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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 A SUBSIDIARY

On 3 December 2024, Greentown Real Estate (a wholly-owned subsidiary of the Company) entered into the Agreement with Ningbo Global, the Target Company and the Operating Company, pursuant to which Greentown Real Estate agreed to dispose the Target Interest at the Initial Consideration of RMB482.3 million (subject to the Consideration Adjustment) and to assign the obligations of the Operating Property Loan to Ningbo Global.

Upon completion of the Disposal, the Group will cease to hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

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 transaction 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

On 3 December 2024, Greentown Real Estate entered into the Agreement with Ningbo Global, the Target Company and the Operating Company, pursuant to which Greentown Real Estate agreed to dispose the Target Interest at the Initial Consideration of RMB482.3 million (subject to the Consideration Adjustment) and to assign the obligations of the Operating Property Loan to Ningbo Global.

Upon completion of the Disposal, the Group will cease to hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are as follows:

- Date : 3 December 2024
- Parties : (1) Greentown Real Estate, a wholly-owned subsidiary of the Company;
- (2) Ningbo Global;
- (3) the Operating Company; and
- (4) the Target Company, an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Ningbo Global and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

- Transaction Structure : The Disposal comprises the follows:
- (a) the sale of the Target Interest (being the entire issued share capital of the Target Company) by Greentown Real Estate to Ningbo Global;
- (b) the repayment of the Shareholder's Debt and the Target Company's Debt, as further set out under the section headed "Treatment of the Outstanding Debts and Loan" below; and
- (c) the assignment of all obligations in respect of the Operating Property Loan from Greentown Real Estate to Ningbo Global, such that upon completion of the Disposal, all obligations in respect of the Operating Property Loan shall be borne by the Target Company and Ningbo Global.

The Target Company is the sole legal and beneficial owner of the Target Property.

Consideration : The initial consideration payable for the Target Interest to be disposed of by Greentown Real Estate pursuant to the Agreement amounts to approximately RMB482.3 million (the “**Initial Consideration**”). The final consideration payable shall be equivalent to the Initial Consideration but subject to any adjustment due to difference of the audited net asset value of the Target Company between 31 July 2024 and the date of registration of the transfer of the Target Interest, if any, pursuant to the terms of the Agreement (the “**Consideration Adjustment**”).

The Consideration is payable in cash in three tranches:

- (a) Ningbo Global shall pay 20% of the Initial Consideration (approximately RMB96.46 million) to Greentown Real Estate within 7 working days after the Agreement becomes effective;
- (b) Ningbo Global shall pay 79% of the Initial Consideration (approximately RMB381.0 million) to Greentown Real Estate within 7 working days after delivery to Ningbo Global of the signed supplemental lease agreement to be entered into between the Target Company and the Operating Company regarding the prospective lease arrangement of the Target Property; and
- (c) Ningbo Global shall pay 1% of the Initial Consideration (approximately RMB4.82 million) which is to be with further adjusted by the Consideration Adjustment to Greentown Real Estate within 7 working days after (i) the registration of the transfer of the Target Interest is completed, (ii) the value of Consideration Adjustment is agreed and confirmed, pursuant to the terms of the Agreement, and (iii) the Operating Company assigns to the Target Company all of its rights and obligations arising from the lease agreements with the lessees of the Target Property, pursuant to the terms of the Agreement.

The Consideration was arrived at after arm's length negotiations between the parties on normal commercial terms taking into account various factors, including but not limited to (i) the valuation of the Target Company as at 30 September 2024 by an independent valuer; (ii) the financial performance and financial statements of the Target Company; (iii) the Outstanding Debts and Loan as further set out in the section headed "Treatment of the Outstanding Debts and Loan" below; (iv) the business prospect of the Target Company; and (v) reasons and benefits of the Disposal as stated under the section headed "Reasons for and benefits of entering into the Agreement" below.

Treatment of the Outstanding :
Debts and Loan

The Shareholder's Debt

Pursuant to the Agreement, the Target Company shall repay Greentown Real Estate the Shareholder's Debt of RMB84.05 million in full within 30 days after the completion.

The Target Company's Debt

Pursuant to the Agreement, Greentown Real Estate and the Operating Company shall repay the Target Company the Target Company's Debt of an aggregate amount of approximately RMB29.21 million in full within 28 days after the completion.

The Operating Property Loan

Pursuant to the Agreement, upon completion of the Disposal, all obligations in respect of the Operating Property Loan of RMB785 million shall be borne by the Target Company and Ningbo Global, and Greentown Real Estate shall be discharged from any obligations in respect of the Operating Property Loan.

Completion : The parties shall complete the registration of the transfer of the Target Interest from Greentown Real Estate to Ningbo Global with the relevant local Administration for Industry and Commerce in the PRC within 15 working days after (i) Greentown Real Estate receives the payment tranche (b) as set out above from Ningbo Global, and (ii) the parties compile with the relevant requirements for registration of the transfer of the Target Interest.

Within 28 days after the date of registration of the transfer of the Target Interest, Greentown Real Estate and the Operating Company shall repay all the liabilities owed to the Target Company.

Within 30 days after the date of registration of the transfer of the Target Interest, Target Company shall repay all the liabilities owed to Greentown Real Estate.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

By entering into the Agreement for the Disposal, the Company aims to achieve a more balanced and strategically aligned asset portfolio, improve capital utilization, and enhance overall financial health. The overall office building market in the PRC has experienced a reduction in both transaction volume and price, leading to a continuous downward trend in both profitability and asset value. The Directors are of the view that the Disposal will allow the Group to improve on its overall financial performance by reducing exposure to the challenging office building market and reallocate more financial resources on future potential investment opportunities in more lucrative sectors. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement 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, prior to the completion of the Disposal, an indirect wholly-owned subsidiary of the Company and is the owner of the Target Property.

As at 30 September 2024, the unaudited net assets of the Target Company amounted to approximately RMB474.4 million. The unaudited net loss before taxation and after taxation of the Target Company for the two years ended 31 December 2023 were as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net loss before tax	(4,477)	(5,167)
Net loss after tax	(4,477)	(5,167)

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.

Ningbo Global

Ningbo Global is a company established in the PRC with limited liability and is principally engaged in property development and management in the PRC. To the best knowledge of the Directors after making reasonable enquiries, Ningbo Global is ultimately controlled as to 60.84%, 27.59%, 3.66%, 3.49%, 2.37%, 1.5% and 0.55% by the State-owned Assets Supervision and Administration Commission of Ningbo Municipal Government* (寧波市人民政府國有資產監督管理委員會), the State-owned Assets Supervision and Administration Commission of People's Government of Zhejiang Province* (浙江省人民政府國有資產監督管理委員會), the State-owned Assets Supervision and Administration Commission of Wenzhou Municipal Government* (溫州市人民政府國有資產監督管理委員會), the State-owned Assets Supervision and Administration Commission of Zhoushan Municipal Government* (舟山市人民政府國有資產監督管理委員會), the State-owned Assets Supervision and Administration Commission of Yiwu Municipal Government* (義烏市人民政府國有資產監督管理委員會), the State-owned Assets Supervision and Administration Commission of Jiaxing Municipal Government* (嘉興市人民政府國有資產監督管理委員會) and the State-owned Assets Supervision and Administration Commission of Taizhou Municipal Government* (台州市人民政府國有資產監督管理委員會), respectively.

The Operating Company

The Operating Company is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. The Operating Company is principally engaged in property management in the PRC.

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the Group will cease to hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

As at 30 September 2024, the unaudited net asset value of the Target Company, was approximately RMB474.4 million. For reference purpose, based on (i) the Initial Consideration of approximately RMB482.3 million; and (ii) the treatment of the Outstanding Debts and Loan as described above, the Group is expected to recognise a net gain of approximately RMB7.87 million from the Disposal, being the difference between the Initial Consideration and the unaudited net asset value of the Target Company as at 30 September 2024. After deducting the expenses related to the Disposal, the Group expects that the net loss from the Disposal is approximately RMB5.65 million.

The definitive amount of any gain or loss on the Disposal to be recognised in the consolidated financial statements of the Company may be adjusted taking into account, the Initial Consideration as adjusted by the Consideration Adjustment, and subject to audit to be performed by the auditor of the Company and therefore may be different from the amount as mentioned above.

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 transaction 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 3 December 2024 entered into among Greentown Real Estate, Ningbo Global, the Target Company and the Operating Company in respect of the Disposal
“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 Ningbo Global under the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire issued share capital of the Target Company 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
“Ningbo Global”	Ningbo Global Real Estate Co., Ltd.* (寧波環球置業有限公司), a company established under the laws of the PRC with limited liability
“Operating Company”	Hangzhou Chengling Commercial Operation Management Co., Ltd.* (杭州誠瓴商業運營管理有限公司), a company incorporated under the laws of the PRC with limited liability and the operating company of the Target Property
“Operating Property Loan”	the outstanding bank loan of RMB785 million due from the Target Company
“Outstanding Debts and Loan”	the Shareholder’s Debt, the Target Company’s Debt and the Operating Property Loan
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	holder of the Shares
“Shareholder’s Debt”	the outstanding debt of RMB84.05 million due from the Target Company to Greentown Real Estate
“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 Chengling Lvlong Enterprise Management Co., Ltd.* (杭州誠瓴綠隆企業管理有限公司), a company incorporated under the laws of the PRC with limited liability
“Target Company’s Debt”	the outstanding debt in the aggregate amount of approximately RMB29.21 million due from Greentown Real Estate and the Operating company to the Target Company
“Target Interest”	the entire equity interest in the Target Company
“Target Property”	111 real estate properties, 322 underground parking spaces, and the related facilities and equipment, decorations, materials and separate usage spaces, located at Building 2, Binlv Building, No. 66 Hushu South Road, Gongshu District, Hangzhou City, Zhejiang Province, the PRC

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

Hangzhou, the PRC
3 December 2024

As at the date of this announcement, the Board comprises Mr ZHANG Yadong, Mr GUO Jiafeng, Mr ZHOU Changjiang, 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*