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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 DISPOSAL OF INTEREST IN A PROJECT COMPANY**

On 25 May 2023, Greentown Real Estate (a wholly-owned subsidiary of the Company) entered into the Agreement with Sunac Huabei, AVIC Trust and the Target Company, pursuant to which Greentown Real Estate agreed to dispose of 51% equity interest in the Target Company at a consideration of approximately RMB1,486 million. Upon completion of the Disposal, the Group will cease to hold any equity interest in the Target Company.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Agreement 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 Target Company was formed by Greentown Real Estate (a wholly-owned subsidiary of the Company), Sunac Huabei and AVIC Trust for the development of the Tianjin National Games Village Project. As at the date of this announcement, the project has been completed and all properties thereunder have been sold and delivered. For the settlement of amounts due to the Target Company from its shareholders and the shareholders' exit from the Target Company in order to facilitate the subsequent liquidation of the Target Company, among other things, on 25 May 2023, Greentown Real Estate entered into the Agreement with Sunac Huabei, AVIC Trust and the Target Company, pursuant to which Greentown Real Estate agreed to dispose of 51% equity interest in the Target Company at a consideration of approximately RMB1,486 million.

## PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are as follows:

- Date : 25 May 2023
- Parties : (1) Greentown Real Estate, a wholly-owned subsidiary of the Company;
- (2) Sunac Huabei;
- (3) AVIC Trust; and
- (4) the Target Company, an indirect non-wholly-owned subsidiary of the Company

Based on the financial statements of the Target Company for the latest financial year (namely, the year ended 31 December 2022), as the total assets, profits and revenue of the Target Company compared to that of the Group are less than 5% under the percentage ratios for the latest financial year, the Target Company is an insignificant subsidiary indirectly owned by the Company pursuant to Rule 14A.09 of the Listing Rules. As such, despite being a substantial shareholder of the Target Company (which is an indirect subsidiary of the Company), Sunac Huabei is not a connected person of the Company.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Sunac Huabei and AVIC Trust 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 dispose of the Target Interest (namely, 51% equity interest in the Target Company) to Sunac Huabei according to the terms of the Agreement.

- Consideration : The total Consideration for the Target Interest to be disposed of by Greentown Real Estate pursuant to the Agreement amounted to approximately RMB1,486 million, which shall be settled in the following manner:

- (a) Greentown Real Estate shall assign approximately RMB1,435 million of the Consideration receivable from Sunac Huabei to the Target Company, thereby offsetting against an equivalent amount due from Greentown Real Estate to the Target Company as at the date of the Agreement; and

- (b) the remaining Consideration amounting to approximately RMB51 million shall be settled by an equivalent amount due from Tianjin Sunac Jieyao (an indirect subsidiary of the Company owned as to 93% by a subsidiary of Greentown Real Estate and indirectly owned as to 7% by Sunac Huabei) to Tianjin Sunac Real Estate (a wholly-owned subsidiary of Sunac Huabei) pursuant to the terms under the Agreement.

The Consideration was arrived at after arm's length negotiations between the parties based on normal commercial terms mainly with reference to the paid-up registered capital and undistributed profits of the Target Company attributable to Greentown Real Estate.

Based on the aforesaid arrangement, there will be no cash proceeds to the Group from the Disposal of the Target Interest pursuant to the Agreement.

Completion : The parties shall complete the registration of the transfer of the Target Interest from Greentown Real Estate to Sunac Huabei with the relevant the local Administration for Industry and Commerce in the PRC within 30 days after the Agreement becomes effective.

It is expected that the Company will record an estimated gain from the Disposal of approximately RMB19 million before taxation, being the difference between the consideration payable by Sunac Huabei for the Target Interest and the unaudited net asset value of the Target Company as at 30 April 2023 (as adjusted by dividends proposed by the Target Company following such date). However, it is expected that the ultimate gain that the Company will record may be different from the above stated gain given that there may be changes to the net asset value of Target Company since 30 April 2023.

## **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 Tianjin National Games Village Project and all properties thereunder have been sold and delivered. The Disposal under the Agreement facilitates the shareholders' exit from the Target Company and the subsequent liquidation matters of the Target 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 Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in the development of Tianjin National Games Village Project.

Prior to the date of the Agreement, the Target Company is an indirect subsidiary of the Company beneficially owned as to 50.592% by Greentown Real Estate, 48.608% by Sunac Huabei and 0.8% by AVIC Trust (according to the agreement between the parties, each of Greentown Real Estate, Sunac Huabei and AVIC Trust is entitled to 40.8%, 39.2% and 20% of the equity return of the Target Company respectively and shall assume their respective corresponding shareholder obligations in the Target Company). The 0.8% equity interest owned by AVIC Trust in the Target Company is held as to 0.408% by Greentown Real Estate and 0.392% by Sunac Huabei as nominees for AVIC Trust. Prior to the Disposal, Greentown Real Estate will acquire 0.408% equity interest in the Target Company (which it holds as a nominee on behalf of AVIC Trust) from AVIC Trust at the cash consideration of approximately RMB50.7 million, upon completion of which Greentown Real Estate will own 51% equity interest in the Target Company. The aforementioned cash consideration was determined after arm's length negotiations between the parties to the Agreement with reference to the paid-up registered capital and undistributed profits of the Target Company attributable to AVIC Trust. The Directors are of the view that the consideration is fair and reasonable.

As at 30 April 2023, the unaudited net assets of the Target Company amounted to approximately RMB2,940 million. According to the applicable PRC accounting standards, the audited net profit (or loss) before taxation and after taxation for the two years ended 31 December 2022 were as follows:

	<b>For the year ended 31 December 2022</b> <i>(RMB'000)</i>	<b>For the year ended 31 December 2021</b> <i>(RMB'000)</i>
Net profit (or loss) before tax	(22,974)	16,114
Net profit (or loss) after tax	222,429	(158,145)

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

## **Sunac Huabei**

Sunac Huabei is a company established in the PRC with limited liability and is principally engaged in the real estate development business in the PRC. Sunac Huabei is an indirect wholly-owned subsidiary of Sunac China Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 01918).

## **AVIC Trust**

AVIC Trust is a joint stock company established in the PRC with limited liability and a non-banking financial institution approved by the China Banking and Insurance Regulatory Commission, which is principally engaged in, among other things, alternative investment, asset management, asset servicing, wealth management, loans, financial product investment, financial equity investment and other businesses. The shares of AVIC Trust are held as to 84.42% by AVIC Investment Holding Limited (中航投資控股有限公司) and 15.58% by Oversea-Chinese Banking Corporation Limited. AVIC Investment Holding Limited is an indirect subsidiary of AVIC Industry-Finance Holdings Co., Ltd. (a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange, stock code: 600705). The ordinary shares of Oversea-Chinese Banking Corporation Limited are listed on the Main Board of the Singapore Exchange (stock symbol: OCBC Bk (O39)).

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Agreement 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:

“Agreement”	the agreement dated 25 May 2023 entered into among Greentown Real Estate, Sunac Huabei, AVIC Trust and the Target Company in respect of, among other things, the Disposal
“AVIC Trust”	AVIC Trust Co., Ltd., a company incorporated under the laws of the PRC with limited liability
“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 payable by Sunac Huabei under the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Interest by Greentown Real Estate pursuant to the terms of the Agreement
“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
“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
“PRC”	the People’s Republic of China
“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
“Sunac Huabei”	Sunac Huabei Development Group Co., Ltd.* (融創華北發展集團有限公司), a company incorporated under the laws of the PRC with limited liability
“Target Company”	Tianjin Greentown National Games Village Construction Development Co., Ltd.* (天津綠城全運村建設開發有限公司), a company incorporated under the laws of the PRC with limited liability

“Target Interest”	51% equity interest in the Target Company
“Tianjin National Games Village Project”	the project developed and constructed by the Target Company on the parcel of National Games Village, Jiefang South Road, Hexi District, Tianjin, the PRC
“Tianjin Sunac Jieyao”	Tianjin Sunac Jieyao Real Estate Co., Ltd.* (天津融創杰耀置業有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect subsidiary of the Company owned as to 93% by a subsidiary of Greentown Real Estate and indirectly owned as to 7% by Sunac Huabei
“Tianjin Sunac Real Estate”	Tianjin Sunac Real Estate Co., Ltd.* (天津融創置業有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sunac Huabei

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

Hangzhou, the PRC  
29 May 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*