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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
GREENTOWN GUIYU YUNJING PROJECT**

The Board announces that Xixian Real Estate Development, a non-wholly owned subsidiary of the Company, has conducted the selection process for the main contractor for construction works under Greentown Guiyu Yunjing Project by way of a bidding process, and CCCC-SHEC Fifth Engineering was selected in accordance with the relevant requirements under the tender documents after review. On the date of this announcement, Xixian Real Estate Development entered into the Construction Agreement with CCCC-SHEC Fifth Engineering pursuant to which Xixian Real Estate Development agreed to engage CCCC-SHEC Fifth Engineering as the main contractor to carry out the construction works of Greentown Guiyu Yunjing Project at the Consideration of RMB361,135,005.19.

As at the date of this announcement, CCCG and its subsidiaries are holding 708,578,793 Shares, representing approximately 28.34% 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-SHEC Fifth Engineering, an indirect non-wholly owned subsidiary of CCCG) are connected persons of the Company. The transactions contemplated under the Construction Agreement constitute 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 transactions contemplated under the Construction Agreement are more than 0.1% but all of them are less than 5%, such transactions are 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, Xixian Real Estate Development, a non-wholly owned subsidiary of the Company, entered into the Construction Agreement with CCCC-SHEC Fifth Engineering pursuant to which Xixian Real Estate Development agreed to engage CCCC-SHEC Fifth Engineering as the main contractor to carry out the construction works of Greentown Guiyu Yunjing Project at the Consideration of RMB361,135,005.19.

PRINCIPAL TERMS OF THE CONSTRUCTION AGREEMENT

The principal terms of the Construction Agreement are as follows:

Parties : (1) Xixian Real Estate Development, a non-wholly owned subsidiary of the Company; and
(2) CCCC-SHEC Fifth Engineering

Subject Matter : CCCC-SHEC Fifth Engineering will be responsible for the construction works of the Greentown Guiyu Yunjing Project (a residential development project) in accordance with the technical specifications prescribed by Xixian Real Estate Development under the Construction Agreement.

Greentown Guiyu Yunjing Project is situated in Xixian New District Airport New Town of Xi'an in the PRC, and it has a gross construction area of approximately 155,717 sqm under the Construction Agreement.

Construction works under the Construction Agreement would cover construction and installation works under the Greentown Guiyu Yunjing Project.

Expected date of commencement and completion : The construction period is expected to commence from January 2022 (subject to adjustment) and to complete in December 2023.

Consideration : Pursuant to the Construction Agreement, the Consideration payable by Xixian Real Estate Development shall be RMB361,135,005.19 but the final total Consideration payable will be determined in accordance with the payment terms below. The Consideration was arrived at from a tender process whereby invitation to bid for the construction was solicited by Xixian Real Estate Development. Taking into account, among other factors, technical specifications, the construction experience of CCCC and the bid price tendered, the Company considers that the tender submitted by CCCC-SHEC Fifth Engineering was the most appropriate in respect of the construction works.

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 in cash in the following manner:

- (i) construction fees will be settled in accordance with construction progress:
 - (a) upon completion of the basement main body structural construction works to the standard stipulated in the Construction Agreement, Xixian Real Estate Development will pay to CCCC-SHEC Fifth Engineering an amount corresponding to the construction fees for 70% of the actual amount of construction work completed, following which further payments will be made on a monthly basis to track 70% of the actual amount of construction work completed;
 - (b) upon completion of capping of the roof of the main body structural construction works and full commencement of the interspersed construction for secondary structures, Xixian Real Estate Development will pay to CCCC-SHEC Fifth Engineering further amounts corresponding to the construction fees for 80% of the actual amount of construction work completed (if the interspersed construction for secondary structures has not fully commenced, the aforesaid payment shall be 75% of the actual amount of construction work completed instead), following which further payments will be made on a monthly basis to track 80% of the actual amount of construction work completed (if the interspersed construction for secondary structures has not fully commenced, the aforesaid further payments shall be 75% of the actual amount of construction work completed instead);
- (ii) a month prior to completion inspection, CCCC-SHEC Fifth Engineering shall submit information on the completion status in accordance with local filing requirements, pursuant to which further amounts corresponding to the construction fees for 85% of the actual amount of construction work completed will be settled by Xixian Real Estate Development upon satisfactory presentation and verification of VAT invoice;

- (iii) upon completion of the settlement audit, Xixian Real Estate Development will settle 95% of the final certified amount of the total Consideration under the Construction Agreement. The remaining 5% of the Consideration will serve as warranty money, which will be settled in the following manner:
 - (a) among which an amount equivalent to 1.5% of the Consideration will be used to engage maintenance services;
 - (b) 60% of the remaining amount will be settled within 15 days after a quality warranty period of two years from the date of delivery, whereas 40% of the remaining amount will be settled within 15 days after a quality warranty period of five years from the date of delivery.

Based on past experience and the specification of the construction works under the Construction Agreement, barring any unforeseen circumstances, the Company currently expects that the final Consideration shall not exceed RMB400,000,000 but such final amount will be subject to the actual construction works completed under the Construction Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

The Directors (including the independent non-executive Directors) believe that, taking into account CCCG's previous record in undertaking construction works of the Group's projects, the technical specifications of the project and comprehensive experience of CCCG in the construction industry in the PRC, CCCC-SHEC Fifth Engineering is capable of meeting the constructions requirements under the Construction Agreement.

Selection of the main contractor for the construction works under the Greentown Guiyu Yunjing Project was conducted by the Group by way of a bidding process. There were a number of participants in the tender process. Following a review and comparison of market participants, CCCC-SHEC Fifth Engineering was selected in accordance with the relevant requirements under the tendering documents. Accordingly, the Company considers that CCCC-SHEC Fifth Engineering 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 708,578,793 Shares, representing approximately 28.34% 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-SHEC Fifth Engineering, an indirect non-wholly owned subsidiary of CCCG) are connected persons of the Company. The transactions contemplated under the Construction Agreement constitute 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 transactions contemplated under the Construction Agreement are more than 0.1% but all of them are less than 5%, such transactions are 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 WU Wende, Mr GENG Zhongqiang, Mr LI Jun and Ms HONG Lei, these Directors have abstained from voting on the Board resolutions on the Construction 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.

Xixian Real Estate Development is a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company owned as to 40% by the Group, 30% by Xi'an Huiying Jingyi Industrial Company Limited* (西安匯盈景益實業有限公司) (a company indirectly wholly-owned by Super Zone Corporation Limited (優域有限公司)), and 30% by Xi'an Nuolv Commercial Operation Management Company Limited* (西安諾旅商業運營管理有限公司) (a company owned as to 60% by Hou Yufeng (侯宇峰) and 40% by Li Ying (李瑩)). Xixian Real Estate Development is a project company 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 company established in the PRC whose H shares are listed on the Stock Exchange, with stock code: 1800; and whose A shares are listed on the Shanghai Stock Exchange, with 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 the largest dredging company (in terms of dredging capacity) in the world. 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-SHEC Fifth Engineering is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCC. CCCC-SHEC Fifth Engineering is principally engaged in the construction of highways, bridges, transportation, building construction, tunnels, municipal, green projects, earthwork engineering and public facilities engineering. It holds the grade two qualification for general contracting of construction projects, awarded by the Ministry of Housing and Urban-Rural Development of the PRC. It is a state-owned enterprise that integrates engineering materials marketing, engineering machinery, mechanical and electrical equipment management, leasing, installation, maintenance and engineering technology consulting services.

DEFINITIONS

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

“Board”	the board of Directors
“CCCC-SHEC Fifth Engineering”	CCCC-SHEC Fifth Engineering Co., Ltd.* (中交二公局第五工程有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of CCCC
“CCCCG”	China Communication Construction 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
“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 RMB361,135,005.19 payable to CCCC-SHEC Fifth Engineering by Xixian Real Estate Development in relation to the contracting of the construction works of Greentown Guiyu Yunjing Project under the Construction Agreement
“Construction Agreement”	the Construction Agreement entered into between Xixian Real Estate Development and CCCC-SHEC Fifth Engineering on the date of this announcement in relation to, among other things, the contracting of the construction works under the Greentown Guiyu Yunjing Project which is located in Xixian New District Airport New Town, Xi’an
“Director(s)”	the director(s) of the Company
“Greentown Guiyu Yunjing Project”	the Greentown Guiyu Yunjing Project (綠城桂語雲境項目), a residential development project developed by Xixian Real Estate Development, which is located in the Xixian New District Airport New Town, Xi’an (西安西咸新區空港新城), with a gross construction area of approximately 155,717 sqm
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	holder 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

“Xixian Real Estate Development” Xixian New District Huilv Jingyi Real Estate Development Co., Ltd.* (西咸新區匯綠景意房地產開發有限公司), a company established in the PRC and a non-wholly owned subsidiary of the Company

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

Hangzhou, the PRC
26 January 2022

As at the date of this announcement, the Board comprises Mr ZHANG Yadong, Mr GUO Jiafeng, Mr WU Wende, Mr GENG Zhongqiang, Mr LI Jun and Ms HONG Lei as executive directors, Mr Stephen Tin Hoi NG (Mr Andrew On Kiu CHOW as his alternate) and Mr WU Yiwen as non-executive directors and Mr JIA Shenghua, Mr HUI Wan Fai, Mr QIU Dong and Mr ZHU Yuchen as independent non-executive directors.

* For identification purposes only