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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 12 July 2023, Greentown Real Estate Construction Management (a non-wholly owned subsidiary of the Company) entered into the Agreement with Nanjing Luhe. Pursuant to the Agreement, Greentown Real Estate Construction Management agreed to provide Nanjing Luhe 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 711,959,293 Shares, representing approximately 28.12% 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 Nanjing Luhe, a company indirectly owned as to 50% by 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 12 July 2023, Greentown Real Estate Construction Management (a non-wholly owned subsidiary of the Company) entered into the Agreement with Nanjing Luhe. Pursuant to the Agreement, Greentown Real Estate Construction Management agreed to provide Nanjing Luhe with project management services in relation to the Project.

PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are as follows:

- Date : 12 July 2023
- Parties : (1) Greentown Real Estate Construction Management, a non-wholly owned subsidiary of the Company
- (2) Nanjing Luhe, a company indirectly owned as to 50% by CCCG

Subject Matter : Nanjing Luhe is the developer and constructor in the Project.

Subject to the terms and provisions of the Agreement, Greentown Real Estate Construction Management shall provide Nanjing Luhe with project management services in the Project, which should comprise preparatory management works, 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, and financial management services.

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 on which the centralized delivery of the last phase of the Project.

Consideration : Pursuant to the terms of the Agreement, the Consideration for providing project management services to Nanjing Luhe in the Project shall be RMB298,830,000 based on the specifications of the Project as at the date of this announcement, and barring any unforeseen circumstances, the Company currently expects that the final Consideration will not exceed RMB403,630,000 in any event. The Consideration was determined after arm's length negotiations having taken into account factors including the anticipated resources and manpower required of the Group, market conditions and business opportunities available, business repute of the parties in the Project and the comparable market rates.

The Consideration comprises:

- (a) a basic personnel fee of RMB40,000,000 payable in the following manner:
- (i) RMB1,520,000 is payable within 10 days after the date of the Agreement;

- (ii) RMB1,520,000 is payable in each quarter following the date of the Agreement (where there is less than two months in the relevant quarter, the payment shall be made in the next calendar quarter) up to the date on which 95% of the total basic personnel fee has been paid (from which no further basic personnel fee will be paid apart from those set out in (iii) below); and
 - (iii) the remaining 5% of the total basic personnel fee is payable upon completion of the personnel assessment and final settlement of the Project;
- (b) a management service fee of RMB80,000,000 payable in accordance with the construction milestones or project assessment schedule as set out in the Agreement, as the case may be;
 - (c) a marketing fee equivalent to 2.5% of the total amount of sales under the Project, among which (i) RMB21,000,000 is payable within five months by instalments according to the schedule set out in the Agreement; and (ii) the remaining amount is payable by instalments on a monthly basis following the commencement of the sale of properties for the Project; and
 - (d) goal-based bonuses conditional on attainment of certain sales targets in accordance with the terms of the Agreement.

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.

Selection of the project management service provider in the Project and determination of the Consideration were conducted by way of a public bidding process. There are a number of participants in the tender and, following the review and comprehensive comparison of the tenderers, Greentown Real Estate Construction Management was selected in accordance with the relevant requirements under the tendering documents. As such, Greentown Real Estate Construction Management was selected in a competitive tendering process, and the Consideration and the terms of the Agreement are determined by the tendering documents 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

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Since CCCG has a material interest in the Agreement and the transaction thereunder and in light of CCCG's relationship with Mr WU Wende, 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 Real Estate Construction Management is a company established in the PRC and a 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 Real Estate Construction Management is a non-wholly owned subsidiary of the Company. Greentown Real Estate Construction Management is principally engaged in providing project management services for property development.

Nanjing Luhe

Nanjing Luhe is a company established in the PRC with limited liability and a company indirectly owned as to 50% by CCCG and 50% by Nanjing New Six. Nanjing Luhe is principally engaged in property development.

CCCCG 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, CCCC 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 CCCC is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

Nanjing New Six is a company established in the PRC with limited liability and a company principally engaged in property development. To the best knowledge of the Directors after making reasonable enquiries, Nanjing New Six is ultimately controlled by the People's Government of Luhe District of Nanjing City.

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 Real Estate Construction Management and Nanjing Luhe 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 Nanjing Luhe to Greentown Real Estate Construction Management in relation to their provision of the project management services under the Agreement
“Director(s)”	the director(s) 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
“Greentown Real Estate Construction Management”	Greentown Real Estate Construction Management Group Co., Ltd (綠城房地產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
“Group”	the Company together with its subsidiaries
“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
“Nanjing Luhe”	Nanjing Luhe Zhongtang Property Investment Co., Ltd.* (南京六合中棠置業有限公司), a company incorporated under the laws of the PRC with limited liability and indirectly owned as to 50% by CCCG and 50% by Nanjing New Six
“Nanjing New Six”	Nanjing New Six City Construction Investment Co., Ltd.* (南京新六城市建設投資有限公司), a company incorporated under the laws of the PRC with limited liability
“PRC”	the People’s Republic of China
“Project”	the construction project located in Luhe District, Nanjing, Jiangsu province, with an aggregate gross construction area of approximately 330,098 sqm, for property development
“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
12 July 2023

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 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*