equity Pledges**”) to CCG Real Estate or its designated entities. The Equity Pledges shall be released within 3 business days after the Completion Date.

Upon completion of the Disposals, the Project Company will be owned by Beijing Boyi, Tianjin Shimao and CCG Real Estate as to 42.5%, 42.5% and 15%, respectively, and will cease to be a subsidiary of the Company.

Save as disclosed, all other funding needs of the Project Company shall be arranged by itself. As a general principle, in the event that the Project Company requires additional funding, each of Beijing Boyi, Tianjin Shimao and CCG Real Estate should provide shareholders’ loans to the Project Company pro rata to their respective shareholding percentages in the Project Company.

Any transaction under the Agreement shall be conditional on, where applicable, the clearance of the Stock Exchange and the Company having obtained all such consent, approval or authorisation as required under the Listing Rules and such other applicable laws, regulations and rules (including the approval of the Company's independent Shareholders, if required).

Management and operation

The board of directors of the Project Company will consist of five directors, of which one will be nominated by Beijing Boyi, one by CCCG Real Estate and three by Tianjin Shimao. The chairman of the board of directors shall be one of the directors nominated by Tianjin Shimao.

Two supervisors, of which each of CCCG Real Estate and Tianjin Shimao shall nominate one, will be responsible for supervision of the Project Company according to the applicable laws and regulations.

The general manager shall be responsible for the overall operation of the Project Company. Such general manager shall be recommended by Beijing Boyi.

Other terms

Subject to the terms and provisions of the Agreement, any transfer of or pledge on the equity interest in the Project Company will be subject to customary rights of first refusal and restriction provisions.

The Project Company will be allowed to use the "Greentown", "Shimao" and "CCCG" brand names for the development of the Land.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Upon completion of the Disposals, two new investors will be introduced to the Project Company, which will effectively reduce the Group's risk exposure in the Project and enable the Group to apply the capital amount thus spared to other development opportunities and funding needs. The Board considers that the introduction of such strategic investors will be beneficial to the Group's development and investment portfolio.

Further, both Tianjin Shimao and CCCG Real Estate are experienced property developers. The Board believes that the introduction of Tianjin Shimao and CCCG Real Estate (a subsidiary of CCCG) as shareholders in the Project Company under the transactions contemplated under the Agreement will benefit the Project Company through their respective strengths and synergies in property development strategies, marketing, management, human resources, branding and other areas, and will complement each other to promote mutual benefit.

The Board (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) considers 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

Based on the applicable size tests, Disposal A and the businesses contemplated thereunder constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

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 Real Estate, a wholly-owned subsidiary of CCCG) are connected persons of the Company. Based on the applicable size tests, Disposal B and the businesses contemplated thereunder constitutes a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company comprising the independent non-executive Directors will be formed to advise the independent Shareholders, and an independent financial adviser to advise the independent board committee and the independent Shareholders will be appointed.

A circular containing, among other things, (i) further details of the transactions set out herein; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of general meeting; 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 June 2020, as the Company will need 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 a general meeting of the Company. CCCG and its associates are required to abstain from voting on the Agreement at the general meeting.

Since CCCG has a material interest in the Agreement and the transactions 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 Agreement and the transactions 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 Boyi is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in property investment and 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.

CCCCG Real Estate is a company established in the PRC with limited liability and a wholly-owned subsidiary of CCCC principally engaged in real estate development and property management, construction engineering project management, sales of self-developed commercial housing, lease of commercial housing, lease of office housing, project investment, investment management, asset management and investment consulting.

Tianjin Shimao

Tianjin Shimao is a company established in the PRC with limited liability and an independent third party of the Company and its connected persons. It is principally engaged in providing development, construction, operation and consulting services to real estate and related supporting facilities, real estate sales, house rental, parking lot management, property management, provision of conference services and hotel management. To the best knowledge of the Directors after making reasonable enquiries, Tianjin Shimao is a wholly-owned subsidiary of Shimao Property Holdings Limited, a company listed on the main board of the Stock Exchange.

Project Company

The Project Company is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the development of the Project. As of the date of this announcement, the Project Company has a registered and unpaid capital of RMB50,000,000 and has not yet recorded any profit or loss for the first financial year which it is in. It is expected that the Group will record no gain or loss from the Disposals as the registered capital of the Project Company was nil-paid as at the date of the Agreement.

DEFINITIONS

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

“Agreement”	the Agreement dated 20 March 2020 entered into among Beijing Boyi, Tianjin Shimao, CCCG Real Estate and the Project Company in relation to, among other things, the transfer of equity interests in the Project Company from Beijing Boyi to each of Tianjin Shimao and CCCG Real Estate and the development of the Land by the Project Company
“associate”	has the same meaning ascribed to it under the Listing Rules
“Beijing Boyi”	Beijing Boyi Real Estate Development Co., Ltd.* (北京博意房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“CCCG”	China Communication Constructions Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial shareholder of the Company
“CCCG Real Estate”	CCCG Real Estate Group Co., Ltd.* (中交房地產集團有限公司), a company established in the PRC and a direct wholly-owned subsidiary of 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
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land in the Changping District of Beijing in the PRC with a planned aboveground gross floor area of approximately 170,022 sqm

“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”	the development of the Land into primarily residential properties in Changping District, Beijing, the PRC
“Project Company”	Beijing Zhiping Real Estate Development Co., Ltd. * (北京致平房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“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(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
“Tianjin Shimao”	Tianjin Shimao New Prospect Property Co., Ltd.* (天津世茂新里程置業有限公司), a company established in the PRC with limited liability and an independent third party of the Company and its connected persons

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

Hangzhou, the PRC
20 March 2020

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 alternate) 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