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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 FORMATION OF JOINT VENTURE

On 24 September 2019, Harbin Greentown Real Estate, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with CCCC Northeast Investment and Harbin Metro RED in relation to the formation of the Project Company. The Project Company is proposed to be established for carrying out the preliminary works of the Project.

Pursuant to the Agreement, the Project Company will on establishment have an initial registered capital of RMB45 million, of which RMB20.7 million, RMB4.5 million and RMB19.8 million will be contributed by Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED, accounting for 46%, 10% and 44%, respectively.

As at the date of this announcement, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 28.78% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder and connected person of the Company under the Listing Rules. CCCC Northeast Investment is an indirect non-wholly owned subsidiary of CCCG and therefore an associate of a connected person of the Company. As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceed 0.1% and all of them are less than 5%, the entering into of the Agreement and the formation of the Project Company thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 24 September 2019, Harbin Greentown Real Estate, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with CCCC Northeast Investment and Harbin Metro RED in relation to the formation of the Project Company. The Project Company is proposed to be established for carrying out the preliminary works of the Project.

THE AGREEMENT

The principal terms of the Agreement are as follows:

- Date** : 24 September 2019
- Parties** : (1) Harbin Greentown Real Estate
(2) CCCC Northeast Investment
(3) Harbin Metro RED
- Purpose and operation period** : It is expected that the Project Company will be established to carry out the Project.
- Subject to the Company Law of the PRC, the operation period of the Project Company will be 15 years from the date of its business licence, upon which it should be liquidated. Besides, in the event that the Project fails to materialise, the Project Company should be liquidated within 30 days thereafter.
- Shareholding structure and capital requirement** : The Project Company will on establishment have an initial registered capital of RMB45 million, of which RMB20.7 million, RMB4.5 million and RMB19.8 million will be contributed by Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED, accounting for 46%, 10% and 44%, respectively.
- The amount of the capital contributions under the Agreement was determined after arm's length negotiations between the parties, taking into account, among other factors, the development plans of the Project Company and its working capital requirements for the time being.
- As a general principle, in the event that any security is needed for future external financing of the Project Company, the parties should accommodate such needs and facilitate the provision of such security or guarantee. In the event that such future external financing cannot satisfy the funding needs of the Project Company, the parties should provide further funding to the Project Company by shareholders' loan according to their respective shareholding percentages in the Project Company at a stipulated interest rate. Should any needs of further capital contributions arise from operation, the Project Company may serve a notice on its shareholders to request for further contributions for any capital needs projected up to 3 months from the notice.

Distribution of profit : Profits will be distributed in accordance with the parties' respective shareholding percentages in the Project Company.

Board representation : The board of directors of the Project Company will comprise seven directors, of which four, one and two directors will be appointed by Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED, respectively. The chairman of the board of directors of the Project Company will be appointed by Harbin Metro RED.

Supervisors : The Project Company will have two supervisors, of which each of CCCC Northeast Investment and Harbin Metro RED will nominate one.

Management and operation : Harbin Greentown Real Estate will be entitled to nominate the general manager and the financial controller of the Project Company. CCCC Northeast Investment and Harbin Metro RED will have the right to nominate a deputy financial manager and a deputy financial controller, respectively. The board of directors of the Project Company will make appointments in accordance with the abovementioned nominations.

Others The Project Company will use the brand name "Greentown" in the Project.

Any transfer of equity interest in the Project Company will be subject to customary right of first refusal. A transfer of equity interest in the Project Company from one shareholder to another shareholder will need the unanimous consent of all shareholders.

The Agreement and any business thereunder shall be conditional on the clearance of the Stock Exchange and the Company having obtained approval of independent Shareholders or such consent, approval or authorisation under the Listing Rules and such other applicable laws, regulations and rules (if required).

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the cooperation among the Group, CCCG and Harbin Metro RED will broaden the earnings base and lower the capital commitment of the Company. CCCG is a leading provider of large-scale infrastructure-related services covering a wide range of areas and Harbin Metro RED is experienced in its principal business activities including property development in relation to the local metro system. The Directors (including the independent non-executive Directors) believe that the cooperation with CCCG Northeast Investment (a subsidiary of CCCG) and Harbin Metro RED will benefit the Project Company through their respective strengths and synergies and will complement each other to promote mutual benefit, and will be conducive to the Group's development in Harbin.

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 624,851,793 Shares, representing approximately 28.78% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder and connected person of the Company under the Listing Rules. CCCG Northeast Investment is an indirect non-wholly owned subsidiary of CCCG and therefore an associate of a connected person of the Company. As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceed 0.1% and all of them are less than 5%, the entering into of the Agreement and the formation of the Project Company thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since CCCG has a material interest in the Agreement and the transactions thereunder and in light of CCCG's relationship with Mr LIU Wensheng, Mr ZHOU Lianying, Mr GENG Zhongqiang and Mr LI Jun, these Directors have abstained from voting on the Board resolutions on the 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.

Harbin Greentown Real Estate is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company established for the project investment and operation in relation to the Project.

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, CCCC 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 CCCC, 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 Northeast Investment

CCCC Northeast Investment is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCC principally engaged in project investment, management and technical consultation services.

DEFINITIONS

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

“Agreement”	the agreement dated 24 September 2019 entered into among Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED in relation to the formation of the Project Company and the joint development of the Project
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCCC Northeast Investment”	CCCC Northeast Investment Co., Ltd.* (中交東北投資有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCC
“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
“Group”	the Company together with its subsidiaries
“Harbin Greentown Real Estate”	Harbin Greentown Real Estate Co., Ltd. * (哈爾濱綠城置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Harbin Metro RED”	Harbin Metro Real Estate Development Co., Ltd.* (哈爾濱市地鐵置業開發有限公司), 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
“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 development project in relation to the above-depot area of the relevant rail yards of Harbin Metro Line 3 (哈爾濱地鐵三號線相關車輛段上蓋項目), which comprises the proposed development of properties in the vicinities of metro stations for commercial and residential uses
“Project Company”	Harbin Greentown Metro Real Estate Co., Ltd.* (哈爾濱綠城地鐵置業有限公司), a company to be established in the PRC with limited liability pursuant to the Agreement, the name of which is subject to the approval by the relevant administration for industry and commerce in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	holder of the Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company

“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
24 September 2019

As at the date of this announcement, the Board comprises Mr ZHANG Yadong, Mr LIU Wensheng, Mr ZHOU Lianying, Mr GUO Jiafeng, Mr GENG Zhongqiang and Mr LI Jun as executive Directors, Mr Stephen Tin Hoi NG (Mr Andrew On Kiu CHOW as his alternate) as a non-executive Director and Mr JIA Shenghua, Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai as independent non-executive Directors.

* *For identification purposes only*