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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)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF INTERESTS IN PROJECT COMPANIES IN HANGZHOU AND SUZHOU**

On 15 August 2023, Hangzhou Zheqing (a non-wholly-owned subsidiary of the Company) entered into the Hangzhou Agreement with the Hangzhou Seller and other parties thereto, pursuant to which Hangzhou Zheqing agreed to acquire 50% equity interest in the Hangzhou Target Company from the Hangzhou Seller at a consideration of approximately RMB1,177 million. Upon completion of the Hangzhou Acquisition, the Hangzhou Target Company will become a non-wholly-owned subsidiary of the Company.

On the same date, Greentown Real Estate (a wholly-owned subsidiary of the Company) entered into the Suzhou Agreement with the Suzhou Sellers and other parties thereto, pursuant to which Greentown Real Estate agreed to acquire 50% equity interest in Suzhou Target Company A from Suzhou Seller A and 51% equity interest in Suzhou Target Company B from Suzhou Seller B at an aggregate consideration of approximately RMB895 million. Upon completion of the Suzhou Acquisition, each of the Suzhou Target Companies will become a non-wholly-owned subsidiary of the Company.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions, in aggregate, exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Acquisition Agreements constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Hangzhou Target Company was formed by Hangzhou Zheqing (a non-wholly-owned subsidiary of the Company) with the Hangzhou Seller for the development of the Hangzhou Oriental Dawn Project. As at the date of this announcement, the project has been completed and delivered. For the Hangzhou Seller's exit from the Hangzhou Target Company and proper handling of relevant claims and liabilities, among other things, on 15 August 2023, Hangzhou Zheqing entered into the Hangzhou Agreement with the Hangzhou Seller and the other parties thereto, pursuant to which Hangzhou Zheqing agreed to acquire 50% equity interest in the Hangzhou Target Company from the Hangzhou Seller at a consideration of approximately RMB1,177 million.

Suzhou Target Company A was formed by Suzhou Zesheng (a non-wholly-owned subsidiary of the Company) with Suzhou Seller A for the development of the Langyue Binhe Project and Suzhou Target Company B was formed by Shanghai Chisheng (a non-wholly-owned subsidiary of the Company) with Suzhou Seller B for the development of the Mingyue Binhe Project. As at the date of this announcement, the Mingyue Binhe Project has been completed and delivered and certain properties of Langyue Binhe Project are expected to be delivered by end of 2023. For the Suzhou Sellers' exit from the respective Suzhou Target Companies and proper handling of relevant claims and liabilities, on 15 August 2023, Greentown Real Estate entered into the Suzhou Agreement with the Suzhou Sellers and the other parties thereto, pursuant to which Greentown Real Estate agreed to acquire 50% equity interest in Suzhou Target Company A from Suzhou Seller A and 51% equity interest in Suzhou Target Company B from Suzhou Seller B at an aggregate consideration of approximately RMB895 million.

## **PRINCIPAL TERMS OF THE HANGZHOU AGREEMENT**

The principal terms of the Hangzhou Agreement are as follows:

- |         |   |  |
|---------|---|--|
| Date    | : | 15 August 2023   |
| Parties | : | (1) Hangzhou Zheqing, a non-wholly-owned subsidiary of the Company;  |
|         |   | (2) the Hangzhou Seller;   |
|         |   | (3) the Hangzhou Target Company, a company owned as to 50% by Hangzhou Zheqing and 50% by the Hangzhou Seller; |
|         |   | (4) the Hangzhou Project Company, a company wholly-owned by the Hangzhou Target Company;                       |
|         |   | (5) Greentown Real Estate, a wholly-owned subsidiary of the Company; and                                       |
|         |   | (6) Guangzhou Hejing.  |

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Hangzhou Seller and Guangzhou Hejing and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject Matter : Hangzhou Zheqing agreed to acquire 50% equity interest in the Hangzhou Target Company from the Hangzhou Seller according to the terms of the Hangzhou Agreement.

Consideration : The total Hangzhou Consideration for the Hangzhou Target Interest pursuant to the Hangzhou Agreement amounted to approximately RMB1,177 million, which shall be settled by offsetting against an equivalent amount due from the Hangzhou Seller to the Hangzhou Project Company.

The Hangzhou Consideration was arrived at after arm's length negotiations between the parties based on normal commercial terms mainly with reference to the net asset value, total credits and debts of, and properties selling rate achieved by, the Hangzhou Target Group as at 30 June 2023.

Conditions : The Hangzhou Agreement will become effective upon, where necessary, the approval of the Stock Exchange, the shareholders of the Company and KWG, or any other consent, approval, permission, authorization or approval as required by the Listing Rules and other applicable laws, regulations or rules having been obtained in respect of the execution of the Hangzhou Agreement, and the performance and completion of the transactions contemplated thereunder.

Completion of the Hangzhou Acquisition is conditional upon the satisfaction of the conditions precedent (the "**Hangzhou Conditions**") set out in the Hangzhou Agreement, which include, among other things, (a) Guangzhou Hejing and the Hangzhou Seller having repaid its amount due to the Hangzhou Project Company in full pursuant to the terms of the Hangzhou Agreement; and (b) the Hangzhou Target Company having obtained all necessary consents and approvals in respect of the Hangzhou Acquisition pursuant to its articles of association and the cooperation agreement entered into among the parties to the Hangzhou Agreement in respect of the Hangzhou Oriental Dawn Project.

Completion : The Hangzhou Consideration will be settled in the manner disclosed above on the date on which each of the Hangzhou Conditions has been fulfilled (or waived by Hangzhou Zheqing) or such other date as agreed by Hangzhou Zheqing and the Hangzhou Seller.

Within three business days after such date, a pledge over the Hangzhou Target Interest for certain loans owed by the Hangzhou Seller and Guangzhou Hejing to the Group will be released. Within three business days after such release, the parties shall complete the registration of the transfer of the Hangzhou Target Interest from the Hangzhou Seller to Hangzhou Zheqing with the relevant local Administration for Industry and Commerce in the PRC.

## **PRINCIPAL TERMS OF THE SUZHOU AGREEMENT**

The principal terms of the Suzhou Agreement are as follows:

Date : 15 August 2023

Parties : (1) Greentown Real Estate, a wholly-owned subsidiary of the Company;

(2) Suzhou Seller A;

(3) Suzhou Seller B;

(4) Suzhou Target Company A, a company owned as to 50% by Suzhou Zesheng (a non-wholly-owned subsidiary of the Company) and 50% by Suzhou Seller A;

(5) Suzhou Target Company B, a company owned as to 49% by Shanghai Chisheng (a non-wholly-owned subsidiary of the Company) and 51% by Suzhou Seller B;

(6) Guangzhou Hejing; and

(7) Hangzhou Project Company, a company indirectly owned as to 50% by Hangzhou Zheqing (a non-wholly-owned subsidiary of the Company) and 50% by the Hangzhou Seller as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Suzhou Seller A, Suzhou Seller B and Guangzhou Hejing and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject Matter : Greentown Real Estate agreed to acquire 50% equity interest in Suzhou Target Company A from Suzhou Seller A and 51% equity interest in Suzhou Target Company B from Suzhou Seller B according to the terms of the Suzhou Agreement.

Conditions : The Suzhou Agreement will become effective upon, where necessary, the approval of the Stock Exchange, the shareholders of the Company and KWG, or any other consent, approval, permission, authorization or approval as required by the Listing Rules and other applicable laws, regulations or rules having been obtained in respect of the execution of the Suzhou Agreement, and the performance and completion of the transactions contemplated thereunder.

Completion of the Suzhou Acquisition is conditional upon the satisfaction of the conditions precedent (the “**Suzhou Conditions**”) set out in the Suzhou Agreement, which include, among other things, the Suzhou Target Companies having obtained all necessary consents and approvals in respect of the Suzhou Acquisition pursuant to its articles of association and the respective cooperation agreements entered into among the parties to the Suzhou Agreement in respect of the Langyue Binhe Project and Mingyue Binhe Project.

Consideration : Pursuant to the Suzhou Agreement, the consideration for the Suzhou Target Interest A amounted to approximately RMB517 million and the consideration for the Suzhou Target Interest B amounted to approximately RMB378 million.

Part of the total Suzhou Consideration shall be settled by offsetting the total amount due from Suzhou Seller A and its related parties to Suzhou Target Company A (amounting to approximately RMB271 million as at 30 June 2023) and the total amount due from Suzhou Seller B and its related parties to Suzhou Target Company B (amounting to approximately RMB432 million as at 30 June 2023) (the “**Suzhou Sellers’ Debts**”) in the following manner:

- (a) approximately RMB271 million of the consideration for Suzhou Target Interest A shall be settled by offsetting against an equivalent amount due from Suzhou Seller A and its related parties to Suzhou Target Company A upon satisfaction (or waiver) of all of the Suzhou Conditions;
- (b) approximately RMB378 million of the consideration for Suzhou Target Interest B shall be settled by offsetting against an equivalent amount due from Suzhou Seller B and its related parties to Suzhou Target Company B upon satisfaction (or waiver) of all of the Suzhou Conditions; and
- (c) approximately RMB54 million of the consideration for Suzhou Target Interest A shall be settled by offsetting against the equivalent remaining amount due from Suzhou Seller B and its related parties to Suzhou Target Company B upon satisfaction (or waiver) of all of the Suzhou Conditions.

After offsetting the Suzhou Sellers’ Debts, the net Suzhou Consideration payable by Greentown Real Estate to the Suzhou Sellers amounted to approximately RMB192 million, which shall be settled in the following manner:

- (a) upon satisfaction (or waiver) of all of the Suzhou Conditions, (i) an amount equivalent to the aggregate amount due from Guangzhou Hejing and Hangzhou Seller to Greentown Real Estate as at the Suzhou Conditions Fulfilment Date (as defined below) (being approximately RMB109 million as at the date of this announcement) shall be set-off against the same amount in the Suzhou Consideration; (ii) RMB36 million shall be settled by offsetting an equivalent amount due from Guangzhou Hejing to the Hangzhou Project Company; and (iii) RMB8 million shall be payable in cash to Suzhou Seller A; and

- (b) within three business days following (i) completion of the registration for the equity transfers under the Suzhou Acquisition with the relevant local Administration for Industry and Commerce; and (ii) completion of the transfer of management and control of the Suzhou Target Companies and confirmation of such transfer by Greentown Real Estate and the Suzhou Sellers:
  - (I) approximately RMB29 million shall be retained by Greentown Real Estate as performance guarantee which shall be payable to Suzhou Seller A only upon performance of certain obligations by the KWG Group for certain property development projects in cooperation with the Group; and
  - (II) an amount after deducting the payment referred to in paragraph (a) above and the performance guarantee referred to in (I) above (currently estimated to be approximately RMB10 million) shall be paid in cash within three business days following completion of (i) and (ii) above under this paragraph (b).

The Suzhou Consideration was arrived at after arm's length negotiations between the parties based on normal commercial terms mainly with reference to the respective net asset value, total credits and debts of, and properties selling rate as at 30 June 2023 of the Suzhou Target Companies. The Group intends to finance the aforesaid payment of cash consideration by the Group's internal financial resources.

Completion : The Suzhou Consideration will be settled in the manner disclosed above on the date on which each of the Suzhou Conditions has been fulfilled (or waived by Greentown Real Estate) or such other date as agreed by Greentown Real Estate and the Suzhou Sellers (the "**Suzhou Conditions Fulfilment Date**"). Within five business days after such date, a pledge over the Suzhou Target Interests for certain loans owed by the Hangzhou Seller and Guangzhou Hejing to the Group will be released. Within five business days after such release, the parties shall complete the registration of the transfer of the Suzhou Target Interests from the Suzhou Sellers to Greentown Real Estate with the relevant local Administration for Industry and Commerce in the PRC.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

As at the date of this announcement, the Hangzhou Project Company has completed the development of the Hangzhou Oriental Dawn Project and the Suzhou Target Companies have basically completed the development of the Langyue Binhe Project and Mingyue Binhe Project. The Acquisitions under the Agreements facilitate the KWG Group's exit from the Hangzhou Target Company and the Suzhou Target Companies and proper handling of relevant claims and liabilities. The Directors (including the independent non-executive Directors) consider that each of the Agreements have 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.

## INFORMATION ON THE PARTIES TO THE AGREEMENTS

### The Hangzhou Target Group

Each of the Hangzhou Target Company and the Hangzhou Project Company (a company wholly-owned by the Hangzhou Target Company) is a company established in the PRC with limited liability. The Hangzhou Target Group is principally engaged in the development of the Hangzhou Oriental Dawn Project. As at the date of this announcement, the Hangzhou Target Company is a company owned as to 50% by Hangzhou Zheqing and 50% by the Hangzhou Seller.

As at 30 June 2023, the unaudited consolidated net assets of the Hangzhou Target Group amounted to approximately RMB2,350 million. The unaudited net profit (or loss) before taxation and after taxation for the two years ended 31 December 2022 of Hangzhou Target Group were as follows:

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2021</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net profit (or loss) before tax	213,039	(103,171)
Net profit (or loss) after tax	89,743	(77,379)

### The Suzhou Target Companies

Each of the Suzhou Target Companies is a company established in the PRC with limited liability. Suzhou Target Company A and Suzhou Target Company B are principally engaged in the development of the Langyue Binhe Project and Mingyue Binhe Project, respectively. As at the date of this announcement, Suzhou Target Company A is a company owned as to 50% by Suzhou Zesheng (a non-wholly-owned subsidiary of the Company) and 50% by Suzhou Seller A and Suzhou Target Company B is a company owned as to 49% by Shanghai Chisheng (a non-wholly-owned subsidiary of the Company) and 51% by Suzhou Seller B.



As at 30 June 2023, the unaudited net assets of Suzhou Target Company A and Suzhou Target Company B amounted to approximately RMB1,039 million and RMB733 million, respectively. The unaudited net profit (or loss) before taxation and after taxation of the respective Suzhou Target Companies for the two years ended 31 December 2022 were as follows:

*Suzhou Target Company A*

	<b>For the year ended 31 December 2022 (RMB'000)</b>	<b>For the year ended 31 December 2021 (RMB'000)</b>
Net profit (or loss) before tax	(14,416)	(7,033)
Net profit (or loss) after tax	(10,812)	(5,275)

*Suzhou Target Company B*

	<b>For the year ended 31 December 2022 (RMB'000)</b>	<b>For the year ended 31 December 2021 (RMB'000)</b>
Net profit (or loss) before tax	(27,912)	1,929
Net profit (or loss) after tax	(20,934)	1,447

**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.

Hangzhou Zheqing is a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company whose principal business is industrial investment and investment management.

Greentown Real Estate is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company whose principal business is property development.

## **The KWG Group**

Each of the Hangzhou Seller, the Suzhou Sellers and Guangzhou Hejing is a company established in the PRC with limited liability. Each of the Hangzhou Seller and the Suzhou Sellers is principally engaged in the investment holding of the relevant project companies, and Guangzhou Hejing is principally engaged in investment holding and real estate development business in the PRC.

Each of the Hangzhou Seller, the Suzhou Sellers and Guangzhou Hejing is a wholly-owned subsidiary of KWG, a company listed on the Main Board of the Stock Exchange (stock code: 01813). KWG is a large-scale property developer in the PRC with a leading position in the Greater Bay Area and is principally engaged in property development, property investment and hotel operation.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions, in aggregate, exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Agreements constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisitions”	the Hangzhou Acquisition and the Suzhou Acquisition
“Agreements”	the Hangzhou Agreement and the Suzhou Agreement
“Board”	the board of Directors
“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
“Greentown Real Estate”	Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company

“Group”	the Company together with its subsidiaries
“Guangzhou Hejing”	Guangzhou Hejing Holdings Group Limited* (廣州合景控股集團有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of KWG
“Hangzhou Acquisition”	the acquisition of 50% equity interest in the Hangzhou Target Company by Hangzhou Zheqing from the Hangzhou Seller pursuant to the terms and conditions of Hangzhou Agreement
“Hangzhou Agreement”	the agreement dated 15 August 2023 entered into among Hangzhou Zheqing, the Hangzhou Seller, the Hangzhou Target Company, Hangzhou Project Company, Greentown Real Estate and Guangzhou Hejing in respect of, among other things, the Hangzhou Acquisition
“Hangzhou Consideration”	the total consideration for the Hangzhou Target Interest payable by Hangzhou Zheqing under the Hangzhou Acquisition
“Hangzhou Oriental Dawn Project”	the residential project with necessary public facilities developed and constructed by the Hangzhou Target Group in Hangzhou, the PRC, with a total construction area of 192,900 sqm
“Hangzhou Project Company”	Hangzhou Greentown Zhiyan Urban Development Company Limited* (杭州綠城致延城市發展有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Hangzhou Target Company
“Hangzhou Seller”	Hangzhou Gaoxin Business Services Company Limited* (杭州高信商務服務有限公司), a company established under the laws of the PRC with limited liability
“Hangzhou Target Company”	Hangzhou Zhiyan Investment Co., Ltd.* (杭州致延投資有限公司), a company incorporated under the laws of the PRC with limited liability
“Hangzhou Target Group”	the Hangzhou Target Company and Hangzhou Project Company
“Hangzhou Target Interest”	50% equity interest in the Hangzhou Target Company
“Hangzhou Zheqing”	Hangzhou Zheqing Investment Company Limited* (杭州浙慶投資有限公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“KWG”	KWG Group Holdings Limited (stock code: 01813), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Langyue Binhe Project”	the residential project developed and constructed by Suzhou Target Company A in Suzhou, the PRC, with a total construction area of 136,679 sqm
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mingyue Binhe Project”	the residential project developed and constructed by Suzhou Target Company B in Suzhou, the PRC, with a total construction area of 130,424 sqm
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Chisheng”	Shanghai Chisheng Real Estate Company Limited* (上海馳晟置業有限公司), a company established under the laws of the PRC with limited liability and a non-wholly-owned subsidiary of the Company
“Shareholder”	holder of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Acquisition”	the acquisition of 50% equity interest in Suzhou Target Company A and 51% equity interest in Suzhou Target Company B by Greentown Real Estate from the respective Suzhou Sellers pursuant to the terms and conditions of the Suzhou Agreement
“Suzhou Agreement”	the agreement dated 15 August 2023 entered into among Greentown Real Estate, the Suzhou Sellers, the Suzhou Target Companies, Hangzhou Project Company and Guangzhou Hejing in respect of, among other things, the Suzhou Acquisition
“Suzhou Consideration”	the total consideration for the Suzhou Target Interests payable by Greentown Real Estate under the Suzhou Acquisition
“Suzhou Seller A”	Suzhou Jinhe Real Estate Development Co., Ltd.* (蘇州市金和房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability

“Suzhou Seller B”	Suzhou Shangyu Real Estate Development Co., Ltd.* (蘇州市上譽房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability
“Suzhou Sellers”	Suzhou Seller A and Suzhou Seller B
“Suzhou Target Companies”	Suzhou Target Company A and Suzhou Target Company B
“Suzhou Target Company A”	Suzhou Jingyu Real Estate Development Co., Ltd.* (蘇州市景譽房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability
“Suzhou Target Company B”	Suzhou Zhuoyu Real Estate Development Co., Ltd.* (蘇州市卓譽房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability
“Suzhou Target Interest A”	50% equity interest in Suzhou Target Company A
“Suzhou Target Interest B”	51% equity interest in Suzhou Target Company B
“Suzhou Target Interests”	Suzhou Target Interest A and Suzhou Target Interest B
“Suzhou Zesheng”	Suzhou Zesheng Real Estate Development Company Limited* (蘇州澤晟房地產開發有限公司), a company established under the laws of the PRC with limited liability and a non-wholly-owned subsidiary of the Company

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

Hangzhou, the PRC  
15 August 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