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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
DEVELOPMENT OF PROPERTIES WITH CCCG SUBSIDIARY
IN FUZHOU**

The Board announces that on 19 December 2018, Fuzhou Lurong Investment, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with CCCG Haixi Investment and Fuzhou Metro in relation to the joint development of the Land through the Project Company on a 80:10:10 ownership basis. The Land is situated in Cangshan District of Fuzhou in the PRC with a gross site area of approximately 49,489 sqm, which is intended to be primarily developed into residential properties, offices and commercial properties, with an overall floor area ratio of 3.18.

As at the date of this announcement, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 28.823% 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 Haixi Investment, a non-wholly owned subsidiary of CCCG) are connected persons of the Company. Based on the applicable size tests, the entering into of the Framework Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) the sole purpose of the Project Company is to develop the Land which is of a revenue nature in the ordinary and usual course of business of the Company; (ii) the transactions contemplated under the Framework Agreement are on an arm's length basis and on normal commercial terms; and (iii) the Project Company may not, without unanimous consent from the parties to the Framework Agreement, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis, the transactions contemplated under the Framework Agreement do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the independent Shareholders, and an independent financial adviser to advise the independent board committee and the independent Shareholders will be appointed as soon as possible. CCCG and its associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Framework Agreement; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of the EGM; and (v) other information concerning the Company as required under the Listing Rules is expected to be despatched to the Shareholders on or before 18 March 2019 (i.e. more than 15 business days after the date of this announcement) as the Company will require further time to prepare the contents of the circular. Shareholders and potential investors should note that the Framework Agreement and the transactions contemplated thereunder are subject to the approval by the independent Shareholders at the EGM.

INTRODUCTION

Reference is made to the announcement of the Company dated 20 September 2018 in relation to the successful bid of the Land by Fuzhou Lurong Investment, a wholly-owned subsidiary of the Company, together with CCCG Haixi Investment and Fuzhou Metro.

The Board announces that on 19 December 2018, Fuzhou Lurong Investment, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with CCCG Haixi Investment and Fuzhou Metro in relation to the joint development of the Land through the Project Company on a 80:10:10 ownership basis.

The Land is situated in Cangshan District of Fuzhou in the PRC with a gross site area of approximately 49,489 sqm, which is intended to be developed into residential properties, offices, commercial properties, with an overall floor area ratio of 3.18.

CONSIDERATION AND PAYMENT TERMS FOR THE LAND

According to the terms of the bid for the Land, the total Land Consideration of RMB1,843,000,000 shall be paid by cash instalments in the manner as follows:

Stage payment	Amount paid/payable
Already paid as of 17 September 2018	RMB551,400,000 (being the deposit for the bidding) (the “ Deposit ”)
Already Paid as of 30 October 2018	RMB370,100,000 (with the Deposit, constitutes 50% of the Land Consideration). The Deposit was applied to the partial settlement of the Land Consideration.
By 30 March 2019	RMB921,500,000 (being remaining 50% of the Land Consideration)

Such consideration amount was the outcome of a public bidding announced by Fuzhou Municipal Bureau of Land and Resources* (福州市國土資源局).

PROPERTY DEVELOPMENT THROUGH THE PROJECT COMPANY

The Framework Agreement was entered into between Fuzhou Lurong Investment, CCCC Haixi Investment and Fuzhou Metro in order to facilitate the development of the Land on a 80:10:10 basis.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are as follows:

- Date : 19 December 2018
- Purpose : To own and develop the Land through the Project Company.
- It is currently expected that the sole purpose of the Project Company is to develop the Land.
- Parties : (a) Fuzhou Lurong Investment, a wholly-owned subsidiary of the Company
- (b) CCCC Haixi Investment
- (c) Fuzhou Metro
- Condition precedent : The Framework Agreement is conditional upon the parties to the agreement having obtained all necessary consent, permit, licence or approval (including but not limited to the independent Shareholders' approval of the Company under the Listing Rules, if required) in respect of the Framework Agreement and the transactions contemplated thereunder under the applicable laws and regulations.
- Capital requirement : Pursuant to the Framework Agreement, the registered capital of the Project Company shall be RMB800 million and shall be contributed by Fuzhou Lurong Investment, CCCC Haixi Investment and Fuzhou Metro as to 80%, 10% and 10%, respectively. Furthermore, the parties expect that the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount) shall be contributed by Fuzhou Lurong Investment, CCCC Haixi Investment and Fuzhou Metro on an 80:10:10 basis. Save as aforesaid, all other funding needs shall be preferentially arranged by the Project Company itself.

In the case that the Project Company is unable to raise any required fund through external financing, Fuzhou Lurong Investment, CCCC Haixi Investment and Fuzhou Metro shall provide funding to the Project Company on a 80:10:10 basis.

Board representation : The board of directors of the Project Company shall comprise five directors of which three shall be appointed by Fuzhou Lurong Investment, one shall be appointed by CCCC Haixi Investment and one shall be appointed by Fuzhou Metro. Fuzhou Metro has the right to appoint the chairman of the board of directors of the Project Company.

Management and operation : The general manager will be responsible for the daily management and operation of the Project Company. The general manager will be nominated by Fuzhou Lurong Investment and appointed by the board of directors of the Project Company.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors (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) believe that the joint development of the Land pursuant to the Framework Agreement will broaden the asset and earnings base of the Company and further strengthen the Company's position as a premier property developer in the PRC. Further, as the property development business is one of the key development strategies of CCCG, the strategic cooperation between the Company and CCCG will complement each other in the co-development of the Land to promote mutual benefit.

The Directors (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) consider that the Framework 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 28.823% 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 Haixi Investment, a non-wholly owned subsidiary of CCCG) are connected persons of the Company. Based on the applicable size tests, the entering into of the Framework Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) the sole purpose of the Project Company is to develop the Land which is of a revenue nature in the ordinary and usual course of business of the Company; (ii) the transactions contemplated under the Framework Agreement are on an arm's length basis and on normal commercial terms; and (iii) the Project Company may not, without unanimous consent from the parties to the Framework Agreement, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis, the transactions contemplated under the Framework Agreement do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Mr LIU Wensheng, Mr ZHANG Yadong, Mr LI Qingan, and Mr LI Yongqian (each being an executive Director) have a material interest in the Framework Agreement and the transactions contemplated thereunder due to their respective roles in CCCG and its subsidiaries (where appropriate). Therefore, they have abstained from voting on the relevant Board resolution approving the Framework Agreement and the transactions contemplated thereunder.

An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the independent Shareholders, and an independent financial adviser to advise the independent board committee and the independent Shareholders will be appointed as soon as possible. CCCG and its associates are required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Framework Agreement; (ii) a letter from the independent board committee; (iii) a letter from the independent financial adviser; (iv) a notice of the EGM; and (v) other information concerning the Company as required under the Listing Rules is expected to be despatched to the Shareholders on or before 18 March 2019 (i.e. more than 15 business days after the date of this announcement) as the Company will require further time to prepare the contents of the circular. Shareholders and potential investors should note that the Framework Agreement and the transactions contemplated thereunder are subject to the approval by the independent Shareholders at the EGM.

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.

Fuzhou Lurong Investment is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company principally engaged in property investment, property development and investments in trading businesses.

CCCCG

CCCCG is a wholly state-owned company established in the PRC and the controlling shareholder of China Communications Construction Co. Ltd., a company established in the PRC whose H shares are listed on the Stock Exchange. Based on publicly available information, CCGC 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 CCGC, 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.

CCCC Haixi Investment is a company established in the PRC with limited liability and a non-wholly owned subsidiary of CCGC principally engaged in the investment and development of infrastructure relating to domestic and foreign transportation, public administration, environmental protection and land development, investment and development of urban complexes and real estate, as well as the investment and management in the information technology, manufacturing, marine engineering, aged care, high technology and financial industries.

Fuzhou Metro

Fuzhou Metro is a company established in the PRC principally engaged in the preparation, development and utilization of land parcels along urban rail lines, comprehensive development and operation of properties and real estates above urban rail lines, comprehensive development and operation of business classified as rail transportation resources, management and operation of self-owned properties, property management and advertising businesses. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Fuzhou Metro and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of Directors
“CCCC Haixi Investment”	CCCC Haixi Investment Company Limited* (中交海西投資有限公司), a company established in the PRC and a non-wholly owned subsidiary of CCGC
“CCCCG”	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
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder
“Framework Agreement”	the framework agreement dated 19 December 2018 entered into between Fuzhou Lurong Investment, CCCC Haixi Investment and Fuzhou Metro in relation to, among other things, the development of the Land
“Fuzhou Lurong Investment”	Fuzhou Lurong Investment Development Co., Ltd.* (福州綠榕投資發展有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Fuzhou Metro”	Fuzhou Metro Property Co., Ltd.* (福州地鐵置業有限公司), a company established in the PRC and an independent third party
“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 Cangshan District of Fuzhou in the PRC with a gross site area of approximately 49,489 sqm
“Land Consideration”	the total consideration of RMB1,843,000,000 for acquiring the land use rights of the Land from Fuzhou Municipal Bureau of Land and Resources* (福州市國土資源局) pursuant to the bid successfully made for the Land from Fuzhou Municipal Bureau of Land and Resources* (福州市國土資源局)
“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 Company”	the project company for the development of the Land pursuant to the Framework Agreement
“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”	holder 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
Fung Ching, Simon
Company Secretary

Hangzhou, the PRC
19 December 2018

As at the date of this announcement, the board of directors of the Company comprises six executive Directors, namely Mr Song Weiping, Mr Liu Wensheng, Mr Zhang Yadong, Mr Li Qingan, Mr Li Yongqian and Mr Li Jun, and four independent non-executive Directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Hui Wan Fai.

* *For identification purpose only*