

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should obtain independent professional advice.

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

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## GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司\*

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

(Stock Code: 03900)

### CONNECTED TRANSACTION FORMATION OF A JOINT VENTURE FOR DEVELOPMENT OF RESIDENTIAL PROPERTIES IN HANGZHOU AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A letter from the Board is set out on pages 4 to 12 of this circular and a letter from the Independent Board Committee is set out on pages 13 to 14 of this circular. A letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 27 of this circular.

A notice convening an extraordinary general meeting (“EGM”) of Greentown China Holdings Limited (the “Company”) to be held at 2:30 p.m. on 29 December 2016 (Thursday) at Conference Room 1, 10th Floor, Block A, Century Plaza, No. 1 Hangda Road, West Lake District, Hangzhou, Zhejiang Province, the People’s Republic of China is set out on pages 42 to 43 of this circular. A form of proxy for appointing proxy to attend the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.greentownchina.com](http://www.greentownchina.com)).

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

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

\* For identification purposes only

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## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Greentown China Holdings Limited (stock code: 03900), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be held on 29 December 2016 by the Company to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder
“Framework Agreement”	the framework agreement (as supplemented and amended) entered into between, among others, Zhejiang Lujiu, Hangzhou Zhimiao and Longfor Subsidiary dated 11 October 2016 in relation to proposed formation of the Project Company for the development of the Land
“Group”	the Company together with its subsidiaries
“Hangzhou Zhimiao”	Hangzhou Zhimiao Investment Co., Ltd* (杭州致淼投資有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board composed of all independent non-executive Directors, namely Mr JIA Shenghua, Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai

## DEFINITIONS

“Independent Financial Adviser” or “Investec”	Investec Capital Asia Limited, a corporation licensed 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, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder who is not required to abstain from voting at the EGM
“Land”	a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC with a gross site area of approximately 26,893 sqm
“Land Consideration”	the total consideration of RMB1,099,000,000 for acquiring the land use rights of the Land from Xiaoshan Branch of Hangzhou Municipal Bureau of Land Resources* (杭州市國土資源局蕭山分局) pursuant to the bid successfully made by Hangzhou Zhimiao for the Land from Xiaoshan Branch of Hangzhou Municipal Bureau of Land Resources* (杭州市國土資源局蕭山分局)
“Latest Practicable Date”	5 December 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longfor”	Longfor Properties Co. Ltd. (stock code: 00960), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Longfor Group”	Longfor together with its subsidiaries
“Longfor Subsidiary”	Hangzhou Xujing Investment Co., Ltd* (杭州旭景投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Longfor
“Option Holder(s)”	the holder(s) of the share options granted by the Company pursuant to the Share Option Scheme or any other share option scheme(s) adopted by the Company

## DEFINITIONS

“PRC”	the People’s Republic of China (excluding, for the purpose of this circular, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Project Company”	Hangzhou Lujiu Qiao Real Estate Co., Ltd.* (杭州綠九啟奧置業有限公司), a company established in the PRC for the purpose of developing the Land
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted by a resolution of the Shareholders on 22 June 2006
“sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Wharf”	The Wharf (Holdings) Limited (stock code: 00004), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Wharf Group”	Wharf together with its subsidiaries
“Zhejiang Lujiu”	Zhejiang Lujiu Real Estate Co., Ltd.* (浙江綠九置業有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which is held by the Group and the Wharf Group as to 50% and 50%, respectively

\* For identification purposes only



**GREENTOWN CHINA HOLDINGS LIMITED**

**綠城中國控股有限公司\***

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

**(Stock Code: 03900)**

*Executive Directors:*

Mr SONG Weiping  
Mr LIU Wensheng  
Mr SUN Guoqiang  
Mr SHOU Bainian  
Mr CAO Zhounan  
Mr LI Qingan  
Mr LI Yongqian

*Independent non-executive Directors:*

Mr JIA Shenghua  
Mr KE Huanzhang  
Mr SZE Tsai Ping, Michael  
Mr HUI Wan Fai

*Registered office:*

PO Box 309, Uglan House  
South Church Street  
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Grand Cayman, KY1-1104  
Cayman Islands

*Principal place of business  
in Hong Kong:*

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

9 December 2016

*To the Shareholders and, for information only, the Option Holders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
FORMATION OF A JOINT VENTURE FOR  
DEVELOPMENT OF RESIDENTIAL PROPERTIES IN HANGZHOU**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 11 October 2016.

The Board announced that, on 11 October 2016, Hangzhou Zhimiao (an indirect wholly-owned subsidiary of the Company) entered into the Framework Agreement with, among others, Zhejiang Lujiu (an indirect non-wholly owned subsidiary of the Company) and Longfor Subsidiary (an independent third party) in relation to the proposed joint development of the Land into residential properties by Zhejiang Lujiu and Longfor Subsidiary on a 70:30 basis. The Land is situated in Xiaoshan District of Hangzhou, Zhejiang province of the PRC with a gross site area of approximately 26,893 sqm. The residential properties to be developed on the Land are expected to have a total gross floor area of approximately 72,611 sqm with a floor area ratio of 2.7.

## LETTER FROM THE BOARD

### 2. CONSIDERATION AND PAYMENT TERMS FOR THE LAND

According to the terms of the bid for the Land, the total Land Consideration of RMB1,099,000,000 shall be paid by cash instalments in the manner as follows:

<b>Stage payment</b>	<b>Amount paid/payable</b>
Already paid upon submission of bid	RMB174,400,000 (the “ <b>Deposit</b> ”) (being the deposit for the bidding, including a deposit of RMB20,000,000 (the “ <b>Completion Deposit</b> ”) repayable after completion of the development of the Land)
Already paid as of 27 July 2016	50% of the Land Consideration. The paid Deposit, excluding the Completion Deposit, was applied to the partial settlement of such amount.
By 27 June 2017	The remaining 50% of the Land Consideration (the “ <b>Second Instalment</b> ”)

As at the Latest Practicable Date, RMB569,500,000 (representing 50% of the Land Consideration, together with the Completion Deposit) has been paid which was supported by way of shareholders’ loan from Zhejiang Lujiu and Longfor Subsidiary in the amount of RMB398,650,000 (i.e. 70%) and RMB170,850,000 (i.e. 30%), respectively.

The remaining RMB549,500,000 (being the Second Instalment) shall be contributed by Zhejiang Lujiu and Longfor Subsidiary to the Project Company by way of shareholders’ loan in accordance with their respective shareholding percentage in the Project Company.

All of the aforesaid shareholders’ loans are interest-free. No guarantee or security was provided and there is no fixed repayment term in respect of such shareholders’ loans. The repayment term and other principal terms of the shareholders’ loans will be agreed among the parties above after arm’s length negotiations from time to time, taking into account, among other things, the financial conditions and capital requirements of the Project Company and the proceeds from the sale of properties of the Project Company.

The amount of Land Consideration was the outcome of a public bidding announced by Xiaoshan Branch of Hangzhou Municipal Bureau of Land Resources\* (杭州市國土資源局蕭山分局).

## LETTER FROM THE BOARD

### 3. PROPERTY DEVELOPMENT THROUGH THE PROJECT COMPANY

The Framework Agreement was entered into between, among others, Zhejiang Lujiu, Hangzhou Zhimiao and Longfor Subsidiary in order to facilitate the development of the Land. Pursuant to the terms of the Framework Agreement, the Project Company will be owned by Zhejiang Lujiu and Longfor Subsidiary on a 70:30 basis for the joint development of the Land into residential properties.

The Land will be developed into residential properties. The construction work on the Land is expected to commence in May 2017, and the sale of the first batch of the properties is expected to commence in the third quarter of 2017, with all the properties being completed and delivered by June 2020.

The total investment for the development of the Land is currently expected to be approximately RMB2,015.8 million, comprising (i) land acquisition cost of RMB1,099.0 million; (ii) the land deed tax and other land costs of approximately RMB39.8 million; (iii) preliminary construction and development costs of approximately RMB727.8 million (comprising approximately RMB26.4 million as upfront costs and approximately RMB701.4 million as construction and development costs); (iv) financing costs of approximately RMB27.3 million; (v) taxes of approximately RMB37.7 million; and (vi) other costs of approximately RMB84.2 million.

### 4. PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

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

Purpose : To own and develop the Land through the Project Company.

It is currently expected that the sole purpose of the Project Company is to develop the Land.

Parties : (1) Zhejiang Lujiu (an indirect non-wholly owned subsidiary of the Company owned by the Group and Wharf Group as to 50% and 50%, respectively)

(2) Hangzhou Zhimiao (an indirect wholly-owned subsidiary of the Company)

(3) Hangzhou Greentown Zhizhen Investment Co., Ltd\* (杭州綠城致臻投資有限公司), the sole shareholder of Hangzhou Zhimiao and an indirect wholly-owned subsidiary of the Company



## LETTER FROM THE BOARD

### (4) Longfor Subsidiary

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the Framework Agreement, Longfor Subsidiary and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Shareholding of the Project Company : Pursuant to the terms of the Framework Agreement, the Project Company will be owned by Zhejiang Lujiu and Longfor Subsidiary on a 70:30 basis.

For the purpose of establishing the Project Company, Zhejiang Lujiu and Hangzhou Zhimiao shall first establish it on a 50:50 basis with a registered capital of RMB60,000,000. Accordingly, as at the Latest Practicable Date, the Project Company had such registered capital which was contributed in cash by Zhejiang Lujiu and Hangzhou Zhimiao on such basis. Within 30 business days from the date of obtaining the land use permit, the registered capital of the Project Company shall be increased from RMB60,000,000 to RMB100,000,000. Such increase in registered capital shall be contributed by Zhejiang Lujiu in full, to be paid by Zhejiang Lujiu at least 10 business days before the latest date for the payment of the Second Instalment according to the terms of the bid for the Land. Subsequent to the increase in registered capital, the Project Company shall be owned as to 70% by Zhejiang Lujiu and 30% by Hangzhou Zhimiao, respectively. Concurrent to the capital increase of the Project Company, Hangzhou Zhimiao shall transfer 30% equity interest in the Project Company to Longfor Subsidiary, at a consideration calculated based on the actual capital contribution made to the Project Company by Hangzhou Zhimiao.

Upon completion of the aforesaid, the Project Company will be owned by Zhejiang Lujiu and Longfor Subsidiary on a 70:30 basis.

## LETTER FROM THE BOARD

Capital requirement : The parties currently expect that the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount and the preliminary stage development funds) shall be ultimately financed on a 70:30 basis by Zhejiang Lujiu and Longfor Subsidiary through contribution to the registered capital of the Project Company and shareholders' loan.

Save as aforesaid, all other funding needs shall be arranged by the Project Company itself.

As a general principle, in the event that any security is required for future external financing of the Project Company, Zhejiang Lujiu and Longfor Subsidiary shall provide such security or guarantee (on a several basis) according to their respective shareholding percentages in the Project Company. In the event that either party (the "**Contributing Party**") agrees to provide guarantee and/or security in respect of such financing which is more than its pro-rated portion, (i) the other party (the "**Non-contributing Party**") agrees to provide a counter-guarantee to the Contributing Party for the Non-contributing Party's pro-rated portion of the obligations under such financing; and (ii) the Contributing Party has a right to receive from the Non-contributing Party a guarantee fee to be agreed by the parties.

Distribution of profit : The Project Company shall distribute any net profits after taxation in compliance with all applicable laws, rules and regulations to Zhejiang Lujiu and Longfor Subsidiary according to their respective shareholding percentages in the Project Company.

Board representation : It is currently expected that the board of directors of the Project Company will comprise seven directors of which five will be nominated by Zhejiang Lujiu and two will be nominated by Longfor Subsidiary. Zhejiang Lujiu will have the right to appoint the chairman of the board of directors (who will also be the legal representative) of the Project Company.

## LETTER FROM THE BOARD

Management and operation : General manager of the Project Company, which shall be nominated by Zhejiang Lujiu and appointed by the board of directors of the Project Company, will be responsible for the project management.

Finance director shall be appointed by Zhejiang Lujiu who shall be responsible for financial management. A deputy finance director shall be appointed by Longfor Subsidiary.

Two supervisors, of which each of Zhejiang Lujiu and Longfor Subsidiary shall nominate one, will be responsible for supervision of the Project Company according to the applicable laws and regulations.

Others : The joint venture contemplated under the Framework Agreement shall be subject to compliance with the requirements under the Listing Rules and the applicable laws and regulations in the PRC.

According to the Framework Agreement, the agreement will become effective upon, among other things, the Company having obtained approval in its Shareholders' meeting (if required). In the event that the approval (if required) for the transactions contemplated under the Framework Agreement is not obtained in the Shareholders' meeting of the Company in accordance with the Listing Rules and its articles of association, the parties to the Framework Agreement shall discuss in good faith to adjust the shareholding percentage and funding contribution of the parties to the Framework Agreement in the Project Company, such that the investment by the Group will not exceed the threshold that requires independent Shareholders' approval under the Listing Rules. The parties to the Framework Agreement shall provide all reasonable assistance in relation to the above (if required).

### 5. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors (including the independent non-executive Directors) believe that the co-development of the Land pursuant to the Framework Agreement will broaden the asset and earnings base of the Company and further strengthen the Company's position as a premier properties developer in the PRC. Further, both the Group and the Longfor Group are experienced and professional property developers and their strategic cooperation will benefit the Project Company through their respective strengths and synergies in property

## LETTER FROM THE BOARD

development strategies, marketing, management, human resources, branding and other areas, and will complement each other to promote mutual benefit.

The Directors (including the independent non-executive Directors) consider that the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 6. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Wharf and its subsidiaries are holding 540,589,293 Shares, representing approximately 24.991% of the issued share capital of the Company, and therefore is a substantial shareholder of the Company under the Listing Rules. Accordingly, Wharf and its associates (including Zhejiang Lujiu, being an associate (as defined under the Listing Rules) of Wharf) are connected persons of the Company.

While the purpose of the Framework Agreement is for the Group (through Zhejiang Lujiu, being a non-wholly owned subsidiary of the Company) and Longfor Group (being an independent third party) to jointly develop the Land through the ownership in the Project Company on a 70:30 basis, given that Hangzhou Zhimiao (being a wholly-owned subsidiary of the Company) and Zhejiang Lujiu (being a connected person of the Company) are parties to the Framework Agreement, based on the applicable size tests, the entering into of the Framework Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) the sole purpose of the Project Company is to develop the Land which is of a revenue nature in the ordinary and usual course of business of the Company; (ii) the transactions contemplated under the Framework Agreement are on an arm's length basis and on normal commercial terms; and (iii) the Project Company may not, without unanimous consent from the parties to the Framework Agreement, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis, the transactions contemplated under the Framework Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

As none of the Directors has a material interest in the Framework Agreement and the transactions contemplated thereunder, none of them have abstained from voting on the relevant Board resolution approving the Framework Agreement and the transactions contemplated thereunder.

Any connected person with a material interest in the Framework Agreement and the transactions contemplated thereunder, and any Shareholder who has a material interest in the Framework Agreement and the transactions contemplated thereunder and its associates will be required to abstain from voting at the EGM. Wharf and its associates has an aggregate interest in 540,589,293 Shares (representing approximately 24.991% of the issued share capital of the Company). They have controls over the voting rights in respect of such Shares and will be required to abstain from voting at the EGM.

## LETTER FROM THE BOARD

### 7. GENERAL

#### **The Group**

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

Hangzhou Zhimiao is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company whose principal business is property development in the PRC.

Zhejiang Lujiu is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which is held by the Group and the Wharf Group as to 50% and 50%, respectively.

#### **The Wharf Group**

Wharf is a company incorporated in Hong Kong with limited liability, whose shares are listed on the main board of the Stock Exchange. The principal business activities of the Wharf Group are ownership of properties for development and letting, investment holding, container terminals as well as communications, media and entertainment.

#### **The Longfor Group**

Longfor is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange. The Longfor Group is principally engaged in the property development, property investment and property management businesses in the PRC.

Longfor Subsidiary is a company established in the PRC with limited liability. It is principally engaged in property investment. It is an indirect wholly-owned subsidiary of Longfor.

### 8. EGM

A notice convening the EGM is set out on pages 42 to 43 of this circular. An ordinary resolution will be proposed at the EGM to approve the Framework Agreement and the transactions contemplated thereunder.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 28 December 2016 to 29 December 2016, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th

## LETTER FROM THE BOARD

Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 23 December 2016 (Friday).

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

### 9. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 13 to 14 of this circular which contains its recommendation to the Independent Shareholders in relation to the Framework Agreement and the transactions contemplated thereunder. Your attention is also drawn to the letter of advice from the Independent Financial Adviser set out on pages 15 to 27 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Framework Agreement and the principal factors and reasons considered by it in formulating its advice.

The Directors (including the independent non-executive Directors) are of the view that the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend that the Independent Shareholders should vote in favour of the ordinary resolution to approve the Framework Agreement and the transactions contemplated thereunder at the EGM.

### 10. ADDITIONAL INFORMATION

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

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

By Order of the Board  
Greentown China Holdings Limited

**Fung Ching, Simon**  
*Company Secretary*



**GREENTOWN CHINA HOLDINGS LIMITED**

**綠城中國控股有限公司\***

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

**(Stock Code: 03900)**

9 December 2016

*To the Shareholders and, for information only,  
the Option Holders*

Dear Sir or Madam

**CONNECTED TRANSACTION  
FORMATION OF A JOINT VENTURE FOR  
DEVELOPMENT OF RESIDENTIAL PROPERTIES IN HANGZHOU**

We refer to the circular of the Company to the Shareholders dated 9 December 2016 (the “Circular”), to which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter have the same meanings given to them in the section headed “Definitions” of the Circular.

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

We wish to draw your attention to the letter of advice from Investec, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the transactions contemplated thereunder, as set out on pages 15 to 27 of the Circular and the letter from the Board set out on pages 4 to 12 of the Circular.

\* For identification purposes only

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Having considered the information contained in the letter from the Board, and the factors and reasons considered by, and the opinion of, Investec as stated in its letter of advice, we consider that the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We recommend the Independent Shareholders to vote in favour of the resolution in respect of the Framework Agreement and the transactions contemplated thereunder.

Yours faithfully

**The Independent Board Committee of  
Greentown China Holdings Limited**

**Mr JIA Shenghua**

**Mr KE Huanzhang**

**Mr SZE Tsai Ping, Michael**

**Mr HUI Wan Fai**

*Independent non-executive Directors*



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of the letter of advice from Investec to the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the transactions contemplated thereunder prepared for the purpose of incorporation in this circular.*



Investec Capital Asia Limited  
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www.investec.com

9 December 2016

To: *The Independent Board Committee and  
the Independent Shareholders of  
Greentown China Holdings Limited*

Dear Sirs/Madams,

### CONNECTED TRANSACTION IN RELATION TO THE FORMATION OF A JOINT VENTURE FOR DEVELOPMENT OF RESIDENTIAL PROPERTIES IN HANGZHOU

#### I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the transactions contemplated under the Framework Agreement. Details of the Framework Agreement are contained in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 9 December 2016 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

As set out in the Letter from the Board, on 11 October 2016, Hangzhou Zhimiao (an indirect wholly-owned subsidiary of the Company) entered into the Framework Agreement with, among others, Zhejiang Lujiu (an indirect non-wholly owned subsidiary of the Company owned by the Group and Wharf Group as to 50% and 50%, respectively) and Longfor Subsidiary (an independent third party) in relation to the proposed joint development of the Land into residential properties by Zhejiang Lujiu and Longfor Subsidiary on a 70:30 basis. According to the Framework Agreement, Zhejiang Lujiu and Longfor Subsidiary will be interested in 70% and 30%, respectively, of the Project Company. The Project Company has been established solely for the purpose of developing the Land, which is of a revenue nature in the ordinary and usual course of business of the Company.

The Land is situated in the Xiaoshan District of Hangzhou, the PRC with a site area of approximately 26,893 sqm. The residential properties to be developed on the Land are expected to have a total gross floor area of approximately 72,611 sqm with a floor area ratio of 2.7.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Wharf and its subsidiaries are holding 540,589,293 Shares, representing approximately 25.0% of the issued share capital of the Company, and Wharf is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, Wharf and its associates (including Zhejiang Lujiu (owned by the Group and Wharf Group as to 50% and 50%, respectively), being an associate (as defined under the Listing Rules) of Wharf) are connected persons of the Company.

While the purpose of the Framework Agreement is for the Group (through Zhejiang Lujiu, being a non-wholly owned subsidiary of the Company) and Longfor Group (being an independent third party) to jointly develop the Land through the ownership in the Project Company on a 70:30 basis, given that Hangzhou Zhimiao (being a wholly-owned subsidiary of the Company) and Zhejiang Lujiu (being a connected person of the Company) are parties to the Framework Agreement, based on the applicable size tests, the entering into of the Framework Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Any connected person with a material interest in the Framework Agreement and the transactions contemplated thereunder, and any Shareholder who has a material interest in the Framework Agreement and the transactions contemplated thereunder and its associates will be required to abstain from voting at the EGM. Wharf and its associates have an aggregate interest in 540,589,293 Shares (representing approximately 25.0% of the issued share capital of the Company). They have controls over the voting rights in respect of such Shares and will be required to abstain from voting at the EGM.

## II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of eleven Directors, namely Mr. Song Weiping, Mr. Liu Wensheng, Mr. Sun Guoqiang, Mr. Shou Bainian, Mr. Cao Zhounan, Mr. Li Qingan and Mr. Li Yongqian as executive Directors; Mr. Jia Shenghua, Mr. Ke Huanzhang, Mr. Sze Tsai Ping, Michael and Mr. Hui Wan Fai as independent non-executive Directors.

The Independent Board Committee comprising all of the independent non-executive Directors, namely, Mr. Jia Shenghua, Mr. Ke Huanzhang, Mr. Sze Tsai Ping, Michael and Mr. Hui Wan Fai, has been established to consider the Framework Agreement and the transactions contemplated thereunder. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Framework Agreement are on normal commercial terms and ordinary and usual course of business; (ii) whether terms of the Framework Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole; and (iii) whether the Independent Shareholders should vote in favour of the resolution to approve the Framework Agreement and the transactions contemplated thereunder at the EGM.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, we were independent from and not connected with Wharf and the Company pursuant to Rule 13.84 of the Listing Rules, and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Framework Agreement. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

### III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the Group contained in the Circular and the information and representations provided to us by the Group and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular or otherwise provided or made or given by the Group and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate in all material respects at the time they were made and given and continued to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Directors and/or the senior management staff of the Group contained in the Circular have been made on a reasonable basis after due and careful enquiries. We have also sought and obtained confirmation from the Group and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular, the omission of which would render any statement in the Circular misleading.

We consider that we have reviewed all currently available information and documents to enable us to reach an informed view and to justify our reliance on the information provided so as to form a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules including the notes thereto to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group and Wharf and their respective subsidiaries or the prospects of the markets in which they respectively operate.

#### **IV. PRINCIPAL FACTORS CONSIDERED**

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

##### **1. Background information of the Group**

The Group is one of the leading property developers in the PRC and is primarily engaged in developing quality properties targeting middle to higher income residents in the PRC. As set out in the interim report of the Company for the six months ended 30 June 2016 (the “2016 Interim Report”), the Company has been established for over 21 years and is based in Zhejiang Province, with property projects located in, among others, Zhejiang, Shandong, Liaoning, Xinjiang, Hainan, Tianjin and Beijing. The Company is principally focused on developing villas, multi-storey apartments and high-rise apartments. The Company also develops large community and urban complex projects such as integrated residences, hotels, office buildings, schools, public buildings and other commercial properties.

As set out in the 2016 Interim Report, the Company has effectively utilised the opportunity brought by the latest development in the real estate industry, adhered to the internal measures during the implementation of its strategic investment and development and focused on investment in 15 key cities: Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Jinan, Nanjing, Hefei, Zhengzhou, Chongqing, Wuhan, Chengdu, Xiamen and Fuzhou. The Company will systematically develop projects in these key cities, and will proactively and systematically carry out new project exploration initiatives and adopt market-orientated strategies.

As set out in the 2016 Interim Report, the revenue derived from property sales was approximately RMB8,236.9 million or approximately 85.1% of the total revenue for the six months ended 30 June 2016, representing a decrease of approximately 15.3% as compared to the total revenue of approximately RMB9,724.4 million for the corresponding period in 2015. Such decrease was mainly attributable to the decrease in average selling price from properties sales. The average selling price of properties delivered decreased to approximately RMB13,267 per sqm for the six months ended 30 June 2016, as compared to RMB15,274 per sqm for the corresponding period in 2015, representing a decrease of approximately 13.1%. This was mainly attributable to a higher proportion of projects delivered for the period were located at non-core area of second-tier cities or third-tier and fourth tier cities, affecting the average selling prices to a certain extent.

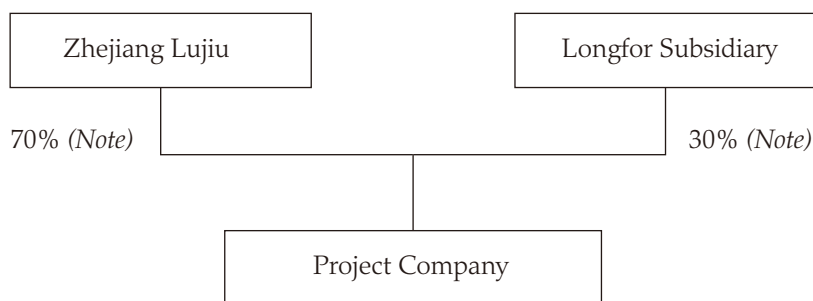
In addition, the Group’s net gearing ratio (calculated by net borrowings over net assets) was approximately 70.0% as at 30 June 2016, representing (i) a decrease from approximately 73.0% as at 31 December 2015; and (ii) a decrease from approximately 78.0% as at 30 June 2015.

**2. Background of the Framework Agreement**

*2.1 Background in respect of property development through the Project Company*

The Framework Agreement was entered into between, among others, Zhejiang Lujiu, Hangzhou Zhimiao and Longfor Subsidiary with a view to facilitating the development of the Land. Pursuant to the terms of the Framework Agreement, the Project Company will be owned by Zhejiang Lujiu and Longfor Subsidiary on a 70:30 basis for the joint development of the Land into residential properties. The Project Company has been established solely for the purpose of developing the Land and shall be beneficially owned by Zhejiang Lujiu and Longfor Subsidiary as to 70% and 30%, respectively, and accordingly shall constitute an indirect non-wholly owned subsidiary of the Company. For illustrative purposes, Chart A below sets out a simplified corporate structure of the Project Company.

**Chart A: Corporate structure of the Project Company**



*Note:* 70:30 ownership basis by Zhejiang Lujiu and Longfor Subsidiary in the Project Company

*2.2 Information on the Land and industry overview of the property market in Hangzhou*

As stated in the Letter from the Board, the Land is situated in Xiaoshan District of Hangzhou, the PRC with a gross area of approximately 26,893 sqm. The residential properties to be developed on the Land are expected to have a total gross floor area of approximately 72,611 sqm with a floor area ratio of 2.7.

Based on the information published on the website of the Hangzhou Statistical Information Network (杭州統計信息網) ([www.hzstats.gov.cn](http://www.hzstats.gov.cn)), Hangzhou has a population of approximately 7.2 million as at 31 December 2015. In the first half of 2016, Hangzhou's gross domestic product was approximately RMB502.1 billion, representing a growth of 10.8% from the corresponding period in 2015.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, the total area of commodity properties sold in Hangzhou for the 8 months ended 31 August 2016 was approximately 14.5 million sqm (of which approximately 12.3 million sqm was residential properties), representing an increase of approximately 61.8% compared to the same eight month period in 2015. In 2015, approximately 14.8 million sqm of commodity properties was sold in Hangzhou, of which approximately 12.9 million sqm was residential properties, as compared to approximately 10.1 million sqm sold in 2014, representing a year-on-year increase of approximately 32.1%.

In 2015, the PRC government implemented various policy measures (the “**Measures**”) to promote long term sustainability of the PRC property market, which included but was not limited to (i) reduction of the benchmark interest rate on five occasions by the People’s Bank of China; (ii) lowering commercial banks’ reserve requirement ratio; (iii) reduction in the minimum down payment for buyers of second homes; and (iv) reduction in down payment requirements for first time home-buyers using public housing funds. The Directors are of that view that the relevant Measures implemented by the PRC government, in the long run, will facilitate the sustainable development of the property market. Hangzhou, being a tier one city in the PRC, is expected to continue to benefit from the demand for properties as a result of the growth of urbanisation in the PRC. Accordingly, the Directors believe that the Group, through its investment in the Project Company, will benefit from the long-term potential of the property market in Hangzhou.

### *2.3 Reasons for and benefits of the Framework Agreement*

As set out in the Letter from the Board, the Directors (including the independent non-executive Directors) believe that the co-development of the Land pursuant to the Framework Agreement will broaden the asset and earnings base of the Company and further strengthen the Company’s position as a premier property developer in the PRC. Furthermore, both the Group and the Longfor Group are experienced and professional property developers and their strategic cooperation will benefit the Project Company through their respective strengths and synergies in property development strategies, marketing, management, human resources, branding and other areas, and will complement each other to promote mutual benefit. The Directors (including the independent non-executive Directors) consider that the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered that the development of the Land under the Framework Agreement will expand the Group’s property development portfolio and the strategic cooperation between Zhejiang Lujiu and Longfor Subsidiary will be beneficial to the development of the Land, we are of the view that the entering into the Framework Agreement is in line with the Group’s existing business strategies and in the interests of the Company and the Shareholders as a whole.

**3. The principal terms of the Framework Agreement**

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

Purpose : To own and develop the Land on a 70:30 basis through the Project Company.

The parties currently expect that the sole purpose and business of the Project Company is to develop the Land.

Capital requirement : The parties currently expect that the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount and the preliminary stage development funds) shall be ultimately financed on a 70:30 basis by Zhejiang Lujiu and Longfor Subsidiary through contribution to the registered capital of the Project Company and shareholders' loan. Save as aforesaid, all other funding needs shall be arranged by the Project Company itself.

As a general principle, in the event that any security is required for future external financing of the Project Company, Zhejiang Lujiu and Longfor Subsidiary shall provide such security or guarantee (on a several basis) according to their respective shareholding percentages in the Project Company. In the event that either party (the "**Contributing Party**") agrees to provide guarantee and/or security in respect of such financing which is more than its pro-rated portion, (i) the other party (the "**Non-contributing Party**") agrees to provide a counter-guarantee to the Contributing Party for the Non-contributing Party's pro-rated portion of the obligations under such financing; and (ii) the Contributing Party has a right to receive from the Non-contributing Party a guarantee fee to be agreed by the parties.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Distribution of profit : The Project Company shall distribute any net profits after taxation in compliance with all applicable laws, rules and regulations to Zhejiang Lujiu and Longfor Subsidiary according to their respective shareholding percentages in the Project Company.
- Board representation : The board of directors of the Project Company shall comprise seven directors, of which five will be appointed by Zhejiang Lujiu and two shall be appointed by Longfor Subsidiary. Zhejiang Lujiu has the right to appoint the chairman of the board of directors (who will also be the legal representative) of the Project Company.
- Management and operation : The general manager of the Project Company, which shall be nominated by Zhejiang Lujiu and appointed by the board of directors of the Project Company, will be responsible for the project management.
- The finance director shall be appointed by Zhejiang Lujiu who shall be responsible for financial management. A deputy finance director shall be appointed by Longfor Subsidiary.
- Two supervisors, of which each of Zhejiang Lujiu and Longfor Subsidiary shall nominate one, will be responsible for supervision of the Project Company according to the applicable laws and regulations.
- Others : The joint venture contemplated under the Framework Agreement shall be subject to compliance with the requirements under the Listing Rules and the applicable laws and regulations in the PRC.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Framework Agreement, the agreement will become effective upon, among other things, the Company having obtained approval in its Shareholders' meeting. In the event that the approval for the transactions contemplated under the Framework Agreement is not obtained in the Shareholders' meeting of the Company in accordance with the Listing Rules and its articles of association, the parties to the Framework Agreement shall discuss in good faith to adjust the shareholding percentage and funding contribution of the parties to the Framework Agreement in the Project Company, such that the investment by the Group will not exceed the threshold that requires independent Shareholders' approval under the Listing Rules. The parties to the Framework Agreement shall provide all reasonable assistance in relation to the above (if required).

Having reviewed the terms of the Framework Agreement and as advised by the Company, we note that:

- i. the amount of equity capital to be contributed by Zhejiang Lujiu and Longfor Subsidiary was determined in accordance with their respective shareholding in the Project Company (i.e. 70:30);
- ii. the Project Company shall distribute any net profit after taxation to Zhejiang Lujiu and Longfor Subsidiary in proportion to their respective shareholding on the basis of 70% and 30%, respectively;
- iii. Zhejiang Lujiu is entitled to appoint five of the seven directors of the Project Company, in which one of the directors appointed by Zhejiang Lujiu will be the chairman of the board of directors of the Project Company; and
- iv. major corporate actions concerning the Project Company including among others, (a) the overall design, sales strategic planning of the Land; (b) overall operational planning and budget of the Land; and (c) financing of the Project Company, shall be subject to a majority approval of the board of the Project Company.

On this basis, we concur with the Directors' view that the terms of the Framework Agreement are entered on normal commercial terms, fair and reasonable and the entering into the Framework Agreement is in the interests of the Company and the Shareholders as a whole.

#### **4. Land Consideration**

As stated in the Letter from the Board, the capital contribution under the Framework Agreement was made with reference to the Land Consideration. We note that the sale of the Land was conducted by a public auction held by Hangzhou Municipal Bureau of Land Resources (Xiaoshan branch), of which we have reviewed.

As set out in the Letter from the Board, according to the terms of the bid for the Land, the total Land Consideration was RMB1,099.0 million. As at the Latest Practicable Date, RMB569.5 million (representing 50% of the Land Consideration, together with a deposit of RMB20.0 million) has been paid which was supported by way of shareholders' loan from Zhejiang Lujiu and Longfor Subsidiary in the amount of RMB398,650,000 (i.e. 70%) and RMB170,850,000 (i.e. 30%), respectively. The remaining RMB549.5 million shall be contributed by Zhejiang Lujiu and Longfor Subsidiary to the Project Company by way of shareholders' loan in accordance with their respective shareholding percentage in the Project Company. Such amount will be paid by 27 June 2017.

All of the aforesaid shareholders' loans are interest-free. No guarantee or security was provided and there is no fixed repayment terms in respect of such shareholders' loans. The repayment term and other principal terms of the shareholders' loans will be agreed among the parties above after arm's length negotiations from time to time, taking into account, among other things, the financial conditions and capital requirements of the Project Company and the proceeds from the sale of properties of the Project Company.

As of the Latest Practicable Date, an aggregate of RMB569.5 million of the Land Consideration has been paid in full. As of the Latest Practicable Date, Project Company has not obtained the real estate title certificate in relation to the land.

We note that DTZ Cushman & Wakefield Limited (the "Valuer") has been appointed to conduct the valuation on the Land as at 30 September 2016, details of which are set out in the section headed "Property Valuation Report" in Appendix I to the Circular (the "Valuation Report"). According to the Valuation Report, the Valuer has ascribed no commercial value to the Land as the relevant title certificates have not been obtained. However, we note that the Valuer is also of the opinion that had the Group obtained the relevant title certificates and the land premium been fully paid, the market value of the Land as at 30 September 2016 would be RMB1,099,000,000 (please refer to the Valuation Report for further details). We have reviewed the Valuation Report and discussed with the Valuer the methodology adopted as well as the Valuer's experience in conducting such valuations. We understand that the direct comparison method approach has been adopted in their valuation and such approach is commonly used for determining the market value of Land which is vacant. The Valuer has also confirmed that it is independent from the Group, the Wharf Group and the Longfor Group, and core connected persons of the Group, the Wharf Group and the Longfor Group as at the Latest Practicable Date.

We have also reviewed the terms of engagement of the Valuer, and the Valuer has confirmed that its scope of work in connection with the Valuation Report is appropriate to the opinion required to be given under the relevant Listing Rules. In addition, the Valuer confirmed that there were no limitations on its scope of work which may adversely impact on the degree of assurance given by the Valuation Report. Based on our discussion with the Valuer, the representations made by Zhejiang Lujiu and Longfor Subsidiary to the Valuer are in line with our knowledge.

We consider that the capital requirements contributed by the Zhejiang Lujiu and Longfor Subsidiary on pro rata basis (i.e. 70:30) to the Project Company under the Framework Agreement which was made with reference to the Land Consideration (which in turn is the outcome of a public auction and in line with the valuation of the Land by the Valuer) to be fair and reasonable.

#### **5. Property development through the Project Company**

As set out in the Letter from the Board, the Framework Agreement was entered into between Zhejiang Lujiu and Longfor Subsidiary in order to facilitate the development of the Land into residential properties on a 70:30 basis. The Project Company shall be beneficially owned by Zhejiang Lujiu and Longfor Subsidiary as to 70% and 30%, respectively, and accordingly shall constitute an indirect non-wholly owned subsidiary of the Company.

The Land will be developed into residential properties. It is expected that construction work on the Land is expected to commence in May 2017, and the sale of the first batch of the properties will commence in the third quarter of 2017, with all the properties being completed and delivered by the end of June 2020.

The total investment for the development of the Land is currently expected to be approximately RMB2,015.8 million, comprising (i) land acquisition cost of approximately RMB1,099.0 million; (ii) the land deed tax and other land-related costs of approximately RMB39.8 million; (iii) preliminary construction and development costs of approximately RMB727.8 million (of which approximately RMB26.4 million will be contributed to costs upfront and approximately RMB701.4 million will be attributable to construction and development cost); (iv) financing costs of approximately RMB27.3 million; (v) taxes of approximately RMB37.7 million; and (vi) other costs of approximately RMB84.2 million. Apart from the registered capital of RMB100.0 million of the Project Company contributed by Zhejiang Lujiu and Longfor Subsidiary, as to 70% and 30%, respectively, the parties currently expect that the Land Consideration of approximately RMB1,099.0 million shall be financed on a 70:30 basis. All other funding needs will be arranged by the Project Company itself by way of shareholders' loan, external financing and the sale of proceeds of the completed properties.

6. **Expected financial impact on the Group as a result of the acquisition of the Land**

*Effects on net asset value*

Upon completion of the Framework Agreement and acquisition of the Land, the Project Company, including the Land, will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Project Company will be consolidated into the financial statements thereafter. On this basis, the total assets of the Group is expected to increase as the financial statements of the Project Company (including the value of the Land of RMB1,099.0 million) will consolidate into the Group's financial statements and the total liabilities of the Group is also expected to increase as the Project Company is expected to finance the acquisition of the Land through a combination of external financing and internal resources. The movement of the net asset value of the Group attributable to the foresaid transactions is expected to net the effect of the increase in total assets and total liabilities as set out above.

*Effects on earnings*

Immediately upon the completion of the Framework Agreement and acquisition of the Land, no material income is expected to be derived from the Land as it is yet to be developed and the Group will incur additional financing costs attributable to borrowings utilised for the acquisition of the Land.

*Effects on cashflow*

As set out in the Letter from the Board, the registered capital of the Project Company will be increased to RMB100.0 million which shall be contributed by Zhejiang Lujiu and Longfor Subsidiary as to 70% and 30%, respectively. Furthermore, the parties expect that the Land Consideration shall be contributed by Zhejiang Lujiu and Longfor Subsidiary on a 70:30 basis.

**Shareholders should note that the actual financial effects arising from the completion of the Framework Agreement to be recorded by the Group is subject to audit and will depend on, among others, the net asset value of the Project Company as at the date of completion.**

Having considered (i) the Group's principal activities and business strategy as set out under paragraph headed "1. Background information of the Group" above; (ii) the expected financial impact on the Group as mentioned above; and (iii) reasons for and benefits of the Framework Agreement as set out under paragraph headed "2.3 Reasons for and benefits of the Framework Agreement", we are of the view that the Framework Agreement and the transactions contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### V. RECOMMENDATION

Having considered the factors and analysis set out in this letter, in particular,

- (i) the Framework Agreement and the development plan for the Land are consistent with the strategy of the Group to enhance its business portfolio with particular focus on first-tier and second-tier cities;
- (ii) the capital requirements to be contributed by Zhejiang Lujiu and Longfor Subsidiary to the Project Company under the Framework Agreement are in proportion to its respective shareholding;
- (iii) the Land consideration is in line with the valuation of the Land, based on the assumption that the real estate title certificates had been obtained by the Project Company;
- (iv) the reasons for and benefits of entering into the Framework Agreement as set out in this letter;
- (v) the Project Company shall distribute any net profits after taxation to its shareholders in proportion to their respective shareholding; and
- (vi) the expected financial impact on the Group as a result of the completion of the Framework Agreement,

we consider the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and in the ordinary and usual course of business of the Group, as well as in the interests of the Company and the Shareholders as a whole.

Accordingly we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to approve the Framework Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully  
For and on behalf of  
**Investec Capital Asia Limited**

**Alexander Tai**  
Managing Director  
Head of Corporate Finance

*Mr. Alexander Tai of Investec Capital Asia Limited is a responsible officer of 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. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.*

*The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular, received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with the valuation of the Land as at 30 September 2016.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

9 December 2016

Greentown China Holdings Limited  
10/F, Block A, Century Plaza  
No. 1 Hangda Road  
Hangzhou  
Zhejiang Province  
The PRC

Dear Sirs,

**Re: A parcel of land, Lot No. Xiao Zheng Chu Chu (2016)18, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC**

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

In accordance with your instructions for us to value a property situated in the People's Republic of China (the "**PRC**") to be acquired by Greentown China Holdings Limited (the "**Company**") and its subsidiaries (hereinafter referred to as the "**Group**"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market value of the property as at 30 September 2016 (the "**date of valuation**").

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

Our valuation of the property represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

#### **VALUATION BASIS AND ASSUMPTION**

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

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

In the course of our valuation of the property in the PRC, we have assumed that transferable land use rights in respect of the property 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 property. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the property.

In valuing the property in the PRC, we have assumed that the grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors.

#### **METHOD OF VALUATION**

In valuing the property, we have used Direct Comparison Method by making reference to comparable sales transactions as available in the relevant market.

#### **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, easements, tenure, identification of land, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. 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 property. However, we have not been able to conduct searches to verify the ownership of the property or to ascertain any amendment which may not appear on the copies handed to us.

All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal adviser, Zhe Jiang T&C Law Firm, in respect of the title to the property in the PRC.

#### SITE INSPECTION

We have inspected the exterior of the property. The site inspection was carried out on 21 October 2016 by our Mr. Leo Li who is Registered China Real Estate Appraiser. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

#### CURRENCY

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

We enclose herewith our valuation certificate.

Yours faithfully,  
For and on behalf of  
**DTZ Cushman & Wakefield Limited**

**Andrew K. F. Chan**  
Registered Professional Surveyor (General Practice)  
Registered China Real Estate Appraiser  
*MSc, MHKIS*  
*Regional Director, Valuation & Advisory Services*  
*Greater China*

*Note:* Mr. Andrew K.F. Chan is a Registered Professional Surveyor (General Practice) who has over 29 years' experience in the valuation of properties in the PRC.



## VALUATION CERTIFICATE

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

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
A parcel of land, Lot No. Xiao Zheng Chu Chu (2016)18, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC.	<p>The property comprises a parcel of land with a total site area of 26,893 sq m.</p> <p>The property is planned as a residential development. The property has a total planned above-ground gross floor area of 72,611.1 sq m.</p> <p>The property is located at the center of Xiaoshan District of Hangzhou. Developments nearby are mainly residential in nature. According to the information provided by the Group, the property is for residential use.</p> <p>The land use rights of the property have been granted for terms of 70 years for residential use and 40 years for ancillary commercial use.</p>	At the date of valuation, the property was a vacant site.	No commercial value (see note no. 1)

## Notes:

- (1) In the course of valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained valid State-owned Land Use Rights Certificate and the land premium been fully paid, the market value of the property in its existing state as at 30 September 2016 would be RMB1,099,000,000.
- (2) According to Grant Contract of Land Use Rights No. 3301092016A21618 and its supplemental contract entered into between the Xiaoshan Branch of the Hangzhou Municipal Bureau of Land Resources and Hangzhou Lujia Qiao Real Estate Co., Ltd. (杭州綠九啟奧置業有限公司), the land use rights of the development have been contracted to be granted to Hangzhou Lujia Qiao Real Estate Co., Ltd. (杭州綠九啟奧置業有限公司) with details as follows:
- |       |                                     |   |  |
|-------|-------------------------------------|---|--|
| (i)   | Site Area                           | : | 26,893 sq m  |
| (ii)  | Use                                 | : | Residential (with ancillary commercial)  |
| (iii) | Total Above Ground Gross Floor Area | : | 72,611.1 sq m  |
| (iv)  | Land Premium                        | : | RMB1,099,000,000   |
| (v)   | Building Covenant                   | : | Construction shall commence before 6 July 2018 and complete before 6 July 2021 |
| (vi)  | Utility Facilities                  | : | Construction of elderly house with a gross floor area not less than 400 sq m   |

- (3) We have been provided with a legal opinion on the title to the property which contains, inter-alia, the following information:
- (i) The Grant Contract of Land Use Rights and its supplemental contract are legally valid;
  - (ii) Hangzhou Lujiu Qiao Real Estate Co., Ltd. (杭州綠九啟奧置業有限公司) shall be entitled to transfer, lease, mortgage and dispose of the land use rights of the property after obtaining the State-owned Land Use Rights Certificates; and
  - (iii) According to Business Licence No. 91330109MA27YG4G26, Hangzhou Lujiu Qiao Real Estate Co., Ltd. (杭州綠九啟奧置業有限公司) was established on 17 August 2016 with a registered capital of RMB60,000,000. Hangzhou Lujiu Qiao Real Estate Co., Ltd. (杭州綠九啟奧置業有限公司) had such registered capital which has been contributed in cash by Zhejiang Lujiu Real Estate Co., Ltd. (浙江綠九置業有限公司) and Hangzhou Zhimiao Investment Co., Ltd. (杭州致淼投資有限公司) as to 50% and 50% respectively.

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' Interests in Shares

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

#### (i) Long positions in Shares and underlying Shares

Name of Director	Personal Interests in Underlying Shares	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares interested	% of Issued Share Capital of the Company
Mr SONG Weiping	1,089,000 (note 1)	-	226,071,924 (note 2)	227,160,924	10.502%
Mr SHOU Bainian	-	-	174,549,783 (note 3)	174,549,783	8.069%
Mr CAO Zhounan	3,359,000 (note 4)	-	1,161,500 (note 5)	4,520,500	0.209%

Notes:

- (1) It represents the share options granted on 22 January 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK\$2.89 per share from 22 January 2009 to 21 January 2019.
- (2) Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 126,071,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to

Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.

- (3) Mr SHOU Bainian, being the sole shareholder of Profitwise Limited (“Profitwise”), is deemed to be interested in 174,549,783 Shares held by Profitwise pursuant to Part XV of the SFO.
- (4) It represents the share options granted on 13 May 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK\$7.16 per share from 13 May 2009 to 12 May 2019.
- (5) Mr CAO Zhounan, being a shareholder holding 60% of the equity interest of Hangzhou Chengxun Investment Management Company Limited (“Hangzhou Chengxun”), is deemed to be interested in 1,161,500 Shares held by Hangzhou Chengxun pursuant to Part XV of the SFO.

(ii) Long position in debentures of the Company

Name of Director	Personal Interest in the Underlying Debentures	Family Interest	Corporate Interest
Mr SZE Tsai Ping, Michael	-	US\$300,000 (note 1)	-

Note:

- (1) These debentures are held by Ms YU Ka Po Ruby, the spouse of Mr SZE Tsai Ping, Michael. Accordingly, Mr SZE Tsai Ping, Michael is deemed to be interested in these debentures.

(iii) Long position in shares and underlying shares of associated corporations of the Company

Name of Director	Name of Associated Corporation	Interest in Registered Capital	% of the Total Registered Capital
Mr SONG Weiping	Bluetown Property Construction Management Group Co., Ltd.* (藍城房產建設管理集團有限公司) (“Bluetown”)	RMB34,600,000	34.6%
	Hangzhou Bluetown Zhixin Construction Management Group Co., Ltd.* (杭州藍城致信建設管理集團有限公司) (“New Bluetown”)	RMB34,600,000	34.6%

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

**(b) Substantial Shareholders**

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

Name of Substantial Shareholder		Interest or Short		% of Issued Share Capital of the Company
		Position in the Shares or Underlying Shares (note 1)	Capacity in Which Interests are Held	
China Communications Constructions Group (Limited) ("CCCG")	(note 2)	624,851,793 (L)	Interest of controlled corporations	28.887%
CCCG Holding (HK) Limited	(note 3)	524,851,793 (L)	Beneficial owner	24.264%
HSBC Trustee (C.I.) Limited	(note 4)	540,589,293 (L)	Interest of controlled corporations	24.991%
Wheelock and Company Limited ("Wheelock")	(note 5)	540,589,293 (L)	Interest of controlled corporations	24.991%
Wharf	(note 6)	540,589,293 (L)	Interest of controlled corporations	24.991%
Ms XIA Yibo	(note 7)	227,160,924 (L)	Interest of spouse	10.502%
Profitwise	(note 8)	174,549,783 (L)	Beneficial owner	8.069%
Delta	(note 9)	126,071,924 (L)	Beneficial owner	5.828%
HKOO Foundation	(note 10)	100,000,000 (L)	Beneficial owner	4.623%
Lehman Brothers Holdings Inc.	(note 11)	101,400,450 (L)	Interest of controlled corporations	4.688%
		31,868,575 (S)	Interest of controlled corporations	1.473%

*Notes:*

- (1) The letter “L” denotes a long position. The letter “S” denotes a short position.
- (2) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Company Limited\* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited, each of which is wholly-owned by CCCG Real Estate Group Company Limited\* (中交房地產集團有限公司).
- (3) A company controlled by CCCG by virtue of SFO.
- (4) HSBC Trustee (C.I.) Limited is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited (“**Target Smart**”).
- (5) Wheelock is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.
- (6) Wharf is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart.
- (7) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 126,071,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those shares); and (iii) 1,089,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 227,160,924 Shares.
- (8) A company controlled by Mr SHOU Bainian by virtue of SFO, of which Mr SHOU Bainian is the sole member.
- (9) A company controlled by Mr SONG Weiping by virtue of SFO, of which Mr SONG Weiping is the sole member.
- (10) HKOO Foundation is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- (11) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, is deemed to be interested in a total of 101,400,450(L) shares and 31,868,575(S) shares through its controlled corporations by virtue of SFO.

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

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

<b>Name of Director</b>	<b>Name of company which had such discloseable interest or short position in the Shares</b>	<b>Position within such company</b>
Mr SONG Weiping	Delta HKOO Foundation	Director Director
Mr LIU Wensheng	CCCG Holding (HK) Limited	Director
Mr SUN Guoqiang	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	Chairman and General Manager
Mr SHOU Bainian	Profitwise	Director
Mr CAO Zhounan	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	Director
Mr LI Qingan	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	Director
Mr LI Yongqian	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	Director

### 3. DIRECTORS' SERVICE CONTRACTS

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

Each of the independent non-executive Directors is entitled to an annual director's fee of RMB260,000, respectively. The amount of their respective annual director's fee was determined by the Board by reference to, among other things, their respective qualifications and experience and is subject to review by the Board from time to time.

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

## 4. COMPETING BUSINESS INTEREST OF DIRECTORS

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

Name of Director	Name of competing entity	Nature of business of the competing entity	Nature of interest of the Director in the competing entity
Mr SONG Weiping	Greentown Holdings Group Limited* (綠城控股集團有限公司) ("Greentown Holdings")	The development and sale of the Remaining Non-Inclusion Project (Note)	Director and substantial shareholder
Mr LIU Wensheng	China Communications Construction Company Limited	The design and construction of transportation infrastructure, dredging business, heavy machinery manufacturing and property development	Secretary of Board of Directors, Company Secretary and Chief Economist
Mr SUN Guoqiang	CCCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Chairman and General Manager
Mr SHOU Bainian	Greentown Holdings	The development and sale of the Remaining Non-Inclusion Project (Note)	Director and substantial shareholder
Mr CAO Zhounan	CCCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Director
Mr LI Qingan	CCCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Director
Mr LI Yongqian	CCCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Director

*Note:* Among the eight property projects as referred to in the deed of non-competition dated 22 June 2006 and disclosed in the section headed "Business – Non-competition undertaking – Non-inclusion projects" in the prospectus of the Company dated 30 June 2006, so far as the Company is aware, there was only one project which remained on-going as at the Latest Practicable Date (the "Remaining Non-Inclusion Project").



## 5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## 6. EXPERTS

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

Name	Qualification
Investec	Independent financial adviser
Zhe Jiang T&C Law Firm	PRC legal adviser
DTZ Cushman & Wakefield Limited	Property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts did not have (i) any shareholding in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and (ii) any interest, either direct or indirect, in any assets which, since 31 December 2015 (being the date to which the latest audited consolidated financial statements of the Company was made up) and up to the Latest Practicable Date, had been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group.

## 7. GENERAL

- (a) Save as disclosed in
- (i) the announcement of the Company dated 4 February 2016 and the circular dated 12 May 2016 in relation to the agreement entered into between Zhichang (Beijing) Corporate Management Company Limited\* (致昌(北京)企業管理有限公司), Hangzhou Zhenmei Investment Limited\* (杭州臻美投資有限公司) and CCCC Real Estate Company Limited\* (中交地產有限公司) dated 4 February 2016 in relation to the proposed formation of Beijing Liangma Real Estate Co., Ltd\* (北京亮馬置業有限公司) for the development of a piece of land in Jiangtai Xiang, Chaoyang District of Beijing, the PRC with a gross site area of approximately 47,769 sqm. The total consideration for acquiring the

land use rights of the land amounted to RMB5,135 million. Mr LIU Wensheng, Mr SUN Guoqiang, Mr CAO Zhounan, Mr LI Qingan and Mr LI Yongqian (each being an executive Director) have a material interest in the agreement and the transactions contemplated thereunder due to their respective roles in CCCG and its subsidiaries (where appropriate);

- (ii) the announcement of the Company dated 27 June 2016 and the circular dated 16 August 2016 in relation to certain agreements regarding the restructuring of Bluetown by way of demerging it into Bluetown (i.e. the original entity) and New Bluetown. Pursuant to the respective agreements, (i) the consideration for the acquisition of 64.6% equity interest in New Bluetown by the Group was RMB949,100,000; (ii) the consideration for the disposal of 35.4% equity interest in Bluetown by the Group was RMB116,931,100; (iii) the acquisition of 60% equity interest in Ningbo Innovative District Intellectual Greentown Construction Co., Ltd.\* (寧波高新區智慧綠城建設有限公司) by the Group from Bluetown was RMB103,251,200; and (iv) no assignment fee will be payable by parties for the assignment of trademarks contemplated under the relevant agreement. Mr SONG Weiping and Mr SHOU Bainian (each being an executive Director) have a material interest in the agreements and the transactions contemplated thereunder due to their respective interest in Bluetown and Greentown Holdings; and
- (iii) the announcement of the Company dated 26 July 2016 and the circular dated 30 September 2016 in relation to the joint development agreement in relation to the development of a piece of land in the Mentougou District of Beijing, the PRC. The total consideration for acquiring the land use rights of the land amounted to RMB5,700 million. Mr LIU Wensheng, Mr SUN Guoqiang, Mr CAO Zhounan, Mr LI Qingan and Mr. LI Yongqian (each being an executive Director) have a material interest in the agreement and the transactions contemplated thereunder due to their respective role in CCCG and its subsidiaries (where appropriate),

where the transactions contemplated under the relevant agreements constitute transactions of the Company under Chapter 14 and/or Chapter 14A of the Listing Rules, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which, since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Company was made up) and up to the Latest Practicable Date, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired, disposed of by or leased to any member of the Group.

- (b) Save as disclosed in (a) above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The company secretary of the Company is Mr Fung Ching, Simon. Mr Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the CPA Australia.
- (d) The registered address of the Company is PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is at Room 1406–1408, 14th Floor, New World Tower 1, 16–18 Queen’s Road Central, Hong Kong.
- (f) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (g) The principal share registrar of the Company in the Cayman Islands is Royal Bank of Canada Trust Company (Cayman) Limited.
- (h) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Framework Agreement;
- (b) service contracts of the independent non-executive Directors as more particularly described in “3. Directors’ service contracts” of this Appendix II; and
- (c) this circular.

\* For identification purposes only

## NOTICE OF THE EGM



### GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司\*

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

(Stock Code: 03900)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Greentown China Holdings Limited (the “Company”) will be held at 2:30 p.m. on 29 December 2016 (Thursday) at Conference Room 1, 10th Floor, Block A, Century Plaza, No. 1 Hangda Road, West Lake District, Hangzhou, Zhejiang Province, the People’s Republic of China for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. “THAT

- (a) the Framework Agreement (as defined in the Company’s circular dated 9 December 2016 despatched to the shareholders of the Company (the “Circular”), a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification), a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one of the directors of the Company be and is hereby authorised to sign, execute, perfect, deliver, negotiate, agree and do all such documents, deeds, acts, matters and things, as the case may be, as he may in his opinion or absolute discretion consider reasonable, necessary, desirable or expedient to implement and/or give effect to the Framework Agreement and the transactions contemplated thereunder with any changes as such director of the Company may in his absolute discretion think fit.”

By Order of the Board  
Greentown China Holdings Limited

Fung Ching, Simon  
Company Secretary

Hangzhou, the PRC  
9 December 2016

\* For identification purposes only

## NOTICE OF THE EGM

*Principal place of business in Hong Kong:*

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

*Notes:*

- (1) Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution at the EGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and of the Company.
- (2) A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies (if holding two or more shares) to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (3) Completion and delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof should the member of the Company so wish, and in which case, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint registered holders of any share in the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.
- (5) In order to be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
- (6) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 28 December 2016 to 29 December 2016, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 23 December 2016 (Friday).

*As at the date of this notice, the board of directors of the Company comprises seven executive directors, namely Mr SONG Weiping, Mr LIU Wensheng, Mr SUN Guoqiang, Mr SHOU Bainian, Mr CAO Zhounan, Mr LI Qingan and Mr LI Yongqian and four independent non-executive directors, namely Mr JIA Shenghua, Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai.*