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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
ACQUISITION OF INTEREST IN A PROJECT COMPANY**

On 20 June 2023, Zhejiang Greentown (a wholly-owned subsidiary of the Company) entered into the Agreement with Zhejiang Lujiu (a subsidiary of the Company owned as to 50% by the Group and 50% by the Wharf Group) and other relevant parties thereto, pursuant to which Zhejiang Greentown agreed to acquire the entire equity interest in the Target Company and the Target Debt from Zhejiang Lujiu at a total Consideration of RMB120 million. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Wharf, together with its subsidiaries, holds approximately 22.055% of the issued share capital of the Company, and is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, as Wharf holds more than 30% equity interest in Zhejiang Lujiu, Zhejiang Lujiu is an associate of Wharf and thus a connected person of the Company. As one or more of the applicable percentage ratios under the Listing Rules in respect of the Acquisition exceeds 0.1% but none of such percentage ratios is 5% or above, the entering into of the Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Target Company was formed by the Group and the Wharf Group for a residential property development project in Xiaoshan District of Hangzhou in the PRC (the “**Hangzhou Project**”). As at the date of this announcement, the project has been completed and all properties thereunder (save for certain residential properties retained by the Project Company for its leasing operation (the “**Retained Properties**”)) have been sold and delivered. For the shareholders’ exit from the Target Company, on 20 June 2023, Zhejiang Greentown (a wholly-owned subsidiary of the Company) entered into the Agreement with Zhejiang Lujiu (a subsidiary of the Company owned as to 50% by the Group and 50% by the Wharf Group) and other relevant parties thereto, pursuant to which Zhejiang Greentown agreed to acquire the entire equity interest in the Target Company and the Target Debt from Zhejiang Lujiu at a total Consideration of RMB120 million.

PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are as follows:

- Date : 20 June 2023
- Parties : (1) Zhejiang Greentown, a wholly-owned subsidiary of the Company
- (2) Zhejiang Lujiu, a subsidiary of the Company owned as to 50% by the Group and 50% by the Wharf Group
- (3) the Target Company
- (4) the Project Company
- (5) Henan Jinjiang, an indirect wholly-owned subsidiary of the Company which holds 50% equity interest in Zhejiang Lujiu
- (6) Longrun Real Estate, an indirect wholly-owned subsidiary of Wharf which holds 50% equity interest in Zhejiang Lujiu
- Subject Matter : Zhejiang Greentown agreed to acquire the Target Interest (namely, the entire equity interest in the Target Company) and the Target Debt (namely, the amount due from the Target Company to Zhejiang Lujiu) from Zhejiang Lujiu according to the terms of the Agreement.
- Consideration : The total Consideration for the Target Interest and the Target Debt to be acquired by Zhejiang Greentown pursuant to the Agreement amounted to RMB120 million, comprising RMB5 million for the Target Interest and RMB115 million for the Target Debt.

The Consideration was arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to (i) for the Target Interest, the paid-up registered capital of the Target Company; and (ii) the amount due from the Target Company to Zhejiang Lujiu of RMB115 million as of the date of the Agreement).

The Consideration shall be settled in the following manner:

- (a) within 30 business days after the date of the Agreement, RMB3.5 million (representing 70% of the Consideration for the Target Interest) and RMB115 million (representing the entire Consideration for the Target Debt) (the “**First Instalment**”) shall be payable to a bank account designated by Zhejiang Lujiu; and
- (b) within 30 business days after completion of the Acquisition, RMB1.5 million (representing the remaining 30% of the Consideration for the Target Interest) shall be payable to a bank account designated by Zhejiang Lujiu.

Conditions Precedent : Completion of the Acquisition is conditional upon the satisfaction of the conditions precedent set out in the Agreement, which include, among other things, the following principal conditions:

- (a) the First Instalment having been paid by Zhejiang Greentown to Zhejiang Lujiu in accordance with the Agreement; and
- (b) (i) the Target Company having completed the profit distribution in the manner stipulated under the Agreement; and (ii) the Project Company and the Target Company retaining no surplus fund(except for the funds required for its normal operations) or distributable profit.

If any of the conditions set out in the Agreement cannot be fulfilled or is not waived by all parties to the Agreement on or before 31 December 2023, each party has the right to terminate the Agreement.

Completion : The parties to the Agreement agree that completion of the Acquisition shall take place before 30 September 2023. Upon completion of the Acquisition, the parties shall complete the registration of the transfer of the Target Interest from Zhejiang Lujiu to Zhejiang Greentown with the relevant local Administration for Industry and Commerce in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

As at the date of this announcement, the Target Company has completed the development of the Hangzhou Project and all properties thereunder (except for the Retained Properties) have been sold and delivered. The Acquisition under the Agreement facilitates the shareholders' exit from the Target Company and enables the Group to continue generate revenue from the Retained Properties through the Target Company and the Project Company. 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.

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.

Each of Zhejiang Greentown and Henan Jinjiang is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company whose principal business is property development.

Each of the Target Company and the Project Company is a company established in the PRC with limited liability and is principally engaged in the development of the Hangzhou Project. As at the date of this announcement, the Target Company is an indirect non wholly-owned subsidiary of the Company held as to 50% by Henan Jinjiang (an indirect wholly-owned subsidiary of the Company) and 50% by Longrun Real Estate (an indirect wholly-owned subsidiary of Wharf), and the Project Company is a wholly-owned subsidiary of the Target Company.

As at 31 May 2023, the unaudited consolidated net assets of the Target Group amounted to approximately RMB4.874 million. The unaudited net profit (or loss) before taxation and after taxation of the Target Group for the two years ended 31 December 2022 were as follows:

	For the year ended 31 December 2022 (RMB'000)	For the year ended 31 December 2021 (RMB'000)
Net profit (or loss) before tax	(23,565)	361,446
Net profit (or loss) after tax	14,155	195,831

Wharf Group

Wharf is a company incorporated in Hong Kong with limited liability, whose shares are listed on the main board of the Stock Exchange. The principal business of the Wharf Group are investment and development properties in Hong Kong and mainland China, hotel ownership and management as well as logistics and investment.

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, Wharf, together with its subsidiaries, holds approximately 22.055% of the issued share capital of the Company, and is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, as Wharf holds more than 30% equity interest in Zhejiang Lujiu, Zhejiang Lujiu is an associate of Wharf and thus a connected person of the Company. As one or more of the applicable percentage ratios under the Listing Rules in respect of the Acquisition exceeds 0.1% but none of such percentage ratios is 5% or above, the entering into of the Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Interest and the Target Debt by Zhejiang Greentown pursuant to the terms of the Agreement
“Agreement”	the agreement dated 20 June 2023 entered into among Zhejiang Greentown, Zhejiang Lujiu, the Target Company, the Project Company, Henan Jinjiang and Longrun Real Estate in respect of, among other things, the Acquisition
“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
“Consideration”	the total consideration for the Target Interest and the Target Debt payable by Zhejiang Greentown under the Acquisition
“Director(s)”	the director(s) of the Company

“Group”	the Company together with its subsidiaries
“Henan Jinjiang”	Henan Jinjiang Real Estate Co., Ltd.* (河南錦江置業有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary 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
“Longrun Real Estate”	Longrun Real Estate Development (Chengdu) Co., Ltd.* (龍潤房地產開發(成都)有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Wharf
“PRC”	the People’s Republic of China
“Project Company”	Hangzhou Greentown Chaoyang Real Estate Company Limited* (杭州綠城朝陽置業有限公司), a company established in the PRC with limited liability which is a direct wholly-owned subsidiary of the Target Company and an indirect non wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	holder of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Target Company”	Hangzhou Zhiqian Investment Company Limited* (杭州致謙投資有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Target Debt”	the amount due from the Target Company to Zhejiang Lujiu as at the date of the Agreement
“Target Group”	the Target Company and the Project Company
“Target Interest”	the entire equity interest in the Target Company
“Wharf”	The Wharf (Holdings) Limited (stock code: 00004), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange

“Wharf Group”	Wharf together with its subsidiaries
“Zhejiang Greentown”	Zhejiang Greentown Property Investment Co., Ltd.* (浙江綠城房地產投資有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Zhejiang Lujiu”	Zhejiang Lujiu Real Estate Co., Ltd.* (浙江綠九置業有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company which is held by the Group and the Wharf Group as to 50% and 50%, respectively

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

Hangzhou, the PRC
20 June 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*