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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 licensed securities dealer, 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 together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**GREENLAND HONG KONG HOLDINGS LIMITED**

**綠地香港控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0337)**

**MAJOR AND CONNECTED TRANSACTION**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



**SOMERLEY LIMITED**

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A letter from the Board is set out on pages 6 to 17 of this circular.

A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 18 to 19 of this circular.

A letter from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 34 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the principal place of business of the Company at Unit 5711, 57/F., The Center, 99 Queen's Road Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM or adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the EGM in person.

31 March 2014

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:*

“Assessed Value”	the assessed value of the sole shareholder’s interest in Greenland Kunming as at 30 September 2013, as assessed by an independent asset valuer, which was RMB102,240,116 (equivalent to approximately HK\$130,209,012)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Caohai Land”	pieces of land located at the south west side of Er Huan Road, the east coast of Caohai, the north of Dianchi and west of Xi Fu Road in Kunming City (昆明市區二環路西南側，滇池北部，草海東岸，西福路以西)
“Caohai Land Premium”	the consideration for the acquisition of the land use rights in respect of the Caohai Land under the Land Use Rights Grant Contract (Caohai), being RMB1,909,382,800 (equivalent to approximately HK\$2,431,715,232)
“Caohai Project”	a property development project located at the Caohai Land undertaken by Greenland Kunming
“Capital Injection”	the sum of RMB124,960,142 (equivalent to approximately HK\$159,144,348), being the aggregate of the Registered Capital Contribution and the Capital Surplus
“Capital Injection Agreement”	the capital injection agreement in respect of Greenland Kunming dated 30 October 2013 and entered into between Greenland Real Estate and Shanghai Oriental Cambridge
“Capital Surplus”	the sum of RMB112,737,920 (equivalent to approximately HK\$143,578,604)
“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 Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Transaction in accordance with the terms and conditions of the Capital Injection Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company

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## DEFINITIONS

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“DTZ”	DTZ Debenham Tie Leung Limited, an independent valuer
“EGM”	the extraordinary general meeting of the Company to be convened on Wednesday, 16 April 2014 for the purpose of approving the Capital Injection Agreement and the Transaction
“Enlarged Group”	the Group as enlarged by the Target Group immediately upon Completion
“Greenland Group”	Greenland Holding Group and its subsidiaries, excluding the Group
“Greenland Holding Group”	Greenland Holding Group Company Limited (綠地控股集團有限公司), a state-controlled enterprise group headquartered in Shanghai and principally engaged in real estate, energy and finance business
“Greenland Kunming”	綠地集團(昆明)置業有限公司 (Greenland Group (Kunming) Property Co. Ltd.*), a company established under the laws of the PRC with limited liability
“Greenland Loan”	the shareholder’s loan in the total net amount of approximately RMB1,503,402,855 (equivalent to approximately HK\$1,914,675,057) advanced by Greenland Group to Greenland Kunming as at 30 September 2013
“Greenland Real Estate”	綠地地產集團有限公司 (Greenland Real Estate Group Co. Ltd.*), a company established under the laws of the PRC with limited liability
“Greenland Wuhua”	綠地集團(昆明五華)房地產開發有限公司 (Greenland Group (Kunming Wuhua) Property Development Co. Ltd.*), a company established under the laws of the PRC with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors (namely, Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, JP, Mr. Jiang Simon X. and Mr. Kwan Kai Cheong) established for the purpose of considering and advising the Independent Shareholders in connection with the Capital Injection Agreement and the Transaction

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## DEFINITIONS

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“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolutions approving the Capital Injection Agreement and the Transaction
“Kunming Land Bureau”	昆明市國土資源局 (Kunming Municipal Bureau of Land Resources)
“Land Use Rights Grant Contract (Caohai)”	Land Use Rights Grant Contract (國有建設用地使用權出讓合同) dated 20 June 2013 and entered into between Kunming Land Bureau and Greenland Kunming in respect of the Caohai Land
“Land Use Rights Grant Contract (Wuhua)”	Land Use Rights Grant Contract (國有建設用地使用權出讓合同) dated 6 February 2013 and entered into between Kunming Land Bureau and Greenland Wuhua in respect of the Wuhua Land
“Latest Practicable Date”	28 March 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Caohai Land Premium”	the amount of RMB915,826,000 (equivalent to approximately HK\$1,166,360,163), being the outstanding amount of the Caohai Land Premium, payable by Greenland Kunming
“Outstanding Land Premium Contribution”	the total amount of approximately RMB1,091,056,000 (equivalent to approximately HK\$1,389,526,235), representing the aggregate of the Outstanding Caohai Land Premium and the Outstanding Wuhua Land Premium
“Outstanding Wuhua Land Premium”	the amount of RMB175,230,000 (equivalent to approximately HK\$223,166,072), being the outstanding amount of the Wuhua Land Premium, payable by Greenland Wuhua
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Projects”	Caohai Project and Wuhua Project

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## DEFINITIONS

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“Registered Capital Contribution”	the sum of RMB12,222,222 (equivalent to approximately HK\$15,565,744)
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Oriental Cambridge”	上海東方康橋房地產發展有限公司 (Shanghai Oriental Cambridge Property Development Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	the ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder’s Loan”	a shareholder’s loan in the sum of RMB826,870,000 (equivalent to approximately HK\$1,053,069,282) to be provided by Shanghai Oriental Cambridge to Greenland Kunming in accordance with the terms and conditions of the Capital Injection Agreement
“Shareholders”	holders of the Shares
“Sommerley”	Sommerley Limited, a licensed corporation permitted under SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, being the independent financial adviser appointed by the Board to advise the Independent Board Committee and the Independent Shareholders in connection with the Capital Injection Agreement and the Transaction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Greenland Kunming and Greenland Wuhua
“Total Financial Commitment”	the total of (i) Registered Capital Contribution, (ii) Capital Injection, (iii) Shareholder’s Loan and (iv) Outstanding Land Premium Contribution
“Transaction”	the transactions contemplated under the Capital Injection Agreement

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## DEFINITIONS

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“Wuhua Land”	pieces of land located at west of Kun Lu Gong Road, north of Chen Jia Ying Road and north of Wang Qiong Gong Road, the Pan-Asia Technological New Zone, northwest side of Wuhua District in Kunming City (昆明市五華區西北部泛亞科技新區昆祿公路以西、陳家營路以北區域以及王筇公路以北區域)
“Wuhua Land Premium”	the consideration for the acquisition of the land use rights in respect of the Wuhua Land under the Land Use Rights Grant Contract (Wuhua), being RMB644,259,000 (equivalent to approximately HK\$820,503,057)
“Wuhua Project”	a property development project located at the Wuhua Land undertaken by Greenland Wuhua
“%”	per cent.
“sq.m.”	square meters

*For the purpose of this circular, the exchange rate of HK\$1.00 = RMB0.7852 has been used for currency translation, where applicable. Such exchange rates are for illustration purposes and do not constitute representations that any amount in RMB or HK\$ has been, could have been or may be converted at such rate.*

*\* For identification purpose only*

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LETTER FROM THE BOARD

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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: 0337)**

*Executive 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

Mr. YOU Defeng (*Chief Financial Officer*)

*Independent Non-executive Directors:*

Mr. CHEONG Ying Chew, Henry

Mr. FONG Wo, Felix, JP

Mr. JIANG Simon X.

Mr. KWAN Kai Cheong

*Registered office:*

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of*

*business in Hong Kong:*

Unit 5711, 57/F

The Center

99 Queen's Road Central

Hong Kong

31 March 2014

*To the Shareholders,*

Dear Sir/ Madam,

It was announced that on 30 October 2013 (after trading hours), Shanghai Oriental Cambridge and Greenland Real Estate entered into the Capital Injection Agreement. Pursuant to the Capital Injection Agreement, Shanghai Oriental Cambridge agreed to make the Capital Injection (namely RMB124,960,142 (equivalent to approximately HK\$159,144,348)) into Greenland Kunming, of which (i) the Registered Capital Contribution (namely RMB12,222,222 (equivalent to approximately HK\$15,565,744)) will be recognised as the registered capital and (ii) the Capital Surplus (namely RMB112,737,920 (equivalent to approximately HK\$143,578,604)) will be recognised as the capital surplus of Greenland Kunming.

The main purpose of this circular is to provide you with, among other things, (a) further details of the Capital Injection Agreement and the Transaction; (b) the advice of Somerley to the Independent Board Committee and the Independent Shareholders in relation to the Capital Injection Agreement and the Transaction; (c) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Capital Injection Agreement and the Transaction; (d) the valuation report; and (e) a notice of EGM.



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## LETTER FROM THE BOARD

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### MAJOR AND CONNECTED TRANSACTION

#### Background

As at the Latest Practicable Date, Greenland Kunming is a direct wholly-owned subsidiary of Greenland Real Estate and Green Wuhua is a direct wholly-owned subsidiary of Greenland Kunming.

#### *The Caohai Land*

On 6 June 2013, Greenland Real Estate made a successful bid for the land use rights of the Caohai Land from the Kunming Land Bureau through a public listing and bidding process organised by the Kunming Land Bureau. On 20 June 2013, Greenland Kunming, a wholly-owned subsidiary of Greenland Real Estate, entered into the Land Use Rights Grant Contract (Caohai) with Kunming Land Bureau for the transfer of the land use rights of Caohai Land at the Caohai Land Premium.

The Caohai Land comprises six parcels of land with a total site area of approximately 155,549 sq.m. and a total developable gross floor area of approximately 211,733 sq.m.

Details of the Caohai Land are as follows:

Land No.	No. of land parcels	Total site area (sq. m.)	Above-ground	Status
			gross floor area (sq. m.)	
KCXS2012-40-4-5 and KCXS2012-40-4-6	2	48,950.40	56,295.67	Held by the Target Group under development
KCXS2012-40-4-7, KCXS2012-40-4-8, KCXS2012-40-4-9 and KCXS2012-40-4-10	4	106,599.01	155,436.95	To be acquired by the Target Group or after Completion, the Group

As at the Latest Practicable Date, save and except for the State-owned Land Use Rights Certificate and the Planning Permit for Construction Use of Land in respect of the two parcels of land of the Caohai Land which are currently in the stage of site formation, the Group has not yet obtained other required licenses, approvals or certificates in respect of the Caohai Land which the Company expects to obtain by the end of 2014. As advised by the PRC legal advisers, the Company does not consider there be any material legal impediment in obtaining the same.

Payment of the first instalment of the Caohai Land Premium in the sum of RMB993,556,800 (equivalent to approximately HK\$1,265,355,069) had been made by Greenland Kunming. The Outstanding Caohai Land Premium in the amount of RMB915,826,000 (equivalent to approximately HK\$1,166,360,163) shall be paid by Greenland Kunming before 20 June 2014 according to the Land Use Rights Grant Contract

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## LETTER FROM THE BOARD

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(Caohai). Subject to full payment of the Caohai Land Premium, Greenland Kunming, the project company undertaking the Caohai Project, is the owner of the land use right of Caohai Land.

### *The Wuhua Land*

On 23 January 2013, Greenland Kunming made a successful bid for the land use rights of the Wuhua Land from the Kunming Land Bureau through a public listing and bidding process organised by the Kunming Land Bureau. On 6 February 2013, Greenland Wuhua, a wholly-owned subsidiary of Greenland Kunming, entered into the Land Use Rights Grant Contract (Wuhua) with Kunming Land Bureau for the transfer of the land use rights of Wuhua Land at the Wuhua Land Premium.

The Wuhua Land comprises five parcels of land with a total site area of approximately 130,154 sq.m. and a total developable gross floor area of approximately 472,642 sq.m.

Details of the Wuhua Land are as follows:

<b>Land No.</b>	<b>No. of land parcels</b>	<b>Total site area (sq. m.)</b>	<b>Above-ground gross floor area (sq. m.)</b>	<b>Status</b>
KCW2012-4 and KCW2012-9	2	59,354.59	237,418.36	Held by the Target Group under development
KCW2012-36, KCW2012-39 and KCW2012-40	3	70,799.71	235,223.16	To be acquired by the Target Group or after Completion, the Group

As at the Latest Practicable Date, save and except for the State-owned Land Use Rights Certificate, the Planning Permit for Construction Use of Land and the Commencement Permit for Construction Works in respect of the two parcels of land of the Wuhua Land which are currently under development, the Group has not yet obtained other required licenses, approvals or certificates in respect of the Wuhua Land which the Company expects to obtain by the end of 2014. As advised by the PRC legal advisers, the Company does not consider there be any material legal impediment in obtaining the same.

Payment of the first instalment of the Wuhua Land Premium in the sum of RMB469,029,000 (equivalent to approximately HK\$597,336,984) had been made by Greenland Wuhua. The Outstanding Wuhua Land Premium in the amount of RMB175,230,000 (equivalent to approximately HK\$223,166,072) shall be paid by Greenland Wuhua before 6 February 2014 according to the Land Use Rights Grant Contract (Wuhua). As at the Latest Practicable Date, Greenland Wuhua has not yet paid the Outstanding Wuhua Land Premium. Further to subsequent discussion between Greenland Wuhua and Kunming Land Bureau, it is expected that the payment of the Outstanding Wuhua Land Premium shall be made in April 2014 and the Group does not anticipate any penalty arising from the delay in such payment. Subject to full payment of the Outstanding Wuhua Land Premium, Greenland Wuhua, the project company undertaking the Wuhua Project, is the owner of the land use right of Wuhua Land.

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## LETTER FROM THE BOARD

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As at 31 January 2014, the estimated respective market values of the Caohai Land and the Wuhua Land were approximately RMB2,110,000,000 (equivalent to approximately HK\$2,687,213,449) and approximately RMB1,140,000,000 (equivalent to approximately HK\$1,451,859,399) on the assumption that all the valid Certificates for the Use of State-owned Land have been issued and all land premium, related fees for the grant of the certificates and costs necessary to render the site ready for immediate development have been fully settled.

### **The Capital Injection Agreement**

On 30 October 2013 (after trading hours), Shanghai Oriental Cambridge and Greenland Real Estate entered into the Capital Injection Agreement, pursuant to which each of Greenland Kunming and Greenland Wuhua will be held as to, whether directly or indirectly, 55% by Shanghai Oriental Cambridge and 45% by Greenland Real Estate, and each of Greenland Kunming and Greenland Wuhua will be accounted for as a subsidiary of the Company.

The principal terms of the Capital Injection Agreement are as follows:

**1. Date:**

30 October 2013

**2. Parties:**

- (i) Greenland Real Estate
- (ii) Shanghai Oriental Cambridge

**3. Capital Injection**

It is agreed that Shanghai Oriental Cambridge shall make the Capital Injection (namely RMB124,960,142 (equivalent to approximately HK\$159,144,348)) into Greenland Kunming, of which (i) the Registered Capital Contribution (namely RMB12,222,222 (equivalent to approximately HK\$15,565,744)) will be recognised as the registered capital and (ii) the Capital Surplus (namely RMB112,737,920 (equivalent to approximately HK\$143,578,604)) will be recognised as the capital surplus of Greenland Kunming, details as follows:

*3.1 Registered Capital Contribution*

Kunming Greenland shall increase its registered capital from RMB10,000,000 (equivalent to approximately HK\$12,735,609) to RMB22,222,222 (equivalent to approximately HK\$28,301,353), whereby Shanghai Oriental Cambridge shall make the Registered Capital Contribution (namely RMB12,222,222 (equivalent to approximately HK\$15,565,744)), representing 55% of the increased registered capital.

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## LETTER FROM THE BOARD

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### 3.2 *Capital Surplus*

Shanghai Oriental Cambridge shall inject the Capital Surplus (namely RMB112,737,920 (equivalent to approximately HK\$143,578,604)) into Greenland Kunming as capital surplus.

Upon Completion, Greenland Kunming will be held as to 55% by Shanghai Oriental Cambridge and 45% by Greenland Real Estate.

### 4. **Provision of Shareholder's Loan**

As at 30 September 2013, Greenland Group had advanced to Greenland Kunming the Greenland Loan. It is agreed that Shanghai Oriental Cambridge shall advance the Shareholder's Loan (namely RMB826,870,000 (equivalent to approximately HK\$1,053,069,282)), subject to adjustment, to Greenland Kunming for repayment of approximately 55% of the Greenland Loan to Greenland Group.

The amount of the Shareholder's Loan shall be adjusted according to the actual amount of the Greenland Loan on the date of advancement of the Shareholder's Loan.

### 5. **Outstanding Land Premium Contribution**

Upon Completion, Shanghai Oriental Cambridge and Greenland Real Estate shall be responsible to contribute towards the payment obligation of the Outstanding Caohai Land Premium and the Outstanding Wuhua Land Premium according to their respective percentages of interest in Greenland Kunming. Accordingly, Shanghai Oriental Cambridge shall have the responsibility of making 55% of Outstanding Land Premium Contribution (namely RMB600,080,800 (equivalent to approximately HK\$764,239,429)).

### 6. **Board Composition and Management of the Target Group**

The board of directors of each of Greenland Kunming and Greenland Wuhua shall comprise five members, three of whom shall be nominated by Shanghai Oriental Cambridge and two of whom shall be nominated by Greenland Real Estate.

The chairman of the board who shall also be the legal representative of each of Greenland Kunming and Greenland Wuhua shall be a director appointed by Shanghai Oriental Cambridge.

The quorum necessary for the transaction of the business of the board of each of Greenland Kunming and Greenland Wuhua shall be half of the board members, and all resolutions that are put forward for consideration at any board meeting shall be determined and approved by at least three members of the board.

The daily operation and management of the Target Group shall be in accordance with the usual mode of operation and management system of Shanghai Oriental Cambridge.

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## LETTER FROM THE BOARD

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### 7. Future Funding of the Target Group

Future funding required by the Target Group for the development of the Projects shall be first satisfied by way of obtaining development loans and project financings, and if such funding shall be insufficient, by shareholders' loan from each of Shanghai Oriental Cambridge and Greenland Real Estate in proportion to their respective percentage of interest in the Target Group.

### 8. Conditions Precedent

Completion is conditional upon the Company having obtained the Independent Shareholders' approval as required under the Listing Rules (if applicable).

The following chart demonstrates the shareholding structure of the Target Group immediately prior to Completion:

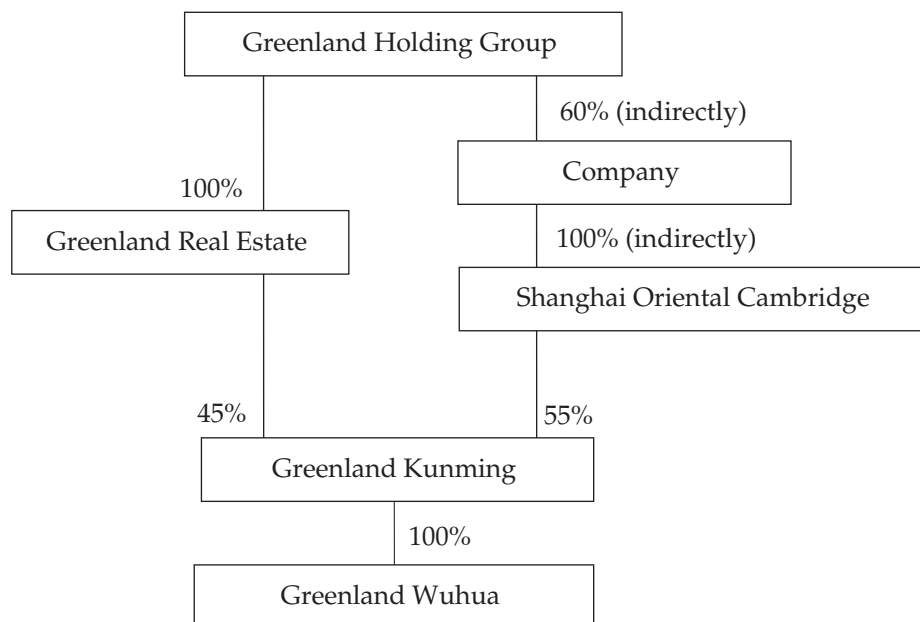


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## LETTER FROM THE BOARD

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The following chart demonstrates the shareholding structure of the Target Group upon Completion:



### INFORMATION ABOUT GREENLAND HOLDING GROUP AND GREENLAND REAL ESTATE

Greenland Holding Group is a state-controlled enterprise group headquartered in Shanghai, PRC and is principally engaged in real estate, energy and finance business. Greenland Holding Group indirectly holds 60% of the entire ordinary issued share capital of the Company (representing approximately 60% of the voting rights of the Company).

Greenland Real Estate is principally engaged in the development of properties in the PRC and a wholly-owned subsidiary of the Greenland Holding Group.

### INFORMATION ABOUT THE TARGET GROUP

As at the Latest Practicable Date, Greenland Kunming is a direct wholly-owned subsidiary of Greenland Real Estate and Greenland Wuhua is a direct wholly-owned subsidiary of Greenland Kunming. Subject to full payment of the Caohai Land Premium, Greenland Kunming, the project company undertaking the Caohai Project, is the owner of the land use right of Caohai Land. Subject to full payment of the Wuhua Land Premium, Greenland Wuhua, the project company undertaking the Wuhua Project, is the owner of the land use right of Wuhua Land.

The cost of establishing each of Greenland Kunming and Greenland Wuhua by Greenland Holding Group was amounted to approximately RMB10 million (equivalent to approximately HK\$12.74 million) (being their respective initial registered capital at the time of establishment).

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## LETTER FROM THE BOARD

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On 13 November 2013, Greenland Wuhua increased its registered capital from RMB10,000,000 to RMB528,000,000 whereby Greenland Kunming (the sole shareholder of Greenland Wuhua) made the capital contribution of RMB518,000,000, which was funded by the Greenland Loan.

Based on the unaudited management accounts of Greenland Kunming and its subsidiaries for the month ended 30 September 2013, the net liability value of the Target Group (including the Caohai Land and Wuhua Land) was approximately RMB5.6 million. Pre-sale of the units of Caohai Project and Wuhua Project has not commenced and the Target Group recorded the net losses of approximately RMB158,000 (equivalent to approximately HK\$201,223) for the period from 17 October 2012 (date of incorporation of Greenland Kunming) to 31 December 2012 and approximately RMB15,473,000 (equivalent to approximately HK\$19,705,807) for nine months ended 30 September 2013.

Although the Target Group was in a net liability position and had net current liabilities amounting to RMB11.7 million (equivalent to approximately HK\$14.9 million) as at 30 September 2013, the Directors consider that it is appropriate to prepare the financial statements on a going-concern basis after taking into account the Capital Injection amounting to RMB124,960,142 (equivalent to approximately HK\$159,144,348) as well as the additional contribution against 55% of the Outstanding Land Premium Contribution amounting to RMB600,080,800 (equivalent to approximately HK\$764,239,429) (both to be made by the Group). The Capital Injection shall be made after Completion.

In addition, as provided in the Capital Injection Agreement, the Group and Greenland Holding Group will continue to provide further funding to the Target Group when the Target Group fails to obtain development loans and project financings in the future. Please refer to the paragraph headed "Future Funding of the Target Group" on page 11 of this Circular.

### REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in the property development in various cities in the PRC including Shanghai, Kunming, Huangshan, Suzhou, Changshu, Wuxi, Haikou and Taiyuan.

The Board considers that the Projects, which are located at prime location in Kunming city, are part of the primary focus of development in Kunming. The Caohai Project comprises of Greenland Amber Court (綠地海珀瀾庭) whereupon a high-end mixed-use real estate project comprising of residential units, offices and car parks will be developed. It is planned that the Caohai Project will be developed into townhouse, duplex, apartment and commercial. The planning of the Caohai Project commenced in 2013, and the construction will commence in the first quarter of 2014, the pre-sale of properties will take place in July 2014, and the whole project will be delivered and completed by 2015.

It is estimated that a total investment of approximately RMB3.7 billion (equivalent to approximately HK\$4.71 billion) will be required for the development of the entire Caohai Project by Greenland Kunming and such sum will be financed by the external bank borrowings raised by the Target Group, the proceeds from the pre-sale of properties in respect of the Caohai Project and after Completion, the internal resources of the Group.

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## LETTER FROM THE BOARD

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The Wuhua Project comprises of Greenland Garden City (綠地香樹花城) whereupon a mixed-use real estate project comprising of residential units, offices and car parks will be developed, and Greenland Cloud City Square (綠地雲都會廣場) whereupon a mixed-used commercial real estate project comprising of retail, offices and car parks will be developed. It is planned that the Wuhua Project will be developed by two phases. The planning of the Wuhua Project started in 2013, and the construction of Phase I commenced in 2013, and the construction of Phase II will commence in the first half year of 2014. The pre-sale of Phase I and Phase II will take place in the first and second half year of 2014 respectively. It is expected that the whole project will be delivered and completed by 2015.

It is estimated that a total investment of approximately RMB3.5 billion (equivalent to approximately HK\$4.46 billion) will be required for the development of the entire Wuhua Project by Greenland Wuhua and such sum will be financed by the external bank borrowings raised by the Target Group, the proceeds from the pre-sale of properties in respect of the WuhProject and after Completion, the internal resources of the Group.

The Board considers that the Projects are quality real estate projects with growing potential at prime locations which will have good sale potential and therefore a positive impact on the profits of the Group in the long run. The timing for the pre-sale of the units at Caohai Project has not yet been determined. Pre-sale of the units at Wuhua Project is expected to commence at the end of 2013.

### TOTAL FINANCIAL COMMITMENT

The Total Financial Commitment in the amount of RMB1,551,910,942 (equivalent to approximately HK\$1,976,453,059), which comprises (i) the Capital Injection in the amount of RMB124,960,142 (equivalent to approximately HK\$159,144,348), (ii) the Shareholder's Loan in the amount of RMB826,870,000 (equivalent to approximately HK\$1,053,069,282) and (iii) 55% of the Outstanding Land Premium Contribution in the amount of RMB600,080,800 (equivalent to approximately HK\$764,239,429), was arrived at after arm's length negotiation between the parties.

The Capital Injection was determined with reference to the Assessed Value (being the sole shareholder's interest in Greenland Kunming as at 30 September 2013) of RMB102,240,116 (equivalent to approximately HK\$130,209,012) as assessed by an independent asset valuer by adopting the cost approach on the basis that the Assessed Value shall represent a shareholder's interest in 45% of Greenland Kunming.

The Shareholder's Loan was determined with reference to 55% of the Greenland Loan. The Outstanding Land Premium Contribution represents the aggregate of the Outstanding Caohai Land Premium and the Outstanding Wuhua Land Premium.

The payment of the Total Financial Commitment shall be funded by internal resources of the Group.

### FINANCIAL EFFECTS OF THE TRANSACTION ON THE COMPANY

Upon Completion, each of Greenland Kunming and Greenland Wuhua will be held as to, whether directly or indirectly, 55% by Shanghai Oriental Cambridge and 45% by



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## LETTER FROM THE BOARD

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Greenland Real Estate, and each of Greenland Kunming and Greenland Wuhua will be accounted for as a subsidiary of the Company. Therefore, the financial statements of the Target Group will be consolidated in the Company's financial statements. The Transaction will have no immediate material impact on the consolidated earnings of the Group.

Upon Completion, the assets and liabilities of the Group will be increased by approximately RMB2,295,000,000 (equivalent to approximately HK\$2,922,822,211) and RMB2,200,783,000 (equivalent to approximately HK\$2,802,831,126) respectively.

### FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

As at the Latest Practicable Date, without taking the Projects into account, the Group had 10 real estate projects, which are at various stages of development, in various major cities of China. These real estate projects are either completed projects, projects under development or projects held for future development.

The Group intends to enrich and increase its landmark and property portfolio by acquiring quality property projects located in Kunming, the PRC such as the Projects in line with the Group's development strategy. The Group will take into account various factors including, among others, site location, market prospects, governmental restrictions and profit potentials. The Directors believe that the Transaction will offer an opportunity for the Group to broaden its income sources.

### LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the Transaction exceeds 25% but is less than 100%, the Transaction constitutes a major transaction of the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Greenland Holding Group indirectly holds 60% of the issued ordinary share capital of the Company (representing approximately 60% of the voting rights of the Company) and Greenland Real Estate is an indirect wholly-owned subsidiary of Greenland Holding Group. Accordingly, Greenland Real Estate, being an associate of Greenland Holding Group, are connected persons of the Company. Upon Completion, both Greenland Kunming and Greenland Wuhua, being held as to 55% by the Group and 45% by the Greenland Group, will be regarded as companies falling under Rule 14A.13(2)(a)(ii). The provision of the Shareholder's Loan to Greenland Kunming, being part of the Transaction, will constitute a non-exempt financial assistance and hence a non-exempt connected transaction of the Company. The Transaction constitutes a non-exempt connected transaction of the Company and is subject to the reporting, announcement and approval of the Independent Shareholders requirements under Chapter 14A of the Listing Rules.

Greenland Holding Group and its associates (including Gluon Xima International Limited) will be required to abstain from voting on the shareholders' resolutions in relation to the Capital Injection Agreement and the Transaction. Save as disclosed, no Shareholder will be required to abstain from voting in respect of the Transaction.

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## LETTER FROM THE BOARD

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### DIRECTORS

As at the date hereof, the executive Directors are Mr. Chen Jun, Mr. Wang Weixian, Mr. Hou Guangjun, Mr. Wu Zhengkui, Ms. Wang Xuling and Mr. You Defeng; and the independent non-executive Directors are Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, JP, Mr. Jiang Simon X. and Mr. Kwan Kai Cheong.

Mr. Chen Jun and Mr. Wu Zhengkui, each being senior management of the Greenland Group were required to abstain from voting on the resolutions approving, among others, the Capital Injection Agreement and the Transaction at the Board meeting due to conflict of interest.

### EGM

The notice convening the EGM is set out in pages EGM-1 to EGM-2 of this circular. At the EGM, among others, ordinary resolution will be proposed to approve the terms of the Capital Injection Agreement and the Transaction.

As the register of members will not be closed for the purpose of determining the Shareholders' eligibility to attend and vote at the EGM, only persons who are registered holders of Shares at the time of the EGM (based on the register of members) will qualify for attending and voting at the EGM. In order to qualify for attending and voting at the EGM, unregistered holders of Shares should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 15 April 2014.

Whether or not you intend to attend the meeting (or any adjournment thereof), 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 meeting (or any adjournment thereof), to Tricor Investor Services Limited at Level 22, 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 meeting (or any adjournment meeting) if you so wish and, in such event, the instrument appointing a proxy will be deemed to be revoked.

The resolutions proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

### RECOMMENDATIONS

The Independent Board Committee has been formed to consider, and to advise the Independent Shareholders on, the fairness and reasonableness of the terms of the Capital Injection Agreement.

Somerley has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Transaction in November 2013 ("Engagement"). Prior to the Engagement, Somerley had completed its independence check pursuant to Rule 13.84 of

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## LETTER FROM THE BOARD

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the Listing Rules that Somerley was independent and that none of the circumstances as set out in Rule 13.84 of the Listing Rules existed, including but not limited to, Somerley had not served as a financial adviser to a connected person of the Company within two years in accordance with Rule 13.84(5)(a)(iii) of the Listing Rules. Prior to the issue of this Circular, Somerley noticed from the Company's circular dated 24 February 2014 that China Resources Land Limited (stock code: 1109) ("China Resources") has become a connected person of the Company with effect from 29 January 2014 by virtue of the fact that a wholly-owned subsidiary of China Resources subscribed for 50% of the new shares of a then wholly-owned subsidiary of the Company (the "JV") and the project company held by this JV (such project company together with the JV, the "JV Group") will be treated as a subsidiary of the Company (the "Subsequent Event"). Given the fact that Somerley had been previously engaged as the financial adviser to China Resources for a transaction in the second half of 2012 which is within two years prior to the Engagement, the Subsequent Event then constitutes a change in the circumstance with regard to Rule 13.84(5)(a)(iii) of the Listing Rules.

Somerley considers that the Subsequent Event shall not affect its independence for acting as the independent financial adviser to the Company in connection with the Transaction on the basis of: (i) all its works carried out under the Engagement, including the due diligence works, have been substantially completed before Somerley became aware of the Subsequent Event, and (ii) China Resources is not a party to and has no direct interest in the Transaction, and is only a connected person to the Company at the JV level. As confirmed by the Company, as at the Latest Practicable Date, the JV Group as a whole is an insignificant subsidiary to the Company which has not carried out any significant business activities or recorded any turnover since incorporation, and has total asset of less than 3% under the relevant percentage ratios as defined under Rule 14.04(9) of the Listing Rules based on the latest financial result of the Company. In view of the above, the Independent Board Committee has also consented to Somerley's continued engagement as the independent financial adviser in respect of the Transaction.

The Board (excluding Mr. Chen Jun and Mr. Wu Zhengkui, who abstained from voting in respect of the Capital Injection Agreement and the Transaction due to conflict of interest, but including the Independent Board Committee) considers that the terms of the Capital Injection Agreement have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable in so far as the interests of the Company and the Shareholders as a whole. Accordingly, the Board would recommend the Independent Shareholders to vote in favour of the resolution for approving the Capital Injection Agreement and the Transaction at the EGM.

### ADDITIONAL INFORMATION

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

By order 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: 0337)**

31 March 2014

*To the Independent Shareholders,*

Dear Sir and Madam,

**MAJOR AND CONNECTED TRANSACTION**

We refer to the circular to the Shareholders dated 31 March 2014 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Capital Injection Agreement and the Transaction are on normal commercial terms, fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter from the Board set out in pages 6 to 17 of the Circular and the letter from Somerley, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Capital Injection Agreement and the Transaction set out in pages 20 to 34 of the Circular.

We understand that Somerley had been previously engaged as the financial adviser to China Resources for a transaction in the second half of 2012, and that China Resources has become a connected person of the Company subsequent to the engagement of Somerley as the independent financial adviser in respect of the Transaction. Having considered the reasons as stated in on pages 16 to 17 of the letter from the Board of this Circular, we consent to Somerley’ continued engagement as the independent financial adviser in respect of the Transaction.

Having considered the factors and reasons considered by the opinion of Somerley as stated in its letter of advice in the Circular, and the development plan and prospects of the Projects and the overall property market in Kunming and in the PRC, we are of the view that the terms of the Capital Injection Agreement and the Transaction are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Capital Injection Agreement and the Transaction.

Yours faithfully  
For and on behalf of  
**Independent Board Committee**

**Cheong Ying Chew,  
Henry**  
*Independent  
Non-executive  
Director*

**Fong Wo,  
Felix, JP**  
*Independent  
Non-executive  
Director*

**Jiang Simon X.**  
*Independent  
Non-executive  
Director*

**Kwai Kai Cheong**  
*Independent  
Non-executive  
Director*

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## LETTER FROM SOMERLEY

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**SOMERLEY LIMITED**  
20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

31 March 2014

*To: the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the capital injection by Shanghai Oriental Cambridge of 55% equity interests (as enlarged by the Capital Injection) in Greenland Kunming pursuant to the Capital Injection Agreement dated 30 October 2013. Details of the Transaction are contained in the circular to the Shareholders dated 31 March 2014 (the "**Circular**"), of which this letter forms a part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, Greenland Kunming is an indirect wholly-owned subsidiary of Greenland Holding Group which indirectly holds approximately 60.0% of the issued ordinary share capital of the Company (representing approximately 60.0% of the voting rights of the Company) and Greenland Real Estate is an indirect wholly-owned subsidiary of Greenland Holding Group. Accordingly, Greenland Real Estate, being an associate of Greenland Holding Group, are connected persons of the Company. Upon Completion, both Greenland Kunming and Greenland Wuhua, being held as to 55% by the Group and 45% by the Greenland Group, will be regarded as companies falling under Rule 14A.13(2)(a)(ii). The provision of the Shareholder's Loan to Greenland Kunming, being part of the Transaction, will constitute a non-exempt financial assistance and hence a non-exempt connected transaction of the Company. The Transaction constitutes a non-exempt connected transaction of the Company and is subject to the reporting, announcement and approval of the Independent Shareholders requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, *JP*, Mr. Jiang Simon X. and Mr. Kwan Kai Cheong, has been formed to advise the Independent Shareholders on whether (i) the Transaction is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and (ii) the entering into of the Capital Injection Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole. We, Somerley, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

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## LETTER FROM SOMERLEY

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Somerley was engaged as the independent financial adviser to the Company in connection with the Transaction in November 2013 (the “**Engagement**”). Prior to the Engagement, Somerley has completed its independence check pursuant to Rule 13.84 of the Listing Rules that Somerley is independent and that none of the circumstances as set out in Rule 13.84 of the Listing Rules exists, including but not limited to, Somerley has not served as a financial adviser to a connected person of the Company within two years in accordance with Rule 13.84(5)(a)(iii) of the Listing Rules. Nevertheless, Somerley recently noticed from certain disclosures made in the Company’s circular dated 24 February 2014, China Resources Land Limited (stock code: 1109) (“**China Resources**”) has become a connected person of the Company with effect from 29 January 2014 by virtue of the fact that China Resources subscribed for, through its wholly-owned subsidiary, 50% new share of a then wholly-owned subsidiary of the Company (the “**JV**”) and the project company held by this JV (together with the JV, the “**JV Group**”) will be treated as a subsidiary of the Company (the “**Subsequent Event**”). Given the fact that Somerley had been previously engaged as the financial adviser to China Resources for a transaction in the second half of 2012 which is within two years prior to the Engagement, the Subsequent Event then constitutes a change in the circumstance with regard to Rule 13.84(5)(a)(iii) of the Listing Rules.

Our works on the Transaction, including our due diligence works, have been substantially completed before we became aware of China Resources having become a connected person to the Company. In addition, China Resources is not a party to and has no direct interest in the Transaction, and is only a connected person to the Company at the JV level. As confirmed by the Company, as at the Latest Practicable Date, the JV Group as a whole is an insignificant subsidiary to the Company which has not carried out any significant business activities or recorded any turnover since incorporation, and has total asset of less than 3% under the relevant percentage ratios as defined under Rule 14.04(9) of the Listing Rules based on the latest financial result of the Company. On such basis, we consider the Subsequent Event shall not affect our independence for acting as the independent financial adviser to the Company in connection with the Transaction. The Independent Board Committee has also consented to our continued engagement as the independent financial adviser in respect of the Transaction based on the reasons as set forth above.

As disclosed above and save for our previous engagement with China Resources, we are not associated or connected with the Company, Greenland Holding Group or their respective connected persons or associates and, accordingly, are considered eligible to give independent advice on the Transaction. 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 Company, Greenland Holding Group or their respective substantial shareholders or associates.

In formulating our opinion, we have reviewed, among other things, the Capital Injection Agreement, the annual report of the Company for the financial year ended 31 December 2012 (the “**Annual Report**”), the annual results announcement of the Company for the financial year ended 31 December 2013 (the “**Results Announcement**”), the legal opinion on the property interests of the Target Group issued by City Development Law Firm Kunming Office and the information as set out in the Circular.

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## LETTER FROM SOMERLEY

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We have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group and have assumed that such information, facts and opinions were true, accurate and complete in all material aspects and will remain so up to the date of the EGM. We have discussed with DTZ their valuation of the property interests held by the Target Group including the Caohai Land and the Wuhua Land (collectively, the “**Lands**”) as at 31 January 2014. We have also sought and received confirmation from the Directors that all material relevant information have been supplied to us and that no material facts have been entitled from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. However, we have not conducted any independent investigation into the business, affairs and financial position of the Group, the Greenland Group and the Target Group, nor have we carried out any independent verification of the information supplied.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In considering whether the terms of the Capital Injection Agreement are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

#### **1. Information on the Group**

The Group is principally engaged in the development of large-scale, high-end residential communities, city-centre integrated projects and travel & leisure projects in the PRC. As at the Latest Practicable Date, without taking the Projects into account, the Group had more than 10 real estate projects in various major cities in the PRC under various stages of development. In addition, the Group also holds interests in two hotels, namely the Fraser Suite in Suzhou and the Holiday Inn located in Shanghai. As stated in the Results Announcement, as at 31 December 2013, the Group held a land bank of approximately 9.3 million sq.m. with prime sites strategically located in key cities of regional economic importance in the Yangtze River Delta and Pan-Pearl River Delta.

On 8 May 2013, the Company as the issuer entered into a share subscription agreement with a wholly-owned subsidiary of Greenland Holding Group as the subscriber for the subscription of approximately 60.0% of the entire issued share capital of the Company with a total consideration of approximately HK\$2,996.0 million (the “**Greenland Subscription**”). Greenland Holding Group is a state-controlled enterprise group headquartered in Shanghai, which is a Global Fortune 500 Company and principally engaged in real estate, energy and finance business. The Greenland Subscription was completed on 27 August 2013. Since then, Greenland Holding Group has become the controlling Shareholder of the Company.



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## LETTER FROM SOMERLEY

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Set out below are the consolidated financial information of the Group for each of the three years ended 31 December 2013 respectively, as extracted from the Annual Report and the Results Announcement:

### *Operating results*

	For the year ended 31 December		
	2013	2012	2011
	RMB'000	RMB'000	RMB' 000
	(audited)	(audited)	(audited)
Revenue	5,447,768	1,766,535	5,677,523
Gross profit	1,446,415	404,958	1,938,643
Gross profit %	26.6%	22.9%	34.1%
<b>Profit/(loss) before tax</b>	516,319	(802,756)	1,369,951
Profit/(loss) for the year/period	33,150	(988,360)	883,320

For the year ended 31 December 2012 (“FY2012”), revenue from the sales of properties accounted for approximately 80.1% of the overall revenue of the Group. A sharp decrease in both revenue and profitability was noted for FY2012 when compared to the year 2011, which was mainly attributable to (i) less property projects sold and delivered during the year, which resulted in the decrease of gross profit by approximately RMB1,533.7 million, and (ii) the increase in write-down of properties under development and completed properties held for sale by approximately RMB248.6 million.

For the year ended 31 December 2013 (“FY2013”), revenue increased by approximately 208.4% to approximately RMB5,447.8 million as compared with that for FY2012, which was mainly attributable to the rise in property price and the higher gross floor area sold and delivered during the year. This also led to the increase in gross profit and the turnaround from net loss of approximately RMB988.4 million for FY2012 to net profit of approximately RMB33.2 million for FY2013.

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**LETTER FROM SOMERLEY**

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*Assets and liabilities*

	<b>As at 31 December</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Property, plant and equipment	922,979	959,388	1,004,473
Properties under development	6,832,762	4,062,629	6,618,792
Investment properties	1,719,000	1,758,000	1,651,000
Other non-current assets	1,646,358	2,783,821	3,049,293
<b>Total non-current assets</b>	<b>11,121,099</b>	<b>9,563,838</b>	<b>12,323,558</b>
Properties under development	2,205,091	2,380,515	4,452,903
Completed properties held for sale	2,651,528	2,694,340	1,533,109
Trade, other receivables, and advance deposits	3,964,698	2,230,835	2,439,436
Other current assets	122,561	340,443	136,310
Restricted cash	749,693	832,697	1,307,467
Cash and cash equivalents	922,037	816,836	1,645,026
Assets classified as held for sale	–	4,193,626	–
<b>Total current assets</b>	<b>10,618,608</b>	<b>13,489,292</b>	<b>11,514,251</b>
<b>Total assets</b>	<b>21,739,707</b>	<b>23,053,130</b>	<b>23,837,809</b>
Interest bearing loans	1,725,007	3,873,190	2,077,615
Trade, other payables and advance receipts	7,325,317	7,207,334	9,512,430
Other current liabilities	922,405	1,193,142	1,215,234
Total liabilities associated with assets classified as held for sale	–	3,188,578	–
<b>Total current liabilities</b>	<b>9,972,729</b>	<b>15,462,244</b>	<b>12,805,279</b>
Interest bearing loans	1,441,839	1,730,822	4,174,690
Senior notes	–	1,233,600	1,231,418
Bonds	4,224,594	–	–
Other non-current liabilities	393,472	316,892	320,323
<b>Total non-current liabilities</b>	<b>6,059,905</b>	<b>3,281,314</b>	<b>5,726,431</b>
<b>Total liabilities</b>	<b>16,032,634</b>	<b>18,743,558</b>	<b>18,531,710</b>
<b>Total equity</b>	<b>5,707,073</b>	<b>4,309,572</b>	<b>5,306,099</b>

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## LETTER FROM SOMERLEY

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As at 31 December 2013, major assets of the Group were properties under development, completed properties held for sale and investment properties principally located in the PRC, with an aggregate net book value of approximately RMB13,408.4 million. Other major assets of the Group included cash and bank balances (including restricted cash) of approximately RMB1,671.7 million and trade, other receivables and advanced deposits (for acquisition of land use rights) of approximately RMB3,964.7 million.

As at 31 December 2013, major liabilities of the Group included trade, other payables and advance receipts from customers of approximately RMB7,325.3 million, bonds payable of approximately RMB4,224.6 million and interest bearing loans of approximately RMB3,166.8 million.

Based on the Group's net debt (defined as total borrowings, net of cash and bank balances including restricted cash) of approximately RMB5,719.7 million and total equity of approximately RMB5,707.1 million as at 31 December 2013, the Group's net gearing ratio (defined as net debt divided by total equity) as at 31 December 2013 was approximately 100.2%.

Further in January 2014, the Company issued Renminbi denominated bonds (the "**RMB Bonds**") in the principal amount of RMB1,500 million by way of private placement, the net proceeds from which is for the financing of existing and new property projects and general corporate purposes.

In December 2013, the Group also won a bid for the land use right of a land in Shanghai at RMB5,950,000,000 through a listing-for-sale held by Shanghai Land Transaction Centre, which shall be jointly developed by the Group and China Resources. As at the Latest Practicable Date, a deposit of RMB1,190,000,000 was paid. The balance of the land consideration is expected to be paid by April 2014.

## 2. Information on the Target Group

### (i) Background of the Target Group

#### *Greenland Kunming and the Caohai Land*

Greenland Kunming was established in the PRC on 17 October 2012 and is at present directly wholly-owned by Greenland Real Estate, a wholly-owned subsidiary of Greenland Holding Group. It is a project company established to undertake the development of the Caohai Project, which would be built on the Caohai Land.

On 6 June 2013, Greenland Real Estate made a successful bid for the land use rights of the Caohai Land from the Kunming Land Bureau through a public listing and bidding process organised by the Kunming Land Bureau. On 20 June 2013, Greenland Kunming, a wholly-owned subsidiary of Greenland Real Estate, entered into the Land Use Rights Grant Contract (Caohai) with Kunming Land Bureau in respect of the transfer of the land use rights of Caohai Land at the Caohai Land Premium of RMB1,909,382,800 (or approximately HK\$2,431,715,232). The first instalment of the Caohai Land Premium of RMB993,556,800 (equivalent to approximately HK\$1,265,355,069) has been made by

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## LETTER FROM SOMERLEY

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Greenland Kunming. The Outstanding Caohai Land Premium in the amount of RMB915,826,000 (equivalent to approximately HK\$1,166,360,163) shall be paid by Greenland Kunming before 20 June 2014 according to the Land Use Rights Grant Contract (Caohai), which remained outstanding as at the Latest Practicable Date. Subject to full payment of the Caohai Land Premium, Greenland Kunming, the project company undertaking the Caohai Project, is the owner of the land use right of Caohai Land.

It is stated in the letter from the Board that the Caohai Land, comprising six parcels of land with a total site area of approximately 155,549 sq.m. and a total developable gross floor area of approximately 211,733 sq.m., are situated at prime location in Kunming City. The Caohai Project, to be built on the Caohai Land, is expected to comprise Greenland Amber Court whereupon a high-end mixed-use real estate project comprising residential units, offices and car parks will be developed. It is planned that the Caohai Project will be developed into townhouse, duplex, apartment and commercial. The planning of the Caohai Project commenced in 2013, and the construction will commence in the first quarter of 2014, the pre-sale of properties will take place in July 2014, and the whole project will be delivered and completed by 2015.

As stated in the letter from the Board, as at the Latest Practicable Date, save and except for the State-owned Land Use Rights Certificate and the Planning Permit for Construction Use of Land in respect of the two parcels of land of the Caohai Land which are currently in the stage of site formation, the Group has not yet obtained other required licenses, approvals or certificates in respect of the remaining four parcels of land of the Caohai Land which the Company expects to obtain by the end of 2014. As advised by the PRC legal advisers, the Company does not consider there be any material legal impediment in obtaining the same.

### *Greenland Wuhua and the Wuhua Land*

Greenland Wuhua was established in the PRC on 19 December 2012 and is at present directly wholly-owned by Greenland Kunming. As disclosed in the letter from the Board, on 13 November 2013, Greenland Wuhua increased its registered capital from RMB10,000,000 to RMB528,000,000 whereby Greenland Kunming (the sole shareholder of Greenland Wuhua) made the capital contribution of RMB518,000,000, which was funded by the Greenland Loan. Greenland Wuhua is a project company setup to undertake the development of the Wuhua Project, which would be built on Wuhua Land.

On 23 January 2013, Greenland Kunming made a successful bid for the land use rights of the Wuhua Land from the Kunming Land Bureau through a public listing and bidding process organised by the Kunming Land Bureau. On 6 February 2013, Greenland Wuhua entered into the Land Use Rights Grant Contract (Wuhua) with Kunming Land Bureau in respect of the transfer of the land use rights of Wuhua Land at the Wuhua Land Premium of RMB644,259,000 (equivalent to approximately HK\$820,503,057). The first instalment of the Wuhua Land Premium of approximately RMB469,029,000 (equivalent to approximately HK\$597,336,984) has been paid by Greenland Wuhua. The Outstanding Wuhua Land Premium in the amount of RMB175,230,000 (equivalent to approximately HK\$223,166,072) shall be paid by Greenland Wuhua before 6 February 2014 according to the Land Use Rights Grant Contract (Wuhua). As at the Latest Practicable Date, Greenland

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## LETTER FROM SOMERLEY

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Wuhua has not yet paid the Outstanding Wuhua Land Premium. Further to subsequent discussion between Greenland Wuhua and Kunming Land Bureau, it is expected that the payment of the Outstanding Wuhua Land Premium shall be made in April 2014 and the Group does not anticipate any penalty arising from the delay in such payment. Subject to full payment of the Outstanding Wuhua Land Premium, Greenland Wuhua, the project company undertaking the Wuhua Project, is the owner of the land use right of Wuhua Land.

As mentioned in the letter from the Board, the Wuhua Land, comprising five parcels of land with a total site area of approximately 130,154 sq.m. and a total developable gross floor area of approximately 472,642 sq.m. The Wuhua Project, to be built on the Wuhua Land, is expected to comprise Greenland Garden City whereupon a mixed-use real estate project comprising residential units, offices and car parks will be developed, and Greenland Cloud City Square whereupon a mixed-used commercial real estate project comprising retail, offices and car parks will be developed. It is planned that the Wuhua Project will be developed by two phases. The planning of the Wuhua Project started in 2013, and the construction of phase I commenced in 2013, and the construction of Phase II will commence in the first half year of 2014. The pre-sale of Phase I and Phase II will take place in the first and second half year of 2014 respectively. It is expected that the whole project will be delivered and completed by 2015.

As disclosed in the letter from the Board, as at the Latest Practicable Date, save and except for the State-owned Land Use Rights Certificate, the Planning Permit for Construction Use of Land and the Commencement Permit for Construction Works in respect of the two parcels of land of the Wuhua Land which are currently under development, the Group has not yet obtained other required licenses, approvals or certificates in respect of the remaining three parcels of land of the Wuhua Land which the Company expects to obtain by the end of 2014. As advised by the PRC legal advisers, the Company does not consider there be any material legal impediment in obtaining the same.

### *(ii) Financial information of the Target Group*

#### *Financial results*

Based on the accountants' report of the Target Group as set out in Appendix II to the Circular, from 17 October 2012 (the incorporation date of Greenland Kunming) to 31 December 2012 and the nine months ended 30 September 2013, the Target Group recorded no consolidated revenue and reported audited consolidated loss of approximately RMB158,000 (equivalent to approximately HK\$201,223) and RMB15,473,000 (equivalent to approximately HK\$19,705,807) respectively, which mainly represented selling and marketing costs for the pre sales of the Projects and administrative expenses in relation to staff cost.

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## LETTER FROM SOMERLEY

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### *Financial position*

Based on the accountants' report of the Target Group as set out in Appendix II to the Circular, as at 30 September 2013, the total assets of the Target Group was approximately RMB2,991.5 million, which mainly comprised of (i) properties under development of approximately RMB2,949.8 million (including the capitalised expenses on the Caohai Land Premium and the Wuhua Land Premium and the related tax payment to the government, construction costs and other costs relating to the early preparation works of the Projects); (ii) other receivable and payments in advance of approximately RMB32.6 million; (iii) cash balance of approximately RMB3.0 million; and (iv) other assets of approximately RMB6.1 million. The total liabilities of the Target Group was approximately RMB2,997.1 million as at 30 September 2013, which represented mainly (i) the shareholders' loan of approximately RMB1,534.4 million; and (ii) land cost payable of approximately RMB1,091.1 million; (iii) construction payments of approximately RMB293.7 million; and (iv) other liabilities of approximately RMB77.9 million.

Based on the accountants' report of the Target Group as set out in Appendix II to the Circular, the audited consolidated net liabilities of the Target Group was approximately RMB5.6 million as at 30 September 2013.

### *(iii) Valuation of the Caohai Land the Wuhua Land*

The properties including the Lands held by the Target Group (the "**Properties**") have been valued by DTZ, an independent and duly qualified Hong Kong valuer. The full text of the valuation report and certificate of Properties for their respective market value in existing state as at 31 January 2014 (the "**Valuation Report**") is set out in Appendix V to the Circular. According to the Valuation Report, as at 31 January 2014, the market value in existing state of the Properties is RMB3,250 million (the "**Valuation**"), assuming all the valid Certificates for the Use of State-owned Land have been issued, all land premium, related fees for the grant of the certificates and costs necessary to render the site ready for immediate development have been fully settled.

We have reviewed the Valuation Report and discussed with DTZ regarding the methodology of, and bases and assumptions adopted for the valuations and adjustments made to arrive at the Valuation. We noted that the properties held by the Target Group under development in the PRC are valued on the basis that they will be developed and completed in accordance with the latest development proposals provided by the Group. In arriving at the Valuation, DTZ has adopted the direct comparison method by making reference to comparable sales evidence as available in the relevant market and has also taken in to account the expended construction costs as well as the costs that will be expended to complete the developments. The market value when completed represents the aggregate values of the development assuming they would have been completed at the date of the Valuation.

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## LETTER FROM SOMERLEY

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For properties which are contracted to be acquired by the Target Group in the PRC, DTZ has ascribed no commercial value to the properties as the Certificates for the Use of State-owned Land of the property has not been obtained yet as at the date of Valuation. However, the reference values of such properties assuming all the valid Certificates for the Use of State-owned Land have been issued, all land premiums, related fees for the grant of the certificates and costs necessary to render the site ready for immediate development have been fully settled, have been set out in the Valuation Report.

The above valuation methodologies are, in our opinion, commonly used and reasonable approaches in establishing the market values of the Properties. Furthermore, we have (i) interviewed DTZ including as to its expertise and any current or prior relationships with the Group, the Greenland Group and connected persons of either the Group or the Greenland Group; (ii) reviewed the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuation Report, opinion or statement); and (iii) assessed whether representations made by the Group or the Greenland Group to DTZ are in accordance with our knowledge, as required under note (1)(d) to the Rules 13.80 of the Listing Rules.

### **3. Background to and reasons for the Transaction**

It has been one of the Group's strategies to expand its development projects geographically and strategically to cities in Yangtze River Delta and also various provincial capital cities that are emerging and developing with high-potential, including but not limited to Kunming City in the PRC. As disclosed in the Results Announcement, in the first half of 2013, a total of 462 units in the Phase V of The Metropolitan (the Group's residential and commercial project in Kunming) were sold within four hours after opening for sale. On 19 October 2013, Phase IV of the project achieved great success again and recorded sales of 330 units within two hours of the launch. In order to further strengthen the Group's existing foothold in Kunming City, on 30 October 2013, Shanghai Oriental Cambridge and Greenland Real Estate entered into the Capital Injection Agreement, and through the Transaction, the Group will acquire a 55% equity interest (as enlarged by the Capital Injection) in the Target Group consisting of Greenland Kunming and Greenland Wuhua, which in turn are the owners of the land use rights of Caohai Land and Wuhua Land respectively. The Board considers that the Projects, which are located at prime locations in Kunming City, are part of the primary focus of development in Kunming City.

We note that Kunming is a developing city with increasing population and incoming capital attracted from other places. According to the National Bureau of Statistic of China ("NBSC"), the registered population of Kunming increased from approximately 5.08 million in 2005 to approximately 5.43 million in 2012, representing a compound annual growth rate ("CAGR") of approximately 0.96%. The nominal gross domestic product ("GDP") of Kunming increased significantly from approximately RMB106.16 billion 2005 to approximately RMB301.11 in 2011, representing a CAGR of approximately 16.06%. As

also provided by NBSC, the total real estate investment in Kunming increased by over 5 times to approximately RMB91.91 billion in 2012 from approximately RMB14.94 billion in 2005. The total gross floor area of commercialised residential properties sold per year increased from approximately 7.34 million sq.m. in 2005 to 9.18 million sq.m. in 2012. The average selling price of commercialised residential properties per sq.m. also increased considerably from approximately RMB2,513.03 per sq.m. in 2005 to approximately RMB5,404.90 per sq.m. in 2012. Having considered the above, in particular, the growing economy in Kunming indicated by the increasing GDP and the encouraging sentiment of the property market in Kunming, we concur with the Directors' view that the Projects would have good sale potential for the Group.

#### **4. Terms of the Capital Injection Agreement**

Pursuant to the Capital Injection Agreement, Shanghai Oriental Cambridge shall subscribe for a 55% equity interest in Greenland Kunming (as enlarged by the Capital Injection) by making the capital injection of RMB124,960,142 (equivalent to approximately HK\$159,144,348) into Greenland Kunming. It is also agreed under the Capital Injection Agreement that Shanghai Oriental Cambridge shall advance the Shareholder's Loan in the sum of RMB826,870,000 (equivalent to approximately HK\$1,053,069,282), subject to adjustment, to Greenland Kunming for repayment of approximately 55% of the Greenland Loan to Greenland Group. Upon Completion, Shanghai Oriental Cambridge and Greenland Real Estate shall also be responsible for contributing towards the payment obligation of the Outstanding Caohai Land Premium and the Outstanding Wuhua Land Premium according to their respective percentages of interest in Greenland Kunming and in this regard, Shanghai Oriental Cambridge shall have the responsibility of making 55% of the Outstanding Land Premium Contribution amounting to RMB600,080,800 (equivalent to approximately HK\$764,239,429). The Total Financial Commitment for Shanghai Oriental Cambridge as a result of the Capital Injection Agreement therefore amounts to the sum of RMB1,551,910,942 (equivalent to approximately HK\$1,976,453,059), which comprises (i) the Capital Injection; (ii) the Shareholder's Loan; and (iii) 55% of the Outstanding Land Premium Contribution.

##### ***(i) Capital Injection***

The Capital Injection pursuant to the Capital Injection Agreement amounts to RMB124,960,142 (or approximately HK\$159,144,348), of which (i) the Registered Capital Contribution of RMB12,222,222 (or approximately HK\$15,565,744) will be recognised as the registered capital, and (ii) the Capital Surplus of RMB122,737,920 (or approximately HK\$143,578,604) will be recognised as the capital surplus of Greenland Kunming. The Capital Injection shall be funded by the internal resources of the Group upon Completion. Upon Completion, the Target Group will be indirectly owned as to 55% by the Company through Shanghai Oriental Cambridge and 45% by Greenland Real Estate.



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## LETTER FROM SOMERLEY

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As discussed in sub-section headed “Financial Information of the Target Group” above, the Target Group had the audited consolidated net liabilities of approximately RMB5.6 million as at 30 September 2013. For our analysis, we have considered the adjusted consolidated net assets value (the “**Reassessed NAV**”) of the Target Group based on the audited consolidated net liabilities of the Target Group as at 30 September 2013 and adjusted with reference to the Valuation as at 31 January 2014. The Reassessed NAV is estimated by the Company as follows:

	<i>Approximately</i> RMB'000
Audited consolidated net liabilities of the Target Group as at 30 September 2013 as extracted from the accountants’ report of the Target Group in Appendix II to the Circular	(5,631)
<i>Add:</i>	
Capital Injection	124,960
Revaluation surplus arising from the Valuation as at 31 January 2014 ( <i>Note</i> )	<u>225,178</u>
Reassessed NAV of the Target Group	<u>344,507</u>
Reassessed NAV attributable to 55% equity interest in the Target Group	<u><u>189,479</u></u>

*Note:* This represents a revaluation surplus estimated by the Company based on the Valuation of RMB3,250,000,000 as disclosed in the Valuation Report net of the book value of the Properties as of 30 September 2013 of approximately RMB2,949,763,000 and relevant potential PRC tax liability of approximately RMB75,059,250 (based on income tax rate of 25%) with the assumption that the state-owned land use rights certificates of those properties contracted to be acquired as listed out in the Valuation Report have been obtained.

The Capital Injection of RMB124,960,142 represents a discount of approximately RMB64,518,571 (or around 34.1%) to the Reassessed NAV attributable to 55% equity interest in the Target Group of approximately RMB189,478,713, and is, in our view, fair and reasonable.

### *(ii) Other terms of the Capital Injection Agreement*

#### *Provision of Shareholders’ Loan*

Pursuant to the Capital Injection Agreement, Shanghai Oriental Cambridge would advance the Shareholders’ Loan of approximately RMB826,870,000 (or approximately HK\$1,053,069,282) to Greenland Kunming for repayment of approximately 55% of the Greenland Loan to Greenland Group.

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## LETTER FROM SOMERLEY

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The Shareholders' Loan has been determined with reference to the Greenland Loan being advanced to Greenland Kunming of approximately RMB1,503.4 million (or approximately HK\$1,914.7 million) as at 30 September 2013, taking into account the shareholding interest of the Company in Greenland Kunming upon Completion. The amount of the Shareholders' Loan would be adjusted according to the actual amount of the Greenland Loan on the date of advancement of the Shareholders' Loan.

### *Outstanding Land Premium Contribution*

According to the terms of the Capital Injection Agreement, upon Completion, Shanghai Oriental Cambridge and Greenland Real Estate shall be responsible for contributing towards the payment obligation of the Outstanding Caohai Land Premium and the Outstanding Wuhua Land Premium according to their respective percentages of interest in Greenland Kunming and in this regard, Shanghai Oriental Cambridge shall have the responsibility of making 55% of the Outstanding Land Premium Contribution amounting to RMB600,080,800 (equivalent to approximately HK\$764,239,429).

### *Board composition and management of the Target Group*

Upon Completion, the board of directors of each of Greenland Kunming and Greenland Wuhua shall comprise five members, three of whom shall be nominated by Shanghai Oriental Cambridge and two of whom shall be nominated by Greenland Real Estate. Shanghai Oriental Cambridge is entitled to nominate the chairman of the board who shall also be the legal representative of each of Greenland Kunming and Greenland Wuhua. In other words, the Company is entitled to nominate three out of five directors and to appoint the chairman of the board of the Target Group through Shanghai Oriental Cambridge. The quorum necessary for the transaction of the business of the board of each of Greenland Kunming and Greenland Wuhua shall be half of the board members, and all resolutions that are put forward for consideration at any board meeting shall be determined and approved by at least three members of the board.

### *Future Funding of the Target Group*

According to the Capital Injection Agreement, upon Completion, future funding required by the Target Group for the development of the Projects shall be first satisfied by way of obtaining development loans and project financings, and if such funding shall be insufficient, by shareholders' loan from each of Shanghai Oriental Cambridge and Greenland Real Estate in proportion to their respective percentage of interest in the Target Group.

### *Profit distribution*

According to the terms of the Capital Injection Agreement, profits of the Target Group available for distribution shall be distributed to Shanghai Oriental Cambridge and Greenland Real Estate in proportion to their respective percentage of interest in the Target Group.

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## LETTER FROM SOMERLEY

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Having considered that (i) the Capital Injection represents a discount of approximately RMB64,518,571 (or around 34.1%) to the Reassessed NAV attributable to 55% equity interest in the Target Group; (ii) the basis in determining the Capital Injection, the provision of the Shareholder's Loan, the Outstanding Land Premium Contribution, future funding required by the Target Group and profit distribution are all with reference to, among other things, the respective percentage of interest of Shanghai Oriental Cambridge and Greenland Real Estate in the Target Group upon Completion; and (iii) Shanghai Oriental Cambridge, as the controlling shareholder of Greenland Kunming and Greenland Wuhua upon Completion, will take control of the board of directors and daily management of Greenland Kunming and Greenland Wuhua, we are of the view that the terms of the Capital Injection Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

### **5. Financial effect of the Transaction on the Group**

#### *(i) Earnings*

As disclosed in the letter from the Board, upon Completion, each of Greenland Kunming and Greenland Wuhua will be held as to, whether directly or indirectly, 55% by Shanghai Oriental Cambridge and 45% by Greenland Real Estate, and each of Greenland Kunming and Greenland Wuhua will be accounted for as a subsidiary of the Company. Therefore, the financial statements of the Target Group will be consolidated in the Company's financial statements. As the Projects are still in their development stage, the Transaction is not expected to bring an immediate revenue to the Group immediately upon Completion.

#### *(ii) Net assets*

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular which is prepared on the assumption as if the Transaction had taken place as at 31 December 2013, the consolidated net assets attributable to equity holders of the Company would remain unchanged immediately upon Completion.

#### *(iii) Net debt position and working capital*

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular which is prepared on the assumption as if the Transaction had taken place as at 31 December 2013, the net debt position (defined as total borrowings, net of cash and bank balances, including restricted cash) of the Group is expected to increase following Completion as a result of the consolidation of the Target Group's indebtedness and the making of the Shareholder's Loan by the Group. In addition, the Group will be required to contribute 55% of the Outstanding Land Premium Contribution of approximately RMB600,080,800 (equivalent to approximately HK\$764,239,429) in aggregate pursuant to the Capital Injection Agreement. We note that the Company also completed the issuance of the RMB Bonds with the net cash proceeds of approximately RMB1,500 million (equivalent to approximately HK\$1,910 million) recently to, among other things, finance its property projects. Taking into account the above, the Group's cash and cash equivalent, the Group's borrowings and capital commitments and the working

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## LETTER FROM SOMERLEY

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capital projections of the Group for the next 12 months, we agree with the Directors that the Group would have sufficient financial resources to complete the Transaction and honour the rights and obligations in respect of the Capital Injection.

### RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Transaction is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned. We consider the entering into of the Capital Injection Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole. We therefore advise the Independent Board Committee to recommend the Independent Shareholders, and we ourselves advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transaction.

Yours faithfully,  
for and on behalf of  
**SOMERLEY LIMITED**  
**Kenneth Chow**                      **Lyan Tam**  
*Managing Director –*                      *Director*  
*Corporate Finance*

## 1. THREE-YEAR FINANCIAL INFORMATION

Financial information and management discussion and analysis of the Group for each of the three years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013 are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)):

- the annual report 2010 of the Company for the year ended 31 December 2010 dated 7 March 2011 (pages 40 to 50 and 119 to 240);
- the annual report 2011 of the Company for the year ended 31 December 2011 dated 23 March 2012 (pages 40 to 52 and 119 to 252);
- the annual report 2012 of the Company for the year ended 31 December 2012 dated 28 March 2013 (pages 33 to 45 and 89 to 220); and
- the interim report 2013 of the Company for the six months ended 30 June 2013 dated 2 August 2013 (pages 6 to 15 and 22 to 72).

In addition, financial information and management discussion and analysis of the Group for the year ended 31 December 2013 are disclosed in the 2013 annual results announcement of the Company dated 12 March 2014 which has been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)).

## 2. INDEBTEDNESS

### Borrowings

As at 20 February 2014, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding Renminbi borrowings of RMB4,304,746,370, United States dollars borrowings of USD80,625,000 (equivalent to a total amount of approximately RMB492,989,625 using exchange rate of USD1 to RMB6.1146 for translation of United States dollars borrowings), Renminbi bonds of RMB1,500,000,000 and United States dollars bonds of USD693,241,442 (equivalent to a total amount of approximately RMB4,238,894,121 using exchange rate of USD1 to RMB6.1146 for translation of United States dollars bonds), which comprise the following:

	<b>As at 20 February 2014 RMB'000</b>
<b>Current interest bearing loans</b>	
Secured bank loans	567,590
Unsecured bank loans	50,000
Secured trust loans	250,000
Unsecured trust loans	50,000
Current portion of non-current secured bank loans	810,944
Current portion of non-current secured trust loans	250,000
	1,978,534

	<b>As at 20 February 2014 RMB'000</b>
<b>Non-current interest bearing loans</b>	
Secured bank loans	2,114,783
Secured trust loans	250,000
Less: current portion of non-current secured bank loans	(810,944)
current portion of non-current secured trust loans	<u>(250,000)</u>
	----- 1,303,839
<b>Shareholder' loan</b>	1,515,363
<b>2014 Bonds</b>	1,500,000
<b>2013 Bonds</b>	<u>4,238,894</u>
	<u><u>10,536,630</u></u>

As at 20 February 2014, the Group's secured bank loans and trust loans amounted to approximately RMB3,095 million were secured by the Group's properties, land use rights, pledged time deposits and charges over equity interests of certain subsidiaries.

The Group's total interest bearing loans and bonds as at 20 February 2014 were repayable as follows:

	<b>As at 20 February 2014 RMB'000</b>
Within 1 year or on demand	3,493,897
Over 1 year but less than 2 years	517,000
Over 2 years but less than 5 years	6,003,133
Over 5 years	<u>522,600</u>
<b>Total</b>	<u><u>10,536,630</u></u>

#### **Contingent liabilities**

As at the close of business on 20 February 2014, the outstanding guarantees amounted to RMB641,948,000.

**Disclaimer**

Save as aforesaid and apart from intra-group liabilities and normal trade payable, as at the close of business on 20 February 2014, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills and payables) or acceptance credits, debentures, mortgages, charges, hire purchase or other finance lease commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 20 February 2014.

**3. WORKING CAPITAL**

Taking into account the expected completion of the Transaction, the existing banking financings and internal resources available to the Enlarged Group, the Directors, after due and careful consideration and barring any unforeseen circumstances, are of the opinion that the Enlarged Group has sufficient working capital for its present requirements and for the period ending 12 months from the date of this circular.

**4. THE LAND ACQUIRED AND VALUATION**

DTZ, an independent property valuer, has valued the Project as at 31 January 2014. The text of the letter, summary of valuation and the valuation certificate are set out in Appendix V to this circular.

The statement below shows the reconciliation of valuation of land use rights of the Land as disclosed in Section B note (9) as set out in Appendix II Financial Information of the Target Group as at 30 September 2013 to the valuation as at 31 January 2014 set out in Appendix V to this circular:

	<i>RMB'000</i>
Carrying value of properties under development of the Land as disclosed in Section B note (9) as set out in Appendix II Financial Information of the Target Group	2,949,763
Cost addition	186,042
Fair value adjustment	<u>114,195</u>
Fair value of properties under development of the Land as extracted from the valuation report prepared by DTZ	<u><u>3,250,000</u></u>

As at 31 January 2014, the estimated respective market values of the Caohai Land and the Wuhua Land were approximately RMB2,110,000,000 (equivalent to approximately HK\$2,687,213,449) and approximately RMB1,140,000,000 (equivalent to approximately HK\$1,451,859,399), representing an aggregate market value of RMB3,250,000,000 (equivalent to HK\$4,139,072,848) on the assumption that all the valid Certificates for the Use of State-owned Land have been issued and all land premium, related fees for the grant of the certificates and costs necessary to render the site ready for immediate development have been fully settled.

**COMPANY ACQUIRED SINCE 31 DECEMBER 2012**

The Group acquired 50% of the entire issued share capital of Xu Bao Co. Limited (旭寶有限公司) (“Xu Bao”) on 10 December 2013 and Xu Bao has been accounted for as an indirect subsidiary of the Company through the control of the majority of the board members of Xu Bao. For the financial information relating to Xu Bao and its subsidiaries, please refer to the circular of the Company dated 14 November 2013.



*The following is the text of a report, prepared for the purpose of inclusion in this Circular, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.*



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

31 March 2014

Board of Directors  
Greenland Hong Kong Holdings Limited  
Unit 5711, 57th Floor  
The Center  
99 Queen's Road Central  
Hong Kong

Dear Sirs,

## INTRODUCTION

We set out below our report on the financial information relating to Greenland Group (Kunming) Property Co., Ltd. (the "Target Company") and its subsidiary (hereinafter collectively referred to as the "Target Group") comprising the consolidated balance sheets of the Target Group as at 31 December 2012 and 30 September 2013 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Target Group, for the period from 17 October 2012 (date of incorporation of the Target Company) to 31 December 2012 and the nine months period ended 30 September 2013 (the "Relevant Periods"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the circular of Greenland Hong Kong Holdings Limited (the "Company") dated 31 March 2014 (the "Circular") in connection with the Company's proposed acquisition of 55% equity interests in the Target Company (the "Proposed Acquisition").

The Target Company was established in Kunming, Yunnan Province, as a limited liability company on 17 October 2012 under the laws of the People's Republic of China ("PRC"). The Target Group was principally engaged in the business of property development.

As at the date of this report, the Target Company has a direct interest in the subsidiary as set out in note 16 of Section B below. Both the Target Company and its subsidiary have adopted 31 December as their financial year end date.

The statutory financial statements of the Target Company and the subsidiary of the Target Company for the period from 17 October 2012 (date of incorporation of the Target Company) to 31 December 2012 and the period from 19 December 2012 (date of incorporation of the subsidiary of the Target Company) to 31 December 2012 respectively were prepared in accordance with relevant accounting principles and financial regulations applicable to PRC enterprises. The PRC statutory financial statements of the Target Company and its subsidiary were audited by Ruihua CPA (Special General

Partnership) 瑞華會計師事務所 (特殊普通合夥), (formerly known as (“Crowe Horwarth CPA (Special General Partnership) 國富浩華會計師事務所 (特殊普通合夥)”), certified public accountants registered in the PRC.

For the purpose of this report, the directors of the Target Company have prepared the consolidated financial statements of the Target Group for the Relevant Periods (the “Underlying Financial Statements”) in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). The Underlying Financial Statements for the period from 17 October 2012 to 31 December 2012 and the nine months period ended 30 September 2013 were audited by KPMG Huazhen (Special General Partnership) under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular in connection with the Proposed Acquisition, with no adjustments made thereon.

#### **DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL INFORMATION**

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with IFRSs issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

#### **REPORTING ACCOUNTANTS’ RESPONSIBILITY**

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline “Prospectuses and the Reporting Accountant” (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Target Company, its subsidiaries or the Target Group in respect of any period subsequent to 30 September 2013.

#### **OPINION**

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Group as at 31 December 2012 and 30 September 2013 and the Target Group’s consolidated results and cash flows for the Relevant Periods then ended.

## A CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

*(Expressed in Renminbi'000)*

		Nine months ended 30 September 2013 <i>RMB'000</i>	For the period from 17 October 2012 (date of incorporation) to 31 December 2012 <i>RMB'000</i>
	<i>Section B Note</i>		
<b>Turnover</b>	5	–	–
Cost of sales		–	–
<b>Gross profit</b>		–	–
Selling and marketing costs		(11,133)	(107)
Administrative expenses		(8,368)	(109)
<b>Loss from operations</b>		(19,501)	(216)
Finance income	6(a)	7	5
Non-operating expenses		(500)	–
<b>Loss before taxation</b>		(19,994)	(211)
Income tax	7	4,521	53
<b>Loss for the period</b>		(15,473)	(158)
Other comprehensive income for the period, net of income tax		–	–
<b>Total comprehensive income for the period</b>		<u>(15,473)</u>	<u>(158)</u>

The accompanying notes form part of the Financial Information.

## CONSOLIDATED BALANCE SHEETS

(Expressed in Renminbi'000)

	<i>Section B Note</i>	<b>As at 30 September 2013 RMB'000</b>	<b>As at 31 December 2012 RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,532	6
Deferred tax assets	8	4,574	53
		-----	-----
		6,106	59
		-----	-----
<b>Current assets</b>			
Properties under development	9	2,949,763	131
Other receivables and payments in advance	10	32,607	19,895
Cash on hand		2,986	35
		-----	-----
		2,985,356	20,061
		-----	-----
<b>Current liabilities</b>			
Shareholders' loans	11	1,534,363	10,278
Trade and other payables	12	1,462,730	-
		-----	-----
		2,997,093	10,278
		-----	-----
<b>Net current (liabilities)/assets</b>		<b>(11,737)</b>	<b>9,783</b>
		=====	=====
<b>NET (LIABILITIES)/ASSETS</b>		<b>(5,631)</b>	<b>9,842</b>
		=====	=====
<b>Capital and reserves</b>			
Paid-in capital	13	10,000	10,000
Accumulated losses		(15,631)	(158)
		-----	-----
<b>TOTAL EQUITY</b>		<b>(5,631)</b>	<b>9,842</b>
		=====	=====

The accompanying notes form part of the Financial Information.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*(Expressed in Renminbi'000)*

	<b>Paid-in capital</b> <i>RMB'000</i>	<b>Accumulated losses</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Balance at 17 October 2012 (date of incorporation)</b>	–	–	–
Capital injection	10,000	–	10,000
Total comprehensive income for the period	<u>–</u>	<u>(158)</u>	<u>(158)</u>
<b>Balance at 31 December 2012 and 1 January 2013</b>	10,000	(158)	9,842
Total comprehensive income for the period	<u>–</u>	<u>(15,473)</u>	<u>(15,473)</u>
<b>Balance at 30 September 2013</b>	<u><u>10,000</u></u>	<u><u>(15,631)</u></u>	<u><u>(5,631)</u></u>

The accompanying notes form part of the Financial Information.

## CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi'000)

	<i>Section B Note</i>	<b>Nine months ended 30 September 2013 RMB'000</b>	<b>For the period from 17 October 2012 (date of incorporation) to 31 December 2012 RMB'000</b>
<b>Operating activities</b>			
Loss before taxation		(19,994)	(211)
Adjustment for:			
Depreciation		85	–
Finance income	6(a)	(7)	(5)
<b>Operating loss before changes in working capital</b>		(19,916)	(216)
Increase in properties under development		(2,949,632)	(131)
Increase in other receivables and payments in advance		(12,712)	(19,895)
Increase in trade and other payables		1,462,730	–
<b>Net cash used in operating activities</b>		(1,519,530)	(20,242)
<b>Investing activities</b>			
Interest received		7	5
Additions of property, plant and equipment		(1,611)	(6)
<b>Net cash used in investing activities</b>		(1,604)	(1)
<b>Financing activities</b>			
Proceeds from capital injection		–	10,000
Proceeds from shareholders' loans		1,524,085	10,278
<b>Net cash generated from financing activities</b>		1,524,085	20,278
<b>Net increase in cash and cash equivalents</b>		2,951	35
<b>Cash and cash equivalents at 1 January 2013/17 October 2012 (date of incorporation)</b>		35	–
<b>Cash and cash equivalents at 30 September 2013/ 31 December 2012</b>		2,986	35

The accompanying notes form part of the Financial Information.

**B NOTES TO CONSOLIDATED FINANCIAL INFORMATION****1 SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

The Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board (“IASB”). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the Target Group has adopted all applicable new and revised IFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective. The revised and new accounting standards and interpretations issued but not yet effective are set out in Section B Note 17.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

**(b) Basis of presentation**

Items included in the financial statements of each of the Target Group’s subsidiaries are measured using the currency of the primary economic environment in which the respective entity operates (the “functional currency”). The functional currency of the Target Group is Renminbi Yuan (“RMB”). The Financial Information is presented in RMB rounded to the nearest thousand.

**(c) Basis of measurement**

It is prepared on the historical cost basis.

**(d) Going concern**

The Financial Information has been prepared by the directors of the Company assuming the Target Group will continue as a going concern notwithstanding the net current liabilities of the Target Group as at 30 September 2013. The directors are of the opinion that, based on a review of the forecasted cash flows, the Target Group will have necessary liquid funds to finance its working capital and capital expenditure requirements.

**(e) Use of estimates and judgments**

The preparation of Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Section B Note 2.

**(f) Subsidiaries**

Subsidiaries are entities controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Target Group has power, only substantive rights (held by the Target Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

**(g) Land use rights**

Land use rights represent lease prepayments for acquiring rights to use land in the PRC with periods ranging from 40 to 70 years. Land use rights granted with consideration are recognised initially at acquisition cost. Land use rights are classified and accounted for in accordance with the intended use of the properties erected on the related land.

For properties that are developed for sale, the corresponding land use rights are classified and accounted for as part of the properties.

**(h) Properties under development**

Properties under development are carried at the lower of cost and net realisable value. Properties under development comprise property developed for own use or for sale.

The cost of properties under development comprises specifically identified cost, including the acquisition cost of land use rights for properties under development, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

Properties under development which are intended to be held for sale and expected to be completed within 12 months from the balance sheet date are shown as current assets.

Properties under development which are intended to be held for own use, or for sale and expected to be completed beyond 12 months from the balance sheet date are shown as non-current assets.

**(i) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Other fixed assets	3–5 years
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Both the useful life of an asset and its residual value, if any, are reviewed annually. The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less costs to sell 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 assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.



Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

**(j) Impairment of assets**

*(i) Impairment of receivables*

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Target Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the receivable's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these receivables), where the effect of discounting is material. This assessment is made collectively where these receivables share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for receivables which are assessed for impairment collectively are based on historical loss experience for receivables with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the statement of profit or loss. A reversal of an impairment loss shall not result in the receivable's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior periods.

Impairment losses are written off against the corresponding receivables directly, except for receivables whose recoveries are considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Target Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against the receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

*(ii) Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in the statement of profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to the statement of profit or loss in the period in which the reversals are recognised.

**(k) Other receivables**

Other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Section B Note 1(j)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see Section B Note 1(j)(i)).

**(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**(m) Other payables**

Other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(n) Employee benefits**

*(i) Short-term employee benefits*

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Target Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

*(ii) Termination benefits*

Termination benefits are recognised when, and only when, the Target Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

**(o) Income tax**

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of profit or loss except to the extent that they relate to business combinations, items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and temporary differences relating to investment in a subsidiary to the extent that, in the case of taxable differences, the Target Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Target Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Target Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

**(p) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic

benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(q) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Target Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of profit or loss as follows:

- Interest income

Interest income is recognised as it accrues using the effective interest method.

**(r) Related parties**

- (a) A person, or a close member of that person's family, is related to the Target Company if that person:

- (i) has control or joint control over the Target Company;
- (ii) has significant influence over the Target Company; or
- (iii) is a member of the key management personnel of the Target Company or the Target Company's parent.

- (b) An entity is related to the Target Company if any of the following conditions applies:

- (i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 2 ACCOUNTING JUDGEMENTS AND ESTIMATES

Section B Note 14 contains information relating to fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

- Impairment of investment in subsidiaries

Internal and external sources of information are reviewed by management of the Target Company at the end of each reporting period to assess whether there is any indication that investment in a subsidiary may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine impairment losses on the asset. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future years.

## 3 SEGMENT INFORMATION

The director of the Target Company considers that the business of the Target Group is organized in one operating segment. The companies comprising the Target Company are domiciled in the PRC with the Target Group's whole operations in the PRC. The director of the Target Company considers that substantially all the assets of the Target Group are located in the PRC.

No revenue has been generated from the Target Group for the Relevant Periods.

## 4 DIRECTORS' REMUNERATION

The directors did not receive any remuneration from the Target Group during the Relevant Periods.

## 5 TURNOVER

The principal activity of the Target Group is engaged in development of certain projects (the "Projects") located in Kunming, Yunnan Province, PRC.

The Target Group did not generate any income during the Relevant Periods as the development of the Projects is still at the preliminary stage.

## 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Nine months ended 30 September 2013 RMB'000	For the period from 17 October 2012 (date of incorporation) to 31 December 2012 RMB'000
(a) Finance income:		
Interest income	(7)	(5)
	<u>                    </u>	<u>                    </u>
(b) Staff costs:		
	1,057	-
	<u>                    </u>	<u>                    </u>

## 7 INCOME TAX IN THE STATEMENT OF COMPREHENSIVE INCOME

## (a) Income tax in the statement of comprehensive income represents:

	Nine months ended 30 September 2013 <i>RMB'000</i>	For the period from 17 October 2012 (date of incorporation) to 31 December 2012 <i>RMB'000</i>
Current income tax	–	–
Deferred income tax	(4,521)	(53)
	<u>(4,521)</u>	<u>(53)</u>

Pursuant to the Corporate Income Tax Law of the PRC, the Target Group was subject to PRC enterprise income tax at a rate of 25%.

## (b) Reconciliation between tax expense and accounting loss at an applicable tax rate:

	Nine months ended 30 September 2013 <i>RMB'000</i>	For the period from 17 October 2012 (date of incorporation) to 31 December 2012 <i>RMB'000</i>
Loss before income tax	(19,994)	(211)
Tax calculated at the rates applicable to the Target Group	(4,999)	(53)
Tax effect of non-deductibles	478	–
	<u>(4,521)</u>	<u>(53)</u>

## 8 INCOME TAX IN THE BALANCE SHEET

## (a) Current taxation

As the Target Company has accumulated tax losses since incorporation, no current income tax was recognised.

**(b) Deferred tax**

The deferred tax assets were recognised from tax losses and the movements during the Relevant Period are as follows:

	As at 30 September 2013 RMB'000	As at 31 December 2012 RMB'000
Balance at 1 January 2013/17 October 2012 (date of incorporation)	53	–
Additions	4,521	53
	<u>4,574</u>	<u>53</u>

**9 PROPERTIES UNDER DEVELOPMENT**

	As at 30 September 2013 RMB'000	As at 31 December 2012 RMB'000
Land use rights	2,632,624	–
Construction costs	311,403	–
Others	5,736	131
	<u>2,949,763</u>	<u>131</u>

The item mainly represents land use rights of certain land (the “Land”) located in Kunming, Yunnan Province, PRC which are expected to be recovered within 12 months from the end of balance sheet date. The Target Group has not obtained some land use rights certificate of the Land as at 30 September 2013.

**10 OTHER RECEIVABLES AND PAYMENTS IN ADVANCE**

	As at 30 September 2013 RMB'000	As at 31 December 2012 RMB'000
Due from related parties (Section B Note 15(b))	30,960	19,895
Due from third parties	1,501	–
Payments in advance	146	–
	<u>32,607</u>	<u>19,895</u>

**11 SHAREHOLDERS' LOANS**

	As at 30 September 2013 RMB'000	As at 31 December 2012 RMB'000
Shareholders' loans (Section B Note 15(b))	1,534,363	10,278

The amount mainly represents non-interest bearing shareholders' loans and are expected to be settled within one year or are repayable on demand.

**12 TRADE AND OTHER PAYABLES**

	As at 30 September 2013 RMB'000	As at 31 December 2012 RMB'000
Land cost payables	1,091,056	-
Construction payments	293,703	-
Down payments from customers	77,751	-
Others	220	-
	<u>1,462,730</u>	<u>-</u>

**13 PAID-IN CAPITAL****(a) Registered and fully paid**

The Target Company was established in the PRC on 17 October 2012 by Greenland Real Estate Group Co., Limited. The registered capital of the Target Company is RMB10,000,000.

**(b) Capital management**

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Target Group's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Target Group consists of net debt, which comprised amount due to the related parties of the Target Company as disclosed in Section B Note 15, cash and cash equivalents and equity attributable to shareholder of the Target Company, comprised paid-in capital as disclosed in the consolidated statements of changes in equity.

The directors of the Target Company review the capital structure on a regular basis. The directors of the Target Company consider the cost of capital and the risks associated with each class of capital. The Target Group will balance its overall capital structure through the payment of dividends, new share issues as well as raising of new debt.



**14 FINANCIAL RISK MANAGEMENT**

Exposure to credit and liquidity risks arises in the normal course of the Target Group's business. The Target Group's exposure to these risks and the financial risk management policies and practices used by the Target Group to manage these risks are described below.

**(a) Credit risk**

The Target Group's credit risk is primarily attributed to other receivables. Cash and cash equivalents are placed with a group of banks and financial institutions which management considers have good credit ratings.

**(b) Liquidity risk**

The Target Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from other group companies to meet its liquidity requirements in the short and longer term.

**(c) Fair values**

The carrying amounts of the Target Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 30 September 2013 and 31 December 2012.

**15 RELATED PARTY TRANSACTIONS**

Particulars of significant transactions between the Target Group and its related parties are as follows:

- (a) During the Relevant Periods, transactions with the following parties are considered as related party transactions:

<b>Name of party</b>	<b>Relationship</b>
Greenland Holding Group Company Limited ("Greenland Holding")	Ultimate controlling shareholder of the Target Company
Greenland Real Estate Group Co., Ltd	Parent company of the Target Company
Greenland Group (Guiyang) Property Co., Ltd	Subsidiary of Greenland Holding
Greenland Group (Guiyang Baiyun) Property Development Co., Ltd	Subsidiary of Greenland Holding
Shanghai Greenland Construction (Group) Co., Ltd	Subsidiary of Greenland Holding

## (b) Balance with related parties

As at 30 September 2013 and 31 December 2012, the Target Group had the following balance with related parties:

	As at 30 September 2013 RMB'000	As at 31 December 2012 RMB'000
Shareholders' loans ( <i>Section B Note 11</i> )		
– Greenland Holding	1,322,434	–
– Greenland Group (Guiyang) Property Co., Ltd	211,072	10,278
– Greenland Real Estate Group Co., Ltd	857	–
	<u>1,534,363</u>	<u>10,278</u>
Non-trade balance due from related parties ( <i>Section B Note 10</i> )		
– Greenland Holding	–	8,935
– Greenland Group (Guiyang Baiyun) Property Development Co., Ltd	10,960	10,960
– Shanghai Greenland Construction (Group) Co., Ltd	20,000	–
	<u>30,960</u>	<u>19,895</u>

## 16 INVESTMENTS IN SUBSIDIARIES

As at the date of this report, the Target Company has direct interests in the following subsidiary, which is a limited liability company. The particulars of the subsidiary is set out below:

Name of company	Place and date of incorporation	Percentage of equity attributable to the Company		Registered capital	Principal activities
		Direct %	Indirect %		
GreenLand Group (Kunming Wuhua) Property Development Co., Ltd	PRC 17 October 2012	100%	–	RMB10,000,000	Property development

**17 POSSIBLE IMPACT OF AMENDMENTS AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Target Group has not applied the following new and revised IFRSs that have been issued but are not yet effective in the Financial Information:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 32, <i>Offsetting financial assets and financial liabilities</i>	1 January 2014
Amendments to IAS 39, <i>Novation of derivatives and continuation of hedge accounting</i>	1 January 2014
IFRS 9, <i>Financial instruments</i>	1 January 2015

The Target Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Financial Information.

**18 SUBSEQUENT EVENTS**

- i) On 13 November 2013, pursuant to a resolution passed by the shareholder's meeting of Greenland Group (Kunming Wuhua) Property Development Co., Ltd. ("Greenland Kunming Wuhua"), the registered capital of Greenland Kunming Wuhua was increased from RMB10,000,000 to RMB528,000,000. The Company, as the sole shareholder of Greenland Kunming Wuhua, injected RMB518,000,000 on the same date. Upon completion the injection, the paid-in capital of Greenland Kunming Wuhua is RMB528,000,000.
- ii) In February 2014, Greenland Kunming Wuhua was granted a loan facility amounting to RMB600,000,000 by China Everbright Bank.

**C SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 30 September 2013.

Yours faithfully,

**KPMG**

*Certified Public Accountants*

Hong Kong

**A    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

**1    Introduction**

The following Unaudited Pro Forma Financial Information of the Enlarged Group, comprising the unaudited pro forma consolidated balance sheet of the Enlarged Group at 31 December 2013, has been prepared to illustrate the effect of the proposed acquisition of 55% equity interests in the Target Company (the “Proposed Acquisition”) by the Company as if the transaction had taken place as at 31 December 2013. 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 illustrative purposes only.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based upon: (i) the Group’s consolidated balance sheet as at 31 December 2013 as extracted from the Group’s annual results announcement for the year ended 31 December 2013; and (ii) the Target Group’s consolidated balance sheet as at 30 September 2013 as extracted from the accountant’s report set out in Appendix II to this Circular, and adjusted on a pro forma basis to reflect the effects of the Proposed Acquisition. These pro forma adjustments 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, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group’s future financial position.

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 the Target Group set forth in Appendix II to this Circular and other information included elsewhere of this Circular.

**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
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**2      Unaudited pro forma consolidated balance sheet of the Enlarged Group**

	The Group	The Target	Pro forma adjustments		Unaudited pro forma of the Enlarged Group RMB'000
	as at	Group			
	31 December	as at			
	2013	30 September	#1	#2	
RMB'000	2013	RMB'000	RMB'000	RMB'000	
Note 1	Note 2	Note 3	Note 4		
<b>Assets</b>					
Property, plant and equipment	922,979	1,532			924,511
Intangible assets	1,476	–			1,476
Land use rights	74,953	–			74,953
Other investments	2,800	–			2,800
Properties under development	6,832,762	–			6,832,762
Investment properties	1,719,000	–			1,719,000
Interests in associates	3,509	–			3,509
Interests in joint ventures	677,111	–			677,111
Long-term receivables	673,627	–			673,627
Goodwill	–	–		8,907	8,907
Deferred tax assets	212,882	4,574			217,456
<b>Total non-current assets</b>	<b>11,121,099</b>	<b>6,106</b>			<b>11,136,112</b>
Properties under development	2,205,091	2,949,763		122,237	5,277,091
Completed properties held for sale	2,651,528	–			2,651,528
Trade, other receivables and advance deposits	3,964,698	32,607	124,960	(124,960)	3,997,305
Long-term receivables within one year	125,561	–			125,561
Restricted cash	749,693	–			749,693
Cash and cash equivalents	922,037	2,986		(826,870)	98,153
<b>Total current assets</b>	<b>10,618,608</b>	<b>2,985,356</b>			<b>12,899,331</b>
<b>Total assets</b>	<b>21,739,707</b>	<b>2,991,462</b>			<b>24,035,443</b>

**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

	The Group as at 31 December 2013	The Target Group as at 30 September 2013	Pro forma adjustments		Unaudited pro forma of the Enlarged Group
	<i>RMB'000</i>	<i>RMB'000</i>	#1	#2	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	
<b>Equity</b>					
Share capital	1,068,154	10,000	12,222	(22,222)	1,068,154
Share premium	2,362,986	–			2,362,986
Reserves	833,173	–	112,738	(112,738)	833,173
Retained earnings	<u>1,355,871</u>	<u>(15,631)</u>		15,631	<u>1,355,871</u>
<b>Total equity attributable to equity holders of the Company</b>	5,620,184	(5,631)			5,620,184
<b>Non-controlling interests</b>	<u>86,889</u>	–		94,953	<u>181,842</u>
<b>Total equity</b>	<u>5,707,073</u>	<u>(5,631)</u>			<u>5,802,026</u>
<b>Liabilities</b>					
Interest-bearing loans	1,725,007	–			1,725,007
Shareholder's loans	–	1,534,363		(826,870)	707,493
Trade, other payables and advance receipts	7,325,317	1,462,730			8,788,047
Tax payable	916,405	–			916,405
Long-term payable within one year	<u>6,000</u>	–			<u>6,000</u>
<b>Total current liabilities</b>	<u>9,972,729</u>	<u>2,997,093</u>			<u>12,142,952</u>
Interest-bearing loans	1,441,839	–			1,441,839
Long-term payable	33,935	–			33,935
Bonds	4,224,594	–			4,224,594
Deferred tax liabilities	<u>359,537</u>	–		30,560	<u>390,097</u>
<b>Total non-current liabilities</b>	<u>6,059,905</u>	–			<u>6,090,465</u>
<b>Total liabilities</b>	<u>16,032,634</u>	<u>2,997,093</u>			<u>18,233,417</u>
<b>Total equity and liabilities</b>	<u>21,739,707</u>	<u>2,991,462</u>			<u>24,035,443</u>

**3      Notes to the unaudited pro forma consolidated balance sheet of the Enlarged Group**

1.      The consolidated balance sheet of the Group as at 31 December 2013 was extracted from the annual results announcements of the Company for the year ended 31 December 2013.
2.      The consolidated balance sheet of the Target Group as at 30 September 2013 was extracted from the accountants' report of the Target Group as set out in Appendix II to the Circular.
3.      The Group shall make a capital contribution amounting to RMB12,222,222 to the registered capital of the Target Company.

The Group shall make a capital contribution amounting to RMB112,737,920 as capital surplus to the Target Company.

4.      Prior to the Proposed Acquisition, Greenland Holding Group indirectly holds 60% of the entire issued share capital of the Company while Greenland Holding Group indirectly holds 100% equity interests in the Target Group. Upon completion of the Proposed Acquisition, the Group will indirectly own 55% equity interests in the Target Group. The Group will account for the acquisition of the 55% of the issued share capital of the Target Group in accordance with International Financial Reporting Standard 3 (Revised) Business Combinations issued by the International Accounting Standards Board ("IFRS 3").

**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
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The adjustments resulting from the Proposed Acquisition are calculated as follows:

		<i>RMB'000</i>
Net identifiable liabilities of the Target Group as at 30 September 2013	(i)	(5,631)
Add: Fair value adjustment on the project cost (net of deferred tax liabilities)	(ii)	91,677
total capital injection	(iii)	<u>124,960</u>
Adjusted net identifiable assets of the Target Group	(iv)	211,006
Less: adjusted net identifiable assets of the Target Group attributable to the non-controlling interests	(v)	<u>(94,953)</u>
Adjusted net identifiable assets of the Target Group attributable to the Group	(vi)	116,053
Less: total capital injection		<u>(124,960)</u>
Goodwill	(vii)	<u><u>(8,907)</u></u>

(i) The information represents the carrying value of the net liabilities of the Target Group as at 30 September 2013 which is extracted from the consolidated financial statements of the Target Group as at 30 September 2013 as set out in Appendix II of the Circular.

(ii) Fair value adjustment on the aggregate cost of the two projects located on the Caohai Land and Wuhua Land of RMB122.24 million is the difference between the carrying amount of the properties under development amounting to RMB2,949.76 million which is extracted from the consolidated financial statements of the Target Group as at 30 September 2013 as set out in Appendix II of the Circular and the aggregated valuation results as at 30 September 2013 with respect of the Caohai Land and Wuhua Land of RMB3,072.00 million extracted from the valuation report issued by Debenham Tie Leung Limited (“DTZ”), an independent valuer.

After deducting the deferred tax liability on the above fair value adjustment amounting to RMB30.56 million (calculated at the income tax rate of 25%), the net impact of fair value adjustment is approximately RMB91.68 million.

(iii) Total capital injection to be made by the Group to the Target Company is RMB124,960,142.

(iv) The item represents the net asset value of the Target Group upon completion of the Proposed Acquisition.



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- (v) Fair value of the non-controlling interests in the Target Group approximate 45% of fair value of the adjusted net identifiable assets of the Target Group of RMB94,953,000.
  - (vi) The item represents the net asset value of the Target Group attributable to the Group upon completion of the Proposed Acquisition.
  - (vii) Goodwill of approximately RMB8,907,000 will arise from the Proposed Acquisition, which is the difference between the total capital injection and the fair value of the net assets of the Target Group attributable to the Group upon completion of the Proposed Acquisition.
5. As at 30 September 2013, Greenland Group had advanced to the Target Group a shareholder's loan in the total net amount of approximately RMB1,503,402,855 (the "Greenland Loan"). It is agreed that the Group shall contribute another shareholder's loan amounting to RMB826,870,000 which will be used by the Target Group for repayment of approximately 55% of the Greenland Loan.
6. No adjustment has been made to reflect the transaction costs of the Proposed Acquisition since the directors considered the amount involved will not be significant. The total transaction costs, including legal, accounting and other professional parties are estimated to be approximately HK\$1.2 million.
7. No other adjustments have been made to the unaudited pro forma financial information to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2013.

**B      ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**



31 March 2014

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF 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 pro forma financial information of Greenland Hong Kong Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 31 December 2013 and related notes as set out in Part A of Appendix III to the circular dated 31 March 2014 (the "Circular") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix III to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Company's proposed acquisition of 55% equity interests in Greenland Group (Kunming) Property Co., Ltd. (the "Target Company") and its subsidiary (the "Target Group") (the "Proposed Acquisition") on the Group's financial position as at 31 December 2013 as if the Proposed Acquisition had taken place at 31 December 2013. As part of this process, information about the Group's financial position as at 31 December 2013 has been extracted by the Directors from the published annual results announcements of the Group for the year ended 31 December 2013.

**Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the 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 ("HKICPA").

### Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 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 ("HKSAE") 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 comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the 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 events or transactions at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the 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 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 pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
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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 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 pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules

**KPMG**

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

Greenland Kunming is a company established under the laws of the PRC with limited liabilities on 17 October 2012 with its scope of business being real estate development. Greenland Wuhan is a company established under the laws of the PRC with limited liabilities on 19 December 2012 with its scope of business being real estate development.

#### FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

##### **Business and financial review**

As at 30 September 2013, neither Greenland Kunming nor Greenland Wuhan had commenced any business operation.

For the nine months ended 30 September 2013, the Target Group did not record any turnover since it had not deliver any property. However, the Target Group incurred a net loss of approximately RMB15,473,000, primarily attributable to selling and marketing costs.

##### **Liquidity, financial position and capital structure**

During the nine months ended 30 September 2013, the Target Group funded its business activities mainly by shareholder's investment. It adopted a prudent funding and treasury policy. As at 30 September 2013, the Target Group had a balance of cash and cash equivalents of approximately RMB2,986,000.

During the nine months ended 30 September 2013, the Target Group did not have any formal hedging policies and no financial instrument was used for hedging purpose. As at 30 September 2013, the current assets and current liabilities of the Target Group were approximately RMB2,985,356,000 and approximately RMB2,997,093,000 respectively. The Current Ratio was approximately 1 time as at 30 September 2013.

The total assets and total liabilities of the Target Group amounted to approximately RMB2,991,462,000 and approximately RMB2,997,093,000 respectively. The Gearing Ratio was approximately 100% as at 30 September 2013.

##### **Employment and remuneration policy**

As at 30 September 2013, the Target Group had a total of 93 employees.

The total amount of remuneration paid to the employees during the nine months ended 30 September 2013 was approximately RMB2,950,000.

##### **Significant investment held and future plans for material investments or capital assets**

As at 30 September 2013, the Target Group had capital commitment of approximately RMB1,091,056,000.

As at 30 September 2013, the Target Group had not commenced any construction works.

Save as disclosed, as at 30 September 2013, the Target Company had no significant investment and future plans for material investments or capital assets.

**Contingent liabilities**

As at 30 September 2013, the Target Group had no material contingent liabilities.

**Charges on assets**

As at 30 September 2013, the Target Group had no charges on its assets.

**Foreign exchange exposure**

The Target Group's business activities, assets and liabilities are primarily denominated in RMB. Since the Target Group had not commenced any business operation for the nine months ended 30 September 2013, no foreign currency hedging policy was adopted by the Target Group and no hedging transaction or arrangement was made during the period. The management of the Target Group will continue to monitor its foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

**Acquisition or disposal of subsidiary**

The Target Group had no material acquisitions or disposals during the nine months ended 30 September 2013.

**FOR THE PERIOD FROM 17 OCTOBER 2012 (BEING THE DATE OF ESTABLISHMENT) TO ENDED 31 DECEMBER 2012****Business and financial review**

As at 31 December 2012, neither Greenland Kunming nor Greenland Wuhan had commenced any business operation.

For the period under review, the Target Group did not record any turnover since it had not commenced any business operation. However, the Target Group incurred a net loss of approximately RMB158,000, primarily attributable to personnel cost.

**Liquidity, financial position and capital structure**

During the period under review, the Target Group funded its business activities mainly by shareholder's investment. It adopted a prudent funding and treasury policy. As at 31 December 2012, the Target Group had a balance of cash and cash equivalents of approximately RMB35,000.

During the period under review, the Target Group did not have any formal hedging policies and no financial instrument was used for hedging purpose. As at 31 December

2012, the current assets and current liabilities of the Target Group were approximately RMB20,061,000 and approximately RMB10,278,000 respectively. The Current Ratio was approximately 2 times as at 31 December 2012.

The total assets and total liabilities of the Target Group amounted to approximately RMB20,120,000 and approximately RMB10,278,000 respectively. The Gearing Ratio was approximately 51% as at 31 December 2012.

#### **Employment and remuneration policy**

As at 31 December 2012, the Target Group did not have any employees.

#### **Significant investment held and future plans for material investments or capital assets**

As at 31 December 2012, the Target Company had no significant investment and future plans for material investments or capital assets.

#### **Contingent liabilities**

As at 31 December 2012, the Target Group had no material contingent liabilities.

#### **Charges on assets**

As at 31 December 2012, the Target Group had no charges on its assets.

#### **Foreign exchange exposure**

The Target Group's business activities, assets and liabilities are primarily denominated in RMB. Since the Target Group had not commenced any business operation for the period under review, no foreign currency hedging policy was adopted by the Target Group and no hedging transaction or arrangement was made during the period. The management of the Target Group will continue to monitor its foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

#### **Acquisition or disposal of subsidiary**

On 19 December 2012, Greenland Kunming set up its wholly-owned subsidiary, Greenland Wuhua, in the PRC. Save as disclosed, The Target Group had no material acquisitions or disposals during the period under review.

*The following is the text of a letter dated 31 March 2014 prepared for the purpose of incorporation into this circular received from DTZ Debenham Tie Leung Limited in connection with its opinion on the value of the Projects held by the Group as at 31 January 2014.*



16th Floor  
Jardine House  
1 Connaught Place  
Central Hong Kong

31 March 2014

The Directors  
Greenland Hong Kong Holdings Limited  
46th Floor  
Hong Kong New World Tower  
300 Huaihai Central Road  
Shanghai  
The PRC

Dear Sirs,

#### **INSTRUCTIONS, PURPOSE AND DATE OF VALUATION**

In accordance with your instructions for us to value the properties to be acquired by Greenland Hong Kong Holdings Limited (referred to as the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”) (as more particularly described in the valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary to provide you with our opinion of the values of such properties as at 31 January 2014 (the “**date of valuation**”).

#### **DEFINITION OF MARKET VALUE**

In valuing each of the properties, we have complied with the requirements set out in The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards (2012 Edition) is defined as “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.



## VALUATION BASIS AND ASSUMPTION

Our 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 special value.

In the course of our valuation of the properties, we have assumed that transferable land use rights in respect of the properties for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the properties. For the purpose of our valuation, we have assumed that the grantee has enforceable title to the properties.

In valuing the properties, we have assumed that the grantee or the user of the properties has free and uninterrupted rights to use or to assign the properties for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group and the advice provided by the Group's legal advisor, City Development Law Firm, are set out in the notes in the respective valuation certificate.

## METHOD OF VALUATION

In valuing the properties in Group I, we have valued the properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market and have also taken in to account the expended construction costs as well as the costs that will be expended to complete the developments. The market value when completed represents our opinion of the aggregate values of the development assuming it would have been completed at the date of valuation.

In valuing the properties in Group II, we have ascribed no commercial value to the properties as the Certificate for the use of State-owned Land of the properties have not been obtained yet as at the date of valuation.

## SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory

notices, tenure, identification of property, development proposal, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in this valuation report are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

#### TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title to the properties. However, we have not been able to conduct searches to verify the ownership of the properties or to ascertain any amendment which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal advisors, City Development Law Firm, in respect of the title to the properties in the PRC.

#### SITE INSPECTION

We have inspected the exterior of the properties. The site inspections were carried out in November 2013 by Mr. Tao Wen (Valuer) and Ms. Eva Yin (Assistant Valuer). However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not able to report that the property is free of rot, infestation and any other structural defects, nor were any test carried out to any of the services. Moreover, 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 been able to carry out on-site measurements to verify the site and floor area of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

#### CURRENCY

Unless otherwise stated, all money amounts stated in this valuation report are in Renminbi ("RMB") which is the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,  
For and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**Andrew K.F. Chan**  
*Registered Professional Surveyor (General Practice)*  
*Registered China Real Estate Appraiser*  
*MSc, MRICS, MHKIS*  
*Senior Director*

*Note:* Mr. Andrew Chan is a Registered Professional Surveyor who has over 26 years' experience in the valuation of properties in the PRC.

## VALUATION SUMMARY

Property	Market value in existing state as at 31 January 2014
<b>Group I – Properties held by the Target Group under development in the PRC</b>	
1. Pieces of land (Nos. KCXS2012-40-4-5 and KCXS2012-40-4-6) located at the south west side of Er Huan Road, the east coast of Caohai, the north of Dianchi and west of Xi Fu Road Kunming, Yunnan Province, the PRC	RMB670,000,000
2. Pieces of land (Nos. KCW2012-4 and KCW2012-9) located at west of Kun Lu Gong Road, north of Chen Jia Ying Road and north of Wang Qiong Gong Road, the Pan-Asia Technological New Zone, northwest side of Wuhua District, Kunming, Yunnan Province, the PRC	RMB780,000,000
Sub-total of Group I:	<hr/> RMB1,450,000,000 <hr/>

Property	Market value in existing state as at 31 January 2014
<b>Group II – Properties to be acquired by the Target Group in the PRC</b>	
3. Pieces of land (Nos. KCXS2012-40-4-7, KCXS2012-40-4-8, KCXS2012-40-4-9 and KCXS2012-40-4-10) located at the south west side of Er Huan Road, the east coast of Caohai, the north of Dianchi and west of Xi Fu Road Kunming, Yunnan Province, the PRC	No commercial value
4. Pieces of land (Nos. KCW2012-36, KCW2012-39 and KCW2012-40) located at west of Kun Lu Gong Road, north of Chen Jia Ying Road and north of Wang Qiong Gong Road, the Pan-Asia Technological New Zone, northwest side of Wuhua District, Kunming, Yunnan Province, the PRC	No commercial value
Sub-total of Group II:	<u>No commercial value</u>
<b>Total</b>	<b><u><u>RMB1,450,000,000</u></u></b>

## VALUATION CERTIFICATE

## Group I – Properties held by the Target Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2014
1	<p>Pieces of land (Nos. KCXS2012-40-4-5 and KCXS2012-40-4-6) located at the south west side of Er Huan Road, the east coast of Caohai, the north of Dianchi and west of Xi Fu Road, Kunming, Yunnan Province, the PRC</p> <p>The property comprises 2 parcels of land with a total site area of approximately 48,950.40 sq. m.</p> <p>The property is planned to be developed into a composite development with a total above-ground gross floor area of 56,295.67 sq. m.</p> <p>The land use rights of the property have been granted for terms of 70 years due to expire on 6 June 2083 for residential use and 40 years due to expire on 8 June 2053 for commercial use.</p>	The property is in the stage of site formation.	RMB670,000,000

## Notes:

- (1) According to 2 Grant Contracts for State-owned Land Use Rights Nos. CR53 (2013276) and CR53 (2013280) entered into between Kunming Municipal Land Resources Bureau (昆明市國土資源局) (“Party A”) and Greenland Group (Kunming) Property Co., Ltd. (綠地集團(昆明)置業有限公司) (“Party B”) on 20 June 2013, Party A has agreed to grant the land use rights of the property to Party B with details as follows:
- Site Area : 48,950.40 sq. m.
- Land Use : Residential and commercial
- Land Use Term : 70 years for residential use and 40 years for commercial use
- Land Premium : RMB600,856,800
- Above-ground gross floor area : 56,295.67 sq. m.
- Building Covenant : Construction shall commence before 20 June 2014 and complete before 20 June 2016
- (2) According to 2 Certificate for the Use of State-owned Land Nos. (2013)00065 and (2013)00066 issued by Kunming Municipal Land Resources Bureau, the land use rights of the property with a total site area of 48,950.40 sq. m. has been vested in Greenland Group (Kunming) Property Co., Ltd. for land use terms due to expire on 6 June 2083 for residential use and due to expire on 8 June 2053 for commercial use respectively.
- (3) According to 4 Planning Permits for Construction Use of Land Nos. 530101201300343, 530101201300344, 530101201300345 and 530101201300346, the construction site of the property is in compliance with the urban planning requirements.

- (4) According to the information provided by the Group, the total expended construction costs as at 31 January 2014 was approximately RMB77,000,000. The estimated outstanding construction costs to complete the development was approximately RMB317,000,000. In the course of our valuation, we have taken into account such construction costs in our valuation.
- (5) The market value when completed of the proposed development as at 31 January 2014 was approximately RMB1,330,000,000.
- (6) We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, inter alia, the following information:
- (i) Greenland Group (Kunming) Property Co., Ltd. is the sole legal land user of the property;
  - (ii) The land use rights of the property are free from seizing, mortgage, expropriation and limitation of any other rights; and
  - (iii) All the land premium stated in the Grant Contract for State-owned Land Use Rights have been duly paid and settled.
- (7) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

Grant Contract for State-owned Land Use Rights	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Use of Land	Yes

## VALUATION CERTIFICATE

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in existing state as at 31 January 2014</b>
2	Pieces of land (Nos. KCW2012-4 and KCW2012-9) located at west of Kun Lu Gong Road, north of Chen Jia Ying Road and north of Wang Qiong Gong Road, the Pan-Asia Technological New Zone, northwest side of Wuhua District, Kunming, Yunnan Province, the PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 59,354.59 sq. m.</p> <p>The property is planned to be developed into a composite development with a total above-ground gross floor area of 237,418.36 sq. m.</p> <p>The land use rights of the property have been granted for terms of 70 years due to expire on 23 January 2083 for residential use and 40 years due to expire on 23 January 2053 for commercial use.</p>	The property is under construction.	RMB780,000,000

*Notes:*

- (1) According to 2 Grant Contracts for State-owned Land Use Rights Nos. CR53 (2013128) and CR53 (2013129) entered into between Kunming Municipal Land Resources Bureau (昆明市國土資源局) ("Party A") and Greenland Group (Kunming Wuhua) Property Development Co., Ltd. (綠地集團(昆明五華)房地產開發有限公司) ("Party B") on 6 February 2013, Party A has agreed to grant the land use rights of the property to Party B with details as follows:

Site Area	:	59,354.59 sq. m.
Land Use	:	Residential and commercial
Land Use Term	:	70 years for residential use and 40 years for commercial use
Land Premium	:	RMB293,799,000
Above-ground gross floor area	:	237,418.36 sq. m.
Building Covenant	:	Construction shall commence before 6 February 2014 and complete before 6 February 2016

- (2) According to 2 Certificate for the Use of State-owned Land Nos. (2013)0681 and (2013)0682 issued by Kunming Municipal Land Resources Bureau, the land use rights of the property with a total site area of 59,354.59 sq. m. has been vested in Greenland Group (Kunming Wuhua) Property Development Co., Ltd. for land use terms due to expire on 23 January 2083 for residential use and due to expire on 23 January 2053 for commercial use.
- (3) According to 3 Planning Permits for Construction Use of Land Nos. 530101201300083, 530101201300084 and 530101201300085, the construction site of the property is in compliance with the urban planning requirements.

- (4) According to Commencement Permit for Construction Works No. 53010020140124101L, the construction works of the property with a gross floor area of 146,312.51 sq. m. are in compliance with the requirements for works commencement and have been permitted.
- (5) According to the information provided by the Group, the total expended construction costs as at 31 January 2014 was approximately RMB421,000,000. The estimated outstanding construction costs to complete the development was approximately RMB340,000,000. In the course of our valuation, we have taken into account such construction costs in our valuation.
- (6) The market value when completed of the proposed development as at 31 January 2014 was approximately RMB1,640,000,000.
- (7) We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, inter alia, the following information:
- (i) Greenland Group (Kunming Wuhua) Property Development Co., Ltd. is the sole legal land user of the property;
  - (ii) The land use rights of the property are free from seizing, mortgage, expropriation and limitation of any other rights; and
  - (iii) All the land premium stated in the Grant Contract for State-owned Land Use Rights have been duly paid and settled.
- (8) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:
- |  |     |
|--|-----|
| Grant Contract for State-owned Land Use Rights | Yes |
| Certificate for the Use of State-owned Land    | Yes |
| Planning Permit for Construction Use of Land   | Yes |
| Commencement Permit for Construction Works     | Yes |



## VALUATION CERTIFICATE

## Group II – Properties to be acquired by the Target Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2014
3	Pieces of land (Nos. KCXS2012-40-4-7, KCXS2012-40-4-8, KCXS2012-40-4-9 and KCXS2012-40-4-10) located at the south west side of Er Huan Road, the east coast of Caohai, the north of Dianchi and west of Xi Fu Road Kunming, Yunnan Province, the PRC	<p>The property comprises 4 parcels of land with a total site area of approximately 106,599.01 sq. m.</p> <p>The property is planned to be developed into a composite development with a total above-ground gross floor area of 155,436.95 sq. m.</p> <p>The land use rights of the property have been granted for terms of 40 years for commercial use and 70 years for residential use.</p>	The property is a vacant site.	No commercial value ( <i>see note 1</i> )

## Notes:

- (1) In the course of our valuation, we have ascribed no commercial value to the property as Certificate for the Use of State-owned Land of the property has not been obtained. However, if a valid Certificate for the Use of State-owned Land has been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled, the market value of the property as at 31 January 2014 would be RMB1,440,000,000.
- (2) According to 4 Grant Contracts for State-owned Land Use Rights Nos. CR53 (2013277, 2013278, 2013279 and 2013281) entered into between Kunming Municipal Land Resources Bureau (昆明市國土資源局) (“Party A”) and Greenland Group (Kunming) Property Co., Ltd. (綠地集團(昆明)置業有限公司) (“Party B”) on 20 June 2013, Party A has agreed to grant the land use rights of the property to Party B with details as follows:
- |                               |   |  |
|-------------------------------|---|--|
| Site Area                     | : | 106,599.01 sq. m.  |
| Land Use                      | : | Residential and commercial   |
| Land Use Term                 | : | 70 years for residential use and 40 years for commercial use                     |
| Land Premium                  | : | RMB1,308,526,000   |
| Above-ground gross floor area | : | 155,436.95 sq. m.  |
| Building Covenant             | : | Construction shall commence before 20 June 2014 and complete before 20 June 2016 |
- (3) As advised by the Group, the Certificate for the Use of State-owned Land is expected to be obtained by the end of 2014.

- (4) We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, inter alias, the following information:
- (i) The Grant Contracts for State-owned Land Use Rights of the property is legal, valid and binding on both parties; and
  - (ii) The Group should have no legal impediment to obtain the land use right certificate after the land premium has been fully settled.
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:
- |  |     |
|--|-----|
| Grant Contract for State-owned Land Use Rights | Yes |
|--|-----|

## VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2014
4	Pieces of land (Nos. KCW2012-36, KCW2012-39 and KCW2012-40) located at west of Kun Lu Gong Road, north of Chen Jia Ying Road and north of Wang Qiong Gong Road, the Pan-Asia Technological New Zone, northwest side of Wuhua District, Kunming, Yunnan Province, the PRC	<p>The property comprises 3 parcels of land with a total site area of approximately 70,799.71 sq. m.</p> <p>The property is planned to be developed into a composite development with a total above-ground gross floor area of 235,223.16 sq. m.</p> <p>The land use rights of the property have been granted for terms of 40 years for commercial use and 70 years for residential use.</p>	The property is a vacant site.	No commercial value ( <i>see note 1</i> )

## Notes:

- (1) In the course of our valuation, we have ascribed no commercial value to the property as Certificate for the Use of State-owned Land of the property has not been obtained. However, if a valid Certificate for the Use of State-owned Land has been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled, the market value of the property as at 31 January 2014 would be RMB360,000,000.
- (2) According to 2 Grant Contracts for State-owned Land Use Rights Nos. CR53 (2013128) and CR53 (2013129) entered into between Kunming Municipal Land Resources Bureau (昆明市國土資源局) (“Party A”) and Greenland Group (Kunming Wuhua) Property Development Co., Ltd. (綠地集團(昆明五華)房地產開發有限公司) (“Party B”) on 6 February 2013, Party A has agreed to grant the land use rights of the property to Party B with details as follows:
- |                               |   |  |
|-------------------------------|---|--|
| Site Area                     | : | 70,799.71 sq. m.   |
| Land Use                      | : | Residential and commercial   |
| Land Use Term                 | : | 70 years for residential use and 40 years for commercial use                           |
| Land Premium                  | : | RMB350,460,000   |
| Above-ground gross floor area | : | 235,223.16 sq. m.  |
| Building Covenant             | : | Construction shall commence before 6 February 2014 and complete before 6 February 2016 |
- (3) As advised by the Group, the Certificate for the Use of State-owned Land is expected to be obtained by the end of 2014.

- (4) We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, inter alia, the following information:
- (i) The Grant Contracts for State-owned Land Use Rights of the property is legal, valid and binding on both parties; and
  - (ii) The Group should have no legal impediment to obtain the land use right certificate after the land premium has been fully settled.
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:
- |  |     |
|--|-----|
| Grant Contract for State-owned Land Use Rights | Yes |
|--|-----|

## 1. RESPONSIBILITY STATEMENT

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

## 2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code (the "Model Code") for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules were as follows:

### (i) Long position in shares of the Company:

Name of Director	Capacity and nature of interest	Number and class of shares	Approximate percentage of shareholding
Mr. Wang Weixian	Interest of controlled corporation ( <i>Note 1</i> )	25,103,099 ordinary shares	2.20
		100,408,398 CPS	6.76
	Beneficiary of discretionary trust ( <i>Note 2</i> )	123,450,826 ordinary shares	10.81
		493,803,306 CPS	33.24

Name of Director	Capacity and nature of interest	Number and class of shares	Approximate percentage of shareholding
Ms. Wang Xuling	Beneficial owner (Note 3)	4,000,000 ordinary shares	0.35
	Interest of controlled corporation (Note 4)	10,250,448 ordinary shares	0.90
	Beneficiary of discretionary trust (Note 2)	123,450,826 ordinary shares	10.81
		493,803,306 CPS	33.24
Mr. You Defeng	Beneficial owner (Note 5)	3,000,000 ordinary shares	0.26
Mr. Cheong Ying Chew, Henry	Beneficial owner (Note 6)	500,000 ordinary shares	0.04
Mr. Fong Wo, Felix, JP	Beneficial owner (Note 6)	500,000 ordinary shares	0.04
Mr. Jiang Simon X.	Beneficial owner (Note 6)	500,000 ordinary shares	0.04
Mr. Kwan Kai Cheong	Beneficial owner (Note 6)	500,000 ordinary shares	0.04

## Notes:

1. Mr. Wang Weixian is deemed to be interested in 25,103,099 ordinary shares and 100,408,398 CPS which are held by Prestige Glory Enterprises Limited. The entire issued share capital of Prestige Glory Enterprises Limited is beneficially owned by Mr. Wang Weixian.
2. Each of Mr. Wang Weixian and Ms. Wang Xuling is deemed to be interested in an aggregate 123,450,826 ordinary shares and 493,803,306 CPS which are held by SPG Investment Holdings Ltd. and Brilliant Bright Investment Limited, respectively:
  - (a) 101,348,328 ordinary shares and 405,393,312 CPS are held by SPG Investment Holdings Ltd. which is a wholly-owned subsidiary of SPG Asset Management Limited. The entire issued share capital of SPG Asset Management Limited is held by Brilliant Bright Investment Limited; and
  - (b) 22,102,498 ordinary shares and 88,409,994 CPS are held by Brilliant Bright Investment Limited.

Brilliant Bright Investment Limited is a wholly-owned subsidiary of HSBC International Trustee Limited being the trustee of a discretionary trust of which family members of Mr. Wang Weixian (including Mr. Wang Weixian and Ms. Wang Xuling) are discretionary beneficiaries.

3. Awards of 3,600,000 ordinary shares and 400,000 ordinary shares were made to Ms. Wang Xuling on 1 April 2012 and 2 April 2013 respectively under the Company's share award plan adopted on 3 December 2010 ("**Share Award Plan**") subject to vesting condition as stated in the award certificate.
4. Ms. Wang Xuling is deemed to be interested in 10,250,448 ordinary shares, which are held by Boom Rich Investments Limited which is in turn entirely beneficially owned by Ms. Wang Xuling.
5. An award of 260,000 ordinary shares and an award of 2,740,000 ordinary shares were made to Mr. You Defeng on 1 April 2012 and 2 April 2013 respectively under the Share Award Plan subject to vesting condition as stated in the award certificate.
6. An award of 500,000 ordinary shares was made to each of Messrs. Cheong Ying Chew, Henry, Fong Wo, Felix, JP, Jiang Simon X. and Kwan Kai Cheong on 2 April 2013 under the Share Award Plan subject to vesting condition as stated in the award certificate.

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group are as follows:

Name of Shareholder	Capacity and nature of interest	Number and class of shares	Approximate percentage of shareholding
SPG Investment Holdings Ltd.	Beneficial Owner (Notes 1 and 2)	101,348,328 ordinary shares	8.87
		405,393,312 CPS	27.29
SPG Asset Management Limited	Interest of controlled corporation (Notes 1 and 2)	101,348,328 ordinary shares	8.87
		405,393,312 CPS	27.29
Prestige Glory Enterprises Limited	Beneficial Owner (Note 2)	25,103,099 ordinary shares	2.20
		100,408,398 CPS	6.76

Name of Shareholder	Capacity and nature of interest	Number and class of shares	Approximate percentage of shareholding
Brilliant Bright Investment Limited	Beneficial Owner (Note 3)	22,102,498 ordinary shares	1.93
		88,409,994 CPS	5.95
	Interest of controlled corporation (Note 1)	101,348,328 ordinary shares	8.87
HSBC International Trustee Limited	Trustee (Notes 1 and 3)	123,450,826 ordinary shares	10.81
		493,803,306 CPS	33.24
Gluon Xima International Limited	Beneficial Owner (Note 4)	685,374,853 ordinary shares	60.00
		891,317,556 CPS	60.00
Greenland Holding Group	Interest of controlled corporation (Note 4)	685,374,853 ordinary shares	60.00
		891,317,556 CPS	60.00

## Notes:

- 101,348,328 ordinary shares and 405,393,312 CPS are held by SPG Investment Holdings Ltd. which is a wholly-owned subsidiary of SPG Asset Management Limited. The entire issued share capital of SPG Asset Management Limited is held by Brilliant Bright Investment Limited. Each of SPG Asset Management Limited and Brilliant Bright Investment Limited is deemed to be interested in such shares held by SPG Investment Holdings Ltd. under the SFO.
- The entire issued share capital of Prestige Glory Enterprises Limited is beneficially owned by Mr. Wang Weixian. Mr. Wang Weixian is a director of SPG Investment Holdings Ltd., SPG Asset Management Limited and Prestige Glory Enterprises Limited respectively.
- 22,102,498 ordinary shares and 88,409,994 CPS are held by Brilliant Bright Investment Limited. Brilliant Bright Investment Limited is a wholly-owned subsidiary of HSBC International Trustee Limited being the trustee of a discretionary trust of which family members of Mr. Wang Weixian (including Mr. Wang Weixian and Ms. Wang Xuling) are discretionary beneficiaries.
- Gluon Xima International Limited is a wholly-owned subsidiary of Greenland Holding Group and Greenland Holding Group is deemed under the SFO to be interested in 685,374,853 ordinary shares and 891,317,556 CPS held by Gluon Xima International Limited.



So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons or entities (other than Directors or chief executives of the Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of subsidiaries	Name of Shareholders	Approximate percentage of shareholding
上海思博教育發展有限公司 (Shanghai Sipo Education Development Co., Ltd.)	深圳市匯博投資發展有限公司 (Shenzhen Huibo Investment Development Co., Ltd.)	32.86%

Save as disclosed herein, there is no person known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the group.

#### 4. MATERIAL CONTRACTS

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

- (i) the onshore and offshore facility agreements dated 29 January 2014 entered into, by and among, among other, (i) Xu Bao (defined below) as borrower, (ii) the Company and CIFI Holdings (Group) Co. Ltd as guarantors, and (iii) a group of financial institutions as lenders, details of which have been disclosed in the Company's announcement dated 30 January 2014;
- (ii) the subscription agreement dated 29 January 2014 entered into among (i) the Company, (ii) Greenland Holding Group, (iii) The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") and (iv) Goldman Sachs Asia L.L.C in relation to the issue of the RMB1.5 billion 5.50% bonds due 2018 ("**2018 Bonds**"), details of which have been disclosed in the Company's announcement dated 23 January 2014;
- (iii) the keepwell deed dated 23 January 2014 entered into among (i) the Company, (ii) Greenland Holding Group and (iii) HSBC ("**Trustee**") (as trustee of the 2018 Bonds) pursuant to which Greenland Holding has undertaken to, inter alia, cause the Company to maintain a consolidated net worth position of at least RMB1.00 at all times and to have sufficient liquidity to ensure timely payment of any and all amounts payable under or in respect of the 2018 Bonds or the 2018 Trust Deed (as defined below) (as the case may be) in accordance with the terms and conditions thereof, details of which have been disclosed in the Company's announcement dated 23 January 2014;

- (iv) the agreement dated 23 January 2014 entered into among (i) the Company, (ii) Greenland Holding Group and (iii) the Trustee in relation to the issue of the 2018 Bonds (the “**2018 Trust Deed**”), details of which have been disclosed in the Company’s announcement dated 23 January 2014;
- (v) the cooperation agreement dated 14 January 2014 entered into among (i) the Company, (ii) China Resources Land Limited, (iii) SPG Investment X (BVI) Limited (a wholly-owned subsidiary of the Company), (iv) Boom Go Group Limited (a wholly-owned subsidiary of China Resources Land Limited), (v) Prosper Spring Investments Limited (a wholly-owned subsidiary of the Company), (vi) True Thrive Investments Limited (a wholly-owned subsidiary of the Company) and (vii) SPG Land (Management) Limited (a wholly-owned subsidiary of the Company) in relation to (i) the subscription of one new share in Prosper Spring Investments Limited by Boom Go Group Limited at the subscription price of US\$1.00 and (ii) the assignment of shareholder’s loan owing by True Thrive Investments Limited to SPG Land (Management) Limited to Boom Go Group Limited in the amount of US\$97,505,500, on a dollar-for dollar basis, details of which have been disclosed in the Company’s announcement dated 14 January 2014 and the Company’s circular dated 24 February 2014;
- (vi) the Capital Injection Agreement;
- (vii) the subscription agreement dated 10 October 2013 entered into among (i) the Company, (ii) Greenland Holding Group, (iii) HSBC, (iv) J.P. Morgan Securities plc, (v) Morgan Stanley & Co International plc, (vi) BOCI Asia Limited, (vii) Deutsche Bank AG, Singapore Branch, (viii) Citigroup Global Markets Limited and (ix) Goldman Sachs (Asia) L.L.C. in relation to the issue of the US\$700 million 4.75% bonds due 2016 (“**2016 Bonds**”), details of which have been disclosed in the Company’s announcement dated 11 October 2013;
- (viii) the keepwell deed dated 18 October 2013 entered into among (i) the Company, (ii) Greenland Holding Group and HSBC (as Trustee of the 2016 Bonds) pursuant to which Greenland Holding has undertaken to, inter alia, cause the Company to maintain a consolidated net worth position of at least RMB1.00 at all times and to have sufficient liquidity to ensure timely payment of any and all amounts payable under or in respect of the 2016 Bonds or the 2016 Trust Deed (as defined below) (as the case may be) in accordance with the terms and conditions thereof, details of which have been disclosed in the Company’s announcement dated 11 October 2013;
- (ix) the agreement dated 18 October 2013 entered into among (i) the Company, (ii) Greenland Holding Group and (iii) the Trustee which specifies the terms and conditions of the Bonds (the “**2016 Trust Deed**”), details of which have been disclosed in the Company’s announcement dated 11 October 2013;

- (x) the agreement dated 30 September 2013 entered into among Greenland Holding Group, Vite Wight International Limited (維特懷國際有限公司) (“**Vite Wight**”) (an indirect wholly-owned subsidiary of Greenland Holding Group) (as the vendor), the Company and SPG Investment XVII (BVI) Limited (an indirect wholly-owned subsidiary of the Company) (as the purchaser) in respect of the sale and purchase of (a) the one (1) ordinary share of HK\$1.00 each in the share capital of Xu Bao Co. Limited (旭寶有限公司) (“**Xu Bao**”), representing 50% of the entire issued share capital of Xu Bao, and (b) the unsecured and interest-free loan and including all associated rights and benefits amounting to US\$145,500,000 due to Vite Wight by Xu Bao at the consideration of US\$145,508,200, details of which have been disclosed in the Company’s announcement dated 2 October 2013;
- (xi) the subscription agreement dated 8 May 2013 entered into between the Company (as issuer) and Gluon Xima International Limited (a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of Greenland Holding Group) (“**Subscriber**”) (as subscriber), pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the subscription shares (at the subscription price of HK\$1.90 per subscription share) for a total cash consideration of approximately HK\$2,996 million (“**Subscription**”). As at the Latest Practicable Date, Gluon Xima International Limited is a controlling Shareholder which holds 685,374,853 ordinary shares of the Company (representing approximately 60% of the voting rights of the Company) and 891,317,556 CPS of the Company;
- (xii) the sale and purchase agreement dated 8 May 2013 entered into among the Company (as the vendor), Silversonic Profit Holding Limited (a company incorporated in BVI and a wholly-owned subsidiary under the Duanyuan Trust, a discretionary trust of which Mr. Wang and family members of Mr. Wang are discretionary beneficiaries and of which the trustee is HSBC International Trustee Limited) (“**Silversonic**”) (as the purchaser) and Mr. Wang (as the covenantor), pursuant to which the Company conditionally agreed to sell and Silversonic conditionally agreed to purchase (1) the entire issued share capital of Delta Link Holdings Limited (a company incorporated in BVI which was a wholly-owned subsidiary of the Company before the Disposal) (“**Delta Link**”) and (2) the US\$1,750,000 non-interest bearing loan owed by Delta Link to the Company and the non-interest bearing loan between SPG Land (Management) Limited (a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company) and Evermore Gain Limited (a company incorporated in Hong Kong and a wholly-owned subsidiary of Peninsula Shanghai (BVI) Limited which is a company incorporated in BVI and an indirect associated company of the Company) of which US\$8,100,000 was outstanding as at the date of the sale and purchase agreement (“**Disposal**”) at the total consideration of HK\$1,277,837,609, details of the Subscription and the Disposal have been disclosed in the Company’s announcement dated 8 May 2013 and the Company’s circular dated 11 July 2013;

- (xiii) the agreement (the “**Wuxi SPA**”) dated 4 January 2013 between 無錫市太湖新城發展集團有限公司 (Wuxi Taihu New Town Development Group Co., Ltd.) (a company established under the laws of the PRC with limited liability) (“**Wuxi Taihu New Town**”) (as purchaser) and 上海東方康橋房地產發展有限公司 (Shanghai Oriental Cambridge Property Development Co., Ltd.) (a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company) (“**Shanghai Oriental Cambridge**”) (as vendor) for the sale and purchase of 60% of the equity interest owned by Shanghai Oriental Cambridge in 無錫新都房產開發有限公司 (Wuxi Xindu Real Estate Development Limited) (a company established under the laws of the PRC with limited liability) (“**Wuxi Xindu**”), and certain interest free shareholder’s loans in the aggregate of RMB979,000,000 advanced by Shanghai Oriental Cambridge to Wuxi Xindu at the total consideration of RMB1,098,776,400;
- (xiv) the loan assignment (the “**Wuxi Loan Assignment**”) dated 4 January 2013 between Wuxi Taihu New Town and Shanghai Oriental Cambridge, for the transfer and assignment of certain interest free shareholder’s loans in the aggregate of RMB979,000,000 advanced by Shanghai Oriental Cambridge to Wuxi Xindu from Shanghai Oriental Cambridge to Wuxi Taihu New Town;
- (xv) the guarantee (the “**Wuxi Guarantee**”) dated 4 January 2013 entered into by the Company in favour of Wuxi Taihu New Town, details of the Wuxi SPA, the Wuxi Loan Assignment and the Wuxi Guarantee have been disclosed in the Company’s announcement dated 4 January 2013 and the Company’s circular dated 22 May 2013. Upon completion of the transactions contemplated under the Wuxi SPA, Wuxi Xindu is held entirely by Wuxi Taihu New Town; and
- (xvi) the agreement dated 30 June 2012 entered into between 上海珠佳康橋半島房地產發展有限公司 (Shanghai Zhujia Cambridge Real Estate Development Co., Ltd.\*), (a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company) (as the vendor), 恒大地產集團上海盛建置業有限公司 (Evergrande Real Estate Group Shanghai Shengjian Property Company Limited\*) (a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Evergrande (as defined below)) (as the purchaser), the Company and Evergrande Real Estate Group Limited (恒大地產集團有限公司) (a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333)) (“**Evergrande**”), relating to the disposal of the entire equity interest in 上海穎駿投資管理有限公司 (Shanghai Yingjun Investment Management Co., Ltd.) (a company established under the laws of the PRC with limited liability) at the consideration of approximately RMB965.7 million, details of which have been disclosed in the Company’s announcement dated 30 June 2012 and the Company’s circular dated 31 August 2012.

**5. SERVICES AGREEMENTS**

As at the Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Enlarged Group which is not terminable by the employer within one year without payment of compensation (other than statutory compensation).

**6. MATERIAL ADVERSE CHANGES**

The Directors confirm there are no material adverse changes in the financial and trading position of the Group since 31 December 2013, the date of which the latest audited financial statements of the Group were made up.

**7. DIRECTORS' INTEREST IN COMPETING BUSINESS**

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

**8. DIRECTORS' INTEREST IN ASSETS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or were proposed to be acquired, or disposed of by, or leased to any member of Enlarged Group since 31 December 2013, the date of which the latest audited financial statements of the Group were made up.

**9. DIRECTORS' INTERESTS IN CONTRACTS**

As at the Latest Practicable Date, no Director is materially interested in any contract or arrangement which is significant in relation to the business of the Enlarged Group.

**10. LITIGATION**

As at the Latest Practicable Date, no member of the Enlarged Group was or is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was or is known to the Directors to be pending or threatened by or against any members of the Enlarged Group.

**11. EXPERTS' QUALIFICATION AND CONSENT**

The following are the qualifications of the experts who have given their opinions and advice which are included in this circular:

<b>Name</b>	<b>Qualification</b>
Somerley Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
DTZ Debenham Tie Leung Limited	independent property valuer
City Development Law Firm	PRC legal advisers
KPMG	Certified Public Accountants

As at the Latest Practicable Date, none of the above experts has any shareholding, directly or indirectly, in any member of the Enlarged 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 Enlarged Group.

As at the Latest Practicable Date, none of the above experts have any interest, direct or indirect, in the promotion of, or in any assets which since 31 December 2013, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to, any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

**12. GENERAL**

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal office of business of the Company in Hong Kong is at Unit 5711, 57/F, The Center, 99 Queen's Road, Central, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Royal Bank of Canada Trust Company (Cayman) Limited of 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.
- (d) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The company secretary of the Company is Ms. Lee Mei Yi, an associate member of both the Institute of Company Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at Minter Ellison at Level 25, One Pacific Place, 88 Queensway, Hong Kong during normal business hours from the date of this circular up to and including 15 April 2014 (both dates inclusive):

- (a) the material contracts as referred to in the section headed "Material Contracts" in this appendix;
- (b) the memorandum and articles of association of the Company;
- (c) the annual reports of the Company for the three financial years ended 31 December 2012;
- (d) the financial information of the Group for the financial year ended 31 December 2013, the text of which is set out in the announcement of the Company dated 12 March 2014;
- (e) the accountants' reports of the Target Group, the text of which is set out in Appendix II to this circular;
- (f) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;
- (g) the Valuation Report, the text of which is set out in Appendix V to this circular;

- (h) the letter of advice from Somerley, the text of which is set out in the section headed “Letter from Somerley” of this circular;
- (i) the letters of consent referred to under the paragraph headed “Experts’ Qualification and Consent” in this appendix;
- (j) the Company’s circular dated 31 August 2012;
- (k) the Company’s circular dated 11 July 2013;
- (l) the Company’s circular dated 14 November 2013; and
- (m) this circular.



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## NOTICE OF EGM

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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: 0337)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting of Greenland Hong Kong Holdings Limited (the “**Company**”) will be held at Victoria Room, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on Wednesday, 16 April 2014 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution of the Company:

### AS ORDINARY RESOLUTION

“**THAT:**

a capital injection agreement in respect of 綠地集團(昆明)置業有限公司 (Greenland Group (Kunming) Property Co. Ltd.\*) (the “**Agreement**”) dated 30 October 2013 entered into between 綠地地產集團有限公司 (Greenland Real Estate Group Co. Ltd.\*) and 上海東方康橋房地產發展有限公司 (Shanghai Oriental Cambridge Property Development Co., Ltd.\*) (the details of which are set out in the circular dated 31 March 2014 (the “**Circular**”) despatched by the Company to its shareholders and a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purpose) and all transactions contemplated under the Agreement be and are hereby approved, ratified and confirmed and the director(s) of the Company be and are hereby authorised to take all actions and to sign, execute and deliver all such agreements, deeds and documents for and on behalf of the Company as it may in its discretion consider necessary or desirable for the purpose of effecting the Agreement and the transactions contemplated thereby or incidental thereto.”

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

Hong Kong, 31 March 2014

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

*Principal place of business in Hong Kong:*  
Unit 5711, 57/F  
The Center  
99 Queen’s Road Central  
Hong Kong

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## NOTICE OF EGM

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*Notes:*

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more 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 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 authority) must be deposited at the Company's branch share registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM (or any adjourned meeting).
- (3) Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or at any adjourned meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) In the case of joint holders of shares, any one of such joint holders may vote (either in person or by proxy) in respect of such shares as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the meeting (whether in person or by proxy), the vote of the joint holder whose name stands first in the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holders.

*As at the date of this notice, the executive Directors are Mr. Chen Jun, Mr. Hou Guangjun, Mr. Wu Zhengkui, Mr. Wang Weixian, Ms. Wang Xuling and Mr. You Defeng; and the independent non-executive Directors are Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, JP, Mr. Jiang Simon X. and Mr. Kwan Kai Cheong.*