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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 Board announces that, on the date of this announcement, Greentown Management, a wholly owned subsidiary of the Company, entered into the Agreement with CCCC Zhoushan Company. Pursuant to the Agreement, Greentown Management agreed to provide CCCC Zhoushan Company with project management services in the Project.

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. CCCG is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC Zhoushan Company, an indirect non-wholly owned subsidiary of CCCG) are connected persons of the Company. The transaction contemplated under the 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 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.

INTRODUCTION

The Board announces that, on the date of this announcement, Greentown Management, a wholly owned subsidiary of the Company, entered into the Agreement with CCCC Zhoushan Company (a connected person of the Company for the reason of being a non-wholly owned subsidiary of CCCG, a substantial shareholder of the Company). Pursuant to the Agreement, Greentown Management agreed to provide CCCC Zhoushan Company with project management services in the Project at the Consideration of 3% (RMB54,000,000 as of the date of this announcement) of the total construction costs of the Project.

PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are as follows:

- Date : 25 March 2020
- Parties : (1) Greentown Management, a wholly owned subsidiary of the Company; and
(2) CCCC Zhoushan Company, a non-wholly owned subsidiary of CCGG
- Subject Matter : CCCC Zhoushan Company is the developer and constructor in the Project and shall be responsible for all the funding required for the development and construction of the Project.
- Subject to the terms and provisions of the Agreement, Greentown Management shall provide to CCCC Zhoushan Company with project management services in the Project, which should comprise preparatory management works, planning and design management, cost management, project work management, management of the completion and inspection of construction works, customer service and property maintenance management, preparatory property management service guidance, administration management and other related supporting services.
- Term : The term of the Agreement will be 54 months from the date of the Agreement to the date of completing the filings for the completion of the Project.
- Consideration : The Consideration for providing project management services to CCCC Zhoushan Company in the Project is 3% (RMB54,000,000 as of the date of this announcement) of the total construction costs of the Project, as arrived from a tender process organised by the bidding agency of CCCC Zhoushan Company. The Consideration has covered all the costs that Greentown Management may incur in providing project management services in the Project (save and except for expenses payable by CCCC Zhoushan Company).
- Payment Terms : The Consideration comprises:
- (a) a basic personnel fee of 1.5% of the total construction costs of the Project payable on quarterly basis for a period of 48 months (approximately RMB1.69 million for each instalment), commencing from the despatch of the Greentown Management personnel to the work sites of the Project;

- (b) a basic management service fee of 1% of the total construction costs of the Project shall be payable as follows:
- (i) 15% within 10 days after obtaining the commencement permit for construction works;
 - (ii) 15% within 10 days after completing the underground construction works;
 - (iii) 10% within 10 days after the main bodies of the buildings in the Project reaches ½ floor height;
 - (iv) 15% within 10 days after completing the top level of the main bodies of the buildings;
 - (v) 15% within 10 days after completing the exterior renovation works;
 - (vi) 10% within 10 days after completing the interior refinement and renovation works;
 - (vii) 15% within 10 days after obtaining the filings of the completion and inspection of the construction works;
 - (viii) balance within 30 days after the final determination of the Project by CCCC Zhoushan Company.
- (c) goal assessment payments adding up to 0.5% of the total construction costs of the Project, payable within 2 months after attaining the relevant goals.

for (b) and (c) above, the “**entrusted management service fee**” collectively.

Within 15 days after the Agreement takes effect, CCCC Zhoushan Company shall pay to Greentown Management a non-interest bearing deposit of RMB5 million (the “**Deposit**”) and Greentown Management shall provide a performance guarantee issued by bank of the same amount. The Deposit shall be divided into 4 instalments of RMB1.25 million each and applied to part of the payment for the entrusted management service fee in (b)(i) to (iv) above.

Others : Additional goal-based bonuses adding up to RMB22.4 million further and in addition to the Consideration are payable by CCCG Zhoushan Company to Greentown Management conditional on specific goals including work quality, advancement of the project work timelines and cost reservation.

The Agreement and any transactions contemplated thereunder shall be conditional on the clearance of the Stock Exchange and the Company having obtained all such consent, permission, authorisation as required under the Listing Rules and such other applicable laws and regulations (including the approval of independent Shareholders, if required).

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Board believes that the Agreement will allow the Group to leverage on its expertise and experience in property development and project management in the PRC to broaden its earnings base.

Selection of the project management service provider in the Project and determination of the Consideration were conducted by way of a bidding process. There are a number of participants in the tender and, following the review and comprehensive comparison of the tenderers, Greentown Management was selected in accordance with the relevant requirements under the tendering documents. As such, Greentown Management was selected in a competitive tendering process, and the Consideration and the terms of the Agreement are determined by the tendering documents and are in line with the market practice and the commercial interests of the Group.

The Board 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

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 Zhoushan Company, an indirect non-wholly owned subsidiary of CCCG) are connected persons of the Company. The transaction contemplated under the 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 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 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 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.

Greentown Management is a company established in the PRC with limited liability and a wholly owned subsidiary of the Company. Greentown Management is principally engaged in providing project management services for property development.

CCCG

CCCG 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, 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 in the world (in terms of dredging capacity). To the best knowledge of the Directors after making reasonable enquiries, the ultimate beneficial shareholder of CCCG is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

CCCC Zhoushan Company is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG. CCCC Zhoushan Company was established for the development works of the business district of Xiaogan Island, Zhoushan Archipelago New Area, Zhejiang Province, of which the Project forms part. To the best knowledge of the Directors after making reasonable enquiries, the ultimate controlling shareholders of CCCC Zhoushan Company are the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and the State-owned Assets Supervision and Administration Commission of Zhoushan.

DEFINITIONS

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

“Agreement”	the real property development entrusted management agreement entered into between Greentown Management and CCCC Zhoushan Company in relation to the contracting of project management services in the Project
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCCC Zhoushan Company”	CCCC Zhoushan Qiandao Central Business District Development Co. Ltd.* (中交舟山千島中央商務區開發有限公司), a company established in the PRC and an indirect non-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
“Consideration”	3% of the total construction costs of the Project payable to Greentown Management by CCCC Zhoushan Company in relation to the provision of the project management services under the Agreement
“Director(s)”	the director(s) of the Company
“Greentown Management”	Greentown Real Estate Construction Management Group Co., Ltd (綠城房地產建設管理集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company together with its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China

“Project”	the construction project of Zhoushan Free Trade Zone Financial Centre Project* (舟山自貿金融中心項目), located in the Central Business District, Qiandao area, Zhoushan city, Zhejiang province (浙江舟山千島中央商務區), with a gross construction area of approximately 29,219.43 sqm, for development into hotels, commercial properties, business offices and public facilities; as of the date of this announcement, the estimated total construction costs of the Project is RMB1.8 billion
“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
25 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 purposes only*