

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Greenland Hong Kong Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

CONNECTED TRANSACTIONS

**Appointment of connected persons
as contractors for construction works**

AND

CONTINUING CONNECTED TRANSACTION

Engagement of connected person for landscape greening works

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Octal Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 7 to 19 of this circular.

A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages I-1 to I-2 of this circular.

A letter from Octal Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages II-1 to II-19 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). The completion and return of a form of proxy will not preclude you from attending and voting at the EGM in person.

COVID-19 PRECAUTIONARY MEASURES FOR THE EGM

To prevent the spread of COVID-19 pandemic and to safeguard the health and safety of Shareholders, the Company will implement the following precautionary measures at the EGM:

- compulsory body temperature checks and health declarations
- compulsory wearing of surgical face masks at all times at the EGM venue
- no provision of refreshments and corporate gifts

Any person who does not comply with the precautionary measures or who is subject to health quarantine prescribed by the Hong Kong Government will be denied entry into the EGM venue. Shareholders are strongly encouraged to exercise their voting rights at the EGM by appointing the chairman of the EGM as proxy to attend and vote on the relevant resolutions at the EGM instead of attending the EGM or any adjourned meeting in person.

11 June 2020

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DEFINITIONS

In this circular and the appendices to it, unless the context otherwise requires, the following terms and expressions have the following meanings:

“Applicable Percentage Ratio”, “associate(s)”, “close associate(s)” and “connected person(s)”	have the meanings ascribed to them under the Listing Rules;
“Board”	the board of Directors;
“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 and the ordinary shares of which are listed on the Main Board of the Stock Exchange;
“Construction Projects”	collectively, the Dianchi 1-1 (Land Parcel No. 31) Project, the Dianchi 1-1 (Land Parcel No. 32) Project, the Sky Tree Project and the Guangde Intercity Space Project and a “Construction Project” means any one of them;
“Contractor A”	Shanghai Greenland Construction Engineering Co., Ltd.* (上海綠地建築工程有限公司), a company established in the PRC with limited liability owned as to 100% by Greenland Holdings;
“Contractor Agreements”	collectively the Dianchi 1-1 (Land Parcel No. 31) Contractor Agreement, the Dianchi 1-1 (Land Parcel No. 32) Contractor Agreement, the Sky Tree Contractor Agreement and the Guangde Intercity Space Contractor Agreement, and a “Contractor Agreement” means any one of them;
“Contractor B”	Jiangsu Construction Engineering Group Co., Ltd.* (江蘇省建築工程集團有限公司), a company established in the PRC with limited liability owned as to 50% by Greenland Holdings;
“Contractor C”	Tianjin City Construction Engineering Main Contracting Co., Ltd.* (天津市建工工程總承包有限公司), a company established in the PRC with limited liability controlled as to 72.18% by Greenland Holdings;
“Contractors”	collectively, Contractor A, Contractor B and Contractor C and a “Contractor” means any one of them;

DEFINITIONS

“Controlled”	in relation to an entity being controlled by another entity, the latter entity controls the exercise of certain percentage of the voting power at general meeting of the first-mentioned entity;
“Developer(s)”	certain subsidiary(ies) of the Company which may engage Senmao to undertake Landscape Greening Works for their Landscape Projects;
“Dianchi 1-1 (Land Parcel No. 31) Contractor Agreement”	the contractor agreement dated 8 May 2020 entered into between Dianchi Project Company and Contractor A in relation to the construction works to be undertaken for the Dianchi 1-1 (Land Parcel No. 31) Project;
“Dianchi 1-1 (Land Parcel No. 31) Project”	the main contracting of construction and installation works of phase 1-1 of the Greenland Dian Lake International Health Town* (綠地滇池國際健康城1-1期項目) to be developed on land parcel no.31 situated at Dayu Village, Chenggong District, Kunming City, Yunnan Province, the PRC (中國雲南省昆明市呈貢區大漁鄉);
“Dianchi 1-1 (Land Parcel No. 32) Contractor Agreement”	the contractor agreement dated 8 May 2020 entered into between Dianchi Project Company and Contractor A in relation to the construction works to be undertaken for the Dianchi 1-1 (Land Parcel No. 32) Project;
“Dianchi 1-1 (Land Parcel No. 32) Project”	the main contracting of construction and installation works of phase 1-1 of the Greenland Dian Lake International Health Town* (綠地滇池國際健康城1-1期項目) to be developed on land parcel no.32 situated at Dayu Village, Chenggong District, Kunming City, Yunnan Province, the PRC (中國雲南省昆明市呈貢區大漁鄉);
“Dianchi Project Company”	Greenland Kunming Dianchi Property Co., Ltd.* (昆明綠地滇池置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, 30 June 2020 at 9:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened to be held at 9:00 a.m. on the same day and place shall have been concluded or adjourned) for the purposes of approving the Contractor Agreements;
“Framework Agreement”	the cooperation framework agreements dated 8 May 2020 entered into between the Company and Senmao in relation to the Landscape Greening Works for the Landscape Projects;
“Gluon Xima”	Gluon Xima International Limited, an indirectly wholly-owned subsidiary of Greenland Holdings and the immediate controlling shareholder of the Company holding approximately 59.1% of the issued share capital of the Company as at the Latest Practicable Date;
“Greenland Holdings”	Greenland Holdings Corporation Limited (綠地控股集團股份有限公司), a company established under the laws of the PRC and listed on the Shanghai Stock Exchange, and the controlling shareholder of the Company;
“Group”	the Company and its subsidiaries;
“Guangde Intercity Space Contractor Agreement”	the contractor agreement dated 8 May 2020 entered into between Guangde Intercity Space Project Company and Contractor C in relation to the construction works to be undertaken for the Guangde Intercity Space Project;
“Guangde Intercity Space Project”	the main contracting of construction and installation works of the Guangde Intercity Space Project* (廣德城際空間站項目) to be developed on land parcel No. GT6-01-0407 situated at Guangde County, Xuancheng City, Anhui Province, the PRC (中國安徽省宣城市廣德縣);
“Guangde Intercity Space Project Company”	Guangde Lvhang Real Estate Co., Ltd* (廣德綠航置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors (namely, Mr. Fong Wo, Felix, JP, Mr. Kwan Kai Cheong and Dr. Lam, Lee G.);
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolutions approving the Contractor Agreements;
“Landscape Project(s)”	<p>the property development projects of the Group in the PRC for which Senmao may be engaged to carry out the Landscape Greening Works, including:</p> <ul style="list-style-type: none">• Greenland Forest Lake Project* (綠地樾湖小鎮項目);• Greenland Mountain Time Project* (綠地拾野川項目);• Greenland Dongmeng International Town Project* (綠地東盟國際城項目);• International Apartments Project of Greenland Taiping Lake Resort in Huangshan* (黃山綠地太平湖度假區的國際公寓項目);• Model Zone of Greenland Midtown Project in Changzhou* (常州綠地名墩道項目示範區);• Sales Office of Greenland Diamond Mansion Project in Wuxi* (無錫綠地西水晶舍項目售樓處);• Greenland Shanding Park Project* (綠地山鼎莊園項目);• Greenland Dian Lake International Health Town in Kunming* (昆明綠地滇池國際健康城);• Main Zone and Model Zone of Greenland Central Park Plaza* (綠地中央公園廣場大區及示範區); and

DEFINITIONS

	<ul style="list-style-type: none">• such other property development projects of the Group as may be specified by the Company in the future;
“Latest Practicable Date”	5 June 2020, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained in this circular;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Octal Capital”	Octal Capital Limited, a licensed corporation permitted under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities;
“PRC”	People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region and Taiwan;
“Project Company”	any one of Dianchi Project Company, Sky Tree Project Company and Guangde Intercity Space Project Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of the ordinary share(s) of HK\$0.50 each in the share capital of the Company;
“Shares”	ordinary share(s) of HK\$0.50 each in the share capital of the Company;
“Sky Tree Contractor Agreement”	the contractor agreement dated 8 May 2020 entered into between Sky Tree Project Company and Contractor B in relation to the construction works to be undertaken for the Sky Tree Project;
“Sky Tree Project”	the main contracting of construction and installation works of phase II of the Greenland Sky Tree Project* (綠地天空樹二期項目) to be developed on a land parcel situated at Binhu District, Wuxi City, Jiangsu Province, the PRC (中國江蘇省無錫市濱湖區);

DEFINITIONS

“Sky Tree Project Company”	Wuxi Guangcheng Metro Above-Station Property Development Co., Ltd.* (無錫廣成地鐵上蓋置業有限公司), a company established in the PRC with limited liability and a 90%-owned subsidiary of the Company;
“sq.m.”	square meters;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

For the purposes of this circular, an exchange rate of HK\$1.00 = RMB0.91 has been used for currency translation, where applicable. 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.

** For identification purposes only*

LETTER FROM THE BOARD

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)

Executives Directors:

Mr. Chen Jun *(Chairman and Chief Executive Officer)*

Mr. Wang Weixian *(Honorary Chairman)*

Mr. Hou Guangjun *(Chief Operation Officer)*

Mr. Wu Zhengkui

Ms. Wang Xuling

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent Non-Executive Directors:

Mr. Fong Wo, Felix, JP

Mr. Kwan Kai Cheong

Dr. Lam, Lee G.

Principal place of business

in Hong Kong:

Unit 5711, 57/F

The Center

99 Queen's Road Central

Hong Kong

11 June 2020

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS
Appointment of connected persons
as contractors for construction works
AND
CONTINUING CONNECTED TRANSACTION
Engagement of connected person for landscape greening works
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 8 May 2020 in relation to the Contractor Agreements. On 8 May 2020, certain subsidiaries of the Company entered into the Contractor Agreements, which constitute connected transactions for the Company under the Listing Rules.

The main purpose of this circular is to provide you with, among other things, (a) further details of the Contractor Agreements and the transactions contemplated thereunder; (b) the advice of Octal Capital to the Independent Board Committee and the Independent Shareholders in relation to the Contractor Agreements and the transactions contemplated thereunder; (c) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Contractor Agreements and the transactions contemplated thereunder; and (d) a notice of the EGM.

LETTER FROM THE BOARD

THE CONTRACTOR AGREEMENTS

The principal terms of the Contractor Agreements are as follows:

Dianchi 1-1 (Land Parcel No. 31) Contractor Agreement

Date:	8 May 2020
Parties:	(i) Dianchi Project Company as the principal (ii) Contractor A as the contractor
Subject matter:	To undertake civil engineering works, and electrical and plumbing and drainage installation works in respect of the Dianchi 1-1 (Land Parcel No. 31) Project in accordance with the construction drawings, design modification and the instruction of Dianchi Project Company
Project description and location:	The main contracting of construction and installation works of phase 1-1 of the Greenland Dian Lake International Health Town* (綠地滇池國際健康城1-1期項目) to be developed on land parcel no.31 situated at Dayu Village, Chenggong District, Kunming City, Yunnan Province, the PRC (中國雲南省昆明市呈貢區大漁鄉)
Estimated construction area:	Approximately 35,742 sq.m.
Estimated total contract sum:	Approximately RMB45.15 million (approximately HK\$49.62 million), subject to adjustment in accordance with relevant provisions in the agreement
Expected commencement date:	20 August 2020
Expected completion date:	30 March 2022

LETTER FROM THE BOARD

Dianchi 1-1 (Land Parcel No. 32) Contractor Agreement

Date:	8 May 2020
Parties:	(i) Dianchi Project Company as the principal (ii) Contractor A as the contractor
Subject matter:	To undertake civil engineering works, and electrical and plumbing and drainage installation works in respect of the Dianchi 1-1 (Land Parcel No. 32) Project in accordance with the design drawings, and the instruction of Dianchi Project Company
Project description and location:	The main contracting of construction and installation works of phase 1-1 of the Greenland Dian Lake International Health Town* (綠地滇池國際健康城1-1期項目) to be developed on land parcel no.32 situated at Dayu Village, Chenggong District, Kunming City, Yunnan Province, the PRC (中國雲南省昆明市呈貢區大漁鄉);
Estimated construction area:	Approximately 87,843 sq.m.
Estimated total contract sum:	Approximately RMB108.51 million (approximately HK\$119.24 million), subject to adjustment in accordance with relevant provisions in the agreement
Expected commencement date:	Late June 2020
Expected completion date:	Early 2022

LETTER FROM THE BOARD

Sky Tree Contractor Agreement

Date:	8 May 2020
Parties:	(i) Sky Tree Project Company as the principal (ii) Contractor B as the contractor
Subject matter:	To undertake civil engineering works, and electrical and plumbing and drainage installation works, and outdoor overall engineering works in respect of the Sky Tree Project in accordance with the construction drawings, design modification and the instruction of Sky Tree Project Company
Project description and location:	The main contracting of construction and installation works of phase II of the Greenland Sky Tree Project* (綠地天空樹二期項目) to be developed on a land parcel situated at Binhu District, Wuxi City, Jiangsu Province, the PRC (中國江蘇省無錫市濱湖區)
Estimated construction area:	Approximately 49,989 sq.m.
Estimated total contract sum:	Approximately RMB68.32 million (approximately HK\$75.08 million), subject to adjustment in accordance with relevant provisions in the agreement
Expected commencement date:	2 July 2020
Expected completion date:	30 December 2022

LETTER FROM THE BOARD

Guangde Intercity Space Contractor Agreement

Date:	8 May 2020
Parties:	(i) Guangde Intercity Space Project Company as the principal (ii) Contractor C as the contractor
Subject matter:	To undertake civil engineering works, and electrical and plumbing and drainage installation works, and outdoor overall engineering works in respect of the Guangde Intercity Space Project in accordance with the construction drawings, design modification and the instruction of Guangde Intercity Space Project Company
Project description and location:	The main contracting of construction and installation works of the Guangde Intercity Space Project* (廣德城際空間站項目) to be developed on land parcel No. GT6-01-0407 situated at Guangde County, Xuancheng City, Anhui Province, the PRC (中國安徽省宣城市廣德縣)
Estimated construction area:	Approximately 120,750 sq.m.
Estimated total contract sum:	Approximately RMB163.64 million (approximately HK\$179.82 million), subject to adjustment in accordance with relevant provisions in the agreement
Expected commencement date:	Late June 2020
Expected completion date:	Early 2022

LETTER FROM THE BOARD

Payment terms

The total contract sum payable under each Contractor Agreement shall be payable in stages based on the progress of the construction works. The final total contract sum under each Contractor Agreement is subject to adjustment, which is the final total contract sum as set out in the completion settlement report prepared by the Contractor and audited by the Project Company or its appointed independent third party costing consultant in accordance with the terms of the relevant Contractor Agreement.

In general, 70% of the estimated total contract sum shall have been fully paid up following completion and acceptance of the construction works, and up to 95% of the adjusted total contract sum shall have been fully paid after the audit of the completion settlement report has been completed. The remaining 5% of the adjusted total contract sum payable under each Contractor Agreement shall be withheld as warranty money and shall, subject to deductions due to necessary repair works, be released after the expiry of a period of up to 5 years.

Furthermore, the total contract sum of each of the Contractor Agreements will be adjusted in response to fluctuation in the market price of certain major construction materials when such fluctuation is larger than the threshold agreed upon under each of such Contractor Agreement, which threshold is $\pm 5\%$.

In the event the market price of the relevant construction materials is higher than the pre-agreed threshold, the adjustment mechanism and formula is as follows:

Adjusted Price = Contract Price + (Average Price – Pre-agreed Reference Price x (1 + Pre-agreed Threshold))

In the event the market price of the relevant construction materials is lower than the pre-agreed threshold, the adjustment mechanism and formula is as follows:

Adjusted Price = Contract Price – (Pre-agreed Reference Price x (1 – Pre-agreed Threshold) – Average Price)

Notes:

“Adjusted Price” means the adjusted price of the relevant construction materials

“Contract Price” means the original price of the major construction materials contracted under the relevant Contractor Agreement

“Average Price” means the average price of the relevant construction materials during the period of price estimation

LETTER FROM THE BOARD

“Pre-agreed Reference Price”	means the pre-agreed reference price contracted under the relevant Contractor Agreement, which is the reference price of the relevant construction materials published from time-to-time by: the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部) and General Administration of Quality Supervision Inspection and Quarantine (國家市場監督管理總局) jointly in respect of 《建築工程工程量清單計價規範》(GB50500-2013) (“Code of Bills of Quantities and Valuation for Construction Works (GB50500-2013)*”); the Wuxi City Housing and Urban-Rural Development Bureau* (無錫市住房和城鄉建設局) in respect of 《無錫市工程材料市場價格信息》 (“Wuxi City Construction Engineering Materials Market Price Information*”); and the Anhui Province Housing and Urban-Rural Development Department* (安徽省住房和城鄉建設廳) in respect of 《宣城市建設工程材料市場價格信息》 (“Xuancheng City Construction Engineering Materials Market Price Information*”).
“Pre-agreed Threshold”	means the pre-agreed threshold of $\pm 5\%$ in respect of the fluctuation of the relevant market price of the major construction materials contracted under the relevant Contractor Agreement

Before entering into each of the Contractor Agreement, the Cost Management Department of the Company invited at least two other contractors (which are independent third parties) and the Contractor to tender for the Construction Project. The tenderers invited were those contractors who were in the Company’s contractors approved list, they were assessed by the Company to ensure they have sufficient capability and expertise to undertake the construction works in a cost efficient manner based on the Company’s experience and/or understanding. For the invitation for the submission of tenders for the Contractor Agreements, the Company specified the non-construction material portion of the total contract sum for each of the Construction Projects and invited tenders to submit tender for the Construction Project based on their quotes for the construction material portion of the total contract sum (subject to adjustment as mentioned above) plus the said non-construction material portion of the total contract sum. Before finalising the total contract sum, the Group compared market prices and the contract prices paid by the Group to independent third parties for construction works of a similar nature. When comparing such prices, the Group primarily considered the average cost per square metre and the project’s construction work costs.

Basis of determining the total contract sum

The total contract sum (subject to adjustments) payable under each of the Contractor Agreements, which includes the construction material portion quoted by the relevant Contractor, was negotiated on an arm’s length basis and determined with reference to the fees payable by the Group to independent third parties for construction works of a similar nature and the applicable local rules and regulations (which also provides for the expected quantities of materials to be used in a Construction Project) that govern the fees to be charged in respect of the construction works to be undertaken under the relevant Contractor Agreement.

LETTER FROM THE BOARD

Such rules and regulations include:

(1) in the case of the Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project:

- 《建設工程工程量清單計價規範(GB50500-2013)》(“Code of Bills of Quantities and Valuation for Construction Works (GB50500-2013)”*) or, if GB50500-2013 is not applicable,《雲南省2013版建設工程造價計價依據》(“Yunan Province 2013 Version Construction Works Cost Calculation Basis”*)、《昆明市建築材料市場價格指導》(“Kunming City Construction Materials Market Price Directive”*) or, if the above directive is not applicable,《價格指導》(“Price Directive”*) issued by Yunan Province;

(2) in the case of the Sky Tree Project:

- 《建設工程工程量清單計價規範(GB50500-2013)》(“Code of Bills of Quantities and Valuation for Construction Works (GB50500-2013)”*) or, if GB50500-2013 is not applicable,《江蘇省(2014)版預算定額》(“Jiangsu Province (2014) Budget Quota”*) and《江蘇無錫建築材料信息價及設備信息價》(“Jiangsu Wuxi Construction Materials Information Price and Equipment Information Price”*); and

(3) in the case of the Guangde Intercity Space Project:

- 《建設工程工程量清單計價規範》(GB50500-2013) (“Code of Bills of Quantities and Valuation for Construction Works (GB50500-2013)”*) or, if GB50500-2013 is not applicable,《安徽省建築裝飾工程消耗量定額及統一基價表(2005版)》 (“Anhui Province Construction Decoration Works Consumption Quota and Unified Base Price (2005)”*)、《安徽省安裝工程消耗量定額及單位估價表(2005版)》 (“Anhui Province Installation Engineering Consumption Quota and Unit Price Estimation (2005)”*)、《安徽省建築安裝工程費用定額》(Anhui Province Construction Installation Engineering Fee Quota”*) and《安徽宣城建設工程材料信息價及設備信息價》(“Anhui Xuancheng Construction Works Materials Information Price and Equipment Information Price”*).

The total contract sum of each project was arrived at by totalling up the estimated amount of required construction work (in terms of man-days and quantity of construction materials) set out in the relevant local rules and regulations multiplied by the current market prices for the relevant province for such man-days and construction materials as published in writing and/or on-line at the website of the relevant PRC government authority from time to time.

Before finalising the total contract sum, the Group also compared the fees payable by the Group to independent third parties for construction works of a similar nature. When comparing such fees, the Group primarily considered the average cost per square metre, the project’s construction work costs and the price charged for precedent projects.

LETTER FROM THE BOARD

The Cost Management Department, Engineering Department and Technology Research and Development Department worked with independent third party costing consultants, namely Kunming Official Audit Engineering Cost Consulting Firm Co., Ltd.* (昆明官審工程造價諮詢事務所有限公司), Nanjing Gaoling Engineering Consulting Co., Ltd.* (南京高瓴工程諮詢有限公司), and Zhejiang Huayu Gaoyu Project Management Co., Ltd.* (浙江華域高宇項目管理有限公司) would determine which tender was successful by (i) reviewing the unit prices of the construction materials quoted by the tenderers, the results of which shows that the unit prices of the major components of construction materials quoted by the Contractors (for example, concrete and formwork) were lower than or the same as the lowest unit prices quoted by the other tenderers. For instance, the unit prices of concrete and formwork quoted by one of the Contractors for one of the Construction Projects were RMB512.92 per cubic metre and RMB7.00 per metre square respectively, whereas for the same Construction Project, the other tenderers quoted RMB533.57 per cubic metre for the concrete and RMB7.00 per metre square for the formwork; (ii) evaluating the commercial terms of the tenderers, the result of which shows that the commercial terms of the Contractors are in compliance with the Company's policy; and (iii) evaluating the reliability of services of the tenderers through a review conducted by the Company to assess a tenderers' financial capacity, its degree of cooperation, its technical expertise and whether it has any adverse track record, the result of which shows that the Contractors passed this review. In conclusion, the tenders submitted by the Contractors are more favourable to the Group than those of other tenderers. The Cost Management Department focused on the commercial aspects of the tenders, whereas the Engineering Department and Technology Research and Development Department focused on evaluating the engineering and technical expertise of the tenderer.

Condition Precedent

Each of the Contractor Agreements will only take effect upon the obtaining of the approval of the Board and the approval of the Independent Shareholders at the EGM of the Company.

Funding

The total contract sum payable under each of the Contractor Agreements is expected to be funded by the internal resources of the Group.

GENERAL INFORMATION

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

Contractor A is beneficially owned as to 100% by Greenland Holdings. Contractor B is beneficially owned as to 50% by Greenland Holdings, 35% by Chen Zheng Hua* (陳正華) and Dou Zheng Hong* (竇正紅) and 15% by Nanjing Chengkai Equity Investment Partnership Enterprise (Limited Liability Partnership)* (南京城開股權投資合夥企業(有限合夥)). Contractor C is owned as to 72.18% by Tianjin Construction Group (Holding) Co., Ltd.* (天津市建工集團(控股)有限公司), which in turn is owned as to 55% by Greenland Large Infrastructure Co., Ltd.* (綠地大基建有限公司) (a wholly-owned subsidiary of Greenland Holdings), 35% by Tianjin

LETTER FROM THE BOARD

Jincheng State-owned Capital Investment Operation Co., Ltd.* (天津津誠國有資本投資運營有限公司) (a wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government* (天津市人民政府國有資產監督管理委員會)) and 10% by Tianjian City Tianjian Holding Enterprise Management Centre (Limited Liability Partnership)* (天津天建持股企業管理中心(有限合夥)); and 27.82% by Tianjin City Tianjian Holding Three Enterprise Management Centre (Limited Liability Partnership)* (天津天建持股叁企業管理中心(有限合夥)). Hence, Contractor C is controlled as to 72.18% by Greenland Holdings.

The Contractors are principally engaged in undertaking industrial and civil construction works, interior and exterior construction, installation and decoration works and construction of urban roads.

Greenland Holdings is principally engaged in asset investment, property development and operation, leasing, residential and infrastructure facility ancillary construction, hotel management, urban track transportation engineering, greening projects and property management. Nanjing Chengkai Equity Investment Partnership Enterprise (Limited Liability Partnership)* (南京城開股權投資合夥企業(有限合夥)) is principally engaged in equity investment and start-up investment, and providing related services. Tianjin Construction Group (Holding) Co., Ltd.* (天津市建工集團(控股)有限公司) is principally engaged in construction, decoration, road and bridge engineering, landscaping and main contracting of engineering construction. The State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People's Government* (天津市人民政府國有資產監督管理委員會) is a government authority authorised by and established directly under Tianjin Municipal People's Government for supervising and managing state-owned assets. Tianjin City Tianjian Holding Enterprise Management Centre (Limited Liability Partnership)* (天津天建持股企業管理中心(有限合夥)) and Tianjian City Tianjian Holding Three Enterprise Management Centre (Limited Liability Partnership)* (天津天建持股叁企業管理中心(有限合夥)) are principally engaged in construction management services, construction technology transfer and technology services (工程管理服務；建築工程施工技術轉讓、技術服務).

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACTOR AGREEMENTS

The Contractors have extensive experience in the construction business in the PRC. The Directors believe that engaging the Contractors to carry out the construction works in respect of the Construction Projects will allow the Group to capitalise on the expertise of the Contractors and ensure the construction works are completed up to the standards desired by the Company.

The Board (excluding Mr. Chen Jun who also serves as the executive president in Greenland Holdings and Mr. Wu Zhengkui who also serves as the deputy general manager of finance department of Greenland Holdings, they abstained from voting at the meeting of the Board respectively due to conflict of interest, and the independent non-executive Directors whose opinion is set out in the "Letter from the Independent Board Committee" reproduced in Appendix I to this circular) considers that the Contractor Agreements were entered into in the ordinary and usual course of business of

LETTER FROM THE BOARD

the Group, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and that the terms of each of the Contractor Agreements have been negotiated on an arm's length basis and are normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FURTHER INFORMATION OF THE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 8 May 2020 in relation to the continuing connected transaction in respect of the Framework Agreement. The Company wishes to provide further information on the basis of determining the consideration for each Landscape Project under the Framework Agreement.

The relevant Developer will for its Landscape Project appoints an independent third party quantity surveyor to provide cost control, cost consulting, cost estimation, cost appraisal and related services for the required construction work (such as man-days, quantity of material, and market prices). For each Landscape Project, the Cost Management Department will obtain from at least two other contractors which are independent third parties quotations for Landscape project. If the quotation is unreasonable, the Developer will conduct an arm's length negotiation with Senmao or the contractor to determine the contract sum with reference to the fees charged by other contractors which are independent third parties for works of similar nature, the actual amount of the landscape and greening works, the total areas of the landscape and greening works, the price of the nursery stocks or materials provided by Senmao or the contractor. The Developer will select the quotation that is most favourable to the Group. If the Developer considers that the contract sum quoted by Senmao for a Landscape Project is not as favourable to the Group as that charged by an independent third party, the Developer will not instruct Senmao to undertake such Landscape Project. The selected quotation must be approved by the senior management of the Company, the Cost Management Department and the Legal Department of the Company before the Developer can enter into the Landscape Project contract.

LISTING RULES IMPLICATIONS

As at the date of this circular, Greenland Holdings indirectly holds approximately 59.1% of the entire issued ordinary share capital of the Company and is a connected person of the Company. Contractor A and Contractor B are owned as to 100% and 50% by Greenland Holdings respectively. Contractor C is controlled as to 72.18% by Greenland Holdings. Senmao is owned as to 60% by Greenland Holdings. Accordingly, each of the Contractors and Senmao is an associate of Greenland Holdings and, thus, a connected person of the Company.

As the highest Applicable Percentage Ratio for the Contractor Agreements on an aggregate basis exceeds 5%, the Contractor Agreements constitute connected transactions for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Gluon Xima, being the controlling shareholder of the Company, controls over the voting rights in respect of 1,650,244,409 Shares, representing approximately 59.1% of the entire issued ordinary share capital of the Company. Save for Gluon Xima, none of Greenland Holdings and its close associates control or are entitled to exercise control over the voting rights in respect of any Shares. There are no voting trusts or other agreements or arrangements or understandings or obligations or entitlements whereby Gluon Xima has or may have temporarily or permanently passed control over the exercise of the voting rights in respect of its Shares to a third party, either generally or on a case-by-case basis. Greenland Holdings, Gluon Xima and their respective close associates will be required to abstain from voting on the shareholders' resolutions in relation to the Contractor Agreements. Save as disclosed, as at the Latest Practicable Date, the Company is not aware of any other Shareholders which would be required to abstain from voting in respect of the Contractor Agreements.

As at the Latest Practicable Date, Mr. Chen Jun and Mr. Wu Zhengkui had not held any shares in the Company.

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders on the fairness and reasonableness of the terms of the Contractor Agreements. Octal Capital has been appointed as the independent financial adviser to make recommendations on the same to the Independent Board Committee and the Independent Shareholders.

EGM AND PROXY ARRANGEMENT

The notice convening the EGM is set out in pages EGM-1 to EGM-3 of this circular. At the EGM, ordinary resolutions will be proposed to approve the Contractor Agreements and the transactions contemplated thereunder.

For the purpose of determining shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 June 2020.

A form of proxy for appointing proxy is despatched with this circular and published on the websites of HKExnews (<http://www.hkexnews.hk>) and the Company (<http://www.greenlandhk.com>), respectively. Whether or not you intend to attend the EGM or any adjournment thereof (as the case may be), please complete and return the enclosed form of proxy in accordance with the instructions printed on the form of proxy as soon as practicable, but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be), to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment

LETTER FROM THE BOARD

meeting (as the case may be) if you so wish and, in such event, the instrument appointing a proxy will be deemed to be revoked.

Pursuant to rule 13.39(4) of the Listing Rules, the resolutions proposed to be approved at the EGM will be taken by poll and an announcement for the results of the EGM will be made by the Company after the EGM.

RECOMMENDATIONS

The Independent Board Committee, having taken into account the advice of Octal Capital, considers that the terms of Contractor Agreements are fair and reasonable, and that the transactions contemplated under the Contractor Agreements are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions in relation to the Contractor Agreements to be proposed at the EGM. The text of the letter from the Independent Board Committee is set out on pages I-1 and I-2 of this circular, and the text of the letter from Octal Capital is set out on pages II-1 to II-19 of this circular.

Yours faithfully,
By Order of the Board
Greenland Hong Kong Holdings Limited
CHEN Jun
Chairman

* *For identification only*

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)**

11 June 2020

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS
Appointment of connected persons as contractors
for construction works

We refer to the circular dated 11 June 2020 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider and to advise the Independent Shareholders whether the terms of each of the Contractor Agreements are fair and reasonable, and whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole, taking into account the recommendations of the independent financial adviser appointed to advise us.

Octal Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in the above-mentioned context. Your attention is drawn to the “Letter from the Board” and the “Letter from Octal Capital” in the Circular, which contain, among other things, information about the Contractor Agreements and the advice from Octal Capital in respect of the transactions contemplated under the Contractor Agreements.

Having taking into account the reasons for and benefits of the transactions contemplated under the Contractor Agreements, the principal factors and reasons considered by Octal Capital in arriving at its opinion regarding such transactions as set out in the “Letter from Octal Capital” on pages II-1 to II-19 of the Circular, we consider that the terms of the Contractor Agreements are fair and reasonable, and that the transactions contemplated under the Contractor Agreements are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolutions as set out in the notice of EGM to be held on Tuesday, 30 June 2020 and thereby approve the transactions contemplated under the Contractor Agreements.

Yours faithfully
For and on behalf of
Independent Board Committee

Fong Wo, Felix, JP

*Independent
Non-executive
Director*

Kwan Kai Cheong

*Independent
Non-executive
Director*

Dr. Lam, Lee G.

*Independent
Non-executive
Director*

The following is the letter of advice from Octal Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



801-805, 8/F, Nan Fung Tower
88 Connaught Road Central
Hong Kong

11 June 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION
Appointment of connected persons
as contractors for construction works

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Contractor Agreements, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 11 June 2020 (the “**Circular**”), of which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed “**Definitions**” in the Circular.

The Board announced that, on 8 May 2020,

- (i) Dianchi Project Company, a wholly-owned subsidiary of the Company, entered into the Dianchi 1-1 (Land Parcel No. 31) Contractor Agreement with Contractor A to appoint Contractor A as the contractor for the Dianchi 1-1 (Land Parcel No. 31) Project;
- (ii) Dianchi Project Company entered into the Dianchi 1-1 (Land Parcel No. 32) Contractor Agreement with Contractor A to appoint Contractor A as the contractor for the Dianchi 1-1 (Land Parcel No. 32) Project;
- (iii) Sky Tree Project Company, a 90%-owned subsidiary of the Company, entered into the Sky Tree Contractor Agreement with Contractor B to appoint Contractor B as the contractor for the Sky Tree Project; and
- (iv) Guangde Intercity Space Project Company, a wholly-owned subsidiary of the Company, entered into the Guangde Intercity Space Contractor Agreement with Contractor C to appoint Contractor C as the contractor for the Guangde Intercity Space Project.

As at the Latest Practicable Date, Greenland Holdings indirectly holds approximately 59.1% of the total issued ordinary shares of the Company and is a connected person of the Company. Contractor A and Contractor B are owned as to 100% and 50% by Greenland Holdings respectively. Contractor C is controlled as to 72.18% by Greenland Holdings. Accordingly, each of the Contractors is an associate of Greenland Holdings and, thus, a connected person of the Company.

As the highest Applicable Percentage Ratio for the Contractor Agreements on an aggregate basis exceeds 5%, the Contractor Agreements constitute connected transactions for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent board committee, comprising all the independent non-executive Directors, namely Mr. Fong Wo, Felix, JP, Mr. Kwan Kai Cheong and Dr. LAM, Lee G., has been established to consider and to advise the Independent Shareholders whether the terms of each of the Contractor Agreements are fair and reasonable, and whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole, taking into account the recommendations of the independent financial adviser appointed to advise us.

We, Octal Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Contractor Agreements in this regard. We are not connected with the directors, chief executive and substantial shareholders of the Company or Greenland Holdings or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date and therefore is considered suitable to give independent advice to the Independent Shareholders. During the last two years, we were engaged as the independent financial adviser to the Company (the "**Previous Engagements**") in respect of (i) the continuing connected transaction in relation to entering into hotel management framework agreement (details of which are set out in the announcement of the Company dated 31 May 2018); (ii) the connected transactions in relation to appointment of connected persons as contractor for construction works in respect of the Group's property development projects (details of which are set out in the circular of the Company dated 6 August 2018); (iii) the major and connected transaction in relation to the disposal of 100% equity interest in Nanchang Shenyang (details of which are set out in the circular of the Company dated 30 November 2018); (iv) the connected transaction in relation to appointment of connected persons as contractors for construction works (details of which are set out in the circular of the Company dated 4 June 2019); and (v) the connected transaction in relation to appointment of connected persons as contractors for construction works (details of which are set out in the circular of the Company dated 7 November 2019).

Under the Previous Engagements, we were required to express our opinion on and give recommendation to the independent committee of the Board comprising all the independent non-executive Directors and Independent Shareholders in respect of the relevant transactions. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Contractor Agreements including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company respectively in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, Greenland Holdings, Contractors and their respective associates, nor have we carried out any independent verification of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Contractor Agreements, we have considered the following principal factors and reasons:

1. Reasons for and benefits of the Contractor Agreements

The Company is an investment holding company. The Group is principally engaged in property development, property and hotel investment and property management. Greenland Holdings is an enterprise headquartered in Shanghai, PRC and is principally engaged in real estate, energy and finance business. As at the Latest Practicable Date, Greenland Holdings indirectly holds approximately 59.1% of the entire issued share capital of the Company.

As set out in the Letter from the Board, the Contractors have extensive experience in the construction business in the PRC. The Directors believe that engaging the Contractors to carry out the construction works in respect of the Construction Projects will allow the Group to capitalise on the expertise of the Contractors and ensure the construction works are completed up to the standards desired by the Company.

Contractor A is beneficially owned as to 100% by Greenland Holdings, and is principally engaged in undertaking industrial and civil construction works, interior and exterior construction, installation and decoration works and construction of urban roads. According to its company profile documents including relevant documents issued by relevant authorities of the PRC, Contractor A was established in 1996 with a registered capital of RMB625 million and possesses the licenses, mainly including Building Construction General Contracting Class 1 (建築工程施工總承包一級), Professional Engineering of Building Decoration Class 1 (建築裝修裝飾工程專業承包一級), and Municipal Public Construction General Contracting Class 2 (市政公用工程施工總承包二級).

Contractor B is beneficially owned as to 50% by Greenland Holdings, 35% by Chen Zheng Hua* (陳正華) and Dou Zheng Hong* (竇正紅) and 15% by Nanjing Chengkai Equity Investment Partnership Enterprise (Limited Liability Partnership)* (南京城開股權投資合夥企業(有限合夥)). Contractor B is principally engaged in undertaking industrial and civil construction, interior and exterior construction, installation and decoration and construction of urban roads. According to its company profile documents including relevant documents issued by relevant authorities of the PRC, Contractor B was established in 1987 with a registered capital of RMB1,256.7 million and possesses the necessary licenses mainly including Building Construction General Contracting Premium Qualification (建築工程施工總承包特級), Municipal Public Construction General Contracting Class 1 (市政公用工程施工總承包一級), Design and Construction of Building Decoration Class 1 (建築裝飾裝修工程設計與施工一級) and Steel Structure Engineering Professional Contracting Works Class 1 (鋼結構工程專業承包一級).

Contractor C is owned as to 72.18% by Tianjin Construction Group (Holding) Co., Ltd.* (天津市建工集團(控股)有限公司), which in turn is owned as to 55% by Greenland Large Infrastructure Co., Ltd.* (綠地大基建有限公司) (a wholly-owned subsidiary of Greenland Holdings), 35% by Tianjin Jincheng State-owned Capital Investment Operation Co., Ltd.* (天津津誠國有資本投資運營有限公司) (a wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government* (天津市人民政府國有資產監督管理委員會)) and 10% by Tianjian City Tianjian Holding Enterprise Management Centre (Limited Liability Partnership)* (天津天建持股企業管理中心(有限合夥)); and 27.82% by Tianjin City Tianjian Holding Three Enterprise Management Centre (Limited Liability Partnership)* (天津天建持股叁企業管理中心(有限合夥)). Contractor C is principally engaged in undertaking industrial and civil construction, electromechanical installation engineering, and foundation and engineering. According the company profile documents including relevant documents issued by relevant authorities of the PRC, Contractor C was established in 2000 with a registered capital of RMB1,258.0 million and possesses the necessary licenses mainly including Building Construction General Contracting Premium Qualification (建築工程施工總承包特級), Municipal Public Construction General Contracting Premium Qualification (市政公用工程施工總承包特級), Electromechanical Installation Engineering Contracting Works Class 1 (機電工程施工總承包一級), and Steel Structure Engineering Professional Contracting Works Class 1 (鋼結構工程專業承包一級).

According to the relevant PRC laws and regulations, enterprises contracted to undertake construction related projects must obtain the relevant requisite licenses and qualifications, including maximum building height, maximum gross floor area, specific foundation work and specific steel structure engineering, before being allowed to undertake those contracting projects within a permitted scope. As advised by the management of the Group, before selecting contractors from the Group's contractors approved list (the "**Approved List**") for invitation of tenders of the Construction Projects, the Group performed assessments (the "**Assessments**") on the competence and capabilities of the contractors by mainly reviewing their licenses and qualifications, and relevant construction contracting experiences, in order to ensure that the selected contractors comply with relevant requirements to undertake the Construction Projects. Therefore, we are of the view that the Contractors, being chosen among the contractors in the Approved List, possess necessary licenses and qualifications to undertake the Construction Projects.

As set out in the Letter from the Board, the Contractors have extensive experience in the construction business in the PRC. The Directors believe that engaging the Contractors to carry out the construction works in respect of the Construction Projects will allow the Group to capitalise on the expertise of the Contractors and ensure that the construction works are completed up to the standards desired by the Company. Moreover, based on our discussion with the management of the Company, we understand that the Group has engaged Contractor A and Contractor B to carry out construction projects for approximately 5 years and 4 years respectively. Apart from the Construction Projects, Contractor A and Contractor B have undertaken more than 20 construction projects subcontracted by the Group, of which 8 of them have been successfully completed as at the Latest Practicable Date. Among those construction projects, Contractor A and Contractor B have been able to meet timelines of construction projects and have not involved in any dispute with the Group with regard to settlement, construction progress and construction work such that the Group and the Contractors have been able to work effectively and efficiently. As for the Guangde Intercity Space Project, it is the first time that Contractor C undertakes the Group's construction project. We understand from the Group that Contractor C meets the requirements under the Assessments and is one of the recognised contractors in the Approved List. In view of the fact that, the strong capital base of Contractor C can support the funding demand for the construction of Guangde Intercity Space Project and the technical capabilities as well as the staffing of Contractor C can meet the construction requirements of Guangde Intercity Space Project, Contractor C is qualified to undertake the Guangde Intercity Space Project.

Having considered (i) the capability of the Contractors to carry out the Construction Projects; (ii) the proven track records of Contractor A and Contractor B; (iii) the long-term and efficient cooperation relationship with Contractor A and Contractor B; and (iv) the strong capital base and standard of competence of Contractor C, we are of the view that engaging the Contractors to handle the Construction Projects, which will allow the Group to capitalise on the expertise of the Contractors, ensure the construction works are completed up to the standards required by the Company and mitigate the risk arising from identifying third parties contractors to carry out construction works, is in the ordinary and usual course of business of the Group, are in the interest of the Company and the Independent Shareholders as a whole.

2. Principal Terms of the Connected Transactions

The principal terms of the Contractor Agreements are summarised as follows:

2.1 Dianchi 1-1 (Land Parcel No. 31) Contractor Agreement

Date:	8 May 2020
Parties:	(i) Dianchi Project Company as the principal (ii) Contractor A as the contractor
Subject matter:	To undertake civil engineering works, and electrical and plumbing and drainage installation works in respect of the Dianchi 1-1 (Land Parcel No. 31) Project in accordance with the construction drawings, design modification and the instruction of Dianchi Project Company
Project description and location:	The main contracting of construction and installation works of the phase 1-1 of Greenland Dian Lake International Health Town* (綠地滇池國際健康城1-1期項目) to be developed on land parcel no.31 situated at Dayu Village, Chenggong District, Kunming City, Yunnan Province, the PRC (中國雲南省昆明市呈貢區大漁鄉)
Estimated construction area:	Approximately 35,742 sq.m.
Estimated total contract sum:	Approximately RMB45.15 million (approximately HK\$49.62 million), subject to adjustment in accordance with relevant provisions in the agreement
Expected commencement date:	20 August 2020
Expected completion date:	30 March 2022

2.2 Dianchi 1-1 (Land Parcel No. 32) Contractor Agreement

Date:	8 May 2020
Parties:	(i) Dianchi Project Company as the principal (ii) Contractor A as the contractor

Subject matter:	To undertake civil engineering works, and electrical and plumbing and drainage installation works in respect of the Dianchi 1-1 (Land Parcel No. 32) Project in accordance with the design drawings, and the instruction of Dianchi Project Company
Project description and location:	The main contracting of construction and installation works of the phase 1-1 of Greenland Dian Lake International Health Town* (綠地滇池國際健康城1-1期項目) to be developed on land parcel no.32 situated at Dayu Village, Chenggong District, Kunming City, Yunnan Province, the PRC (中國雲南省昆明市呈貢區大漁鄉)
Estimated construction area:	Approximately 87,843 sq.m.
Estimated total contract sum:	Approximately RMB108.51 million (approximately HK\$119.24 million), subject to adjustment in accordance with relevant provisions in the agreement
Expected commencement date:	Late June 2020
Expected completion date:	Early 2022

2.3 Sky Tree Contractor Agreement

Date:	8 May 2020
Parties:	(i) Sky Tree Project Company as the principal (ii) Contractor B as the contractor
Subject matter:	To undertake civil engineering works, and electrical and plumbing and drainage installation works, and outdoor overall engineering works in respect of the Sky Tree Project in accordance with the construction drawings, design modification and the instruction of Sky Tree Project Company
Project description and location:	The main contracting of construction and installation works of phase II of the Greenland Sky Tree Project* (綠地天空樹二期項目) to be developed on a land parcel situated at Binhu District, Wuxi City, Jiangsu Province, the PRC (中國江蘇省無錫市濱湖區)

Estimated construction area:	Approximately 49,989 sq.m.
Estimated total contract sum:	Approximately RMB68.32 million (approximately HK\$75.08 million), subject to adjustment in accordance with relevant provisions in the agreement
Expected commencement date:	2 July 2020
Expected completion date:	30 December 2022

2.4 Guangde Intercity Space Contractor Agreement

Date:	8 May 2020
Parties:	(i) Guangde Intercity Space Project Company as the principal (ii) Contractor C as the contractor
Subject matter:	To undertake civil engineering works, and electrical and plumbing and drainage installation works, and outdoor overall engineering works in respect of the Guangde Intercity Space Project in accordance with the construction drawings, design modification and the instruction of Guangde Intercity Space Project Company
Project description and location:	The main contracting of construction and installation works of the Guangde Intercity Space Project* (廣德城際空間站項目) to be developed on land parcel No. GT6-01-0407 situated at Guangde County, Xuancheng City, Anhui Province, the PRC (中國安徽省宣城市廣德縣)
Estimated construction area:	Approximately 120,750 sq.m.
Estimated total contract sum:	Approximately RMB163.64 million (approximately HK\$179.82 million), subject to adjustment in accordance with relevant provisions in the agreement
Expected commencement date:	Late June 2020
Expected completion date:	Early 2022

3. Information of the Construction Projects

The Construction Projects comprise Dianchi 1-1 (Land Parcel No. 31) Project, Dianchi 1-1 (Land Parcel No. 32) Project, Sky Tree Project and Guangde Intercity Space Project, mainly including the civil engineering works, and electrical and plumbing and drainage installation works, and outdoor overall engineering works on the relevant construction sites. Set out below is the summary of the details of the Construction Projects:

Projects	General nature of construction projects	Region	Estimated total contract sum (RMB' million)	Estimated construction area (sq.m.)	Estimated total contract sum per sq.m. (RMB)
Dianchi 1-1 (Land Parcel No. 31) Project	Civil engineering works, and electrical and plumbing and drainage installation works	Yunnan Province	45.15	35,742	1,263
Dianchi 1-1 (Land Parcel No. 32) Project	Civil engineering works, and electrical and plumbing and drainage installation works	Yunnan Province	108.51	87,843	1,235
Sky Tree Project	Civil engineering works, and electrical and plumbing and drainage installation works, and outdoor overall engineering works	Jiangsu Province	68.32	49,989	1,367
Guangde Intercity Space Project	Civil engineering works, and electrical and plumbing and drainage installation works, and outdoor overall engineering works	Anhui Province	163.64	120,750	1,355

According to the annual report of the Company for the year ended 31 December 2019 and project information of the Construction Projects provided by the Company, (i) Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project are the residential sections of the mixed development of residential, commercial, office and hotel of the Group, located in the area covered by the Kunming Comprehensive Healthcare Industry Innovation Growth Pole and Thai-Malay Comprehensive Healthcare Corridor in Kunming of Yunnan Province. The projects will be established as an integrated "Comprehensive Healthcare" project covering the core industry of "Healthcare", its upstream industry of "University-Industry Cooperation" and its downstream industry of "Cultural and Business Tourism". The estimated GFA of Dianchi 1-1 (Land Parcel No. 31)

Project and Dianchi 1-1 (Land Parcel No. 32) Project are approximately 35,742 sq.m. and 87,843 sq.m. respectively; (ii) Sky Tree Project is the residential section of the mixed development of residential, commercial and office of the Group, where the project will be constructed atop of the Guangcheng Metro Line 1 in Wuxi of Jiangsu Province. The project will be located in Taihu New Town with convenient transportation and surrounded by comprehensive infrastructures in Wuxi. The estimated GFA of Sky Tree Project is approximately 49,989 sq.m.; and (iii) Guangde Intercity Space Project is a residential section of the mixed development project of the Group, located in the high-speed railway new town sub-district in Guangde County, Xuancheng of Anhui Province. The estimated GFA of Guangde Intercity Space Project is approximately 120,750 sq.m.

4. Basis of determining the total contract sum

As stated in the Letter from the Board, the total contract sum (subject to adjustments) payable under each of the Contractor Agreements was negotiated on an arm's length basis and determined with reference to the fees payable by the Group to independent third parties for construction works of a similar nature.

As the total contract sum of the Contractor Agreements was determined with reference to the fees payable by the Group to independent third parties for construction works of a similar nature, we have obtained from the Company a full list of construction projects of the Group (the "**Project List**") including all main contracting construction projects similar to the Construction Projects which were engaged with independent contractors for the previous three years up to the Latest Practicable Date (the "**Independent Construction Projects**"), which in our view represents a reasonable period to reflect recent market conditions for entering into similar main contracting agreements by the Group and allows us to obtain reasonable sample size for comparison, to assess the fairness and reasonableness of the total contract sum of the Contractor Agreements. The Project List contains 50 main contracting construction projects engaged with independent contractors, whereas the contract sum ranging from approximately RMB13 million to RMB483 million and the contract period ranging approximately 185 days to 1,416 days. Taking into account that (i) the nature of the Construction Projects is the same as that of the Independent Construction Projects which are main construction projects; (ii) the contract sum of the Construction Projects falls within the range of the Independent Construction Projects; and (iii) the contract period of the Construction Projects falls within the range of the Independent Construction Projects, we are of the view that the Project List is fair and representative for our assessment of the total contract sum and the payment terms of the Construction Projects. Apart from the Project List, we also obtained relevant construction contracts (the "**Independent Construction Contracts**") and conducted a review on the contract sum of those Independent Construction Projects. We are of the view that the Independent Construction Projects identified in the previous three years up to the Latest Practicable Date provide us with relevant information for our analysis and such information is sufficient to support our opinion. The management of the Group advised that the Independent Construction Projects are in line with the normal course of business of the Group. The Project List contains details of each project including natures, contractors, regions, scope of projects, status of projects, expected construction amounts, actual construction amounts, basic of construction budgets and payment terms. Based on our discussion with the management of the Group, we understand that the Group has

been acquiring steel for its main contracting construction projects since beginning of year 2019 in order to enjoy bulk purchase discount and save the overall construction costs. Therefore, the contract sum of the Group's existing main construction projects, including the Construction Projects, does not include cost of steel. While we note that some of the total contract sum of the Independent Construction Projects before 2019 included cost of steel, those total contract sum has been adjusted for cost of steel for comparison.

Moreover, as stated in the Letter from the Board, the total contract sum of Construction Projects are determined with reference to the current local rules and regulations in force where the relevant construction project is located, we compared the total contract sum of the Construction Projects with that of the Independent Construction Projects according to their regions as set out in the section headed "Information of the Construction Projects" in this letter. Set out below are the summary of the total contract sum of the Independent Construction Projects after adjusted for cost of steel categorised by regions:

Region	Average total contract sum per sq. m. (after adjusted for cost of steel) (RMB)
Yunnan Province	1,172
Jiangsu Province*	1,373
Anhui Province	1,331

* *excluding Independent Construction Projects located in Shanghai as we understand that the construction cost in first tier cities such as Shanghai is much higher than other regions*

Upon comparison, we note that (i) for Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project, which are both located in Yunnan Province, their estimated total contract sum per sq.m. of approximately RMB1,263 per sq.m. and RMB1,235 per sq.m., are slightly higher than the average total contract sum of the Independent Construction Projects located in Yunnan Province of approximately RMB1,172 per sq.m. (after adjusted for cost of steel); (ii) for Sky Tree Project, which is located in the Jiangsu Province, its estimated total contract sum per sq.m. of approximately RMB1,367 per sq.m. is comparable to the average total contract sum of the Independent Construction Projects located in Jiangsu Province of approximately RMB1,373 per sq.m. (after adjusted for cost of steel); and (iii) for Guangde Intercity Space Project, which is located in Anhui Province, its estimated total contract sum per sq.m. of approximately RMB1,355 per sq.m. is slightly higher than the average total contract sum of the Independent Construction Projects located in Anhui Province of approximately RMB1,331 per sq.m. (after adjusted for cost of steel).

Based on our further discussion with the management of the Group, for Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project, the slight difference from the average total contract sum of the Independent Construction Projects in

Yunnan Province is mainly due to the fact that the residential buildings of the projects will be constructed on the land parcels which are both located on the slope of the mountain, namely Guanpo Mountain* (關坡山), about 2,000 meters above sea level. Due to the complex geological landscape and limited transportation facilities, the construction works for Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project are generally more complicated than the Independent Construction Projects in Yunnan Province which were constructed on the plain land, and therefore the construction costs per sq.m. of Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project are higher. In regard to Guangde Project, its higher contract sum over the average contract sum of Independent Contracts located in Anhui Province is mainly due to the fact that Guangde Project involves underground construction works whereas no relevant underground construction works were involved in the Independent Contracts located in Anhui Province. The underground construction works are more complex in nature and thus the construction costs are generally higher than construction works on the ground. In light of the above, we are of the view that such slightly higher contract sum per sq.m. of Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project as well as Guangde Project over the average total contract sum of the corresponding Independent Construction Projects is fair and reasonable.

As set out in the Letter from the Board, we note that the total contract sum of each project was determined with reference to current local rules and regulations in force where the relevant Construction Project is located that govern works to be undertaken under the relevant Contractor Agreement, details of the rules and regulations are set out in the section headed “Basis of determining the total contract sum” in the Letter from the Board. According to the relevant requirements, the total contract sum of the Construction Projects was arrived at by totalling up the estimated amount of required construction work (in terms of man-days and quantity of construction materials) set out in the relevant local rules and regulations multiplied by the current market prices for the relevant province for such man-days and construction materials as published in writing and/or on-line at the website of the relevant PRC government authority from time to time. In order to assess the reasonableness of the number of man-days and quantity of construction materials for each of the Construction Projects, we have obtained and reviewed a list of detailed breakdown of total contract sum of the Construction Projects (the “**Detailed Breakdown**”) from the Company, which mainly indicates number of man-days required for each work, their target completion dates in accordance with the work plan in the Contractor Agreements and composition of the estimated total contract sum of the Construction Projects respectively. Based on our studies of the Detailed Breakdown and further discussions with the management of the Company, we note that the number of man-days required in each work depends on the size of construction area and the complexity of the work and the man-days and the quantity of construction materials of each Construction Project were estimated by independent surveyors (the “**Independent Surveyors**”), namely, Kunming Official Audit Engineering Cost Consulting Firm Co., Ltd.* (昆明官審工程造價諮詢事務所有限公司), Nanjing Gao Ling Engineering Consulting Co., Ltd.* (南京高瓴工程諮詢有限公司), and Zhejiang Huayu Gaoyu Project Management Co., Ltd.* (浙江華域高宇項目管理有限公司) for Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project, Sky Tree Project and Guangde Intercity Space Project respectively. To assess the competence and independence of the Independent Surveyors, we have obtained the background information of the

Independent Surveyors and conducted interview with them, and note that they are professional surveyors whose qualification in surveying has been approved by the Construction Department in the PRC and have over 10 years' experience in participating relevant surveying projects in the PRC. As confirmed by the Independent Surveyors, except for being appointed as the surveyors of the Group, the Independent Surveyors do not have any relationship with the Group. Having considered their qualification, practical experience and independence, we are satisfied that the Independent Surveyors are capable and independent of performing the relevant estimation of the amount of construction work and number of man-days for each of the Construction Projects.

Moreover, the Contractors are required to comply with《 建設工程工程量清單計價規範》 (“Code of Bills of Quantities and Valuation for Construction Works”) (the “Code”) in the determination of the man-days and the quantity of construction materials being adopted in the Construction Projects. Under the Code, (i) an independent surveyor engaged by the Group is required to rely on several factors to estimate the amount of construction work and number of man-days for each construction project, mainly including proposed size of construction area and nature of the construction; and (ii) a contractor is required to submit relevant construction plan containing number of man-days and quantity of construction materials to its principal for approval before procurement of certain materials for construction project. Based on our review and discussion with the management of the Group, we understand that each of the Contractor Agreements has adopted such calculation method and the relevant man-days and the quantity of construction materials of each Construction Project were confirmed by the Independent Surveyors in order to ensure that the estimation of the man-days and the quantity of construction materials comply with the Code; and also understand that the contractors, including any connected contractors and independence contractors, would confirm number of man-days and quantity of construction materials to the Group for approval before procurement of certain materials for construction project, being in accordance with terms stipulated in contracting agreement.

On the other hand, regarding the market price of construction materials, we understand from the management of the Group that the Cost Management Department would compare the price of the major construction materials as stated on each of the Contractor Agreements with the market price of those construction materials to ensure that they are no less favourable to the Group than the prices provided by independent third parties. The market price refers to local price from third party websites (the “Construction Material Price Websites”), including Yunnan Province Kunming City Construction Project Cost Information Platform* (雲南省昆明市建設工程造價資訊平臺), Jiangsu Construction Engineering Pricing Management General Website* (江蘇省建設工程造價管理總站) and Xuancheng Construction Engineering Pricing Management Website* (宣城市建設工程造價管理站) for Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project, Sky Tree Project and Guangde Intercity Space Project respectively. Based on our review on the Construction Material Price Websites, we understand that they are operated by the relevant local government departments and contain updated pricing information of construction materials published by the PRC Government, therefore we consider the pricing information of the construction materials published from the Construction Material Price Websites is reliable.

To assess whether the price of construction materials being used in the Construction Project are no less favourable to the Group than the prices provided by independent third parties, we compared the price of major construction materials being used in the Construction Projects with the pricing information of construction materials published from the Construction Material Price Websites. Based on the Detailed Breakdown, we identified 10 major construction materials being used in the Construction Projects which (i) are core construction materials mainly including concrete, brick and wood board; and (ii) are in total accounted for more than 50% of the total expenditure on construction materials of each Construction Project for comparison. In view of the above selection criteria covering the major construction materials being used in the Construction Projects, we are of the view that the assessment is fair and reasonable. Upon comparison, we note that the price of the major construction materials is comparable to or lower than their market price in the region of the Construction Projects. We have been advised that the prices of those materials are lower as the Contractors can usually enjoy discount for bulk purchase of raw materials and lower fixed costs because of their operation scale and relationship with their suppliers.

Before finalising the total contract sum and entering into contracting agreement with any contractor, we understand from the management of the Company that the Cost Management Department of the Group would invite contractors from its own list of approved contractors to tender for the Construction Projects. The approved list of contractors is reviewed and updated on an ongoing basis by the Cost Management Department, with reference to the performance assessment of each contractor on regular basis. In selecting potential contractors from the approved list of contractors, the Group considers a range of factors such as geographical coverage of operations, size of registered capital and permitted scope of qualifications. After the assessment, the Group sent invitation documents to those have met the above standards with preliminary total contract sum of the Construction Projects to at least three potential contractors, of which majority of them are independent third parties. We have obtained and reviewed the assessment documents and the list of the contractors being invited for the Construction Projects and noted that (i) the selected potential contractors have met above factors in the assessments; (ii) the potential contractors, including Contractors and independent contractors, were assessed based on the same factors as abovementioned; and (iii) majority of the potential contractors being invited were independent contractors. Based on above, we are of the view that the tender invitation procedures for the Construction Projects are fair and reasonable.

The preliminary total contract sum of the Construction Projects was determined (i) after taking into above-mentioned fees payable by the Group to independent third parties for construction works of a similar nature and current local rules and regulations; and (ii) without considering the pricing of major raw materials, of which being considered before finalising the total contract sum and entering into the contractor agreements and in compliance with the local rules and regulations. Contractor candidates who wish to participate in the tendering would submit tendering documents with bidding price to the Group. In evaluating biddings from contractor candidates, except for the factors being considered during the tender invitation procedures, the Group would primarily consider the bidding price of tenders. The Group would allocate different tasks of bidding evaluation to its departments, including Cost Management Department, Engineering

Department and Technical Research and Development Department, to determine which tender was successful by (i) reviewing the unit price of the construction materials quoted by the tenderers, the results of which shows that the unit prices of the major components of construction materials quoted by the Contractors (for example, concrete and formwork) were lower than or the same as the lowest unit prices quoted by the other tenderers; (ii) evaluating the commercial terms of the tenderers, the result of which shows that the commercial terms of the Contractors are in compliance with the Company's policy; and (iii) evaluating the reliability of services of the tenderers through a review conducted by the Company to assess a tenderers' financial capacity, its degree of cooperation, its technical expertise and whether it has any adverse track record, the result of which shows that the Contractors passed this review. After above evaluation, the departments would prepare a tender review report to determine the winning candidate.

To assess whether the tender review procedure for the Construction Projects implemented by the Group is fair and reasonable, we have obtained and reviewed the tender review reports of the Construction Projects and tender review reports of the construction projects undertaken by independent contractors. Based on our review, we note that same tender selection criteria including historical quality of work, financial arrangement and financial ability, expected completion time and measures on environmental protection, safety and workers' health undertaken, are applicable to tenders submitted by the Contractors and other independent contractors. We note that the tender documents submitted by the potential contractors, including any of the Contractors and independent contractors, are reviewed and evaluated by the Group based on the same standard and systematic tender submission procedure is applicable to tender submitted to both connected persons and independent third parties.

Having considered that (i) the total contract sum per sq.m. of Sky Tree Project is comparable to the average total contract sum per sq.m. of the Independent Construction Projects in Jiangsu Province; (ii) the slight differences between the total contract sum of Dianchi 1-1 (Land Parcel No. 31) Project and Dianchi 1-1 (Land Parcel No. 32) Project as well as Guangde Intercity Space Project with the relevant total contract sum of the corresponding Independent Construction Projects are fair and reasonable; (iii) the number of man-days and the quantity of construction materials of each Construction Project were estimated by the Independent Surveyors who are independent and capable of performing the relevant estimations; (iv) the price of the major construction materials being used for the Construction Projects is comparable to or lower than the their market prices in the region of the Construction Projects; (v) the Company and the Contractors have complied with the relevant rules during the determination of the man-days and quantity of construction materials for the Construction Projects; and (vi) the appointment of the Contractors is under same standard and systematic tender submission procedure is applicable to tender submitted to both connected persons and independent third parties, we are of the view that the pricing terms of the Contractor Agreements are on normal commercial terms, in the ordinary and usual course of business of the Company, and fair and reasonable so far as the Independent Shareholders are concerned.

5. Basis of determining the payment terms

The total contract sum payable under each Contractor Agreement shall be payable in stages based on the progress of the construction works. The final total contract sum under each Contractor Agreement is subject to adjustment, which is the final total contract sum as set out in the completion settlement report (the “**Final Settlement Report**”) prepared by the Contractor and audited by the Project Company or its appointed independent third party costing consultant in accordance with the terms of the relevant Contractor Agreement.

In general, 70% of the estimated total contract sum shall have been fully paid up following completion and acceptance of the construction works, and up to 95% of the adjusted total contract sum shall have been fully paid after the audit of the completion settlement report has been completed. The remaining 5% of the adjusted total contract sum payable under each Contractor Agreement shall be withheld as warranty money and shall, subject to deductions due to necessary repair works, be released after the expiry of a period of up to 5 years.

In order to assess the fairness and reasonableness of the payment terms of the Contractor Agreements (the “**Payment Terms**”), we have discussed with the management of the Company the basis of the Payment Terms and understand that the Payment Terms are similar to other main contractor projects subcontracted to independent contractors. Based on our further discussion with the management of the Company and review on the Project List and the Independent Construction Contracts, we have compared the Payment Terms with the payment terms of the Independent Construction Projects and note that they are comparable and the Payment Terms are not less favorable than the payment terms of the Independent Construction Projects, specifically, under the payment terms of the Independent Construction Projects, (i) the percentage of 70% of the total contract sum being fully paid up following completion and acceptance of the construction works which were similar to the Payment Terms; (ii) the percentage of the adjusted total contract sum being fully paid after the audit of the completion settlement report ranged from 95% to 97% which was similar to or higher than the Payment Terms; and (iii) the percentage of the adjusted total contract sum payable being withheld as warranty money ranged from 3% to 5% which was similar or less than the Payment Terms. In view of the lesser or similar portion of the contract sum being payable to the Contractors after the audit of the completion settlement report and the higher or similar portion of warranty money being withheld during the period of warranty, we are of the view that the Payment Terms are not less favorable than the payment terms of the Independent Construction Projects.

Therefore, we are of the view that the Payment Terms, which are comparable with and not less favorable than the payment terms of the Independent Construction Projects, are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

As set out in the Letter from the Board, the total contract sum of each of the Contractor Agreement will be adjusted in response to fluctuation in the market price of certain major construction materials when such fluctuation is larger than the threshold agreed upon under each of such Contractor Agreement, which threshold is $\pm 5\%$. We set out below the formula of the adjusted price of the relevant construction materials under the adjustment mechanism.

In the event the market price of the relevant construction materials is higher than the pre-agreed threshold, the adjustment mechanism and formula is as follows:

Adjusted Price = Contract Price + (Average Price – Pre-agreed Reference Price \times (1 + Pre-agreed Threshold))

In the event the market price of the relevant construction materials is lower than the pre-agreed threshold, the adjustment mechanism and formula is as follows:

Adjusted Price = Contract Price – (Pre-agreed Reference Price \times (1 – Pre-agreed Threshold) – Average Price)

Notes:

“Adjusted Price”	means the adjusted price of the relevant construction materials
“Contract Price”	means the original price of the major construction materials contracted under the relevant Contractor Agreement
“Average Price”	means the average price of the relevant construction materials during the period of price estimation
“Pre-agreed Reference Price”	means the pre-agreed reference price contracted under the relevant Contractor Agreement, which is the reference price of the relevant construction materials published from time-to-time by: the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部) and General Administration of Quality Supervision Inspection and Quarantine (國家市場監督管理總局) jointly in respect of 《建築工程工程量清單計價規範》(GB50500-2013) (“Code of Bills of Quantities and Valuation for Construction Works (GB50500-2013)*”); the Wuxi City Housing and Urban-Rural Development Bureau* (無錫市住房和城鄉建設局) in respect of 《無錫市工程材料市場價格信息》 (“Wuxi City Construction Engineering Materials Market Price Information*”); and the Anhui Province Housing and Urban-Rural Development Department* (安徽省住房和城鄉建設廳) in respect of 《宣城市建設工程材料市場價格信息》 (“Xuancheng City Construction Engineering Materials Market Price Information*”).
“Pre-agreed Threshold”	means the pre-agreed threshold of $\pm 5\%$ in respect of the fluctuation of the relevant market price of the major construction materials contracted under the relevant Contractor Agreement

As advised by the management of the Company, we understand that the total contract sum of each of the Contractor Agreements will be adjusted in response to fluctuation in the market price of major construction materials, in which the major construction materials, mainly including concrete, accounted for majority of the total contract sum of the relevant agreements. With reference to the Contractor Agreements, the basis of determination of the threshold is by making reference to a maximum of 5% of the

estimated construction materials cost of the Contractor Agreements based on the past experience of the management of the Company which could cater for any possible fluctuation on the construction materials price during the construction period agreed between the Company and the Contractors. We have been advised by the Company that the adjustment mechanism offers protection against increasing construction material costs during construction period of the Construction Projects, as the Company has no additional burden if the percentage of increase in construction materials price is within the threshold. Even if the increase in construction material price exceeds the threshold, the Group expected that the Group will be able to shift the burden of the cost increases to its customers by increasing the selling price of its properties.

In this regard, we have obtained a project list of completed main contractor construction projects of the Company (the “**Completed Construction Projects**”) in which the relevant contract sum were fully settled, representing all completed construction and fully settled projects of the Group during the previous three years up to the Latest Practicable Date. The project list contains project nature, estimated total contract sum, actual total contract sum and adjustment of total contract sum. As advised by the Company, the Completed Construction Projects in the list are all the main contractor construction projects which were completed before the Latest Practicable Date and did not involve any material change in construction plan during their construction period. According to the project list, we understand that the Completed Construction Projects did not involve any material change of their construction plans and the adjustment on the estimated contract sum of the Completed Construction Projects ranged from -2.7% to 3.7% in accordance with the quantity surveyor reports.

In addition, based on our studies of the Independent Construction Contracts, we note that there are similar terms in relation to the adjustment on contract sum and threshold of change in material price in those Independent Construction Contracts. Hence, we consider the terms of the adjustment and the level of the threshold are in line with those of the Group’s construction projects undertaken by independent contractors.

On the basis that (i) the adjustment mechanism provides protection against cost fluctuation of construction materials during the construction period; (ii) the adjustment mechanism are determined based on the historical transactions of the Company; (iii) the actual adjustment will be determined based on the Final Settlement Report prepared by the Contractor and audited by the Project Company or its independent surveyor; and (iv) the threshold and the adjustment are common terms in the Group’s contracting construction agreements, we are of the view that the determining of the adjustment mechanism and level of adjustment in the Contractor Agreements are fair and reasonable.

RECOMMENDATION

Having considered the above principal factors, we are of the opinion that the terms of the Contractor Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the terms of the Contractor Agreements.

Yours faithfully,
For and on behalf of
Octal Capital Limited
Alan Fung **Louis Chan**
Managing Director *Director*

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 17 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short position in Shares, underlying shares and debentures

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in the Shares:

Name of Director	Capacity / Nature of interest	Number of Shares	Approximately percentage of shareholding in the Company's issued share capital (Note 7)
Mr. WANG Weixian	Interest of controlled corporation (Note 1)	38,804,571	1.39%
	Founder of discretionary trust (Note 2)	367,254,133	13.15%

Name of Director	Capacity / Nature of interest	Number of Shares	Approximately percentage of shareholding in the Company's issued share capital (Note 7)
Ms. WANG Xuling	Beneficial owner (Note 3)	7,390,000	0.26%
	Interest of controlled corporation (Note 4)	7,010,448	0.25%
	Beneficiary of discretionary trust (Note 2)	367,254,133	13.15%
Mr. FONG Wo, Felix, JP	Beneficial owner	500,000	0.02%
Mr. KWAN Kai Cheong	Beneficial owner	500,000	0.02%
Mr. CHEN Jun	Beneficial owner (Note 5)	3,500,000	0.13%
Mr. HOU Guangjun	Beneficial owner (Note 6)	2,700,000	0.10%

Notes:

- (1) Mr. WANG Weixian was deemed to be interested in 38,804,571 Shares, which were held by Prestige Glory Enterprises Limited. The entire issued share capital of Prestige Glory Enterprises Limited was beneficially owned by Mr. WANG Weixian.
- (2) Each of Mr. WANG Weixian and Ms. WANG Xuling was deemed to be interested in 367,254,133 Shares, which were held by The Duanyuan Trust (of which Mr. WANG Weixian was the founder and his family members were discretionary objects).
- (3) Ms. WANG Xuling beneficially owned 7,390,000 Shares, 3,390,000 Shares of which were deemed to be interested by her under the subscription agreement between her and the Company dated 23 January 2018 under SFO.
- (4) Ms. WANG Xuling was deemed to be interested in 7,010,448 Shares, which were held by Boom Rich Investments Limited. The entire issued share capital of Boom Rich Investments Limited was beneficially owned by Ms. WANG Xuling.
- (5) Mr. CHEN Jun was deemed to be interested in 3,500,000 Shares under the subscription agreement between him and the Company dated 23 January 2018 under SFO.
- (6) Mr. HOU Guangjun was deemed to be interested in 2,700,000 Shares under the subscription agreement between him and the Company dated 23 January 2018 under SFO.
- (7) Representing the issued share capital of the Company as at the Latest Practicable Date comprising 2,791,884,683 Shares.

Aggregate long position in the Debentures:

Name of Director	Capacity/Nature of interest	Currency of Debentures	Denomination or Unit Size of the Debentures	Amount of Debentures
Mr. WANG Weixian	Interest of controlled corporation (<i>Note 1</i>)	USD	200,000	17,950,000

Note:

1. Mr. WANG Weixian was deemed to be interested in debentures of the Company in an aggregate principal amount of US\$17,950,000 which were held by Capital Vission Assets Limited. The entire issued share capital of Capital Vission Assets Limited was beneficially owned by Mr. WANG Weixian. The said aggregate amount comprised (i) 9.875% bonds due on 17 June 2020 in the aggregate principal amount of US\$6 million, (ii) 6% bonds due 17 July 2021 in the aggregate principal amount of US\$6 million, and (iii) 5.625% perpetual securities in the aggregate principal amount of US\$5.95 million.

(b) Other interests of the Directors

As at the Latest Practicable Date,

- (i) save as disclosed above and except for Mr. Chen Jun and Mr. Wu Zhengkui (being senior management of Greenland Holdings), none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO;
- (ii) none of the Directors had any interest, direct or indirect, in any asset which had been, since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to, any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with the Company or any member of the Group which would not expire or was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. MATERIAL ADVERSE CHANGE

Save as disclosed by the Company at the website of the HKExnews (<http://www.hkexnews.hk>), as at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associate was interested in any businesses (apart from the businesses of the Group), which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

6. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualifications of the expert who has given its opinions and advice which are contained in this circular:

Name	Qualification
Octal Capital Limited	a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in the promotion of, or in any assets which have been, since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name and/or its opinion and advice in the form and context in which they are included.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Contractor Agreements will be available for inspection at the principal office of the Company in Hong Kong at Unit 5711, 57/F., The Center, 99 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including 26 June 2020.

NOTICE OF EGM

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Greenland Hong Kong Holdings Limited (the “Company”) will be held at 7th Floor, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 30 June 2020 at 9:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened to be held at 9:00 a.m. on the same day and place shall have been concluded or adjourned) for the purposes of considering and, if thought fit, passing the following ordinary resolutions of the Company:

1. “**THAT** the Dianchi 1-1 (Land Parcel No. 31) Contractor Agreement (as defined in the circular of the Company dated 11 June 2020) and the transactions contemplated thereunder be and are hereby approved, confirmed, authorised and ratified, and any one of the directors of the Company be and is hereby authorised to execute all such documents and to do all such acts as he/she may in his/her absolute opinion deem necessary, desirable or expedient to give effect to the transactions contemplated thereunder with such changes as he/she may in his/her absolute opinion deem necessary, desirable or expedient.”
2. “**THAT** the Dianchi 1-1 (Land Parcel No. 32) Contractor Agreement (as defined in the circular of the Company dated 11 June 2020) and the transactions contemplated thereunder be and are hereby approved, confirmed, authorised and ratified, and any one of the directors of the Company be and is hereby authorised to execute all such documents and to do all such acts as he/she may in his/her absolute opinion deem necessary, desirable or expedient to give effect to the transactions contemplated thereunder with such changes as he/she may in his/her absolute opinion deem necessary, desirable or expedient.”
3. “**THAT** the Sky Tree Contractor Agreement (as defined in the circular of the Company dated 11 June 2020) and the transactions contemplated thereunder be and are hereby approved, confirmed, authorised and ratified, and any one of the directors of the Company be and is hereby authorised to execute all such documents and to do all such acts as he/she may in his/her absolute opinion deem necessary, desirable or expedient to give effect to the transactions contemplated thereunder with such changes as he/she may in his/her absolute opinion deem necessary, desirable or expedient.”

NOTICE OF EGM

4. “**THAT** the Guangde Intercity Space Contractor Agreement (as defined in the circular of the Company dated 11 June 2020) and the transactions contemplated thereunder be and are hereby approved, confirmed, authorised and ratified, and any one of the directors of the Company be and is hereby authorised to execute all such documents and to do all such acts as he/she may in his/her absolute opinion deem necessary, desirable or expedient to give effect to the transactions contemplated thereunder with such changes as he/she may in his/her absolute opinion deem necessary, desirable or expedient.”

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

Hong Kong, 11 June 2020

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Unit 5711, 57/F
The Center
99 Queen’s Road Central
Hong Kong

Notes:

1. Any Shareholder entitled to attend and vote at the EGM convened by this notice is entitled to appoint one or more (if he/she/it holds two or more Shares) proxies to attend and vote in his/her/its place. A proxy need not be a member of the Company.
2. In order to be valid, the completed form of proxy together with a power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power or other authority) must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).
3. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or at any adjournment thereof (as the case may be) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of any share(s), any one of such joint holders may vote (either in person or by proxy) in respect of such share(s) as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the EGM (whether in person or by proxy), the vote of the joint holder whose name stands first in the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.
5. For the purpose of determining shareholders’ eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 June 2020.

NOTICE OF EGM

6. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time between 7:30 a.m. and 9:30 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the websites of the Company and the Stock Exchange to notify Shareholders of the date, time and place of the adjourned EGM. The EGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situation.
7. The Chinese translation of this notice is for reference only. In case of any inconsistency, the English version shall prevail.