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## **GREENLAND HONG KONG HOLDINGS LIMITED**

### **綠地香港控股有限公司**

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

**(Stock Code: 337)**

## **ANNOUNCEMENT**

### **CONNECTED TRANSACTION**

#### **Appointment of connected person as contractor for maintenance engineering works**

The Board is pleased to announce that after trading hours on 2 December 2022, the Project Company, a 67%-owned subsidiary of the Company, entered into the Maintenance Engineering Agreement with the Contractor to appoint the Contractor as the contractor for the Maintenance Engineering Project.

As at the date of this announcement, Greenland Holdings indirectly holds approximately 59.1% of the issued ordinary share capital of the Company, and is a connected person of the Company. Greenland Holdings owns a 73.77% interest in the Contractor. Accordingly, the Contractor is an associate of Greenland Holdings, and, thus, a connected person of the Company. As the highest Applicable Percentage Ratio for the Maintenance Engineering Agreement is more than 0.1% but less than 5%, the Maintenance Engineering Agreement constitutes a connected transaction for the Company subject to the announcement and reporting requirements but is exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## THE MAINTENANCE ENGINEERING AGREEMENT

The principal terms of the Maintenance Engineering Agreement are as follows:

Date:	2 December 2022
Parties:	(i) the Project Company as the developer of the Completed Project  (ii) the Contractor as the contractor
Subject matter:	To undertake maintenance engineering works for certain buildings and areas of the Completed Project comprising chiseling off the unqualified wall and ground mortar layer and water and electricity maintenance works in buildings nos. 2 and 4; the partial repairing and painting of the entrance door, and replacement of aluminum window of the buildings nos. 1, 2 and 4; further maintenance engineering works for the wall of block B of building no. 1; and the drainage ditch at the driveway entrance of building no. 4 in accordance with the tender drawings, the bill of quantities or other specifications as agreed upon by the Project Company and the Contractor
Project description and location:	The contracting of maintenance engineering works for the Completed Project developed on land parcel situated at the intersection of Guangming Street, Ganshan Road and Hexin Road, Guangming District, Shenzhen, the PRC (中國深圳市光明區光明大街與柑山路、河心路交叉口)
Estimated construction area:	Approximately 44,700 sq.m. in respect of the buildings and areas for which maintenance engineering works are required
Estimated total contract sum:	Approximately RMB3.22 million (approximately HK\$3.53 million), which is inclusive of value added tax, subject to adjustment in accordance with relevant provisions in the Maintenance Engineering Agreement as mentioned below
Expected commencement date:	8 December 2022
Expected completion date:	7 March 2023

## **Basis of determining the total contract sum**

The original total contract sum specified in the Maintenance Engineering Agreement (the “**Original Total Contract Sum**”), subject to adjustment as mentioned below, was negotiated on an arm’s length basis and determined with reference to the fees payable or paid by the Group to independent third parties for maintenance engineering works of a similar nature or precedent projects of the Group, and the applicable local rules and regulations that govern the fees to be charged in respect of the maintenance engineering works to be undertaken under the Maintenance Engineering Agreement. Such rules and regulations includes:

- “Code of Bill of Quantities and Valuations for Construction Works”\* (GB50500-2013) (《建設工程工程量清單計價規範》) (GB50500-2013); and
- “Shenzhen Construction Engineering Works Cost Information”\* (《深圳工程造價信息》) issued by the Shenzhen City Cost Station\* (深圳市造價站).

The Original Total Contract Sum was arrived at by totalling up the expected contract sum for each type of the required maintenance engineering works (in terms of units of maintenance engineering work) multiplied by the unit prices for each type of the maintenance engineering works specified in the Maintenance Engineering Agreement, which are equal to or lower than those set out in the said rules and regulations published by the relevant PRC government or industry authority from time to time.

The final amount of the total contract sum under the Maintenance Engineering Agreement (the “**Final Total Contract Sum**”) is determined based on the following adjustment to the Original Total Contract Sum. The original contract amount for each type of maintenance engineering work will be (i) increased by an amount equal to the excess of the amount of the maintenance engineering work actually done by the Contractor over the expected amount of the maintenance engineering work originally specified in the Maintenance Engineering Agreement multiplied by the unit price of that type of the maintenance engineering work, or (ii) decreased by an amount equal to the shortfall of the amount of the maintenance engineering work actually done by the Contractor from the expected amount of the maintenance engineering works originally specified in the Maintenance Engineering Agreement multiplied by the unit price of that type of maintenance engineering work.

There is no agreed maximum amount of adjustment to the Original Total Contract Sum. During the period of the Maintenance Engineering Project, the Project Company will monitor on a monthly basis the cumulative amount of all the progress payments of the total contract sum having been paid to the Contractor so that the Project Company can ascertain whether the Final Total Contract Sum will exceed 105% of the Original Total Contract Sum. According to the Company’s previous experience, the adjustments to the total contract sum of similar maintenance engineering agreements did not exceed 5% of their original total contract sums. In the event that the adjustment to the Original Total Contract Sum will exceed 5%, the Company will comply with all necessary requirements under the Listing Rules, and will enter into a supplemental agreement with the Contractor to govern the relevant adjustment.

Before entering into the Maintenance Engineering Agreement, the Cost Management Department of the Company invited at least two other contractors (which are independent third parties) and the Contractor to tender for the Maintenance Engineering Project. The tenderers invited were those contractors who were in the Company's approved contractors list, and were assessed by the Company based on the Group's experience and/or understanding to ensure that they have sufficient capabilities and expertise to undertake the maintenance engineering works in a cost efficient manner. The tenderers were required to submit their quotations for the unit prices of each type of the maintenance engineering works required for the Maintenance Engineering Project.

The Cost Management Department, Engineering Department and Technology Research and Development Department had worked with an independent third party costing consultant, namely Shanghai Shenyuan Engineering Investment Consultancy Co., Ltd.\* (上海申元工程投資諮詢有限公司), to determine which tender was successful by (i) reviewing the unit prices of the maintenance engineering works quoted by the tenderers, the results of which shows that the unit prices of the major maintenance engineering works (for example, mortar plasterwork on structural surface, and the replacement of the 6 (grey)+9A+6 (transparent) double tempered glass of the aluminum alloy window) quoted by the Contractor were lower than or the same as the lowest unit prices quoted by the other tenderers. For instance, the unit prices of the said mortar plasterwork and the replacement of the said glass quoted by the Contractor were RMB53.45 per square meter and RMB238.28 per square meter respectively, whereas the lowest unit prices of the aforesaid maintenance engineering works quoted by other tenderers was RMB58.92 per square meter and RMB255.21 per square meter respectively; (ii) evaluating the commercial terms of the tenders, the result of which shows that the commercial terms of the tender submitted by the Contractor are in compliance with the Group's policy and on normal commercial terms (or more favourable to the Group); and (iii) evaluating the reliability of services of each tenderer through a review conducted by the Group to assess its financial capacity, degree of cooperation and technical expertise, and whether it has any adverse track record, the result of which shows that the Contractor passed that review.

The Company understands that the costing consultant (i) is a professional surveyors whose qualification in surveying in the PRC has been approved by the Cost Management Department of the Company; (ii) has at least five years' experience participating in relevant surveying projects in the PRC; and (iii) is independent of the Group. Taking into account the said background of the costing consultant, the Board considers that working with it to determine which tender was successful for the Maintenance Engineering Project is in the interests of the Company and its Shareholders as a whole.

In relation to the tenderers' financial capacity, the tenderers shall have a registered capital of not less than RMB5 million. In relation to the tenderers' degree of cooperation, the Group requires that the tenderers do not have any bad publicities (such as freezing of equity interest, being auctioned, material breaches of law and etc.), and shall achieve certain minimum scores under the internal grading system of the Group, which takes into account various factors such as the cooperation history, site visit results of other projects done by such tenderers and etc. In relation to the tenderers' technical expertise, the tenderers shall meet certain levels of expertise qualifications. The tenderers shall have the professional qualification of Professional Engineering of Building Decoration Class 2 or above (建築裝修裝飾工程專業承包二級以上) or Building Construction General Contracting Class 3 or above (建築工程施工總承包三級以上). The tenderers also need to have annual construction works capability (in terms of contract sum) of not less than RMB20 million. If the tenderers have adverse track record, including insufficient degree of cooperation, making troubles, deficiencies in work quality and etc., the tenderers will be removed from the Group's suppliers whitelist. The Group will only cooperate with the tenderers which are on the suppliers whitelist.

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

The Board considers that the contract sum payable (subject to adjustment) under the Maintenance Engineering Agreement is fair and reasonable.

### **Payment term**

The total contract sum under the Maintenance Engineering Agreement shall be payable in the following manner:

- (i) the Contractor shall submit a monthly report on the amount of maintenance engineering works performed by it in each month. After approved by the Project Company and its construction supervisor (which is an independent third party), the Project Company shall within the following month pay to the Contractor an amount representing 65% of the contract sum of the approved maintenance engineering works for that month calculated by multiplying the unit prices for the different types of maintenance engineering works specified in the Maintenance Engineering Agreement by the respective approved amount of the maintenance engineering works;
- (ii) after the Contractor has delivered the completion settlement report to the Project Company, the Project Company shall pay to the Contractor an amount which, together with all the amounts already paid, represents 70% of the Original Total Contract Sum;

- (iii) after the Company's costing consultant (which is an independent third party) has completed its audit of the completion settlement report prepared by the Contractor, and has issued its costing audit report accepted by the Project Company and the Contractor, the Project Company shall pay to the Contractor an amount which, together with the amounts already paid, represents 97% of the Final Total Contract Sum as set out in that costing audit report; and
- (iv) the remaining 3% of the Final Total Contract Sum will be retained by the Project Company as warranty money that will be paid to the Contractor as to 40% thereof 1 year after the commencement of the warranty period, as to 40% thereof 2 years after the commencement of the warranty period, and as to the remaining 20% thereof upon the expiry of the warranty period. The warranty period is a period of 2 years or, in the case of waterproofing works, 5 years from the completion of the relevant maintenance engineering works.

### **Funding**

The total contract sum payable under the Maintenance Engineering Agreement is expected to be funded by the internal resources of the Group.

### **GENERAL INFORMATION**

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

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

The Contractor is owned (i) as to 73.77% by Guizhou Construction Engineering Group Co., Ltd.\* (貴州建工集團有限公司), which is in turn indirectly owned as to 51% by Greenland Holdings, as to 30% indirectly by the State-owned Assets Supervision and Administration Commission of the Guizhou Province People's Government, and as to 19% by Guizhou Jiandi Hongda Investment Management Center (Limited Partnership)\* (貴州建地宏達投資管理中心(有限合夥)); and (ii) as to 26.23% by Guiyang Yunshang Xinxin Investment Management Partnership (Limited Partnership)\* (貴陽雲尚鑫鑫投資管理合夥企業(有限合夥)).

## REASONS FOR AND BENEFITS OF ENTERING INTO THE MAINTENANCE ENGINEERING AGREEMENT

The Contractor has extensive experience in the property maintenance engineering business in the PRC. The Directors believe that engaging the Contractor to carry out the maintenance engineering works in respect of the Maintenance Engineering Project will allow the Group to capitalise on the expertise of the Contractor and ensure the maintenance engineering works are completed up to the standards desired by the Company.

The Board considers that the Maintenance Engineering Agreement was entered into in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and that the terms of the Maintenance Engineering Agreement have been negotiated on an arm's length basis and are normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors have any material interests in the Maintenance Engineering Agreement or is required to abstain from voting on the relevant board resolutions approving the Maintenance Engineering Agreement.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Greenland Holdings indirectly holds approximately 59.1% of the issued ordinary share capital of the Company, and is a connected person of the Company. Greenland Holdings owns a 73.77% interest in the Contractor. Accordingly, the Contractor is an associate of Greenland Holdings, and, thus, a connected person of the Company. As the highest Applicable Percentage Ratio for the Maintenance Engineering Agreement is more than 0.1% but less than 5%, the Maintenance Engineering Agreement constitutes a connected transaction for the Company subject to the announcement and reporting requirements but is exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

<b>“Applicable Percentage Ratio”, “associate(s)” and “connected person(s)”</b>	have the meanings ascribed to them under the Listing Rules;
<b>“Board”</b>	the board of Directors;
<b>“Company”</b>	Greenland Hong Kong Holdings Limited (綠地香港控股有限公司), a company incorporated with limited liability in the Cayman Islands and the ordinary shares of which are listed on the Main Board of the Stock Exchange;
<b>“Completed Project”</b>	the property development project of the Project Company known as Shenzhen Guangming Greenland Metropolis (Phase 1) Project (深圳光明綠地新都會 (一期) 項目), the construction of which has been completed;

<b>“Contractor”</b>	Guizhou Construction Group No. 5 Construction Engineering Co., Ltd.* (貴州建工集團第五建築工程有限責任公司), a company established in the PRC with limited liability;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Greenland Holdings”</b>	Greenland Holdings Corporation Limited (綠地控股集團股份有限公司), a company established under the laws of the PRC and listed on the Shanghai Stock Exchange, and the controlling shareholder of the Company;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Maintenance Engineering Agreement”</b>	the third party maintenance engineering agreement dated 2 December 2022 between the Project Company and the Contractor to provide maintenance engineering works for the Maintenance Engineering Project;
<b>“Maintenance Engineering Project”</b>	the undertaking of maintenance engineering works for the Completed Project as mentioned in this announcement;
<b>“PRC”</b>	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
<b>“Project Company”</b>	Shenzhen City Yujianlong Investment Co., Ltd.* (深圳市鈺鏢龍投資有限公司), a 67%-owned subsidiary of the Company established in the PRC with limited liability;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Shareholders”</b>	holders of the ordinary share(s) of HK\$0.50 each in the share capital of the Company;
<b>“sq.m.”</b>	square meters;

“**Stock Exchange**”

The Stock Exchange of Hong Kong Limited; and

“%”

per cent.

*For the purposes of this announcement, an exchange rate of HK\$1 = RMB0.91 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute representations that any amount in RMB or HK\$ has been, could have been or may be converted at such rate.*

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

Hong Kong, 2 December 2022

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

\* *For identification purposes only*