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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)**

## **DISCLOSEABLE TRANSACTION DISPOSAL OF INTEREST IN A SUBSIDIARY**

### **THE DISPOSAL**

On 30 September 2020, the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Target Company (an indirect non-wholly owned subsidiary of the Company) entered into the Disposal Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, 2.0001% equity interests in the Target Company for a total consideration of RMB330,000. Upon Completion, the Target Company will cease to be a subsidiary of the Group, but will be accounted as an investment in an associate of the Group and will be accounted for and consolidated in the Group's financial results as an associate using equity method.

### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but all of them are lower than 25%, the transaction contemplated under the Disposal Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Completion of the Disposal is conditional upon payment of the consideration. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

### **THE DISPOSAL**

On 30 September 2020, the Vendor, the Purchaser and the Target Company entered into the Disposal Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, 2.0001% equity interests in the Target Company for a total consideration of RMB330,000.

The principal terms of the Disposal Agreement are summarized as follows:

## **PRINCIPAL TERMS OF THE AGREEMENT**

### **Date**

30 September 2020

### **Parties**

- (i) the Purchaser, an independent third party;
- (ii) the Vendor, an indirect wholly-owned subsidiary of the Company; and
- (iii) the Target Company, an indirect non-wholly owned subsidiary of the Company prior to the Disposal.

### **Consideration**

The total consideration for the Disposal is RMB330,000, payable by the Purchaser to the Vendor in cash upon Completion.

### ***Basis of the consideration for the Disposal***

The consideration for the Disposal was determined upon arm's length negotiations between the Vendor and the Purchaser with reference to (i) the financial position of the Target Company; and (ii) the valuation of the Target Company prepared by an independent third party valuer.

### **Completion**

Completion is conditional upon payment of the consideration of the Disposal. Completion is expected to take place on the date that the consideration of the Disposal is fully paid.

## **INFORMATION ON THE PARTIES**

### **The Target Company**

The Target Company was established in the PRC on 29 November 2012. It is principally engaged in landscape design and consulting services. The unaudited financial results of the Target Company for the two years immediately preceding the date of this announcement are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	<b>2019</b>
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before tax	459	(5,418)
Net loss after tax	(756)	(6,314)

The unaudited net asset value of the Target Company as at 31 December 2019 and 31 August 2020 was approximately RMB15,576,000 and RMB16,097,000, respectively.

## ***The Vendor***

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in project management business.

## **The Company and the Purchaser**

The Group is principally engaged in the provision of project management services.

The Purchaser is a limited partnership established in the PRC. It is principally engaged in investment management, investment consulting and industrial investment. The ultimate beneficial owner of the Purchaser is Mr. Liu Yuming.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner is an independent third party of the Company.

## **REASONS AND BENEFITS FOR THE DISPOSAL**

Reference is made to the Prospectus issued by the Company dated 29 June 2020. As disclosed in the Prospectus, in September 2019, the directors of the Company resolved to dispose of all its landscape construction operation, which involves large amount of costs of construction raw materials and is not service-driven, which was not in line with strategic direction of the Company to adopt an asset-light project management business model and the proposed disposal would allow the Company to focus its resources on its core project management business. The Disposal seeks to achieve and reinforce the above commercial rationale, to better allocate the Group's resources and to optimise its operation model.

Based on the foregoing, the Directors are of the view that the Disposal and the terms of the Disposal Agreement, including the consideration, were entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion, the Vendor will hold 48.9999% of the equity interest in the Target Company. The Target Company will cease to be a subsidiary of the Group, but will be accounted as an investment in an associate of the Group and will be accounted for and consolidated in the Group's financial results as an associate using equity method.

It is expected that the Group will realise an estimated gain on the Disposal of approximately RMB205,000, which is calculated by reference to (i) the consideration payable by the Purchaser for the acquisition of the interests of the Target Company; and (ii) the unaudited net asset value of the Target Company as at 31 August 2020. The actual result arising from the Disposal to be recorded may be different from the above estimated amount given that there may be changes to the net asset value of the Target Company since 31 August 2020. Having regards to the estimated gain on the Disposal, and taking into consideration the reasons for the Disposal as stated under the paragraph headed "Reasons and Benefits for the Disposal" above, the Company is of the view that the Disposal is in the interests of the Company and the Shareholders as a whole.

## USE OF PROCEEDS

The net proceeds from the Disposal, after deducting the taxation and transaction costs, are estimated to be approximately RMB305,000. The Group intends to apply the net proceeds from the Disposal towards funding its working capital.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but all of them are lower than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Completion of the Disposal is conditional upon payment of the consideration. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Company”	Greentown Management Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	the sale of 2.0001% equity interest in the Target Company by the Vendor to the Purchaser
“Disposal Agreement”	the equity transfer agreement dated 30 September 2020 entered into by and among the Purchaser, the Vendor and the Target Company in relation to the Disposal
“Group”	the Company and 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
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 29 June 2020

“Purchaser”	Changxing Yuanhe Investment Management Partnership Enterprise (Limited Partnership)* (長興元合投資管理合夥企業(有限合夥)), an independent third party to the Company which is owned as to 90% by Mr. Liu Yuming (劉玉明)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhejiang Greentown Landscape Garden Project Company Limited (浙江綠城景道園林工程有限公司), a company established on 29 November 2012 under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Vendor”	Greentown Real Estate Construction Management Group Co., Ltd (綠城房地產建設管理集團有限公司), a company established on 21 March 2012 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hangzhou, 30 September 2020

*As of the date of this announcement, the board of Directors of the Company comprises Mr. Guo Jiafeng, Mr. Zhang Yadong and Mr. Liu Wensheng 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.*

\* For identification purposes only