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## **GREENLAND HONG KONG HOLDINGS LIMITED**

### **綠地香港控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 337)**

**USD450 million 3.875 per cent. Notes due 2019**

**(Stock Code: 5691)**

**USD200 million 7.875 per cent. Bonds due 2019**

**(Stock Code: 5121)**

**USD200 million 9.875 per cent. Bonds due 2020**

**(Stock Code: 5485)**

### **VERY SUBSTANTIAL DISPOSAL**

### **DISPOSAL OF THE TARGET COMPANY**

### **RESUMPTION OF TRADING**

The Board is pleased to announce that on 29 March 2019 (after trading hour), the Seller entered into the Agreement to sell to the Purchaser the 100% interest in the Target Company at the Purchase Price.

As the Agreement does not specify a fixed amount as the Purchase Price nor any limit to the Purchase Price (which can only be finalised after Completion), there is a possibility that the Consideration Ratio in respect of the Disposal may exceed 75%, the Disposal constitutes a very substantial disposal for the Company, and is therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

An EGM will be convened to seek Shareholders' approval of the Agreement and the transactions contemplated thereunder. Insofar as the Company is aware, none of the Shareholders has any material interest in the Agreement. Hence no Shareholder is required to abstain from voting on the resolutions in relation to the Agreement and the transactions contemplated thereunder at the EGM. A circular containing, among other things, details of the Disposal and a notice of EGM are expected to be despatched to Shareholders on or before 31 May 2019.

**Completion is conditional upon the satisfaction of the conditions set out in the section headed "Conditions" in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

## RESUMPTION OF TRADING

Trading in the shares and the debt securities of the Company on the Stock Exchange was halted with effect from 9:05 a.m. on 1 April 2019 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares and the debt securities of the Company on the Stock Exchange with effect from 1:00 p.m. on 4 April 2019.

## INTRODUCTION

On 29 March 2019 (after trading hour), the Seller entered into the Agreement with the Purchaser for the disposal of the 100% of the issued share capital in the Target Company to the Purchaser at the Purchase Price.

## THE AGREEMENT

The principal terms of the Agreement are summarised as follows:

Date	:	29 March 2019
Parties	:	(i) the Seller as the seller
	:	(ii) the Purchaser as the purchaser
Subject matter	:	the Sale Share, representing 100% of the issued share capital of the Target Company

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

## CONSIDERATION

The Purchase Price (subject to adjustment as mentioned below) for the sale and purchase of the Sale Share shall be an amount paid in US\$ but denominated in RMB in cash equal to (i) the Property Valuation, plus (ii) the estimated aggregate amount of all of the assets (excluding the Property) of the Target Group Companies, less the estimated aggregate amount of all of the liabilities and debts of the Target Group Companies as at Completion (the amount in (ii) being referred to as the “**Estimated NAV**”; and the aggregate of (i) and (ii) being referred to as “**Estimated Purchase Price**”). The Seller and the Purchaser shall jointly prepare and agree on the estimated balance sheet of the Target Group Companies on a consolidated basis as at Completion (the “**Estimated Completion Balance Sheet**”) for the purpose of ascertaining the Estimated NAV. If the Seller and the Purchaser fail to agree on the Estimated Completion Balance Sheet within 30 business days following the CP Satisfaction Date, the Estimated Purchase Price shall be determined by an independent accountant.

The Purchase Price shall be determined as the Estimated Purchase Price as increased or reduced by the amount, if any, by which the Completion NAV exceeds or is less than the Estimated NAV, respectively.

If as a result of the above adjustment:

- (a) the amount of the Purchase Price is greater than the Estimated Purchase Price (the amount of such difference, the “**Upward Adjustment Amount**”), then the Purchaser shall pay to the Seller an amount equal to the Upward Adjustment Amount; or
- (b) the amount of the Purchase Price is less than the Estimated Purchase Price (the amount of such difference, the “**Downward Adjustment Amount**”), then the Seller shall pay to the Purchaser an amount equal to the Downward Adjustment Amount,

in each case, within 10 business days following the day on which the Completion Balance Sheet is finally agreed or determined.

The Purchase Price was arrived at after arm’s length negotiation between the parties and was determined with reference to the financial position and business prospects of the Target Company, and the Property Valuation. The Property Valuation was determined by the Company based on arm’s length negotiation with the Purchaser with reference to the Company’s internal assessment of the market price of the Property and comparable market transactions. Based on the preliminary estimation by the Company for the purposes of this announcement, the Purchase Price is estimated to be not less than RMB2.8 billion (approximately HK\$3.3 billion), subject to the final determination by the Purchaser and the Seller as aforesaid. The aforesaid estimate is determined by adding (i) total assets (except the Property), deducting (ii) all liabilities and debts, to and from (iii) the Property Valuation.

The Purchaser and the Seller agree that all loans due from and due to between the Target Group Companies and the Group shall be settled by paying the net amount to the Group within 3 business days from Completion.

## **CONDITIONS**

Completion of the Agreement is conditional upon the fulfilment and/or waiver of the following conditions:

- (a) the debt financing from new financiers having been secured by the Purchaser, the Target Company and the Project Company for the purposes of the transactions’ contemplated under the Agreement;
- (b) the Company having obtaining the approval from its shareholders at its extraordinary general meeting as required by the Listing Rules in respect of the Disposal;
- (c) the warranties given by the Seller and the Purchaser respectively under the Agreement having been true and accurate in all material respects, and not misleading in any respect, as of the date of the Agreement and as of the Completion;
- (d) the covenants and agreements contained in the Agreement that are to be complied with by the Seller or the Purchaser respectively on or before the Completion having been complied with in all material respects;
- (e) no event or events having occurred, or being reasonably likely to occur, which, individually or in the aggregate, have, or could have, a Material Adverse Effect;

- (f) no injunction, interim or otherwise having been granted in respect of the Seller, the Company or the Purchaser which would prohibit the Seller, the Company or the Purchaser from entering into or performing their respective obligations under any of the transaction documents stipulated under the Agreement (“**Transaction Documents**”); and
- (g) the Target Group Companies having performed or complied with certain pre-completion tasks or obligations specified in the Agreement in respect its business, contractual, financial, accounting, taxation, governmental filing, employment and property affairs.

If any of the above condition has not been fulfilled (or waived by the relevant party) on or before 31 December 2019 (or such other date as the Seller and the Purchaser may agree in writing), the Disposal will not proceed. If the Purchaser is unable to obtain all requisite internal approvals for the transactions contemplated under the Agreement by 5 April 2019 (or such other date as the Seller and the Purchaser may agree), either party may terminate the Agreement.

Completion shall take place on the 7th business day following the date on which the Purchaser and the Seller have agreed on the Estimated Completion Balance Sheet (or at such other time as the Seller and the Purchaser may agree).

## **PAYMENT TERMS**

### **(a) Payment of Deposit**

The Purchaser shall pay the Seller in cash the following amounts in US\$ as deposit subject to the following terms and conditions:

- (i) subject to the satisfaction of the following conditions (the “**Tranche 1 CP**”) by 15 April 2019, the Purchaser shall pay an amount in the US\$ equivalent of RMB800,000,000 (the “**Tranche 1 Deposit**”):
  - (a) the Seller having delivered to the Purchaser certain documents stipulated in the Agreement;
  - (b) the Purchaser having obtained all requisite internal approvals in respect of the transaction contemplated under the Agreement; and
  - (c) no injunction, interim or otherwise, having been granted in respect of the Seller and the Company which would prohibit the Seller or the Company from entering into or performing its obligations under any of the transaction documents specified under the Agreement.
- (ii) on the 10th business day after the latest to occur of the following conditions having been satisfied (the “**Tranche 2 Deposit Payment Date**”), the Purchaser shall pay an amount in the US\$ equivalent of RMB2,200,000,000 (the “**Tranche 2 Deposit**”; and together with the Tranche 1 Deposit, the “**Deposit**”):
  - (a) there having been no material breach of the Agreement by the Seller;

- (b) there being no occurrence of any Material Adverse Effect;
- (c) all the Tranche 1 CP continuing to be satisfied as of the Tranche 2 Deposit Payment Date;
- (d) all the final completion and acceptance formalities for the Property required under PRC laws having been duly completed and all the completion and acceptance approvals and filing certificate for the Property having been obtained; and
- (e) those seals and documents specified in the Agreement having been received by the Purchaser.

**(b) Completion Payment**

On the Completion Date, the Purchaser shall pay to the Seller in cash an amount in US\$ (the “**Completion Payment**”) equal to: (x) the Estimated Purchase Price, less (y) the Deposit, less (z) the aggregate of the Claim Holdback Sum and the Construction Costs Holdback Sum (as set out below).

**(c) Payment of the Holdback Sum**

*(i) Claim Holdback Sum*

The Purchaser shall be entitled to: (x) withhold any amount due to the Purchaser or its affiliates in respect of any claim against any members of the Seller’s Group (other than any Construction Costs Claim) (each, a “**Claim Amount**”), up to the Claim Holdback Sum; and (y) retain any Claim Amount to the extent such claim is finally agreed or determined in favour of the Purchaser or its affiliates as at the Release Date. Within 10 business days after the first anniversary of Completion (such date being referred to as “**Release Date**”), the Purchaser shall pay to the Seller the balance of the Claim Holdback Sum, save that any Claim Amount not having been finally agreed or determined shall be settled once it has been done so.

*(ii) Construction Costs Holdback Sum*

The Purchaser shall be entitled to: (x) withhold any amount in respect of any claim arising out of or in connection with any amount of the Construction Costs incurred or payable that is in excess of the Projected Construction Costs (each a “**Construction Costs Claim**”) up to the Construction Costs Holdback Sum and (y) retain any amount under a Construction Costs Claim to the extent the relevant claim is finally agreed or determined in favour of the Purchaser as at the Release Date.

The Purchaser shall pay to the Seller an amount, out of the Construction Costs Holdback Sum, equal to 10% of the Construction Costs (if any) that have been paid by the Project Company in accordance with the terms of the Agreement during the preceding three-month period (or such other period agreed by the parties), up to and until the Construction Costs Holdback Final Release Date as mentioned below.

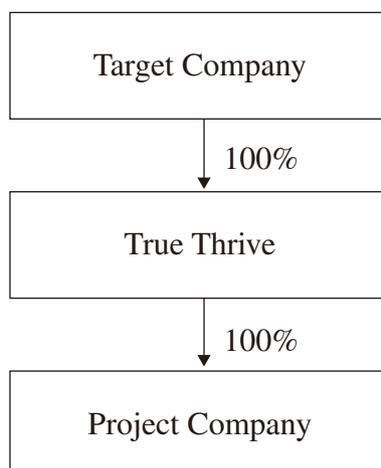
Within 10 business days after the final and full settlement in respect of any Construction Costs (such date of payment being referred to as the “**Construction Costs Holdback Final Release Date**”), the Purchaser shall pay to the Seller the balance of the Construction Costs Holdback Sum, save that any Construction Costs Claims not having been finally agreed or determined shall be settled once it has been done so.

## INFORMATION OF THE TARGET GROUP COMPANIES

The Target Group Companies are principally engaged in the property development project, which mainly consists of commercial, office and residential. The Property is located at No. 999, Plot 2/2, Block 0099, Wuliqiao Sub-district, Shanghai, the PRC (中國上海五里橋街道0099街坊2/2丘999). The Property locates on land parcels covered a total site area of 55,590 sq.m. The Project is under construction by phases and the final phase is expected to be completed within this year. Some of the completed units of the Project have already been sold.

The registered capital of the Project Company is RMB6 billion (approximately HK\$7.0 billion), which was fully contributed.

The net consolidated gain before and after taxation of the Target Company for the year ended 31 December 2018 were RMB768.5 million and RMB404.7 million respectively. The net consolidated gain before and after taxation of the Target Company for the year ended 31 December 2017 were RMB458.1 million and RMB395.8 million respectively. The unaudited consolidated value of the asset of the Target Company as at 31 December 2018 was approximately RMB13.2 billion. The unaudited consolidated net asset value of the Target Company as at 31 December 2018 was approximately RMB1.5 billion. The group structure of the Target Group Companies is as follows:



## **GENERAL INFORMATION**

The Company is an investment holding company. The Group is principally engaged in property development, property and hotel investment and property management.

The Seller is an investment holding company.

The Purchaser is an entity controlled by Brookfield Asset Management Inc (“**Brookfield**”). Brookfield is a global alternative asset manager owning and operating assets with a focus on real estate, renewable power, infrastructure and private equity.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

The Agreement does not specify a fixed amount as the Purchase Price nor any limit to the Purchase Price (which can only be finalised after Completion). For the purposes of illustration, the gain arising from the Disposal before taxation is estimated to be approximately RMB1.8 billion, which was calculated by deducting the book values of the property under development and the investment property comprised in the Property of approximately RMB8.8 billion in aggregate from the agreed Property Valuation of approximately RMB10.6 billion.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Directors consider that the Disposal will enhance the Company’s cashflow position, and provide additional capital resources for the Company to capture other investment opportunities. The proceeds generated from the Disposal will be used for general working capital and future business developments of the Group. The Board considers that the Disposal is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Agreement does not specify a fixed amount as the Purchase Price nor any limit to the Purchase Price (which can only be finalised after Completion), there is a possibility that the Consideration Ratio in respect of the Disposal may exceed 75%, the Disposal constitutes a very substantial disposal for the Company, and is therefore subject to the notification, publication and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

An EGM will be convened to seek Shareholders' approval of the Agreement and the transactions contemplated thereunder. Insofar as the Company is aware, none of the Shareholders has any material interest in the Agreement. Hence no Shareholder is required to abstain from voting on the resolutions in relation to the Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, details of the Disposal and a notice of EGM are expected to be despatched to Shareholders on or before 31 May 2019, because the Company needs more time to finalise the financial information relating to the Target Group Companies for disclosure in the circular.

## **RESUMPTION OF TRADING**

Trading in the shares and debt securities of the Company on the Stock Exchange was halted with effect from 9:05 a.m. on 1 April 2019 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares and debt securities of the Company on the Stock Exchange with effect from 1:00 p.m. on 4 April 2019.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

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

“Agreement”	the sale and purchase agreement dated 29 March 2019 between the Seller and the Purchaser for the Disposal
“Board”	board of Directors
“Claim Holdback Sum”	an amount equal to 10% of the Estimated Purchase Price
“Company”	Greenland Hong Kong Holdings Limited (綠地香港控股有限公司), a company incorporated with limited liability in the Cayman Islands whose ordinary shares are listed on the Stock Exchange (stock code: 337)
“Completion”	completion of the Agreement
“Completion Balance Sheet”	the completion balance sheet to be agreed upon by the Purchaser and the Seller or, failing agreement, to be prepared by an independent accountant

“Completion NAV”	an amount denominated in RMB equal to (i) the Property Valuation, plus (ii) the aggregate amount of all of the assets (excluding the Property) less (iii) the aggregate amount of all of the liabilities and debts of the Target Group Companies as at Completion, as shown in the Completion Balance Sheet
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Ratio”	has the meaning ascribed to it under the Listing Rules
“Construction Costs”	all costs, expenses and liabilities that are or may be incurred or payable by the Project Company for the construction works for the property development projects of the Project Company
“Construction Costs Holdback Sum”	an amount of 10% of the Projected Construction Costs after deducting any Construction Costs that have been (x) paid by the Project Company in accordance with the relevant contracts and applicable laws, regulations and rules in respect of the relevant construction works for the Project on or before Completion and (y) reflected in the Estimated Completion Balance Sheet
“CP Satisfaction Date”	the date on which all of the Conditions are satisfied and/or waived (whether conditionally or otherwise)
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share, representing 100% of the issued share capital in the Target Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of approving the Agreement
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holdback Sum”	the aggregate of the Claim Holdback Sum and the Construction Costs Holdback Sum
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Effect”	any material adverse effect on the Property, or the Target Group Companies
“PRC”	the People’s Republic of China

“Project”	the property development projects of the Project Company
“Project Company”	Shanghai Wuli Property Co., Ltd., (上海五里置業有限公司), a limited liability company established in the PRC and directly wholly owned by True Thrive
“Projected Construction Costs”	in respect of the construction works for the Project, a projection of the total Construction Costs, being approximately RMB3.3 billion agreed by the Seller and the Purchaser
“Property”	the buildings located at No. 999, Plot 2/2, Block 0099, Wuliqiao Sub-district, Shanghai, the PRC (中國上海五里橋街道0099街坊2/2丘999) (excluding the office tower 1 and 23 parking lots), and the land parcel thereunder
“Property Valuation”	RMB10,565,000,000, being the gross asset value of the Property agreed between the Seller and the Purchaser
“Purchase Price”	the purchase price payable for the sale and purchase of the Sale Share details of which are set out in paragraph headed “Consideration”
“Purchaser”	BSREP III China Retail Holdings Limited, a company incorporated in Bermuda with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one share of the Target Company, representing 100% of the issued and outstanding share capital of the Target Company
“Seller”	SPG Investment X (BVI) Limited, a company incorporated in the British Virgin Island with limited liability and a wholly owned subsidiary of the Company
“Seller’s Group”	the Seller and all its subsidiaries, all its holding companies and all the other subsidiaries of each of their holding companies (other than the Target Group Companies)
“Shareholder(s)”	holders of the Shares
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Prosper Spring Investments Limited (旺泉投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Seller

“Target Group Companies”	the Target Company and its subsidiaries, comprising True Thrive and the Project Company
“True Thrive”	True Thrive Investments Limited, a company incorporated in Hong Kong which limited liability and directly wholly owned by the Target Company
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

*For the purposes of this announcement, the exchange rates of HK\$1.00=RMB0.86 has been used for currency translation. Such exchange rate is for illustration purposes only and does not constitute any representations that any amount in HK\$ or RMB has been, could have been or may be converted at such rate.*

By Order of the Board  
**Greenland Hong Kong Holdings Limited**  
**Chen Jun**  
*Chairman*

Hong Kong, 4 April 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Chen Jun, Mr. Wang Weixian, Mr. Hou Guangjun, Mr. Wu Zhengkui and Ms. Wang Xuling; and the independent non-executive Directors are Mr. Cheong Ying Chew, Henry, Mr. Fong Wo. Felix JP, and Mr. Kwan Kai Cheong.*