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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 INTRODUCTION OF INVESTORS IN PROJECT COMPANY

The Board announces that on 4 January 2019, the Group entered into the Cooperation Agreement with, among other parties, CCCC Urban Investment and the Cooperating Party in relation to the joint development of the Land through the Target Group. The Land is situated in Nansha District of Guangzhou in the PRC with a gross site area of approximately 45,234 sqm, which is intended to be primarily developed into residential properties with an overall floor area ratio of 2.04.

As at the date of this announcement, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 28.813% 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 Urban Investment, a non-wholly owned subsidiary of CCCG) are connected persons of the Company. Based on the applicable size tests, Disposal A constitutes a connected transaction of the Company subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 4 January 2019, the Group entered into the Cooperation Agreement with, among other parties, CCCC Urban Investment and the Cooperating Party in relation to the joint development of the Land through the Target Group.

The Land is situated in Nansha District of Guangzhou in the PRC with a gross site area of approximately 45,234 sqm, which is intended to be primarily developed into residential properties, with an overall floor area ratio of 2.04.

PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are as follows:

Date : 4 January 2019

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) Greentown Zhizhen
(b) CCCC Urban Investment
(c) the Cooperating Party
(d) Greentown Huanan
(e) Guangzhou Junwei
(f) Greentown Real Estate
(g) the Target Company
(h) the Project Company

Each of Greentown Zhizhen, Greentown Huanan, Greentown Real Estate, the Target Company and the Project Company is a wholly-owned subsidiary of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Cooperating Party, Guangzhou Junwei and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter

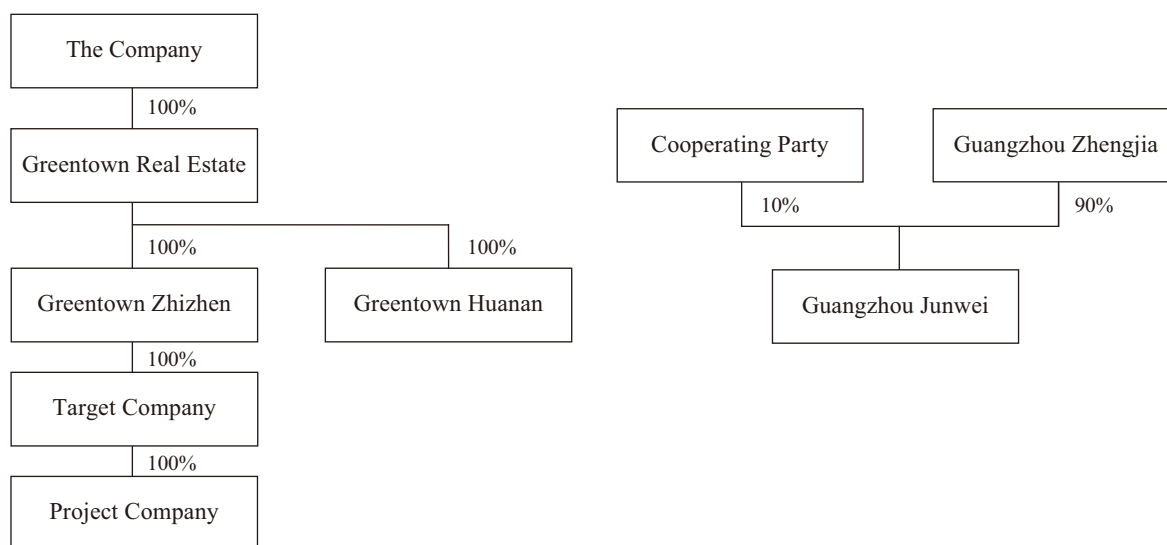
Pursuant to the Cooperation Agreement:

- (a) Greentown Huanan has agreed to acquire 42.8% equity interest in Guangzhou Junwei from Guangzhou Zhengjia at nil consideration, as the registered capital of Guangzhou Junwei has not been paid up (the "**Acquisition**");
- (b) Greentown Zhizhen agreed to sell 30% equity interest in the Target Company to CCCC Urban Investment at the consideration of approximately RMB1,505,700, which was determined after arm's length negotiations between the parties with reference to the paid-up registered capital of the Target Company ("**Disposal A**");

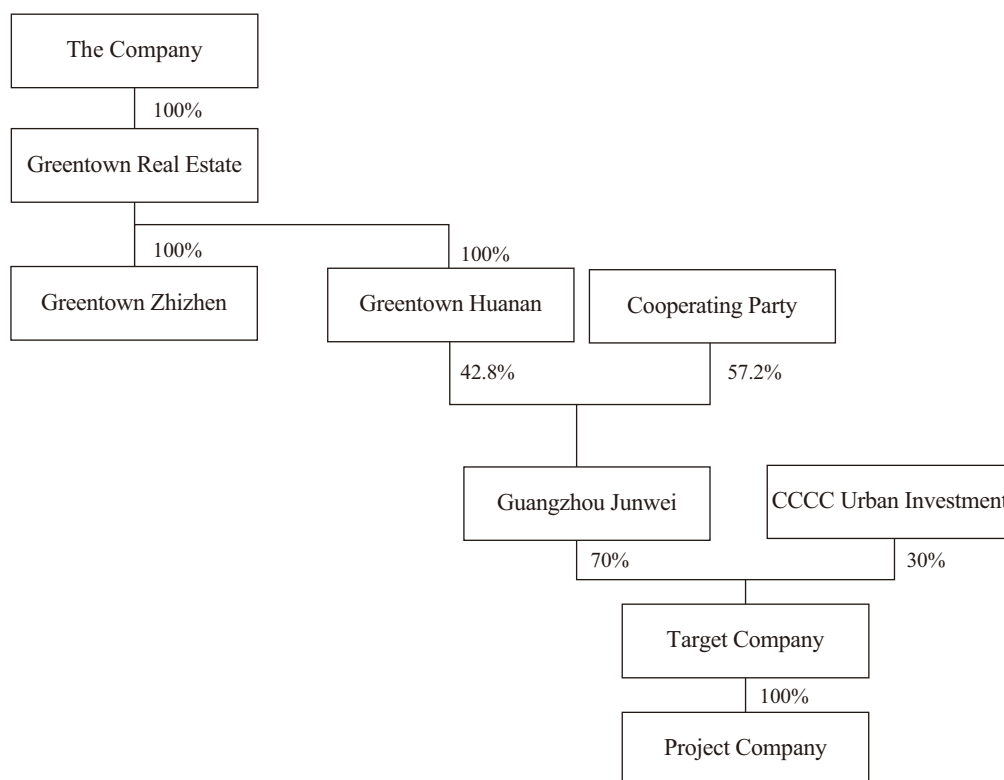
- (c) Greentown Zhizhen agreed to sell 70% equity interest in the Target Company to Guangzhou Junwei at the consideration of approximately RMB3,513,300, which was determined after arm’s length negotiations between the parties with reference to the paid-up registered capital of the Target Company (“**Disposal B**”, together with Disposal A, the “**Disposals**”); and
- (d) The Cooperating Party has agreed to acquire 47.2% equity interest in Guangzhou Junwei from Guangzhou Zhengjia at nil consideration, as the registered capital of Guangzhou Junwei has not been paid up (together with the Acquisition and the Disposals, the “**Transactions**”).

The following charts set forth the shareholding structure of the Target Company as at the date of this announcement and upon completion of the transactions contemplated under the Cooperation Agreement:

As at the date of this announcement



Upon completion of the Transactions



Note: Subsidiaries of companies shown in the charts above may be indirectly owned by their respective holding companies.

Condition precedent

Completion of the transactions contemplated under the Cooperation 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 Cooperation Agreement and the transactions contemplated thereunder under the applicable laws and regulations.

Completion

The equity transfer agreements in respect of the above transactions will be submitted to the AIC for registration within five business days after the date of the relevant equity transfer agreement. Completion of such transactions will take place on the date when the registration with the AIC in relation to the relevant transaction is completed.

Upon completion of the Disposals, each of the Target Company and the Project Company will cease to be a subsidiary of the Company, and the Company will indirectly hold 42.8% equity interest in Guangzhou Junwei, which will in turn hold 70% equity interest in the Target Company. Upon completion of the Transactions, CCCC Urban Investment, the Cooperating Party and Greentown Huanan will be effectively interested in 30%, 40.04% and 29.96% equity interest in the Target Company.

Other terms

The board of directors of each of the Target Company and the Project Company will comprise five directors of which three will be appointed by the Cooperating Party, one will be appointed by CCCC Urban Investment and one will be appointed by Greentown Huanan. Greentown Huanan has the right to appoint the chairman of the board of directors of the Target Company, who will also be the chairman of the board of directors of the Project Company.

According to the terms of the bid for the Land, the total Land Consideration of RMB991,500,000. Such consideration amount was the outcome of a public bidding announced by Guangzhou Committee of Land Resources and Planning* (廣州市國土資源和規劃委員會). As at the date of this announcement, the Target Group has paid the Land Consideration in full, which was financed by loans from Greentown Real Estate. In view of the 40.04% and 30% effective interest to be held by the Cooperating Party and CCCC Urban Investment in the Target Company upon completion of the Transactions, pursuant to the Cooperation Agreement, the Cooperating Party and CCCC Urban Investment agreed to advance RMB396,996,600 and RMB297,450,000 (representing their respective share of the Land Consideration), together with the interest accrued thereon, to the Project Company on or before 18 January 2019 for the purpose of repaying the loans due from the Target Group to Greentown Real Estate.

FINANCIAL INFORMATION OF THE TARGET GROUP

The table below sets out certain unaudited consolidated financial information of the Target Group for the year ended 31 December 2017 and 31 December 2018 according to its management account prepared under PRC generally accepted accounting principles:

	For the year ended	
	31 December	
	2017	2018
	<i>(RMB)</i>	<i>(RMB)</i>
	<i>'000</i>	<i>'000</i>
Revenue	20	167
Profit (Loss) before taxation and extraordinary items	19	(420)
Profit (Loss) after taxation and extraordinary items	17	(420)

The unaudited net asset value of the Target Group was approximately RMB5,019,000 as at 30 November 2018.

It is expected that the Company will record no gain or loss from Disposal A as there is no difference between the consideration payable by CCCC Urban Investment for the acquisition of 30% equity interest in the Target Company and 30% of the unaudited consolidated net asset value of the Target Group as at 30 November 2018. However, it is expected that the ultimate gain or loss that the Company will record may be different from the above stated gain given that there may be changes to the consolidated net asset value of Target Group since 30 November 2018.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Upon completion of the Transactions, two new investors will be indirectly introduced to the Project Company while reducing the Group's effective interest in the Target Group through the Disposals. In light of the tightening of governmental policies on the real estate market in the PRC and the market volatility, the Directors consider that the introduction of such strategic investors will be beneficial to the Group's investment portfolio.

Further, both CCCG and the Cooperating Party are experienced property developers. The Directors believe that the introduction of CCC Urban Investment (a subsidiary of CCCG) and the Cooperating Party as investors in the Target Group under the transactions contemplated under the Cooperation Agreement will benefit the Target Group through their respective strengths and synergies in property development strategies, marketing, management, human resources, branding and other areas, and will complement each other to promote mutual benefit.

The Directors (including the independent non-executive Directors) consider that the Cooperation 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 28.813% 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 CCC Urban Investment, a non-wholly owned subsidiary of CCCG) are connected persons of the Company. Based on the applicable size tests, Disposal A under the Cooperation Agreement constitutes a connected transaction of the Company subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of Disposal B and the Acquisition are less than 5%, Disposal B and the Acquisition are exempt from announcement and shareholders' approval requirements 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 Cooperation 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 Cooperation 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.

Each of Greentown Zhizhen, Greentown Huanan, Greentown Real Estate and the Target Company is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company principally engaged in property investment and property development. The Project Company is a limited liability company established in the PRC which is principally engaged in the development of the Land.

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 Urban Investment is a company established in the PRC with limited liability and a non-wholly owned subsidiary of CCGC principally engaged in project investment, industrial investment, domestic and overseas transportation, urban administration, environmental protection, land-building engineering and other infrastructure investment, port, logistics, raw materials, high-tech investment and operation, asset operation management and project management services, construction services, planning consultancy services, survey and design services, engineering design services and new energy development and application.

Other parties to the Framework Agreement

The Cooperating Party is a limited liability company established in the PRC and is principally engaged in property development and investment in the PRC.

Guangzhou Junwei is a limited liability company established in the PRC and is principally engaged in property development and investment in the PRC.

DEFINITIONS

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

“AIC”	the local Administration for Industry and Commerce which is the relevant government authority with respect to Guangzhou Junwei and the Target Company, as the case may be
“Board”	the board of Directors
“CCCC Urban Investment”	CCCC Urban Investment Holding Company Limited* (中交城市投資控股有限公司), a company established in the PRC and a non-wholly owned subsidiary of CCCG
“CCCG”	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
“Cooperating Party”	a company established in the PRC with limited liability and an independent third party of the Company
“Cooperation Agreement”	the Cooperation Agreement dated 4 January 2019 entered into between Greentown Zhizhen, CCCC Urban Investment, the Cooperating Party, Greentown Huanan, Guangzhou Junwei, Greentown Real Estate, the Target Company and the Project Company in relation to, among other things, the development of the Land and the Transactions
“Director(s)”	the director(s) of the Company
“Greentown Huanan”	Greentown Huanan Investment Development Company Limited* (綠城華南投資發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Greentown Real Estate”	Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

“Greentown Zhizhen”	Hangzhou Greentown Zhizhen Investment Company Limited* (杭州綠城致臻投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company together with its subsidiaries
“Guangzhou Junwei”	Guangzhou Junwei Real Estate Development Company Limited* (廣州雋威房地產開發有限公司), a company established in the PRC with limited liability and an independent third party of the Company
“Guangzhou Zhengjia”	Guangzhou Zhengjia Economic Information Consultancy Company Limited* (廣州正嘉經濟信息諮詢有限公司), a company established in the PRC with limited liability and an independent third party of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land in the Nansha District of Guangzhou in the PRC with a gross site area of approximately 45,234 sqm
“Land Consideration”	the total consideration of RMB991,500,000 for acquiring the land use rights of the Land from Guangzhou Committee of Land Resources and Planning* (廣州市國土資源和規劃委員會) pursuant to the bid successfully made for the Land from Guangzhou Committee of Land Resources and Planning* (廣州市國土資源和規劃委員會)
“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”	Guangzhou Luzheng Real Estate Development Company Limited* (廣州綠楨房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“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
“Target Company”	Hangzhou Zhaolian Investment Company Limited* (杭州昭廉投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Target Group”	the Target Company and the Project Company

By order of the Board
Greentown China Holdings Limited
Fung Ching, Simon
Company Secretary

Hangzhou, the PRC
4 January 2019

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*