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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 REDEMPTION OF PERPETUAL CAPITAL SECURITIES BY A NON-WHOLLY OWNED SUBSIDIARY**

On 27 December 2019, each of Greentown Real Estate (a wholly-owned subsidiary of the Company, on behalf of its wholly owned subsidiary, Greentown Northern Real Estate), CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment entered into an Investment Contract with Tianjin CCCC Greentown, pursuant to which Tianjin CCCC Greentown issued and each of Greentown Real Estate (on behalf of Greentown Northern Real Estate), CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment subscribed for the Perpetual Capital Securities.

On 2 July 2021, Tianjin CCCC Greentown served a notice of Redemption on each of the Subscribers for redeeming all of the Perpetual Capital Securities.

As at the date of this announcement, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 25.051% of the issued share capital of the Company. CCCG is therefore a connected person of the Company under the Listing Rules. CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment are indirect non-wholly owned subsidiaries of CCCG and are therefore associates of CCCG. Tianjin CCCC Greentown is a non-wholly owned subsidiary of the Company and is owned by CFHCC City Investment and CCCC Beijing-Tianjin-Hebei for over 30%. Tianjin CCCC Greentown is therefore an associate of CCCG. As such, the Redemptions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Redemption from Greentown Real Estate are below 0.1%, the Redemption from Greentown Real Estate is a fully exempt connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate amount of the Redemptions from CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment exceeds 0.1% but is less than 5%, the Redemptions from CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment are subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## INTRODUCTION

On 27 December 2019, each of Greentown Real Estate (a wholly-owned subsidiary of the Company, on behalf of its wholly owned subsidiary, Greentown Northern Real Estate), CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment entered into an Investment Contract with Tianjin CCCC Greentown, pursuant to which Tianjin CCCC Greentown issued and each of Greentown Real Estate (on behalf of Greentown Northern Real Estate), CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment subscribed for the Perpetual Capital Securities.

On 2 July 2021, Tianjin CCCC Greentown served a notice of Redemption on each of the Subscribers for redeeming all of the Perpetual Capital Securities.

## INVESTMENT CONTRACTS

The terms of the Investment Contracts are the same except for the principal amounts of the Perpetual Capital Securities subscribed by each of the Subscribers.

**Date:** 27 December 2019

**Parties:** Each of the subscribers entered into an Investment Contract with Tianjin CCCC Greentown.

For the avoidance of doubt, The Investment Contracts are not inter-conditional.

**Principal amounts:**

- (1) *in respect of CFHCC City Investment*  
RMB670,486,362.00
- (2) *in respect of CCCC Beijing-Tianjin-Hebei*  
RMB343,839,160.00
- (3) *in respect of Greentown Real Estate*  
RMB704,870,278.00

Tianjin CCCC Greentown is owned by Greentown Northern Real Estate (a wholly-owned subsidiary of the Company), CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment (each a non-wholly owned subsidiary of CCCG) as to 41%, 39% and 20%, respectively. The principal amounts of the Perpetual Capital Securities subscribed by the Subscribers are pro rata to the respective shareholdings of Greentown Northern Real Estate, CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment in Tianjin CCCC Greentown.

- Issue price:** 100% of principal amount of securities
- Distribution:** The Subscribers are entitled to receive distributions at the applicable distribution rate since the payment of the initial subscription amount. Tianjin CCCC Greentown shall pay the distribution on 26 December each year (each being a “**Distribution Payment Date**”).
- Distribution rate:** The distribution rate is determined by the net profit of Tianjin CCCC Greentown, and the distribution rate for the current year is calculated as a node at 31 December in each year: (i) if Tianjin CCCC Greentown records losses, the distribution rate for the current year is 0%; (ii) if Tianjin CCCC Greentown records profit but the net profit margin does not exceed 5.5%, the distribution rate for the current year is the net profit margin of Tianjin CCCC Greentown; and (iii) if Tianjin CCCC Greentown records profit and the net profit margin exceeds 5.5%, the distribution rate for the current year is 5.5%.
- Since the first date when the payment of the principal amount has reached two years, the distribution rate will be adjusted once each year (each being an “**Adjustment Date**”) through adding the distribution rate applicable to the previous day of the Adjustment Date to the maturity adjustment distribution rate (i.e. 1% per annum up to a maximum of 3%).
- Distribution deferral:** Tianjin CCCC Greentown may, at its sole and absolute discretion, elect to defer whole or part of the distribution originally scheduled to be paid on the Distribution Payment Date to the next Distribution Payment Date, unless a compulsory distribution payment event occurs within twelve months prior to the original Distribution Payment Date. There is no restriction on the number of times regarding distribution deferral, provided that a written notice is given to the subscriber or an announcement is published more than 21 working days prior to the original Distribution Payment Date.

The abovementioned compulsory distribution payment events include: (i) Tianjin CCCC Greentown distributes dividends to its shareholders; and (ii) Tianjin CCCC Greentown reduces the registered capital.

**Redemption:**

Securities issued and subscribed under the Investment Contracts are perpetual capital securities with no fixed redemption date. Upon giving not less than 30 working days' prior notice to a Subscriber, Tianjin CCCC Greentown may choose to redeem all or part of the securities on any Distribution Payment Date (each being a "**Redemption Date**"). The redemption price ("**Redemption Price**") shall be the principal amount of the corresponding securities (the principal amount of the securities redeemed shall be not less than RMB1,000,000) plus any payable distribution ("**Payable Distribution**") as at the Redemption Date.

**Rights of the Perpetual Capital Securities:**

Pursuant to the terms and conditions of the Perpetual Capital Securities, the Perpetual Capital Securities do not confer a voting right and cannot be converted into shareholding of Tianjin CCCC Greentown.

The subscription of the Perpetual Capital Securities will not result in a change of control of Tianjin CCCC Greentown or have any impact on its composition of the board of directors.

**REDEMPTION**

On 2 July 2021, Tianjin CCCC Greentown served a notice of Redemption on each of the Subscribers for redeeming all of the Perpetual Capital Securities. The Redemption Prices and the Payable Distributions are as follows:

**Redemption Prices:**

- (1) *in respect of CFHCC City Investment*  
RMB670,486,362.00
- (2) *in respect of CCCC Beijing-Tianjin-Hebei*  
RMB343,839,160.00
- (3) *in respect of Greentown Real Estate*  
RMB704,870,278.00

The Redemption Prices are equal to the principal amounts of the Perpetual Capital Securities.

- Payable Distributions:**
- (1) *in respect of CFHCC City Investment*  
RMB55,315,124.87
  - (2) *in respect of CCCC Beijing-Tianjin-Hebei*  
RMB28,366,730.70
  - (3) *in respect of Greentown Real Estate*  
RMB58,151,797.94

The distribution rate is determined by the net profit of Tianjin CCCC Greentown. Tianjin CCCC Greentown records a net profit margin exceeding 5.5%. As such, pursuant to the Investment Contracts, the distribution rate shall be 5.5%. The Payable Distributions were determined as follows:

*Principal Amount of Perpetual Capital Securities x 5.5% x 1.5 years (year ended 31 December 2020 and 6 months ended 30 June 2021)*

Pursuant to the notice of Redemption, the Redemption will be made no later than 20 July 2021. By then, the Redemption Prices shall be paid to the Subscribers, and the Perpetual Capital Securities will be redeemed for cancellation, and Payable Distributions will be paid up to the Subscribers by 31 December 2021.

The Redemptions shall be funded by Tianjin CCCC Greentown's internal resources. The book value attributable to the Perpetual Capital Securities is equal to their principal amount. As such, the Redemption will not result in any gain or loss of the Group. There is no other asset attributable to the Perpetual Capital Securities other than their principal amount and no other net profits attributable to the Perpetual Capital Securities other than the Payable Distributions disclosed above, as the Perpetual Capital Securities (i) do not confer a voting right, (ii) cannot be converted into shareholding of Tianjin CCCC Greentown, and (iii) do not represent an ownership in Tianjin CCCC Greentown. The audited net loss after tax of Tianjin CCCC Greentown for the year ended 31 December 2019 was RMB1,986,342 and the audited net profit after tax for the year ended 31 December 2020 was RMB24,290,077. The audited net loss before tax of Tianjin CCCC Greentown for the year ended 31 December 2019 was RMB2,648,456 and the audited net profit before tax for the year ended 31 December 2020 was RMB32,666,505. Tianjin CCCC Greentown will remain a subsidiary of the Company after the Redemption.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Tianjin CCCC Greentown is a subsidiary of the Company established for property development in Tianjin. The subscription of the Perpetual Capital Securities by its shareholders on a pro rata basis has provided Tianjin CCCC Greentown with the funding needed for developing and operating its business. As Tianjin CCCC Greentown has recorded a net profit margin exceeding 5.5%, pursuant to the Investment Contracts Tianjin CCCC Greentown is obligated to pay to the Subscribers the highest distribution rate of 5.5% under the Investment Contracts. As Tianjin CCCC Greentown has passed the phrase which required the funding from the Perpetual Capital Securities for developing and operating its business and has recorded a profit, having taken into account the business operation, financial standing and future business needs of Tianjin CCCC Greentown, the Board considers it is appropriate for Tianjin CCCC Greentown to proceed with the Redemption which can reduce the expenses of Tianjin CCCC Greentown.

The Board considers that the Perpetual Capital Securities were issued by Tianjin CCCC Greentown to its shareholders on a pro rate basis for Tianjin CCCC Greentown's operation of property development, being the ordinary and usual course of business of the Group, and that the Redemptions are to be made pursuant to the Investment Contracts on normal commercial terms, and that the terms of the Investment Contracts including the Redemption clauses are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since CCCG has a material interest in the Perpetual Capital Securities and in light of CCCG's relationships 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 Redemptions.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 25.051% of the issued share capital of the Company. CCCG is therefore a connected person of the Company under the Listing Rules. CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment are indirect non-wholly owned subsidiaries of CCCG and are therefore associates of CCCG. Tianjin CCCC Greentown is a non-wholly owned subsidiary of the Company and is owned by CFHCC City Investment and CCCC Beijing-Tianjin-Hebei for over 30%. Tianjin CCCC Greentown is therefore an associate of CCCG. As such, the Redemptions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Redemption from Greentown Real Estate are below 0.1%, the Redemption from Greentown Real Estate is a fully exempt connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate amount of Redemptions from CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment exceeds 0.1% but is less than 5%, the Redemptions from CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment are subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

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 Real Estate is a company established in the PRC with limited liability and a wholly owned subsidiary of the Company principally engaged in property investment and development.

Greentown Northern Real Estate is a company established in the PRC with limited liability and a wholly owned subsidiary of the Company principally engaged in property investment and development.



Tianjin CCCC Greentown is a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company established for property development in Tianjin. Tianjin CCCC Greentown is owned by Greentown Northern Real Estate (a wholly-owned subsidiary of the Company), CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment (each a non-wholly owned subsidiary of CCCG) as to 41%, 39% and 20%, respectively.

CCCG 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, 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 the largest dredging company (in terms of dredging capacity) in the world.

CFHCC City Investment is a wholly owned subsidiary of China Communications Construction Company Limited (stock code: 01800) and a non-wholly owned subsidiary of CCCG. It is established in the PRC and is principally engaged in urban public facilities investment and management; real estate development; sales; parking lot service; house leasing; and land consolidation.

CCCC Beijing-Tianjin-Hebei Investment is a wholly owned subsidiary of China Communications Construction Company Limited and a non-wholly owned subsidiary of CCCG. It is established in the PRC and is principally engaged in businesses including investment, development, construction and operation of transportation infrastructure and urban complex.

## **DEFINITIONS**

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

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|---|--|
| “associate”                             | has the same meaning ascribed to it under the Listing Rules  |
| “Board”                                 | the board of directors of the Company  |
| “CCCC Beijing-Tianjin-Hebei Investment” | CCCC Beijing-Tianjin-Hebei Investment and Development Co., Ltd. (中交京津冀投資發展有限公司)  |
| “CCCG”                                  | China Communications Construction Group (Limited) (中國交通建設集團有限公司), a state-owned enterprise established under the laws of the PRC |

|                                  |   |
|----------------------------------|---|
| “CFHCC City Investment”          | CFHCC City Investment Development (Tianjin) Co., Ltd. (中交一航局城市投資發展(天津)有限公司) (formerly known as CCCC First Harbour Real Estate Development Co., Ltd. (中交一航局房地產開發有限公司))   |
| “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  |
| “Director(s)”                    | the director(s) of the Company  |
| “Greentown Northern Real Estate” | Tianjin Greentown Northern Real Estate Company Limited* (天津綠城北方置地有限公司)  |
| “Greentown Real Estate”          | Greentown Real Estate Group Company Limited* (綠城房地產集團有限公司)  |
| “Group”                          | the Company together with its subsidiaries  |
| “Investment Contracts”           | the investment contracts entered into between Tianjin CCCC Greentown and each of the Subscribers on 27 December 2019, pursuant to which Tianjin CCCC Greentown issued and the Subscribers subscribed for the Perpetual Capital Securities |
| “Listing Rules”                  | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited  |
| “Perpetual Capital Securities”   | Perpetual Capital Securities issued under the Investment Contracts  |
| “PRC”                            | the People’s Republic of China  |
| “Redemption(s)”                  | Redemption of Perpetual Capital Securities pursuant to the Investment Contracts   |
| “RMB”                            | Renminbi, the lawful currency of the PRC  |
| “Share(s)”                       | ordinary share(s) of the Company  |
| “Shareholder(s)”                 | the shareholder(s) of the Company   |
| “Stock Exchange”                 | The Stock Exchange of Hong Kong Limited   |



“Subscribers” Greentown Real Estate, CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment

“Tianjin CCCC Greentown” Tianjin CCCC Greentown Urban Construction and Development Company Limited\* (天津中交綠城城市建設發展有限公司)

By Order of the Board  
**Greentown China Holdings Limited**  
**Zhang Yadong**  
*Chairman*

Hangzhou, the PRC  
5 July 2021

*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 purpose only