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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: 9979)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
ACQUISITION OF EQUITY INTEREST IN TARGET COMPANY**

THE EQUITY PURCHASE AND SALE AGREEMENTS

On 11 January 2022, Greentown Management, an indirectly wholly-owned subsidiary of the Company, entered into the Equity Purchase and Sale Agreements with the Target Company, the Transferors, and the Guarantor. Pursuant to the Equity Purchase and Sale Agreements, Greentown Management agreed to purchase and the Transferors agreed to sell 60% equity interest in the Target Company and all rights and interests therein. The consideration payable by Greentown Management under the Equity Purchase and Sale Agreements comprises (i) a fixed consideration of RMB400 million; and (ii) adjusted incremental consideration determined according to the service fee receivable from the new project management projects of the Target Company during a 3-year period following completion of the Acquisition. The maximum amount of the adjusted incremental consideration is RMB200 million.

Upon completion of the Acquisition, the Target Company will be held as to 60% by Greentown Management and become a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the acquisition of the 60% equity interest in the Target Company under the Equity Purchase and Sale Agreements is more than 5% but less than 25%, the acquisition of the 60% equity interest in the Target Company constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 11 January 2022, Greentown Management, an indirectly wholly-owned subsidiary of the Company, entered into the Equity Purchase and Sale Agreements with the Transferors, who are Independent Third Parties and together own 100% equity interest in the Target Company. Pursuant to the Equity Purchase and Sale Agreements, Greentown Management agreed to purchase and the Transferors agreed to sell 60% equity interest in the Target Company and all rights and interests therein. Details of the Equity Purchase and Sale Agreements is set out below:

- To the best knowledge, information and belief of the Board and after marking all reasonable enquiries, the Transferors, Target Company and Guarantor are Independent Third Parties as at the date of this announcement.

- (ii) adjusted incremental consideration determined according to the service fee receivable from the new project management projects of the Target Company during the 3-year period following completion of the Acquisition. The adjusted incremental consideration to be paid to Mr. Xu and Ms. Jiang (if any) will be determined as below:

Service Fee Receivable from the New Project Management Projects of the Target Company during the 3-Year Period following Completion of the Acquisition <i>(in RMB)</i>	Adjusted Incremental Consideration <i>(in RMB)</i>
Greater than or equal to 100 million but less than 200 million	30 million
Greater than or equal to 200 million but less than 300 million	60 million
Greater than or equal to 300 million but less than 400 million	90 million
Greater than or equal to 400 million but less than 500 million	120 million
Greater than or equal to 500 million but less than 600 million	150 million
Greater than or equal to 600 million but less than 700 million	180 million
Greater than or equal to 700 million	200 million

For the avoidance of doubt, the maximum amount of the adjusted incremental consideration will be RMB200 million.

The consideration will be settled out of the internal financial resources of the Group and will not use the proceeds from the initial public offering of the Company.

- 5. Payment Term**
- (i) Greentown Management shall pay RMB133.3333 million and RMB66.6667 million to Mr. Xu and Ms. Jiang, respectively, within 5 business days upon the project owners of the project management projects as contained in the Equity Purchase and Sale Agreements have confirmed in writing that the original project management agreements shall be continually performed by the Target Company, and the project management fee underlying the relevant written confirmations and project management agreements shall account for 50% of the total project management fee of the project management projects as contained in the Equity Purchase and Sale Agreements;
 - (ii) upon the project owners of the project management projects as contained in the Equity Purchase and Sale Agreements have confirmed in writing that the original project management agreements shall be continually performed by the Target Company, and the project management fee underlying the relevant written confirmations and project management agreements accounts for additional 10% of the total project management fee of the project management projects as contained in the Equity Purchase and Sale Agreements, Greentown Management shall pay the corresponding proportion of the fixed consideration to Mr. Xu and Ms. Jiang, respectively, within 5 business days upon receiving the request from the Transferors and confirming no objection;
 - (iii) upon all the project owners of the project management projects as contained in the Equity Purchase and Sale Agreements have confirmed in writing that the original project management agreements shall be continually performed by the Target Company, Greentown Management shall, within 5 business days, pay the remaining fixed consideration to Mr. Xu and Ms. Jiang, respectively;
 - (iv) Greentown Management shall pay the adjusted incremental consideration (if any) to the Transferors within 7 business days after the service fee receivable from the new project management business during the 3-year period following the completion of the Acquisition has been confirmed.
- 6. Conditions Precedent**
- (i). The Equity Purchase and Sale Agreements has become effective;
 - (ii). The project owners of the current project management agreements of the Target Company has confirmed and agreed to the continual performance of the original project management agreements by the Target Company;
 - (iii). The shareholder meeting of the Target Company has passed resolution to approve the Equity Purchase and Sale Agreements;

- (iv). The Board has approved the Acquisition, and the Acquisition is in compliance with Listing Rules and all other applicable requirements;
- (v). Each of the representations and warranties of the Transferors and the Guarantor in the Equity Purchase and Sale Agreements are true, accurate and not misleading as at the completion date of the governmental registration.

7. **Profit Guarantee** 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 parties to the Equity Purchase and Sale Agreements agree that:

- (i) if the Target Company’s audited after-tax profit $\times 60\% \geq$ the Guaranteed Profit, the Target Company’s after-tax profit shall be distributed among Greentown Management and Mr. Xu in proportion to their respective shareholdings in the Target Company;
- (ii) if the Target Company’s audited after-tax profit $\times 60\% <$ the Guaranteed Profit, and the Target Company’s after-tax profits \geq the Guaranteed Profit, the part of Target Company’s after-tax profit equals to the Guaranteed Profit shall be distributed to Greentown Management first, the remaining profit shall be distributed to Mr. Xu;
- (iii) if the Target Company’s audited after-tax profit $<$ the Guaranteed Profit, all of the Target Company’s after-tax profit shall be distributed to Greentown Management. Mr. Xu is not entitled to profit distribution. Greentown Management is entitled to require the Transferors and the Guarantor to pay for the difference between the Target Company’s after-tax profit and the Guaranteed Profit on after tax basis;
- (iv) if the Target Company records loss, Greentown Management is entitled to require the Transferors and the Guarantors to pay for the differences between the loss and the Guaranteed Profit on after tax basis.

8. **Non-competition** The Transferors represents and undertakes to Greentown Management that:

- (i) unless being dismissed by the Target Company, Mr. Xu agrees to continue to act as the general manager of the Target Company;

- (ii) other than his position in the Target Company, Mr. Xu will not, directly or indirectly, own, manage, engage, operate, consult, serve, or participate any project management business or entity that compete with the business of Greentown Management or the Target Company;
- (iii) the Transferors, the Guarantor or their respective related parties shall not solicit any management of the Target Company, employ or offer any such person employment opportunities, provide or enter into any service contract with such person;
- (iv) the Transferors, the Guarantor or their respective related parties shall not participate in any form of business that may compete with the business of Greentown Management or the Target Company;
- (v) the Transferors and the Guarantor are obliged to procure the key management of the Target Company to continue their employment contract with the Target Company until the relevant projects that they are involved have been completed;
- (vi) the Transferor and the Guarantor shall stabilize the other employees of the Target Company and procure them to work in the Target Company until the relevant projects that they are involved have been completed.

BASIS OF CONSIDERATION

the consideration of the Acquisition was arrived at after arm's length negotiations with reference to the valuation of RMB658,826,800 of all shareholder interest of the Target Company as of 30 November 2021 as appraised by China Enterprise Appraisals Co., Ltd., 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.

Further announcement for matters in connection with the profit forecast will be made by the Company within 15 business days after the publication of this announcement in accordance with Rule 14.60A and Rule 14.62 of the Listing Rules.

INFORMATION ON THE TARGET COMPANY

Business of the Target Company

The Target Company is a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of the Transferors. As at the date of this announcement, the Target Company is owned by Mr. Xu as to 80% and owned by Ms. Jiang as to 20%. The Target Company is principally engaged in project management business.

The Target Company is spun off from Bluetown Holdings on 25 December 2021 for the purpose of the Acquisition. The Target Company has taken over the project management team, project management business and project management projects of Bluetown Holdings. According to the Equity Purchase and Sale Agreements, Bluetown Holdings will no longer engage in project management business after completion of the Acquisition.

Financial Information of the Target Company

As at 30 November 2021, the unaudited total asset 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 Target Company did not record profit since its establishment.

FINANCIAL EFFECT ON THE COMPANY

Upon completion of the Acquisition, the Group will hold 60% of the equity interests in the Target Company, whose results, assets and liabilities will be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE EQUITY PURCHASE AND SALE AGREEMENTS

The Acquisition will enable the Group to acquire the controlling interest, the management team and the project management business of the Target Company. The Acquisition will enable the Company to integrate the strength of the outstanding project management teams in the industry, build up the Group's core capability, and stabilize the Group's leading position in project management industry. The parties has also agreed in the Equity Purchase and Sale Agreements that Mr. Xu or companies in which he owns interest shall not engage in businesses that may compete with the Group.

The Acquisition will expand the scale of the Group's business and improve the competitiveness of the Company. It will continue to bring in business and outstanding team strength to the Group in the future, contribute to the long-term stable development of the Group and stabilize the Group's leading position in the industry.

The Directors (including independent non-executive Directors) are of the view that the terms of the Equity Purchase and Sale Agreements and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors have any material interest in the Equity Purchase and Sale Agreements and none of them is required to be abstained from voting on the relevant board resolutions.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the acquisition of the 60% equity interest in the Target Company under the Equity Purchase and Sale Agreements is more than 5% but less than 25%, the acquisition of the 60% equity interest in the Target Company constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

(1) Mr. Xu

Mr. Xu graduated from Fudan University with an MBA degree. He is responsible for the strategic development, overall operation and management of the Target Company. Mr. Xu has independently operated real estate development and project management business since 2012. Mr. Xu is the executive vice president of Hangzhou Quzhou Chamber of Commerce. He has extensive experience in product design, construction and real estate development management.

(2) Bluetown Holdings

Bluetown Holdings is a limited liability company incorporated in the PRC. It is owned by Ningbo Henglizuan Equity Investment Partnership (Limited Partnership) (an entity controlled by Mr. Xu) as to 99.5% and owned by Mr. Xu as to 0.5%. Mr. Xu is the executive director, general manager and legal representative of Bluetown Holdings. It is mainly engages in real estate development and project management business.

(3) Greentown Management

Greentwon Management is a limited liability company incorporated in the PRC. It is an indirectly wholly owned subsidiary of the Company and mainly engages in project management business.

DEFINITIONS

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

“Acquisition”	the acquisition of the 60% equity interest in the Target Company in accordance with the Equity Purchase and Sale Agreements
“Board”	the board of the Company

“Guarantor” or “Bluetown Holdings”	Bluetown Holdings Company Limited (藍城控股有限公司), a limited liability company incorporated in the PRC and is controlled by Mr. Xu as at the date of this announcement
“business day(s)”	the statutory working days in the PRC
“Company”	Greentown Management Holdings Company Limited (綠城管理控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 09979)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Purchase and Sale Agreements”	the equity purchase and sale agreement and a supplemental agreement to the equity purchase and sale agreement both dated 11 January 2022 and entered into among Greentown Management, the Transferors, the Target Company and the Guarantor
“Greentown Management”	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 March 21, 2012 under the laws of the PRC with limited liability and an indirect whollyowned subsidiary of our Company
“Group”	the Company and its Subsidiaries
“Mr. Xu”	Mr. Xu Xiongxiang (徐雄翔), spouse of Ms. Jiang, holding 80% equity interest in the Target Company as at the date of this announcement
“Ms. Jiang”	Ms. Jiang Yangjun (蔣陽俊), spouse of Mr. Xu, holding 20% equity interest in the Target Company as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Third Party(ies)”	third parties independent of the Company and its connected persons and are not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, and “Chinese” shall be construed accordingly. References in this announcement to the PRC or China exclude Hong Kong, Macau and Taiwan
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shares”	ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	subsidiary(ies) of the Company from time to time within the meaning of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
“Target Company”	Zhejiang Shangli Construction Management Company Limited (浙江熵里建設管理有限公司), a limited liability company incorporated in the PRC and is wholly-owned by the Transferors as at the date of this announcement, among which, Mr. Xu holds 80% equity interest and Ms. Jiang holds 20% equity interest
“Transferors”	Mr. Xu and his spouse Ms. Jiang, both are Independent Third Parties of the Group
“%”	per cent.

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

Hangzhou, PRC, 11 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.