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GREENLAND HONG KONG HOLDINGS LIMITED

綠地香港控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 337)

ANNOUNCEMENT

CONNECTED TRANSACTION Appointment of connected person as contractor for construction works

The Board is pleased to announce that after trading hours on 8 November 2021, the Project Company, a wholly-owned subsidiary of the Company, entered into the Mountain Series A1 Contractor Agreement and the Mountain Series A2 Contractor Agreement with the Contractor to appoint the Contractor as the contractor for the Mountain Series A1 Project and the Mountain Series A2 Project respectively.

As at the date of this announcement, Greenland Holdings indirectly holds approximately 59.1% of the issued ordinary share capital of the Company and is a connected person of the Company. Greenland Holdings controls 51% voting power in respect of the Contractor. Accordingly, the Contractor is an associate of Greenland Holdings and, thus, a connected person of the Company. As the highest Applicable Percentage Ratio for the Contractor Agreements on an aggregate basis is more than 0.1% but less than 5%, the Contractor Agreements on an aggregate basis constitute connected transactions for the Company subject to the announcement and reporting requirements but is exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE CONTRACTOR AGREEMENTS

The principal terms of the Contractor Agreements are as follows:

Mountain Series A1 Contractor Agreement

Date:	8 November 2021
Parties:	(i) the Project Company as the developer (ii) the Contractor as the contractor
Subject matter:	To undertake pile foundation engineering work in respect of the Mountain Series A1 Project in accordance with the tender drawings, the bill of quantities and detailed drawings agreed upon by the Project Company and the Contractor
Project description and location:	The main contracting of pile foundation engineering work for land parcel A of the Greenland Mountain Series Project (綠地朗峯項目A地塊樁基工程) to be developed on land parcel situated at the western side of Pingle Avenue, the southern side of Fengwei Road and the northern side of Huawei Road, Comprehensive Bonded Zone, Nanning City, Guangxi Zhuang Autonomous Region, the PRC (中國廣西壯族自治區南寧市綜保區平樂大道西面、豐威路南面、華威路北面)
Estimated construction area:	Approximately 282,700 sq.m.
Estimated total contract sum:	Approximately RMB9.41 million (approximately HK\$11.48 million), which is inclusive of value added tax, subject to adjustment in accordance with relevant provisions in the agreement as mentioned below
Expected commencement date:	20 November 2021
Expected completion date:	13 January 2022

Mountain Series A2 Contractor Agreement

Date:	8 November 2021
Parties:	(i) the Project Company as the developer (ii) the Contractor as the contractor
Subject matter:	To undertake foundation pit enclosure engineering work in respect of the Mountain Series A2 Project in accordance with the tender drawings, the bill of quantities and the detailed drawings agreed upon by the Project Company and the Contractor
Project description and location:	The main contracting of foundation pit enclosure engineering work for land parcel A of the Greenland Langfeng Project (綠地朗峯項目A地塊基坑圍護工程) to be developed on land parcel situated at western side of Pingle Avenue, the southern side of Fengwei Road and the northern side of Huawei Road, Comprehensive Bonded Zone, Nanning City, Guangxi Zhuang Autonomous Region, the PRC (中國廣西壯族自治區南寧市綜保區平樂大道西面、豐威路南面、華威路北面)
Estimated construction area:	Approximately 282,700 sq.m.
Estimated total contract sum:	Approximately RMB5.32 million (approximately HK\$6.49 million), which is inclusive of value added tax, subject to adjustment in accordance with relevant provisions in the agreement as mentioned below
Expected commencement date:	16 November 2021
Expected completion date:	13 January 2022

Payment term

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

In general, 70% of the estimated total contract sum shall have been fully paid up following completion and acceptance of the construction works, and up to 97% of the adjusted total contract sum shall have been fully paid after the audit of the completion settlement report has been completed. The remaining 3% of the adjusted total contract sum payable under each Contractor Agreement shall be withheld as warranty money and shall, subject to deductions due to necessary repair works, be released after the expiry of a period of 2 years.

Furthermore, the total contract sum of each of the Contractor Agreements will be adjusted in response to any increase or decrease in the amount of construction works actually done by the Contractor due to any changes in design or amount of works requested by the Project Company after the signing of the Contractor Agreement. The actual adjustment shall be determined based on actual amount of the said increase or decrease in construction works as approved by the Project Company and the investment supervisory company appointed by the Project Company (which is an independent third party), and shall be set out in the Final Settlement Report. There is no agreed maximum amount of the total contract sum under each Contractor Agreement. According to the Company's previous experience and practice, the adjustments to the total contract sum of similar contractor agreements did not exceed 5% of the estimated total contract sum of the relevant contractor agreement. The Company considers that it is unlikely to have adjustment to the total contract sum exceeding 5% in respect of any of the Contractor Agreements. In the event that the adjustment to any of the Contractor Agreements exceeds 5% of its estimated total contract sum, the Company will comply with Chapter 14A of the Listing Rules for such adjustment. In the event that the aforesaid compliance measure requires the approval of independent shareholders of the Company, and such approval cannot be obtained, the relevant Project Company will negotiate in good faith with the relevant Contractor in order to enter into a supplemental agreement to adjust the scope of services and/or materials used for the relevant Construction Project with a view to reducing the adjustment to be made to the total contract sum to be not exceeding 5%. The Company will from time to time monitor the progress of each Construction Project to ensure early identification of any possibility of adjustment of the total contract sum exceeding 5% of the estimated total contract sum and early compliance of the foregoing measure.

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

Basis of determining the total contract sum

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

Such rules and regulations includes:

- 《建設工程工程量清單計價格規範》(GB50500-2013) (“Code of Bill of Quantities and Valuation for Construction Works”*) (GB50500-2013)); and 《南寧市建設工程造價信息》 (“Nanning City Construction Engineering Cost Information”*)).

The total contract sum of each Construction Project was arrived at by totalling up the estimated amount of required construction work (in terms of units of construction work and quantity of construction materials) set out in the relevant local rules and regulations or required by the Project Company multiplied by the current market prices of the relevant place for each unit of construction works and construction materials as published in writing and/or on-line at the website of the relevant PRC government or industry authority from time to time. The amount of construction works cost per unit of construction works was primarily based on labour cost and other costs stipulated by the relevant PRC government or industry authority.

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

The Cost Management Department, Engineering Department and Technology Research and Development Department had worked with an independent third party costing consultant, namely Shanghai Huarong Investment Consultancy Center Co., Ltd.* (上海華融投資諮詢中心有限公司), to determine which tender was successful by (i) reviewing the unit prices of the construction materials quoted by the tenderers, the results of which shows that (a) the unit prices of the major construction materials (for example, 500 mm inner pipe pile (內管樁) and bored pile concrete (鑽孔灌注樁)) quoted by the Contractor were lower than or the same as the lowest unit prices quoted by the other tenderers. For instance, the unit prices of the said inner pipe pile and bored pile concrete quoted by the Contractor for the Construction Projects were RMB250 per meter and RMB396.48 per cubic meter respectively, whereas for the same Construction Project the lowest unit prices of the construction works quoted by other tenderers was RMB320 per meter and RMB416.30 per cubic meter respectively; (ii) evaluating the commercial terms of the tenderers, the result of which shows that the commercial terms of the Contractor are in compliance with the Group's policy; and (iii) evaluating the reliability of services of the tenderers through a review conducted by the Group to assess a tenderers' financial capacity, its degree of cooperation, its technical expertise and whether it has any adverse track record, the result of which shows that the Contractor passed this review.

In relation to the tenderers' financial capacity, the tenderers shall have a registered capital of not less than RMB15 million. In relation to the tenderers' degree of cooperation, the Group requires that the tenderers do not have any bad publicities (such as freezing of equity interest, being auctioned, material breaches of law and etc.), and shall achieve certain minimum scores under the internal grading system of the Group, which takes into account various factors such as the cooperation history, site visit results of other projects done by such tenderers and etc. In relation to the tenderers' technical expertise, the tenderers shall meet certain levels of expertise qualifications. The tenderers shall have the professional qualification of Building Construction General Contracting Class 1 or above. The tenderers also need to have annual construction works capability (in terms of contract sum) of not less than RMB100 million. If the tenderers have adverse track record, including insufficient degree of cooperation, making troubles, deficiencies in work quality and etc., the tenderers will be removed from the Group's suppliers whitelist. The Group will only cooperate with the tenderers which are on the suppliers whitelist.

The Cost Management Department focused on the commercial aspects of the tenders, whereas the Engineering Department and Technology Research and Development Department focused on evaluating the engineering and technical expertise of the tenderer. In sum, the tenders submitted by the Contractor are more favourable to the Group than those of other tenderers.

The Board (excluding Mr. Chen Jun (who also serves as the executive president of Greenland Holdings) and Mr. Wu Zhengkui (who also serves as the deputy general manager of the finance department of Greenland Holdings), who abstained from voting at the meeting of the Board due to conflict of interest) considers that the contract sum payable (subject to adjustments) under each of the Contractor Agreements is fair and reasonable.

Funding

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

GENERAL INFORMATION

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

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

The Contractor is owned by a number of shareholders through various intermediate holding companies of theirs. Under such shareholding structure, Greenland Holdings has an attributable interest of 51% in the Contractor, and controls the exercise of 51% of the voting power at the shareholders meeting of the Contractor. Guangxi SASAC and Nanning Zhongxin Investment Management Centre (Limited Liability Partnership)* (南寧眾鑫投資管理中心(有限合夥)) (principally engaged in investment activities, asset management, corporate management) has an attributable interest of 34% and 15% in the Contractor respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACTOR AGREEMENTS

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

The Board (excluding Mr. Chen Jun and Mr. Wu Zhengkui, who abstained from voting at the meeting of the Board due to conflict of interest) considers that the Contractor Agreements were entered into in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and that the terms of each of the Contractor Agreements have been negotiated on an arm's length basis and are normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Greenland Holdings indirectly holds approximately 59.1% of the issued ordinary share capital of the Company and is a connected person of the Company. Greenland Holdings controls 51% voting power in respect of the Contractor. Accordingly, the Contractor is an associate of Greenland Holdings and, thus, a connected person of the Company. As the highest Applicable Percentage Ratio for the Contractor Agreements on an aggregate basis is more than 0.1% but less than 5%, the Contractor Agreements on an aggregate basis constitute connected transactions for the Company subject to the announcement and reporting requirements but is exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Applicable Percentage Ratio”, “associate(s)” and “connected person(s)”	have the meanings ascribed to them under the Listing Rules;
“Board”	the board of Directors;
“Company”	Greenland Hong Kong Holdings Limited (綠地香港控股有限公司), a company incorporated with limited liability in the Cayman Islands and the ordinary shares of which are listed on the Main Board of the Stock Exchange;
“Construction Projects”	collectively, the Mountain Series A1 Project and the Mountain Series A2 Project, and a “Construction Project” means either one of them;

“Contractor”	Guangxi Construction Engineering Group Foundation Construction Engineering Co., Ltd.* (廣西建工集團基礎建設有限公司), a company established in the PRC with limited liability;
“Contractor Agreements”	collectively the Mountain Series A1 Contractor Agreement and the Mountain Series A2 Contractor Agreement, and a “Contractor Agreement” means either one of them;
“Director(s)”	the director(s) of the Company;
“Greenland Holdings”	Greenland Holdings Corporation Limited (綠地控股集團股份有限公司), a company established under the laws of the PRC and listed on the Shanghai Stock Exchange, and the controlling shareholder of the Company;
“Group”	the Company and its subsidiaries;
“Guangxi SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Guangxi Zhuang Autonomous Region* (廣西壯族自治區人民政府國有資產監督管理委員會);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mountain Series A1 Contractor Agreement”	the contractor agreement dated 8 November 2021 between the Project Company and the Contractor for the main contracting of the construction works for the Mountain Series A1 Project;
“Mountain Series A2 Contractor Agreement”	the contractor agreement dated 8 November 2021 between the Project Company and the Contractor for the main contracting of the construction works for the Mountain Series A2 Project;
“Mountain Series A1 Project”	the main contracting of pile foundation engineering work for land parcel A of the Mountain Series Project (綠地朗峯項目);

“Mountain Series A2 Project”	the main contracting of foundation pit enclosure engineering work for land parcel A of the Mountain Series Project (綠地朗峯項目);
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Project Company”	Guangxi Yingzhi Investment Development Co., Ltd.* (廣西穎置投資發展有限公司), a wholly-owned subsidiary of the Company established in the PRC with limited liabilities;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	holders of the ordinary share(s) of HK\$0.50 each in the share capital of the Company;
“sq.m.”	square meters;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

For the purposes of this announcement, an exchange rate of HK\$1 = RMB0.82 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute representations that any amount in RMB or HK\$ has been, could have been or may be converted at such rate.

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

Hong Kong, 8 November 2021

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

* *For identification purposes only*