

**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  
IN RELATION TO THE FORMATION OF  
JOINT VENTURE WITH THE WHARF GROUP  
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 10 of this circular and a letter from the Independent Board Committee is set out on pages 11 to 12 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 13 to 23 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 28 February 2014 at Hangzhou Rose Garden Resort & Spa, 128 Zhijiang Road, West Lake District, Hangzhou, Zhejiang Province, the People’s Republic of China is set out on pages 37 to 38 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.hkex.com.hk](http://www.hkex.com.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.

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## DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“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 directors of the Company
“EGM”	an extraordinary general meeting to be held on 28 February 2014 by the Company to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder
“Framework Agreement”	the agreement entered into between the Company and Wharf dated 18 December 2013 as amended, supplemented and/or modified in relation to the joint investment in the Investment Company and the proposed formation of the Project Company for the development of the Land
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	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 Jiang Wei, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, Mr Tang Shiding 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
“Investment Company”	Magic Delight Limited, a company incorporated in Hong Kong with limited liability on 10 November 2011 which is currently an indirect wholly-owned subsidiary of Wharf and will be held by the Wharf Group and the Group as to 50% and 50%, respectively, pursuant to the Framework Agreement
“Land”	a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC of approximately 70,227 sqm
“Land Consideration”	the total consideration of RMB2,576,000,000 for acquiring the land use rights of the Land from 杭州市國土資源局蕭山分局 (Hangzhou Municipal Bureau of Land Resources (Xiaoshan branch)*)
“Latest Practicable Date”	10 February 2014, 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
“Option Holders”	the holders of the share option granted by the Company pursuant to the Share Option Scheme
“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)

\* For identification purposes only

## DEFINITIONS

“Project Company”	a company to be established by the Investment Company 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 Option Scheme”	the share option scheme of the Company adopted by a resolution of the Shareholders on 22 June 2006
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“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
“%”	per cent.

*For the purpose of this circular, amounts denominated in RMB have been converted (for informational purposes only) in HK\$ at the exchange rate of RMB1 to HK\$1.28. Such conversion shall not be construed as a representation that amounts in RMB were or may have been converted into HK\$ at such exchange rates or any other exchange rates.*



**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 (*Chairman*)  
Mr Shou Bainian (*Executive Vice-Chairman*)  
Mr Luo Zhaoming (*Vice-Chairman*)  
Mr Guo Jiafeng  
Mr Cao Zhounan

*Registered office:*

M&C Corporate Services Limited  
PO Box 309GT, Uglan House  
South Church Street  
George Town, Grand Cayman  
Cayman Islands

*Non-Executive Director:*

Mr Ng Tin Hoi, Stephen  
Mr Tsui Yiu Cheung

*Principal place of business in Hong Kong:*

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

*Independent Non-Executive Directors:*

Mr Jia Shenghua  
Mr Jiang Wei  
Mr Sze Tsai Ping, Michael  
Mr Tang Shiding  
Mr Ke Huanzhang  
Mr Hui Wan Fai

13 February 2014

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

Dear Sir or Madam

**CONNECTED TRANSACTION  
IN RELATION TO THE FORMATION OF  
JOINT VENTURE WITH THE WHARF GROUP**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 18 December 2013.

On 18 December 2013, the Investment Company (being an indirect wholly-owned subsidiary of Wharf as of the date hereof) succeeded in bidding for the Land from 杭州市國土資源局蕭山分局 (Hangzhou Municipal Bureau of Land Resources (Xiaoshan branch)\*) at the Land Consideration of RMB2,576,000,000 (equivalent to approximately HK\$3,297,280,000).

\* For identification purposes only

## LETTER FROM THE BOARD

The Board announced that, on 18 December 2013, the Company and Wharf entered into the Framework Agreement, pursuant to which the Group and Wharf Group will jointly develop the Land, on a 50:50 ownership basis, into residential properties.

The Land is situated in Xiao Shan district of Hangzhou, Zhejiang province of the PRC and is approximately 70,227 sqm in size. The estimated total gross floor area of the residential properties to be developed on the Land is expected to be approximately 189,613 sqm which represents a floor area ratio of 2.7.

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

According to the terms of the bid for the Land, the total Land Consideration of RMB2,576,000,000 (equivalent to approximately HK\$3,297,280,000) shall be paid by cash instalments in manner as follows:

Stage payment	Amount paid/payable
Already paid by the Investment Company upon submission of bid	RMB303,400,000 (equal to approximately HK\$388,352,000) (being the deposit for the bidding) (the “Deposit”)
Within 15 business days from the date of successful bidding (which has been paid as of the Latest Practicable Date)	50% of the Land Consideration (taking into account the Deposit already paid)
Within six months from the date of successful bidding	20% of the Land Consideration
Within one year from the date of successful bidding	Remaining 30% of the Land Consideration

Such consideration amount was the outcome of a public bidding announced by 杭州市國土資源局蕭山分局 (Hangzhou Municipal Bureau of Land Resources (Xiaoshan branch)\*) on 18 December 2013.

### 3. PROPERTY DEVELOPMENT THROUGH THE PROJECT COMPANY

The Framework Agreement was entered into between Wharf and the Company in order to facilitate the development of the Land on a 50:50 ownership basis. According to the Framework Agreement, each of Wharf (through its wholly-owned subsidiary) and the Company (through its wholly-owned subsidiary) will own 50% of the issued share capital of the Investment Company and the Investment Company will establish the Project Company in the PRC. As at the date of the Framework Agreement, Wharf (through the Investment Company) has already paid the Deposit. Accordingly, the Company shall be responsible for funding 50% of the Deposit, subject to refund to the Company in the event that the Company is unable to obtain Independent Shareholders’ approval at the EGM within three months from the date of the Framework Agreement.

## LETTER FROM THE BOARD

The Investment Company intends to develop the Land through the Project Company, being a wholly foreign-owned enterprise to be established solely by the Investment Company in the PRC.

The Investment Company has been used solely for the purpose of bidding for the Land and Project Company will be established solely for the purpose of developing the Land. As advised by the Wharf Group, the Investment Company, being an indirect wholly-owned subsidiary of Wharf as at the Latest Practicable Date, was incorporated in Hong Kong on 10 November 2011 and has remained dormant (other than being used solely for the purpose of bidding for the Land) and the Project Company has not yet been established. Based on the management account of the Investment Company, the net assets of the Investment Company as of 30 November 2013 is HK\$1.00 (as of 31 December 2012 and 2011: HK\$1.00 (audited) and HK\$1.00 (audited)). As the Investment Company is dormant, it has not booked any profit/loss since its incorporation. It is intended the Investment Company will become a non-wholly owned subsidiary of the Company upon the Company (through its wholly-owned subsidiary) acquiring 50% of the issued share capital of the Investment Company and the Project Company will accordingly be a non-wholly owned subsidiary of the Company. The financial results of the Investment Company and the Project Company will be consolidated into the consolidated financial statements of the Group.

#### 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 Investment Company (to be owned by the Wharf Group and the Group on a 50:50 ownership basis) and the Project Company (being a wholly-owned subsidiary of the Investment Company to be established in the PRC).  |
| Capital requirement | : | The parties currently expect that the registered capital of the Project Company will be equivalent to the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount and the preliminary stage development funds) which shall be contributed by the Wharf Group and the Group indirectly through the Investment Company on a 50:50 basis. Save as aforesaid, all other funding needs shall be arranged by the Project Company itself. |



## LETTER FROM THE BOARD

In the event that any security is required for future external financing of the Investment Company and/or the Project Company and either Wharf or the Company (the “**Contributing Party**”) agrees to provide guarantee and/or security in respect of more than 50% of such financing, the other party (the “**Non-contributing Party**”) agrees (a) to procure its wholly-owned subsidiary holding shares in the Investment Company to execute a share charge over such shares in favour of the Contributing Party as counter-security for the Non-contributing Party’s pro rated portion (i.e. 50%) of the obligations under such financing; and (b) to provide a counter-guarantee to the Contributing Party for the due observance and performance by its wholly-owned subsidiary of all the obligations under the share charge.

It is contemplated that the Investment Company will fund the payment of Land Consideration partially by external financings and Wharf will provide guarantee thereon in consideration of the Group providing the security and counter-guarantee in proportion to the Group’s proportionate equity interest in the Investment Company (i.e. 50%) in accordance with the aforesaid terms.

Any further capital contribution or provision of financial assistance by the Group to the Investment Company or the Project Company not in proportion to the Group’s proportionate equity interest in the Investment Company may constitute a non-exempt connected transaction of the Company subject to the announcement, reporting and independent shareholders’ approval, where applicable.

Distribution of profit : The Project Company shall distribute any net profit after taxation (except those retained for operational needs) to the Investment Company to be determined by the board of directors of the Project Company. Upon receipt of such net profit from the Project Company, the Investment Company shall distribute it to the Wharf Group and the Group in accordance with the applicable laws.

## LETTER FROM THE BOARD

Board representation : On the basis of a 50:50 shareholding structure at the Investment Company: (a) the board of directors of the Investment Company will comprise five directors of which two will be appointed by the Wharf Group and three by the Group. The Group will have the right to appoint the chairman of the board of directors of the Investment Company; and (b) the board of directors of the Project Company will comprise five directors of which two will be appointed by the Wharf Group and three by the Group. The Wharf Group will have 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 Wharf Group shall be responsible for financial and accounting management and the Group will be responsible for the project management. Major corporate actions concerning the Investment Company and/or the Project Company shall be subject to unanimous approval of both parties.

Each party shall not transfer (in whatever form including by way of charge) its interest or any part thereof in the Investment Company without the prior consent of the other party. Any transfer of interest of the Investment Company shall be subject to customary right of first refusal and tag-along provisions.

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

The Directors (including the independent non-executive Directors) believe that the co-investment 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 Wharf Group are experienced property developers and their capabilities and expertise will complement each other in the co-development of the Land. The Directors consider that the co-development of the Land also demonstrates the opportunities and synergies between the Group and the Wharf Group since its strategic investment in the Group in mid-2012. The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement are on normal commercial terms, fair and reasonable, and are in the interests of the Company and its Shareholders as a whole, and the transactions contemplated under the Framework Agreement are in the ordinary course of business of the Group.

## LETTER FROM THE BOARD

### 6. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Wharf and its subsidiaries were holding 524,851,793 Shares, representing 24.32% 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 are connected persons of the Company and 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. In the event that the Company is unable to obtain Independent Shareholders' approval at the EGM within three months from the date of the Framework Agreement, the Framework Agreement shall be terminated and each party's further rights and obligations shall cease immediately on termination without affecting a party's accrued rights and obligations as at the date of such termination.

As (i) the sole purpose of the Project Company and Investment 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 is on an arm's length basis and on normal commercial terms; and (iii) neither the Investment Company nor the Project Company may, without unanimous consent from the Group and the Wharf Group, change the nature and scope of their businesses, the transactions contemplated under the Framework Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

Mr Ng Tin Hoi Stephen (a non-executive Director who is also the deputy chairman and managing director of Wharf) and Mr Tsui Yiu Cheung (a non-executive Director who is also an executive director and the group chief financial officer of Wharf) have a material interest in the Framework Agreement and the transactions contemplated thereunder due to their respective roles in Wharf. Therefore, they have abstained from voting on the Board resolution.

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 will be required to abstain from voting at the EGM.

### 7. GENERAL

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 middle and high income residents in the PRC.

Wharf is a company 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.

## LETTER FROM THE BOARD

### 8. EGM

A notice convening the EGM is set out on pages 37 to 38 of this circular. Ordinary resolution will be proposed at the EGM to approve the Framework Agreement and the transactions contemplated thereunder.

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 branch 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 11 to 12 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 13 to 23 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transactions 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 are on normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the transactions contemplated thereunder are fair and reasonable. Therefore, the Directors recommend that the Independent Shareholders should vote in favour of the ordinary resolutions 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 the approval by the Independent Shareholders at the EGM and may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Greentown China Holdings Limited**  
**Song Weiping**  
*Chairman*



**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)**

13 February 2014

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

Dear Sir or Madam

**CONNECTED TRANSACTION  
IN RELATION TO THE FORMATION OF  
JOINT VENTURE WITH THE WHARF GROUP**

We refer to the circular of the Company to the Shareholders dated 13 February 2014 (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 fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

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 13 to 23 of the Circular and the letter from the Board set out on pages 4 to 10 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, 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 Jiang Wei**

**Mr Ke Huanzhang**

**Mr Sze Tsai Ping, Michael**

**Mr Tang Shiding**

**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

13 February 2014

*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 JOINT VENTURE WITH THE WHARF GROUP**

#### **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 13 February 2014 (the "**Circular**"), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

As stated in the Letter from the Board, on 18 December 2013, the Investment Company (being an indirect wholly-owned subsidiary of Wharf) succeeded in bidding for the Land from Hangzhou Municipal Bureau of Land Resources (Xiaoshan branch) at the Land Consideration of RMB2,576,000,000 (equivalent to approximately HK\$3,297,280,000). At the same date, the Company and Wharf entered into the Framework Agreement, pursuant to which the Group and Wharf Group will jointly develop the Land, on a 50:50 ownership basis, into residential properties.

As at the Latest Practicable Date, Wharf and its subsidiaries are holding 524,851,793 Shares, representing 24.32% 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 are connected persons of the Company and the entering into of the Framework Agreement and the transactions contemplated thereunder constitute a

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In the event that the Company is unable to obtain independent Shareholders' approval at the EGM within three months from the date of the Framework Agreement, the Framework Agreement shall be terminated and each party's further rights and obligations shall cease immediately on termination without affecting a party's accrued rights and obligations as at the date of such termination.

Mr Ng Tin Hoi Stephen (a non-executive Director who is also the deputy chairman and managing director of Wharf) and Mr Tsui Yiu Cheung (a non-executive Director who is also an executive director and the group chief financial officer of Wharf) have a material interest in the Framework Agreement and the transactions contemplated thereunder due to their respective roles in Wharf. Therefore, they have abstained from voting on the Board resolution.

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 will be required to abstain from voting at the EGM.

## II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of thirteen Directors, namely Mr. Song Weiping, Mr. Shou Bainan, Mr. Luo Zhaoming, Mr. Guo Jiafeng and Mr. Cao Zhounan as executive Directors; Mr. Ng Tin Hoi, Stephen and Mr. Tsui Yiu Cheung as a non-executive Directors, and Mr. Jia Shenghua, Mr. Jiang Wei, Mr. Ke Huanzhang, Mr. Sze Tasi Ping, Michael, Mr. Tang Shiding 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. Jiang Wei, Mr. Ke Huanzhang, Mr. Sze Tasi Ping, Michael, Mr. Tang Shiding 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.

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.

### **VI. 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 six months ended 30 June 2013, the revenue derived from property sales was approximately RMB9,596.9 million or approximately 93.9% of the total revenue for the six months ended 30 June 2013, representing a decrease of approximately 20.1% as compared to the total revenue of RMB12,011.3 million for the same period in 2012. Such decrease was mainly due to the decrease in both area sold and average selling price whereby the areas of properties sold during the period decreased by approximately 13.0% to 646,503 sqm from 743,239 sqm of the same period in 2012 with a decrease in average selling price of properties delivered by approximately 38.1% to approximately RMB14,843 per sqm from approximately RMB16,160 per sqm of the same period in 2012.

In addition, the Group's net gearing ratio (measured by net borrowings over net assets) was approximately 49.5% as at 30 June 2013, representing (i) a substantial decrease from approximately 93.5% as at 30 June 2012; and (ii) slightly increase compared with that of approximately 49.0% as at 31 December 2012. As set out in the annual report of the Company for year ended 31 December 2012, the gearing of the Company improved from the year ended 31 December 2011 mainly due to: (i) the introduction of Wharf as a strategic shareholder; and (ii) the formation of a joint venture company with Tianjin Sunac Zhidi Company Limited.

## **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 Wharf and the Company in order to facilitate the development of the Land on a 50:50 ownership basis. According to the Framework Agreement, each of Wharf (through its wholly-owned subsidiary) and the Company (through its wholly-owned subsidiary) will own 50% of the issued share capital of the Investment Company and the Investment Company will establish the Project Company in the PRC. As at the date of the Framework Agreement, Wharf (through the Investment Company) has already paid the deposit for the bidding of the Land of RMB303,400,000 (the "**Deposit**"). Accordingly, the Company shall be responsible for funding 50% of the Deposit, subject to refund to the Company in the event that the Company is unable to obtain Independent Shareholders' approval at the EGM within three months from the date of the Framework Agreement.

The Investment Company intends to develop the Land through the Project Company, being a wholly foreign-owned enterprise to be solely established by the Investment Company in the PRC.

The Investment Company was established solely for the purpose of bidding for the Land and the Project Company will be established solely for the purpose of developing the Land. As advised by the Wharf Group, the Investment Company, being an indirect wholly-owned subsidiary of Wharf as at the Latest Practicable Date, was incorporated in Hong Kong on

10 November 2011 and has remained dormant (other than being used solely for the purpose of bidding for the Land) and the Project Company has not yet been established. Based on the management accounts of the Investment Company: the net assets of the Investment Company as of 30 November 2013 is HK\$1.00 (as of 31 December 2012 and 2011: HK\$1.00 (audited) and HK\$1.00 (audited)). As the Investment Company is dormant, it has not booked any profit/loss since its incorporation. It is intended that the Investment Company will become a non-wholly owned subsidiary of the Company upon the Company (through its wholly-owned subsidiary) acquiring 50% of the issued share capital of the Investment Company and the Project Company will accordingly be a non-wholly owned subsidiary of the Company. The financial results of the Investment Company and the Project Company will be consolidated into the consolidated financial statements of the Group.

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

As stated in the Letter from the Board, the Land is situated in Xiao Shan District of Hangzhou, Zhejiang province of the PRC and is approximately 70,227 sqm in size. The estimated total gross floor area of the residential properties to be developed on the Land is expected to be approximately 189,613 sqm which represents a floor area ratio of 2.7.

Based on the information published on the website ([www.hzstats.gov.cn](http://www.hzstats.gov.cn)) of Hangzhou Survey Information Network (杭州統計調查信息網), Hangzhou has a population of approximately 8.8 million as at 31 December 2012. Hangzhou's gross domestic product ("GDP") for the nine months ended 30 September 2013 was approximately RMB591.3 billion, representing an increase of approximately 8.0% as compared to the same period of 2012. GDP for the year ended 31 December 2012 was approximately RMB780.3 billion, representing an increase of approximately 9.0% as compared to 2011. In addition, the total area of commodity properties sold in Hangzhou for the ten months ended 31 October 2013 was approximately 9.1 million sqm (of which approximately 7.8 million sqm was residential properties), representing an increase of approximately 4.6% compared to the same ten month period in 2012. In 2012, approximately 10.9 million sqm of commodity properties was sold in Hangzhou, of which approximately 9.2 million sqm was residential properties, as compared to approximately 6.8 million sqm sold in 2011, representing a year-on-year increase of approximately 35.3%.

In the fourth quarter of 2013, the PRC government implemented several policy measures (the "Measures") designed to rein in the growth of the property market in the Hangzhou, which include (i) the increase of supply in the PRC property market; and (ii) the increase in first payments for purchases of second residential properties from no less than 60% to 70%. Although the Measures have been implemented to control overheating in the property market in the PRC, the Directors are of the view that such actions by the PRC government are interim steps and should, in the long run, facilitate the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

sustainable and healthy development of the Hangzhou property market. Accordingly, the Directors believe that the Group, through its investment in Investment Company, will benefit from the long-term growth potential of the property market in Hangzhou.

### *2.3 Reasons for and benefits of the Transaction*

As stated in the Letter from the Board, the Directors believe that the co-investment 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. Further, both the Group and the Wharf Group are experienced property developers and their capabilities and expertise will complement each other in the co-development of the Land. The Directors consider that the co-development of the Land also demonstrates the opportunities and synergies between the Group and the Wharf Group since its strategic investment in the Group in mid-2012. The Directors consider that the terms of the Framework Agreement are on normal commercial terms, fair and reasonable, and are in the interests of the Company and its Shareholders as a whole, and the transactions contemplated under the Framework Agreement are in the ordinary course of business of the Group.

As set out in the circular of the Company dated 17 July 2012, the Directors considered that the introduction of the Wharf Group as a strategic investor of the Company would create opportunities for enhanced strategic dialogue and cooperation in the PRC property sector. Given the Wharf Group's strong financial position, in particular its ability to assist the Project Company to obtain low financial costs in development of the Land, and the Group's established track record in management and developing properties in the PRC, the management of the Company believes that the strategic cooperation between the Group and the Wharf Group under the Framework Agreement can provide the mutual benefits in development of the Land.

Taking into account that the development of the Land under the Framework Agreement will expand the Group's property development portfolio and the strategic cooperation between the Group and the Wharf Group can provide the mutual benefits in development of the Land, we are of the view 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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 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 through the Investment Company (to be owned by the Wharf Group and the Group on a 50:50 ownership basis) and the Project Company (being a wholly-owned subsidiary of the Investment Company to be established in the PRC).
- Capital requirement : The parties currently expect that the registered capital of the Project Company will be equivalent to the Land Consideration (plus an amount equivalent to the aggregate of the relevant land tax amount and the preliminary stage development funds) which shall be contributed by the Wharf Group and the Group indirectly through the Investment Company on a 50:50 basis. Save as aforesaid, all other funding needs shall be arranged by the Project Company itself.

In the event that any security is required for future external financing of the Investment Company and/or the Project Company and either Wharf or the Company (the “**Contributing Party**”) agrees to provide guarantee and/or security in respect of more than 50% of such financing, the other party (the “**Non-contributing Party**”) agrees (a) to procure its wholly-owned subsidiary holding shares in the Investment Company to execute a share charge (the “**Share Charge**”) over such shares in favour of the Contributing Party as counter-security for the Non-contributing Party’s pro rated portion (i.e. 50%) of the obligations under such financing; and (b) to provide a counter-guarantee to the Contributing Party for the due observance and performance by its wholly-owned subsidiary of all the obligations under the share charge.

It is expected that the Investment Company will fund the payment of Land Consideration partially by external financings and Wharf will provide guarantee thereon in consideration of the Group providing counter-guarantee in proportion to the Group’s proportionate equity interest in the Investment Company (i.e. 50%) in accordance with the aforesaid terms.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Any further capital contribution or provision of financial assistance by the Group to the Investment Company or the Project Company not in proportion to the Group's proportionate equity interest in the Investment Company may constitute a non-exempt connected transaction of the Company subject to the announcement, reporting and independent shareholders' approval, where applicable.

Distribution of profit : The Project Company shall distribute any net profit after taxation (except those retained for operational needs) to the Investment Company to be determined by the board of directors of the Project Company. Upon receipt of such net profit from the Project Company, the Investment Company shall distribute it to the Wharf Group and the Group in accordance with the applicable laws.

Board representation : On the basis of a 50:50 shareholding structure at the Investment Company: (a) the board of directors of the Investment Company will comprise five directors of which two will be appointed by the Wharf Group and three by the Group. The Group will have the right to appoint the chairman of the board of directors of the Investment Company; and (b) the board of directors of the Project Company will comprise five directors of which two will be appointed by the Wharf Group and three by the Group. The Wharf Group will have 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 Wharf Group shall be responsible for financial and accounting management and the Group will be responsible for the project management. Major corporate actions concerning the Investment Company and/or the Project Company shall be subject to unanimous approval of both parties.

Each party shall not transfer (in whatever form including by way of charge) its interest or any part thereof in the Investment Company without the prior consent of the other party. Any transfer of interest of the Investment Company shall be subject to customary right of first refusal and tagalong provisions.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having reviewed the terms of the Framework Agreement, we note that:

- i. the amount of equity capital to be contributed by Wharf Group and the Group was determined in accordance with their respective shareholding in the Investment Company (i.e. 50:50);
- ii. the Group is entitled to appoint three of the five directors of each of the Investment Company and the Project Company;
- iii. major corporate actions concerning the Project Company including among others, (a) the overall design, sales strategic and planning of the Land; (b) overall operational planning and budget of the Land; (c) change of capital structure and shareholder's rights of the Project Company; (d) change of scope of operation or merger and acquisition by the Project Company; (e) financing of the Project Company; and (f) distribution of profit by the Project Company, shall be subject to unanimous approval of the board of the Project Company; and
- iv. the Share Charge to be provided by the Non-contributing Party in favour of the Contributing Party covers only the Non-contributing Party's pro rated portion (i.e. 50%) of the obligations under external financing of the Investment Company and/or the Project Company. We further note that it is expected that the Investment Company will fund the payment of Land Consideration partially by external financings and Wharf will provide guarantee thereon in consideration of the Group providing counter-guarantee etc. in accordance with the relevant terms set out in the Framework Agreement. In this regard, both Wharf and the Group would only cover their pro rated portion (i.e. 50%) of the obligations under external financing of the Investment Company and/or the Project Company.

Therefore, 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 Land Consideration was the outcome of a public bidding announced by Hangzhou Municipal Bureau of Land Resources (Xiaoshan branch) on 18 December 2013.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the Letter from the Board, according to the terms of the bid for the Land, the total Land Consideration of RMB2,576,000,000 (equivalent to approximately HK\$3,297,280,000) shall be paid by cash instalments in manner as follows:

<b>Stage payment</b>	<b>Amount paid/payable</b>
Already paid by the Investment Company upon submission of bid	RMB303,400,000 (equal to approximately HK\$388,352,000) (being the Deposit)
Within 15 business days from the date of successful bidding (which has been paid as of the Latest Practicable Date)	50% of the Land Consideration (taking into account the Deposit already paid)
Within six months from the date of successful bidding	20% of the Land Consideration
Within one year from the date of successful bidding	Remaining 30% of the Land Consideration

We note that Roma Appraisals Limited (the “**Valuer**”) has been appointed to conduct the valuation on the Land as at 31 December 2013, details of which is 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 attributed no commercial value to the Land, however, we note that the Valuer is also of the opinion that assuming the relevant title certificates have been obtained and the Land could be freely transferred, the market value of the Land as at 31 December 2013 would be RMB2,576,000,000 (please refer to the Valuation Report for further details). We have reviewed the Valuation Report and discussed with the Valuer the methodology adopted by the Valuer. We understand that market approach has been adopted in their valuation and such approach is commonly used for determining the market value of PRC properties. In addition, we also note above payment terms are in accordance with the invitation document for such public bidding.

We consider that the capital requirements to be contributed by the Wharf Group and the Group on pro rata basis (i.e. 50:50) to the Project Company through the Investment Company under the Framework Agreement which was made with reference to the Land Consideration (which in turn is the outcome of a public bidding and in line with the valuation of the Land by the Valuer) to be fair and reasonable.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### V. RECOMMENDATION

Having considered the factors and analysis set out in this letter, we consider the Framework Agreement and the transactions contemplated thereunder are (i) on normal commercial terms and in the ordinary and usual course of business of the Company; and (ii) fair and reasonable and 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**  
**Jimmy Chung**  
*Managing Director*  
*Corporate Finance*



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13 February 2014

**Greentown China Holdings Limited**

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

Dear Sir/Madam,

**Re: Property Valuation of a Parcel of Land located in the Xiaoshan District,  
Hangzhou City, Zhejiang Province, the People's Republic of China**

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In accordance with your instructions for us to value the property to be acquired by Greentown China Holdings Limited (the "Company") and/or its subsidiaries (together with the Company referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 December 2013 for the purpose of incorporation in the circular of the Company dated 13 February 2014.

**1. BASIS OF VALUATION**

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean "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 wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

**2. VALUATION METHODOLOGY**

We have valued the property by the direct comparison approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

### 3. TITLE INVESTIGATION

For the property in the PRC, we have been provided with copies of various documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify the existing title to the property or any amendment, which may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice and information given by the Group and its PRC legal adviser, Zhe Jiang T&C Law Firm (浙江天册律师事务所) regarding the title of the property. All documents have been used for reference only.

We have also relied on the advice given by the Group that the current owner has valid and enforceable title to the property which are freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

### 4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

### 5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

## 6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for future development. Our valuation is based on the assumptions that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore approximations.

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.

Our valuation is prepared in compliance 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 in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

## 7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi (RMB).

Our Valuation Certificate is attached.

Yours faithfully,  
For and on behalf of  
**Roma Appraisals Limited**  
**Dr. Alan W K Lee**  
*BCom (Property) MFin PhD (BA)*  
*MHKIS RPS (GP) AAPI CPV CPV (Business)*  
*Associate Director*

*Note:* Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 10 years' property valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region and European countries.

## VALUATION CERTIFICATE

## Property to be acquired for Future Development by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2013
A parcel of land located at Eastern side of Yongjiu Road, Northern side of Jinhui Road, Chengbei Village, Beigan Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC  位於中國浙江省杭州市蕭山區北幹街道城北村永久路之東、金惠路之北之一塊土地	The property comprises a parcel of land with a site area of approximately 70,227 sq.m. The land use rights of the property are contracted to be granted for a term of 70 years for residential use and 40 years for ancillary commercial use.	The property is currently vacant	No Commercial Value.  See Note No. 4 for details.

## Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract No. 3301092013A21649 dated 27 December 2013 (the "Grant Contract"), the property with a total site area of approximately 70,227 sq.m. is contracted to be granted to Magic Delight Limited (麒愉有限公司) ("Magic Delight"), an indirect wholly-owned subsidiary of The Wharf (Holdings) Limited (the "Wharf") and will be held by the Wharf Group and the Group as to 50% and 50%, by Hangzhou City Land Resources Bureau (Xiaoshan branch) (杭州市國土資源局蕭山分局) (the "Bureau") for a term of 70 years for residential use and 40 years for ancillary commercial use at a consideration of RMB2,576,000,000.

- Development Schedules stipulated in the Grant Contract are extracted as follows:

Usage(s)	:	Residential – Main purpose Commercial – Ancillary purpose
Plot Ratio	:	2.2–2.7
Total Gross Floor Area (G.F.A.) allowed	:	154,499 sq.m.–189,613 sq.m.
Building height	:	24m–100m
Density	:	Less or equal to 28%
Scheduled Construction work commencement date	:	No later than 18 March 2016
Scheduled completion date	:	No later than 18 March 2019

- The status of title in accordance with the information provided by the Group is as follows:

State-owned Land Use Rights Certificate	Nil
Building Ownership Certificate	Nil

- In the valuation of this property, we have attributed no commercial value to the property. However, for the Group's reference purpose, we are of the opinion that the reference value of the property as at the valuation date would be RMB2,576,000,000 assuming the relevant title certificates have been obtained and the property could be freely transferred.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
  - a. the Grant Contract is legally enforceable and effective to Magic Delight and the Bureau;
  - b. according to the relevant laws and rules and regulations set in the Grant Contract, Magic Delight shall set up a wholly-owned Project Company (the "Project Company"), that will enter into a supplementary agreement of the Contract (the "Agreement") with the Bureau. The Project Company formed will be entitled to apply for the State-owned Land Use Rights Certificate (the "LURCs") and be the legal owner of the property and the main party responsible for the development of the property;
  - c. the Project Company is currently under formation and the Agreement is yet to be signed. The land premium of the property is yet to be settled;
  - d. upon setting up the Project Company, settling the outstanding land premium and not violating any Chinese Law or the terms of the Grant Contract, the Project Company can apply for the LURCs in accordance with the relevant laws and rules and regulations set in the Grant Contract;
  - e. Magic Delight currently has the rights to apply for the LURCs in accordance with the rules and regulations set in the Grant Contract only; and
  - f. upon the completion of application of the LURCs, the Project Company shall be entitled to transfer, rent, mortgage or legally dispose of the property in accordance with the rules and regulations and procedures stipulated in the Grant Contract.
6. Pursuant to a Framework Agreement dated 18 December 2013, which entered into between the Company and Wharf in relation to the joint investment in the Magic Delight and the proposed formation of the Project Company for the development of the Land. For further information regarding the terms of such joint arrangement, please refer to the Letter from the Board from pages 4 to 10 of this Circular.
7. Our inspection was performed by Mr. Kelvin K.F. Lan, B.Sc. (Hons) in Surveying, who has over 3 years' property valuation experience, in January 2014.

## 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 has 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	Family interests	Interest of controlled corporations	Total interests in number of Shares and underlying Shares	% of issued share capital of the Company (%)
Mr Song Weiping	1,089,000 (note 1)	68,859,000 (note 2)	472,124,000 (note 3)	542,072,000	25.16
Mr Shou Bainian	-	-	384,490,500 (note 4)	384,490,500	17.84
Mr Luo Zhaoming	15,000,000 (note 5)	-	100,000,000 (note 6)	115,000,000	5.34
Mr Guo Jiafeng	336,000 (note 1)	-	13,010,000 (note 7)	13,346,000	0.62
Mr Cao Zhounan	3,359,000 (note 8)	-	-	3,359,000	0.16

Notes:

- (1) These represent the share options granted on 22 January 2009 under the Share Option Scheme, and are exercisable at HK\$2.89 per Share during the period from 22 January 2009 to 21 January 2019.

- (2) Mr Song Weiping is deemed to be interested in such Shares held by Wisearn Limited (“**Wisearn**”), a company wholly-owned by his spouse, Ms Xia Yibo.
- (3) Mr Song Weiping, being the sole shareholder of Delta House Limited (“**Delta**”), is deemed to be interested in 372,124,000 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 it notwithstanding that Mr Song Weiping is not beneficially interested in such Shares.
- (4) Mr Shou Bainian is deemed to be interested in such Shares as the sole shareholder of Profitwise Limited (“**Profitwise**”).
- (5) These share options were granted on 17 July 2009 under the Share Option Scheme and are exercisable at HK\$11.59 per Share during the period from 17 July 2009 to 16 July 2019.
- (6) Mr Luo Zhaoming is deemed to be interested in such Shares held by Tandellen Group Limited (“**Tandellen**”), a company which is 50% owned by him and 50% owned by his spouse, Ms Ruan Yiling.
- (7) Mr Guo Jiafeng is deemed to be interested in such Shares as the sole shareholder of Jamuta Investments Limited.
- (8) These share options were granted on 13 May 2009 under the Share Option Scheme and are exercisable at HK\$7.16 per Share during the period from 13 May 2009 to 12 May 2019.

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

Name of Director	Name of associated corporation	Capacity	Interest in registered capital	% of the total registered capital (%)
Mr Song Weiping (note 1)	Greentown Construction Management Company Limited (綠城房產建設管理有限公司)	Beneficial owner	RMB69,200,000	34.6
Mr Cao Zhounan (note 2)	Greentown Construction Management Company Limited (綠城房產建設管理有限公司)	Beneficial owner	RMB54,000,000	27

*Notes:*

- (1) Mr Song Weiping is beneficially interested in RMB69,200,000 of the total registered capital of Greentown Construction Management Company Limited.
- (2) Mr Cao Zhounan is beneficially interested in RMB54,000,000 of the total registered capital of Greentown Construction Management Company Limited.



## (iii) Long position in debentures of the Company

Name of Director	Family interest
Mr Sze Tsai Ping	US\$300,000 (note 1)

## Note:

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

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, so far as the Directors are aware, the register required to be maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following entities had, directly or indirectly, an interest or short position in the Shares and the underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (other than a Director or chief executive of the Company):

Name of substantial Shareholder	Interest or short position in the Shares or underlying Shares (note 1)	Capacity in which interests are held	% of issued share capital of the Company (%)
Ms Xia Yibo (note 2)	542,072,000 (L)	Interest of a controlled corporation and interest of spouse	25.16
Delta (note 3)	372,124,000 (L)	Beneficial owner	17.27
HKOO Foundation (note 3)	100,000,000 (L)	Beneficial owner	4.64
Profitwise (note 4)	384,490,500 (L)	Beneficial owner	17.84
Ms Ruan Yiling (note 5)	115,000,000 (L)	Interest of a controlled corporation and interest of spouse	5.34
Tandellen (note 6)	100,000,000 (L)	Beneficial owner	4.64
Lehman Brothers Holdings Inc. (note 7)	101,400,450 (L)	Interest of controlled corporations	4.71
	31,868,575 (S)	Interest of controlled corporations	1.48

Name of substantial Shareholder	Interest or short position in the Shares or underlying Shares (note 1)	Capacity in which interests are held	% of issued share capital of the Company (%)
HSBC Trustee (Guernsey) Limited (note 8)	869,446,387 (L)	Interest of a controlled corporation	40.35
Wheelock and Company Limited ("Wheelock") (note 9)	869,446,387 (L)	Interest of a controlled corporation	40.35
Wharf (note 10)	869,446,387 (L)	Interest of a controlled corporation	40.35

## Notes:

- (1) The letter "L" denotes a long position. The letter "S" denotes a short position.
- (2) Ms Xia Yibo, being the sole shareholder of Wisearn, is deemed to be interested in 68,859,000 Shares held by Wisearn pursuant to Part XV of the SFO. Ms Xia Yibo is the spouse of Mr Song Weiping. Accordingly, pursuant to Part XV of the SFO, Ms Xia Yibo is also deemed to be interested in the following: (i) 372,124,000 Shares held by Delta, a corporation 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 542,072,000 Shares.
- (3) A controlled corporation of Mr Song Weiping, details of which are disclosed above.
- (4) A controlled corporation of Mr Shou Bainian, details of which are disclosed above.
- (5) Ms Ruan Yiling was deemed to be interested in 100,000,000 Shares held by Tandellen, a controlled corporation 50% owned by her and 50% owned by her spouse, Mr Luo Zhaoming, and in 15,000,000 share options held by Mr Luo Zhaoming.
- (6) A controlled corporation of Mr Luo Zhaoming, details of which are disclosed above.
- (7) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, held deemed interest in a total of 101,400,450(L) Shares and 31,868,575(S) Shares by virtue of its control over certain entities.
- (8) HSBC Trustee (Guernsey) Limited through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited, Target Smart and Enzo, is deemed to be interested in 869,446,387(L) Shares. For the purpose of the SFO, such deemed interest includes the deemed interest in 344,594,594 underlying Share by virtue of certain convertible securities and accordingly, 40.35% does not represent the actual shareholding interest in the issued share capital of the Company.
- (9) Wheelock is deemed to be interested in 869,446,387 Shares for the purpose of the SFO through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited, Target Smart and Enzo. For the purpose of the SFO, such deemed interest includes the deemed interest in 344,594,594 underlying Share by virtue of certain convertible securities and accordingly, 40.35% does not represent the actual shareholding interest in the issued share capital of the Company.

- (10) Wharf is deemed to be interested in 869,446,387 Shares for the purpose of the SFO through its controlled corporations, namely Wharf China Holdings Limited, Target Smart and Enzo. For the purpose of the SFO, such deemed interest includes the deemed interest in 344,594,594 underlying Share by virtue of certain convertible securities and accordingly, 40.35% does not represent the actual shareholding interest in the issued share capital of the Company. As at the Latest Practicable Date, Wharf (through Target Smart) held 524,851,793 Shares, representing 24.32% of the Company's total issued share capital as at the Latest Practicable Date.

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 of the Company 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	Director
	HKOO Foundation	Director
Mr Shou Bainian	Profitwise	Director
Mr Luo Zhaoming	Tandellen	Director
Mr Ng Tin Hoi	Wheelock	Director
	Wharf	Director
Mr Tsui Yiu Cheung	Wheelock	Director
	Wharf	Director

### 3. DIRECTORS' SERVICE CONTRACTS

Each of the non-executive Directors and independent non-executive Directors has been appointed by the Company for a term of three years, and in the case of Mr Ng Tin Hoi and Mr Tsui Yiu Cheung who are non-executive Directors, each of them may terminate the appointment forthwith at any time by giving to the Company a written notice. 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/ proposed 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	The development and sale of the Remaining Non-Inclusion Projects <i>(Note)</i>	Director and substantial shareholder
Mr Shou Bainian	Greentown Holdings Group Limited	The development and sale of the Remaining Non-Inclusion Projects <i>(Note)</i>	Director and substantial shareholder
Mr Ng Tin Hoi	Wheelock Wharf Harbour Centre Development Limited	The development and sale of properties and holding of properties for rental purposes	Director
Mr Tsui Yiu Cheung	Wheelock Wharf Harbour Centre Development Limited	The development and sale of properties and holding of properties for rental purposes	Director

*Note:* The remaining four (the “**Remaining Non-Inclusion Projects**”) out of eight property projects as referred to in the deed of non-competition dated 22 June 2006, details of which are disclosed in the section headed “Business – Non-competition undertaking – Non-inclusion projects” in the prospectus of the Company dated 30 June 2006.

## 5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## 6. EXPERTS

Each of Investec, Zhe Jiang T&C Law Firm and Roma Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/opinion (as the case may be) and reference to its name in the form and context in which it appears.

The qualification of Investec, Zhe Jiang T&C Law Firm and Roma Appraisals Limited which have given their respective opinion or advice (as the case may be) which are contained in this circular are set out below:

<b>Name</b>	<b>Qualification</b>
Investec	Independent financial adviser
Zhe Jiang T&C Law Firm	PRC legal adviser
Roma Appraisals Limited	Property valuer

As at the Latest Practicable Date, the aforesaid 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 2012 (the date to which the latest audited consolidated financial statements of the Company was made up), 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 the announcement of the Company dated 20 January 2012 in relation to, among other things, the lease of certain properties by Greentown Holdings Group to the Company constituting continuing connected transaction of the Company under 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 had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date.

- (b) Save as disclosed in the announcement of the Company dated 20 January 2012 as described 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 M&C Corporate Services Limited, PO Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is at Room 1406–1408, New World Tower 1, 16–18 Queen’s Road Central, Hong Kong.
- (f) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (g) The principal share registrar of the Company is Butterfield Fulcrum Group (Cayman) Limited (formerly known as Butterfield Fund Services (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, New World Tower 1, 16–18 Queen’s Road Central, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including the date of the EGM:

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



**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 28 February 2014 at Hangzhou Rose Garden Resort & Spa, 128 Zhijiang 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 ordinary resolutions of the Company:

**ORDINARY RESOLUTION**

1. “**THAT**

- (a) the Framework Agreement (as defined in the Company’s circular dated 13 February 2014 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**  
**Song Weiping**  
*Chairman*

Hangzhou, the PRC  
13 February 2014

\* *For identification purposes only*

## NOTICE OF THE EGM

*Principal place of business in Hong Kong:*

Room 1406–1408

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, all votes of members at general meetings must be taken by poll.
- (2) A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (3) Completion and delivery of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM if the member of the Company so desires, 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 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 of that power of attorney or other authority, must be lodged with 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 meeting or any adjournment thereof.
- (6) The register of members of the Company will be closed from 26 February 2014 to 28 February 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, all transfers of shares, accompanied by the relevant share certificates and appropriate transfer forms, 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 Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 25 February 2014.

*As at the date of this notice, the board of directors of the Company comprises five executive directors, namely Mr Song Weiping, Mr Shou Bainian, Mr Luo Zhaoming, Mr Guo Jiafeng and Mr Cao Zhounan, two non-executive directors, namely Mr Ng Tin Hoi, Stephen and Mr Tsui Yiu Cheung, and six independent non-executive directors, namely Mr Jia Shenghua, Mr Jiang Wei, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, Mr Tang Shiding and Mr Hui Wan Fai.*