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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 TRANSACTIONS  
EQUITY INTERESTS SWAP AGREEMENT  
INVOLVING ACQUISITION OF 30% EQUITY INTEREST IN  
A NON-WHOLLY OWNED SUBSIDIARY AND  
DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY**

**THE EQUITY INTERESTS SWAP AGREEMENT**

On 12 January 2023, the JV Partner, Anhui Gangfan (an indirect and wholly-owned subsidiary of the Company, Anhui Ganglong (an indirect and wholly-owned subsidiary of the Company), Huangshan Project Co and Guangde Project Co entered into the Equity Interests Swap Agreement, pursuant to which (i) JV Partner agrees to transfer the 30% equity interests in Huangshan Project Co held by it to Anhui Ganglong and (ii) Anhui Gangfan agrees to transfer the entire equity interests in Guangde Project Co held by it to the JV Partner.

**IMPLICATIONS UNDER THE LISTING RULES**

The JV Partner is a substantial shareholder of Huangshan Project Co and certain non-wholly-owned subsidiaries of the Company which are together “insignificant subsidiaries” of the Company pursuant to Rule 14A.09 of the Listing Rules. As such, the JV Partner is not regarded as a connected person of the Company. The entering into of the Equity Interests Swap Agreement and the Equity Interest Swap 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 Equity Interests Swap exceed 5% but are less than 25%, the Equity Interests Swap constitutes a discloseable transaction of the Company and is subject to announcement requirement under Chapter 14 of the Listing Rules.

## THE EQUITY INTERESTS SWAP AGREEMENT

### Date

12 January 2023

### Parties

- (1) the JV Partner
- (2) Anhui Gangfan, an indirect wholly-owned subsidiary of the Company
- (3) Anhui Ganglong, an indirect wholly-owned subsidiary of the Company
- (4) Guangde Project Co, a company wholly-owned by Anhui Gangfan as at the date of this announcement
- (5) Huangshan Project Co, a company owned as to 70% by Anhui Ganglong and 30% by the JV Partner as at the date of this announcement

### Nature of the transaction and consideration

Pursuant to the Equity Interests Swap Agreement, (i) JV Partner shall transfer the 30% equity interests in Huangshan Project Co held by it to Anhui Ganglong and (ii) Anhui Gangfan shall transfer the entire equity interests in Guangde Project Co held by it to the JV Partner.

The consideration for the disposal of the entire equity interest in Guangde Project Co is RMB152,170,000 (the “**Disposal Consideration**”) and the consideration for the acquisition of the remaining 30% equity interest in Huangshan Project Co is RMB152,170,000 (the “**Acquisition Consideration**”). At completion, the Acquisition Consideration shall be set off against the Disposal Consideration.

Upon completion, (i) Anhui Ganglong shall assume, and the JV Partner shall be released and discharged from all the debts, obligations and liabilities arising out of the Huangshan Project Co and the Huangshan Site project; and (ii) the JV Partner shall assume, and Anhui Gangfan shall be released and discharged from all the debts, obligations and liabilities arising out of the Guangde Project Co and the Guangde Site project.

### Assets to be acquired

As at the date of this announcement, Huangshan Project Co is owned by the Group (through Anhui Ganglong) and the JV Partner as to 70% and 30% respectively. Huangshan Project Co holds the entire interest in the Huangshan Site located at North Side of Beihai Road, Tunguang Town, Tunxi District, Huangshan City, Anhui Province (安徽省黃山市屯溪區屯光鎮北海路北側). Please refer to the paragraph headed “Information of the Huangshan Site” below for further details of the Huangshan Site.

## Assets to be disposed of

As at the date of this announcement, Guangde Project Co is wholly owned by the Group (through Anhui Gangfan). Guangde Project Co holds the entire interest in the Guangde Site located at Yaoshang Plot, Taiji Avenue, Guangde City, Xuancheng City, Anhui Province (安徽省宣城市廣德市太極大道窑上地塊). Please refer to the paragraph headed “Information of the Guangde Site” below for further details of the Guangde Site.

## INFORMATION OF THE HUANGSHAN SITE

The Huangshan Site is located at North Side of Beihai Road, Tuguang Town, Tunxi District, Huangshan City, Anhui Province (安徽省黃山市屯溪區屯光鎮北海路北側) with a site area of approximately 46,780 sq. m. and a total saleable GFA of 71,866 sq. m. The residential project Gang Long Jun Wang (港龍君望) is being developed on the Huangshan Site. Construction work for this project commenced in November 2020 and is expected to be completed in March 2023.

The Permit of Pre-sale of Commodity Properties in respect of the Gang Long Jun Wang (港龍君望) project has been obtained. As at 31 December 2022, a total saleable GFA of 10,471 sq.m. have been pre-sold.

## FINANCIAL INFORMATION OF HUANGSHAN PROJECT CO

Set out below are certain financial information of Huangshan Project Co prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 December 2021 (unaudited) Approximately (RMB'000)</b>	<b>For the year ended 31 December 2022 (unaudited) Approximately (RMB'000)</b>
Revenue	Nil	Nil
Loss before and after taxation	17,084	10,135

Based on the unaudited financial information of the Huangshan Project Co, the total assets value and net assets value of Huangshan Project Co as at 31 December 2022 were approximately RMB924 million and HK\$481 million, respectively.

## INFORMATION OF THE GUANGDE SITE

The Guangde Site is located at Yaoshang Plot, Taiji Avenue, Guangde City, Xuancheng City, Anhui Province (安徽省宣城市廣德市太極大道窑上地塊) with a site area of approximately 57,343 sq. m. and a total saleable GFA of 81,474 sq. m. The residential project Gang Long Xing He Ying Hua Yuan (港龍星河映花園) is being developed on the Guangde Site. As at the date of this announcement, out of the total land premium payable of approximately RMB306.2 million, land premium of approximately RMB153.1 million has been paid.

Construction work for the Gang Long Xing He Ying Hua Yuan (港龍星河映花園) project commenced in October 2021 and is expected to be completed in March 2024.

## **FINANCIAL INFORMATION OF GUANGDE PROJECT CO**

Set out below are certain financial information of Guangde Project Co prepared in accordance with the Hong Kong Financial Reporting Standards:

	<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	Nil	Nil
Loss before and after taxation	1,971	8,053

Based on the unaudited consolidated financial information of the Guangde Project Co, the total assets value and net assets value of the Guangde Project Co as at 31 December 2022 were approximately RMB180 million and HK\$40 million, respectively.

## **BASIS OF THE CONSIDERATION OF THE EQUITY INTERESTS SWAP**

The consideration under the Equity Interest Swap Agreement was determined after arm's length negotiations between the JV Partner, Anhui Gangfan and Anhui Ganglong.

The Acquisition Consideration was determined taking into account the remaining principal amount of investment by the JV Partner of approximately RMB152.1 million as at 30 November 2022 in Huangshan Project Co, while the Disposal Consideration was determined taking into account the land premium of approximately RMB153.1 million paid in respect of the Guangde Site.

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

## **FINANCIAL EFFECT OF THE EQUITY INTERESTS SWAP**

As a result of the disposal of the entire equity interest in Guangde Project Co, it is expected that the Group will not record any material gain or loss, which is arrived at after taking into account the difference between the Disposal Consideration and the carrying value of the Guangde Project Co and the release of liabilities and obligations arising out of the Guangde Project Co and the Guande Site project.

The actual gain or loss will be determined based on the actual carrying value of Guangde Project Co 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.

As a result of the acquisition of the remaining 30% equity interest in Huangshan Project Co, the difference between the total consideration paid to non-controlling interests and total carrying amounts of non-controlling interest will be recognised within equity.

Following the completion of the Equity Interests Swap, (i) the Company will no longer hold any interest in Guangde Project Co, which will cease to be a subsidiary of the Company and the Guangde Project Co will no longer be consolidated into the financial statements of the Group; and (ii) the Huangshan Project Co will become a wholly-owned subsidiary of the Group.

## **REASONS FOR AND BENEFITS OF THE EQUITY INTERESTS SWAP**

The Directors consider that the Equity Interests Swap allow the Group and the JV Partner to capture the opportunity to optimize its portfolio of property projects. As disclosed above, the Permit of Pre-sale of Commodity Properties in respect of the residential project of the Huangshan Site has been obtained and the Gang Long Jun Wang (港龍君望) project is expected to be completed in March 2023. As at 31 December 2022, the Gang Long Jun Wang (港龍君望) project has a GFA available for sale of approximately 61,395 sq. m. The acquisition of the remaining 30% equity interests in the Huangshan Project Co would enable the Group to achieve an independent operation of the Huangshan Project Co which provides flexibility in the management of the Gang Long Jun Wang (港龍君望) project, including its sales and marketing activities and pricing policy. Meanwhile, the disposal of the entire equity interest in Guangde Project Co. would enable the Group to fund the acquisition of the 30% equity interests in the Huangshan Project Co without incurring cash outflow, as well as optimizing the Group's commitments for capital and property development expenditure.

## **INFORMATION ABOUT THE GROUP, ANHUI GANGFAN, ANHUI GANGLONG AND THE JV PARTNER**

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

Each of Anhui Gangfan and Anhui Ganglong is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. They are principally engaged in property development.

The JV Partner is a company established in the PRC with limited liability and is principally engaged in property development. Based on the information available to the Company, the equity interest of the JV Partner is held by Jiangsu Zhengchang Cereal and Feed Machinery Co., Ltd.\* (江蘇正昌糧機股份有限公司) as to 50.5% and Hao Yun (郝昀) as to 49.5%. The ultimate beneficial owners of Jiangsu Zhengchang Cereal and Feed Machinery Co., Ltd. are Hao Bo (郝波), Hao Yun (郝昀) and Lu Ying (陸瑛).

To the best knowledge, information and belief of the Directors having made all reasonable enquires, other than being a substantial shareholder of Huangshan Project Co and certain subsidiaries of the Company which are together "insignificant subsidiaries" of the Company pursuant to Rule 14A.09 of the Listing Rules, the JV Partner and its ultimate beneficial owners are independent third parties not connected with the Company or connected persons (as defined under the Listing Rules) of the Company.

## IMPLICATIONS UNDER THE LISTING RULES

The JV Partner is a substantial shareholder of Huangshan Project Co and certain non-wholly-owned subsidiaries of the Company which are together “insignificant subsidiaries” of the Company pursuant to Rule 14A.09 of the Listing Rules. As such, the JV Partner is not regarded as a connected person of the Company. The entering into of the Equity Interests Swap Agreement and the Equity Interest Swap 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 Equity Interests Swap exceed 5% but are less than 25%, the Equity Interests Swap constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Anhui Gangfan”	Anhui Gangfan Real Estate Co., Ltd.* (安徽港帆置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Anhui Ganglong”	Anhui Ganglong Real Estate Co., Ltd.* (安徽港龍置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Directors”	the directors of the Company
“Equity Interests Swap”	the acquisition of 30% equity interests in Huangshan Project Co from the JV Partner and the disposal of the entire equity interest in Guangde Project Co to the JV Partner pursuant to the Equity Interests Swap Agreement

“Equity Interests Swap Agreement”	the equity interests swap agreement dated 12 January 2023 and entered into between the JV Partner, Anhui Gangfan, Anhui Ganglong, Huangshan Project Co and Guangde Project Co in relation to the Equity Interests Swap
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Guangde Project Co”	Guangde Gangxing Real Estate Co., Ltd.* (廣德市港興置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Guangde Site”	a site located at Yaoshang Plot, Taiji Avenue, Guangde City, Xuancheng City, Anhui Province (安徽省宣城市廣德市太極大道窑上地塊)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huangshan Project Co”	Huangshan Ganglong Real Estate Co., Ltd.* (黃山港龍置業有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company owned as to 70% by Anhui Ganglong and 30% by the JV Partner as at the date of this announcement
“Huangshan Site”	a site located at North Side of Beihai Road, Tunguang Town, Tunxi District, Huangshan City, Anhui Province (安徽省黃山市屯溪區屯光鎮北海路北側)
“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”	Jiangsu Zhengchang Zhongrunfu Investment Development Co., Ltd.* (江蘇正昌眾潤富投資發展有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the 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

“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)
“%”	per cent.

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

Hong Kong, 12 January 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*