

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 obtain independent professional advice.

If you have sold or transferred all your shares in Greentown China Holdings Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

DISCLOSEABLE AND CONNECTED TRANSACTION FINANCIAL ASSISTANCE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A letter from the Board is set out on pages 4 to 15 of this circular and a letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 18 to 38 of this circular.

A notice convening an extraordinary general meeting (“EGM”) of Greentown China Holdings Limited (the “Company”) to be held on 18 June 2021 (Friday) at 2:45 p.m. at Greentown University, Block E (South), Xixi International Center, No. 767 West Wenyi Road, West Lake District, Hangzhou, Zhejiang Province, the People’s Republic of China is set out on pages 47 to 48 of this circular. A form of proxy for appointing proxy to attend the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.greentownchina.com).

Whether or not you are able to attend, you should complete and return the form of proxy in accordance with the instructions stated thereon and return it to the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event by not later than 48 hours before the time appointed for holding such meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish, in which case the form of proxy shall be deemed to be revoked.

* For identification purposes only

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DEFINITIONS

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

“2016 Share Option Scheme”	the share option scheme of the Company adopted by a resolution of the Shareholders on 17 June 2016
“Agreement”	the agreement dated 24 September 2019 entered into among Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED in relation to the formation of the Project Company and the joint development of the Project
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCCC Northeast Investment”	CCCC Northeast Investment Co., Ltd.* (中交東北投資有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG
“CCCG”	China Communication Constructions Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial shareholder of the Company
“Company”	Greentown China Holdings Limited (stock code: 03900), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder
“Group”	the Company together with its subsidiaries

DEFINITIONS

“Harbin Greentown Real Estate”	Harbin Greentown Real Estate Co., Ltd.* (哈爾濱綠城置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Harbin Metro RED”	Harbin Metro Real Estate Development Co., Ltd.* (哈爾濱市地鐵置業開發有限公司), a company established in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board composed of all independent non-executive Directors, namely Mr JIA Shenghua, Mr HUI Wan Fai, Mr QIU Dong and Mr ZHU Yuchen
“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Supplemental Agreement
“Independent Shareholder(s)”	any Shareholder who is not required to abstain from voting at the EGM
“Latest Practicable Date”	11 May 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Project”	The development project in relation to the above-depot area of the relevant rail yards of Harbin Metro Line 3 (哈爾濱地鐵三號線相關車輛段上蓋項目), which comprises the proposed development of properties in the vicinities of metro stations for commercial and residential uses

DEFINITIONS

“Project Company”	Harbin Young City Real Estate Co., Ltd.* (哈爾濱楊柳郡置業有限公司), a company established in the PRC with limited liability pursuant to the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement dated 5 February 2021 entered into among Harbin Greentown Real Estate, CCCC Northeast Investment, Harbin Metro RED and the Project Company in supplement, amendment and modification of the Agreement

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GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

Executive Directors:

Mr ZHANG Yadong

Mr GUO Jiafeng

Mr WU Wende

Mr GENG Zhongqiang

Mr LI Jun

Ms HONG Lei

Registered office:

PO Box 309, Uglan House

South Church Street

George Town

Grand Cayman, KY1-1104

Cayman Islands

Non-executive Directors:

Mr Stephen Tin Hoi NG

(Mr Andrew On Kiu CHOW as his alternate)

Mr WU Yiwen

Principal place of business

in Hong Kong:

Room 1406–1408, 14th Floor

New World Tower 1

16–18 Queen's Road Central

Hong Kong

Independent non-executive Directors:

Mr JIA Shenghua

Mr HUI Wan Fai

Mr QIU Dong

Mr ZHU Yuchen

18 May 2021

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
FINANCIAL ASSISTANCE**

1. INTRODUCTION

Reference is made to the announcements of the Company dated 24 September 2019, 5 February 2021 and 9 April 2021 in connection to the Agreement, the Supplemental Agreement and the Project Company. On 24 September 2019, Harbin Greentown Real Estate, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with CCC Northeast Investment and Harbin Metro RED in relation to the formation of the Project Company. Pursuant to the Agreement, Harbin Greentown Real Estate, CCC Northeast Investment and Harbin Metro RED have contributed RMB20.7 million, RMB4.5

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million and RMB19.8 million respectively (accounting for 46%, 10% and 44% of the equity interests of the Project Company, respectively) as registered capital in formation of the Project Company, for carrying out the Project. Pursuant to the Agreement, the parties should provide shareholders' loans according to their respective shareholding percentages in the Project Company for its future funding needs.

On 5 February 2021, Harbin Greentown Real Estate, CCCC Northeast Investment, Harbin Metro RED, and the Project Company entered into the Supplemental Agreement. Subject to the terms and provisions of the Supplemental Agreement, Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED will provide financial assistance for funding the Project.

2. PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

A summary of the major terms and conditions of the Supplemental Agreement is set out below:

Date: 5 February 2021

Parties:

- (1) Harbin Greentown Real Estate
- (2) CCCC Northeast Investment
- (3) Harbin Metro RED
- (4) Project Company

Loan amount and interest rates: Subject to the terms and provisions of the Supplemental Agreement, the following shareholders' loans ("**Shareholders' Loans**") with an interest of 7.5% per annum will be provided to the Project Company for acquisition of lands and development under the Project:

- (i) Harbin Metro RED will commit up to RMB1,127,410,000, of which RMB643,460,000 ("**Secured Loan**") will be advanced by Harbin Greentown Real Estate and secured with a share pledge of all of Harbin Metro RED's equity interest in the Project Company. Such equity interest will be available for enforcement upon pledged. The release of the share pledge shall be processed within 5 days from the full repayment of Secured Loan;
- (ii) CCCC Northeast Investment will provide up to RMB256,230,000; and

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- (iii) Harbin Greentown Real Estate will provide up to RMB1,316,180,000 (the abovementioned Secured Loan of RMB643,460,000 inclusive).

The Project Company will be expected to receive Shareholders' Loans up to RMB2,562,280,000 in total, with Harbin Metro RED, CCCC Northeast Investment and Harbin Greentown Real Estate committing up to RMB1,127,410,000 (44%), RMB256,230,000 (10%) and RMB1,178,640,000 (46%), respectively. The total amount of Shareholders' Loans receivable by the Project Company is less than the mathematical summation of the abovementioned maximum inputs of the shareholders of the Project Company. This is because: (i) the Project Company shall repay Harbin Greentown Real Estate with the Secured Loan of RMB643,460,000 upon Harbin Metro RED's making available its Shareholder's Loan; and (ii) any Shareholders' Loan from Harbin Greentown Real Estate to the Project Company subsequent to the repayment of the Secured Loan, after adding up with the outstanding Shareholders' Loans of RMB672,720,000 already made to the Project Company then (subject to the approval of the Independent Shareholders on the Supplemental Agreement), is not expected to exceed RMB1,178,640,000 in total. As such, Harbin Greentown Real Estate's expected share in the maximum Shareholders' Loan receivable by the Project Company (RMB1,178,640,000 out of RMB2,562,280,000, representing 46%) will be lesser than Harbin Greentown Real Estate's maximum input in the Project (RMB1,316,180,000, before the Secured Loan is repaid and Harbin Metro RED makes available its Shareholder's Loan). Pursuant to the Agreement, any shareholder's loans are repayable upon the availability of any surplus in the accounts of the Project Company, and any such surplus shall as priority be expended on the repayment of shareholders' loans in proportion to the respective loans having been made available by the shareholders of the Project Company. For the avoidance of doubt, the abovementioned repayment terms are applicable to the Shareholders' Loans to be made available under the Supplemental Agreement. Harbin Greentown Real Estate will afford its Shareholder's Loan to the Project Company with the internal resources of the Group. All terms and conditions of the Agreement remain unchanged apart from the Supplemental Agreement.

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The Shareholders' Loans are specific to the acquisition and development of lands under the Project. The interest of the Shareholders' Loans shall accrue from the date of the drawdown up to the date of repayment by the Project Company. Where the Secured Loan is not repaid within 60 days from the drawdown, Harbin Metro RED shall, in addition to the interests payable by the Project Company, pay Harbin Greentown Real Estate interest of the outstanding Secured Loan in accordance with the benchmark interest rate for one-year loan of the People's Bank of China.

Harbin Metro RED is a wholly State-owned entity under the Harbin Municipal Government, the Heilongjiang Provincial Government and China Development Bank for the property development in relation to the local metro system. So far as the Company is aware, due to the time required to go through the relevant governmental procedures, only after about two to four months' time from kicking start the Project (subject to the approval of Independent Shareholders of the Company on the Supplemental Agreement) will the contribution from Harbin Metro RED to the Project Company be made available. As such, the shareholders of the Project Company and the Project Company entered into the Supplemental Agreement under which, among other things, Harbin Greentown Real Estate will, as a shareholder: (a) provide the Project Company with a loan of RMB672,720,000, for contributing to the funding required of the Project; and (b) provide the Project Company with the Secured Loan of RMB643,460,000 in place of Harbin Metro RED, pending Harbin Metro RED's making available of its Shareholder's Loan to the Project Company. Harbin Greentown Real Estate's Shareholder's Loan to the Project Company up to RMB1,316,180,000 is the sum of the abovementioned items (a) and (b). The Secured Loan will be advanced by Harbin Greentown Real Estate as Shareholder's Loan to the Project Company in place of Harbin Metro RED, and will be repaid by the Project Company to Harbin Greentown Real Estate upon Harbin Metro RED's making available of its Shareholder's Loan to the Project Company.

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As such, the Shareholders' Loans to the Project Company will comprise: (1) Harbin Greentown Real Estate's commitment up to RMB1,316,180,000 (of which the Secured Loan of RMB643,460,000 will be repaid by the Project Company upon Harbin Metro RED making available its Shareholder's Loan to the Project Company); (2) (to be made available to the Project Company after about two to four months' time from kicking start the Project (subject to the approval of Independent Shareholders of the Company)) Harbin Metro RED's commitment of up to RMB1,127,410,000; and (3) CCCC Northeast Investment's commitment of up to RMB256,230,000.

The respective amounts of the Shareholders' Loans as committed by Harbin Metro RED, CCCC Northeast Investment and Harbin Greentown Real Estate under the Supplemental Agreement were determined on arm's length commercial negotiation having taken into account: (a) Harbin Metro RED's Shareholders' Loan will be made available later than the other parties', and the corresponding cost of funds by providing the Project Company with the Secured Loan in place of Harbin Metro RED pending the availability of Harbin Metro RED's Shareholders' Loan; (b) Harbin Greentown Real Estate's being the single largest shareholder of the Project Company and its largest share of stake in pushing forward the Project; and (c) the consideration that the Secured Loan will be repaid after about two to four months' time from kicking start the Project, and that the Project Company will thereupon benefit from Harbin Metro RED's Shareholders' Loan up to RMB1,127,410,000.

The provision of the Shareholders' Loans does not impact on the shareholding percentage and profit distribution mechanism of the Project Company. The Project Company continues to be owned by Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED as to 46%, 10% and 44%, and entitlement to any profit of the Project Company is based on the shareholding of the shareholders.

Others:

Any transaction under the Supplemental Agreement shall be conditional on the clearance of the Stock Exchange and the Company having obtained approval of independent Shareholders or such consent, approval or authorisation as required under the Listing Rules and such other applicable laws, regulations and rules (if required).

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The terms of the Supplemental Agreement and the Shareholders' Loans contemplated thereunder, including without limitation the amount and interest rates were determined by arm's length negotiation among the parties to the Supplemental Agreement, having taken into account the operation needs and business plan of the Project Company, the prospect, expected benefit and practical circumstances of the Project, and shareholders' loans of similar nature and use.

3. INFORMATION ABOUT THE PARTIES

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange. It is one of the leading property developers in the PRC with business operations in various major cities in the PRC and is primarily engaged in developing quality properties targeting mainly middle and high income residents in the PRC.

Harbin Greentown Real Estate is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company established for the project investment and operation in relation to the Project.

CCCC Northeast Investment is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG and is principally engaged in project investment, management and technical consultation services. CCCG is a wholly state-owned company established in the PRC and the controlling shareholder of China Communications Construction Co. Ltd., a company established in the PRC whose H shares are listed on the Stock Exchange. Based on publicly available information, CCCG is principally engaged in the design and construction of transportation infrastructure, dredging and heavy machinery manufacturing business and covers the following business aspects: port, terminal, road, bridge, railway, tunnel, civil work design and construction, capital dredging and reclamation dredging, container crane, heavy marine machinery, large steel structure and road machinery manufacturing, and international project contracting, import and export trading services. According to CCCG, it is the largest port construction and design company in the PRC, a leading company in road and bridge construction and design, a leading railway construction company, the largest dredging company in the PRC and the largest dredging company (in terms of dredging capacity) in the world. To the best knowledge of the Directors after making reasonable enquiries, the ultimate controlling shareholder of CCCG and CCCC Northeast Investment is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

Harbin Metro RED is a company established in the PRC with limited liability principally engaged in property development in relation to the local metro system. To the best knowledge of the Directors after making reasonable enquiries, its ultimate beneficial owners are the State-owned Assets Supervision and Administration Commission of Heilongjiang Provincial Government (黑龍江省人民政府國有資產監督管理委員會), the China Development Bank and the Harbin State-owned Assets Supervision and Administration Commission (哈爾濱市人民政府國有資產監督管理委員會).

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The Project Company is a company: (a) established in the PRC with limited liability established for carrying out the Project; (b) owned by the Company, CCCC Northeast Investment and Harbin Metro RED as to 46%, 10% and 44%, respectively; and (c) with seven directors, of which four were appointed by Harbin Greentown Real Estate. Pursuant to Rule 1.01 of the Listing Rules, a “subsidiary” includes a “subsidiary undertaking” as defined in schedule 1 to the Companies Ordinance. Pursuant to Paragraph 2(3)(d) to Schedule 1 to the Companies Ordinance, until the contrary is proven, a company is presumed to be controlled by another company and is hence its subsidiary undertaking if any such other company has the power to cast a majority of votes at the meetings of the board of directors of the company. As four out of seven directors of the Project Company were appointed by Harbin Greentown Real Estate, the Project Company would prima facie fall within the definition of a subsidiary of Harbin Greentown Real Estate under the meanings of the Listing Rules. As disclosed in the announcement of the Company dated 9 April 2021, the Project Company is not regarded as a subsidiary of Harbin Greentown Real Estate under the Listing Rules for the following reasons: (1) the Project Company is not consolidated as a subsidiary in the consolidated accounts of Harbin Greentown Real Estate (or any of CCCC Northeast Investment and Harbin Metro RED); (2) Harbin Greentown Real Estate does not have control over the Project Company, as (a) all resolutions of the board of directors of the Project Company shall require over 75% of the votes of the directors (Harbin Greentown Real Estate can only appoint four out of seven directors, representing 57% of the votes of the directors of the Project Company); (b) Harbin Greentown Real Estate holds 46% of shares in the Project Company, falling short of a majority of the voting rights in the shareholders’ meeting of the Project Company, and does not have the power to exercise a majority of the voting rights in the shareholders’ meeting of the Project Company by reason of an agreement with the other shareholders. As the Project Company is not a subsidiary of Harbin Greentown Real Estate, Harbin Metro RED is not a connected person of the Company even if it is a substantial shareholder of the Project Company. To the best of the knowledge, information and belief of the Company having made all reasonable enquiry, Harbin Metro RED is not a connected person of the Company for any other reason.

4. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Reference is made to the announcement of the Company dated 24 September 2019. The Project Company will be engaged in the acquisition and development of the above-depot area of the relevant rail yards of Harbin Metro Line 3, which comprises the proposed development of properties in the vicinities of metro stations for commercial and residential uses with a site area over 300,000 sqm. The Project enables the Group to leverage the local experience and connections of Harbin Metro RED (a wholly state-owned entity established in Harbin principally engaged in property development in relation to the local metro system) and the strength of the CCCG in large-scale infrastructure-related services to establish its presence and development in the Harbin market. While pursuant to the Supplemental Agreement, the Shareholders’ Loans will not be provided on a pro-rata basis, the Board considers that the development of the Project will contribute to the broadening of the asset and earnings base of the Group, and the Shareholders’ Loans will provide the Project Company with the funding required for developing and furthering the Project, and are thus in the interest of the Group as a shareholder of the Project Company.

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As disclosed in this circular, Harbin Metro RED is a wholly State-owned entity under the Harbin Municipal Government, the Heilongjiang Provincial Government and China Development Bank for the property development in relation to the local metro system. So far as the Company is aware, due to the time required to go through the relevant governmental procedures, only after about two to four months' time from kicking start the Project (subject to the approval of Independent Shareholders of the Company) will the contribution from Harbin Metro RED to the Project Company be made available. As such, the shareholders of the Project Company and the Project Company entered into the Supplemental Agreement under which, among other things, Harbin Greentown Real Estate will, as a shareholder: (a) provide the Project Company with a loan of RMB672,720,000, for contributing to the funding required of the Project; and (b) provide the Project Company with the Secured Loan of RMB643,460,000 in place of Harbin Metro RED, pending Harbin Metro RED's making available of its Shareholder's Loan to the Project Company. Subject to the approval of the Independent Shareholders at the EGM, the abovementioned arrangement will render the Shareholders' Loans not pro rata to the shareholding percentages, and therefore different from the arrangement as stipulated under the Agreement. The respective amounts of the Shareholders' Loans as committed by Harbin Metro RED, CCCC Northeast Investment and Harbin Greentown Real Estate under the Supplemental Agreement were determined with reference to the Project's funding needs (expected to be RMB6 billion in total) and the planning that the funding beyond the Shareholders' Loans of RMB2,562,280,000 receivable by the Project Company can be financed via such means as external borrowings from other than the shareholders and from sale proceeds from properties on the Project Company's own footing, and decided on arm's length commercial negotiation and on the bases of the difference in the timings of the availability of financial resources from the shareholders of the Project Company and their respective financial positions and standings, having taken into account: (a) Harbin Metro RED's Shareholders' Loan will only be made available later than the other parties'; (b) the corresponding cost of funds by providing the Project Company with the Secured Loan in place of Harbin Metro RED; (c) Harbin Greentown Real Estate's being the single largest shareholder of the Project Company with largest share of stake in pushing forward the Project; and (d) the consideration that the Secured Loan will be repaid after about two to four months' time from kicking start the Project, and that the Project Company will thereupon benefit from Harbin Metro RED's Shareholders' Loans up to RMB1,127,410,000. Save for the share pledge for the Secured Loan as disclosed in this circular, there is no collateral involved.

The Board (excluding the independent non-executive Directors, whose view is separately set out in the letter from the Independent Board Committee in this circular), having taken into account that the proposed financial assistance to the Project Company is of the nature of shareholder's loan, that Harbin Greentown Real Estate is the single largest shareholder of the Project Company and has largest share of stake in pushing forward the Project, and that the respective amounts of the Shareholders' Loans as committed by Harbin Metro RED, CCCC Northeast Investment and Harbin Greentown Real Estate under the Supplemental Agreement were reached and determined on arm's length commercial negotiation, considers that the Shareholder's Loan (including the Secured Loan) is on normal commercial terms, and that the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account, as a whole, factors including the Project's expected benefits to the Group

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including contribution to the broadening of its asset and earnings base of the Group, enhanced presence and development in the Harbin market, Harbin Greentown Real Estate's being the largest shareholder of the Project Company with the largest stake in pushing forward the Project, that Harbin Metro RED's Shareholders' Loan will be made available later than the other parties' and the corresponding cost of funds by providing the Project Company with the Secured Loan, and that the Secured Loan will be repaid after about two to four months' time from kicking start the Project and that the Project Company will thereupon benefit from Harbin Metro RED's Shareholders' Loans up to RMB1,127,410,000. With reference to the business planning and operation needs, the Shareholders' Loans are expected to suffice for the Project and the Project Company will finance and manage any future funding needs on its own footing. The shareholders of the Project Company including Harbin Greentown Real Estate are not required to provide further shareholders' loan for further funding needs of the Project Company, if any.

The Board (excluding the independent non-executive Directors, whose view is separately set out in the letter from the Independent Board Committee in this circular), has taken into account that the interest rate payable by the Project Company for the Shareholders' Loans (including the Secured Loan) of 7.5% per annum, which is (i) higher than the maximum return on fixed deposit with banks; (ii) within the range of carried interest arising from project-related balances due from related parties; and (iii) arising from the loans from the parties to the Supplemental Agreement as shareholders of the Project Company in support of the Project, of which the development and realisation will set to benefit Harbin Greentown Real Estate, the largest shareholder of the Project Company. Accordingly, the Board (excluding the independent non-executive Directors, whose view is separately set out in the letter from the Independent Board Committee in this circular) is of the view that, the interest rate of the Shareholders' Loans is on normal commercial terms, the provision of Shareholder's Loans to the Project Company arises in the ordinary and usual course of business of the Group of land acquisition and property development, the interest rate and the terms of Shareholders' Loans are fair and reasonable and in the interests of Company and the Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 25.051% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder and connected person of the Company under the Listing Rules. CCCG Northeast Investment is an indirect non-wholly owned subsidiary of CCCG and therefore an associate of a connected person of the Company.

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The Project Company is a company whose shareholders include Harbin Greentown Real Estate, a member of the Group, and CCCC Northeast Investment, an associate of a connected person of the Company at the issuer level which can exercise 10% of the voting power at the Project Company's general meeting. The Project Company is therefore a commonly held entity under Rule 14A.27 of the Listing Rules.

Pursuant to the Note to Rule 14A.35 of the Listing Rules, if there is any material variation of the terms of a connected transaction, the listed issuer must announce the variation and re-comply with the applicable provisions of Chapter 14A of the Listing Rules. The provision of the Shareholder's Loan in the aggregate maximum amount of RMB1,316,180,000 (including the Secured Loan) by Harbin Greentown Real Estate to the Project Company, which is not pro-rated to the equity interest of Harbin Greentown Real Estate in the Project Company, may constitute a material variation of the pro rata shareholders' financial assistance arrangement previously disclosed in the announcement dated 24 September 2019. Further, pursuant to Rule 14A.26 of the Listing Rules, financial assistance provided by a listed issuer's group to a commonly held entity is a connected transaction, and under Rule 14A.89 a financial assistance provided by a listed issuer's group to a commonly held entity is only exempt if it is conducted, among other things, in proportion to the equity interest directly held by the listed issuer or its subsidiary in the commonly held entity. The provision of non-pro rata Shareholder's Loan by Harbin Greentown Real Estate to the Project Company is therefore a non-exempt connected transaction under Chapter 14A of the Listing Rules.

Pursuant to Rule 14.04(1)(e)(ii) of the Listing Rules, a transaction includes providing financial assistance by a listed issuer, other than by a listed issuer which provides financial assistance to its subsidiaries. As the Project Company is not a subsidiary of the Company, Harbin Greentown Real Estate's provision of Shareholder's Loan to the Project Company will constitute a transaction under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) are more than 5% but all of them are less than 25%, the transactions contemplated under the Supplemental Agreement constitute a discloseable transaction (under Chapter 14 of the Listing Rules) and connected transaction (under Chapter 14A of the Listing Rules) of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules and the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr LIU Wensheng, Mr ZHOU Lianying, Mr GENG Zhongqiang and Mr LI Jun, Directors at the time of approving the Supplemental Agreement and the transactions contemplated thereunder at the Board meeting, was regarded as a representative of CCCG (being a wholly state-owned company in the PRC and a substantial shareholder of the Company). Since CCCG has a material interest in the Supplemental Agreement and the transactions thereunder and in light of CCCG's relationship with Mr LIU Wensheng, Mr ZHOU Lianying, Mr GENG Zhongqiang and Mr LI Jun, they have abstained from voting on the Board resolutions on the Supplemental Agreement and the transactions contemplated thereunder.

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Any connected person with a material interest in the Supplemental Agreement and the transactions contemplated thereunder, and any Shareholder who has a material interest in the Supplemental Agreement and the transactions contemplated thereunder and its associates will be required to abstain from voting at the EGM. As at the Latest Practicable Date, CCCG and its associates has an aggregate interest in 624,851,793 Shares (representing approximately 25.051% of the issued share capital of the Company) and will abstain from voting on the Supplemental Agreement at the EGM.

6. EGM

A notice convening the EGM is set out on pages 47 to 48 of this circular. An ordinary resolution will be proposed at the EGM to approve the Supplemental Agreement and the transactions contemplated thereunder.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 15 June 2021 (Tuesday) to 18 June 2021 (Friday), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 11 June 2021 (Friday).

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

7. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 16 to 17 of this circular which contains its recommendation to the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder. Your attention is also drawn to the letter of advice from the Independent Financial Adviser set out on pages 18 to 38 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Supplemental Agreement and the principal factors and reasons considered by it in formulating its advice.

LETTER FROM THE BOARD

The Board is of the view that the Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms and 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. Therefore, the Board recommend that the Independent Shareholders vote in favour of the ordinary resolution to approve the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

8. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Shareholders and potential investors should note that the Supplemental Agreement and the transactions contemplated thereunder are subject to, among other things, the approval by the Independent Shareholders at the EGM.

By Order of the Board
Greentown China Holdings Limited
ZHANG Yadong
Chairman

* *For identification purposes only*



GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

18 May 2021

To the Shareholders

Dear Sir or Madam

**CONNECTED TRANSACTION
FINANCIAL ASSISTANCE**

We refer to the circular of the Company to the Shareholders dated 18 May 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder, as set out on pages 18 to 38 of the Circular and the letter from the Board set out on pages 4 to 15 of the Circular.

Having considered the information contained in the letter from the Board, and the factors and reasons considered by, and the opinion of, the Independent Financial Advisor as stated in its letter of advice, we consider that the Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

interests of the Company and the Shareholders as a whole. We recommend the Independent Shareholders to vote in favour of the resolution in respect of the Supplemental Agreement and the transactions contemplated thereunder.

Yours faithfully

The Independent Board Committee of
Greentown China Holdings Limited

Mr JIA Shenghua

Mr HUI Wan Fai

Mr QIU Dong

Mr ZHU Yuchen

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



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

18 May 2021

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION FINANCIAL ASSISTANCE

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement entered into among Harbin Greentown Real Estate (an indirect wholly-owned subsidiary of the Company), CCCC Northeast Investment, Harbin Metro RED and the Project Company dated 5 February 2021 and the transactions contemplated thereunder (including the provision of the Secured Loan), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 18 May 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, on 24 September 2019, Harbin Greentown Real Estate, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with CCCC Northeast Investment and Harbin Metro RED in relation to the formation of the Project Company. Pursuant to the Agreement, Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED have contributed RMB20.7 million, RMB4.5 million and RMB19.8 million respectively (accounting for 46%, 10% and 44% of the equity interests of the Project Company, respectively) as registered capital in formation of the Project Company, for carrying out the Project. Pursuant to the Agreement, the parties should provide shareholders’ loans according to their respective shareholding percentages in the Project Company for its future funding needs.

On 5 February 2021, Harbin Greentown Real Estate (an indirect wholly-owned subsidiary of the Company), CCCC Northeast Investment, Harbin Metro RED (together the “**JV Partners**”), and the Project Company entered into the Supplemental Agreement pursuant to which Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED will provide financial assistance to the Project Company for funding the Project (individually the “**Shareholder’s Loan**” and collectively the “**Shareholders’ Loans**”). Pursuant to the Supplemental Agreement, (i) CCCC Northeast Investment will provide up to RMB256,230,000 in respect of the Shareholders’ Loans, (ii) Harbin Metro RED will commit up to RMB1,127,410,000, of which RMB643,460,000 (the “**Secured Loan**”)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

will be advanced by Harbin Greentown Real Estate and secured with a pledge of all of Harbin Metro RED's equity interest in the Project Company; and (iii) Harbin Greentown Real Estate will provide up to RMB1,316,180,000 (the abovementioned Secured Loan of RMB643,460,000 inclusive).

The Project Company is a company whose shareholders include Harbin Greentown Real Estate, a member of the Group, and CCCC Northeast Investment, an associate of a connected person of the Company at the issuer level which can exercise 10% of the voting power at the Project Company's general meeting. The Project Company is therefore a commonly held entity under Rule 14A.27 of the Listing Rules.

Pursuant to the Note to Rule 14A.35 of the Listing Rules, if there is any material variation of the terms of a connected transaction, the listed issuer must announce the variation and re-comply with the applicable provisions of Chapter 14A of the Listing Rules. The provision of the Shareholder's Loan in the aggregate amount of up to RMB1,316,180,000 by Harbin Greentown Real Estate to the Project Company, which is not pro-rated to the equity interest of Harbin Greentown Real Estate in the Project Company, may constitute a material variation of the pro rata shareholders' financial assistance arrangement previously disclosed in the announcement dated 24 September 2019. Further, pursuant to Rule 14A.26 of the Listing Rules, financial assistance provided by a listed issuer's group to a commonly held entity is a connected transaction, and under Rule 14A.89 a financial assistance provided by a listed issuer's group to a commonly held entity is only exempt if it is conducted, among other things, in proportion to the equity interest directly held by the listed issuer or its subsidiary in the commonly held entity. The provision of non-pro rata Shareholder's Loan by Harbin Greentown Real Estate to the Project Company is therefore a non-exempt connected transaction under Chapter 14A of the Listing Rules.

The Independent Board Committee (comprising Mr. Jia Shenghua, Mr. Hui Wan Fai, Mr. Qiu Dong, and Mr. Zhu Yuchen, being all of the independent non-executive Directors) has been established to advise and give recommendation to the Independent Shareholders on the Supplemental Agreement and the transactions contemplated thereunder (including the provision of the Secured Loan). We, Octal Capital Limited, have been appointed as the independent financial adviser with the approval of the Independent Board Committee in accordance with the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in these regards and to give our opinion for the Independent Board Committee's consideration when making their recommendations to the Independent Shareholders.

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company, CCGG, Harbin Metro RED or any of their respective subsidiaries or 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. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, we were engaged as an independent financial adviser to the Company in respect of the connected transaction in relation to the transfer of stakes in a property development

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

project in Beijing, details of which are set out in the circular of the Company dated 12 June 2020 (the “**Previous Engagement**”). Under the Previous Engagement, we were required to express our opinion on and give recommendation to the Independent Board Committee and/or the Independent Shareholders in respect of the relevant transaction. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive, substantial shareholders of the Company, CCCG, Harbin Metro RED or any of their respective subsidiaries or associates that could reasonably be regarded as relevant to our independence.

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 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 Directors and management of the Group regarding the Group and the Project Company, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Group in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information, among other things, (i) the Supplemental Agreement; (ii) the Feasibility Study and the Working Capital Forecast (as defined below in the section headed “3. Reasons for and benefits of entering into of the Supplemental Agreement and the provision of the Shareholders’ Loans”); (iii) the annual reports of the Company for the year ended 31 December 2019 and 31 December 2020; (iv) the working capital forecast of the Group for the year ending 31 December 2021; (v) other information as set out in the Circular; and (vi) relevant market data and information available from public sources, 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 Directors and management of the Group. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Project Company, CCCG Northeast Investment and Harbin Metro RED and their respective subsidiaries or associates nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS TAKEN INTO CONSIDERATION

In arriving at our opinion regarding the Shareholders' Loans, we have considered the following principal factors and reasons:

1. Information of the Group

Background of the Group

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange. It is one of the leading property developers in the PRC with business operations in various major cities in the PRC and is primarily engaged in developing quality properties targeting mainly middle and high income residents in the PRC.

Historical financial information of the Group

Set out below is a summary of the financial information of the Group as extracted from the annual report of the Company for the year ended 31 December 2019 (the "2019 Annual Report"), and the annual report of the Company for the year ended 31 December 2020 (the "2020 Annual Report"), details of which are as follows:

	For the year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Revenue			
– Property development	55,274,206	54,432,864	57,334,390
– Project management	1,366,485	1,828,968	1,622,299
– Hotel operation	776,452	878,271	719,539
– Property investment	85,496	164,400	161,737
– Others	2,799,871	4,288,436	5,944,566
	60,302,510	61,592,939	65,782,531
Total Revenue			
	2,375,230	3,935,422	5,762,881
Profit for the year			
	1,003,285	2,480,232	3,796,477
Profit for the year attributable to owners of the Company	1,003,285	2,480,232	3,796,477

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December		
	2018	2019	2020
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
Current assets	247,416,747	300,727,889	369,072,494
– Properties for development	22,842,799	30,907,247	20,257,965
– Properties under development	117,876,867	136,615,966	194,209,030
– Amounts due from related parties	31,847,932	46,378,836	45,450,618
– Bank balances and cash	43,347,301	46,567,729	59,547,352
– Pledged bank deposits	<u>4,871,831</u>	<u>5,326,761</u>	<u>5,655,839</u>
Non-current assets	<u>32,345,997</u>	<u>36,364,229</u>	<u>45,209,354</u>
Total assets	<u>279,762,744</u>	<u>337,092,118</u>	<u>414,281,848</u>
Current liabilities	149,436,601	202,364,792	238,213,902
– Contract liabilities	66,266,875	76,324,981	112,798,675
– Amounts due to related parties	<u>26,728,482</u>	<u>28,653,456</u>	<u>23,432,261</u>
Non-current liabilities	<u>70,207,303</u>	<u>65,571,854</u>	<u>91,477,873</u>
Net current assets	<u>97,980,146</u>	<u>98,363,097</u>	<u>130,858,592</u>
Total equity	<u>60,118,840</u>	<u>69,155,472</u>	<u>84,590,073</u>
Equity attributable to owners of the Company	<u>27,574,410</u>	<u>27,644,598</u>	<u>32,223,149</u>
Net gearing ratio	<u>55.3%</u>	<u>63.2%</u>	<u>63.8%</u>

Note: With reference to the 2019 Annual Report and the 2020 Annual Report, net gearing ratio is calculated as total borrowings less pledged bank deposits, bank balances and cash divided by total equity.

For the year ended 31 December 2020

The Group recorded total revenue of approximately RMB65,782.5 million for the year ended 31 December 2020 (2019: approximately RMB61,592.9 million), representing an increase of approximately 6.8% as compared to the preceding year. The increase in total revenue was mainly attributable to the increase in revenue derived from property development sector by approximately RMB2,901.5 million or 5.3%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded a net profit attributable to shareholders of the Company of approximately RMB3,796.5 million for the year ended 31 December 2020 (2019: approximately RMB2,480.2 million), representing an increase of approximately 53.1% as compared to the preceding year.

The total equity of the Group as at 31 December 2020 amounted to approximately RMB84,590.1 million, which represented an increase of approximately 22.3% as compared to approximately RMB69,155.5 million as at 31 December 2019.

As at 31 December 2020, the major assets of the Group included: properties for development, properties under development, bank balances and cash and amounts due from related parties which mainly consisted of project capital balances due from associates and joint venture companies under joint property development projects and together amounted to approximately RMB319,465.0 million, which accounted for approximately 77.1% of the total assets of the Group. The bank balances and cash (including pledged bank deposits) amounted to approximately RMB65,203.2 million as at 31 December 2020, representing an increase of approximately 25.6% as compared to approximately RMB51,894.5 million as at 31 December 2019.

For the year ended 31 December 2019

The Group recorded total revenue of approximately RMB61,592.9 million for the year ended 31 December 2019 (2018: approximately RMB60,302.5 million), representing an increase of approximately 2.1% as compared to the preceding year. The main revenue contributor of the Group for the year ended 31 December 2019 was from property sales, which accounted for 88.4% of the total revenue.

The Group recorded a net profit attributable to shareholders of the Company of approximately RMB2,480.2 million for the year ended 31 December 2019 (2018: approximately RMB1,003.3 million), representing a significant increase of approximately 147.2% as compared to the preceding year.

The total equity of the Group as at 31 December 2019 amounted to approximately RMB69,155.5 million, which represented an increase of approximately 15.0% as compared to approximately RMB60,118.8 million as at 31 December 2018.

As at 31 December 2019, the major assets of the Group included: properties for development, properties under development, bank balances and cash and amounts due from related parties, which together amounted to approximately RMB260,469.8 million, which accounted for approximately 77.3% of the total assets of the Group. The bank balances and cash (including pledged bank deposits) amounted to approximately RMB51,894.5 million as at 31 December 2019, representing an increase of approximately 7.6% as compared to approximately RMB48,219.1 million as at 31 December 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Information of the Project Company

Background of the Project Company

The Project Company is a company: (i) established in the PRC with limited liability established for carrying out the Project; (ii) owned by the Company, CCCC Northeast Investment and Harbin Metro RED as to 46%, 10% and 44%, respectively. With reference to the announcement of the Company dated 24 September 2019, the Project Company was established to engage in acquisition and development of lands under the Project.

Historical financial information of the Project Company

The table below sets out the summary of the key financial information of the Project Company based on the audited financial information prepared in accordance with the China Accounting Standards for Business Enterprises for the year ended 31 December 2019 and 31 December 2020:

	For the financial year ended	
	31 December	
	2019	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	–
Net loss before tax	416	1,444
Net loss after tax	<u>416</u>	<u>979</u>
		As at 31
		December
		2020
		(audited)
		<i>RMB'000</i>
Total assets		10,647
Total liabilities		234
Net assets		<u>10,413</u>

The Project Company has not recorded any revenue since its incorporation on 30 September 2019. The Project Company recorded a net loss for the year of approximately RMB1.0 million for the financial year ended 31 December 2020, representing an increase of approximately RMB0.6 million as compared to the preceding financial year. Based on the financial information of Project Company for the year ended 31 December 2020, the increase in net loss was mainly due to the increase in management costs of approximately RMB1.1 million during the year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total assets of the Project Company amounted to approximately RMB10.6 million as at 31 December 2020. As at 31 December 2020, the majority of assets of the Project Company consisted of cash balances and other receivables, which together accounted for approximately 92.7% of the total assets of the Project Company. The total liabilities of the Project Company amounted to approximately RMB0.2 million as at 31 December 2020. As at 31 December 2020, the majority of liabilities of the Project Company consisted of bills payable, accounts payable and tax payable, which together accounted for approximately 95.8% of the total liabilities of the Project Company. The Project Company recorded net assets value of approximately RMB10.4 million as at 31 December 2020.

3. Reasons for and benefits of entering into of the Supplemental Agreement and the provision of the Shareholders' Loans

Reasons for entering into the Supplemental Agreement

As set out in the Letter from the Board, the Group is one of the leading property developers in the PRC with business operations in various major cities in the PRC and is primarily engaged in developing quality properties targeting mainly middle and high income residents in the PRC.

The Project Company was established solely for the purpose of developing the Project and is beneficially owned as to 46%, 10% and 44% by Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED respectively. According to the Letter from the Board, the Project Company will be engaged in the acquisition and development of the above-depot area of the relevant rail yards of Harbin Metro Line 3, which comprises the proposed development of properties in the vicinities of metro stations for commercial and residential uses with a site area over 300,000 sqm. As stated in the Letter from the Board, the Project enables the Group to leverage the local experience and connections of Harbin Metro RED (a wholly state-owned entity established in Harbin principally engaged in property development in relation to the local metro system) and the strength of the CCCC in large-scale infrastructure-related services to establish its presence and development in the Harbin market.

Based on our review of the feasibility study of the Project (the “**Feasibility Study**”) on the expected return, payback period, the choice of location and as discussed with the management of the Group, we noted that the Project will be situated in the “third ring line” of Harbin City close to the central business district of Xiangfang District in Harbin City. We also noted that the potential return of the Project are estimated with a payback period of approximately 25-30 months.

We concur with the management of the Group that by engaging in the Project, Harbin Greentown Real Estate will be able to (i) utilise its brand value of “Greentown” and experience in projects in property development; (ii)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

leverage on the local experience and connections of Harbin Metro RED in respect of its property development of the local metro system and its long operating history with the Harbin municipal government in projects of public transport and property development; and (iii) leverage on the strength of the CCCG in large-scale infrastructure-related services, including but not limited to technical consultation, design and construction of transportation infrastructure, to establish its presence and development in the Harbin market.

We are of the view that the combinations of the business connections, knowledge and the experience of the JV Partners and the Group will contribute to the successful development and value enhancement of the Project. The participation in the Project is in line with the business strategy of the Group and will allow the Group to promote its presence in Harbin and generate additional income stream from its property development business.

Meanwhile, as advised by the management of the Group, Harbin Metro RED is a wholly state-owned company under the Harbin Municipal Government, the Heilongjiang provincial government and the China Development Bank. Due to the time required to go through the relevant governmental procedures, only after about two to four months' time from kicking start the Project (subject to the approval of Independent Shareholders of the Company on the Supplemental Agreement) will the contribution from Harbin Metro RED to the Project Company be made available.

We have obtained and reviewed (i) the Feasibility Study; and (ii) the working capital forecast of the Project from its commencement to the expected completion date and the capital investment (the "**Working Capital Forecast**") and based on our discussion with the management of the Group, we noted that the commitment of the Project comprises bidding deposits, urban construction fees, deed tax and project working capital, where the intended use of proceeds was requisite for the commencement of the Project. We are of the view that the amount of the Shareholders' Loans was vital to provide the Project Company with the funds needed to develop and advance the Project.

The respective loan amounts to be provided by the JV Partners

On the other hand, pursuant to the Supplemental Agreement, (i) CCC Northeast Investment will provide up to RMB256,230,000 in respect of the Shareholders' Loans, (ii) Harbin Metro RED will commit up to RMB1,127,410,000 in respect of the Shareholders' Loans, of which RMB643,460,000 (referred to as the Secured Loan) will be advanced by Harbin Greentown Real Estate and secured with a pledge of all of Harbin Metro RED's equity interest in the Project Company; and (iii) Harbin Greentown Real Estate will provide up to RMB1,316,180,000 in respect of the Shareholders' Loans, which includes (a) providing the Project Company with a loan of RMB672,720,000, for contributing to the funding required of the Project; and (b) providing the Project Company with the Secured Loan of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB643,460,000 in place of Harbin Metro RED, pending Harbin Metro RED's making available of its Shareholder's Loan to the Project Company.

As set out in the Letter from the Board, the respective amounts of the Shareholders' Loans as committed by Harbin Metro RED, CCCC Northeast Investment and Harbin Greentown Real Estate under the Supplemental Agreement were determined with reference to the Project's funding needs (expected to be RMB6 billion in total) and the planning that the funding beyond the Shareholders' Loans of RMB2,562,280,000 in total expected to be received by the Project Company can be financed via such means as external borrowings from other than the shareholders and from sale proceeds from properties on the Project Company's own footing.

As discussed with the management of the Group, after the Project Company repay Harbin Greentown Real Estate with the Secured Loan of RMB643,460,000 upon Harbin Metro RED's making available its portion of the Shareholders' Loans, the portion of the remaining balance of the Shareholders' Loans to be provided by Harbin Greentown Real Estate after adding up the outstanding Shareholders' Loans of RMB672,720,000 already made to the Project Company (subject to the approval of the Independent Shareholders on the Supplemental Agreement), is not expected to exceed RMB1,178,640,000 in total. As such, it is expected that the Project Company will in total receive Shareholders' Loans up to RMB2,562,280,000 (the "**Expected Loan Amount**"), with Harbin Metro RED, CCCC Northeast Investment and Harbin Greentown Real Estate each providing up to RMB1,127,410,000 (44%), RMB256,230,000 (10%) and RMB1,178,640,000 (46%), respectively, which will be the same as the JV Partners' respective shareholding percentages in the Project Company.

Having considered (i) the Expected Loan Amount will be provided by each of the JV Partners to the Project Company in accordance with their respective percentage of shareholding in the Project Company; (ii) the combinations of the business connections, knowledge and the experience of the JV Partners and the Group will contribute to the successful development and value enhancement of the Project, thereby allowing the Group to promote its presence in Harbin and generate additional income stream from its property development business; and (iii) the amount of the Shareholders' Loans was vital to provide the Project Company with the funds needed to develop and advance the Project, we are of the view that the loan amount provided by each of the JV Partners are fair and reasonable.

Furthermore, although the JV Partners' commitment to the Shareholders' Loans will not be provided on a pro-rata basis, having considered the above, we concur with the Board's view that the development of the Project will contribute to the broadening of the asset and earnings base of the Group, and the Shareholders' Loans will provide the Project Company with the funding required for developing and furthering the Project, and are thus in the interest of the Group as a shareholder of the Project Company.

Background and business presence of the Harbin Metro Group

As mentioned above, Harbin Metro RED is a company established in the PRC with limited liability principally engaged in property development in relation to the local metro system. To the best knowledge of the Directors after making reasonable enquiries, Harbin Metro RED is one of the major operating arm of the Harbin Metro Group Limited* (哈爾濱地鐵集團有限公司) (“**Harbin Metro Group**”), a state-owned enterprise with registered capital of RMB4,380 million, which is entrusted by the municipal government to engage in investment, construction, operations and management of metro systems and property development projects at the metro subway sites. As at the Latest Practicable Date, the Harbin Metro Group is operating a total of two lines with construction scale of 60.78 km.

In view of the above, in particular (i) the timely funding is necessary in facilitating the commencement of the relevant construction works under the Project and is conducive in enhancing the Group’s investment and operating capability in the Northeast regional market in the PRC and it was a transitional arrangement; and (ii) by advancing the Secured Loan, the Group are allowed to earn greater return than fixed deposits and other terms offered by other parties to the Group as further discussed in this section, we are of the view that the provision of the Shareholders’ Loan (including the advancement of the Secured Loan) is commercially justified and that the variation in provision of non-pro rata Shareholder’s Loans to the Project Company is reasonable.

Apart from the aforementioned reasons for the provision of the Shareholders’ Loans, we are of the view that the provision of the Shareholders’ Loans would also bring about the below benefits to the Group:

Favorable policy on the property development sector in Harbin City

The real estate industry in the PRC has shown a strong upward growth after the trough from the outbreak of the novel coronavirus epidemic (the “**Epidemic**”) in the first quarter of 2020. According to the statistics on the property market released by the National Bureau of Statistics of the PRC (data.stats.gov.cn), the total investment on real estate was approximately RMB14,144.3 billion for the twelve months ended 31 December 2020, representing an increase of 7.0% year-over-year. The sale of commodity housing amounted to 1760.9 million square meters for the twelve months ended 31 December 2020, representing an increase of 2.6% year-over-year.

Moreover, favorable government policies in tax, subsidies, relaxation in eligibility and payment procedures was implemented by the local government for the development of the property market. In April 2020, the Harbin municipal government implemented various policy measures under the “Provincial Notices on Responding to the Corona Virus Epidemic and Promoting the Stable Development of the Real Estate Industry” (《關於應對新

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冠肺炎疫情影響推進全省房地產業平穩發展的通知》), which included but not limited to reducing the basis for prepayment of Harbin's corporate income tax of real estate enterprises to 15%. With the favorable policies in place, we are of the view that the property market of the Harbin will remain an optimistic prospect in the near future. Therefore, the provision of the Shareholders' Loans to the Project Company will facilitate the operation of the Project Company and will be conducive to the Group's development in Harbin.

Provision of the Shareholders' Loans generates greater return than fixed deposits and other terms offered by other parties to the Group

According to the 2020 Annual Report, the Group had bank balances and cash of approximately RMB59,547.4 million as at 31 December 2020. As at 31 December 2020, the Group had net current assets of approximately RMB130,858.6 million with current ratio of 1.55. For comparison purpose, as at 31 December 2020, the Group had current portion of outstanding debts (including bank and other borrowings, amounts due to related parties, corporate debt instruments, senior notes and lease liabilities) of approximately RMB55,976.4 million. Moreover, as at 31 December 2020, the Group had contracted, but not provided for, capital expenditure commitments of approximately RMB44,214 million. With regard to the liquidity resources statistics above, we note that (i) the net current assets of the Group is sufficient to cover the contracted capital expenditure commitments; (ii) the position of bank balances and cash is sufficient to meet its short-term obligations.

With regard to the cash position of the Group, as disclosed in the 2020 Annual Report, as at 31 December 2020, the Group had bank balances and cash (including pledged bank deposits) amounting to approximately RMB65,203.2 million. Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.3% to 4.05% per annum. Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2.94% per annum.

In addition, as disclosed in the 2020 Annual Report, we noted that the Group had project-related balances due from related parties which mainly consists of project advances tied to the project development cycle, construction receivables and trade receivables, which carried interest ranged from 1% to 11.5% per annum.

The interest rates payable by the Project Company to the Company will be 7.5% per annum, which is (i) higher than the maximum return on fixed deposit of 4.05% per annum; and (ii) within the range of carried interest arising from project-related balances due from related parties. Accordingly, we are of the view that the provision of the Shareholders' Loans could generate a higher return to the Group as compared to fixed deposits and terms offered by other parties to the Group in similar business practice.

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Furthermore, as advised by the management of the Group, the amount of provision of the Shareholders' Loans will be financed by internal resources of the Group. Based on our review of the working capital forecast of the Group for the year ending 31 December 2021 and taking into account (i) the bank balances and cash of the Group of approximately RMB59,547.4 million as at 31 December 2020 and; (ii) the working capital requirement of the Group for the year ending 31 December 2021, we are of the view that the Group has adequate liquidity resources available for the provision of its portion of the Shareholders' Loans (including the advancement of the Secured Loan).

In view of the above, we are of the view that the provision of the Shareholders' Loans to the Project Company (including the advancement of the Secured Loan) is commercially justified and is in the interests of the Company and the Shareholders as a whole.

4. Major terms of the Supplemental Agreement and the Shareholders' Loan

A summary of the major terms and conditions of the Supplemental Agreement is set out below:

Date	:	5 February 2021
Parties	:	(i) Harbin Greentown Real Estate (ii) CCCC Northeast Investment (iii) Harbin Metro RED (iv) Project Company
Loan amount and interest rates	:	Subject to the terms and provisions of the Supplemental Agreement, the following Shareholders' Loans with an interest of 7.5% per annum will be provided to the Project Company for acquisition of lands and development under the Project: (i) Harbin Metro RED will commit up to RMB1,127,410,000, of which RMB643,460,000 (referred to as the Secured Loan) will be advanced by Harbin Greentown Real Estate and secured with a share pledge of all of Harbin Metro RED's equity interest in the Project Company. Such equity interest will be available for enforcement upon pledged. The release of the share pledge shall be processed within 5 days from the full repayment of Secured Loan;

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- (ii) CCCC Northeast Investment will provide up to RMB256,230,000; and
- (iii) Harbin Greentown Real Estate will provide up to RMB1,316,180,000 (the abovementioned Secured Loan of RMB643,460,000 inclusive).

The total amount of Shareholders' Loans receivable by the Project Company is less than the mathematical summation of the abovementioned maximum inputs of the shareholders of the Project Company because: (i) the Project Company shall repay Harbin Greentown Real Estate with the Secured Loan of RMB643,460,000 upon Harbin Metro RED's making available its Shareholder's Loan; and (ii) any Shareholders' Loan from Harbin Greentown Real Estate to the Project Company subsequent to the repayment of the Secured Loan by the Project Company, after adding up the outstanding Shareholders' Loans of RMB672,720,000 already made to the Project Company by Harbin Greentown Real Estate (subject to the approval of the Independent Shareholders on the Supplemental Agreement), is not expected to exceed RMB1,178,640,000 in total.

As such, Harbin Greentown Real Estate's expected share in the maximum Shareholders' Loan receivable by the Project Company (i.e. RMB1,178,640,000 out of RMB2,562,280,000, representing 46% of the total sum) will be less than Harbin Greentown Real Estate's maximum input to the Project of RMB1,316,180,000, which is the amount before the Secured Loan being repaid and Harbin Metro RED making available its portion of the Shareholder's Loan.

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Others : Any transaction under the Supplemental Agreement shall be conditional on the clearance of the Stock Exchange and the Company having obtained approval of independent Shareholders or such consent, approval or authorisation as required under the Listing Rules and such other applicable laws, regulations and rules (if required).

The Shareholders' Loans are specific to the acquisition and development of lands under the Project. The interest of the Shareholders' Loans shall accrue from the date of the drawdown up to the date of repayment by the Project Company.

Where the Secured Loan is not repaid within 60 days from the date of drawdown, Harbin Metro RED shall, in addition to the interests payable by the Project Company, pay Harbin Greentown Real Estate interest of the outstanding Secured Loan in accordance with the benchmark interest rate for one-year loan of the People's Bank of China (the "**PBOC Rate**").

Further details of the Supplemental Agreement are set out in the section under "Principal Terms of the Supplemental Agreement" in the Letter from the Board.

Subject to the terms and provisions of the Supplemental Agreement, the Shareholders' Loans will be provided to the Project Company for acquisition of lands and development under the Project, of which the part of Harbin Metro RED's commitment will be advanced by Harbin Greentown Real Estate in terms of the Secured Loan.

As set out in the Letter from the Board, the terms of the Supplemental Agreement and the Shareholders' Loans contemplated thereunder, including without limitation the amount and interest rates were determined by arm's length negotiation among the parties to the Supplemental Agreement, having taken into account the operation needs and business plan of the Project Company, the prospect, expected benefit and practical circumstances of the Project, and shareholders' loans of similar nature and use.

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5. Comparison of the Shareholders' Loan with Comparable Transactions

In order to assess the fairness and reasonableness of the terms of the Shareholders' Loans, we have conducted independent research from the public domain on comparable transactions (the "**Comparable Transactions**") which (i) involved subsequent provision of financial assistance in the provision of loans or loan facilities by companies listed in the Main Board of the Stock Exchange to its joint venture or commonly held entity; (ii) constituted connected transactions under the Listing Rules; and (iii) were announced by the above companies listed on the Main Board of the Stock Exchange from 1 April 2020 and up to the Latest Practicable Date, which in our view represents a sufficient period of time to reflect the prevailing market conditions for conducting such transactions. Shareholders should note that the business, operations and prospects of the Comparable Transactions may not be identical to those of the Company and we have not conducted any detailed investigation into the respective businesses and operations of the Comparable Transactions. Nevertheless, we consider that the Comparable Transactions could provide a general reference as to the common market practice of companies listed in Hong Kong for conducting similar transactions under the Shareholders' Loans. To the best of our knowledge and on a best-effort basis, we have identified an exhaustive list of 9 Comparable Transactions which fit our selection criteria.

Announcement Date	Company Name	Loan Amount (Note 1) (RMB million)	Loan Term (months)	Interest Rate (%)
7 May 2020	Qingdao Holdings International Limited (499)	195.1	24	15.0
8 May 2020 and 28 April 2021	Smart-Core Holdings Limited (2166) ("Smart-Core") (Note 2)	22.5 (Note 2)	12	8.0
22 June 2020	Sheen Tai Holdings Group Company Limited (1335) ("Sheen Tai")	40.0	6	6.0 (Note 3)
23 June 2020	Shoucheng Holdings Limited (697)	50.0	36	6.9
17 July 2020, 25 September 2020 and 18 November 2020	Lee's Pharmaceutical Holdings Limited (950) ("Lee's Pharmaceutical") (Note 4)	62.9 (Note 4)	12	4.0
14 September 2020	China Glass Holdings Limited (3300)	23.1	12	7.0

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Announcement Date	Company Name	Loan	Loan Term	Interest Rate
		Amount (Note 1) (RMB million)		
26 January 2021	China Aircraft Leasing Group Holdings Limited (1848) (“China Aircraft Leasing”)	1,075.4	36	8.0 (Note 5)
5 February 2021	Power Assets Holdings Ltd. (6) (“Power Assets”)	185.9	34	Not specified (Note 6)
28 April 2021	Lee’s Pharmaceutical	8.3	12	4.0
	Maximum		36.0	15.0
	Minimum		6.0	4.0
	Average		20.4	7.2
	Median		12.0	6.9
	The Company		25-30	7.5

Source: The website of the Stock Exchange (<https://www.hkexnews.hk/>)

Notes:

- For illustration purpose, the figures are adjusted for the respective HK\$ to RMB, USD to RMB and CAD to RMB median exchange rate of 0.8272, 6.4258 and 5.3117 published by the China Foreign Exchange Trade System & National Interbank Funding Center as at the Latest Practicable Date.
- As disclosed in the announcements of Smart-Core, the same shareholders’ loan was extended on 28 April 2021. As such, the latest loan amount as announced on 28 April 2021 of approximately USD3.5 million (equivalent to approximately RMB22.5 million) was included in our analysis.
- As disclosed in the announcement of Sheen Tai, the interest rate was determined at 0.5% per month. For comparison purpose, the interest rate of approximately 6.0% per annum was taken for the analysis of the Comparable Transactions.
- As disclosed in the announcements of Lee’s Pharmaceutical, the same shareholders’ loan was extended on 17 July 2020, 25 September 2020 and 18 November 2020 respectively. As such, the latest loan amount as announced on 18 November 2020 of approximately HK\$76.1 million (equivalent to approximately RMB63.6 million) was included in our analysis.
- As disclosed in the announcement of China Aircraft Leasing, the interest rate was determined as 3% per annum above the Hong Kong dollar prime lending rate quoted by The Bank of China (Hong Kong) Limited from time to time with reference to the date of drawdown. As at the date of announcement of China Aircraft Leasing, the prime loan rate quoted by the Bank of China (Hong Kong) Limited is 5% per annum. As such, the interest rate was assumed at 8% per annum for comparison purpose.
- As disclosed in the announcement of Power Assets, the interest rate will be determined based on the market rate to be determined shortly prior to the lending of the relevant loans after arm’s length negotiation between the relevant parties. As such, the interest rate of such Comparable Transaction was not included in our analysis.

5.1 *Loan term*

As illustrated in the table above, the terms to maturity of the Comparable Transactions ranged from 6 month to 36 months with an average term to maturity of around 20.4 months. Based on our discussion with the Company and upon our review on the Project timetable and the estimated Working Capital Forecast, we noted that the estimated term of the Shareholders' Loans would be approximately 25-30 months, which is consistent with the estimated Project timeline and falls within the range of the Comparable Transactions. As such, we are of the view that the term of the Shareholders' Loans is reasonable.

5.2 *Loan interest*

As shown in the table above, the interest rates of the Comparable Transactions ranged from 4.0% to 15.0% per annum with an average of approximately 7.2% per annum. The interest rate of the Shareholders' Loans of 7.5% per annum is above the average interest rate of the Comparable Transactions and falls within the range of the loan interest rates of the Comparable Transactions.

Taking into account the interest rates payable by the Project Company is (i) higher than the maximum return on short-term bank deposits held by the Group with an original maturity of three months or less of 4.05% per annum as disclosed in the 2020 Annual Report; (ii) falls into the high end of the range of carried interest arising from project-related balances due from related parties of 1% to 11.5% per annum as further discussed above in the section headed "3. Reasons for and Benefits of entering into the Supplemental Agreement and Provision of the Shareholders' Loans" of this letter; and (iii) within the range of that of the Comparable Transactions, we consider the interest rate of the Shareholders' Loans to be fair and reasonable.

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6. Major terms of the Secured Loan

Subject to the terms and provisions of the Supplemental Agreement, the Shareholders' Loans will be provided to the Project Company for acquisition of lands and development under the Project. Harbin Metro RED will provide its portion of the Shareholders' Loan of up to RMB1,127,410,000, of which RMB643,460,000 (referred to as the Secured Loan) will be advanced by Harbin Greentown Real Estate and secured with a share pledge of all of Harbin Metro RED's equity interest in the Project Company. A summary of the major terms and conditions of the Secured Loan is set out below:

Secured Loan amount	:	Up to RMB643,460,000
Purpose	:	Acquisition and development of lands under the Project
Interest rate of loan	:	7.5% per annum
		The interest of the Shareholders' Loans shall accrue from the date of the drawdown up to the date of repayment by the Project Company. Where the Secured Loan is not repaid within 60 days from the drawdown, Harbin Metro RED shall, in addition to the interests payable by the Project Company, pay Harbin Greentown Real Estate interest of the outstanding Secured Loan in accordance with the benchmark interest rate for one-year loan of the People's Bank of China.
Collateral	:	Share pledge of all of Harbin Metro RED's share in the Project Company
Others	:	The Secured Loan will be advanced by Harbin Greentown Real Estate as Shareholder's Loan to the Project Company in place of Harbin Metro RED's contribution in respect of the Shareholder's Loan, and it will be repaid by the Project Company to Harbin Greentown Real Estate upon Harbin Metro RED's making available of its Shareholder's Loan to the Project Company.

As set out in the Letter from the Board, the terms of the Supplemental Agreement and the Shareholders' Loans contemplated thereunder, including the loan amount and the interest rates, were determined by arm's length negotiation among the parties to the Supplemental Agreement having taken into account (i) the operation needs and business plan of the Project Company; (ii) the prospect, expected benefit and practical circumstances of the Project, and shareholders' loans of similar nature and use.

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We have enquired the management of the Group and were advised that the Secured Loan is expected to be repaid by the Project Company to Harbin Greentown Real Estate by about two to four months' time from kicking start of the Project taking into account the time required by Harbin Metro RED to go through the relevant governmental procedures after which the contribution from Harbin Metro RED will be made available. As such, the Secured Loan was provided as a transitional arrangement.

In respect of the interest rate of 7.5% per annum under the Secured Loan, we noted that such interest rate is (i) the same as the interest rate under the Shareholders' Loan; (ii) higher than the maximum return on short-term bank deposits held by the Group with an original maturity of three months or less of 4.05% per annum as disclosed in the 2020 Annual Report; (iii) higher than the average effective interest rates on bank loans of the Group of approximately 4.82% as disclosed in the 2020 Annual Report; and (iv) falls into the high end of the range of the carried interest arising from project-related balances due from related parties from 1% to 11.5% per annum as disclosed in the 2020 Annual Report.

Moreover, in the event that the Secured Loan is not repaid within 60 days from the date of drawdown, Harbin Metro RED shall, in addition to the interests payable by the Project Company, pay Harbin Greentown Real Estate additional interest on the outstanding Secured Loan in accordance with the PBOC Rate. In such case, the adjustment of interest rate from 7.5% per annum with the PBOC Rate of 4.35% per annum as at the Latest Practicable Date to 11.85% per annum (the "**Adjusted Interest Rate**") will be applied for the Secured Loan from 60 days after the date of the drawdown up to the date of repayment by the Project Company. The Adjusted Interest Rate also falls within the range of the loan interest rates of the Comparable Transactions.

In light of the above, we are of the view that the terms of the Secured Loan are fair and reasonable, are on normal commercial terms and the advancement of the Secured Loan is in the interests of the Company and the Shareholders as a whole.

7. Financial effects of the provision of the Shareholders' Loans

7.1 *Net asset value*

As advised by the Company, the Shareholders' Loans will be recorded as amount due from related parties under current assets of the Company. The bank balances and cash of the Group will be decreased by approximately RMB1,316.2 million inclusive of the amount of the Secured Loan of approximately RMB643.5 million and amount due from related parties under current assets of the Group will be increased by the same amount.

7.2 *Earnings*

The Shareholders' Loans will enable the Group to earn an interest income (which is classified as other operating income) following the provision of the Shareholders' Loans.

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7.3 Gearing

As advised by the Company, the Shareholders' Loans will be financed by internal resources and the provision of Shareholders' Loans will not lead to change in net asset value and level of borrowing, it is expected the gearing ratio would remain unchanged.

Based on the above, whilst the net assets positions and gearing of the Group remained unchanged after the provision of the Shareholders' Loans, we are of the view that the Supplemental Agreement and the transactions contemplated thereunder will have a positive effect on the Group's earnings. Thus, we are of the view that the Supplemental Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

RECOMMENDATIONS

Having considered the above principal factors and reasons, we consider that despite the entering into of the Supplemental Agreement and the transactions contemplated thereunder (including the provision of the Secured Loan) is not in the ordinary and usual course of business of the Company, they are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM for approving the Supplemental Agreement and the transactions contemplated thereunder (including the provision of the Secured Loan).

Yours faithfully
For and on behalf of
Octal Capital Limited

Alan Fung
Managing Director

Louis Chan
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 20 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 Takeover Code of listed companies in Hong Kong.

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 in this circular or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' Interests in Shares

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executive of the Company had 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 are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

(i) Long positions in Shares and underlying Shares

Name of Director	Personal Interests in Shares and Underlying Shares (including Share Options or Award Shares Granted to Directors)	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares Interested	% of Issued Share Capital of the Company
Mr ZHANG Yadong	13,270,949 (note 1)	-	-	13,270,949	0.532%
Mr GUO Jiafeng	4,000,000 (note 2)	-	-	4,000,000	0.160%
Mr GENG Zhongqiang	2,500,000 (note 3)	-	-	2,500,000	0.100%
Mr LI Jun	6,433,573 (note 4)	-	-	6,433,573	0.258%
Mr Andrew On Kiu CHOW	550,000 (note 5)	-	-	550,000	0.022%

Notes:

- (1) It includes (i) 7,600,000 share options granted on 28 August 2018 and 5,000,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$8.326 per share from 28 August 2019 to 27 August 2028 and at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030, respectively; and (ii) 670,949 award shares subject to vesting conditions granted in 2019. Mr ZHANG was also interested in 2,000,000 award shares of Greentown Management Holdings Company Limited ("**Greentown Management**"), a non-wholly owned subsidiary of the Company, under its share award scheme, representing 0.10% of the issued shares of Greentown Management.
- (2) It denotes 4,000,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030. Mr GUO was also interested in 2,000,000 award shares of Greentown Management under its share award scheme, representing 0.10% of the issued shares of Greentown Management.
- (3) It denotes 2,500,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030.
- (4) It includes (i) 1,900,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2018 to 26 December 2027; (ii) 1,300,000 share options granted on 28 August 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$8.326 per share from 28 August 2019 to 27 August 2028; (iii) 3,000,000 share options granted on 29 December 2020 pursuant to the 2016 Share Option Scheme and are only exercisable at least 30% higher than the initial exercise price of HK\$11.152 per share from 29 December 2021 to 28 December 2030; and (iv) 233,573 award shares subject to vesting conditions granted in 2019.
- (5) Shares held as beneficial owner.

Other than as disclosed above, none of the Directors and chief executive of the Company nor their associates had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at the Latest Practicable Date.

(b) Substantial Shareholders

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Substantial Shareholder (note 1)		Interest or Short Position in the Shares or Underlying Shares (note 2)	Capacity in Which Interests are Held	% of Issued Share Capital of the Company
CCCG	(note 3)	624,851,793 (L)	Interest of controlled corporations	25.051%
CCCG Holding (HK) Limited	(note 4)	524,851,793 (L)	Beneficial owner	21.042%
HSBC Trustee (C.I.) Limited ("HSBC Trustee")	(note 5)	557,554,793 (L)	Interest of controlled corporations	22.353%
Wheelock and Company Limited ("Wheelock")	(note 5)	557,554,793 (L)	Interest of controlled corporations	22.353%
The Wharf (Holdings) Limited ("Wharf")	(note 5)	557,554,793 (L)	Interest of controlled corporations	22.353%
Mr HUANG Wei	(note 6)	323,000,000 (L)	Interests of controlled corporations	12.949%
Ms LI Ping	(note 7)	323,000,000 (L)	Interest of spouse	12.949%
Zhejiang Xinhua Group Co., Ltd.	(note 8)	323,000,000 (L)	Interests of controlled corporations	12.949%
Xinhua Zhongbao Co., Ltd.	(note 9)	323,000,000 (L)	Interest of controlled corporations	12.949%
Hong Kong Xinhua Investment Co., Limited	(note 10)	323,000,000 (L)	Beneficial owner	12.949%
Mr SONG Weiping		8,150,000 (L) (note 11)	Personal interests in underlying Shares (share options)	9.008% in total
		216,530,924 (L) (note 12)	Interest of controlled corporations	
Ms XIA Yibo	(note 13)	224,680,924 (L)	Interest of spouse	9.008%

Notes:

- (1) The list of substantial shareholders of the Company and their respective interests in the shares and underlying shares of the Company set out in the table are based on the information available to the Company after making reasonable enquiry.
- (2) The letter “L” denotes a long position.
- (3) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited, each of which is wholly-owned by CCCG Real Estate Group Company Limited* (中交房地產集團有限公司).
- (4) A company controlled by CCCG by virtue of SFO.
- (5) HSBC Trustee and Wheelock are deemed to be interested in 557,554,793 Shares through Wharf. For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against HSBC Trustee, Wheelock and Wharf represented the same block of shares.
- (6) HUANG Wei is deemed to be interested in 323,000,000 Shares through his controlled corporations, namely Zhejiang Xinhua Group Co., Ltd., Xinhua Zhongbao Co., Ltd. and Hong Kong Xinhua Investment Co., Limited.
- (7) Ms LI Ping is the spouse of Mr HUANG Wei. Accordingly, pursuant to Part XV of the SFO, Ms. LI Ping is deemed to be interested in Mr HUANG Wei’s interests in the Company.
- (8) Zhejiang Xinhua Group Co., Ltd. is controlled by Mr HUANG Wei.
- (9) Xinhua Zhongbao Co., Ltd. is deemed to be interested in 323,000,000 Shares through its controlled corporation, namely Hong Kong Xinhua Investment Co., Limited.
- (10) A company controlled by Xinhua Zhongbao Co., Ltd. by virtue of SFO.
- (11) Share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share state on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2018 to 26 December 2027.
- (12) Mr SONG Weiping, being the sole shareholder of Delta House Limited, is deemed to be interested in 116,530,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited (“**HKOO Foundation**”) is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- (13) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 116,530,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those Shares); and (iii) 8,150,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 224,680,924 Shares.

Other than the interests disclosed above, the Company has not been notified of any other notifiable interests or short positions in the Shares or underlying Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed below, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company which had such discloseable interest or short position in the Shares	Position within such company
Mr Stephen Tin Hoi NG	Wharf	Chairman and Managing Director
	Wheelock	Deputy Chairman
Mr Andrew On Kiu CHOW (Mr Stephen Tin Hoi NG's alternate)	Wharf	Deputy Chairman and Executive Director

3. DIRECTORS' SERVICE CONTRACTS

Each of the independent non-executive Directors entered into an appointment letter with the Company regarding his appointment for an initial term of three years subject to the terms and conditions of the appointment letter. Their respective appointment as an independent non-executive Director shall also be subject to retirement by rotation at the annual general meeting of the Company and each of them shall be eligible for re-election in accordance with the articles of association of the Company.

Each of the independent non-executive Directors is entitled to an annual director's fee of RMB320,000, respectively. The amount of their respective annual director's fee was determined by the Board by reference to, among other things, their respective qualifications and experience and is subject to review by the Board from time to time.

Apart from the foregoing, as at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company which does not expire or which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

4. COMPETING BUSINESS INTEREST OF DIRECTORS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or their respective associates was interested in any other business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

Name of Director	Name of competing entity	Nature of business of the competing entity	Nature of interest of the Director in the competing entity
Mr Stephen Tin Hoi NG	The Wharf (Holdings) Limited	Development and sales of properties and holding properties for lease	Chairman and Managing Director
	Wharf Real Estate Investment Company Limited		Chairman and Managing Director
	Wheelock		Deputy Chairman
	Harbour Centre Development Limited		Chairman
Mr Andrew On Kiu CHOW (Mr Stephen Tin Hoi NG's alternate)	The Wharf (Holdings) Limited	Development and sales of properties and holding properties for lease	Deputy Chairman and Executive Director

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. EXPERT

The qualifications of the following expert which have given their opinion or advices contained in this circular are set out below:

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

The above expert has given and has not withdrawn their written consent to the issue of this circular with the inclusion of their letter and/or reference to their name in the form and context in which they appear.

As at the Latest Practicable Date, the above expert did not have (i) any shareholding 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, and (ii) any interest, either direct or indirect, in any assets which, since 31 December 2020 (being the date to which the latest audited consolidated financial statements of the Company was made up) and up to the Latest Practicable Date, had been 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.

7. GENERAL

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company was made up) and up to the Latest Practicable Date, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired, disposed of by or leased to any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The joint company secretaries of the Company are Ms XU Ying and Ms NG Sau Mei. Ms XU is now serving as the Assistant General Manager of the Office of the Board and concurrently in charge of the investor relations of the Company. Ms NG is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the UK.
- (d) The registered address of the Company is PO Box 309, Uglan House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is at Room 1406-1408, 14th Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong.
- (f) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (g) The principal share registrar of the Company in the Cayman Islands is Royal Bank of Canada Trust Company (Cayman) Limited.
- (h) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's principal place of business in Hong Kong at Room 1406-1408, 14th Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong during normal business hours on any weekdays, except public holidays, for a period of 14 days from the date of this circular:

- (a) the Agreement;
- (b) the Supplemental Agreement;
- (c) service contracts of the independent non-executive Directors as more particularly described in "3. Directors' service contracts" of this Appendix; and
- (d) this circular.

* *For identification purposes only*

NOTICE OF THE EGM



GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Greentown China Holdings Limited (the “**Company**”) will be held on 18 June 2021 (Friday) at 2:45 p.m. at Greentown University, Block E (South), Xixi International Center, No. 767 West Wenyi Road, West Lake District, Hangzhou, Zhejiang Province, the People’s Republic of China for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the Supplemental Agreement (as defined in the Company’s circular dated 18 May 2021 despatched to the shareholders of the Company (the “**Circular**”), a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification), a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one of the directors of the Company be and is hereby authorised to sign, execute, perfect, deliver, negotiate, agree and do all such documents, deeds, acts, matters and things, as the case may be, as he may in his opinion or absolute discretion consider reasonable, necessary, desirable or expedient to implement and/or give effect to the Supplemental Agreement and the transactions contemplated thereunder with any changes as such director of the Company may in his absolute discretion think fit.”

By Order of the Board
Greentown China Holdings Limited
ZHANG Yadong
Chairman

Hangzhou, the PRC
18 May 2021

* *For identification purposes only*

NOTICE OF THE EGM

Principal place of business in Hong Kong:

Room 1406–1408, 14th Floor
New World Tower 1
16–18 Queen’s Road Central
Hong Kong

Notes:

- (1) Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution at the EGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and of the Company.
- (2) A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies (if holding two or more shares) to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (3) Completion and delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof should the member of the Company so wish, and in which case, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint registered holders of any share in the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.
- (5) In order to be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
- (6) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 15 June 2021 (Tuesday) to 18 June 2021 (Friday), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 11 June 2021 (Friday).

As at the date of this notice, the board of directors of the Company comprises six executive directors, namely Mr ZHANG Yadong, Mr GUO Jiafeng, Mr WU Wende, Mr GENG Zhongqiang, Mr LI Jun and Ms HONG Lei, two non-executive directors, namely Mr Stephen Tin Hoi NG (Mr Andrew On Kiu CHOW as his alternate) and Mr WU Yiwen, and four independent non-executive directors, namely Mr JIA Shenghua, Mr HUI Wan Fai, Mr QIU Dong and Mr ZHU Yuchen.