

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**CONTINUING CONNECTED TRANSACTION  
CONSTRUCTION FRAMEWORK AGREEMENT**

The Board announces that in view of the continuous development of the Group, on 19 October 2022, the Company entered into the Construction Framework Agreement with CCCG in respect of the provision of construction services by CCCG or its subsidiaries to the Group from time to time for the period from the date of the Construction Framework Agreement to 31 December 2024.

As at the date of this announcement, CCCG and its subsidiaries are holding 708,947,293 Shares, representing approximately 28% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG is a connected person of the Company and the transactions contemplated under the Construction Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined in the Listing Rules) for the Transaction Caps is more than 0.1% but all of the applicable percentage ratios are less than 5%, the Construction Framework 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 CONSTRUCTION FRAMEWORK AGREEMENT

The Group has been engaging CCCG or its subsidiaries from time to time as contractors for construction works regarding its property development projects. In view of the continuous development of the Group, on 19 October 2022, the Company entered into the Construction Framework Agreement with CCCG governing the provision of construction services by CCCG or its subsidiaries to the Group from time to time for the period from the date of the Construction Framework Agreement to 31 December 2024.

A summary of the salient terms of the Construction Framework Agreement is set out below:

<b>Date:</b>	19 October 2022
<b>Parties:</b>	(1) the Company; and (2) CCCG
<b>Term:</b>	19 October 2022 to 31 December 2024 (both days inclusive)
<b>Subject matter:</b>	During the Term, the Group shall engage CCCG or its subsidiaries for the provision of construction services to the Group, which may include building construction (including general contracting), installation engineering, garden landscape, fine decoration engineering, curtain wall, doors and windows installation, municipal roadworks, light current engineering etc., in accordance with the terms and conditions of the Construction Framework Agreement.
<b>Pricing and other terms:</b>	<p>The Group will enter into individual agreements with CCCG or its subsidiaries setting out the detailed terms and conditions for the transactions contemplated under the Construction Framework Agreement (the “<b>Individual Agreements</b>”).</p> <p>The Individual Agreements shall be on normal commercial terms and their terms shall be no less favourable than those being offered by the Independent Third Parties to the Group for the relevant construction services, taken as a whole.</p> <p>The consideration payable for the construction services provided under the Individual Agreements shall be agreed among the parties thereto with reference to the prevailing market rates.</p>

## Transaction Caps and basis of determination

### *Historical transaction amounts*

The table below summarises the historical amounts incurred by the Group for construction services provided by CCCG or its subsidiaries (the “**Previous Transactions**”):

	For the year ended 31 December			For the nine months ended 30 September
	2019	2020	2021	2022
<b>Actual amount under the Previous Transactions</b>	<u>RMB485 million</u>	<u>RMB375 million</u>	<u>RMB328 million</u>	<u>RMB583 million</u>

### *Transaction Caps*

The maximum amounts incurred for the transactions contemplated under the Construction Framework Agreement (the “**Transaction Caps**”) are as follows:

	For the period from date of the Construction Framework Agreement to 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
<b>Transaction Caps</b>	<u>RMB110 million</u>	<u>RMB500 million</u>	<u>RMB1,040 million</u>

The above Transaction Caps were determined after having taken into account the factors set out below:

- (a) the historical amounts incurred by the Group under the Previous Transactions; and
- (b) the estimated amount to be incurred by the Group for construction services provided by CCCG or its subsidiaries based on:
  - (i) the average historical and expected cost for construction works contracted to third parties per square metre;
  - (ii) the preliminary plan of the Group for the three years ending 31 December 2022, 2023 and 2024, the estimated amount of the total construction area of the Group’s property development projects during the Term and the corresponding amount of construction works involved;

- (iii) the average historical proportion of construction works contracted to CCCG or its subsidiaries; and
- (iv) the average construction timeframe of projects, construction progress of each project and the corresponding estimated proportion of the construction costs to be incurred for the relevant period/year (the estimated proportion of construction costs to be incurred for a project varies in different periods/years of construction).

The fluctuations in the historical amounts incurred for the Previous Transactions and the amounts of the Transaction Caps, as well as the differences between such historical amounts and the Transaction Caps, are mainly due to:

- (a) there is expected to be a relatively stable growth in the estimated amount of constructions works of the Group during the Term;
- (b) the Group's construction projects generally would take two to three years to complete; and the corresponding proportion of construction costs (and thus the actual amount) to be incurred varies from year to year based on the completion progress; and
- (c) the amounts of the Transaction Caps under the Construction Framework Agreement do not take into account the construction costs to be incurred during the relevant periods/years for projects entered into by the Group prior to the Construction Framework Agreement.

## **PRICING POLICY AND INTERNAL CONTROL**

The Group will select the main contractor and determines the consideration for construction works under its construction projects generally by way of a bidding process as summarised below:

- (a) the relevant project company of the Group will form the following working groups (the "**Working Groups**") to handle the tender process:
  - (i) a tender executive group comprising the person-in-charge of the project and heads of relevant departments; and
  - (ii) a tender working group comprising the relevant professionals in project design management, engineering management, cost management, landscape management and fine decoration management;

- (b) the project company will publish a tender notice specifying details of the project such as the tender procedures, project overview, tender requirements, as well as requirements on the contractor's qualifications, work standard and completion specifications;
- (c) bidders will submit tender applications during the tender period (which shall be no less than five days) setting out the bidding price and such other information as required under the tender notice;
- (d) after the initial screening of unqualified bidders, the Working Groups will conduct interviews with the selected candidates on their respective construction proposals; and
- (e) the Working Groups will assess all tender applications comprehensively based on the assessment criteria including the bidding price, experience and reputation of the bidder, financial status of the bidder, mechanical and technical abilities of the bidder as well as the design of the construction plan, and determine the successful bidder.

If CCCG or any of its subsidiaries is selected as a main contractor for construction works of the Group, such company will enter into an Individual Agreement with the Group in accordance with the Construction Framework Agreement such that the terms shall be on normal commercial terms and no less favourable than those being offered by the Independent Third Parties to the Group for the relevant construction services taken as a whole.

To ensure that the terms for the construction services provided by the CCCG or its subsidiaries are no less favourable than those offered by Independent Third Parties taken as a whole, the Company has adopted the following measures:

- (a) the Board will conduct regular checks to review and assess whether the transactions contemplated under the Construction Framework Agreement are conducted in accordance with its terms and will also be regularly up to date with the market conditions for the purpose of considering if the terms under the Individual Agreements are fair and reasonable taken as a whole; and
- (b) the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the transactions contemplated under the Construction Framework Agreement.

The Group will monitor regularly the construction progress and the actual amounts incurred for the construction services from CCCG or its subsidiaries to ensure that such aggregate amount will not exceed the relevant Transaction Caps. The Board shall eventually determine if the Transaction Caps should be revised upward in accordance with the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION FRAMEWORK AGREEMENT**

The Group selects its main contractors for its construction works mainly through a tendering process. CCCG or its subsidiaries have been awarded construction works of the Group through such process from time to time in the past, and depending on the nature of relevant constructions projects, they are expected to continue to participate in tendering processes for the Group's construction works from time to time in the future. The Construction Framework Agreement sets out the principles for regulating transactions between the Group and CCCG or its subsidiaries. In cases where the Group selects CCCG or its subsidiaries as contractor for its construction works and enters into of the Individual Agreements, the Construction Framework Agreement provides certain flexibility, subject to the relevant Transaction Caps, in compliance with the relevant requirements under Chapter 14A of the Listing Rules. The Directors also believe that, taking into account CCCG's previous record in undertaking construction works of the Group's projects as well as the comprehensive experience and qualifications of CCCG in the construction industry in the PRC, the continued cooperation between the Group and CCCG is beneficial to the Group as a whole.

In light of the above, the Directors (including the independent non-executive Directors) consider that the Construction Framework Agreement and the transactions contemplated thereunder are entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and their terms are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Directors (including the independent non-executive Directors) also consider that the Transaction Caps are fair and reasonable taking into account the factors set out in the section headed "Transaction Caps and basis of determination" above.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CCCG and its subsidiaries are holding 708,947,293 Shares, representing approximately 28% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG is a connected person of the Company and the transactions contemplated under constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined in the Listing Rules) for the Transaction Caps is more than 0.1% but all of the applicable percentage ratios are less than 5%, the Construction Framework 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.

Since CCCG has a material interest in the Construction Framework 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 approving the Construction Framework Agreement and the transactions contemplated thereunder.

## **INFORMATION ON PARTIES TO THE FRAMEWORK AGREEMENT**

### **Information about 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.

### **Information about 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 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, CCCG is primarily engaged in real estate development and property management, shipbuilding, ship chartering and maintenance, ocean engineering, technical consultation services for ships and corollary equipment of harbours, import and export business, investment in and management of transportation industry, and other businesses. 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.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“associate”	has the meaning as ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“CCCG”	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 meaning ascribed to it under the Listing Rules;
“Construction Framework Agreement”	the construction framework agreement dated 19 October 2022 entered into between the Company and CCCG in respect of the provision of construction services by the CCCG or its subsidiaries to the Group;

“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“PRC”	the People’s Republic of China;
“RMB”	Reminbi, 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) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“%”	per cent.

For and on behalf of the Board  
**Greentown China Holdings Limited**  
**ZHANG Yadong**  
*Chairman*

Hangzhou, the PRC  
19 October 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 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*