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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

On 28 June 2024, Greentown Construction Management (a non-wholly owned subsidiary of the Company) entered into the Agreement with Lingshui CCCC. Pursuant to the Agreement, Greentown Construction Management agreed to provide Lingshui CCCC with project management services in relation to the Project.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CCCG and its subsidiaries are holding 733,456,293 Shares, representing approximately 28.97% 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 Lingshui CCCC, 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

On 28 June 2024, Greentown Construction Management (a non-wholly owned subsidiary of the Company) entered into the Agreement with Lingshui CCCC. Pursuant to the Agreement, Greentown Construction Management agreed to provide Lingshui CCCC with project management services in relation to the Project.

PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are as follows:

- Date : 28 June 2024
- Parties : (1) Greentown Construction Management
(2) Lingshui CCCC
- Subject Matter : Lingshui CCCC is the developer and constructor in the Project.
- Subject to the terms and provisions of the Agreement, Greentown Construction Management shall provide Lingshui CCCC with project management services in the Project, which should comprise preparatory management, planning and design management, cost management, engineering management, marketing management, project completion acceptance check and delivery management, customer service and property maintenance management, preparatory property service consultancy management and community services, human resources management, administration management, and financial management.
- The Project is located in Yelin Town, Lingshui County, Hainan province, with an gross construction area of approximately 114,825 sqm, which is intended to be developed into residential and commercial properties.
- Term : The term of the Agreement shall commence on the date of the Agreement and end on the expiry of six months from the date of the centralized delivery of the last phase of the Project, provided that 90% of the Project's total above-ground saleable area has been sold.
- Consideration : Pursuant to the terms of the Agreement, the Consideration for providing project management services to Lingshui CCCC in the Project shall be RMB31,190,000 based on the specifications of the Project as at the date of this announcement, subject to an increase contingent upon the realization of performance-based incentives. Barring any unforeseen circumstances, the Company currently expects that the final Consideration will not exceed RMB51,840,000 in any event. The Consideration was determined after arm's length negotiations on normal commercial terms, having taken into account factors including the anticipated resources and manpower required of the Group, cost of equipment, machinery and labour, the complexity and scale of the project management services required, market conditions and business opportunities available, business repute of the parties in the Project and the market rates for comparable construction projects and project management services.

The Consideration comprises:

- (a) an entrusted management service fee of approximately RMB 30,930,000 in respect of saleable properties of the Project, payable in the following manner:
 - (i) a management service fee of RMB300,000 is payable on a monthly basis, from the appointment of the first batch of project management personnel until the commencement of the sales of the Project;
 - (ii) following the commencement of the sale of the Project, a management service fee equivalent to 1% of the quarterly contracted sales amount of the Project is payable within 10 days after the end of each quarter; and
 - (iii) a management service fee equivalent to 1% of the cumulative contracted sales amount of the Project is payable within 10 days after the end of each quarter in accordance with the sell-through ratio of the saleable area of the Project, the basis for determining the payment ratio being:
 - up to 50% of 1% of the cumulative contracted sales amount of the Project is payable when the above-ground saleable area of any single plot within the Project reaches or exceeds 30%;
 - up to 70% of 1% of the cumulative contracted sales amount of the Project is payable when the above-ground saleable area of any single plot within the Project reaches or exceeds 50%;
 - up to 100% of 1% of the cumulative contracted sales amount of the Project is payable when the above-ground saleable area of any single plot within the Project reaches or exceeds 70%;
- (b) an entrusted management service fee of approximately RMB260,000 in respect of non-saleable properties of the Project, payable in installments, within 90 days after the completion of the delivery of each phase of the Project; and
- (c) an additional performance bonus service fee is conditional on attainment of certain sales targets in accordance with the terms of the Agreement.

Lingshui CCCC shall pay to Greentown Construction Management a deposit of RMB3,000,000 within 5 days after entering into the Agreement. The deposit is interest-free and shall be deducted from payment of the final installment of the management service fees due by Lingshui CCCC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Board considers that the Agreement will enable the Group to generate income without substantial capital input into the Project, by leveraging on its technique, expertise and experience in property development and project management in the PRC in facilitating the construction works under the Project and enhancing the quality thereof.

The Company believes that the Project is an urban renewal project with positive social benefits and the Project is expected to provide a generous supply of land, which in turn shall furnish the Group with a consistent and stable stream of revenue through project management fees. Engaging in this Project will significantly bolster the Company's brand development within Hainan Province and facilitate the expansion of its project management operations. Following the review and comprehensive comparison of several project management companies in the PRC, Greentown Construction Management was selected by Lingshui CCCC to provide project management services as a result of, among others, its competitive pricing standard, brand impact and the scale of its project management operations. The Consideration and the terms of the Agreement are determined after arm's length negotiations and are in line with the market practice and the commercial interests of the Group.

The Directors (including the independent non-executive Directors) consider 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 733,456,293 Shares, representing approximately 28.97% 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 Lingshui CCCC, 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 ZHOU Changjiang, Mr GENG Zhongqiang, Mr LI Jun and Ms HONG Lei, these Directors have abstained from voting on the Board resolutions approving the Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES TO THE AGREEMENT

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 Construction Management is a company established in the PRC and an indirect wholly-owned subsidiary of Greentown Management, a company listed on the Stock Exchange (stock code: 09979) and a non-wholly owned subsidiary of the Company owned as to 71.28% by the Company. As such, Greentown Construction Management is a non-wholly owned subsidiary of the Company. Greentown Construction Management is principally engaged in providing project management services for property development.

Lingshui CCCC

Lingshui CCCC is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG. Lingshui CCCC is principally engaged in property development.

CCCG is a wholly state-owned company established in the PRC and the controlling shareholder of China Communications Construction Company Limited (a joint stock company established in the PRC whose H shares are listed on the Stock Exchange, with stock code: 01800; 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

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 Construction Management and Lingshui CCCC 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

“CCCCG”	China Communications Construction 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”	the total consideration payable by Lingshui CCCC to Greentown Construction Management in relation to the provision of the project management services under the Agreement
“Director(s)”	the director(s) of the Company
“Greentown Construction Management”	Greentown Construction Management Group Co., Ltd. (綠城建設管理集團有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Greentown Management”	Greentown Management Holdings Company Limited (綠城管理控股有限公司) (Stock Code: 09979), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange, and a non-wholly owned subsidiary of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lingshui CCCC”	Lingshui CCCC Overseas Investment Urban Renewal Development Co., Ltd.* (陵水中交海投城市更新發展有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCC
“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 located in Yelin Town, Lingshui County, Hainan province, with a gross construction area of approximately 114,825 sqm, which is intended to be developed into residential and commercial properties

“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 Shares
“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
28 June 2024

As at the date of this announcement, the Board comprises Mr ZHANG Yadong, Mr GUO Jiafeng, Mr ZHOU Changjiang, 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*