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**港龍中國地產**  
GANGLONG CHINA PROPERTY

**Ganglong China Property Group Limited**  
**港龍中國地產集團有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 6968)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF 35% EQUITY INTERESTS IN  
THE TARGET COMPANY**

**THE EQUITY TRANSFER AGREEMENT**

On 2 April 2023, the Vendor (an indirect and wholly-owned subsidiary of the Company), the Purchaser and the Target Company, among others, entered into the Equity Transfer Agreement, pursuant to which the Vendor agrees to sell, and the Purchaser agrees to purchase the 35% equity interests in the Target Company held by the Vendor.

**IMPLICATIONS UNDER THE LISTING RULES**

The Purchaser is a substantial shareholder of the Target Company, which is an “insignificant subsidiary” of the Company pursuant to Rule 14A.09 of the Listing Rules. As such, the Purchaser is not regarded as a connected person of the Company. The entering into of the Equity Transfer Agreement and the Disposal therefore does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

## **THE EQUITY TRANSFER AGREEMENT**

### **Date**

2 April 2023

### **Parties**

- (1) the Vendor, an indirect wholly-owned subsidiary of the Company
- (2) the Purchaser
- (3) JV Partner 1
- (4) JV Partner 2
- (5) the Target Company

### **Nature of the transaction and consideration**

Pursuant to the Equity Transfer Agreement, the Vendor agrees to sell, and the Purchaser agrees to purchase the 35% equity interests in the Target Company held by the Vendor.

The Consideration for the Disposal of the 35% equity interests in the Target Company is RMB173,000,000.

Pursuant to the to the Equity Transfer Agreement, the Consideration shall be set off against the amount of RMB173,000,000 payable by the Vendor to the Target Company.

### **Assets to be disposed of**

As at the date of this announcement, the Target Company is a non-wholly-owned subsidiary of the Vendor and is owned by the Vendor as to 35%, the Purchaser as to 25%, the JV Partner 1 as to 20.4% and the JV Partner 2 as to 19.6%. The Target Company holds the entire interest in the Hai'an Site located at South Side of Donghai Avenue and East Side of Ninghai South Road, Hai'an City, Jiangsu Province (江蘇省海安市東海大道南側、寧海南路東側). Please refer to the paragraph headed "Information of the Hai'an Site" below for further details of the Hai'an Site.

### **INFORMATION OF THE HAI'AN SITE**

The Hai'an Site is located at South Side of Donghai Avenue and East Side of Ninghai South Road, Hai'an City, Jiangsu Province (江蘇省海安市東海大道南側、寧海南路東側) with a site area of approximately 61,381 sq. m. and a total saleable GFA of 144,160 sq. m. The residential project Jun Wang Lan Ting (君望瀾庭) is being developed on the Hai'an Site. The Jun Wang Lan Ting (君望瀾庭) project is expected to be completed in October 2023.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are certain financial information of the Target Company:

	<b>For the year ended 31 December 2021 (unaudited) <i>Approximately (RMB'000)</i></b>	<b>For the year ended 31 December 2022 (unaudited) <i>Approximately (RMB'000)</i></b>
Revenue	–	–
Loss before and after taxation	(23,461.8)	(15,605.5)

Based on the unaudited financial information of the Target Company, the consolidated total assets value and net assets value of the Target Company as at 31 December 2022 were approximately RMB1,515.0 million and RMB533.7 million, respectively.

## BASIS OF THE CONSIDERATION OF THE EQUITY TRANSFER

The Consideration under the Equity Transfer Agreement was determined after arm's length negotiations between the Purchaser and the Vendor, taking into account of the financial position of the Target Company, the pre-sale progress of the Jun Wang Lan Ting (君望瀾庭) project, the current situation and prospects of the property market in Hai'an and the benefits that the Disposal will bring to the Group.

The Board (including the independent non-executive Directors) considers that the Disposal is on normal commercial terms and the terms of the Equity Transfer Agreement (including the Consideration and its payment method) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## FINANCIAL EFFECT OF THE DISPOSAL

As a result of the disposal of the 35% equity interests in the Target Company, it is expected that the Group will record an unaudited loss of approximately RMB10 million, which is arrived at after taking into account the difference between the Consideration and the carrying value of the 35% equity interests in Target Company.

The actual gain or loss will be determined based on the actual carrying value of the 35% equity interests in the Target Company and may be different from the above estimation; and such gain/loss is subject to final audit to be performed by the Company's auditors.

Following the completion of Disposal, the Company will no longer hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Group.

## **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER**

As cash flow breakeven has been achieved for the Jun Wang Lan Ting (君望瀾庭) project, the Directors consider that the Disposal provides a good opportunity for the Group to realise its investment in the Target Company and to optimize its portfolio of property projects amid uncertainty in the outlook of the real estate market in the region. In addition, the Disposal would allow the Group to release its guarantee obligations and other financial commitments in relation to its investment in the Target Company and the Jun Wang Lan Ting (君望瀾庭) project and thereby equipping the Group with the ability to withstand risk in the current market environment.

## **INFORMATION ABOUT THE GROUP, THE PURCHASER, JV PARTNER 1, JV PARTNER 2**

The Group is principally engaged in the development of real estate projects in the PRC.

The Vendor is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development.

Based on the information available to the Company, the Purchaser is a company established in the PRC with limited liability and is principally engaged in property development and the equity interest of the Purchaser is held by JV Partner 2 as to 49%, JV Partner 1 as to 20% and Changzhou Zhengchang Real Estate Development Co., Ltd. as to 31%. Changzhou Zhengchang Real Estate Development Co., Ltd. is controlled by Jiangsu Zhengchang Group Co., Ltd. which is in turn controlled by Hao Bo.

To the best knowledge information and belief of the Directors having made all reasonable enquires, other than being a substantial shareholder of the Target Company, which is “insignificant subsidiary” of the Company pursuant to Rule 14A.09 of the Listing Rules, the Purchaser (and its ultimate beneficial owners), JV Partner 1 and JV Partner 2 are Independent Third Party not connected with the Company or connected persons (as defined under the Listing Rules) of the Company.

## **IMPLICATIONS OF THE DISPOSAL UNDER THE LISTING RULES**

The Purchaser is a substantial shareholder of the Target Company, which is an “insignificant subsidiary” of the Company pursuant to Rule 14A.09 of the Listing Rules. As such, the Purchaser is not regarded as a connected person of the Company. The entering into of the Equity Transfer Agreement and the Disposal therefore does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Ganglong China Property Group Limited (港龍中國地產集團有限公司), 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB173,000,000, being the consideration for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the 35% equity interest in the Target Company to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 2 April 2023 and entered into between the Vendor, the Purchaser, JV Partner 1, JV Partner 2 and the Target Company in relation to the Disposal
“Group”	the Company and its subsidiaries
“Hai’ ai Site”	a site located at South Side of Donghai Avenue and East Side of Ninghai South Road, Hai’an City, Jiangsu Province (江蘇省海安市東海大道南側、寧海南路東側)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“JV Partner 1”	Hao Yun, an Independent Third Party
“JV Partner 2”	Ding Zhihui, an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Nantong Jiuhe Property Development Co., Ltd.* (南通久和房地產開發有限公司), a company established in the PRC with limited liability and an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.01 each of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq. m.”	square meter(s)
“Target Company”	Nantong Jiuhe Real Estate Co., Ltd.* (南通久和置業有限公司), a company established in the PRC with limited liability which is owned by the Vendor as to 35%, the Purchaser as to 25%, the JV Partner 1 as to 20.4% and the JV Partner 2 as to 19.6% as at the date of this announcement
“%”	per cent.

By order of the Board  
**Ganglong China Property Group Limited**  
**Lui Ming**  
*Chairman and executive director*

Hong Kong, 3 April 2023

*As of the date of this announcement, the executive directors of the Company are Mr. Lui Ming (Chairman), Mr. Lui Jin Ling, and Mr. Lui Chi Chung Jimmy. The non-executive directors of the Company are Mr. Lui Wing Mau and Mr. Lui Wing Nam. The independent non-executive directors of the Company are Mr. Chan Pak Hung, Mr. Guo Shaomu, and Ms. Tang Lo Nar.*

\* For identification purposes only