THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

GREENLAND HONG KONG HOLDINGS LIMITED
綠地香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 337)

(1) MAJOR AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE
(2) CONTINUING CONNECTED TRANSACTION
FINANCIAL ASSISTANCE
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

八方 金融有限公司
OCTAL Capital Limited

Terms defined in the section headed "Definitions" in this circular shall have the same meanings when used in this cover page unless the context otherwise requires.

A notice convening the EGM to be held via e-Meeting System at 9:00 a.m. on Tuesday, 16 November 2021 is set out on pages EGM-1 and EGM-2 of this circular.

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

26 October 2021

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

"Applicable Percentage Ratio", "associate(s)", "close associate(s)", "connected person(s)" and "subsidiary(ies)"	have the meanings ascribed to them under the Listing Rules;
"Articles of Association"	the articles of association of the Company, as amended from time to time;
"Board"	the board of Directors;
"Buy-back Consideration"	the consideration at which Guangdong SPG shall purchase from Guangdong Greenland all its 71.42% interest in the JV Company and the Greenland's Loan (as defined in the paragraph headed "Funding for JV Co's Acquisition" in the "Letter from the Board" in this circular), which equals to the Consideration plus interest for the period commenced from 19 March 2021 (being the payment of the Consideration by Guangdong Greenland to Guangdong SPG) and ending on the date of payment of the Buy-back Consideration at an interest rate equal to the lending interest rate quoted by the People's Bank of China for that period;
"Company"	Greenland Hong Kong Holdings Limited (綠地香港控股有限公司), a company incorporated with limited liability in the Cayman Islands, the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 337);
"Conditions"	the conditions precedent to be fulfilled before the completion of the JV Co's Acquisition, details of which are set out in the paragraph headed "Conditions" in the "Letter from the Board" in this circular;
"Consideration"	the cash consideration of RMB175 million (approximately HK$208.3 million) payable by Guangdong Greenland for the acquisition of an approximately 35% attributable interest in the Project Company under the JV Agreement;

"Directors"	the directors of the Company;
"EGM"	the extraordinary general meeting of the Company to be convened and held via e-Meeting System at 9:00 a.m. on Tuesday, 16 November 2021 for the purposes of considering, and if thought fit, approving, among other things, the JV Agreement, the Supplemental Agreement, and the transactions contemplated thereunder;
"Enlarged Group"	the Group as enlarged by the JV Company;
"Greenland Group"	Greenland Holdings and its subsidiaries (excluding the Group and the JV Group for the purposes of this circular);
"Greenland Holdings"	Greenland Holdings Corporation Limited (綠地控股集團股份有限公司), a company established under the laws of PRC and listed on the Shanghai Stock Exchange (stock code: 600606), and the ultimate controlling shareholder of the Company;
"Group"	the Company and its subsidiaries (excluding the JV Company for the purposes of this circular);
"Guangdong Greenland"	Guangdong Greenland Investment Co., Limited* (廣東綠地投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
"Guangdong SPG"	Guangdong SPG Co., Limited* (廣東盛高置地有限公司), a company established in the PRC with limited liability;
"Guangzhou Greenland"	Guangzhou Greenland Real Property Development Limited* (廣州綠地房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
"Guangzhou Junhui"	Guangzhou Junhui Real Property Development Co., Ltd.* (廣州市珺匯房地產開發有限公司), a company established in the PRC with limited liability;
"Guangzhou SPG"	Guangzhou SPG Investment Limited* (廣州盛高投資有限公司), a company established in the PRC with limited liability;

"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	the committee of the Board comprising all the independent non-executive Directors (namely, Mr. Fong Wo, Felix, JP, Mr. Kwan Kai Cheong and Dr. Lam, Lee G.);
"Independent Financial Adviser" or "Octal Capital"	Octal Capital Limited, a licensed corporation permitted under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the JV Agreement;
"Independent Shareholders"	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolutions approving the JV Agreement and the transactions contemplated thereunder;
"Independent Third Party"	a third party independent of the Company and connected persons of the Company;
"Joint Development"	the cooperation between Guangdong SPG and the Group to jointly develop the Land under the JV Agreement;
"JV Agreement"	the cooperation agreement dated 19 March 2021 entered into between Guangdong SPG, Guangdong Greenland, Guangzhou SPG and Guangzhou Greenland governing the equity contributions into the JV Company, acquisition of the Project Company, and the management and corporate affairs of the JV Company and the Project Company and as amended by the Supplemental Agreement;
"JV Company"	Guangzhou Guangyun Property Development Co., Ltd.* (廣州廣雲房地產開發有限公司), a joint venture company established in the PRC with limited liability;

"Land"	the land parcel situated at Luojia Village, Shiji Town, Panyu District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市番禺區石基鎮羅家村), which is the subject of the State-owned Land Use Right Certificate (no. G08-001157) (國有土地使用權證 (編號：G08-001157));
"Latest Practicable Date"	21 October 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Wang"	Mr. Wang Weixian, an executive Director and a Shareholder;
"Ms. Wang"	Ms. Wang Xuling, an executive Director and a Shareholder;
"PRC" or "China"	the People's Republic of China, which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
"Project Company"/"Target Company"	Guangzhou Panyu Yonglong Real Estate Development Co., Limited* (廣州番禺永隆房地產開發有限公司), a company established in the PRC with limited liability;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sellers"	collectively, Yonglong Plastic and Yonglong International;
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the laws of Hong Kong);
"Share(s)"	ordinary share(s) of nominal value of HK$0.50 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"sq.m."	square meters;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Supplemental Agreement"	the supplemental agreement dated 30 August 2021 between Guangdong SPG, Guangdong Greenland, Guangzhou SPG and Guangzhou Greenland to make certain amendments to the JV Agreement;
"The Duanyuan Trust"	the family trust of which Mr. Wang is the founder and Ms. Wang is a discretionary object;
"US$" or "USD"	United States Dollar, the lawful currency of the United States;
"Yonglong International"	Yonglong International Group Co., Limited* (永隆國際集團有限公司), a company established in Hong Kong with limited liability;
"Yonglong Plastic"	Yonglong (Guangzhou Panyu) Plastic Hardware Electrical Co., Ltd.* (永隆（廣州番禺）塑料五金電器有限公司), a company established in the PRC with limited liability; and
"%"	per cent.

For the purposes of this circular, an exchange rate of HK$1 = RMB0.84 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute any representations that any amount in RMB or HK$ has been, could have been or may be converted at such rate.

* *For identification purposes only*

All registered shareholders will be able to join the EGM via the e-Meeting System. Our e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer.

Through the e-Meeting System, our registered shareholders will be able to view the live video broadcast and participate in voting and submit questions online. Login details and information will be included in our letters to registered shareholders regarding the e-Meeting System.

The live broadcast can broaden the reach of the EGM to Shareholders who do not wish to attend physically due to concerns on attending events under the current COVID-19 situation, or for other overseas Shareholders who are unable to attend in person.

HOW TO ATTEND AND VOTE

Shareholders who wish to attend the EGM and exercise their voting rights can be achieved in one of the following ways:

(1) attend the EGM via the e-Meeting System which enables live streaming and interactive platform for submitting questions and voting online; or

(2) appoint the Chairman of the EGM or other persons as your proxy by providing their email address for receiving the designated log-in username and password to attend and vote on your behalf via the e-Meeting System.

Your proxy's authority and instruction will be revoked if you attend and vote via the e-Meeting System.

If you are a non-registered shareholder, you may instruct your banks, brokers or other custodians to appoint a proxy to attend and vote via the e-Meeting System for the EGM on your behalf if you wish.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to adopt further changes to the EGM arrangements at short notice. Shareholders are advised to check the websites of the Company (http://www.greenlandhk.com) and HKEX (www.hkexnews.hk) for the latest announcement and information relating to the EGM.

GREENLAND HONG KONG HOLDINGS LIMITED
綠地香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 337)

Executives Directors:
Mr. Chen Jun *(Chairman and Chief Executive Officer)*
Mr. Wang Weixian *(Honorary Chairman)*
Mr. Hou Guangjun *(Chief Operation Officer)*
Mr. Wu Zhengkui
Ms. Wang Xuling

Independent Non-Executive Directors:
Mr. Fong Wo, Felix, JP
Mr. Kwan Kai Cheong
Dr. Lam, Lee G.

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters:
No. 193 Xiehe Road
Changning District
Shanghai, China

Principal place of business in Hong Kong:
Unit 5711, 57th Floor
The Center
99 Queen's Road Central
Hong Kong

26 October 2021

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE (2) CONTINUING CONNECTED TRANSACTION FINANCIAL ASSISTANCE AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 21 March 2021 in relation to the JV Agreement. The purposes of this circular are to provide you with: (i) further information on the transactions contemplated under the JV Agreement (including the Financial Assistance) and other information of the Group to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the EGM and (ii) the notice of the EGM.

On 19 March 2021, Guangdong Greenland agreed to jointly develop the Land owned by the Project Company with Guangdong SPG and to acquire an approximately 35% attributable interest in the Project Company at the Consideration of RMB175 million (approximately HK$208.3 million), for which Guangdong SPG, Guangdong Greenland, Guangzhou SPG and Guangzhou Greenland entered into the JV Agreement. Pursuant to the JV Agreement and subject to the fulfilment of the Conditions:

(i) Guangdong Greenland and Guangdong SPG have established the JV Company to acquire a 49% interest in the Project Company, the remaining 51% of which will be owned by Guangdong SPG;

(ii) the JV Company is owned as to 71.42% by Guangdong Greenland and as to 28.58% by Guangdong SPG so that Guangdong Greenland and Guangdong SPG will have approximately 35% and approximately 65% attributable interests in the Project Company respectively;

(iii) the Consideration and the Financial Assistance is expected to be not more than approximately RMB2,175 million (approximately HK$2,589.3 million); and

(iv) certain management and corporate affairs of the JV Company and the Project Company shall be bounded by the terms of the JV Agreement.

Details of the JV Agreement are set out below.

THE JV AGREEMENT

Date

19 March 2021

Parties

(i) Guangdong SPG as a joint venture partner;

(ii) Guangdong Greenland as the other joint venture partner;

(iii) Guangzhou SPG as the guarantor to guarantee the due performance of all the obligations of Guangdong SPG under the JV Agreement; and

(iv) Guangzhou Greenland as the guarantor to guarantee the due performance of all the obligations of Guangdong Greenland under the JV Agreement.

Establishment of the JV Company:

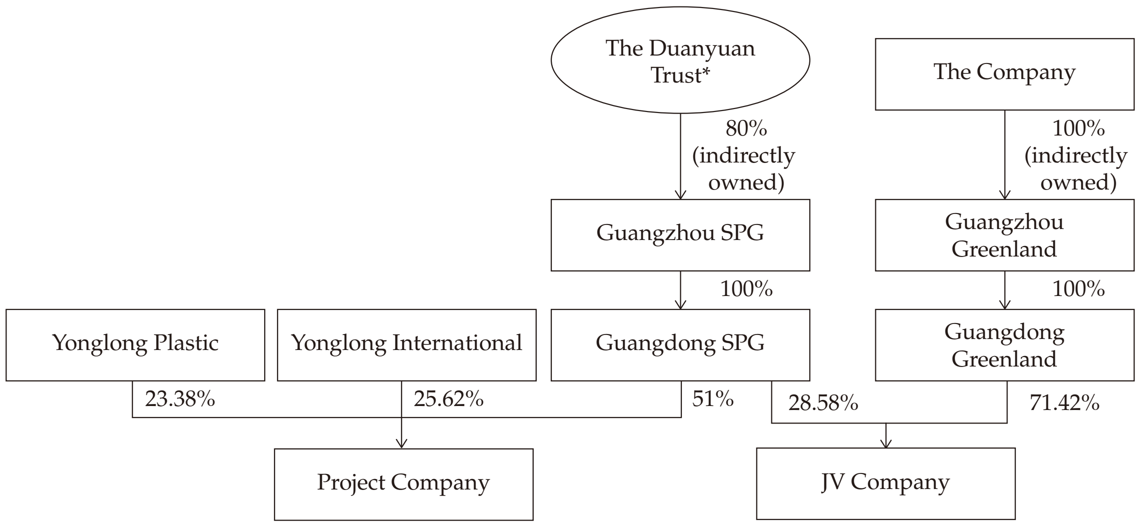
Guangdong Greenland and Guangdong SPG shall establish the JV Company in the PRC within 10 working days from the date of the JV Agreement for the purposes of acquiring a 49% interest in the Project Company. The JV Company was established on 6 April 2021, and is owned as to 71.42% by Guangdong Greenland and as to 28.58% by Guangdong SPG. The registered capital of the JV Company is RMB10 million (approximately HK$11.9 million), for which Guangdong Greenland and Guangdong SPG will contribute in cash approximately RMB7.14 million (approximately HK$8.5 million) and approximately RMB2.86 million (approximately HK$3.4 million) respectively. The JV Company will be accounted for as a subsidiary of the Company.

Acquisition of Interest in the JV Company:

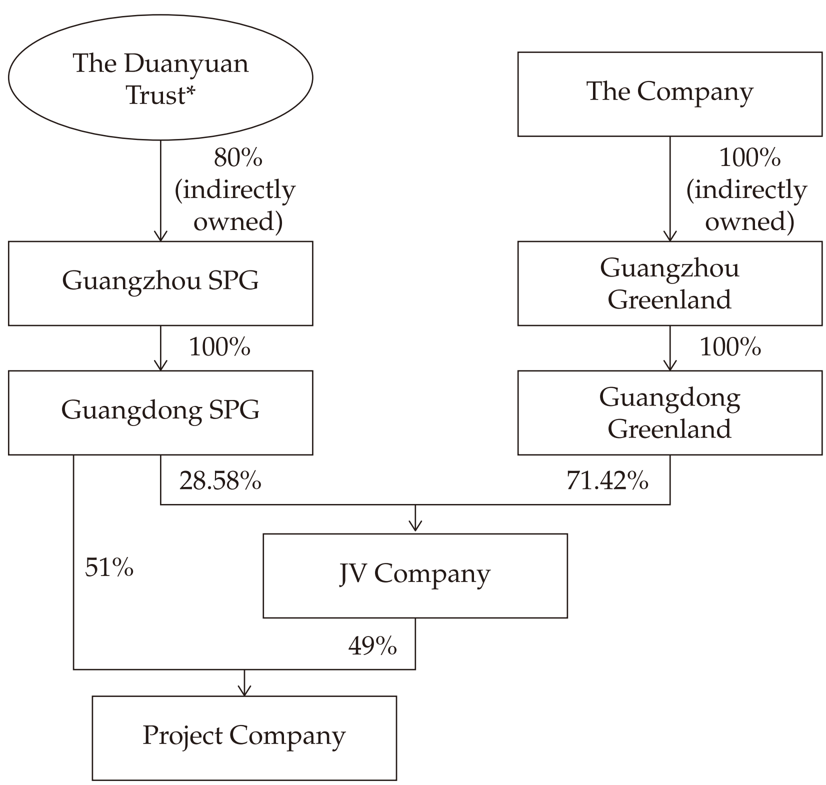
On 20 December 2020, Guangdong SPG entered into an agreement with Yonglong Plastic (being an Independent Third Party) and Yonglong International (being an Independent Third Party), pursuant to which Guangdong SPG will acquire the 49% interest in the Project Company owned by Yonglong Plastic and Yonglong International (the "**SPG's 49% Acquisition**") in aggregate at a total consideration expressed to be RMB450 million to be settled by way of the Project Company transferring to Yonglong Plastic or its nominee completed units and areas to be developed on the Land (the "**Excluded Properties**") with a total area of approximately 37,000 sq.m. and some related car parking spaces. The completion of the SPG's 49% Acquisition is expected to be taken place on or before 31 December 2021. Pursuant to an equity transfer agreement dated 22 December 2020, Guangdong SPG acquired a 51% interest in the Project Company (the "**SPG's 51% Acquisition**") from Guangzhou Junhui (being an Independent Third Party) at a consideration of approximately RMB493.6 million (approximately HK$587.6 million). The completion of the SPG's 51% Acquisition took place in December 2020.

The JV Company will, subject to the fulfilment of the Conditions, acquire a 49% interest in the Project Company from Guangdong SPG (the "**JV Co's Acquisition**") at a consideration of RMB245 million (approximately HK$291.7 million) (the "**JV Co's Consideration**"). Based on the purchase price paid by Guangdong SPG for the SPG's 51% Acquisition, the original acquisition cost to Guangdong SPG in respect of the 49% interest in the Project Company to be sold by it to the JV Company is approximately RMB474.2 million (approximately HK$564.5 million). As a result of the above acquisitions by them, Guangdong Greenland and Guangdong SPG will have approximately 35% and approximately 65% attributable interests in the Project Company respectively.

Shareholding structure before completion of the JV Co's Acquisition:



Shareholding structure after completion of the JV Co's Acquisition and the SPG's 49% Acquisition:



<u>*Remark:*</u>

* *The Duanyan Trust is a discretionary trust, of which Mr. Wang is the founder and Ms. Wang is a discretionary object.*

Funding for JV Co's Acquisition:

In view of the foregoing circumstance, the Consideration payable by Guangdong Greenland for the acquisition of an approximately 35% attributable interest in the Project Company is RMB175 million (approximately HK$208.3 million), which was funded by the internal resources of the Group. To finance the JV Co's Acquisition at the JV Co's Consideration of RMB245 million (approximately HK$291.7 million) payable to Guangdong SPG, Guangdong Greenland and Guangdong SPG shall contribute RMB175 million (approximately HK$208.3 million) and RMB70 million (approximately HK$83.3 million) to the JV Company respectively.

The said RMB175 million contribution will be accounted for as capital contribution to the JV Company in respect of approximately RMB7.14 million thereof, and as shareholder's loan from Guangdong Greenland to the JV Company as to approximately RMB167.86 million thereof (the "**Greenland's Loan**"). The balance of the JV Co's Consideration of RMB70 million to be contributed by Guangdong SPG will be accounted for as capital contribution to the JV Company in respect of approximately RMB2.86 million thereof, and as shareholder's loan from Guangdong SPG to the JV Company as to approximately RMB67.14 million thereof. Upon completion of the JV Co's Acquisition, the Project Company will be equity accounted for in the accounts of the Group.

Basis of Determination of the Consideration and the Payment Term

The Consideration is determined based on the arm's length negotiation between Guangdong Greenland and Guangdong SPG with reference to the financial position and business prospect of the Project Company. For the determination of the Consideration, the Company took a totality approach to evaluate all the factors individually and collectively. The factors which the Company had primarily considered in determining the Consideration include the following: (1) the unaudited net asset of the Project Company of approximately RMB74 million (approximately HK$88.1 million) as at 31 December 2020; (2) the Company's internal assessment of the value of the Land, which was estimated based on the same valuation assumptions adopted by Cushman & Wakefield Limited for its preparation of the valuation report set out in Appendix V to this circular, and such internally assessed value of the Land is not materially different (i.e. being not more than 5% difference) from that shown in the valuation report set out in Appendix V to this circular; (3) the optimistic market outlook of the Greater Bay Area (in which the Joint Development is situated) and business potential of the development of the Land after the plot ratio is increased up to 9.0, which leads the Company to expect that the Land will be developed into a commercial, office and residential complex with a total area of approximately 139,000 sq.m. and some car parking spaces (exclusive of the Excluded Properties); and (4) the obligation to transfer the Excluded Properties from the Project Company to Yonglong Plastic or its nominee. For instance, to assess the profitability of the Joint Development, the Company had to assess the value of the Land as well as the estimated future market potential of the sale of the completed units of the Joint Development after it has been completed. The Company notes that the Joint Development is situated in Panyu District, Guangzhou City, which is one of the major cities of the Greater Bay Area, the PRC. In view of the positive government policy on the Greater Bay Area, the Company has confidence in the profitability in the Joint Development. For completeness, the Company has also considered the impact of the obligation to transfer the Excluded Properties from the Project Company to Yonglong Plastic or its nominee. As disclosed in the sub-paragraph headed "Acquisition of Interest in the JV Company" of this "Letter from the Board", prior to the Company's entering into the JV Agreement in March 2021, Guangdong SPG already agreed with the Sellers in December 2020 that the Excluded Properties shall be transferred by the Project Company to the Sellers. Hence, it would not be possible for the Company to request for the cancellation of the said obligation of the Project Company to transfer the Excluded Properties to the Sellers. The Company had not assessed the valuation of the Excluded Properties for the purposes of determining the Consideration. Instead, the Company estimated the profitability of the Joint Development with reference to the saleable GFA (excluding the saleable GFA of the Excluded Properties) and the development cost of the Joint Development (including that of the Excluded Properties), and considered that the Joint Development was still profitable at level acceptable to the Company. In view of the foregoing, the Company negotiated, and agreed, with Guangdong SPG on the amount of the Consideration. Hence, the Company considers that as the Joint Development will still be profitable after taking into account the transfer of the Excluded Properties to Yonglong Plastic (or its nominee) free of charge, it is fair and reasonable for the Company to undertake the Joint Development, which is subject to the aforesaid arrangements relating to the Joint Development. Guangdong SPG has informed the Sellers that Guangdong Greenland is fully aware of the requirement to transfer the Excluded Properties and will not object to such transfer. To address any concern of the Sellers, Guangdong SPG has proposed to the Sellers that Guangdong Greenland would issue a confirmation letter to confirm that Guangdong Greenland has no objection to the said transfer of the Excluded Properties to the Seller, which is acceptable to the Sellers. The Company is of the view that such confirmation will not have any impact on the Company's interest in the JV Company or the Project Company because it is a term of the Joint Development which has been agreed by Guangdong SPG under the JV Agreement.

On 19 March 2021, Guangdong Greenland paid the Consideration of RMB175 million to Guangdong SPG, which has been applied as prepayment of its contribution for the JV Co's Consideration. Since the JV Company is expected to acquire a 49% interest in the Project Company from Guangdong SPG, Guangdong SPG requested that Guangdong Greenland directly paid the Consideration to it. The Consideration shall be paid on 19 March 2021 (the "**Payment Term**") was one of fundamental terms insisted by Mr. Wang. After rounds of negotiations, Mr. Wang remained adamant and would refuse to enter into the JV Agreement with the Company if the Payment Term was not accepted. Hence, the Company understood that should it decide to proceed with the Joint Development, the Company had no choice but to accept the Payment Term.

The Company was optimistic about the market outlook of the Greater Bay Area (in which the Joint Development is situated) and the potential business prospect of the Joint Development. Based on the aforesaid internal evaluation, the Company considered that the Joint Development was a profitable business opportunity. After the completion of the legal and financial due diligence mentioned in the paragraph headed "Internal Control Measures" in this "Letter from the Board" prior to the entering into the JV Agreement, the Company was satisfied with the legal and financial affairs of the Land, the Project Company and the Joint Development.

Although the completion of the JV Agreement would be subject to the approval by the Independent Shareholders at the EGM, Greenland Holdings had informed the Company that it would, as an Independent Shareholder, vote for the Joint Development at the EGM as mentioned in the paragraph headed "Internal Control Measures" in this Letter from the Board. Hence, the Company considered that the Independent Shareholders would not vote down the Joint Development at the EGM, and the JV Agreement was pragmatically and in substance the same as an agreement not subject to any Independent Shareholders' approval for completion.

To cater for all eventualities, the Company had insisted that under the JV Agreement, Guangzhou SPG shall act as the guarantor to guarantee the due performance of all the obligations of Guangdong SPG (including the obligation to pay the Buy-back Consideration as and when required). The Company understands that as at the Latest Practicable Date, Guangzhou SPG had a registered capital of USD100 million, of which USD88.5 million had been contributed. The Company understands that Guangzhou SPG is financially sound. The Company is mindful of the fact that Mr. Wang is the founder of the Company in or around 2006 and has been an executive director of the Company since then. Based on the long term relationship with Mr Wang throughout the years, the Company considers that Mr. Wang is a trustworthy and reliable person. Hence, the Company is of the view that the chance of default by Guangdong SPG and Guangzhou SPG will be remote.

Hence, the Company considers that the risk of not being able to recoup the Consideration in the extremely unlikely event of the Joint Development being voted down by the Independent Shareholders will be incredibly minimal. After weighing the said risk and the benefit of proceeding with the Joint Development, the Company considers that it is fair and reasonable for Guangdong Greenland to have paid the Consideration to Guangdong SPG, and it will be in the best interest of the Company and its Shareholders as a whole to enter into the JV Agreement, which requires that the Consideration shall be paid in full on 19 March 2021 .

Conditions:

The completion of the JV Co's Acquisition shall be conditional upon the fulfilment of the following Conditions:

(a) the Company having obtained the approval from the Independent Shareholders as required by the Listing Rules in respect of the transactions contemplated under the JV Agreement (as amended by the Supplemental Agreement);

(b) Guangdong SPG having acquired the 49% interest in the Project Company from the Sellers; and

(c) Guangdong SPG not having breached any of the obligations imposed on it or any of its undertakings under the JV Agreement in any material respects.

Completion of the JV Co's Acquisition shall take place within 10 working days from the fulfilment of all the Conditions, which is expected to be on or before 14 January 2022. If any of the above Conditions has not been fulfilled on or before 31 December 2021, the transactions contemplated under the JV Agreement (as amended by the Supplemental Agreement) will not proceed and the JV Agreement shall cease to have any effect. In such case, Guangdong SPG shall within 10 business days from the said deadline acquire from Guangdong Greenland all its 71.42% interest in the JV Company and the Greenland's Loan at the Buy-back Consideration.

Background of the Project Company:

The Project Company was established on 30 September 2002 with a registered capital of RMB77 million (approximately HK$91.7 million), which have been fully contributed. The audited net asset of the Project Company as at 31 December 2020 was approximately RMB52 million (approximately HK$61.9 million). The unaudited net asset of the Project Company as at 28 February 2021 was RMB73 million (approximately HK$86.9 million). The audited loss before and after taxation of the Project Company for year ended 31 December 2019 were approximately RMB8.6 million and RMB8.6 million respectively. The audited loss before and after taxation of the Project Company for the year ended 31 December 2020 were approximately RMB7.1 million and RMB7.1 million respectively. The Project Company does not have any other business operation apart from the property development project in respect of the Land and, prior to 2021, leasing of car parking spaces temporarily situated in the Land pending the completion of the development of the Land.

The Land:

The principal asset of the Project Company is the Land situated at Luojia Village, Shiji Town, Panyu District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市番禺區石基鎮羅家村), for which the Project Company has obtained a State-owned Land Use Right Certificate (no. G08-001157) (國有土地使用權證(編號：G08-001157)). According to the said certificate, the Land has an area of approximately 27,256 sq.m. with construction land use area of approximately 19,588 sq.m. and a land use right of 40 years for commercial and office land use, and 70 years for residential land use. Based on the reply from the Guangzhou City Planning and Natural Resources Bureau* (廣州市規劃和自然資源局) issued on 5 March 2020 (the "**Planning Reply**") in respect of the planning conditions for the Land, the Land has been approved to increase the plot ratio to up to 9.0 subject to the payment of land premium for those increased area. It is expected that the Land will be developed into a commercial, office and residential complex with a total area of approximately 139,000 sq.m. and some car parks (exclusive of the Excluded Properties).

The Company understands from its PRC legal advisers that the Planning Reply constitutes the governmental planning approval for the increase of the plot ratio of the Land to 9.0. The Company understands that the outstanding land premium will be determined based on the market value of the increased GFA of the Land as a result of the plot ratio increased to 9.0, which is estimated to be approximately RMB1.1 billion based on the market value as at 15 June 2020, and is expected to be paid in 2022. Other than the approval of the People's Government of Guangzhou Municipality (the "**Guangzhou**

Government") and the agreement on the amount of the land premium with the relevant government authorities, the Company understands that there is no legal impediment to the signing of the Supplementary Land Grant Contract of the Land Use Rights (the "**Supplementary Contract**") in respect of the Land. According to the Company's previous experience, the government will in general approve the signing of the relevant land grant contract after planning approvals have been obtained. The Company understands that Guangdong SPG is liaising with the Guangzhou Government for the said approval and such approval is expected to be obtained within 6 months. Hence, the Company considers that the risk of not being able to enter into the Supplementary Contract is minimal. Under the Supplemental Agreement, Guangdong SPG has undertaken with Guangdong Greenland that in the event that the Project Company is unable to sign the Supplementary Contract on or before 28 February 2022, Guangdong SPG shall within 10 business days from the said deadline acquire from Guangdong Greenland all its 71.42% interest in the JV Company and the Greenland's Loan at the Buy-back Consideration. According to the valuation report set out in Appendix V to this circular, the total market value of the properties in its existing states as at 31 March 2021 was valued at approximately RMB2.7 billion on the basis of assuming that the property at the valuation date was a vacant land and ready to develop into a comprehensive development with a total planned gross floor area of 176,292 sq.m. in accordance with the Planning Reply, valid supplementary Grant Contact of Land Use Rights has been signed, and all land premium been fully settled. Therefore, the Directors consider that the arrangement that the completion of the JV Co's Acquisition is not subject to the payment of land premium and certain regulatory approval is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The development of the Land is now at the design and surveying stage. It is expected that the large-scale construction will start in or around third quarter of 2021 and that the construction of the development project will be completed in the first half of 2024. The Joint Development is expected to be developed into commercial area, office area and residential area representing approximately 6%, 59% and 35% respectively of the total GFA under the Joint Development (excluding the GFA of the Excluded Properties) with a total development cost of approximately RMB2.6 billion (approximately HK$3.1 billion).

Financial Assistance:

The Project Company aims to finance the development of the Land without reliance on any financial assistance from its shareholders (and/or their respective owners), there may be circumstances that the lenders would require the Project Company's shareholders (and/or their respective owners) to provide guarantees for their loans to the Project Company (the "**Financial Assistance**"). The Financial Assistance may be in proportion to the respective attributable interests of Guangdong Greenland and Guangdong SPG in the Project Company. In the event that the Group is required to guarantee any loans of the Project Company for a proportion exceeding its proportion of attributable interest in the Project Company, a guarantee fee shall be paid by the Project Company to Guangdong Greenland at an amount to be determined in the following manner:

Guarantee Fee = Guaranteed Amount x Loan Period x Guarantee Percentage

Note:

(i) Guaranteed Amount means the amount of the loan advanced and guaranteed by the Group.

(ii) Loan Period means the period in which the loan is outstanding.

(iii) Guarantee Percentage means the percentage to be agreed upon between Guangdong Greenland and Guangdong SPG at or before the granting of any guarantee for a particular loan taking into account the then market environment provided that such percentage shall be not less than 2% and not more than 3%.

Immediately after the completion of the JV Co's Acquisition, the attributable interest of the Group and Guangdong SPG in the Project Company will be approximately 35% and 65% respectively. The period of a Financial Assistance shall be not more than three years. Guangdong SPG will provide counter-indemnity in favour of the Group in respect of the said non pro rata guarantee.

The Company estimates that the maximum amount of the Financial Assistance will be not more than RMB2.0 billion (approximately HK$2,381 million) with reference to the amount of the unpaid land premium for the Land and total development cost of the Joint Development of approximately RMB2.6 billion and the expected amount of the sales proceeds to be received from the pre-sale of the properties under the Joint Development. The Financial Assistance was determined after arm's length negotiations between the parties, taking into account, among other factors, the funding need for the development of the Land, the amount of the guarantee fee, and the business potential of the development of the Land.

To safeguard the Company's interest under the Financial Assistance, the Company requires that the due performance of all the obligations of Guangdong SPG under the JV Agreement shall be guaranteed by Guangzhou SPG. Furthermore, the Company will closely monitor the performance of the Project Company and the progress of the Joint Development through the directors of the Project Company nominated by it and their involvement in the management and operations of the Project Company to ensure that the Project Company is able to repay all the debts guaranteed by the Group.

Corporate Governance of the JV Company:

The JV Company shall have one director and one supervisor only. Guangdong Greenland shall have the right to nominate the sole director and the sole supervisor. The director of the JV Company shall act as the legal representative of the JV Company. Approvals at shareholders' meeting of the JV Company shall be obtained based on the simple majority of the votes cast by the shareholders at the shareholders' meeting. If any shareholder of the JV Company proposes to transfer its equity interest to any third party, it shall obtain the prior consent of the other shareholder of the JV Company. In the event that the JV Company proposes to increase its registered capital, shareholders of the JV Company shall have pre-emptive right to acquire portions of the amount of the registered capital to be increased in proportion to their respective contributed capital to the JV Company. The profit or loss of the Project Company shall be shared or borne by its shareholders in proportion to their respective shareholding interests in the Project Company. According to the advice of the PRC lawyers, the Project Company has obtained the necessary licences for its operation.

Corporate Governance of the Project Company:

The Project Company is a joint venture in respect of the Joint Development. The board of directors of the Project Company will comprise five directors. Guangdong SPG shall have the right to nominate three directors (one of them being the chairman of the board). The said chairman shall act as the legal representative of the Project Company. Guangdong Greenland has the right to nominate two directors (one of them being the vice chairman of the board). Quorum for board meeting of the Project Company is four. Approvals at board meeting of the Project Company require unanimous approvals of all the directors present at such board meeting. The Project Company shall have two supervisors and each of Guangdong Greenland and Guangdong SPG has the right to nominate one supervisor. Guangdong SPG shall also have the right to nominate the general manager of the Project Company. Approvals at shareholders' meetings of the Project Company require the unanimous approval of the shareholders of the Project Company.

If any shareholder of the Project Company proposes to transfer its equity interest to any third party, it shall obtain the prior consent of the other shareholder of the Project Company. In the event that the Project Company proposes to increase its registered capital, shareholders of the Project Company shall have the pre-emptive right to acquire portions of the amount of the registered capital to be increased in proportion to their respective contributed capital to the Project Company.

Cooperation Priority

In relation to the "Three Olds" redevelopment projects (三舊改造項目) in the Greater Bay Area (i.e. Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan and Jiangmen), Guangdong SPG and its affiliates shall consult Guangdong Greenland before cooperating with other parties. The "Three Olds" redevelopment project is a urban redevelopment project promulgated by the People's Government of the Guangdong Province of the PRC on the redevelopment of lands where old urbane areas, old villages and old factories are situated. The Group considers that there may be profitable business opportunities in the "Three Olds" redevelopment project. In addition to participating in the attractive business opportunity of the Joint Development, the Group aims to develop a solid business relationship with Guangdong SPG by way of entering into the JV Agreement with a view to tapping into any "Three Olds" redevelopment projects that Guangdong SPG may be able to source. Hence, the JV Agreement stipulates that under equal terms, Guangdong SPG shall be given priority to cooperate with Guangdong Greenland in relation to such projects.

INFORMATION ON THE PARTIES

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

Guangdong Greenland is a wholly owned subsidiary of the Company and is principally engaged in property investment.

Guangzhou Greenland is a wholly owned subsidiary of the Company and is principally engaged in property investment and development.

Guangdong SPG is ultimately 80%-owned by The Duanyuan Trust, and is principally engaged in property development.

Guangzhou SPG is ultimately 80%-owned by The Duanyuan Trust, and is principally engaged in property investment.

FINANCIAL EFFECTS OF THE ACQUISITION

The JV Company is a subsidiary of the Company and the financial results of the JV Company will be consolidated into the financial statements of the Group. Upon completion, the Project Company will be owned as to 49% by the JV Company, and will be equity accounted for in the accounts of the Group.

Assets and Liabilities

Pursuant to the unaudited pro forma financial information of the financial position of the Group as set out in Appendix III to this circular, assuming that the JV Co's Acquisition had been completed on 30 June 2021, the unaudited pro forma consolidated total assets and total liabilities of the Enlarged Group would be approximately RMB173.8 billion and RMB151.0 billion, respectively. For further details on the financial effects of the JV Agreement, please refer to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular.

Earnings

The Project Company does not have any business operation apart from the property development project in respect of the Land and, prior to 2021, leasing of car parking spaces temporarily situated in the Land pending the completion of the development of the Land. The Land is still under development. Hence, the completion of JV Co's Acquisition will have no immediate material impact on the consolidated earnings of the Group.

INTERNAL CONTROL MEASURES

After the Company had decided to evaluate whether it should enter into the Joint Development, the Company had adopted the following internal control measures to safeguard the interest of the Company in response to the conflict of interests of the two executive Directors, namely Mr. Wang and Ms. Wang, under the JV Agreement:

(a) The evaluation of, and the negotiations on, the terms of the JV Agreement were handled by the remaining executive Directors, namely Messrs. Chen Jun, Wu Zhengkui, and Hou Guangjun (collectively the "**Disinterested Directors**" or individually a "**Disinterested Director**"), who did not, and do not have, any personal interests in the Joint Development. The Investment and Development Department of the Company, which was overseen by the Disinterested Directors, was involved to evaluate the profitability of the Joint Development and the terms of the JV Agreement (including the Payment Term as defined above). With the assistance of a PRC law firm and a PRC accounting firm, the Legal and Risk Control Department and the Financial Management

Department of the Company, which were overseen by the Disinterested Directors, were also involved to conduct legal and financial due diligence on the legal and financial affairs of the Land, the Project Company and the Joint Development. None of Mr. Wang and Ms. Wang was involved in, nor had any opportunity to exert any influence on, the evaluation of the Joint Development and the terms of the JV Agreement, the said due diligence and the negotiation of the terms of the JV Agreement on behalf of the Company. The segregation of Mr. Wang and Ms. Wang from the responsibility and authority in respect of the evaluation of the Joint Development and the terms of the JV Agreement, the said due diligence and the negotiation of the JV Agreement Company was an important safeguard adopted to protect the interests of the Company.

(b) In accordance with the requirement of Code Provision A.1.7 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, a physical board meeting had been convened prior to the entering into the JV Agreement in order to seek the approval and the views of all the Disinterested Directors and the independent non-executive Directors (the "**INEDs**"). All the INEDs had attended the said board meeting. To facilitate the evaluation by the Disinterested Directors and the INEDs of the principal terms of the JV Agreement (including the Payment Term), board papers (comprising a proposal on the background of the Joint Development (including the interest of Mr. Wang and Ms. Wang, and the terms of the Joint Development (including the Payment Term)) and an advanced draft of the JV Agreement) had been circulated to all the Directors together with the notice of the said board meeting. After the terms of the Joint Development had been thoroughly discussed at the said board meeting: (i) all the Disinterested Directors approved of the Joint Development, and (ii) all the INEDs had not raised any concerns about the Joint Development and had pointed out that in line with the practice adopted for connected transactions requiring the appointment of an independent financial adviser, the INEDs' approval was subject to the receipt of the advice of the independent financial adviser to be appointed for the Joint Development.

(c) As the Company is one of the major subsidiaries of Greenland Holdings, the Joint Development, being a material connected transaction of the Company, was required to be vetted and approved by Greenland Holdings. Greenland Holdings did not have, and does not have, any interests in the Joint Development apart from its interest as a Shareholder as in the case of other Independent Shareholders. Hence, the vetting of the Joint Development and the terms of the JV Agreement (including the Payment Term) by Greenland Holdings served as an additional safeguard for the Company's interest. After reviewing the recommendation by the Investment and Development Department of the Company and the Disinterested Directors, Greenland Holdings had approved the Joint Development and the terms of the JV Agreement, and had informed the Disinterested Directors that it would, as an Independent Shareholder, vote in favour of the Joint Development at the EGM.

The Directors are of the view that the measures adopted in sub-paragraphs (a) to (c) above are effective internal control measures to safeguard its interest against its connected persons Mr. Wang and Ms. Wang in respect of the Joint Development.

As set out above, the Disinterested Directors had diligently undertaken the evaluation and negotiation in respect of the Joint Development (including the acceptance of the Payment Term) and had acted in accordance with the above internal control measures to safeguard the interest of the Company against its connected persons. Their recommendation in respect of the Joint Development (including the acceptance of the Payment Term) were scrutinized and approved by the INEDs and Greenland Holdings. Hence, the Disinterested Directors and the INEDs had fulfilled their fiduciary duties under Rules 3.08 and 3.09 of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

The Directors consider that the Land has attractive development potential. The Board (excluding Mr. Wang and Ms. Wang Xuling (being the sister of Mr. Wang), who abstained from voting at the meeting of the Board due to conflict of interest, but including the independent non-executive Directors, whose opinion is set out in the "Letter from the Independent Board Committee" in this circular) considers that the JV Agreement was entered into in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder (including the Financial Assistance) are in the ordinary and usual course of business of the Group, and that the terms of the JV Agreement (including the Financial Assistance) have been negotiated on an arm's length basis and are normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest Applicable Percentage Ratio for the transactions contemplated under the JV Agreement is more than 25% but less than 100%, the entering into the JV Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Guangdong SPG is ultimately 80%-owned by The Duanyuan Trust, of which Mr. Wang is the founder and Ms. Wang is a discretionary object. Both of Mr. Wang and Ms. Wang are Directors. Hence, Guangdong SPG is a connected person of the Company. As the Project Company is owned as to 51% by Guangdong SPG, the Project Company is a connected person of the Company. As the highest Applicable Percentage Ratio for the transactions contemplated under the JV Agreement exceeds 5%, the entering into the JV Agreement constitutes a connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest Applicable Percentage Ratio for the Financial Assistance exceeds 5%, the Financial Assistance contemplated under the JV Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to, among other things, the fairness and reasonableness of the terms of the JV Agreement and to advise the Independent Shareholders on how to vote taking into account the recommendation of the independent financial adviser.

The Company has appointed Octal Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to, among other things, the fairness and reasonableness of the terms of the JV Agreement.

The text of the letter from the Independent Board Committee is set out on pages 23 to 24 of this circular, and the text of the letter from the Independent Financial Adviser is set out on pages 25 to 58 of this circular.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. An ordinary resolution will be proposed at the EGM to seek Independent Shareholders' approval of the JV Agreement, the Supplemental Agreement, and the transactions contemplated thereunder (including the Financial Assistance).

As at the Latest Practicable Date and save for 367,254,133 Shares indirectly held by The Duanyuan Trust (representing an approximately 13.2% interest in the ordinary share capital of the Company), Mr. Wang and his close associates control over the voting rights in respect of 38,804,571 Shares, representing an approximately 1.4% interest in the ordinary share capital of the Company. Mr. Wang, Ms. Wang and their respective close associates will be required to abstain from voting on the resolutions in relation to the JV Agreement, the Supplemental Agreement and the transactions contemplated thereunder. There are no voting trusts or other agreements or arrangements or understandings entered into by Mr. Wang or Ms. Wang, or obligations or entitlements of Mr. Wang or Ms. Wang, whereby Mr. Wang or Ms. Wang has or may have temporarily or permanently passed control over the exercise of the voting rights in respect of his or her Shares to a third party, either generally or on a case-by-case basis.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder has any material interest in the JV Agreement, and therefore no other Shareholder is required to abstain from voting on the resolution approving the JV Agreement, the Supplemental Agreement and transactions contemplated thereunder (including the Financial Assistance) at the EGM.

For the purpose of determining shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 11 November 2021 to Tuesday, 16 November 2021 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 10 November 2021.

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

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

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of Octal Capital, considers that the terms of JV Agreement are fair and reasonable, and that the transactions contemplated under the JV Agreement (including the Financial Assistance) are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution in relation to the JV Agreement to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Greenland Hong Kong Holdings Limited
Chen Jun
Chairman

GREENLAND HONG KONG HOLDINGS LIMITED
綠地香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 337)

26 October 2021

To the Independent Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE (2) CONTINUING CONNECTED TRANSACTION FINANCIAL ASSISTANCE

We refer to the circular dated 26 October 2021 of the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

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

Octal Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in the above-mentioned context. Your attention is drawn to the "Letter from the Board" and the "Letter from the Independent Financial Adviser" in the Circular, which contain, among other things, information about the JV Agreement and the advice from Octal Capital in respect of the transactions contemplated under the JV Agreement (including the Financial Assistance).

Having taking into account the reasons for and benefits of the transactions contemplated under the JV Agreement (including the Financial Assistance), the principal factors and reasons considered by Octal Capital in arriving at its opinion regarding such transactions as set out in the "Letter from the Independent Financial Adviser" on pages 25 to 58 of the Circular, we consider that the terms of the JV Agreement are fair and reasonable, and that the transactions contemplated under the JV Agreement (including the Financial Assistance) are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution as set out in the notice of EGM to be held on Tuesday, 16 November 2021 and thereby approve the transactions contemplated under the JV Agreement (including the Financial Assistance).

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Fong Wo, Felix, JP	**Mr. Kwan Kai Cheong**	**Dr. Lam, Lee G.**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

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

八方金融有限公司
OCTAL Capital Limited

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

26 October 2021

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE
AND
CONTINUING CONNECTED TRANSACTION
FINANCIAL ASSISTANCE

INTRODUCTION

We refer to our appointment as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the JV Agreement and the transactions contemplated thereunder (including the Financial Assistance), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company (together with its subsidiaries, the "**Group**") dated 26 October 2021 (the "**Circular**"), of which this letter forms a part. Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless the context otherwise requires.

As set out in the Letter from the Board, on 19 March 2021, Guangdong Greenland agreed to jointly develop the Land owned by the Project Company with Guangdong SPG and to acquire an approximately 35% attributable interest in the Project Company at the Consideration of RMB175 million (approximately HK$208.3 million), for which Guangdong SPG, Guangdong Greenland, Guangzhou SPG and Guangzhou Greenland entered into the JV Agreement. Pursuant to the JV Agreement and subject to the fulfilment of the Conditions:

(i) Guangdong Greenland and Guangdong SPG have established the JV Company to acquire a 49% interest in the Project Company, the remaining 51% of which will be owned by Guangdong SPG;

(ii) the JV Company is owned as to approximately 71.42% by Guangdong Greenland and as to approximately 28.58% by Guangdong SPG so that Guangdong Greenland and Guangdong SPG will have approximately 35% and approximately 65% attributable interests in the Project Company respectively;

(iii) the Consideration and the Financial Assistance is expected to be not more than approximately RMB2,175 million (approximately HK$2,589.3 million); and

(iv) certain management and corporate affairs of the JV Company and the Project Company shall be bounded by the terms of the JV Agreement.

As the highest Applicable Percentage Ratio for the transactions contemplated under the JV Agreement is more than 25% but less than 100%, the entering into the JV Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Guangdong SPG is ultimately 80%-owned by The Duanyuan Trust, of which Mr. Wang is the founder and Ms. Wang is a discretionary object. Both of Mr. Wang and Ms. Wang are Directors. Hence, Guangdong SPG is a connected person of the Company. As the Project Company is owned as to 51% by Guangdong SPG, the Project Company is a connected person of the Company. As the highest Applicable Percentage Ratio for the transactions contemplated under the JV Agreement exceeds 5%, the entering into the JV Agreement constitutes a connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest Applicable Percentage Ratio for the Financial Assistance exceeds 5%, the Financial Assistance contemplated under the JV Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to, among other things, the fairness and reasonableness of terms of the JV Agreement and to advise the Independent Shareholders on how to vote.

We, Octal Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among other things, the terms of the JV Agreement in this regard. We are not connected with the directors, chief executive and substantial shareholders of the Company or Greenland Holdings or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date and therefore is considered suitable to give independent advice to the Independent Shareholders. During the last two years, we were engaged as the independent financial adviser to the Company (the "**Previous Engagements**") in respect of (i) the connected transaction in relation to appointment of connected persons as contractors for construction works (details of which are set out in the circular of the Company dated 7 November 2019); (ii) the connected transaction in relation to appointment of connected persons as main contractors for construction works (details of which are set out in the circular of the Company dated 11

June 2020); (iii) the very substantial acquisition and connected transaction (details of which are set out in the circular of the Company dated 25 November 2020); and (iv) the connected transaction in relation to appointment of connected persons as contractors for construction work (details of which are set out in the circular of the Company dated 30 June 2021).

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

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

(I) CONNECTED TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE

Principal factors and reasons considered

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

1. *Information on the Group*

1.1. Business of the Group

The Company is an investment holding company incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in property development, property and hotel investment and property management. As at the Latest Practicable Date, Greenland Holdings indirectly holds approximately 59.11% of the entire issued share capital of the Company.

With reference to the announcement of the Company dated 31 December 2020, the Group completed a very substantial acquisition of entire equity of Guangzhou Greenland (the "**Guangzhou Greenland Acquisition**") in 2020, leading to the strategic addition of sizeable land bank in the Guangdong Province, including the Greater Bay Area, which further balanced the Group's land bank in the Yangtze River Delta and Pan-Pearl River Delta and offered an opportunity for the Group to embrace the PRC Government's Greater Bay Area policy. The Guangzhou Greenland Acquisition involved 35 projects in Guangdong Province, of which 29 projects are in the Guangdong-Hong Kong-Macao Greater Bay Area respectively located in 11 cities including Shenzhen, Guangzhou, Foshan, Dongguan, Jiangmen, Shantou, Jieyang, Zhanjiang, which increased its land bank by approximately 8.3 million square meters for residential, commercial, office, etc. purposes.

According to the information provided by the management of the Company, as at the date of the Company's annual report for the year ended 31 December 2020 (the "**2020 Annual Report**"), the total land bank of the Group was approximately 27 million sq. m., of which a GFA of approximately 8.9 million sq. m. is strategically located in the Guangdong province, representing an increase of approximately 6.8 million sq. m. or 3.2 times as compared to the same of approximately 2.1 million sq. m. as at 30 March 2020. The aforesaid land bank accumulated is expected to be sufficient to support the Group's property development in the following two to three years. The Group will continue to seek the additional high-quality land projects with promising potential for development.

1.2. Financial information of the Group

Set out below is a summary of the consolidated financial information of the Group for each of the two financial years ("**FY**") 2019 and 2020, and the six months ended 30 June ("**HY**") 2020 and 2021 as extracted from the annual report of the Company for FY 2019 (the "**2019 Annual Report**"), the 2020 Annual Report and the interim report of the Company for HY 2021 (the "**2021 Interim Report**"):

	FY 2019	**FY 2020**	**HY 2020**	**HY 2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited) (restated) *Note*	(audited)	(unaudited) (restated)	(unaudited)
Reportable segment revenue				
– Sales of properties and construction management services	35,873,779	32,833,210	9,804,123	13,061,471
– Lease of properties	139,022	212,397	89,740	93,136
– Hotel and related services	133,941	106,472	33,904	48,691
– Property management and other services	495,813	582,344	214,259	245,555
Total revenue	36,642,555	33,734,423	10,142,026	13,448,853
Cost of sales	(25,844,404)	(25,485,041)	(6,746,755)	(9,320,755)
Gross profit	10,798,151	8,249,382	3,395,271	4,128,098
Gross profit margin	29.5%	24.5%	33.5%	30.7%
Profit for the year	5,711,095	3,459,394	1,197,208	1,434,065

Note: Upon the completion of the Guangzhou Greenland Acquisition mentioned in the announcement dated 12 October 2020, the circular dated 25 November 2020 and announcement dated 31 December 2020 of the Company, the results of the Group for the year ended 31 December 2019 has to be restated as if the Guangzhou Greenland Acquisition had been completed on 1 January 2019, accounted for using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

FY 2020 versus FY 2019

The total revenue of the Group decreased by approximately RMB2,908.1 million or 7.9% from approximately RMB36,642.6 million for FY 2019 to approximately RMB33,734.4 million for FY 2020. As disclosed in the 2020 Annual Report, such decrease was mainly attributable to the decrease in revenue from sales of properties and construction management services of approximately RMB3,040.6 million, which accounted for approximately 97.3% of the Group's total revenue for FY 2020.

The gross profit of the Group decreased from approximately RMB10,798.2 million for FY 2019 to approximately RMB8,249.4 million for FY 2020, while its gross margin decreased from approximately 29.5% for FY 2019 to approximately 24.5% for FY 2020, mainly attributable to that gross profit margin of the properties delivered for FY 2020 was lower than that of properties delivered for FY 2019.

As a result of the foregoing, the profit for the year dropped from approximately RMB5,711.1 million for FY 2019 to approximately RMB3,459.4 million for FY 2020, representing a decline of approximately RMB2,251.7 million or 39.4% as compared with the same in FY 2019.

HY 2021 versus HY 2020

The total revenue of the Group increased by approximately RMB3,306.8 million or 32.6% from approximately RMB10,142.0 million for HY 2020 to approximately RMB13,448.9 million for HY 2021. As disclosed in the 2021 Interim Report, such increase was mainly attributable to the increase in revenue from sales of properties and construction management services of approximately RMB3,257.3 million, which accounted for approximately 97.1% of the Group's total revenue for HY 2021.

The gross profit of the Group increased from approximately RMB3,395.3 million for HY 2020 to approximately RMB4,128.1 million for HY 2021, while its gross margin decreased from approximately 33.5% for HY 2020 to approximately 30.7% for HY 2021, mainly attributable to that gross profit margin of the properties delivered for HY 2021 was lower than that of properties delivered for HY 2020.

As a result of the foregoing, the profit for the year increased from approximately RMB1,197.2 million for HY 2020 to approximately RMB1,434.1 million for HY 2021, representing an increase of approximately RMB236.9 million or 19.8% as compared with the same in HY 2020.

Set out below is the summary of the consolidated statement of financial position of the Group as at 31 December 2019 and 2020, and as at 30 June 2021 as extracted from the 2019 Annual Report, the 2020 Annual Report and the 2021 Interim Report:

	As at 31 December		As at 30 June
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
	(audited) (restated) Note 1	(audited)	(unaudited)
Non-current assets	14,591,665	19,546,562	19,416,337
Current assets	145,444,480	145,442,006	154,328,213
Total assets	160,036,145	164,988,568	173,744,550
Non-current liabilities	13,459,098	15,697,332	16,467,033
Current liabilities	123,627,664	127,149,404	134,494,799
Total liabilities	137,086,762	142,846,736	150,961,832
Net current assets	21,816,816	18,292,602	19,833,414
Net assets	22,949,383	22,141,832	22,782,718
Equity attributable to owners of the Company	14,326,516	12,643,252	13,382,737
Cash and cash equivalent (including restricted bank deposits)	15,582,026	13,853,394	13,190,521
Total borrowings Note 2	20,925,698	24,688,575	25,054,096
Gearing ratio Note 3	23.3%	48.9%	52.1%

Note:

1. Upon the completion of the Guangzhou Greenland Acquisition mentioned in the announcement dated 12 October 2020, the circular dated 25 November 2020 and announcement dated 31 December 2020 of the Company, the results of the Group for the year ended 31 December 2019 has to be restated as if the Guangzhou Greenland Acquisition had been completed on 1 January 2019, accounted for using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA

2. Total borrowings represent interest-bearing loans and bonds

3. Gearing ratio represents total borrowings less cash and cash equivalents (including restricted bank deposits) divided by total equity (i.e. net assets)

As at 31 December 2020, the Group had total assets of approximately RMB164,988.6 million which comprised of non-current assets of approximately RMB19,546.6 million and current assets of approximately RMB145,442.0 million. The Group's total assets as at 31 December 2020 increased by approximately 3.1% as compared to 31 December 2019 which was mainly attributable to the increase in properties under development and investment properties. The total liabilities of the Group increased from approximately RMB137,086.8 million as at 31 December 2019 to approximately RMB142,846.7 million as at 31 December 2020, which was mainly attributable to the increase in interest-bearing loans and contract liabilities, which was partially offset by decrease in trade and other payables.

As at 30 June 2021, the Group had total assets of approximately RMB173,744.6 million which comprised of non-current assets of approximately RMB19,416.3 million and current assets of approximately RMB154,328.2 million. The Group's total assets as at 30 June 2021 increased by approximately 5.3% as compared to 31 December 2020 which was mainly attributable to (i) the increase in completed properties held for sale of approximately RMB3,539.8 million; and (ii) the increase in trade and other receivables, deposits and prepayment of approximately RMB6,782.2 million. The total liabilities of the Group increased from approximately RMB142,846.7 million as at 31 December 2020 to approximately RMB150,961.8 million as at 30 June 2021, which was mainly attributable to the increase in contract liabilities of approximately RMB8,782.5 million.

The Group's gearing ratios as at 31 December 2019, 2020 and 30 June 2021 were approximately 23.3%, 48.9% and 52.1% respectively. Such increase in gearing ratio as at 31 December 2020 was mainly due to the rise in bank borrowings and cash proceeds which have been utilized to fund its business operations and project investment and development for FY 2020. As at 30 June 2021, the Group's gear ratio generally remained stable as compared to the same as at 31 December 2020.

2. *Information of the Project Company*

2.1. Business of the Project Company

As at the Latest Practicable Date, the Project Company is a joint venture in respect of the Joint Development and was established on 30 September 2002 in the PRC with a registered capital of RMB77 million (approximately HK$91.7 million), which have been fully contributed. As informed by the Company, it is intended that the JV Company will not carry on any business apart from the investment holding of the said 49% interest in the Project Company. The Project Company is principally engaged in property development in the PRC and, in the past three years prior to 2021, has derived its revenue from rental income from temporary leasing of car parking spaces situated in the Land pending the completion of the development of the Land. The future main business of the Project Company will focus on the property development project in respect of the Land. The principal asset of the Project Company is the Land situated at Luojiacun, Shiji Town, Panyu District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市番禺區石基鎮羅家村).

The Land has an area of approximately 27,256 sq. m. with construction land use area of approximately 19,588 sq. m. and a land use right of 40 years for commercial and office land use, and 70 years for residential land use. Based on the reply from the Guangzhou City Planning and Natural Resources Bureau issued on 5 March 2020 (the "**Planning Reply**") in respect of the planning conditions for the Land, the Land has been approved to increase the plot ratio to up to 9.0 subject to the payment of land premium (the "**Land Premium**") for those increased area. It is expected that the Land will be developed into a commercial, office and residential complex with a total area of approximately 139,000 sq. m. and some car parking spaces (the "**Properties**"), which is exclusive of the Excluded Properties.

In regard to the increase of plot ratio of the Land, as advised by the Company, other than the approval of the Guangzhou Government and the agreement on the amount of the Land Premium with the relevant government authorities, the Company understands that there is no legal impediment to the signing of the Supplementary Land Grant Contract of the Land Use Right (the "**Supplementary Contract**") in respect of the Land. According to the Company's previous experience, the government will in general approve the signing of the relevant land grant contract after planning approvals have been obtained. The Company understands that Guangdong SPG is liaising with the Guangzhou Government for the said approval and such approval is expected to be obtained within 6 months. We have obtained and reviewed the legal opinion issued by the PRC legal adviser and understand that, after entering into the Supplementary Contract and the Land Premium has been fully paid to confirm the plot ratio of the Land, the Land will be ready to develop into a comprehensive development with a plot ratio of 9.0 of the construction land use area of the Land. According to the Letter from the Board, under the Supplemental Agreement, Guangdong SPG has undertaken with Guangdong Greenland that in the event that the Project Company is unable to sign the Supplementary Contract on or before 28 February 2022, Guangdong SPG shall within 10 business days from the said deadline acquire from Guangdong Greenland all its 71.42% interest in the JV Company and shareholder's loan from Guangdong Greenland to the JV Company of approximately RMB167.86 million (the "**Greenland's Loan**") at the Buy-back Consideration. In view that the Group can request Guangdong SPG to buy back its total equity interest and the Greenland's Loan of the JV Company at the original consideration and compensate for relevant interest incurred, if the Supplementary Contract is not achieved such that the plot ratio of the Land cannot be increased to 9.0, we are of the view that the above term provides sufficient protection for the Group. Moreover, based on the Group's estimation, the Land Premium is approximately RMB1.1 billion which is expected to be paid in 2022 and financed by bank loan with the financial assistance (the "**Financial Assistance**") provided by the Group. The Group and the Project Company have been in discussion with several banks to obtain the bank loan and it is expected that, with the Financial Assistance to be provided by the Group, the Project Company will obtain the bank loan to fund the Land Premium. For details of the Financial Assistance, please refer to the section headed "(II) Financial Assistance and Continuing Connected Transaction" in this letter. Based on above, we are of the view that the Group has adopted sufficient measures to ensure that the Project Company will have financial resource to pay the Land Premium for the increase of plot ratio of the Land.

2.2. Financial information of the Project Company

The table below sets out a summary of the financial results of the Project Company for FY 2018, FY 2019, FY 2020 and the five months ("**FM**") ended 31 May 2021 as extracted from the financial information set out in Appendix II to the Circular. Details on the management discussion and analysis on the Project Company are set out in Appendix IV to the Circular.

	FY 2018	**FY 2019**	**FY 2020**	**FM 2020**	**FM 2021**
	RMB '000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Revenue	1,079	1,009	347	156	–
Loss for the year/period	(4,267)	(8,584)	(7,080)	(3,853)	(9,690)

FY 2019 versus FY 2018

The revenue of the Project Company decreased by approximately RMB70,000 or 6.5% from approximately RMB1,079,000 for FY 2018 to approximately RMB1,009,000 for FY 2019. Such decrease was mainly attributable to the decrease in rental income from leasing of the car parking spaces.

In terms of loss for the year, the Project Company experienced loss for the year of approximately RMB8,584,000 for FY 2019, representing an increase of approximately RMB4,317,000 or 101.2% when compared to that of FY 2018. The increase in net loss for the year was mainly attributable to (i) the increase in administrative expenses from approximately RMB2,763,000 in FY 2018 to approximately RMB6,811,000 in FY 2019; and (ii) the increase in finance costs from approximately RMB1,159,000 in FY 2018 to approximately RMB1,975,000 in FY 2019.

FY 2020 versus FY 2019

The revenue of the Project Company decreased by approximately RMB662,000 or 65.6% from approximately RMB1,009,000 for FY 2019 to approximately RMB347,000 for FY 2020. Such decrease was mainly attributable to termination of most of leasing of car parking spaces in June 2020.

In terms of loss for the year, the Project Company experienced loss for the year of approximately RMB7,080,000 in FY 2020, representing a decrease of approximately RMB1,504,000 or 17.5% when compared to that of FY 2019. The decrease in net loss for the year was mainly attributable to (i) the decrease in other operating expenses from approximately RMB340,000 in FY 2019 to approximately RMB240,000 in FY 2020; and (ii) the turnaround in other gains and loss from other losses of approximately RMB472,000 in FY 2019 to other gains of approximately RMB2,162,000 in FY 2020. Such recognition of other gains resulted from the net foreign exchange gain of approximately RMB2.0 million arising from the Project Company's borrowings denominated in USD, mainly due to appreciation of RMB against USD during FY 2020.

FM 2021 versus FM 2020

The revenue of the Project Company decreased by approximately RMB156,000 or 100.0% from approximately RMB156,000 for FM 2020 to nil for FM 2021. Such decrease was mainly attributable to cessation of leasing of car parking spaces since June 2020.

In terms of loss for the period, the Project Company experienced loss for the period of approximately RMB9,690,000 in FM 2021, representing an increase of approximately RMB5,837,000 or 151.5% when compared to that of FM 2020. The increase in net loss for the period was mainly attributable to (i) the cessation of leasing of car parking spaces since June 2020; and (ii) the increase in administration expenses of approximately RMB7,126,000 in FM 2021. Such increase in administration expenses resulted from the increase in staff cost and fee for preliminary development in respect of the Land.

The table below sets out a summary of the financial position of the Project Company as at 31 December 2018, 2019 and 2020 as extracted from the financial information of the Project Company set out in Appendix II to the Circular.

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(audited)
Non-current assets	108,595	107,681	105,393	106,976
Current assets	1,332	1,403	3,111	1,680
Total assets	109,927	109,084	108,504	108,656
Non-current liabilities	40,082	39,630	35,955	36,094
Current liabilities	4,426	12,619	20,961	30,664
Total liabilities	44,508	52,249	56,916	66,758
Net current liabilities	(3,094)	(11,216)	(17,850)	(28,984)
Net assets	65,419	56,835	51,588	41,898

As at 31 December 2019, the Project Company had total assets of approximately RMB109.1 million which was comprised of non-current assets of approximately RMB107.7 million and current assets of approximately RMB1.4 million. The Project Company's total assets as at 31 December 2019 decreased by approximately RMB0.8 million or 0.8% as compared to 31 December 2018 which was mainly attributable to the decrease in right-of-use assets. The Project Company had total liabilities of approximately RMB52.2 million as at 31 December 2019, which was comprised of non-current liabilities of approximately RMB39.6 million and current liabilities of approximately RMB12.6 million. The Project Company's total liabilities as at 31 December 2019 increased by approximately RMB7.7 million or 17.4% as compared to 31 December 2018 which was mainly attributable to the increase in current portion of trade and other payables of approximately RMB6.7 million.

As at 31 December 2020, the Project Company had total assets of approximately RMB108.5 million which was comprised of non-current assets of approximately RMB105.4 million and current assets of approximately RMB3.1 million. The Project Company's total assets as at 31 December 2020 decreased by approximately RMB0.6 million or 0.5% as compared to 31

December 2019 which was mainly attributable to the decrease in right-of-use assets. The Project Company had total liabilities of approximately RMB56.9 million as at 31 December 2020, which was comprised of non-current liabilities of approximately RMB36.0 million and current liabilities of approximately RMB21.0 million. The Project Company's total liabilities as at 31 December 2020 increased by approximately RMB4.7 million or 8.9% as compared to 31 December 2019 which was mainly attributable to the increase in current portion of trade and other payables of approximately RMB9.6 million, partially offset by decrease in both current and non-current portion of lease liabilities of approximately RMB2.3 million in aggregate.

As at 31 May 2021, the Project Company had total assets of approximately RMB108.7 million which was comprised of non-current assets of approximately RMB107.0 million and current assets of approximately RMB1.7 million. The Project Company's total assets as at 31 May 2021 increased by approximately RMB0.2 million or 0.1% as compared to 31 December 2020 which was mainly attributable to the increase in right-of-use assets and other receivables, partially offset by decrease in bank balances and cash. The Project Company had total liabilities of approximately RMB66.8 million as at 31 May 2021, which was comprised of non-current liabilities of approximately RMB36.1 million and current liabilities of approximately RMB30.7 million. The Project Company's total liabilities as at 31 May 2021 increased by approximately RMB9.8 million or 17.3% as compared to 31 December 2020 which was mainly attributable to the increase in current portion of trade and other payables of approximately RMB8.8 million.

3. *Reasons for the Entering into the JV Agreement*

As set out in the Letter from the Board, the Directors consider that the Land has attractive development potential. The Board (excluding Mr. Wang and Ms. Wang Xuling (being the sister of Mr. Wang), who abstained from voting at the meeting of the Board due to conflict of interest, and the independent non-executive Directors who will give their opinion in the "Letter from the Independent Board Committee" in the circular after considering the recommendations of the independent financial adviser) considers that the JV Agreement was entered into in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder (including the Financial Assistance) are in the ordinary and usual course of business of the Group, and that the terms of the JV Agreement (including the Financial Assistance) have been negotiated on an arm's length basis and are normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We understand from the Company that the Board considers establishing the JV Company to be consistent with the strategy of the Group, namely, to: (i) embrace the PRC Government's Greater Bay Area policy, with a firm commitment to become a high-growth property developer in the PRC; (ii) focus on the major cities in the Pan-Pearl River Delta with investment value and growth potentials, and positioning at the middle to high-end product ranges; and (iii) build up and maintain a quality land bank. As mentioned in the sub-section headed "1.1 Business of the Group" in this letter, the land bank located in Guangdong province amounted to approximately 8.9 million sq. m. as at the date of the 2020 Annual Report, which accounted for approximately 32.8% of the total land bank held by the Group and represented approximately 3.3 times year-on-year increase as compared to the land bank in Guangdong province as at the date of the 2019 Annual Report. With respect to business focus of the Group in recent years, the Group has attempted to balance its property investment portfolio in the Yangtze River Delta and Pan-Pearl River Delta. Through the Guangzhou Greenland Acquisition, land bank in Guangdong province has increased by approximately 8.3 million sq. m., where Guangdong province is regarded as prime province in Pan-Pearl River Delta and consists of all the key cities in the Greater Bay Area save for Hong Kong and Macau. The Group anticipated that the Greater Bay Area, being a city cluster consisting of nine cities in Pan-Pearl River Delta and Hong Kong and Macau with well-positioning in the country's strategic development plan, will turn into a new financial and business hub, thereby stimulating the demand for both commercial and real estate properties. In addition, with reference to the "1.2 Financial Information of the Group" in this letter, the Company recorded segment revenue generated from sales of properties and construction management services of approximately RMB32.8 billion, accounting for approximately 97.3% of the total revenue for FY 2020 and representing the core revenue of the Group. It is expected that the JV Co's Acquisition will increase the Group's land bank upon the completion of the JV Co's Acquisition and the Group's core revenue in the near future. Moreover, the Company had equity attributable to owners of the Company and cash and cash equivalents of approximately RMB12.6 billion and RMB13.9 billion as at 31 December 2020 respectively, which allow the Group to fund the Consideration without imposing material burden on the operation and financial of the Group. We are of the view that the JV Co's Acquisition is a good opportunity for the Group to expand its land bank in the Greater Bay Area and the Group has sufficient resources to fund the Consideration.

The development potential of the Land manifested itself in its prominent location. Based on our studies on the location of the Land through Baidu Maps, a leading intelligent location service platform in the PRC, we observed, on a best effort basis, that the Land is located close to the centre of Panyu district and Panyu Square Station, the terminus of Line 3 of the Guangzhou Metro. The Land is situated nearby S111 highway which connects Panyu district to Guangzhou City. Taking into account its geographical location, it is expected that the Land has strong potential by benefiting from the property market trend of Guangzhou city.

According to public information released on 18 January 2021 by China Index Academy, a professional property research organization which is established in 1994 in the PRC with over 500 analysts, the average transaction price of land for residential use in Guangzhou city increased from RMB11,547 per sq. m. in 2018 to RMB12,642 per sq. m. in 2019, and further increased to RMB13,315 per sq. m. in 2020, representing a compound annual growth rate ("**CAGR**") of approximately 7.4% during the period. The total transaction size of land for residential use in Guangzhou also showed an increasing trend, from approximately 10.0 million sq.m. in 2018 to approximately 10.8 million sq. m. in 2019, and reaching to approximately 15.4 million sq.m. in 2020, representing a CAGR of approximately 24.2%. Besides, an analogous phenomenon existed in comparison in respect of residential units and transaction area sold. With reference to public information released by China Index Academy on 18 January 2021, a total of 109,239 new residential units in Guangzhou city were sold in 2020, with a transaction area of approximately 11.7 million sq. m., which increased by approximately 19.4% as compared to that in 2019.

According to National Bureau of Statistics of China, the year-on-year growth of GDP in Guangdong province for 2020 was approximately 2.3% while that of Guangzhou city and Panyu district were approximately 2.7 % and 4.1% respectively, outperforming the GDP growth of Guangdong province. Guangzhou city, being one of the major cities in the Greater Bay Area, the PRC, will continue to benefit from the economic growth of the Greater Bay Area and therefore the overall real estate investment in the Greater Bay Area is expected to continue to grow steadily in the future. Located in the south-central part of Guangzhou city and geographic center of the Greater Bay Area with a total area of about 530 square kilometers, Panyu district, well-known for its beautiful natural ecology and interlaced river network, is particularly suitable for business and living. With reference to the Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area (《粵港澳大灣區規劃綱要》) published by the State Council of the PRC in 2019, total commitment for infrastructure investment in Panyu district amounted to approximately RMB80 billion, which will be used to vigorously promote construction of corporate headquarters within the district, including the Wanbo Business District (萬博商務區), thereby being anticipated to be another central business district in Guangzhou city.

In view of the abovementioned, in particular, (i) the formation of JV Company and engagement in the Project Company being consistent with the Group's long-term strategies; (ii) the development potential of the Land; (iii) positive prospect of the property market in Panyu district; and (iv) favourable policies in the Greater Bay Area, we concur with the view of the Directors that entering into the JV Agreement is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

4. *Principal terms of JV Agreement*

4.1 Conditions

The completion of the JV Co's Acquisition shall be conditional upon the fulfilment of the following Conditions:

(a) the Company having obtaining the approval from the Independent Shareholders at its extraordinary general meeting as required by the Listing Rules in respect of the transactions contemplated under the JV Agreement (as amended by the Supplemental Agreement); and

(b) Guangdong SPG having acquired the 49% interest in the Project Company from the Sellers;

(c) Guangdong SPG not having breached any of the obligations imposed on it or any of its undertakings under the JV Agreement in any material respects.

Completion of the JV Co's Acquisition shall take place within 10 working days from the fulfilment of all the Conditions, which is expected to be on or before 14 January 2022. If any of the above Conditions has not been fulfilled on or before 31 December 2021, the transactions contemplated under the JV Agreement (as amended by the Supplemental Agreement) will not proceed and the JV Agreement shall cease to have any effect. In such case, Guangdong SPG shall within 10 business days from the said deadline acquire from Guangdong Greenland all its 71.42% interest in the JV Company and the Greenland's Loan at the Buy-back Consideration.

4.2 Formation of the JV Company

The JV Company will be owned as to 71.42% by Guangdong Greenland and as to 28.58% by Guangdong SPG. The JV Company will acquire a 49% interest in the Project Company and Guangdong SPG will acquire a 51% interest in the Project Company. As informed by the Company, it is intended that the JV Company will not carry on any business apart from the investment holding of the said 49% interest in the Project Company. As a result, Guangdong Greenland and Guangdong SPG will have an approximately 35% and 65% attributable interest in the Project Company respectively. The consideration payable by Guangdong Greenland for the acquisition of an approximately 35% attributable interest in the Project Company is RMB175 million (approximately HK$208.3 million).

According to the Letter from the Board, in view of the foregoing circumstance in relation to the JV Co's Acquisition, the Consideration payable by Guangdong Greenland for the acquisition of an approximately 35% attributable interest in the Project Company is RMB175 million (approximately HK$208.3 million), which was funded by the internal resources of the Group. To finance the JV Co's Acquisition at the JV Co's Consideration of RMB245 million (approximately HK$291.7 million) payable to Guangdong SPG, Guangdong Greenland and Guangdong SPG shall contribute RMB175 million (approximately HK$208.3 million) and RMB70 million (approximately HK$83.3 million) to the JV Company respectively. On 19 March 2021, Guangdong Greenland paid the Consideration of RMB175 million to Guangdong SPG, which has been applied as prepayment of its contribution for the JV Co's Consideration. The said RMB175 million contribution will be accounted for as capital contribution to the JV Company in respect of approximately RMB7.14 million thereof, and as the Greenland's Loan of approximately RMB167.86 million thereof. The balance of the JV Co's Consideration of RMB70 million to be contributed by Guangdong SPG will be accounted for as capital contribution to the JV Company in respect of approximately RMB2.86 million thereof, and as shareholder's loan from Guangdong SPG to the JV Company as to approximately RMB67.14 million thereof. Upon completion of the JV Co's Acquisition, the Project Company will be equity accounted for in the accounts of the Group. As Guangdong SPG is the vendor of the 49% interest of Project Company and the other shareholder of the JV Company (as purchaser), it is expected that there will be no actual cash payment via cash contribution from Guangdong SPG to the JV Company for the JV Co.'s Acquisition, which would be ultimately received by Guangdong SPG. Instead, Guangdong SPG will transfer the 49% interest of Project Company to the JV Company upon the date of completion of the JV Co.'s Acquisition and the relevant sum will be accounted for as capital contribution to the JV Company and shareholder's loan from Guangdong Greenland and Guangdong SPG to the JV Company respectively. Based on above, we are of the view that the arrangement of the contribution to the JV Company by Guangdong SPG is fair and reasonable.

Furthermore, we are aware that the Company has entered into other formation of joint venture agreements with other entities from time to time. According to the announcements of the Company dated 24 February 2020, 24 April 2020 and 2 July 2020, the Company entered into joint venture agreements with three different entities during FY 2020 (the "**Comparable JV Formations**"). As the Comparable JV Formations represent all of the recent formations of joint venture for the purpose of co-investment on property development projects entered into and published by the Group since the commencement of FY 2020 and up to the date of the JV Agreement, we considered that the selection of the Comparable JV Formations is fair and representative. In order to assess the fairness and reasonableness of formation of the JV Company under the JV Agreement, we have reviewed the key terms in the formation of those the Comparable JV Formations, including but not limited to, the board composition, nature of commitment and the profit distribution. We noted that the board composition and the implied voting power is corresponding to the respective shareholdings of the shareholders in the joint venture companies and the project companies, and total contribution to be made to the joint venture companies by the respective joint venture partners and the Company were determined at arm's length negotiation where the nature of total contribution is divided into capital commitment and shareholder's loan with accordance to the respective shareholdings. Besides, the profit distribution is proportional to the equity distribution of the joint ventures for the purpose of co-development of the property projects. The aforesaid terms of the above formation of the Comparable JY Formations are generally in line with the terms of the JV Agreement, except for the Financial Assistance provision. In arriving at the reasonableness of the provision of Financial Assistance, we considered that the Financial Assistance to be provided by the Company to the JV Company in order to finance the property development project with respect to the Land, is essential for the Project Company to finance the development of the Land and support the usual business of the Project Company and is in the interest of the Company and the Shareholders as a whole. For further details about assessment on the reasonableness in relation to the provision of the Financial Assistance, please refer to the sub-section headed "(II) FINANCIAL ASSISTANCE AND THE CONTINUING CONNECTED TRANSACTION — 1. Assessment on Financial Assistance". On the basis of above factors, in particular, the Group's track record on entering into joint venture formation for the purpose of co-investment in property development projects with independent joint venture partners and the key terms of the JV Agreement being comparable to those of the Comparable JV Formations, we are of the view that the formation of JV Company is an ordinary and a usual course of business for the Company.

4.3 Assessment on the Consideration

As disclosed in the Letter from the Board, the Consideration is determined based on the arm's length negotiation between Guangdong Greenland and Guangdong SPG with reference to the financial position and business prospect of the Project Company. For determination of the Consideration, the Company took a totality approach to evaluate all the factors individually and collectively. The factors which the Company had primarily considered in determining the Consideration include the following: (1) the unaudited net asset of the Project Company of approximately RMB74 million (approximately HK$88.1 million) as at 31 December 2020; (2) the Company's internal assessment of the value of the Land, which was estimated based on the same valuation assumptions adopted by Cushman & Wakefield Limited for its preparation of the valuation report (the "**Valuation Report**") set out in Appendix V to this circular, and such internally assessed value of the Land is not materially different (i.e. being not more than 5% difference) from that shown in the Valuation Report; (3) the optimistic market outlook of the Greater Bay Area (in which the Joint Development is situated) and business potential of the development of the Land after the plot ratio is increased up to 9.0, which leads the Company to expect that the Land will be developed into a commercial, office and residential complex with a total area of approximately 139,000 sq.m. and some car parking spaces (exclusive of the Excluded Properties); and (4) the obligation to transfer the Excluded Properties from the Project Company to Yonglong Plastic or its nominee. For example, to assess the profitability of the Joint Development, the Company had to assess the value of the Land as well as the estimated future market potential of the sale of the completed units of the Joint Development after it has been completed. We also confirmed with the Company that, in arriving at the Consideration, the Company has taken into account the profitability in the Joint Development on the basis that the Joint Development is situated in Panyu District, Guangzhou City, which is one of the major cities of the Greater Bay Area on which the positive government policy has been implemented, the Company, therefore, has confidence in the profitability in the Joint Development. For completeness, the Company has also considered the impact of the obligation to transfer the Excluded Properties from the Project Company to Yonglong Plastic or its nominee. As disclosed in Letter from the Board, prior to the Company's entering into the JV Agreement in March 2021, Guangdong SPG already agreed with the Sellers in December 2020 that the Excluded Properties shall be transferred by the Project Company to the Sellers. Hence, it would not be possible for the Company to request for the cancellation of the said obligation of the Project Company to transfer the Excluded Properties to the Sellers. The Company had not assessed the valuation of the Excluded Properties for the purposes of determining the Consideration. Instead, the Company estimated the profitability of the Joint Development with reference to the saleable GFA (excluding the saleable GFA of the Excluded Properties) and the development cost of the Joint Development (including that of the Excluded Properties), and considered that the Joint Development was still profitable at level acceptable to the Company. In view of the foregoing, the Company negotiated, and agreed, with Guangdong SPG on the amount of the Consideration.

According to the Letter from the Board, the total development cost of the Joint Development (the "**Total Development Cost**") to be borne by the Project Company which mainly includes the unpaid Land Premium of approximately RMB1.1 billion and the expected development cost of the Properties and Excluded Properties of approximately RMB2.6 billion. The Total Development Cost is planned to be financed by bank loan with the Financial Assistance and the expected proceeds from the pre-sale of Properties. Based on the detailed development plan of the Joint Development (the "**Detailed Development Plan**") prepared by the Group and our further discussion with the management of the Group, we observed that the expected gross profit margin of the Joint Development, which has taken into account the expected Total Development Cost, is higher than the average gross profit margin of the existing property development projects of the Group. In light of the above, we are of the view that the entering into the JV Agreement and the JV Co's Acquisition, in particular considering the impact of the obligation to transfer the Excluded Properties from the Project Company to Yonglong Plastic or its nominee, is in the interests of the Company and the Independent Shareholders as a whole.

In assessing the Consideration, we compare the Consideration to the intrinsic value of the Project Company as at 31 May 2021 to be attributable to the Group (the "**Intrinsic Value**") upon completion of the JV Co's Acquisition, taking into account (i) the audited net asset value of the Project Company; and (ii) the revaluation surplus of the Project Company with reference to the excess of appraisal value of the Properties (the "**Appraisal Value**") as disclosed in the Valuation Report over their book value after netting off the Land Premium. Set out below is the calculation of the Intrinsic Value:

		RMB million
Audited net asset value of the Project Company as at 31 May 2021	A	41.9
The Appraisal Value	B	2,440.0
Less: Book value of the Properties as at 31 May 2021	C	(105.3)
Less: Land Premium	D	(1,100.0)
Revaluation surplus	E=B-C-D	1,234.7
Equity interest of the Project Company to be attributable to the Group upon completion of the JV Co's Acquisition	F	35%
The Intrinsic Value	G=(A+E)*F	446.8

As mentioned in the sub-section headed "2.1 Business of the Project Company" in this letter, according to the PRC legal adviser, there is no legal impediment in obtaining the planning approval to increase the plot ratio of the Land to 9.0 after payment of the Land Premium of approximately RMB1.1 billion in accordance with the Planning Reply from the Guangzhou City Planning and Natural Resources Bureau. In view that the planning approval is only subject to the settlement of the Land Premium which will be funded by bank borrowing in relation to Financial Assistance after formation of the JV Company, we considered that applying the Appraisal Value in deriving the Intrinsic Value is fair and reasonable. By comparison, the Consideration represents a discount to the Intrinsic Value of approximately 60.8%.

To further assess the fairness and reasonableness of the discount represented by the Consideration to the Intrinsic Value, we have carried out, on a best effort basis, a comparable table on consideration paid by other listed issuers in property transaction using the following selection criteria: (i) acquisition of land parcel(s) or company(ies) with ongoing property development project in the PRC by companies listed on the Stock Exchange with corresponding announcement published in the past twelve months from 1 March 2020 to the date of the Announcement which constituted a connected and major transaction; and (ii) appraised value of the property(ies) by independent valuer as basis of determination of consideration set out in the circular. Taking into account that the review period covering historical twelve months prior to the date of the Announcement would cover sufficient transaction samples reflecting similar and recent market condition and sentiment for our analysis, we consider that a twelve-month review period is reasonable and representative. We have identified and made references to 11 comparable transactions (the "**Comparable Property Transactions**") which meet the aforesaid criteria, and these Comparable Property Transactions are fair and representative. Although the locations of the subject property of the Comparable Property Transactions are not identical to that of the Land, given the Comparable Property Transactions and the Properties are exposed to similar market conditions in the PRC, we consider the Comparable Property Transactions could provide a general reference for acquisition of land parcel or property development project in the PRC by companies listed on the Stock Exchange. Brief summary of relevant information of the Comparable Property Transactions are set out below:

No.	Company (stock code)	Date of announcement	Transaction	Consideration	Adjusted net asset value of target company/ companies (Note 1)	Discount to adjusted net asset value of target company/ companies
				RMB' million	*RMB' million*	
1	Jiayuan International Group Limited (2768)	13 January 2021	Acquisition of the entire equity of a real estate company with five property development projects in Shandong Province, the PRC	6,142	7,189	(14.6)%

No.	Company (stock code)	Date of announcement	Transaction	Consideration *RMB' million*	Adjusted net asset value of target company/ companies (Note 1) *RMB' million*	Discount to adjusted net asset value of target company/ companies
2	Guangdong Land Holdings Limited (124)	29 October 2020	Acquisition of 51% of equity interest of a real estate company with three land parcels in Guangdong Province, the PRC	648	653	(0.8)%
3	Guangdong Land Holdings Limited (124)	29 October 2020	Acquisition of the entire equity of a real estate company with a land parcel in Guangdong Province, the PRC	274	453	(39.6)%
4	Minmetals Land Limited (230) (Note 2)	28 October 2020	Acquisition of 90% of equity of a real estate company with a land parcel in Guangdong Province, the PRC	2,382	4,474	(46.8)%
5	C&D International Investment Group Limited (1908) (Note 3)	28 September 2020	Acquisition of the entire equity of a real estate company with a land parcel in Sichuan Province, the PRC	1,009	1,018	(0.9)%
6	C&D International Investment Group Limited (1908) (Note 3)	28 September 2020	Acquisition of the entire equity of a real estate company with a land parcel in Shanghai, the PRC	2,588	2,610	(0.8)%
7	C&D International Investment Group Limited (1908) (Note 3)	28 September 2020	Acquisition of the entire equity of a real estate company with a property development project in Shanghai, the PRC	1,150	1,163	(1.1)%
8	Yuexiu Property Company Limited (123)	1 September 2020	Acquisition of 51% of the entire equity of a real estate company with a property development project in Guangdong Province, the PRC	33	33	0%
9	Yuexiu Property Company Limited (123)	1 September 2020	Acquisition of 51% of the entire equity of a real estate company with a property development project in Guangdong Province, the PRC	35	35	0%

No.	Company (stock code)	Date of announcement	Transaction	Consideration *RMB' million*	Adjusted net asset value of target company/ companies (Note 1) *RMB' million*	Discount to adjusted net asset value of target company/ companies
10	Minmetals Land Limited (230)	18 June 2020	Acquisition of 49% of the entire equity of a real estate company with a property development project in Tianjin, the PRC	1,475	1,527	(3.4)%
11	Zensun Enterprises Limited (185)	31 March 2020	Acquisition of the entire equity of a real estate company with four property development projects in Henan Province, the PRC	2,368	2,368	0.0%
					Maximum	0.0%
					Minimum	(46.8)%
					Median	(0.9)%
					Average	(9.8)%
	the Company (337)	21 March 2021	Acquisition of the entire equity of a real estate company with a property development project in Guangdong Province, the PRC	175.0	446.8 (Note 4)	(60.8)%

Note:

1. The adjusted net asset value is the net asset value of relevant target company/companies adjusted for any valuation surplus and unpaid land premium.

2. The adjusted net asset value of Minmetals Land Limited's transaction (Comparable Property Transactions #4) represents the sum of net liability, shareholder's loan owing to seller, valuation surplus and unpaid land premium of the relevant target company.

3. The adjusted net asset value of C&D International Investment Group Limited's transactions (Comparable Property Transactions #5, #6 and #7) represents the sum of net assets, shareholder's loan owing to seller and valuation surplus of the relevant target companies.

4. The adjusted net asset value of the Project Company represents the Intrinsic Value.

5. For the purpose of this table, conversion of RMB into HK$ in relation to the respective financial figures denominated in HK$ (if applicable and if any) is calculated at the approximate exchange rate of HK$1 to RMB0.83. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

As illustrated in the table above, the consideration of the Comparable Property Transactions ranged from nil discount to a discount of approximately 46.8% to the respective adjusted net asset value of target company/companies with a median of consideration discount of approximately 0.9% and an average of consideration discount of approximately 9.8%. It is noted that the discount represented by the Consideration to the Intrinsic Value is greater than the maximum of consideration discount of the Comparable Property Transactions and is greater than the median and average consideration discount of the Comparable Property Transactions.

Taking into account that the Consideration represents a discount of approximately 60.8% to the Intrinsic Value which is greater than the maximum, the median and the average of the consideration discount for the Comparable Property Transactions, we are of the view that the Consideration is favourable to and is in the interest of Company and the Independent Shareholder as a whole.

For the purpose of further assessing the fairness and reasonableness of the Consideration, in particular the Valuation Report, we have reviewed and enquired the qualification and experience of the valuer who prepared the Valuation Report (the "**Valuer**") through (i) reviewing their engagement letter (including their scope of work); (ii) reviewing and phone-interviewing the qualification of the Valuer including its previous experience in conducting property valuation; and (iii) enquiring the current and previous working relationship between the Valuer, the Company, Guangdong SPG and the respective connected persons. We understood that the Valuer is internationally-established valuation firm with solid experience in conducting business valuation. The Valuer has participated in other valuation projects of companies listed in Hong Kong and the PRC. We also confirmed with the Valuer that it is independent third party of the directors, chief executive and substantial shareholders of the Company or Greenland Holdings or any of their respective subsidiaries or their respective associates. Moreover, we have reviewed the terms of engagement letter and noted that the purpose of which is (i) to carry out site inspection of the Land; (ii) to prepare the Valuation Report; and (iii) to provide the Company with the opinion of the Appraisal Value. The engagement letter also contains standard valuation scopes that are typical of valuation of property carried out by independent valuers. Therefore, we are not aware of any limitation of the scope of work which might have an adverse impact on the degree of assurance given by the Valuer in the Valuation Report. Furthermore, the valuation of the Land is led by Grace Lam, who is a qualified members of different surveyor institutions and processes over 25 years' experience in the valuation sector. Her team members are also qualified valuers and the teams have relevant experience in conducting valuation for property. We noted that one of the team members carried out site inspection on the Land in April 2021 and has assumed data obtained in the course of the valuation, along with the opinions and representations provided by the Group and the Project Company is prepared in reasonably care, and is accurate and complete, and has been relied on by the Valuer. Based on the above, we are satisfied that the responsible person of the Valuer for the valuation report has relevant qualification as well as sufficient experience in performing the valuation.

Moreover, based on our discussion with the Valuer, we are advised that it has considered two generally accepted valuation approaches for land site valuation, namely market approach and residual approach. In determining the Appraisal Value, the Valuer considered that the market approach is the most appropriate one. In particular, the residual approach was not adopted since the Valuer is of the view that the Properties is an undeveloped land site on which the construction has not yet commenced. As a result, the market approach was adopted on the basis that (i) it is commonly accepted for land site valuation of undeveloped land with similar nature to the Properties; (ii) the comparable transaction approach incorporates market value and reflects current market conditions; and (iii) there are sufficient comparable transaction records for conducting market comparison.

In conducting the valuation of the Properties, except for the assumption regarding the Appraisal Value being ascribed no commercial value due to unpaid Land Premium (details of which are described in the previous paragraph), the Valuer has made the following key assumptions: (i) the valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser; (ii) the Group has an enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid; (iii) all consents, approvals and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays; (iv) the design and construction of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and (v) the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value. On this basis, we understand that the Valuer has relied on advice from legal adviser to confirm the legal titles of the Properties. Based on above, we have not identified any major issues that would cause us to doubt the fairness and reasonableness of the assumptions applied in the Valuation Report. As such, we are of the assumptions in the Valuation Report are fair and reasonable.

In arriving at the Appraisal Value, the Valuer identified and analyzed various relevant sales evidences in the locality which have similar characteristics to the Properties such as nature, use, size, layout and accessibility of the property. Set out below is the summary of the comparables:

	Comparable #1	**Comparable #2**	**Comparable #3**
Transaction date	28 December 2020	28 September 2020	1 April 2019
Location	Yayun Avenue* (亞運大道), Panyu District	Xinzao Town* (新造鎮), Panyu District	Yushan Avenue* (禺山大道), Panyu District
Consideration	Approximately RMB5,811 million	Approximately RMB6,778 million	Approximately RMB2,347 million
Land site area (sq. m.)	77,370	101,371	38,118
Land usage	Mixed	Mixed	Mixed

As illustrated in above table, all of the comparables are project development sites located in the area close to the Properties with resembling development prospect as the Properties. Similar to the Properties, the comparables are also eligible to be developed into commercial, office and residential complex. Although we have not conducted any independent verification on the above comparables and appraisal on whether there are any other comparables, based on our discussion with the Valuer and details of the comparables obtained from the Valuer, we considered that we have reviewed sufficient information to assess the comparables. Taking into account the above, we are of view that the selected comparables are comparable to the Properties and the above comparable transactions are fair and representative.

Besides, appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable land sites and the Properties to arrive at the Appraisal Value. The general basis of adjustment of physical characteristics like size and layout, etc. and location such as accessibility is that if the comparable land site is better than the property, a downward adjustment is made. Alternatively, if the comparable land site is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition at the transaction date is considered.

Given that (i) the Consideration represents a discount of approximately 60.8% to the Intrinsic Value, being greater than the median and the average of the consideration discount for the Comparable Property Transactions; (ii) the Valuer has relevant qualification as well as sufficient experience in performing the valuation; and (iii) the valuation methodologies and assumptions adopted by the Valuer are fair and reasonable as discussed, we consider the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

4.4 Assessment on terms of payment

Pursuant to the JV Agreement, the Consideration of approximately RMB175 million was settled in cash on 19 March 2021 by Guangdong Greenland to Guangdong SPG in the form of one-off payment, which was applied as prepayment of its contribution for the JV Co's Consideration. The said RMB175 million contribution was accounted for as capital contribution to the JV Company as to approximately RMB7.14 million thereof, and as the Greenland's Loan of approximately RMB167.86 million thereof.

Based on our discussion with the Company, we understand that the Consideration was paid to Guangdong SPG on 19 March 2021 after the signing of the JV Agreement, which has been applied as prepayment of its contribution for the JV Co's Consideration. We understand that the Consideration was paid on 19 March 2021, which is prior to obtaining Independent Shareholders approval.

As mentioned in the Letter from the Board, the payment term (the "**Payment Term**") was one of the fundamental terms insisted by Mr. Wang. After rounds of negotiations between the Group and Mr. Wang, Mr. Wang remained adamant and would refuse to enter into the JV Agreement with the Company if the Payment Term was not accepted. Hence, the Company understood that should it decide to proceed with the Joint Development, the Company had no choice but to accept the Payment Term. Based on our discussion with the Company, we understand that, before entering into the JV Agreement, the Company conducted internal evaluation of the Land through the Group's database of property transactions and further justified the evaluation against the Appraisal Value prepared by the Valuer. Upon comparison, there is no material difference between the internal evaluation assessed by the Company and the Appraisal Value shown on the Valuation Report. In addition, the Group adopted a generally prudent approach to assess the profitability of the development of the Properties by estimating the selling price, construction costs and financial costs, which were based on their prevailing market price or rate. The Group has been satisfied with the expected return of the Project Company and considered that the participation in the development of the properties can further enlarge its market share and exposure in the Greater Bay Area after the Guangdong Greenland Acquisition. Moreover, the Company was optimistic about (i) the market outlook of the Greater Bay Area which has been proven by the increasing contracted sales generated by the Group's property development business in the Greater Bay Area; and (ii) the potential business prospect of the Joint Development. For due diligence purpose, we understand that the senior management of the Group conducted site visit of the Land and assessed the development plan with Guangdong SPG. The Group also engaged the PRC legal adviser to conduct legal due diligence on the Land (including the planning approval to increase the plot ratio) and engaged a financial expert to conduct financial due diligence on the Project Company. After the completion of the said legal and financial due diligence prior to the entering into the JV Agreement, the Company was satisfied with the legal and financial affairs of the Land, the Project Company and the Joint Development. Although the Consideration being paid prior to obtaining Independent Shareholders' approval is not on normal commercial terms, we consider such payment arrangement is fair and reasonable in view that (i) the Group has completed the due diligence review of the financial and legal aspects of the Project Company and the results of such review being satisfactory to the Group; (ii) the Group's assessment on the profitability of the future development of the Properties and the Group has been satisfied with the expected return of the Project Company; (iii) the Consideration represents a substantial discount to the Intrinsic Value and the development potential of the Land; and (iv) the discount implied by the Consideration to the Intrinsic Value, being net asset value of the Project Company after taking into account the Appraisal Value, is higher than the median and the average of the consideration discount of the Comparable Property Transactions.

Moreover, under the JV Agreement, if the Conditions have not been fulfilled on or before 31 December 2021, Guangdong SPG is obliged to return the Buy-back Consideration to Guangdong Greenland within 10 working days upon notice. Under the JV Agreement, Guangzhou SPG is the guarantor, which will guarantee the due performance of all the obligations of Guangdong SPG (including the obligation to pay the Buy-back Consideration as aforesaid). The Company understands that as of the Latest Practicable Date, Guangzhou SPG has a registered capital of USD100 million, of which USD88.5 million has been contributed. Mr. Wang founded the Company in 2006 and has been an executive director of the Company since. To assess the default risk of Guangdong SPG, we have obtained and reviewed the audited financial statement of Guangdong SPG and Guangzhou SPG for the year ended 31 December 2020. We noted that the aggregate net asset value of Guangdong SPG and Guangzhou SPG as at 31 December 2020 is substantially higher than the Consideration of RMB175 million. Besides, as at the Latest Practicable Date, Reach Top Holding Limited, the indirect parent company of Guangdong SPG, indirectly held 13.15% of the total issued share of the Company with proportional market value of approximately HK$624.3 million (based on the number of issued shares indirectly held by Reach Top Holding Limited of 367,254,133 and the share price of the Company as at the Latest Practicable Date of HK$1.70). Given that Guangzhou SPG shall act as the guarantor to guarantee the due performance of all the obligations of Guangdong SPG (including the obligation to pay the Buy-back Consideration as and when required) and the strong financial background of Guangzhou SPG and its parent companies, we concur with the Company that the chance of default by Guangdong SPG and Guangzhou SPG will be remote.

5. *Financial effects of the JV Agreement*

Upon Completion, the Project Company will become a wholly-owned subsidiary of the Company and the financial results of the members of the Project Company will be consolidated into the financial statements of the Group.

Earnings

Upon Completion, the Company will be interested in 71.42% of the equity interest in the JV Company. Accordingly, the JV Company will become an indirect subsidiary of the Company and the accounts of the JV Company will be consolidated into the Group's financial statements. As the JV Company will acquire a 49% interest in the Project Company, the Company will indirectly hold 35% interest of the Project Company. Based on the optimistic prospects of the Land as mentioned above, it is expected that the entering into the JV Agreement would bring positive impact to the earnings of the Enlarged Group in the future.

Net assets

As set out in the unaudited pro forma consolidated statement of financial position of the Enlarged Group in Appendix III to the Circular, assuming the formation of the JV Co's Acquisition had been completed on 30 June 2021, the net assets of the Enlarged Group would increase from approximately RMB22,782.7 million to approximately RMB22,785.6 million as a result of the entering into the JV Agreement.

Cash flow

The Consideration was settled by the Company using its internal resources. Based on our review on the information provided by the Group in connection with the Enlarged Group's working capital requirements for not less than twelve months from the date of the Circular, including the Enlarged Group's cash level and unutilised banking facilities, we understand that the Enlarged Group is estimated to have sufficient fund to meet its daily operation needs and development expenditures for the year ending 31 December 2021 after settlement of the Consideration.

Based on the foregoing, we are of the view that the financial effects of the JV Agreement are favorable to the Group and accordingly we are of the view that the JV Agreement is in the interests of the Company and the Shareholders as a whole.

(II) FINANCIAL ASSISTANCE AND CONTINUING CONNECTED TRANSACTION

1. Financial Assistance

As set out in the Letter from the Board, the Project Company aims to finance the development of the Land without reliance on any financial assistance from its shareholders (and/or their respective owners), there may be circumstances that the lenders would require the Project Company's shareholders (and/or their respective owners) to provide guarantees for their loans to the Project Company. The Financial Assistance may be in proportion to the respective attributable interests of Guangdong Greenland as to approximately 35% and Guangdong SPG as to approximately 65% in the Project Company. In the event that the Group is required to guarantee any loans of the Project Company for a proportion exceeding its proportion of attributable interest in the Project Company, a guarantee fee shall be paid by the Project Company to Guangdong Greenland at an amount to be determined in the following manner:

Guarantee Fee = Loan Amount x Loan Period x Guarantee Percentage

Note:

(i) Guaranteed Amount means the amount of the loan advanced and guaranteed by the Group.

(ii) Loan Period means the period in which the loan is outstanding.

(iii) Guarantee Percentage means the percentage to be agreed upon between Guangdong Greenland and Guangdong SPG at or before the granting of any guarantee for a particular loan taking into account the then market environment provided that such percentage shall be not less than 2% and not more than 3%.

Immediately after the completion of the JV Co's Acquisition, the attributable interest of the Group and Guangdong SPG in the Project Company will be approximately 35% and 65% respectively. The period of the Financial Assistance shall be not more than three years. Guangzhou SPG will provide counter-indemnity in favour of the Group in respect of the said non pro rata guarantee. The Company estimates that the maximum amount of the Financial Assistance will be not more than RMB2,000 million (approximately HK$2,381 million) with reference to the total development cost of the Joint Development of approximately RMB2.6 billion and the expected amount of the sales proceeds of not less than RMB0.6 billion to be received from the pre-sale of the properties under the Joint Development. The Financial Assistance was determined after arm's length negotiations between the parties, taking into account, among other factors, the funding need for the development of the Land, the amount of the guarantee fee, and the business potential of the property development project with respect to the Land.

As disclosed in the Letter from the Board, to safeguard the Company's interest under the Financial Assistance, the Company requires that the due performance of all the obligations of Guangdong SPG under the JV Agreement shall be guaranteed by Guangzhou SPG. Furthermore, the Company will closely monitor the performance of the Project Company and the progress of the Joint Development through the directors of the Project Company nominated by it and their involvement in the management and operations of the Project Company to ensure that the Project Company is able to repay all the debts guaranteed by the Group.

In formulating our opinion on the Financial Assistance, we are advised by the management of the Company that the Project Company has approached and discussed with banks to explore options of loan financing for development of the Land. The consistent feedback from the banks is that a guarantee by a listed company with strong financial background is necessary to obtain a bank loan. Based on the feedback above, the banks would be likely to require the Group as a sole guarantor to guarantee and bear any obligations and liabilities of the Project Company during the term of loan agreement. As advised by the management of the Group, we understand that the Group has acted as a guarantor for its subsidiaries in order to allow them to obtain bank financing for their development. Based on the information provided by the Group, we understand that there were in total 15 subsidiaries of the Group that obtained loan financing from banks with provision of guarantee by the Group.

Furthermore, in assessing the risk assumed by the Group in respect of the Financial Assistance, we understand that the Group has prepared the Detailed Development Plan. Upon our observation on the Detailed Development Plan, we understand that (i) the total expected return of the Project Company can cover the total required development cost; (ii) the Project Company is expected to achieve net profit after deducting relevant construction cost and expenses; and (iii) the expected cash inflow from customers can match the expected cash outflow to the relevant lender and suppliers, with the assumptions that there will be no material change in the political, legal, fiscal, technological, market and economic conditions that will materially affect the price of property, construction cost and relevant expenses, and cause delay in commencement and completion of the construction, we concur with the Group that the risk of default by the Project Company is manageable.

We have particularly looked into the counter-indemnity provided by Guangdong SPG in favour of the Group in respect of the said non pro rata guarantee, where Guangdong SPG shall indemnify all obligations and liabilities payable by the Group in relation to the Financial Assistance, in the event that the Project Company is deemed as being in default. Moreover, we understand that the Group has assessed the financial capacity of Guangzhou SPG and Mr. Wang and considered that the default risk of Guangzhou SPG is remote. As mentioned under the paragraph headed "4.4 Assessment on terms of payment", Guangzhou SPG, the parent company of the JV Partner, has a registered capital of USD100 million, of which USD88.5 million has been contributed, and is financially sound as of the Latest Practicable Date. Mr. Wang founded the Guangzhou SPG in 2006 and has been an executive director of the Company since then.

In addition, the Group will charge guarantee fee to generate extra revenue through provision of the Financial Assistance to the Project Company. To assess the fairness and reasonableness of the guarantee fee, we have obtained and reviewed the quotations of provision of guarantee provided by the finance department of the Project Company which was obtained from four independent third-party financial institutions which specialize in provision of financial guarantee service. Given that (i) the guarantee fee quotations allow the Group to compare the guarantee fee charged to the Project Company; (ii) the guarantee fee quotations provided by the financial institutions were based on their assessment on the recoverability of the Project Company; and (iii) the guarantee fee quotations represent all available fee quotations obtained by the Group on a best effort basis, we consider that the four guarantee fee quotations are sufficient to provide a fair and representative samples to be taken as a reference of the prevailing market sentiment. Based on the guarantee fee quotations acquired from four financial institutions, we observed that three out of four of the financial institutions proposed to charge the guarantee fee within the range of 2.5% to 3%, where one financial institution proposed to charge the guarantee fee at 2.5%. Upon comparison, we noted that the guarantee fee of not more than 3% charged by Guangdong Greenland is not less favourable than the maximum rate quoted from the independent third-party financial institutions for similar guarantee provision services. With reference to the JV Agreement, the guarantee fee charged by Guangdong Greenland will be adjusted subject to the market environment. The Company will continue to monitor the market environment by obtaining quotations from independent financial institutions on a quarterly basis. In any event that the quoted fee is higher than the guaranteed fee charged by Guangdong Greenland, the guaranteed fee charged by Guangdong Greenland will be adjusted upward to ensure that the guarantee fee charged by Guangdong Greenland will be no less favourable than those offered by independent third parties. In view that (i) the guarantee fee quotations are fair and representative; (ii) the guarantee fee charged by Guangdong Greenland of not more than 3% is not less favourable than the maximum rate quoted from the independent third-party financial institutions for similar guarantee provision services; and (iii) the Company will continue to monitor the market environment by obtaining quotations from independent financial institutions on a quarterly basis, we are of view that the guarantee fee is fair and reasonable.

Based on the fact that (i) the Group has provided guarantee services with nature similar to the Financing Assistance for its subsidiaries; (ii) the risk of default by the Project Company is manageable; (iii) protection rendered under the counter-indemnity provision by Guangdong SPG, of which its default risk is low; and (iv) the provision of the Financial Assistance will generate extra revenue to the Group while the guarantee fee is fair and reasonable, we are of view that the terms of the Financial Assistance are on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

2. Continuing Connected Transaction

The maximum amount of the Financial Assistance represents the maximum guarantee amount provided by the Group in the event that the Group is required to guarantee any loans of the Project Company. The Company estimates that the maximum amount of the Financial Assistance will be not more than RMB2,000 million (approximately HK$2,381 million). The period of the Financial Assistance shall be not more than three years.

As discussed under paragraph headed ''(I) CONNECTED TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE - 4. Principal terms of JV Agreement'', the External Loan Financing from independent third-party bank is used to finance the development of the Land without reliance on any financial assistance from its shareholders. The loan amount is expected to be used as the construction costs (including preliminary project cost construction and installation cost, infrastructure cost and public facilities cost), compensation fee for expropriated land and project indirect cost. We have obtained and reviewed the breakdown of the capital allocation and relevant supporting documents, the amount of capital allocation is broadly in line with the projection of capital usage under assumptions made by finance department of the Project Company. Moreover, based on the Detailed Development Plan, the Project Company will receive pre-sale proceeds when entering into sales contracts with its customers. Upon the receipt of the expected first pre-sale proceeds in August 2022, the working capital required to continue the development of the Land will be financed partly by the External Loan Financing and partly by the cash inflow generated from pre-sale proceeds until January 2024, thereafter solely financed by self-generated revenue from sales of properties. We agree with the Company that the External Loan Financing is of significance to the Project Company to finance the development of the Land and support the usual business of the Project Company during the early to mid stage, representing approximately three years since commencement of development of the Land.

In respect of our work performed, based on our review on the Detailed Development Plan, we noted that the determined period of three years for the Financial Assistance is generally aligned with the timetable of construction and development work in respect of the Land, which could sufficiently support the work under the aforesaid timetable and match the cash flow schedule of the Project Company. We understood from the management of the Company that the finance department, despite without any written proof with respect to loan facility, has already liaised and confirmed with the independent third party bank for verbal approval of the provision of loan facility with the aid of the guarantee provided the Company, upon which it is mutually agreed that the External Loan Financing will be provided upon formal request and the maximum amount of the Financial Assistance will be not more than RMB2,000 million.

Having considered the aforesaid and our review of the basis of the External Loan Financing from the Company, we concur with the view of the management of the Company that the maximum amount of the Financial Assistance is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors, we are of the opinion that the JV Co's Acquisition via the JV Company is in the ordinary and usual course of business of the Group and the terms of the JV Agreement are fair and reasonable, and that the transactions and the Financial Assistance contemplated under the JV Agreement are on normal commercial terms or better and in the ordinary and usual course of business so far as the Independent Shareholders are concerned as well as is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favor of the resolution in relation to the JV Agreement and the transactions contemplated thereunder (including the Financial Assistance) to be proposed at the EGM.

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

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

1. FINANCIAL INFORMATION OF THE GROUP

The consolidated financial statements of the Group for the three financial years ended 31 December 2020 and the six months ended 30 June 2021 have been disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.greenlandhk.com):

- annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (pages 140 to 328) (https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904291300.pdf);
- annual report of the Company for the year ended 31 December 2019 published on 28 April 2020 (pages 165 to 338) (https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802272.pdf);
- annual report of the Company for the year ended 31 December 2020 published on 29 April 2021 (pages 177 to 374) (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042902219.pdf); and
- interim report of the Company for the six months ended 30 June 2021 published on 29 September 2021 (pages 30 to 66) (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0929/2021092900624.pdf).

2. INDEBTEDNESS STATEMENT

Borrowings

As at 31 August 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Enlarged Group had outstanding Renminbi borrowings of approximately RMB21.08 billion and bonds of approximately RMB0.96 billion, which comprise the following:

	As at 31 August 2021 *RMB'000*
Current interest bearing loans	
Current secured and unguaranteed bank loans	407,292
Current unsecured and unguaranteed bank loans	83,070
Current portion of non-current secured and guaranteed bank loans	2,700,533
Current portion of non-current secured and unguaranteed bank loans	3,000,357
Current portion of non-current unsecured and guaranteed bank loans	652,587
Current portion of non-current unsecured and unguaranteed bank loans	258,901
	7,102,740

	As at 31 August 2021 *RMB'000*
Non-current interest bearing loans	
Secured and guaranteed bank loans	9,049,572
Secured and unguaranteed bank loans	7,573,145
Unsecured and guaranteed bank loans	2,668,200
Unsecured and unguaranteed bank loans	1,294,505
Less: Current portion of non-current secured and guaranteed bank loans	(2,700,533)
Current portion of non-current secured and unguaranteed bank loans	(3,000,357)
Current portion of non-current unsecured and guaranteed bank loans	(652,587)
Current portion of non-current unsecured and unguaranteed bank loans	(258,901)
	13,973,044
2021 Bonds (unsecured and unguaranteed)	963,790
	22,039,574

As at 31 August 2021, the Enlarged Group's secured bank loans amounted to approximately RMB17.03 billion were secured by the Enlarged Group's properties, right-of-use assets, restricted bank deposits and charges over equity interests of certain subsidiaries.

The Enlarged Group's total interest bearing loans and bonds as at 31 August 2021 were repayable as follows:

	As at 31 August 2021 *RMB'000*
Within 1 year or on demand	8,066,531
Over 1 year but less than 2 years	10,874,052
Over 2 years but less than 5 years	3,070,992
Over 5 years	27,999
	22,039,574

Amounts due to related parties and non-controlling shareholders

As at 31 August 2021, the Enlarged Group had balances of amount due to related parties and non-controlling shareholders, details of which are as follows:

(1) amounts due to Greenland Group of the Enlarged Group with a carrying amount of approximately RMB5.22 billion, which were unsecured and not guaranteed

(2) amounts due to joint ventures of the Enlarged Group with a carrying amount of approximately RMB3.63 billion, which were unsecured and not guaranteed

(3) amounts due to associates of the Enlarged Group with a carrying amount of approximately RMB0.19 billion, which were unsecured and not guaranteed

(4) amounts due to non-controlling shareholders of the Enlarged Group with a carrying amount of approximately RMB5.52 billion, which were unsecured and not guaranteed

Lease liabilities

At 31 August 2021, the Enlarged Group, as a lessee, had outstanding unpaid contractual lease payments. for the remainder of the relevant lease terms amounting to approximately RMB0.59 billion in aggregate (excluding contingent rental arrangement), among which RMB11.27 million was secured by rental deposits and/or the lessor's charge over the leased assets and unguaranteed, while the remaining RMB0.58 billion was unsecured and unguaranteed.

Contingent liabilities

As at 31 August 2021, the outstanding guarantees of the Enlarged Group amounted to approximately RMB30.93 billion.

3. NO 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 Group were made up.

4. WORKING CAPITAL STATEMENT

The Directors are of the opinion that after taking into account the Group's business prospects, the financial resources available to the Group, including internally generated funds and the continuing availability of the financing facilities following the completion of the JV Co's Acquisition, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in property development, property and hotel investment and property management. Majority of the revenue of the Group is generated from the sales of properties. As announced by the Company on 11 October 2021, for the first nine months of 2021, the contracted sales of the Company, its subsidiaries and its affiliated companies amounted to approximately RMB27,056 million and the contracted gross floor area sold amounted to approximately 2,229,585 square meters. The corresponding average selling price amounted to approximately RMB12,135 per square meter.

Looking forward to 2021, the domestic economy of the PRC is recovering steadily from COVID-19, which will also energize the real estate industry. Under the keynote of "no speculation on residential properties" and "stabilizing land prices, housing prices and expectations", the pace of market supply and demand in 2021 will gradually become more stable and demand will be more rational. In order to promote the steady and healthy development of the real estate market, the central government put forward long-term goals according to the policy. It is expected that in the next five years, the PRC's real estate market regulation policies will continue to maintain continuity and stability.

In 2021, the Group will always commit to seizing expansion opportunities to further develop and reserve high-quality land, and deepen core cities in such as the Yangtze River Delta and the Pan-Pearl River Delta. The Group will spare no effort in pushing ahead with the "Real Estate +" strategy, actively deploy real estate projects integrating the advantage industries of "healthcare, cultural and commercial tourism and scientific innovation". With the optimization of system and process construction as the starting point, the Group will continue to improve product capabilities and strive to reduce costs and increase efficiency through the construction of a digital platform to assist decision-making and evaluation mechanism of the management. With "creating a better lifestyle" as the main direction, the Group will adjust the product series to meet the multi-level consumption needs of the real estate market and create and operate its own commercial and industry brands, to enhance the overall competitiveness, market influence and brand image of the Group.

6. PROPERTY VALUATION REPORT

Cushman & Wakefield Limited, an independent property valuer, has valued the Land as at 31 August 2021. The text of the Valuation Report is set out in Appendix V in this circular.

The reconciliation between the carrying amount of the property held by the Project Company as at 31 August 2021 and the valuation of the property as at 31 August 2021 is as follows:

	RMB million
Carrying amount of the property held by the Project Company as at 31 August 2021	115
Add: Estimated land premium to be incurred	1,100
Add: Valuation surplus	1,225
Market value of the property held by the Project Company as at 31 August 2021 *(Note 2)*	2,440

Note 1: The carrying amount of the property consisted of the book value of properties under development and advance deposits for acquisitions of land parcels for development.

Note 2: The property has been valued on the basis of assuming that the property at the valuation date was a vacant land and ready to develop into a comprehensive development with a total planned gross floor area of 176,292 sq. m. in accordance with the Reply about Planning Conditions No. (2020) 2194 issued by the Guangzhou Municipal Planning and Natural Resources Bureau. Had valid supplementary Grant Contact of Land Use Rights been signed and all land premium been fully settled, the market value of the property as at 31 August 2021 would be RMB2,440 million (net of the Excluded Properties).

The following is the text of a report set out on pages II-1 to II-34, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF GUANGZHOU PANYU YONGLONG REAL ESTATE DEVELOPMENT CO., LTD. TO THE DIRECTORS OF GREENLAND HONG KONG HOLDINGS LIMITED

Introduction

We report on the historical financial information of Guangzhou Panyu Yonglong Real Estate Development Co., Ltd (廣州番禺永隆房地產開發有限公司) (the "Target Company") set out on pages II-4 to II-34, which comprises the statements of financial position of the Target Company as at 31 December 2018, 2019 and 2020 and 31 May 2021, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for each of the three years ended 31 December 2020 and the five months ended 31 May 2021 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-34 forms an integral part of this report, which has been prepared for inclusion in the circular of Greenland Hong Kong Holdings Limited (the "Company") dated 26 October 2021 (the "Circular") in connection with the proposed acquisition of 49% equity interest in the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Company is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2018, 2019 and 2020 and 31 May 2021 and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the five months ended 31 May 2020 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 October 2021

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Five months ended 31 May	
	NOTES	**2018**	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(audited)	(audited)	(audited)	(unaudited)	(audited)
Rental income		1,079	1,009	347	156	–
Other operating expenses		(100)	(340)	(240)	–	–
Other gains and losses	*7*	(1,328)	(472)	2,162	(671)	698
Administration expenses		(2,763)	(6,811)	(7,338)	(2,510)	(9,636)
Finance income	*8*	4	5	34	1	1
Finance costs	*9*	(1,159)	(1,975)	(2,045)	(829)	(753)
Loss and total comprehensive expense for the year/period	*10*	(4,267)	(8,584)	(7,080)	(3,853)	(9,690)

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 May
	NOTES	**2018**	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current Assets					
Property, plant and equipment	*15*	514	307	138	346
Right-of-use assets	*16*	2,826	2,119	–	1,375
Properties under development	*17*	45,124	45,124	45,124	45,124
Prepayment for acquisition of a piece of land parcel for development	*18*	60,131	60,131	60,131	60,131
		108,595	107,681	105,393	106,976
Current Assets					
Other receivables	*19*	732	590	847	1,437
Bank balances and cash	*20*	600	813	2,264	243
		1,332	1,403	3,111	1,680
Current Liabilities					
Trade and other payables	*21*	3,297	10,042	19,653	28,410
Loan from a related party	*23*	510	1,866	1,308	1,757
Lease liabilities	*22*	619	711	–	497
		4,426	12,619	20,961	30,664
Net Current Liabilities		(3,094)	(11,216)	(17,850)	(28,984)
Total Assets Less Current Liabilities		105,501	96,465	87,543	77,992

	NOTES	As at 31 December 2018 RMB'000	2019 RMB'000	2020 RMB'000	As at 31 May 2021 RMB'000
Capital and Reserves					
Share capital	24	77,000	77,000	77,000	77,000
Reserves		(11,581)	(20,165)	(25,412)	(35,102)
Total Equity		65,419	56,835	51,588	41,898
Non-Current Liabilities					
Trade and other payables	21	10,320	10,128	9,855	9,737
Loan from a related party	23	27,453	27,904	26,100	25,473
Lease liabilities	22	2,309	1,598	–	884
		40,082	39,630	35,955	36,094
		105,501	96,465	87,543	77,992

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	Capital contribution reserve *RMB'000*	Deemed distribution reserve (Note) *RMB'000*	Retained earnings (accumulated losses) *RMB'000*	Total *RMB'000*
At 1 January 2018	77,000	41	(10,678)	3,323	69,686
Loss and total comprehensive expense for the year	–	–	–	(4,267)	(4,267)
At 31 December 2018	77,000	41	(10,678)	(944)	65,419
Loss and total comprehensive expense for the year	–	–	–	(8,584)	(8,584)
At 31 December 2019	77,000	41	(10,678)	(9,528)	56,835
Loss and total comprehensive expense for the year	–	–	–	(7,080)	(7,080)
Contribution from a shareholder	–	1,833	–	–	1,833
At 31 December 2020	77,000	1,874	(10,678)	(16,608)	51,588
Loss and total comprehensive expense for the period	–	–	–	(9,690)	(9,690)
At 31 May 2021	77,000	1,874	(10,678)	(26,298)	41,898
At 1 January 2020	77,000	41	(10,678)	(9,528)	56,835
Loss and total comprehensive expense for the period	–	–	–	(3,853)	(3,853)
Contribution from a shareholder	–	1,833	–	–	1,833
At 31 May 2020 (unaudited)	77,000	1,874	(10,678)	(13,381)	54,815

Note: In October 2017, the Target Company entered into an agreement with Yonglong (Guangzhou Panyu) Plastic Hardware Electrical Co., Ltd. (永隆(廣州番禺)塑料五金電器有限公司) ("Yonglong Plastic"), a shareholder of the Company, that the Target Company would take up a management fee payable by Yonglong Plastic (see note 21(ii) for details). The Target Company would no longer require reimbursement from Yonglong Plastic and such amount is recognised as deemed distribution and debited to equity according.

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Five months ended 31 May	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
OPERATING ACTIVITIES					
Loss for the year/period	(4,267)	(8,584)	(7,080)	(3,853)	(9,690)
Adjustments for:					
Finance income	(4)	(5)	(34)	(1)	(1)
Finance costs	1,159	1,975	2,045	829	753
Net foreign exchange loss (gain)	1,328	472	(1,976)	671	(708)
Depreciation of property, plant and equipment	259	207	169	79	34
Depreciation of right-of-use assets	707	707	707	294	172
Gain on early termination of lease	–	–	(186)	–	–
Net loss on disposal of property, plant and equipment	–	–	–	–	10
Operating cash flows before movements in working capital	(818)	(5,228)	(6,355)	(1,981)	(9,430)
(Increase) decrease in other receivables	(715)	142	(257)	(60)	(590)
(Decrease) increase in trade and other payables	(25,226)	2,036	(4,512)	8,564	(17)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(26,759)	(3,050)	(11,124)	6,523	(10,037)
INVESTING ACTIVITIES					
Interest received	4	5	34	1	1
Proceeds from disposal of property, plant and equipment	–	–	–	–	83
Purchase of property, plant and equipment	–	–	–	–	(335)

	Year ended 31 December			Five months ended 31 May	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	4	5	34	1	(251)
FINANCING ACTIVITIES					
Loan from a related party	26,138	–	–	–	–
Repayment to a loan from a related party	–	–	(1,833)	(289)	–
Advance from related parties	1,716	4,007	13,350	13,350	8,450
Repayments of lease liabilities	(749)	(749)	(809)	(337)	(183)
Contribution from a shareholder	–	–	1,833	1,833	–
NET CASH FROM FINANCING ACTIVITIES	27,105	3,258	12,541	14,557	8,267
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	350	213	1,451	21,081	(2,021)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	250	600	813	813	2,264
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	600	813	2,264	21,894	243

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Target Company is a limited company established in the People's Republic of China (the "PRC") on 30 September 2002. The address of the Target Company's registered office and principal place of operation is Yong Long Industry Zone, Luojia Village, Shiji Town, Panyu District, Guangzhou City, Guangdong Province.

Guangdong SPG Co., Limited (廣東盛高置地有限公司) ("Guangdong SPG") is the immediate holding company of the Target Company, and SERENITY ICON (HK) LIMITED is the ultimate holding company of the Target Company.

The principal activity of the Target Company is the development and sale of properties in the PRC.

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Target Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information for the Relevant Periods has been prepared in accordance with the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB.

The statutory financial statements of the Target Company for the year ended 31 December 2018, 2019 and 2020 were prepared in accordance with relevant accounting principles and financial regulations applicable to the enterprises in the PRC and were audited by 廣東宏建會計師事務所有限公司, certified public accountants registered in the PRC, for the year ended 31 December 2018 and 2019; and 致同會計師事務所(特殊普通合夥)廣州分所, certified public accountants registered in the PRC, for the year ended 31 December 2020.

At 31 May 2021, the Target Company had net current liabilities of RMB28,984,000 and accumulated losses are of RMB26,298,000. As Guangdong SPG and its parent company Guangzhou SPG Investment Co., Limited (廣州盛高投資有限公司) agree to provide all necessary financial supports to the Target Company, the financial statements were prepared on the basis that the Target Company would continue to operate throughout the next twelve months on a going concern basis.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing the Historical Financial Information for the Relevant Periods, the Target Company has consistently applied the accounting policies which conform with IFRSs, which are effective for the accounting period beginning on 1 January 2021 throughout the Relevant Periods, including IFRS 16 *Leases and Amendments to References to the Conceptual Framework in IFRS Standards*.

New and amendments to IFRSs issued but not yet effective

The Target Company has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020[2]

[1] Effective for annual periods beginning on or after 1 April 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] Effective for annual periods beginning on or after a date to be determined

The directors of the Target Company anticipate that application of the above new and amendments to IFRSs will have no material impact on the financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Target Company assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Company as a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Target Company; and
- an estimate of costs to be incurred by the Target Company in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Target Company presents right-of-use assets that do not meet the definition of inventory as a separate line item on the statement of financial position. Right-of-use assets that meet the definition of inventory are presented within "properties under development".

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Target Company recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Target Company remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Target Company presents lease liabilities as a separate line item on the statement of financial position.

Lease modifications

The Target Company accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Target Company remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Company accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Target Company allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Target Company as a lessor

Classification and measurement of leases

Leases for which the Target Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Rental income which is derived from the Target Company's ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Target Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of the Target Company, transactions in currencies other than the functional currency of the Target Company (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Employee benefits

Retirement benefit costs

The Target Company participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Target Company pays a fixed percentage of its qualifying staff's wages as contributions to the schemes. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Target Company recognises the right-of-use assets and the related lease liabilities, the Target Company first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Company applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for administrative purposes. Property, plant and equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Target Company reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Properties under development

Properties under development, representing leasehold land and buildings located in the PRC under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development/completed properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated costs to completion and costs necessary to make the sale. Properties under development for sale are transferred to completed properties for sale upon completion of development.

Financial instruments

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Target Company performs impairment assessment under expected credit loss ("ECL") model on financial assets (including other receivables and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor 's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Target Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Target Company considers bank balances to have low credit risk because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Target Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

For internal credit risk management, the Target Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collaterals held by the Target Company).

Irrespective of the above, the Target Company considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) *Write-off policy*

The Target Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Company in accordance with the contract and the cash flows that the Target Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire , or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables and loan from a related party, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, which are described in Note 4, the directors of the Target Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Write-down of properties under development

Management performs a regular review on the carrying amount of properties under development. Based on management's review, write-down of properties under development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of properties under development, management refers to prevailing market data such as recent sales transactions and internally available information, as basis for evaluation. The net realisable value is the estimated selling price of the completed units (based on the current prevailing market conditions) less estimated selling expenses and estimated cost to completion. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions. There were no written down of the properties under development during the Relevant Periods.

6. SEGMENT INFORMATION

Information reported to the Target Company's senior executive management, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis by geographic location of property sales. No other discrete financial information is provided other than the Target Company's results and financial position as a whole, hence no further analysis is presented.

The Target Company does not record any revenue during the Relevant Periods and the Target Company's non-current assets are all located in the PRC, no analysis of geographical information is presented.

7. OTHER GAINS AND LOSSES

	Year ended 31 December			**Five months ended 31 May**	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Net foreign exchange (loss) gain	(1,328)	(472)	1,976	(671)	708
Net loss on disposal of property, plant and equipment	–	–	–	–	(10)
Gain from early termination of a lease	–	–	186	–	–
	(1,328)	(472)	2,162	(671)	698

8. FINANCE INCOME

	Year ended 31 December			**Five months ended 31 May**	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Interest income on bank deposits	4	5	34	1	1

9. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Interest on loan from a related party	497	1,335	1,447	574	530
Interest on lease liabilities	144	130	98	45	17
Interest on other payables	518	510	500	210	206
	1,159	1,975	2,045	829	753

10. LOSS FOR THE YEAR/PERIOD

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Loss for the year/period has been arrived at after charging:					
Staff costs	603	1,136	1,439	564	58
Auditors' remuneration					
– audit services	11	11	11	–	–
Depreciation of property, plant and equipment	259	207	169	79	34
Depreciation of right-of-use assets	707	707	707	294	172
	966	914	876	373	206

11. DIRECTORS' REMUNERATION

In 2018, executive directors of the Target Company were Mr. Xie Zhiming, Mr. Xie Guoqing, Mr. Li Weihong, Mr. Chen, Yuanxing and Mr. He Zihong.

Mr. Geng Shusen and Mr. Bao Liyao were appointed as executive directors of the Target Company with effective from 22 December 2020.

Mr. Xie Zhiming and Mr. Li Weihong resigned as executive directors of the Target Company with effective from 22 December 2020 due to shareholder alteration.

The emoluments of the directors were borne by the shareholders of the Target Company.

12. TAXATION

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Target Company is 25%.

Taxation for the year/period can be reconciled to the loss before tax per the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Loss before tax	(4,267)	(8,584)	(7,080)	(3,853)	(9,690)
Tax at the applicable PRC EIT rate of 25%	(1,067)	(2,146)	(1,770)	(963)	(2,423)
Tax effect of expenses not deductible for tax purposes	197	275	294	197	4
Tax effect of tax losses not recognised	870	1,871	1,476	766	2,419
Taxation for the year/period	–	–	–	–	–

No deferred tax assets have been recognised in respect of the tax losses of RMB5,080,000, RMB12,564,000, RMB18,468,000 and RMB28,142,000 as at 31 December 2018, 2019, 2020 and 31 May 2021 respectively, because the management is of the view that it is not probable that the Target Company can generate profits to utilise the tax losses before the tax losses become expired. The unrecognised tax losses as at 31 December 2018, 2019, 2020 and 31 May 2021 will expire in the following years ending 31 December.

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2022	1,601	1,601	1,601	1,601
2023	3,479	3,479	3,479	3,479
2024	–	7,484	7,484	7,484
2025	–	–	5,904	5,904
2026	–	–	–	9,674
	5,080	12,564	18,468	28,142

13. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful.

14. DIVIDENDS

No dividend was paid or declared by the Target Company in respect of the Relevant Periods.

15. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2018, 31 December 2018, 2019 and 2020	1,089	–	1,089
Additions	–	335	335
Disposal	(802)	–	(802)
At 31 May 2021	287	335	622
DEPRECIATION			
At 1 January 2018	316	–	316
Provided for the year	259	–	259
At 31 December 2018	575	–	575
Provided for the year	207	–	207
At 31 December 2019	782	–	782
Provided for the year	169	–	169
At 31 December 2020	951	–	951
Provided for the period	21	13	34
Disposal	(709)	–	(709)
At 31 May 2021	263	13	276
CARRYING VALUES			
At 31 December 2018	514	–	514
At 31 December 2019	307	–	307
At 31 December 2020	138	–	138
At 31 May 2021	24	322	346

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rate per annum after taking into account of the residual value:

Motor vehicles	23.75%
Leasehold improvements	33%

16. RIGHT-OF-USE ASSETS

	Office premise *RMB'000*
As at 31 May 2021	
Carrying amount	1,375
As at 31 December 2020	
Carrying amount	–
As at 31 December 2019	
Carrying amount	2,119
As at 31 December 2018	
Carrying amount	2,826
For the five months ended 31 May 2021	
Depreciation charge	(172)
For the year ended 31 December 2020	
Depreciation charge	(707)
For the year ended 31 December 2019	
Depreciation charge	(707)
For the year ended 31 December 2018	
Depreciation charge	(707)

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Total cash outflow for leases	749	749	809	337	183
Additions to right-of-use assets	–	–	–	–	1,547

For each of the years ended 31 December 2018, 2019 and 2020 and five months ended 31 May 2021, the Target Company leases various offices for its operations. Lease contracts are entered into for fixed term of 3 to 5 years without extension and termination option. In determining the lease term and assessing the length of the non-cancellable period, the Target Company applies the definition of a contract and determines the period for which the contract is enforceable. The Target Company terminated a lease contract with carrying amount of RMB1,412,000 and recognised a gain from early termination of a lease of RMB186,000 during the year ended 31 December 2020.

Restrictions or convenant on lease

In addition, lease liabilities of RMB2,928,000, RMB2,309,000, RMB nil and RMB1,381,000 are recognised with related right-of-use assets of RMB2,826,000, RMB2,119,000 and RMB nil and RMB1,375,000 as at 31 December 2018, 2019, 2020 and 31 May 2021, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. PROPERTIES UNDER DEVELOPMENT

All the properties under development are located in the PRC.

Properties under development that have a plan to develop or sale, and not expect to be realised within the Target Company's normal operating cycle, are classified as non-current.

Analysis of leasehold lands:

	RMB' 000
As at 31 December 2018, 2019, 2020 and 31 May 2021	
Carrying amount	45,124

The carrying amount of leasehold lands is measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands during the Relevant Periods after taking into account the estimated residual values as at the respective end of the reporting period.

On 20 December 2020, an agreement is entered among the shareholders that the Target Company will sell certain properties with a total area of 37,000 sq.m at a price of RMB450,000,000 to Yonglong Plastic upon the completion of development process.

18. PREPAYMENT FOR ACQUISITION OF A PIECE OF LAND PARCEL FOR DEVELOPMENT

In a prior year, the Target Company paid an amount of RMB60,131,000 as full payment for the acquisition of a piece of land parcel located at the Panyu district, Guangdong Province, the PRC. Such amount is recognised as a prepayment as at 31 December 2018 and 2019 as the relevant land use right certification is under application. During the year ended 31 December 2020, the Target Company received a notice from the local governmental bureau that, this prepayment could be used for the swap of the increase of the plot ratio of leasehold lands owned by the Target Company (see note 17 for details) as the application of the relevant land use right certification could not be completed due to the relocation issue. Up to the date of this report, the details of the swapping is under negotiation and thus the amount continued recognised as a prepayment as at 31 December 2020 and 31 May 2021.

19. OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	520	231	247	402
Prepaid value-added tax	212	359	600	1,035
	732	590	847	1,437

Details of impairment assessment of other receivables are set out in note 25(b).

20. BANK BALANCES AND CASH

At the end of each reporting period, bank balances and cash of the Target Company comprised of 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 1.5% during the Relevant Periods.

At the end of each reporting period, there are no deposits being pledged.

Details of impairment assessment of bank balances are set out in note 25(b).

21. TRADE AND OTHER PAYABLES

	As at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related parties *(Note i)*	1,900	5,907	19,257	27,707
Other payables and accrued expenses *(Note ii)*	11,717	14,263	10,251	10,440
	13,617	20,170	29,508	38,147

	As at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed as				
Current	3,297	10,042	19,653	28,410
Non-Current	10,320	10,128	9,855	9,737
	13,617	20,170	29,508	38,147

Notes:

(i) Amounts due to related parties are unsecured, interest-free and repayable on demand.

(ii) At 31 December 2018, 2019, 2020 and 31 May 2021, included in other payable is a management fee payable amounting to RMB10,503,000, RMB10,320,000, RMB10,128,000 and RMB10,016,000, respectively, which is unsecured, interest-free and repayable in 20 years by instalments, such amounts had been presented on the statement of financial position at their present value determined using a discount rate of 5%.

22. LEASE LIABILITIES

	As at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	619	711	–	497
Over one year but not exceeding two years	711	747	–	522
Over two years but not exceeding five years	1,598	851	–	362
	2,928	2,309	–	1,381
Less: Amount due for settlement with 12 months shown under current liabilities	(619)	(711)	–	(497)
Amount due for settlement after 12 months shown under non-current liabilities	2,309	1,598	–	884

The weighted average incremental borrowing rate applied to lease liabilities is 5% during the Relevant Periods.

23. LOAN FROM A RELATED PARTY

As 31 December 2018, 2019, 2020 and 31 May 2021, the loan from a related party was unsecured, repayable on 31 December 2023 and carried interest at a fixed rate of 5% per annum.

24. SHARE CAPITAL

	RMB'000
Issued and fully paid:	
At 31 December 2018, 2019, 2020 and 31 May 2021	77,000

25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortised cost	1,120	1,044	2,511	645
Financial liabilities				
Amortised cost	41,580	49,940	56,916	65,377
Lease liabilities	2,928	2,309	–	1,381

(b) Financial risk management objectives and policies

The Target Company's major financial instruments include other receivables, bank balances and cash, trade and other payables, loan from a related party and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The Target Company has exposure to the following risks associated with these financial instruments:

- market risk (including currency risk and interest rate risk)
- credit risk
- liquidity risk

This note presents information about the Target Company's exposure to each of the above risks, and the Target Company's objectives, policies and processes for measuring and managing risk.

Management has overall responsibility for the establishment and oversight of the Target Company's risk management framework. Management establishes policies to identify and analyse the risks faced by the Target Company, to set up appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Target Company's activities. Through training and management standards and procedures, management aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market risk

(i) Foreign currency risk

The Target Company is mainly exposed to the fluctuations in exchange rates between RMB and united state dollars ("USD"). The exposure in USD arises mainly from the Target Company's bank balances and cash and loan from a related party.

The Target Company currently does not have a foreign exchange hedging policy. However, the management of the Target Company monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Target Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in USD				
Bank balances and cash	6	6	5	5
Loan from a related party	(27,963)	(29,770)	(27,408)	(27,230)
Overall exposure	(27,957)	(29,764)	(27,403)	(27,225)

The following table details the Target Company's sensitivity to a 5% increase and decrease in RMB against USD. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% against USD. For a 5% weakening of RMB against USD, there would be an equal and opposite impact on the profit and the amounts below would be negative.

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Impact on post-tax profit	1,049	1,116	1,028	1,021

(ii) Interest rate risk

The Target Company is exposed to fair value interest rate risk in relation to fixed-rate bank balances, lease liabilities and loan from a related party (see notes 20, 22 and 23 for details). The Target Company also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 20).

The Target Company currently does not have any interest rate hedging policy in relation to cash flow interest rate risk. The directors of the Target Company monitor the Target Company's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

No sensitivity analysis for fair value interest rate risk and cash flow interest rate risk as at 31 December 2018, 2019, 2020 and 31 May 2021, since the directors of the Target Company considered that the impact of such risks were insignificant.

Credit risk and impairment assessment

As at 31 December 2018, 2019, 2020 and 31 May 2021, the Target Company's maximum exposure to credit risk which will cause a financial loss to the Target Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statements of financial position.

The Target Company's credit risk is primarily attributable to other receivables and bank balances.

Other receivables

The credit risk of other receivables is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Target Company also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. For the purposes of impairment assessment, other receivables are measured at an amount equal to 12-month ECL. In determining the 12-month ECL, the directors of the Target Company used past due information to assess whether credit risk has increased significantly since initial recognition, as appropriate, in estimating the probability of default occurring within the respective loss assessment time horizon, as well as the loss upon default in each case. For the year end 31 December 2018, 2019 and 2020 and five months ended 31 May 2021, the Target Company assessed the ECL for other receivables were insignificant and thus no loss allowance was recognised.

Bank balances

Bank balances are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions, therefore the Target Company's credit risk on liquid funds is limited.

The Target Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Other receivables and other financial assets**
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Watch list	Debtor frequently repays after due date but usually settle after due date	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficult and the Target Company has no realistic prospect of recovery	Amount is written-off

The tables below detail the credit risk exposures of the Target Company's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	As at 31 December 2018 Gross carrying amount RMB'000	As at 31 December 2019 Gross carrying amount RMB'000	As at 31 December 2020 Gross carrying amount RMB'000	As at 31 May 2021 Gross carrying amount RMB'000
Financial assets at amortised cost								
Other receivables	19	N/A	Low risk	12m ECL	520	231	247	402
Bank balances	20	A3 – Aaa	N/A	12m ECL	600	813	2,264	243

Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2018							
Trade and other payables							
– non-interest bearing	0%	3,114	–	–	–	3,114	3,114
– interest bearing	5%	693	693	3,048	12,952	17,386	10,503
Loan from a related party	5%	535	1,275	30,441	–	32,251	27,963
Lease liabilities	5%	749	809	1,682	–	3,240	2,928
		5,091	2,777	35,171	12,952	55,991	44,508
31 December 2019							
Trade and other payables							
– non-interest bearing	0%	9,850	–	–	–	9,850	9,850
– interest bearing	5%	693	762	3,048	12,190	16,693	10,320
Loan from a related party	5%	1,959	1,447	28,994	–	32,400	29,770
Lease liabilities	5%	809	809	873	–	2,491	2,309
		13,311	3,018	32,915	12,190	61,434	52,249
31 December 2020							
Trade and other payables							
– non-interest bearing	0%	19,380	–	–	–	19,380	19,380
– interest bearing	5%	762	762	3,048	11,429	16,001	10,128
Loan from a related party	5%	1,373	1,447	27,547	–	30,367	27,408
		21,515	2,209	30,595	11,429	65,748	56,916
31 May 2021							
Trade and other payables							
– non-interest bearing	0%	28,131	–	–	–	28,131	28,131
– interest bearing	5%	762	762	2,286	11,873	15,683	10,016
Loan from a related party	5%	1,845	1,337	27,407	–	30,589	27,230
Lease liabilities	5%	553	553	369	–	1,475	1,381
		31,291	2,652	30,062	11,873	75,878	66,758

26. OPERATING LEASE

The Target Company as lessor

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Land rental income, net of negligible outgoings under operating leases during the year	1,089	1,011	350	157	–

At the end of the reporting period, the Target Company had contracted with tenants for the following future minimum lease payments:

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	600	300	–	–
In the second to fifth year inclusive	300	–	–	–
Total	900	300	–	–

Land rental income represents rentals receivable by the Target Company. Leases are negotiated for a term of 5 years with fixed rentals.

27. RELATED PARTY DISCLOSURES

(i) During the Relevant Periods, the Target Company entered into the following transactions with related parties:

Nature of transaction	Relationship	Year ended 31 December 2018	2019	2020	Five months ended 31 May 2020	2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(audited)	(audited)	(audited)	(unaudited)	(audited)
Interest expense charged	Non-controlling shareholder	497	1,335	1,447	574	530
Loan from a related party	Non-controlling shareholder	26,138	–	–	–	–
Advance from related parties	Non-controlling shareholder	1,716	4,007	13,350	13,350	–
	Immediate holding company	–	–	–	–	8,450
		1,716	4,007	13,350	13,350	8,450
Repayment to a loan from a related party	Non-controlling shareholder	–	–	1,833	289	–

(ii) At the end of the reporting period, the Target Company had balances with related parties, which are all unsecured and non-trade related, as follows:

Nature of balance	Relationship	As at 31 December 2018	2019	2020	As at 31 May 2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loan from a related party	Non-controlling shareholder	27,963	29,770	27,408	27,230
Amounts due to related parties	Non-controlling shareholder	1,900	5,907	19,257	19,257
	Immediate holding company	–	–	–	8,450
		1,900	5,907	19,257	27,707

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Company's statement of cash flows as cash flows from financing activities.

	Loan from a related party	Amounts due to related parties	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	–	184	3,533	3,717
Financing cash flows	26,138	1,716	(749)	27,105
Interest expenses	497	–	144	641
Foreign exchange	1,328	–	–	1,328
At 31 December 2018	27,963	1,900	2,928	32,791
Financing cash flows	–	4,007	(749)	3,258
Interest expenses	1,335	–	130	1,465
Foreign exchange	472	–	–	472
At 31 December 2019	29,770	5,907	2,309	37,986
Financing cash flows	(1,833)	13,350	(809)	10,708
Interest expenses	1,447	–	98	1,545
Foreign exchange	(1,976)	–	–	(1,976)
Leases terminated	–	–	(1,598)	(1,598)
At 31 December 2020	27,408	19,257	–	46,665
Financing cash flows	–	8,450	(183)	8,267
New leases entered	–	–	1,547	1,547
Interest expenses	530	–	17	547
Foreign exchange	(708)	–	–	(708)
At 31 May 2021	27,230	27,707	1,381	56,318
At 31 December 2019	29,770	5,907	2,309	37,986
Financing cash flows	(289)	13,350	(337)	12,724
Interest expenses	574	–	45	619
Foreign exchange	671	–	–	671
At 31 May 2020 (unaudited)	30,726	19,257	2,017	52,000

29. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to 31 December 2020.

A UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1 Introduction

The following unaudited pro forma financial information has been prepared by Greenland Hong Kong Holdings Limited (the "Company") to illustrate the financial position of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"), as if the proposed acquisition of 49% equity interest in Guangzhou Panyu Yonglong Real Estate Development Co., Ltd (廣州番禺永隆房地產開發有限公司) (the "Target Company") (together with the Group hereinafter referred to as the "Enlarged Group") (the "Proposed Acquisition") had been completed on 30 June 2021. Details of the Proposed Acquisition are set out in the section headed "Letter from the Board" contained in this Circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared in accordance with Paragraph 4.29 of the Listing Rules and is for illustrating the financial position of the Enlarged Group as if the Proposed Acquisition had been completed on 30 June 2021.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based upon the Group's unaudited condensed consolidated statement of financial position as at 30 June 2021 as extracted from the Company's published interim report for the six months ended 30 June 2021, on which no auditor's report or review report has been published, and these pro forma adjustments that are (i) directly attributable to the Proposed Acquisition; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information of the Enlarged Group is based on a number of assumptions, estimates and currently available information. Because of its hypothetical nature, it may not give a true picture of financial position of the Group had the Proposed Acquisition been completed as at 30 June 2021 to or at any future dates, whichever are applicable.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the "Financial information of the Group" set forth in Appendix I to this Circular, the accountants report of historical financial information of the Target Company set forth in Appendix II to this Circular and other information included elsewhere in this Circular.

2 Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2021

	The Group (unaudited)	Unaudited pro forma adjustments #1	#2	#3	The Enlarged Group (unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 3*	
ASSETS					
Non-Current Assets					
Investment properties	11,785,000				11,785,000
Property, plant and equipment	1,462,348				1,462,348
Intangible assets	1,139				1,139
Right-of-use assets	74,349				74,349
Equity instruments at fair value through other comprehensive income	303,509				303,509
Interests in associates	352,780				352,780
Interests in joint ventures	3,737,838		245,000	1,903	3,984,741
Deferred tax assets	1,699,374				1,699,374
Total non-current assets	**19,416,337**				**19,663,240**
Current Assets					
Properties under development	84,837,427				84,837,427
Completed properties held for sale	21,356,168				21,356,168
Trade and other receivables deposits and prepayments	31,451,155		(175,000)		31,276,155
Prepaid taxation	2,795,810				2,795,810
Contract assets	335,316				335,316
Contract costs	325,966				325,966
Financial assets at fair value through profit and loss	35,850				35,850
Restricted bank deposits	4,332,417				4,332,417
Bank balances and cash	8,858,104	70,000	(70,000)	(1,903)	8,856,201
Total current assets	**154,328,213**				**154,151,310**
Total assets	**173,744,550**				**173,814,550**

	The Group (unaudited)	Unaudited pro forma adjustments #1	#2	#3	The Enlarged Group (unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 3*	
LIABILITIES					
Non-Current Liabilities					
Deferred tax liabilities	1,648,154				1,648,154
Interest-bearing loans	14,441,427				14,441,427
Lease liabilities	377,452				377,452
Total non-current liabilities	**16,467,033**				**16,467,033**
Current Liabilities					
Trade and other payables	56,215,164	67,140			56,282,304
Tax payable	5,591,912				5,591,912
Interest-bearing loans	7,713,522				7,713,522
Bonds	2,899,147				2,899,147
Lease liabilities	117,297				117,297
Contract liabilities	61,957,757				61,957,757
Total current liabilities	**134,494,799**				**134,561,939**
Total liabilities	**150,961,832**				**151,028,972**
Net current assets	**19,833,414**				**19,589,371**
Total assets less current liabilities	**39,249,751**				**39,252,611**

3 Notes to the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group

1. The financial information of the Group has been extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2021 included in the published interim report of the Company for the six months ended 30 June 2021, on which no auditor's report or review report has been published.

2(a) On 19 March 2021, a wholly-owned subsidiary of the Company, Guangdong Greenland Investment Co., Limited (廣東綠地投資有限公司) ("Guangdong Greenland") agreed to jointly develop the land owned by the Target Company with the Target Company's parent company Guangdong SPG Co., Limited (廣東盛高置地有限公司) ("Guangdong SPG").

Pursuant to the agreement, Guangdong Greenland and Guangdong SPG established Guangzhou Guangyun Real Estate Development Co., Ltd (廣州廣雲房地產開發有限公司) ("Guangzhou Guangyun") owned as to approximately 71.42% by Guangdong Greenland and as to approximately 28.58% by Guangdong SPG. According to the cooperation agreement, it is a subsidiary of the Company.

Guangzhou Guangyun is subject to the fulfilment of the acquisition of 49% equity interest in the Target Company from Guangdong SPG, the remaining 51% equity interest of which is continually owned by Guangdong SPG.

Guangdong Greenland and Guangdong SPG shall contribute RMB175 million (out of which approximately RMB7.14 million as capital contribution and approximately RMB167.86 million as shareholder's loan) and RMB70 million (out of which approximately RMB2.86 million as capital contribution and approximately RMB67.14 million as shareholder's loan) to the Guangzhou Guangyun, respectively.

The adjustment represents the inclusion of the assets and liabilities of Guangzhou Guangyun.

2(b) The adjustment represents the acquisition of 49% equity interest in the Target Company by Guangzhou Guangyun from Guangdong SPG at a consideration of RMB245 million. Upon the completion of the proposed acquisition, the Group will account for the Target Company using the equity method. The adjustment does not reflect the estimated land premium to be incurred.

3. The adjustment represents the estimated professional fees and transaction costs of approximately RMB1.90 million payable by the Company in connection with the Proposed Acquisition, which are subject to change and assumed to be due upon Completion.

4. No adjustment has been made to reflect any trading results or other transactions entered into by the Group subsequent to 30 June 2021 for the unaudited pro forma consolidated statement of assets and liabilities.

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Enlarged Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Greenland Hong Kong Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Greenland Hong Kong Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2021 and related notes as set out on pages III-1 to III-4 of the circular issued by the Company dated 26 October 2021 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on section A of Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 49% equity interest in Guangzhou Panyu Yonglong Real Estate Development Co., Ltd (廣州番禺永隆房地產開發有限公司) (together with the Group hereinafter referred to as the "Enlarged Group") (the "Proposed Acquisition") on the Group's financial position as at 30 June 2021 as if the Proposed Acquisition had taken place at 30 June 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2021, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 26 October 2021

MANAGEMENT DISCUSSION AND ANALYSIS OF THE JV COMPANY AND THE PROJECT COMPANY

The following management discussion and analysis should be read in conjunction with the accountants' report of the Project Company for the three years ended 31 December 2018, 2019 and 2020, and the five months ended 31 May 2021 as set out in Appendix II in this circular.

BUSINESS REVIEW

The JV Company was established on 6 April 2021 for the purposes of acquiring a 49% interest in the Project Company, the remaining 51% of which will be owned by Guangdong SPG. The JV Company is owned as to 71.42% by Guangdong Greenland and as to 28.58% by Guangdong SPG. The registered capital of the JV Company is RMB10 million (approximately HK$11.9 million), for which Guangdong Greenland and Guangdong SPG will contribute in cash approximately RMB7.14 million (approximately HK$8.5 million) and approximately RMB2.86 million (approximately HK$3.4 million) respectively. It is intended that the JV Company will not carry on any businesses apart from the investment holding of the said 49% interest in the Project Company.

The Project Company is a company established in the PRC with limited liability on 30 September 2002. For the three years ended 31 December 2021 and five months ended 31 May 2021 (the "**Reporting Period**"), the Project Company did not have any business operation apart from the property development project in respect of the Land and, prior to 2021, leasing of car parking spaces temporarily situated in the Land pending the completion of the development of the Land.

Set out below is the management discussion and analysis of the Project Company for the Reporting Period. All references to "**FY2018**", "**FY2019**" and "**FY2020**" mean each of the three financial years ended 31 December 2018, 2019 and 2020, respectively. The following financial information is based on the Accountants' Report of the Target Company as set out in Appendix II in this circular.

FINANCIAL REVIEW

The following table sets forth items of the Project Company's statements of profit or loss and other comprehensive income for the years/periods indicated:

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(audited)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Rental income	1,079	1,009	347	156	–
Other operating expenses	(100)	(340)	(240)	–	–
Other gains and losses	(1,328)	(472)	2,162	(671)	698
Administration expenses	(2,763)	(6,811)	(7,338)	(2,510)	(9,636)
Finance income	4	5	34	1	1
Finance costs	(1,159)	(1,975)	(2,045)	(829)	(753)
Loss and total comprehensive expense for the year/period	(4,267)	(8,584)	(7,080)	(3,853)	(9,690)

Rental income

For FY2018, FY2019, FY2020, the Project Company recorded rental income of approximately RMB1.1 million, RMB1.0 million and RMB0.3 million respectively. For the five months ended 31 May 2020 and 2021, the Project Company recorded rental income of approximately RMB0.2 million and nil respectively. During the Reporting Period, the Project Company did not have any other business operation apart from the property development project in respect of the Land and, prior to 2021, the leasing of the car parking spaces temporarily situated in the Land pending the completion of the development of the Land. The rental income was generated from the said temporary leasing of the car parking spaces. The rental income for FY2019 compared to FY2018 was stable. The decrease in rental income for FY2020 compared to FY2019 was mainly attributable to the termination of most of the leases of car parking spaces in 2020. The rental income for the five months ended 31 May 2021 was nil because the Project Company ceased the leasing of the car parking spaces in preparation for the Joint Development.

Other gains and losses

The other gains and losses of the Project Company for the three years ended 31 December 2020 were approximately RMB1.3 million (loss), RMB0.5 million (loss) and RMB2.2 million (gain) respectively, which mainly consisted of foreign exchange gains and losses. The other gains and losses of the Project Company for the five months ended 31 May 2020 and 2021 were approximately RMB0.7 million (loss) and RMB0.7 million (gain) respectively. The fluctuation in the other gains and losses were mainly attributable to the fluctuation in the exchange rate of RMB and US$ during the Reporting Period.

Administrative expenses

The administrative expenses of the Project Company for the three years ended 31 December 2020 amounted to approximately RMB2.8 million, RMB6.8 million and RMB7.3 million respectively, which mainly consisted of staff costs, amortization of a rented office and project management fee. The administrative expenses of the Project Company for the five months ended 31 May 2020 and 2021 amounted to approximately RMB2.5 million and RMB9.6 million respectively. The increase in administrative expenses in FY2019 compared to FY2018 was mainly due to the increase in staff cost, promotion fee and fee for preliminary development work in respect of the Land. The increase in administrative expenses in FY2020 compared to FY2019 was mainly attributable to the increase in staff cost for further land development. The increase in administrative expenses in the five months ended 31 May 2021 compared to the five months ended 31 May 2020 was mainly attributable to the increase in staff cost and fee for preliminary development in respect of the Land.

Finance costs

The finance costs of the Project Company for the three years ended 31 December 2020 were approximately RMB1.2 million, RMB2.0 million and RMB2.0 million respectively, which mainly consisted of interest expenses on loan from a related party. The finance costs of the Project Company for the five months ended 31 May 2020 and 2021 were approximately RMB0.8 million and RMB0.8 million respectively. The increase in the finance costs in FY2019 compared to FY2018 was mainly due to the fact that the loan denominated in USD from a related party began to charge interest expense from August 2018. The fluctuation of the finance costs was in line with that in the exchange rate of RMB and USD during FY2019 and FY2020.

Loss and total comprehensive expense for the year

The losses and total comprehensive expense of the Project Company for the three years ended 31 December 2020 were approximately RMB4.3 million, RMB8.6 million, RMB7.1 million, respectively. The losses and total comprehensive expense of the Project Company for the five months ended 31 May 2020 and 2021 were approximately RMB3.9 million and RMB9.7 million respectively. The increase in the said loss for FY2019 compared to FY2018 was mainly attributable to the increase in administration expenses and finance costs. The decrease in the said loss for FY2020 compared to FY2019 was mainly attributable to the increase in other gains in FY2020. The increase in the said loss for the five months ended 31 May 2021 compared to the five months ended 31 May 2020 was mainly attributable to the increase in administrative expenses.

Capital structure, liquidity and financial resources

The Project Company's operations were primarily financed through its operating and financing activities. The Project Company believes that in the long term, its operations will continue to be funded by a combination of cash generated from its operating activities and financing activities. As at 31 December 2018, 2019 and 2020, and

31 May 2020 and 2021, the borrowings of the Project Company were from related parties, which were denominated in USD or RMB. As at 31 December 2018, 2019 and 2020, and 31 May 2021, the Project Company's borrowings denominated in USD from a related party were US$4.0 million, US$4.0 million, US$4.0 million, and US$4.0 million respectively, which were interest bearing at fixed interest rates. As at 31 December 2018, 2019 and 2020, and 31 May 2021, the Project Company's borrowings denominated in RMB from a related party were approximately RMB1.9 million, RMB 5.9 million, RMB19.3 million, and RMB27.7 million respectively, which were non-interest bearing. During the Reporting Period, the Project Company had not used any financial instruments for hedging purposes.

Employee and Remuneration Policies

As at 31 December 2018, 2019 and 2020, and 31 May 2021, the Project Company employed a total of 5, 6, 8, and 10 employees, respectively. The Project Company has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to staff with an outstanding performance to attract and retain talent.

Future plans for material investments or capital assets

Save for the property development project in respect of the Land, the Project Company did not have any future plans for material investments or capital assets.

Capital Commitment

Save for the property development project in respect of the Land, as at 31 December 2018, 2019 and 2020, and 31 May 2021, the Project Company does not have any capital commitment.

Charges on assets

As at 31 December 2018, 2019 and 2020, and 31 May 2021, the Project Company had no charge on assets.

Contingent liabilities

As at 31 December 2018, 2019 and 2020, and 31 May 2021, the Project Company had no material contingent liabilities.

Foreign exchange exposure

During the Reporting Period, the Project Company was not exposed to any material foreign currency risk as most of its business transactions, material assets and liabilities were denominated in RMB save for the borrowings from the Company's related parties which were denominated in USD.

Gearing ratio

As at 31 December 2018, 2019 and 2020, and 31 May 2021, the gearing ratio of the Project Company was approximately 40%, 48%, 52%, and 62% respectively. The gearing ratio was defined as total liabilities divided by total assets.

Significant investment, material acquisitions and disposals

Apart from holding the Land, during the Reporting Period, the Project Company did not conduct any significant investment, material acquisition or material disposal.

Treasury policies

During the Reporting Period, the Project Company had not adopted any specific treasury policies.

The following is the text of a letter and valuation report prepared for incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interest held by the Group in the PRC as at 31 August 2021.

CUSHMAN & WAKEFIELD
戴德梁行

27/F
One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

26 October 2021

The Directors
Greenland Hong Kong Holdings Limited
No. 193 Xiehe Road
Changning District
Shanghai
the People's Republic of China

RE: A PARCEL OF LAND (LOT NO. 08-3551), LUOJIA VILLAGE, SHIJI TOWN, PANYU DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PRC

Instructions, Purpose & Valuation Date

We refer to the instruction of Greenland Hong Kong Holdings Limited (the "**Company**") for Cushman & Wakefield Limited ("**C&W**") to prepare a market valuation of the property in which the Company and/or its subsidiaries (together referred to as the "**Group**") have interests in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the value of the property as at 31 August 2021 (the **valuation date**).

Valuation Basis

Our valuation of the property represents its market value which in accordance with The HKIS Valuation Standards 2020 Edition issued by The Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We confirm that the valuation is undertaken in accordance with The HKIS Valuation Standards 2020 Edition issued by The Hong Kong Institute of Surveyors.

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules governing the Listing of Securities published by the Stock Exchange of the Hong Kong Limited.

Our valuation of the property is on an entirety interest basis.

Valuation Assumptions

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the property, we have relied on the information and advice given by the Company's legal adviser, Allbright Law Office, regarding the titles to the property and the interests of the Company in the property in the PRC. Unless otherwise stated in the respective legal opinion, in valuing the property, we have assumed that the Group has an enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid.

In respect of the property situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the respective valuation report. We have assumed that all consents, approvals and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Method of Valuation

In valuing the property, we have used Market Comparison Method assuming sale of the property in its existing state by making reference to comparable land sales transactions as available in the relevant market and have taken into account reasonably incurred land improvement costs. This method is widely accepted and considered the most appropriate method for valuing land properties. We have also cross-checked by considering the property on completion basis in accordance with the latest development scheme of the Group provided to us subject to the estimated costs that will be incurred to complete the development to reflect the quality of the completed development.

Source of Information

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal adviser, Allbright Law Office regarding the title to the property and the interests of the Group in the property. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, site and floor areas, site and floor plans, completion date of buildings, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information provided to us.

Title Investigation

We have been provided with copies of the title documents relating to the property but have not carried out any land title searches. Moreover, we have not inspected the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the property in the PRC and we have therefore relied on the advice given by the Company regarding its interests in the property.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal adviser, Allbright Law Office, in respect of the title to the property in the PRC.

Site Inspection

Ms. Aileen Zhang of our Guangzhou Office who is Registered China Real Estate Appraiser inspected the property on 9 September 2021. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Unless otherwise stated, we have not carried out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

Confirmation of Independence

We hereby confirm that C&W and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We also confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Market Volatility

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the property is valid only at the valuation date and any subsequent changes in market conditions as well as the resulting impacts on property value after the valuation date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property value may or may not have changed since the valuation date.

Intended Use and User of Report

This valuation report is issued only for the use of the Company for incorporation into its circular.

Currency

Unless otherwise stated, all monetary amounts stated in our valuation report are in Renminbi ("RMB"), the official currency of the PRC.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S. M. Lam
MRICS, MHKIS, RPS(GP)
Director
Valuation & Advisory Services, Greater China

Note: Grace S.M Lam is a member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyor and Registered Professional Surveyor (General Practice). Ms. Lam has over 25 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property to be acquired by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2021
A parcel of land (Lot no. 08-3551), Luojia Village, Shiji Town, Panyu District, Guangzhou, Guangdong Province, the PRC	The property comprises a parcel of land having a site area of 27,256.20 sq m. The property is a planned development of commercial, office and residential uses. According to the information provided by the Group, the constituent planned gross floor areas of property are as follows: **Use** / **Approximate Planned Gross Floor Area** *(sq m)* Office 84,545.30 Commercial 43,146.70 Residential 48,600.00 Total: 176,292.00 The property is located at the center of Panyu District of Guangzhou. Developments nearby are mainly residential in nature. According to the information provided by the Group, the property is planned for residential, commercial and office uses. The land use rights of the property have been granted for a term due to expire on 29 January 2073 for commercial and residential uses.	As at the valuation date, the property was a vacant site.	See note 1 below

Notes:

(1) As advised by the Group, the property has been approved to raise the planned gross floor area up to 176,292 sq m subject to payment of additional land premium. As the acquisition of the property interest in Guangzhou Panyu Yonglong Real Estate Development Co., Limited (the owner of the property) is in progress and the aforesaid additional land premium has not yet been settled, we have ascribed no commercial value to the property on such planned gross floor area basis.

As further advised by the Group, portions of the comprehensive development with a total planned gross floor area of 37,154 sq m (gross floor area of 34,654 sq m for commercial use, 2,000 sq m for office use and 500 sq m for residential use) shall be transferred to an independent third party upon completion of the development.

We have been instructed by the Group to value on the basis assuming that as at the valuation date the property were a vacant land and ready to develop into a comprehensive development with a total planned gross floor area of 176,292 sq m in accordance with the Reply about Planning Conditions No. (2020) 2194 issued by the Guangzhou Municipal Planning and Natural Resources Bureau described in note 4.

Had valid supplementary Grant Contact of Land Use Rights been signed and the additional land premium been fully settled, the market value of the property as at 31 August 2021 would be RMB2,730,000,000 (RENMINBI TWO BILLION SEVEN HUNDRED THIRTY MILLION).

The constituent market values of the respective portions of the property on the aforesaid basis as at 31 August 2021 are listed as below:

Portion	**Use**	**Approximate Planned Gross Floor Area** *(sq m)*	**Market value in existing state as at 31 August 2021**
Portions of the development with gross floor area of 139,138.00 sq m	Office	82,545.30	RMB2,440,000,000
	Commercial	8,492.70	
	Residential	48,100.00	
Portions of the development with gross floor area of 37,154.00 sq m	Office	2,000.00	RMB290,000,000
	Commercial	34,654.00	
	Residential	500.00	
Total			RMB2,730,000,000

(2) According to State-owned Land Use Rights Certificate No. G08-001157 issued by the Guangzhou Land Resources and Housing Administration Bureau (廣州市國土資源和房屋管理局) on 10 July 2003, the land use rights of the property with a total site area of 27,256.20 sq m have been vested in Guangzhou Panyu Yonglong Real Estate Development Co., Limited for a term due to expire on 29 January 2073 for commercial and residential uses.

(3) According to Grant Contract of Land Use Rights dated 30 January 2003, the land use rights of the property have been contracted to be granted to Guangzhou Panyu Yonglong Real Estate Development Co., Limited. The details are summarized as follows:

(a)	Site area	:	27,256.00 sq m
(b)	Use	:	Residential, Commercial
(c)	Land use term	:	70 years

(4) According to Reply about Planning Conditions No. (2020) 2194 issued by the Guangzhou Municipal Planning and Natural Resources Bureau on 5 March 2020, the use of the property is commercial and residential uses and the plot ratio gross floor area of the property is 176,292 sq m.

(5) As advised by the Group, Guangzhou Panyu Yonglong Real Estate Development Co., Limited is a joint venture in respect of the development of the property. The profit or loss of Guangzhou Panyu Yonglong Real Estate Development Co., Limited shall be shared or borne by its shareholders in proportion to their respective shareholding interests in Guangzhou Panyu Yonglong Real Estate Development Co., Limited. According to the advice of the Group's PRC legal adviser, Guangzhou Panyu Yonglong Real Estate Development Co., Limited has obtained the necessary licences for its operation.

(6) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

(a) Guangzhou Panyu Yonglong Real Estate Development Co., Limited has obtained the State-owned Land Use Rights Certificate of the property. The land use rights of the property have been vested in Guangzhou Panyu Yonglong Real Estate Development Co., Limited;

(b) According to Reply about Planning Conditions No. (2020) 2194 issued by the Guangzhou Municipal Planning and Natural Resources Bureau on 5 March 2020, the use of the property is commercial and residential uses and the plot ratio gross floor area of the property is 176,292 sq m; and

(c) Once the procedures in respect of the execution of the supplementary Grant Contract of Land Use Rights of the project and the payment of the additional land premium have been completed, there is no legal impediment to achieve the planning specifications detailed in the reply from the Guangzhou City Planning and Natural Resources Bureau.

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 purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

(a) Directors' and chief executives' interests and short position in shares, underlying shares and debentures of the Company, and its associated corporations

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

Long positions in the Shares:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximately percentage of shareholding in the Company's issued share capital *(Note 6)*
Mr. Wang Weixian	Interest of controlled corporation	38,804,571 *(Note 1)*	1.39%
	Founder of discretionary trust	367,254,133 *(Note 2)*	13.15%
Ms. Wang Xuling	Beneficial owner	3,390,000 *(Note 3)*	0.12%
	Beneficiary of discretionary trust	367,254,133 *(Note 2)*	13.15%

Name of Director	Capacity/Nature of interest	Number of Shares	Approximately percentage of shareholding in the Company's issued share capital *(Note 6)*
Mr. Fong Wo, Felix, JP	Beneficial owner	500,000	0.02%
Mr. Kwan Kai Cheong	Beneficial owner	500,000	0.02%
Mr. Chen Jun	Beneficial owner	3,500,000 *(Note 4)*	0.13%
Mr. Hou Guangjun	Beneficial owner	2,700,000 *(Note 5)*	0.10%

Notes:

1. Under the SFO, Mr. Wang Weixian was deemed to be interested in 38,804,571 Shares which were held by Prestige Glory Enterprises Limited. The entire issued share capital of Prestige Glory Enterprises Limited was beneficially owned by Mr. Wang Weixian.

2. Under the SFO, each of Mr. Wang Weixian and Ms. Wang Xuling was deemed to be interested in an aggregate of 367,254,133 Shares, which were indirectly held by a family trust of Mr. Wang Weixian (namely The Duanyuan Trust). Mr. Wang Weixian is the founder of The Duanyuan Trust. Ms. Wang Xuling is a discretionary object of The Duanyuan Trust.

3. Ms. Wang Xuling was deemed to be interested in 3,390,000 Shares under the subscription agreement between her and the Company dated 23 January 2018 under the SFO.

4. Mr. Chen Jun was deemed to be interested in 3,500,000 Shares under the subscription agreement between him and the Company dated 23 January 2018 under the SFO.

5. Mr. Hou Guangjun was deemed to be interested in 2,700,000 Shares under the subscription agreement between him and the Company dated 23 January 2018 under SFO.

6. Representing the issued and fully paid-up capital of the Company as at the Latest Practicable Date comprising 2,791,884,683 Shares.

Long position in the debentures of the Company:

Name of Director	Capacity/Nature of interest	Currency of Debentures	Denomination or Unit Size of the Debentures	Amount of Debentures
Mr. Wang Weixian	Interest of controlled corporation *(Note 1)*	USD	200,000	4,475,000

Note:

1. Under the SFO, Mr. Wang Weixian was deemed to be interested in debentures of the Company in an aggregate principal amount of US$4,475,000, which were held by SPG Investment Holdings Ltd. The entire issued share capital of SPG Investment Holdings Ltd. was beneficially owned by Mr. Wang Weixian. The said debentures comprised 5.625% perpetual securities in the aggregate principal amount of US$4,475,000.

Long position in the shares of an associated corporation of the Company (namely the JV Company):

Name of Director	Capacity/Nature of interest	Amount of registered capital	Approximately percentage of shareholding in the JV Company's registered capital
Mr. Wang Weixian	Founder of discretionary trust	RMB2,858,000 *(Note 1)*	28.58%
Ms. Wang Xuling	Beneficiary of discretionary trust	RMB2,858,000 *(Note 1)*	28.58%

Note:

1. Under the SFO, each of Mr. Wang Weixian and Ms. Wang Xuling was deemed to be interested in RMB2,858,000 of the registered capital of the JV Company, which was indirectly held by a family trust of Mr. Wang Weixian (namely The Duanyuan Trust). Mr. Wang Weixian is the founder of The Duanyuan Trust. Ms. Wang Xuling is a discretionary object of The Duanyuan Trust.

(b) Other interests of the Directors

As at the Latest Practicable Date, save as disclosed above and except for Mr. Chen Jun and Mr. Wu Zhengkui (being senior management of Greenland Holdings), none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTOR'S SERVICE CONTRACTS

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

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

The Duanyuan Trust, of which Mr. Wang is the founder and Ms. Wang is a discretionary object, indirectly owns a 80% interest in Guangzhou SPG, which, together with its subsidiaries, is currently and principally engaged in urban renewal project investment in the Greater Bay Area, the PRC that competes or is likely to compete, either directly or indirectly, with the business of the Group. Save as disclosed above and as at the Latest Practicable Date, so far as known to the Directors, none of the Directors or their respective close associates had an interest in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE ENLARGED GROUP

(a) Interests in assets

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date up to which the latest published audited consolidated financial statements of the Group was made up), acquired or disposed of by, or leased to any member of the Group, or which were proposed to be acquired or disposed of by, or leased to any member of the Group.

(b) Interests in contracts

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Enlarged Group.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against the Company or any other member of the Group.

7. MATERIAL CONTRACTS

Save for the following, the Group had not entered into any material contract (not being contracts entered into in the ordinary course of business of the Group) within the two years immediately preceding the date of this circular:

(a) the equity transfer agreement dated 12 October 2020 entered into by Greenland Holding Group Company Limited* (綠地控股集團有限公司), and Greenland Real Estate Group Co. Ltd.* (綠地地產集團有限公司) (collectively the "**Vendors**"), and Shanghai Oriental Cambridge Property Development Co., Ltd.* (上海東方康橋房地產發展有限公司) (the "**Purchaser**"), being a wholly-owned subsidiary of the Company, in relation to the acquisition of the entire equity interest in Guangzhou Greenland Real Estate Development Co. Ltd.* (廣州綠地房地產開發有限公司) by the Purchaser from the Vendors; and

(b) the subscription agreement dated 27 May 2021 entered into amongst the Company, Guotai Junan International, Haitong International, HSBC, BOC International, Citigroup, BOCOM International, Central Wealth Securities Investment Limited and SPDB International in connection with the issue of 9.625 per cent. bonds due 2022 in the aggregate principal amount of US$150,000,000, details of which are set out in the Company's announcements dated 28 May 2021 and 7 June 2021.

8. EXPERTS QUALIFICATION AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice contained in this circular (the "**Experts**"):

Name	Qualification
Octal Capital Limited	a licensed corporation permitted under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Deloitte Touche Tohmatsu	Certified Public Accountants
Cushman & Wakefield Limited	Property Valuer

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

As at the Latest Practicable Date, the above experts did not have any interest, direct or indirect, in the promotion of, or in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and the references to their names and/or their opinions and advice in the form and context in which they are included.

9. GENERAL

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands;

(b) the headquarters of the Company is located at No. 193 Xiehe Road, Changning District, Shanghai, the PRC;

(c) the principal place of business of the Company in Hong Kong is located at Unit 5711, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong;

(d) the Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong;

(e) the company secretary of the Company is Ms. Fung Wai Sum, ACG ACS, who is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom; and

(f) the English text of this circular prevails over the Chinese text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.greenlandhk.com) from the date of this circular up to and including 9 November 2021:

(a) the JV Agreement and the Supplemental Agreement;

(b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

(c) the report from Deloitte Touche Tohmatsu on the financial information of the Project Company, the text of which is set out in Appendix II in this circular;

(d) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III in this circular;

(e) the property valuation report from the property valuer as set out in Appendix V in this circular; and

(f) the written consents referred to in the paragraph headed "Expert's Qualification and Consent" in this Appendix.

GREENLAND HONG KONG HOLDINGS LIMITED
綠地香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 337)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Greenland Hong Kong Holdings Limited (the "**Company**") will be held via e-Meeting System at 9:00 a.m. on Tuesday, 16 November 2021 for the purposes of considering and, if thought fit, passing the following ordinary resolution of the Company:

"**THAT** the JV Agreement and the Supplemental Agreement (both of which are as defined in the circular of the Company dated 26 October 2021), and the transactions contemplated thereunder (including the Financial Assistance (as defined in the said circular)) be and are hereby approved, confirmed, authorized and ratified, and any one of the directors of the Company be and is hereby authorised to execute all such documents and to do all such acts as he/she may in his/her absolute opinion deem necessary, desirable or expedient to give effect to the transactions contemplated thereunder (including the Financial Assistance) with such changes as he/she may in his/her absolute opinion deem necessary, desirable or expedient."

By order of the Board
Greenland Hong Kong Holdings Limited
Chen Jun
Chairman and Chief Executive Officer

Hong Kong
26 October 2021

Notes:

1. Any Shareholder entitled to attend and vote at the EGM convened by this notice is entitled to appoint one or more (if he/she/it holds two or more Shares) proxies to attend and vote in his/her/its place. A proxy need not be a member of the Company.

2. In order to be valid, the completed form of proxy together with a power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power or other authority) must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).

3. Completion and return of the form of proxy will not preclude a member from attending and voting via the e-Meeting System at the EGM or at any adjournment thereof (as the case may be) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. In the case of joint holders of any share(s), only **ONE PAIR** of log-in username and password will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such share(s) as if he/she/it was solely entitled thereto.

5. For the purpose of determining shareholders' eligibility to attend and vote via the e-Meeting System at the EGM, the register of members of the Company will be closed from Thursday, 11 November 2021 to Tuesday, 16 November 2021 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 10 November 2021.

6. The Chinese translation of this notice is for reference only. In case of any inconsistency, the English version shall prevail.