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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)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
GREENTOWN MANAGEMENT
ON
THE MAIN BOARD OF THE STOCK EXCHANGE
DISCLOSEABLE TRANSACTION
PUBLICATION OF THE PROSPECTUS ISSUED BY
GREENTOWN MANAGEMENT
AND
EXPECTED SIZE OF THE GLOBAL OFFERING AND
OFFER PRICE RANGE**

* For identification purposes only

The Company announces that, in connection with the Proposed Spin-off and the Global Offering, Greentown Management published the Prospectus on the date of this announcement. The Prospectus is available for viewing and downloading from the websites of Greentown Management at www.lcgljt.com and the Stock Exchange at www.hkexnews.hk from the date of this announcement.

Printed copies of the Prospectus may be obtained, free of charge, at designated locations specified in (a) the formal notice issued by Greentown Management on the date of this announcement and (b) the Prospectus, during normal business hours from 9:00 a.m. on the date of this announcement until 12:00 noon on 3 July 2020.

As disclosed in the Prospectus, the total number of the Greentown Management Shares to be offered pursuant to the Global Offering will be 477,560,000 (assuming the Over-allotment Option is not exercised), representing approximately 25.0% of the total number of the Greentown Management Shares in issue immediately following the completion of the Global Offering, and 525,316,000 (assuming the Over-allotment Option is exercised in full), representing approximately 26.8% of the total number of the Greentown Management Shares in issue immediately following the completion of the Global Offering. Greentown Management will continue to be a subsidiary of the Company immediately upon completion of the Global Offering.

The offer price for the Greentown Management Shares in the Global Offering is expected to be not less than HK\$2.20 per Greentown Management Share and not more than HK\$3.00 per Greentown Management Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off exceeds 5% but is less than 25%, the Proposed Spin-off constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

INTRODUCTION

Reference is made to the announcements of the Company dated 28 February 2020, 5 June 2020, 16 June 2020 and 19 June 2020 in relation to the Proposed Spin-off (the “**Announcements**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same respective meanings given to them in the Announcements.

PUBLICATION OF THE PROSPECTUS

In connection with the Proposed Spin-off and the Global Offering, Greentown Management published the Prospectus on the date of this announcement. The Prospectus contains, among other things, (a) details of the number of the Greentown Management Shares to be offered in the Global Offering, the offer price range, other details of the Global Offering; and (b) certain business and financial information in relation to the Spin-off Group.

The Prospectus is available for viewing and downloading from the websites of Greentown Management at www.lcgljt.com and the Stock Exchange at www.hkexnews.hk from the date of this announcement. Printed copies of the Prospectus may be obtained, free of charge, at designated locations specified in (a) the formal notice issued by Greentown Management on the date of this announcement; and (b) the Prospectus, during normal business hours from 9:00 a.m. on the date of this announcement until 12:00 noon on 3 July 2020.

EXPECTED SIZE OF THE GLOBAL OFFERING AND OFFER PRICE RANGE

As disclosed in the Prospectus, the total number of the Greentown Management Shares to be offered pursuant to the Global Offering will be 477,560,000 (assuming the Over-allotment Option is not exercised), representing approximately 25.0% of the total number of the Greentown Management Shares in issue immediately following the completion of the Global Offering, and 525,316,000 (assuming the Over-allotment Option is exercised in full), representing approximately 26.8% of the total number of the Greentown Management Shares in issue immediately following the completion of the Global Offering. The Greentown Management Shares to be issued pursuant to the Global Offering will rank *pari passu* in all respects with the Greentown Management Shares in issue. Greentown Management will continue to be a subsidiary of the Company immediately upon completion of the Global Offering.

The offer price for the Greentown Management Shares in the Global Offering is expected to be not less than HK\$2.20 per Greentown Management Share and not more than HK\$3.00 per Greentown Management Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). The indicative offer price range is determined with reference to, among other things, the financials and prospect of Greentown Management, the general market, the input of the relevant working parties in the Global Offering and the final offer price is expected to be determined on the Price Determination Date.

On the basis of the number of the Greentown Management Shares to be offered pursuant to the Global Offering and the expected offer price range as stated above, if the Global Offering proceeds:

- (a) the market capitalization of Greentown Management will be between approximately HK\$4,202 million and approximately HK\$5,731 million; and
- (b) the Company will be interested in approximately 75% of the total issued share capital of Greentown Management immediately upon completion of the Global Offering (taking no account of the Shares which may be issued pursuant to the exercise of the Over-allotment Option).

PREFERENTIAL OFFERING

Qualifying Shareholders will be provided with the Assured Entitlement to an aggregate of 47,756,000 Reserved Shares in the Preferential Offering (representing 10.0% of the Greentown Management Shares initially available under the Global Offering (before any exercise of the Over-allotment Option)) and the basis of the Assured Entitlement is 1 Reserved Share for every integral multiple of 53 Shares held by Qualifying Shareholders on 19 June 2020, being the Record Date. The Reserved Shares will be offered out of the Greentown Management Shares initially being offered for subscription and purchase under the International Offering and will not be subject to reallocation.

A blue application form, together with a printed copy of the Prospectus, has been despatched to each Qualifying Shareholder at the address of such Qualifying Shareholder as shown on the register of members of the Company on the Record Date. The procedures for applying for the Reserved Shares pursuant to the Preferential Offering are set out in the Prospectus.

LOCK-UP RESTRICTIONS

Pursuant to Rule 10.07 of the Listing Rules, the Company has undertaken to Greentown Management and to the Stock Exchange, except pursuant to the Global Offering (including pursuant to the Over-allotment Option or, if applicable, the stock borrowing arrangement that may be entered into with the stabilizing manager of the Global Offering or any of its associates or any person acting for it), that it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) in the period commencing on the date of the Prospectus and ending on the date which is six months from the date of Listing (the “**First Six-Month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Greentown Management Shares in respect of which it is shown in the Prospectus to be the beneficial owner(s) (as defined in Rule 10.07(2) of the Listing Rules); and
- (b) in the period of six months commencing on the date on which the period referred to in the preceding paragraph expires (the “**Second Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Greentown Management Shares referred to in the preceding paragraph if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or the group of the controlling shareholders of Greentown Management would cease to be a controlling shareholder (as defined in the Listing Rules) of Greentown Management.

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, the Company has undertaken to Greentown Management and to the Stock Exchange that, during the First Six-Month Period:

- (a) when it pledges or charges any Greentown Management Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) as security for a bona fide commercial loan, immediately inform Greentown Management of such pledge or charge together with the number of such Greentown Management Shares so pledged or charged; and
- (b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Greentown Management Shares will be disposed of, immediately inform Greentown Management of such indications.

The Company has entered into similar non-disposal arrangements under the Hong Kong Underwriting Agreement.

CONDITIONS

The Proposed Spin-off and the Global Offering (including the Preferential Offering) are conditional upon, among other things:

- (a) the Listing Committee granting listing of, and permission to deal in, the Greentown Management Shares in issue and the Greentown Management Shares to be issued pursuant to the Global Offering (including the additional Greentown Management Shares which may be issued pursuant to the exercise of the Over-Allotment Option), and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Greentown Management Shares on the Stock Exchange;
- (b) the offer price of the Global Offering having been agreed between Greentown Management and the joint global coordinators of the Global Offering (on behalf of the underwriters of the Global Offering) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of the Prospectus.

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Greentown Management Shares.

Please refer to the Prospectus for details in relation to the conditions of the Global Offering. If the conditions are not fulfilled on or before the time specified therein, the Proposed Spin-off and the Global Offering will not proceed and an announcement will be published by the Company as soon as practicable thereafter.

INTENDED USE OF PROCEEDS

Greentown Management estimates that it will receive net proceeds from the Global Offering of approximately HK\$1,145.1 million (after deducting the underwriting fees, commissions and estimated expenses payable in relation to the Global Offering) assuming the Over-allotment Option is not exercised and an offer price of HK\$2.60 per Greentown Management Share, being the mid-point of the indicative offer price range stated in the Prospectus. Greentown Management intends to use the net proceeds received from the Global Offering as follows:

- (a) approximately 20.0% of the net proceeds or HK\$229.0 million will be used to scale up its business through organic growth and strategic acquisitions of selected businesses along downstream of the value chain of project management such as design institutes, consulting services providers and occupational training businesses to develop itself as a comprehensive project management platform through enriching its services along the value chain;
- (b) approximately 14.5% of the net proceeds or HK\$166.0 million will be used for its development of commercial project management with capital contribution;
- (c) approximately 51.5% of the net proceeds or HK\$590.2 million will be used to repay its indebtedness (the “**Indebtedness**”) to the Company in the amount of RMB540.0 million as of 22 June 2020, which is expected to be settled on the date of listing of Greentown Management on the Stock Exchange;
- (d) approximately 4.0% of the net proceeds or HK\$45.4 million will be used for the development of its ecosystem, which will be operated as a platform integrating comprehensive services provided by quality suppliers in property development; Out of the net proceeds intended to be applied for this purpose, approximately 2.0% of the net proceeds or HK\$22.7 million will be used to build platforms for knowledge and standard sharing and industry participants certification and approximately 2.0% of the net proceeds or HK\$22.7 million will be used to optimize its “Greentown Star” standard for its products, operations and services, and suppliers in the property development;
- (e) approximately 10.0% of the net proceeds or HK\$114.5 million will be used for working capital, marketing, and other general corporate purposes.

In the event that the actual net proceeds from the Global Offering differ from the estimate above, Greentown Management will still repay the Indebtedness on the date of the Listing, and the intended use of proceeds for the other items will be adjusted accordingly on a pro rata basis.

Details of the application of the net proceeds from the Global Offering has been set forth in the Prospectus.

INFORMATION OF THE COMPANY AND GREENTOWN MANAGEMENT

The Company 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 middle and high income residents in the PRC.

Greentown Management is a company incorporated in the Cayman Islands with limited liability and a wholly owned subsidiary of the Company as of the date of this announcement. The principal business of Greentown Management is helping project owners lead the property development process, and providing comprehensive project management services covering the entire life span of property management.

Set out below is certain information in relation to the Spin-off Group for the two years ended 31 December 2018 and 31 December 2019 as disclosed in the Prospectus:

	For the year ended 31 December	
	2018	2019
	<i>(in thousands of RMB)</i>	
Profits before tax from continuing operations	411,764	538,204
Income tax expense	(48,672)	(149,282)
Profits for the year from continuing operations	363,092	388,922
Profit (loss) for the year from the discontinued operation of landscape construction operation	1,855	(18,204)
Profit for the year	364,947	370,718

The audited consolidated net assets of Greentown Management was approximately RMB1,681,189,000 as at 31 December 2019.

In accordance with the International Financial Reporting Standards, the increase in net assets of the Group as a result of the issue of the Greentown Management Shares and the net proceeds raised from the Global Offering, which constitutes changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, is accounted for within equity. Therefore, there will be no gain or loss arising from the deemed disposal by the Company of its interest in Greentown Management under the Global Offering to be recognized in profit or loss of the Group, other than expenses directly incurred by the Group and also attributable expenses incurred by Greentown Management that have to be charged to the profit and loss account, given that Greentown Management will remain as a subsidiary of the Company immediately upon completion of the Proposed Spin-off and the Global Offering.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Company considers that the business of the Spin-off Group has grown to a size sufficient to command a separate listing and it is considered commercially desirable and in the interest of the Shareholders to obtain a separate listing of the Greentown Management Shares for the following reasons:

- (a) the proceeds from the Global Offering will enable the Spin-off Group to have additional funding to develop its project management business;
- (b) the separate listing of Greentown Management will enable investors to appraise and assess the potential and performance of the project management business of the Spin-off Group separately and distinctly from the property development business of the Parent Group;
- (c) as the businesses of the Spin-off Group and the Parent Group have distinctive cost structures and business models, the Proposed Spin-off is expected to allow a clearer separation of operations and management and facilitate dedicated management focus on the project management business;
- (d) after the Proposed Spin-off, Greentown Management will be a company listed on the Main Board of the Stock Exchange, which would enhance the corporate profile and brand awareness of Greentown Management;
- (e) Greentown Management will be able to be valued on a standalone basis and investors will be provided with more details of the operating performance of the Spin-off Group, which would help broaden investor base by attracting new investors who are seeking investments in a project management company with asset-light business model; and
- (f) upon completion of the Proposed Spin-off and Global Offering, Greentown Management will remain as a subsidiary of the Company and the Company will thus be able to continue enjoying the benefits from the growth of the project management business notwithstanding the separate listing of Greentown Management.

The Board believes that the Proposed Spin-off is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off exceeds 5% but is less than 25%, the Proposed Spin-off constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

GENERAL

Shareholders and potential investors of the Company should be aware that the Proposed Spin-off and the Global Offering (including the Preferential Offering) are subject to conditions. There is no assurance that they will proceed as contemplated or at all. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company. Persons who are in doubt about their position or any action to be taken are recommended to consult their own professional advisers.

This announcement is not intended to, and does not, constitute an offer to sell or a solicitation of an offer to subscribe for or purchase any Greentown Management Shares in connection with the Global Offering or otherwise. Any such offer or solicitation is made solely through the Prospectus or other offering documents (if any) that may be issued in compliance with applicable laws and any decision to subscribe for or purchase the Greentown Management Shares in connection with the Global Offering or otherwise should be made solely on the basis of the information contained in the Prospectus and such other offering documents (if any). No action has been or will be taken in any jurisdiction (other than in Hong Kong) that would permit a public offering of the Greentown Management Shares to be offered in the Global Offering in any jurisdiction where action for that purpose is required.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off and the Global Offering as and when appropriate.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Assured Entitlement”	the entitlement of the Qualifying Shareholders to apply for the Greentown Management Shares on an assured basis under the Preferential Offering determined on the basis of their respective shareholdings in the Company at 4:30 p.m. on the Record Date
“Board”	the board of directors of the Company
“Company”	Greentown China Holdings Limited (綠城中國控股有限公司) (stock code: 3900), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering

“Greentown Management”	Greentown Management Holdings Company Limited (綠城管理控股有限公司), a corporation incorporated in the Cayman Islands with limited liability
“Greentown Management Shares”	ordinary shares in the share capital of Greentown Management
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Public Offering”	the offer of the Greentown Management Shares for subscription by the public in Hong Kong on the terms and conditions set out in the prospectus and application forms of Greentown Management
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 26 June 2020, relating to the Hong Kong Public Offering, entered into among, inter alia, the Company, Greentown Management, Credit Suisse (Hong Kong) Limited, Deutsche Securities Asia Limited, Deutsche Bank AG, Hong Kong Branch and the Hong Kong Underwriters
“International Offering”	the offer of Greentown Management Shares for subscription by professional, institutional or other investors on and subject to the terms and conditions to be set out in, among other things, the prospectus of Greentown Management and the international underwriting agreement relating to the International Offering
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the underwriting agreement in relation to the International Offering which is expected to be entered into on or about the Price Determination Date by, among others, Greentown Management, Credit Suisse (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch and the International Underwriters
“Listing”	the proposed listing of the Greentown Management Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Non-qualifying Shareholders”	Shareholders on the Record Date with registered addresses in, or who are otherwise known by the Company to be residents of, any of the jurisdictions outside Hong Kong where, taking into account the legal restrictions under the applicable laws or requirements of the relevant regulatory body or stock exchange of such jurisdictions which the Company and Greentown Management consider it necessary or expedient to exclude from the Preferential Offering
“Over-allotment Option”	the option expected to be granted by Greentown Management to the International Underwriters exercisable by Credit Suisse (Hong Kong) Limited and Deutsche Bank AG, Hong Kong Branch on behalf of the International Underwriters, pursuant to which Greentown Management may be required to allot and issue up to 47,756,000 additional new Greentown Management Shares, representing in aggregate approximately 10.0% of the Greentown Management Shares initially available under the Global Offering
“Parent Group”	the Company and its subsidiaries, excluding the Spin-off Group
“PRC”	the People’s Republic of China
“Preferential Offering”	the preferential offering of the Greentown Management Shares to Qualifying Shareholders as the Assured Entitlement in the Global Offering
“Price Determination Date”	the date, expected to be 3 July 2020, and in any event no later than 9 July 2020
“Proposed Spin-off”	the proposed spin-off and separate listing of the Greentown Management Shares on the Main Board of the Stock Exchange
“Qualifying Shareholders”	Shareholders whose names appear in the register of members of the Company as at 4:30 p.m. on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	the record date for determining the Assured Entitlement of the Qualifying Shareholders to the Greentown Management Shares in the Preferential Offering
“SFC”	the Securities and Futures Commission

“Shareholder(s)”	shareholder(s) of the Company
“Spin-off Group”	Greentown Management and its subsidiaries
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

By order of the Board
Greentown China Holdings Limited
ZHANG Yadong
Chairman

Hangzhou, the PRC
29 June 2020

As at the date of this announcement, the Board comprises Mr ZHANG Yadong, Mr LIU Wensheng, Mr GUO Jiafeng, Mr ZHOU Lianying, Mr GENG Zhongqiang and Mr LI Jun 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.

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