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**GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED**

**綠城管理控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 09979)**

## **FURTHER ANNOUNCEMENT**

### **PROFIT FORECAST AND FURTHER INFORMATION IN RELATION TO ACQUISITION OF EQUITY INTEREST IN TARGET COMPANY**

Reference is made to the announcement of Greentown Management Holdings Company Limited (the “**Company**”) dated 11 January 2022 (the “**Announcement**”) with regard to the discloseable transaction in relation to acquisition of equity interest in Zhejiang Shangli Construction Management Company Limited (浙江尚里建設管理有限公司) (the “**Target Company**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

#### **COMPLIANCE WITH THE LISTING RULES**

As disclosed in the Announcement, the consideration of the Acquisition was arrived at after arm’s length negotiations with reference to the valuation of RMB658,826,800 of all shareholders’ interests of the Target Company (the “**Valuation Target**”) as of 30 November 2021 (the “**Valuation Reference Date**”) as appraised by China Enterprise Appraisals Co., Ltd. (the “**Valuer**”), an independent valuer. As the valuation was prepared on the discounted cash flow basis under the income approach, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable.

## **PROFIT FORECAST IN RELATION TO THE VALUATION METHOD**

### **Principal Assumptions**

Pursuant to the valuation report dated 10 January 2022 prepared by the Valuer (the “**Valuation Report**”), details of the principal assumptions, including the commercial assumptions, upon which the profit forecast is based are set out as follows:

1. It is assumed that the Valuation Target is in the process of transactions in the market and the valuer carries out the valuation according to the transaction terms of the assets to be appraised based on a simulated market;
2. It is assumed that the Valuation Target will enter into an open market. An open market refers to a well-developed, comprehensive and competitive market with voluntary buyers and voluntary sellers in which the parties are of equal status, with sufficient time and opportunities to obtain market information, and transactions are conducted freely and rationally without compulsion or restrictions on the parties. Buyers and sellers can make rational judgments on the functions, uses and transaction prices of assets;
3. It is assumed that the Valuation Target will go through corporate form changes according to the intended plan after the Valuation Reference Date;
4. It is assumed that the project management projects included in the spin off plan that are subject to valuation will be transferred to the Target Company successfully, and the Target Company will generate revenue according to the contracts;
5. It is assumed that the “Greentown” brand used by the Valuation Target for a fee before the Valuation Reference Date, will be used for free on or after the Valuation Reference Date under the background of this acquisition;
6. It is assumed Valuation Target will continue to operate as a going concern after the Valuation Reference Date;
7. It is assumed that there will be no material changes in the political, economic and social environment of the country and region in which the Valuation Target is located after the Valuation Reference Date;
8. It is assumed that there will be no material changes to the macro-economic policies, industrial policies and regional development policies of the country and region where the Valuation Target is located after the Valuation Reference Date;
9. It is assumed that there will be no material changes to the interest rates, exchange rates, tax bases, tax rates and policy-imposed levies in relation to the Valuation Target after the Valuation Reference Date;

10. It is assumed that the information provided by the client, the Valuation Target and other relevant parties are true, complete, legal and accurate;
11. It is assumed that the management of the Valuation Target will be responsible and stable, and have the capability to take on their duties after the Valuation Reference Date;
12. It is assumed that the Valuation Target will fully comply with all relevant laws and regulations;
13. It is assumed that there will be no force majeure that may have material adverse impact on the Valuation Target after the Valuation Reference Date;
14. It is assumed that the accounting policies adopted by the Valuation Target after the Valuation Reference Date are consistent with the accounting policies adopted in the preparation of the Valuation Report in material respects.

### **Confirmations**

In accordance with Rule 14.62(2) of the Listing Rules, the Company has engaged its reporting accountant, Deloitte Touche Tohmatsu, to report on the calculations on which the Valuation Report was based.

So far as the accounting policies and calculations are concerned, Deloitte Touche Tohmatsu has reported to the Directors in respect of the arithmetical accuracy of the calculations of the forecast in connection with the valuation of Target Company as of 30 November 2021, prepared by the Valuer as set out in the Valuation Report. The Directors are solely responsible for the assumptions described above and the work performed by Deloitte Touche Tohmatsu did not include any assessment of the reasonableness or validity of the assumptions. The calculations of forecast do not involve the adoption of accounting policies.

The Directors have reviewed the assumptions based upon which the valuation of the Target Company was prepared and have considered the report from Deloitte Touche Tohmatsu. The Directors confirm that the valuation of the Target Company has been made after due and careful enquiry.

A report from Deloitte Touche Tohmatsu dated 20 January 2022 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board dated 20 January 2022 in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

### **Experts and Consents**

The qualifications of the experts who have given their statements in this announcement are as follows:

<b>Name</b>	<b>Qualification</b>
China Enterprise Appraisals Co., Ltd.	Valuer
Deloitte Touche Tohmatsu	Certified Public Accountant, Hong Kong

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Valuer and Deloitte Touche Tohmatsu is an Independent Third Party of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, neither the Valuer nor Deloitte Touche Tohmatsu has any shareholding, directly or indirectly, in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

Each of the Valuer and Deloitte Touche Tohmatsu has given and has not withdrawn its respective written consent to the publication of this announcement with the inclusion of its name and qualification, statements and report, and all references thereto in the form and context in which they are included.

### **FURTHER INFORMATION ON THE TARGET COMPANY**

As stated in the Announcement, as at 30 November 2021, the unaudited total assets of the Target Company is RMB56.9833 million (other receivables RMB56.9833 million), the total liabilities of the Target Company is RMB48.65 million (other payables RMB48.65 million), the net assets of the Target Company is RMB8.3333 million.

The Company further announces that the assets value of the Target Company disclosed in the Announcement has taken into account the project management business to be transferred to the Target Company, including: (i) the project management team lead by Mr. Xu; and (ii) the remaining contract value of the uncompleted project management agreements of Bluetown Holdings to be transferred to the Target Company, which is approximately RMB1,983.68 million.

### **FURTHER INFORMATION ON THE EQUITY PURCHASE AND SALE AGREEMENTS**

As stated in the Announcement, the Transferor and the Guarantor together guarantee to Greentown Management that, after the completion of the Acquisition, the after-tax profit of the Target Company distributed to Greentown Management shall be no less than RMB120 million, RMB130 million and RMB150 million for the years of 2022, 2023 and 2024, respectively (the “**Guaranteed Profit**”).

The Company further announces that, the Guaranteed Profit refers to the profit generated in the ordinary and usual course of business of the Target Company.

By Order of the Board  
**Greentown Management Holdings Company Limited**  
**Li Jun**  
*Chief Executive Officer and Executive Director*

Hangzhou, PRC, 20 January 2022

*As at the date of this announcement, the Board of the Company comprises Mr. Guo Jiafeng and Mr. Zhang Yadong as non-executive Directors, Mr. Li Jun and Mr. Lin Sanjiu as executive Directors, and Mr. Lin Zhihong, Dr. Ding Zuyu and Mr. Chan Yan Kwan Andy as independent non-executive Directors.*

## APPENDIX I – REPORT FROM DELOITTE TOUCHE TOHMATSU

### INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE ENTIRE EQUITY INTEREST IN ZHEJIANG SHANGLI CONSTRUCTION MANAGEMENT COMPANY LIMITED

#### TO THE DIRECTORS OF GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by China Enterprise Appraisals Co., Ltd. dated 10 January 2022 of the entire equity interest in Zhejiang Shangli Construction Management Company Limited (the “**Target Company**”) as at 30 November 2021 (the “**Valuation**”) is based. The Target Company is a limited liability company incorporated in the People’s Republic of China, which is principally engaged in project management business. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in an announcement dated 20 January 2022 to be issued by Greentown Management Holdings Company Limited (the “**Company**”) in connection with the acquisition of 60% equity interest in the Target Company (the “**Announcement**”).

#### Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Reporting Accountants' Responsibility**

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

## **Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
20 January 2022

## APPENDIX II – LETTER FROM THE BOARD

20 January 2022

Listing Division  
The Stock Exchange of Hong Kong Limited  
12/F, Two Exchange Square  
8 Connaught Place, Central,  
Hong Kong

Dear Sirs/Madams,  
Re: Greentown Management Holdings Company Limited (the “**Company**”)

We refer to the announcement of the Company dated 11 January 2022 (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

Reference is made to the valuation report (the “**Valuation Report**”) dated 10 January 2022 prepared by China Enterprise Appraisals Co., Ltd., an independent valuer (the “**Valuer**”), in relation to the valuation of all shareholder interest of Zhejiang Shangli Construction Management Company Limited (浙江嶺里建設管理有限公司) as of 30 November 2021. The valuation is prepared on the discounted cash flow basis under the income approach, which is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer and reviewed the assumptions based upon which the Valuation Report was prepared. We have also engaged Deloitte Touche Tohmatsu to report on the arithmetical accuracy of calculations of the forecast used in the Valuation Report and considered the report from Deloitte Touche Tohmatsu.

Based on the aforesaid, we confirm that the profit forecast as contained in the Valuation Report have been made after due and careful enquiry.

Yours faithfully,

For and on behalf of the board of Directors  
**Greentown Management Holdings Company Limited**  
**Mr. Li Jun**  
*Chief Executive Officer and Executive Director*