
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 consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Greentown China Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of 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: 3900)

SHARE AND CONNECTED TRANSACTIONS

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

Hercules

Hercules Capital Limited

A letter from the Board is set out on pages 6 to 16 of this circular and a letter from the Independent Board Committee is set out on pages 17 to 18 of this circular. A letter from Hercules Capital, the Independent Financial Adviser to the Independent Board Committee and the Shareholders, containing its advice to the Independent Board Committee and the Shareholders in relation to the Acquisition is set out on pages 19 to 36 of this circular.

* *For identification purposes only*

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	6
Letter from the Independent Board Committee	17
Letter from the Independent Financial Adviser	19
Appendix I – Valuation Report on the Project	37
Appendix II – General Information	46

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital in Grandlink from Jamuta by Richwise under the Agreement (including the allotment and issue of the Consideration Shares)
“Agreement”	the agreement dated 16 December 2009 entered into between Richwise, Jamuta, the Company and Mr Guo in respect of the Acquisition
“Announcement”	the announcement of the Company dated 16 December 2009 in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Greentown China Holdings Limited (綠城中國控股有限公司*), a company incorporated in the Cayman Islands on 31 August 2005 with limited liability, the Shares of which are listed on the Stock Exchange
“Completion Date”	the first working day after the date on which all the conditions precedent of the Agreement are fulfilled
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB250.0 million (equivalent to HK\$285.0 million)
“Consideration Shares”	13,010,000 new Shares to be allotted and issued by the Company to satisfy a portion of the Consideration under the Agreement
“Directors”	the directors of the Company
“Encumbrances”	encumbrances, including but not limited to mortgage, pledge or other form of security, dispute, forfeiture, seizure or any other third party rights

DEFINITIONS

“General Mandate”	a general mandate granted to the Directors at an annual general meeting of the Company dated 17 June 2009 to allot and issue up to 307,472,321 Shares
“Grandlink”	Grandlink Development Limited 創興發展有限公司, a limited liability company which was incorporated in Hong Kong on 16 September 2009 and is a direct wholly-owned subsidiary of Jamuta as at the Latest Practicable Date
“Greentown Real Estate”	綠城房地產集團有限公司 (Greentown Real Estate Group Co., Ltd.*), a wholly foreign-owned enterprise which was incorporated in the PRC on 6 January 1995 and is an indirect wholly-owned subsidiary the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely, Mr Jia Shenghua, Mr Jiang Wei, Mr Sze Tsai Ping, Michael, Mr Tsui Yiu Wa, Alec, Mr Tang Shiding and Mr Ke Huanzhang to advise the Shareholders in respect of the Acquisition
“Independent Financial Adviser” or “Hercules Capital”	Hercules Capital Limited, licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, not connected with any of the directors, chief executive and substantial shareholders of the Company, its subsidiaries and their respective associates, and the independent financial adviser appointed to advise the Independent Board Committee and the Shareholders in relation to the Acquisition
“Independent Property Valuer” or “DTZ”	DTZ Debenham Tie Leung Limited, an independent property valuer, which is not connected with any of the directors, chief executive and substantial shareholders of the Company, its subsidiaries and their respective associates

DEFINITIONS

“Issue Price”	the issue price of HK\$13.09 per Consideration Share
“Jamuta”	Jamuta Investments Limited, a limited liability company which was incorporated in the British Virgin Islands on 26 April 2007 and is wholly-owned by Mr Guo
“Latest Practicable Date”	4 January 2010, being the last practicable date before the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the amount of RMB4.0 million (equivalent to approximately HK\$4.6 million) to satisfy a portion of the Consideration under the Agreement
“Long Stop Date”	31 January 2010 or such other date as the parties to the Agreement may agree
“Mr Guo”	Mr Guo Jiafeng, an executive Director
“Note Holders”	the holders of the US\$400,000,000 9.00% Senior Notes due 2013, 90.3% of these notes was repurchased by the Company in May 2009. Please refer to the announcements of the Company dated 21 April 2009 and 20 May 2009 for further information regarding the repurchases
“Option Holders”	the holders of the share options granted by the Company pursuant to the share option scheme adopted by a resolution of the Shareholders on 22 June 2006
“Other Investors”	杭州美好房地產開發有限公司 (Hangzhou Mei Hao Real Estate Development Co., Ltd.*) and 杭州昊天投資管理有限公司 (Hangzhou Hao Tian Investment Management Co., Ltd.*), each being an independent third party to the Company under the Listing Rules and holds 18% of the equity interest in Yuhang Greentown

DEFINITIONS

“Project”	杭州桃花園生態居住區南區項目 (Hangzhou Taohuayuan South*), a residential and ancillary property development project located at 浙江省杭州市余杭區中泰鄉桃源社區原百畝地村 (Yuan Bai Mu Di Village, Tao Yuan Community, Zhong Tai Xiang, Yuhang District, Hangzhou City, Zhejiang Province*) with a total site area approximately 937,118 square metres according to the Certificates for the Use of State-owned Land (國有土地使用證), wholly-owned by Yuhang Greentown
“Richwise”	Richwise Holdings Limited, a limited liability company which was incorporated in the British Virgin Islands on 16 November 2004 and is a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one share of HK\$1.00 in the issued share capital of Grandlink, representing the entire issued share capital of Grandlink
“Separate Agreement”	an agreement entered into between Mr Guo and Zhoushan Yihua on 21 December 2009, whereby Zhoushan Yihua agreed to buy, and Mr Guo agreed to sell, the entire equity interest in Zhoushan Xianghe at a consideration of RMB4.0 million (equivalent to approximately HK\$4.6 million)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Grandlink, Zhoushan Yihua, Zhoushan Xianghe and Yuhang Greentown
“US\$”	United States dollars, the lawful currency of the United States of America

DEFINITIONS

“Yuhang Greentown”	杭州余杭綠城房地產開發有限公司 (Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.*), a limited liability company which was incorporated in the PRC on 12 November 1999, and as at the Latest Practicable Date 13% owned by Zhoushan Xianghe, 51% by Greentown Real Estate and 36% by Other Investors
“Zhoushan Xianghe”	舟山祥和設計諮詢有限公司 (Zhoushan Xianghe Design Consultancy Co., Ltd.*), a limited liability company which was incorporated in the PRC on 6 November 2009
“Zhoushan Yihua”	舟山易華設計諮詢有限公司 (Zhoushan Yihua Design Consultancy Co., Ltd.*), a wholly foreign-owned enterprise which was incorporated in the PRC on 18 November 2009
“%”	per cent.

Note: For the purpose of this circular, the exchange rate of RMB1 = HK\$1.14 has been used for currency translation, where applicable. Such an exchange rate is for illustration purposes and does not constitute representation that any amount in RMB or HK\$ have been or may be converted in such rates.

* *For identification purposes only*

LETTER FROM THE BOARD



GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3900)

Executive Directors:

Mr Song Weiping (*Chairman*)
Mr Shou Bainian (*Executive Vice-Chairman*)
Mr Luo Zhaoming (*Vice-Chairman*)
Mr Chen Shunhua
Mr Guo Jiafeng

Registered office:

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

Independent non-executive Directors:

Mr Jia Shenghua
Mr Jiang Wei
Mr Sze Tsai Ping, Michael
Mr Tsui Yiu Wa, Alec
Mr Tang Shiding
Mr Ke Huanzhang

Principle place of business in Hong Kong:

Room 1406-8, 14th Floor
New World Tower 1
16-18 Queen's Road Central
Hong Kong

6 January 2010

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

Dear Sir or Madam,

SHARE AND CONNECTED TRANSACTIONS

INTRODUCTION

The Board announced that on 16 December 2009 the Company, Richwise, Jamuta and Mr Guo entered into the Agreement, pursuant to which, among other things, Richwise agreed to buy, and Jamuta agreed to sell, the entire issued share capital of Grandlink at the Consideration.

The Consideration will be satisfied by way of (i) the Loan in the amount of RMB4.0 million (equivalent to HK\$4.6 million) procured by Richwise for Zhoushan Yihua for the purpose of financing the consideration under the Separate Agreement, (ii) RMB96.0 million (equivalent to approximately HK\$109.4 million) in cash and (iii) RMB150.0 million (equivalent to HK\$171.0 million) by the allotment and issue of the Consideration Shares to

* *For identification purposes only*

LETTER FROM THE BOARD

Jamuta (or its nominee(s)) at the Issue Price. The Consideration Shares represent approximately 0.793% of the existing issued share capital of the Company and approximately 0.787% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Independent Board Committee has been established to advise the Shareholders in relation to the Acquisition. Hercules Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in relation to the Acquisition.

The purpose of this circular is to provide, among other things, (i) further details about the Acquisition; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders in relation to the Acquisition; and (iii) the recommendation of the Independent Board Committee to the Shareholders in relation to the Acquisition.

THE AGREEMENT

Date

16 December 2009

Parties

- (1) the Company
- (2) Richwise as the buyer
- (3) Jamuta as the seller
- (4) Mr Guo as the seller's guarantor

Assets to be acquired

Pursuant to the Agreement, among other things, Richwise agreed to buy, and Jamuta agreed to sell, the entire issued share capital in Grandlink. Upon the completion of the Acquisition, Richwise will wholly own Grandlink, which, in turn, owns indirectly 13% of the equity interest in Yuhang Greentown, which wholly owns the Project.

Consideration

The Consideration shall be RMB250.0 million (equivalent to HK\$285 million) which is to be satisfied by way of (i) the Loan in the amount of RMB4.0 million (equivalent to HK\$4.6 million) procured by Richwise for Zhoushan Yihua for the purpose of financing the consideration under the Separate Agreement, (ii) RMB96.0 million (equivalent to approximately HK\$109.4 million) in cash and (iii) RMB150.0 million (equivalent to HK\$171.0 million) by the allotment and issue of the Consideration Shares to Jamuta (or its nominee(s)) at the Issue Price.

LETTER FROM THE BOARD

The Consideration was determined after arm's length negotiations between the parties to the Agreement with reference to, among other things, the net asset value of Yuhang Greentown according to its audited financial statements as at 31 October 2009 of approximately RMB603.3 million (equivalent to approximately HK\$687.8 million) and the valuation of the Project for approximately RMB2,610.0 million (equivalent to approximately HK\$2,975.4 million) as at 31 October 2009 as appraised by the Independent Property Valuer on an open market basis.

Loan

Richwise has procured Greentown Real Estate to grant the Loan in the amount of RMB4.0 million (equivalent to approximately HK\$4.6 million) to Zhoushan Yihua for the purpose the acquisition of the entire equity interest in Zhoushan Xianghe from Mr Guo under the Separate Agreement.

Upon the completion of the Acquisition, the Loan shall be repayable on demand and free of interest with effect from the date on which the Loan was drawn down by Zhoushan Yihua. If the Acquisition does not complete on or before the Long Stop Date, Zhoushan Yihua shall, within 10 working days from the Long Stop Date, repay the Loan to Greentown Real Estate with interest calculating at an annual interest rate of 10% from the date of the drawdown.

Consideration Shares

The Issue Price of the Consideration Shares was determined after arm's length negotiations between the parties to the Agreement with reference to the average closing price per Share quoted on the Stock Exchange for the last 20 consecutive trading days up to and including 15 December 2009.

The Consideration Shares represent (i) approximately 0.793% of the existing issued share capital of the Company; and (ii) approximately 0.787% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in its issued share capital from the Latest Practicable Date to the Completion Date save for the allotment and issue of the Consideration Shares).

The Consideration Shares shall be allotted and issued as fully paid and shall rank pari passu in all respects with the Shares then in issue. An application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price represents:

- (i) a premium of approximately 1.79% over the closing price of HK\$12.86 per Share as quoted on the Stock Exchange on the date of the Announcement;
- (ii) a discount of approximately 6.97% to the average closing price per Share of approximately HK\$14.07 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Announcement;

LETTER FROM THE BOARD

- (iii) a discount of approximately 7.16% to the average closing price per Share of approximately HK\$14.10 as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the date of the Announcement; and
- (iv) a premium of approximately 109.1% over the unaudited consolidated net asset value of the Company per Share of approximately HK\$6.26 as at 30 June 2009.

Upon the completion of the Acquisition, the Consideration Shares will be allotted and issued to Jamuta (or its nominee(s)) pursuant to the General Mandate.

The Consideration Shares are not subject to any lock-up arrangement under the Agreement.

Further liabilities

After the completion of the Acquisition, Grandlink shall be responsible for the payment of the unpaid registered capital in Zhoushan Yihua in the amount of RMB4.2 million (equivalent to approximately HK\$4.8 million) and is due to be paid not later than 17 February 2010.

Guarantee

Mr Guo has unconditionally and irrevocably agreed to guarantee the due performance of Jamuta's obligations under the Agreement.

Conditions Precedent

The completion of the Acquisition is conditional upon the fulfilment of the following conditions:

- (a) Jamuta has complete title to the entire issued share capital in Grandlink free from any Encumbrances;
- (b) Grandlink has complete title to the entire equity interest in Zhoushan Yihua free from any Encumbrances;
- (c) Zhoushan Yihua has effected the acquisition of, and has complete title to, the entire equity interest in Zhoushan Xianghe free from any Encumbrances;
- (d) Zhoushan Xianghe has complete title to 13% of the equity interest in Yuhang Greentown free from any Encumbrances;
- (e) Yuhang Greentown has complete title in the Project free from any Encumbrances;

LETTER FROM THE BOARD

- (f) there is no order or judgment of any governmental or regulatory authority, court, judicial department or organisation of similar nature, which would cause the Agreement and the Acquisition invalid, unenforceable, illegal or prohibited or would result in the parties to the Agreement being imposed or bearing additional conditions or obligations;
- (g) the transfer of the Sale Share under the Agreement, and the respective changes in shareholders, directors and legal representatives of the members of the Target Group, having been approved and consented by the relevant government or regulatory bodies and third parties;
- (h) the Company has notified the Stock Exchange in respect of the Acquisition in accordance with the Listing Rules and has published announcement(s) and circular(s) (if applicable) upon obtaining approval from the Stock Exchange;
- (i) the Company has obtained approvals from the independent non-executive Directors and independent Shareholders (if applicable) in respect of the Acquisition;
- (j) each of Grandlink, Zhoushan Yihua and Zhoushan Xianghe is legally and validly established and existed, and does not have any liabilities as at the date of the Agreement;
- (k) the Company has obtained the relevant approval and mandate, in accordance with the Listing Rules and the articles of association of the Company, to allot and issue the Consideration Shares; and
- (l) the Listing Committee of the Stock Exchange has approved the listing of, and permission to deal in, the Consideration Shares (and such approval is not revoked following the date of the Agreement).

The Agreement shall terminate automatically if any of the conditions precedent is not satisfied before the Long Stop Date.

Completion

The completion of the Acquisition is expected to take place on the Completion Date.

REASONS FOR THE ACQUISITION

The Company has already held indirectly 51% of the equity interest in Yuhang Greentown. After the Acquisition, the Company shall increase its equity interest in Yuhang Greentown from 51% to 64%. This allows the Company to further participate in villa project development in Hangzhou, the PRC, which the Directors consider to be of continued growth potential in the future in light of the limited supply of land, and strong demand, for villa project development. The Directors are optimistic about the prospect of the property market in Hangzhou, the PRC.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the opinion that the Consideration is arrived at, and the terms of the Agreement are, on normal commercial terms and after arm's length negotiations between the parties, and they are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The completion of the Acquisition will not have any material changes to the assets and liabilities of the Group.

INFORMATION ABOUT THE GROUP AND JAMUTA

The Group is one of the leading residential property developers in the PRC and is principally engaged in developing quality residential properties targeting at middle to higher income residents in the PRC. Jamuta is an investment holding company and has no material assets or liabilities other than its holding of 13% of the equity interest in Yuhang Greentown (through Grandlink, Zhoushan Yihua and Zhoushan Xianghe before the completion of the Acquisition).

INFORMATION ON THE TARGET GROUP

Grandlink is a company incorporated in Hong Kong on 16 September 2009. As at the Latest Practicable Date, Mr Guo wholly owns Jamuta, which wholly owns Grandlink, which, in turn, wholly owns Zhoushan Yihua. On 16 November 2009, Mr Guo, through Zhoushan Xianghe, acquired 13% of the equity interest in Yuhang Greentown at a consideration of RMB3.9 million (equivalent to approximately HK\$4.4 million). On 21 December 2009, Zhoushan Yihua Zhoushan Xianghe entered into the Separate Agreement pursuant to which Zhoushan Yihua acquired the entire equity interest in Zhoushan Xianghe from Mr Guo. As at the Latest Practicable Date, Grandlink owns indirectly (through Zhoushan Yihua and Zhoushan Xianghe) 13% of the equity interest in Yuhang Greentown (with the remaining 51% and 36% equity interest in Yuhang Greentown being owned by Greentown Real Estate and Other Investors, respectively).

Each of Grandlink, Zhoushan Yihua and Zhoushan Xianghe is principally engaged in investment holding and has no material assets or liabilities other than its holding of 13% of the equity interest in Yuhang Greentown, respectively.

Yuhang Greentown is principally engaged in the business of real estate investment and development, and sale of commodity properties. Yuhang Greentown, which wholly owns the Project but not any other material assets, is currently a subsidiary of the Company and will remain as a subsidiary of the Company after the completion of the Acquisition.

LETTER FROM THE BOARD

The Project is a residential and ancillary property development project located at 浙江省杭州市余杭區中泰鄉桃源社區原百畝地村 (Yuan Bai Mu Di Village, Tao Yuan Community, Zhong Tai Xiang, Yuhang District, Hangzhou City, Zhejiang Province*) with a total site area of approximately 937,118 square metres according to the Certificates for the Use of State-owned Land (國有土地使用證). The total site area as shown on the Grant Contracts of Land Use Rights (土地出讓合同) in relation to the Project may be different from the Certificates for the Use of State-owned Land since they were issued by different government authorities. In the case of any inconsistency between the total site areas as calculated according to the Grant Contracts of Land Use Rights and the Certificates for the Use of State-owned Land, the latter shall prevail.

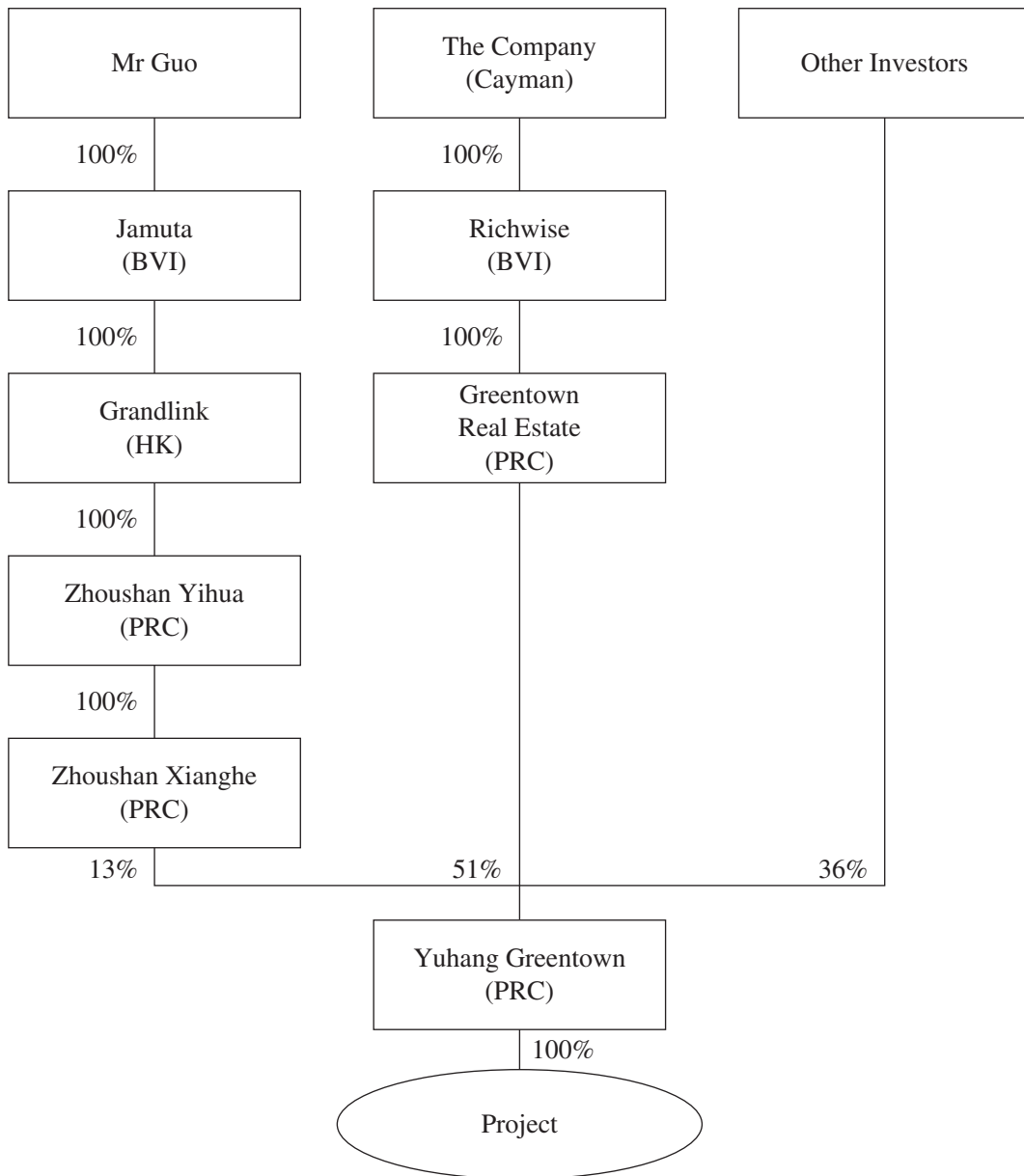
The following table sets out certain audited financial information of Yuhang Greentown prepared in accordance with the PRC generally accepted accounting policies applicable to companies established in the PRC:

	As at 31 December 2007 (audited)		As at 31 December 2008 (audited)		As at 31 October 2009 (audited)	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
Total assets	1,323.9	1,509.3	1,790.6	2,041.3	1,978.9	2,256.0
Total liabilities	1,173.5	1,337.8	1,656.6	1,888.5	1,375.6	1,568.2
Net assets	150.4	171.5	134.0	152.8	603.3	687.8
	For the financial year ended 31 December 2007 (audited)		For the financial year ended 31 December 2008 (audited)		For the 10-month period ended 31 October 2009 (audited)	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
Revenue	668.5	762.1	48.5	55.3	1,376.8	1,569.6
Net profit/(loss) before tax	218.5	249.1	(14.5)	(16.5)	621.8	708.9
Net profit/(loss) after tax	147.8	168.5	(16.4)	(18.7)	469.3	535.0

LETTER FROM THE BOARD

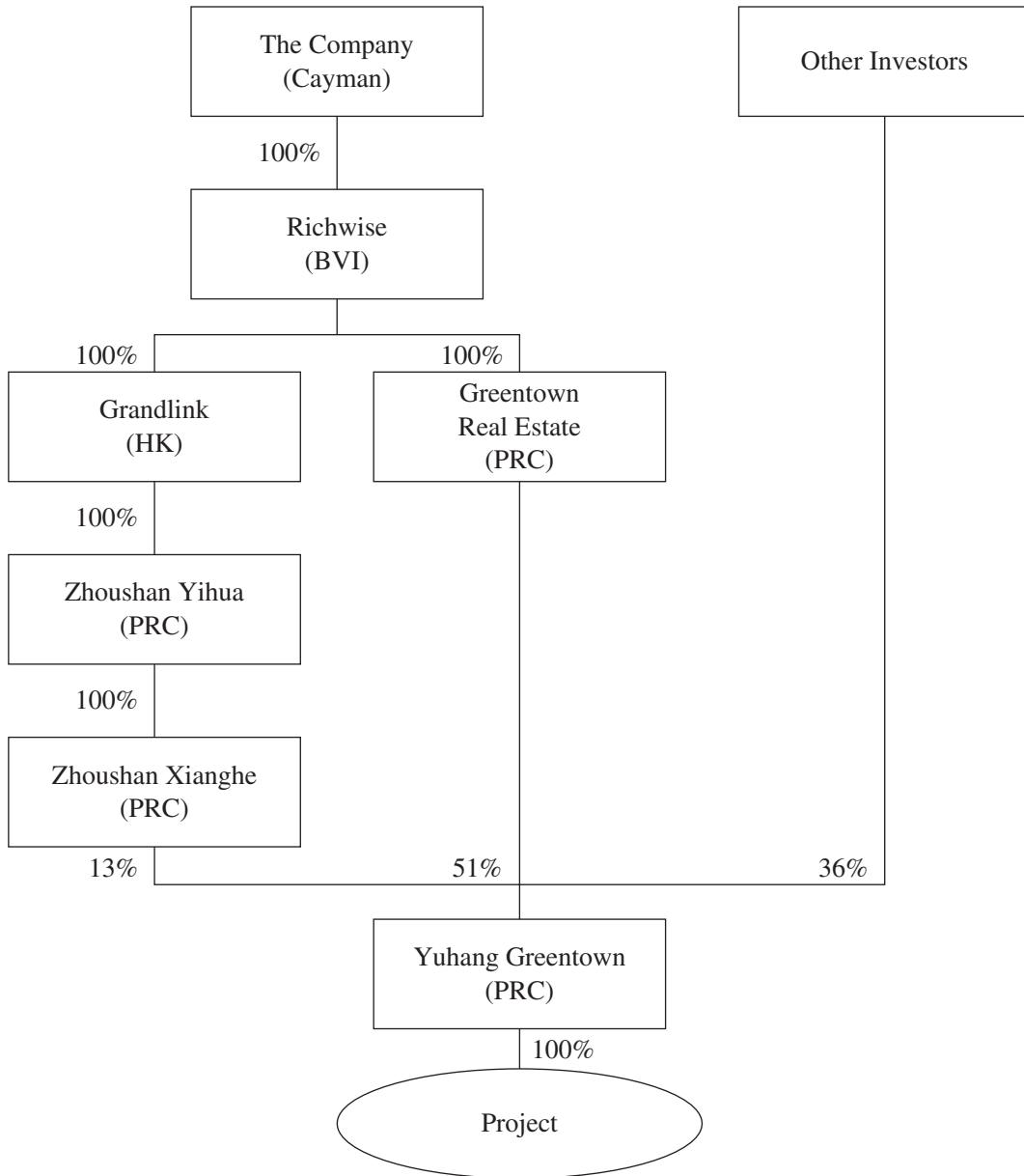
The following diagrams illustrate the shareholding structures of the Target Group (i) as at the Latest Practicable Date and (ii) immediately after the completion of the Acquisition.

As at the Latest Practicable Date



LETTER FROM THE BOARD

Immediately after the completion of the Acquisition



LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below summarises the shareholding structure of the Company (based on the best knowledge of the Directors) as at the Latest Practicable Date and immediately after the completion of the Acquisition (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to the Completion Date save for the allotment and issue of the Consideration Shares).

Shareholder	As at the Latest Practicable Date		Immediately after the completion of the Acquisition	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr Song Weiping and his associates	560,983,000	34.2%	560,983,000	33.9%
Mr Shou Bainian and his associates	384,490,500	23.4%	384,490,500	23.3%
Tandellen Group Limited	100,000,000	6.1%	100,000,000	6.0%
Jamuta	–	–	13,010,000	0.8%
Public Shareholders	594,669,607	36.3%	594,669,607	36.0%
Total	<u>1,640,143,107</u>	<u>100.0%</u>	<u>1,653,153,107</u>	<u>100.0%</u>

IMPLICATIONS UNDER THE LISTING RULES

Mr Guo is an executive Director and hence a connected person of the Company under the Listing Rules. Jamuta, being wholly-owned by Mr Guo, is regarded as an associate of Mr Guo. The Acquisition, being a transaction between the Company and Jamuta, constitutes a connected transaction of the Company under the Listing Rules. Since the highest of all applicable percentage ratios (other than the profit ratio) of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules are above 0.1% but below 2.5%, the Acquisition is subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules. However, since the exemption under Rule 14A.32 does not apply to the issue of new securities by a listed issuer to a connected person, the Acquisition is subject to the independent shareholders' approval requirements under Rule 14A.52. The Acquisition, which involves issuance of new Shares to Jamuta and with all applicable percentage ratios being less than 5%, also constitutes a share transaction of the Company under the Listing Rules.

Pursuant to Rule 14A.43 of the Listing Rules, the Company has obtained from the Stock Exchange a waiver from the requirement to hold a shareholders' meeting and permission for the shareholders' approval of the Acquisition to be given in writing on the basis that (i) no shareholders of the Company is required to abstain from voting if the Company were to

LETTER FROM THE BOARD

convene a shareholders' meeting to approve the Acquisition and (ii) a written independent shareholders' approval has been obtained from Delta House Limited, Wisearn Limited and Profitwise Limited, who collectively hold approximately 54.6% of the Company issued share capital giving the right to attend and vote at the shareholders' meeting, to approve the Acquisition. Such a written approval from the independent Shareholders has been obtained.

The Independent Board Committee has been established to advise the Shareholders in relation to the Acquisition. Hercules Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in relation to the Acquisition.

GENERAL

As the completion of the Acquisition is subject to the fulfilment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 17 to 18 of this circular which contains its recommendation to the Shareholders in relation to the Acquisition. Your attention is also drawn to the letter of advice from Hercules Capital set out on pages 19 to 36 of this circular which contains its advice to the Independent Board Committee and the Shareholders in relation to the Acquisition and the principal factors and reasons considered by it in formulating its advice.

The Independent Board Committee, after taking into account the advice of Independent Financial Adviser, is of the opinion that the Acquisition is on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable so far as the Company and the Shareholders as a whole are concerned and in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

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

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: 3900)

6 January 2010

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

Dear Sir or Madam,

SHARE AND CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 6 January 2010 (the “**Circular**”), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will 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 Shareholders on whether the Acquisition is 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 Hercules Capital, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Shareholders in relation to the Acquisition, as set out on pages 19 to 36 of the Circular and the letter from the Board set out on pages 6 to 16 of the Circular.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and reasons considered by, and the opinion of, Hercules Capital as stated in its letter of advice, we consider that the Acquisition is on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable so far as the Company and the Shareholders as a whole are concerned and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,

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

Mr Jia Shenghua

Mr Jiang Wei

Mr Sze Tsai Ping, Michael

Mr Tsui Yiu Wa, Alec

Mr Tang Shiding

Mr Ke Huanzhang

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Hercules Capital, the Independent Financial Adviser to the Independent Board Committee and Shareholders, in respect of the Acquisition, which has been prepared for the purpose of incorporation in this circular.

Hercules **Hercules Capital Limited**

1503 Ruttonjee House
11 Duddell Street
Central
Hong Kong

6 January 2010

*To the Independent Board Committee
and the Shareholders*

Dear Sirs,

SHARE AND CONNECTED TRANSACTIONS

1. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Shareholders with respect to the terms of the Acquisition, details of which are set out in the letter from the Board contained in the circular dated 6 January 2010 to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 16 December 2009, the Company, Richwise, Jamuta and Mr. Guo entered into the Agreement, pursuant to which, among other things, Richwise, a wholly-owned subsidiary of the Company, agreed to buy, and Jamuta agreed to sell, the entire issued share capital of Grandlink at the Consideration of RMB 250.0 million (equivalent to approximately HK\$285.0 million).

Jamuta is wholly-owned by Mr. Guo, who is an executive Director. Accordingly, Jamuta is regarded as a connected person of the Company under the Listing Rules and thus the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the relevant percentage ratios defined in Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 0.1% but less than 2.5%, the Acquisition is subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules. However, since the exemption under Rule 14A.32 of the Listing Rules does not apply to the issue of new securities by a listed issuer to a connected person, the Acquisition is also subject to the independent shareholders’ approval requirement under Rule 14A.52 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, none of Mr. Guo and his associates held any Share and no other Shareholders are required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. A written approval of the Acquisition has been obtained from Delta House Limited, Wisearn Limited and Profitwise Limited, who collectively held approximately 54.6% of the issued share capital of the Company as at the Latest Practicable Date, pursuant to Rule 14A.43 of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Jia Shenghua, Mr. Jiang Wei, Mr. Sze Tsai Ping, Michael, Mr. Tsui Yiu Wa, Alec, Mr. Tang Shiding and Mr. Ke Huanzhang, has been established to advise the Shareholders in relation to the Acquisition. We, Hercules Capital Limited, have been appointed to advise the Independent Board Committee and the Shareholders in connection with the Acquisition, in particular as to whether the terms of the Agreement are fair and reasonable and on normal commercial terms so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

2. BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, inter alia, the Circular, the Agreement and other relevant information provided to us by the Company. We have assumed that such information and any representation made to us are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion. We have also assumed that all information, opinions and representations contained or referred to in the Circular are true, accurate and complete in all material respects as at the date of the Circular and that they may be relied upon in formulating our opinion. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information 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 also consider that we have taken all reasonable steps as required under Rule 13.80 of the Listing Rules to ascertain the reliability of the information provided to us and to form our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Company. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

3. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Acquisition, we have considered the following principal factors and reasons:

3.1 Background and Reasons for the Acquisition

The Group is one of the leading residential property developers in the PRC and is principally engaged in developing quality residential properties targeting at middle to higher income residents in the PRC. According to the Company's Interim Report made up to 30 June 2009 (the "2009 Interim Report"), as at 31 August 2009, the Group had a land bank comprising over 19 million square metres of saleable gross floor area and property held-for-operation area and had interest in over 70 property projects in the PRC, some of which are wholly-owned by the Group while the others, including, among others, the Project, are co-invested by the Group and other co-investors or joint venture partners. Approximately 69% of the lands owned by the Group are located in Zhejiang and Jiangsu Provinces of the PRC.

Yuhang Greentown is principally engaged in the business of real estate investment and development, and sale of commodity properties. Yuhang Greentown wholly owns the Project, which is a residential and ancillary property development project located at Yuhang District of Hangzhou City, Zhejiang Province, the PRC with a total site area of approximately 937,118 square metres. According to the management of the Company, high-rise residential apartments, villas and a hotel with above-ground gross floor area of approximately 234,351 square metres will be built on the site. As at 31 October 2009, properties of about 25,796 square metres saleable gross floor area have been sold but not delivered yet. The Directors expect that the Project will be completed in whole by the end of 2011.

Immediately before the entering into of the Agreement, Yuhang Greentown was beneficially owned as to 51% by the Group, 13% by Mr. Guo and 36% by Other Investors. On 16 November 2009, Mr. Guo transferred his holding of 13% equity interest in Yuhang Greentown to Zhoushan Xianghe, a company wholly-owned by Mr. Guo. Subsequently, on 21 December 2009, Mr. Guo transferred his equity interest in Zhoushan Xianghe to Zhoushan Yihua, which is a wholly-owned subsidiary of Grandlink, by entering into the Separate Agreement.

In light of the limited supply of land, and strong demand for, villa project development in the PRC, the Directors are optimistic about the prospect of the property market in Hangzhou, the PRC and the future development of Yuhang Greentown. The Directors consider that the Acquisition shall increase its equity interest in Yuhang Greentown from 51% to 64%, which allows the Company to further participate in villa project development in Hangzhou, the PRC.

According to the management of the Company, it has been the long term strategy of the Group to streamline the operations of those property projects co-invested by the Group with co-investors or joint venture partners by re-aligning shareholding interests in those projects. The 2009 Interim Report also stated that the Group's land bank expansion will focus mainly in Zhejiang, Yangtze River Delta Region and Bohai Rim Region. Given that (i) the Acquisition shall enable the Group to further secure its influence and control over Yuhang Greentown and facilitate an efficient and effective management of the Project; and (ii) the Acquisition shall increase the land bank attributable to the Group in the area focused by the Group for its future development, we concur with the view of the management of the Company that the Acquisition is in line with the Group's business strategy and in the interest of the Company and the Shareholders as a whole.

3.2 Information on Grandlink and Yuhang Greentown

As disclosed in the letter from the Board contained in the Circular, Grandlink was incorporated in Hong Kong on 16 September 2009 and is wholly-owned by Jamuta. As at the Latest Practicable Date, Grandlink owned 13% equity interest in Yuhang Greentown through its wholly-owned subsidiaries, namely Zhoushan Yihua and Zhoushan Xianghe, which are investment companies having no material assets or liabilities other than the 13% equity interest in Yuhang Greentown.

Yuhang Greentown is principally engaged in the business of real estate investment and development, and sale of commodity properties. The major asset of Yuhang Greentown is the Project, which is a residential and ancillary property development project located at Yuan Bai Mu Di Village, Tao Yuan Community, Zhong Tai Xiang, Yuhang District, Hangzhou City, Zhejiang Province, the PRC with a total site area of approximately 937,118 square metres. According to the development scheme advised by the management of the Company, the Project will be developed by 7 phases scheduled for completion between December 2008 and December 2011. Residential villas with total gross floor area of approximately 201,432 square metres, high-rise apartments with total gross floor area of approximately 16,185 square metres and a hotel with total gross floor area of approximately 10,000 square metres will be developed in the site. As at 31 October 2009, properties of about 25,796 square metres saleable gross floor area have been sold but not delivered yet.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Yuhang Greentown was owned as to 51% by the Group, 13% by Zhoushan Xianghe and 36% by Other Investors. The audited financial information of Yuhang Greentown, which has been prepared in accordance with the PRC Generally Accepted Accounting Principles, for the two years ended 31 December 2008 and ten months ended 31 October 2009 is summarized as follows:

Table 1: Financial summary of Yuhang Greentown

	For the year ended		For the year ended		For the ten months	
	31 December 2007		31 December 2008		ended 31 October 2009	
	<i>(RMB million)</i>	<i>(HK\$ million)</i>	<i>(RMB million)</i>	<i>(HK\$ million)</i>	<i>(RMB million)</i>	<i>(HK\$ million)</i>
Revenue	<u>668.5</u>	<u>762.1</u>	<u>48.5</u>	<u>55.3</u>	<u>1,376.8</u>	<u>1,569.6</u>
Profit/(loss) before taxation	<u>218.5</u>	<u>249.1</u>	<u>(14.5)</u>	<u>(16.5)</u>	<u>621.8</u>	<u>708.9</u>
Profit/(loss) after taxation	<u>147.8</u>	<u>168.5</u>	<u>(16.4)</u>	<u>(18.7)</u>	<u>469.3</u>	<u>535.0</u>
	As at		As at		As at	
	31 December 2007		31 December 2008		31 October 2009	
	<i>(RMB million)</i>	<i>(HK\$ million)</i>	<i>(RMB million)</i>	<i>(HK\$ million)</i>	<i>(RMB million)</i>	<i>(HK\$ million)</i>
Total assets	<u>1,323.9</u>	<u>1,509.3</u>	<u>1,790.6</u>	<u>2,041.3</u>	<u>1,978.9</u>	<u>2,256.0</u>
Total liabilities	<u>1,173.5</u>	<u>1,337.8</u>	<u>1,656.6</u>	<u>1,888.5</u>	<u>1,375.6</u>	<u>1,568.2</u>
Net assets	<u>150.4</u>	<u>171.5</u>	<u>134.0</u>	<u>152.8</u>	<u>603.3</u>	<u>687.8</u>

For the year ended 31 December 2007, Yuhang Greentown completed the first phase of the Project and sold properties of total saleable area of approximately 37,876 square metres. The total revenue for the year ended 31 December 2007 of RMB668.5 million was solely generated from sale of properties. Yuhang Greentown recorded a profit before taxation and a net profit after taxation of approximately RMB218.5 million and RMB147.8 million respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 December 2008, Yuhang Greentown was mainly engaged in the construction work of the 2nd phase of the Project and thus the properties sold during the year and the turnover of Yuhang Greentown decreased substantially to approximately RMB48.5 million, representing a decrease of approximately 93% as compared to the previous corresponding period. As a result, Yuhang Greentown recorded a net loss of approximately RMB16.4 million for the year ended 31 December 2008.

Benefited from the implementation of a stimulus fiscal plan and expansionary monetary policies by the PRC Government and the improved market sentiment of the property market in the PRC, Yuhang Greentown achieved prominent sales performance for the ten months ended 31 October 2009, during which properties of total saleable area of approximately 41,874 square metres were sold by Yuhang Greentown, which contributed turnover of more than RMB1,376 million to Yuhang Greentown. After deducting the costs of sales and administrative expenses, Yuhang Greentown recorded a profit before taxation and a net profit after taxation of approximately RMB621.8 million (equivalent to approximately HK\$708.9 million) and RMB469.3 million (equivalent to approximately HK\$535.0 million) respectively for the ten months ended 31 October 2009.

As at 31 October 2009, Yuhang Greentown had total assets of approximately RMB1,979 million, which mainly consisted of other receivables of approximately RMB1,338 million, inventories of approximately RMB562 million and cash and bank balances of approximately RMB54 million. As at 31 October 2009, the total liabilities of Yuhang Greentown amounted to approximately RMB1,376 million, of which approximately RMB760 million was long-term borrowings, approximately RMB382 million was receipt in advance and RMB122 million was tax payable. The net asset value of Yuhang Greentown as at 31 October 2009 amounted to approximately RMB603 million.

Pursuant to the valuation report dated 16 December 2009 (the “Valuation Report”) prepared by DTZ, an independent professional valuer, the total value of the properties of the Project amounted to RMB2,610 million as at 31 October 2009. We have reviewed the Valuation Report and noted that the Independent Property Valuer has adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and has also taken into account the expended construction costs and the costs that would be expended to complete the development to reflect the quality of the completed development. We were also advised by the Independent Property Valuer that such approach is a generally accepted valuation approach in determining the value of a development site and it is in compliance with the standards and guidelines set out in Valuation Standards (First Edition 2005) on Valuation of Properties published by The Hong Kong Institute of Surveyors. Given the valuation methodology applied by the Independent Property Valuer is normal and usual among professional property valuers and in compliance with the standards published by The Hong Kong Institute of Surveyors, we consider that the methodology adopted in their valuation is appropriate and such valuation is a valid and meaningful reference for the value of the Project.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the audited accounts of Yuhang Greentown, the book value of the Project amounted to approximately RMB562 million as at 31 October 2009. Had the hypothetical revaluation surplus on the Project of approximately RMB2,048 million (being the difference between the revalued amount of RMB2,610 million and the book value of the Project of RMB562 million) been taken into account, the adjusted net assets of Yuhang Greentown would be amounted to approximately RMB2,651 million.

3.3 Overview of the property market in Hangzhou, the PRC

Hangzhou, the capital city of Zhejiang Province, is located in the southeast coast of the PRC. It has a total area of 16,596 square kilometres and had a population of 6,776,400 as of December 2008. In 2008, the gross domestic product (GDP) of Hangzhou reached RMB 478.116 billion, representing an increase of 11% over the previous year.

After the introduction of various preferential policies, such as tax breaks for certain housing transactions, the lowering of mortgage rates for first-time home purchasers and encouraging measures for banks to provide mortgages, by the PRC Government in late 2008, the real estate market in Hangzhou rebounded in 2009. According to the information published by Hangzhou Real Estate Information Net, an organization governed by Hangzhou Real Estate Bureau, the total gross floor area of new residential units sold in Hangzhou for the first nine months of 2009 reached approximately 8.6 million square metres, representing a growth of approximately 28% over the previous corresponding period. Although there was a drop of approximately 5% in transaction volume as compared to October 2009, 5,425 new residential units were sold in Hangzhou in November 2009. This represents a substantial growth of 198.1% as compared to the sales volume of November 2008.

Besides the rise in trading volume, Hangzhou also recorded a strong growth in the average transaction price of residential units. The average transaction price of new residential units in Hangzhou in November 2009 was about RMB17,199 per square metre, being approximately 12.5% higher than that of the previous month and approximately 16.3% above the average price of November 2008.

The statistics provided by Hangzhou Real Estate Information Net also showed that transactions with unit price above RMB18,000 per square metre, being the highest price range for analysis purposes, accounted for the largest proportion of the total transaction volume of residential units in Hangzhou in November 2009 among other price ranges, and over 97% of the new residential units sold in November 2009 were in the average transaction price of over RMB10,000 per square metre. Furthermore, the transaction volume of residential units in size over 120 square metres accounted for approximately 31.1% of the total transaction volume in Hangzhou in November 2009. The above statistics reveals that there is a strong demand for medium- to high-end residential units in Hangzhou.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the soaring housing prices, the PRC Government has implemented various measures to maintain order in China's property market and curb speculative purchases of housing. The PRC Government announced in December 2009 that starting from 2010, sales of homes by individuals will be exempt from tax only after at least five years of ownership. Chinese Premier Wen Jiabao also indicated in his interview with Xinhua News Agency in December 2009 that the government would stabilize real estate prices with economic tools of taxes, interest rates and land policies.

Given that the real estate market sentiment has improved notably following the PRC Government's economic stimulus measures and the PRC Government has already taken active measures in improving and controlling the property market, we believe that the property market in the PRC shall be maintained in good order and the prospects of property market in Hangzhou shall remain positive in the foreseeable future as long as the economic growth in China is sustained.

3.4 Consideration of the Acquisition

The Consideration shall be RMB250.0 million (equivalent to HK\$285 million) which is to be satisfied by way of (i) the Loan in the amount of RMB4.0 million (equivalent to HK\$4.6 million) to be procured by Richwise for Zhoushan Yihua for the purpose of financing the consideration under the Separate Agreement; (ii) RMB96.0 million (equivalent to approximately HK\$109.4 million) in cash; and (iii) RMB150.0 million (equivalent to HK\$171.0 million) by the allotment and issue of the Consideration Shares to Jamuta (or its nominee(s)) at the Issue Price.

According to the Directors, the Consideration was determined after arm's length negotiations between the parties to the Agreement with reference to, among other things, the net asset value of Yuhang Greentown according to its audited financial statements as at 31 October 2009 of approximately RMB603.3 million (equivalent to approximately HK\$687.8 million), and the valuation of the Project of approximately RMB2,610.0 million (equivalent to approximately HK\$2,975.4 million) as at 31 October 2009 as appraised by the Independent Property Valuer.

In forming our opinion on the consideration for the Acquisition, we have considered the following comparable approaches, namely price-to-earning approach, dividend approach and net asset approach, which are commonly adopted in evaluation of a company.

Price-to-earning Approach

As Yuhang Greentown recorded a net loss for the year ended 31 December 2008, being the latest financial year of Yuhang Greentown, and Yuhang Greentown is the sole asset owned by Grandlink, we consider that the price-to-earning approach is not applicable for assessing the value of Grandlink.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Dividend Approach

Neither Grandlink nor Yuhang Greentown has declared any dividend to its shareholders for the two years ended 31 December 2008. As such, there is no basis to assess the Consideration based on historical dividend yield of Grandlink or Yuhang, and the dividend approach would not be applicable.

Net Asset Approach

The adjusted net assets of Yuhang Greentown as at 31 October 2009 amounted to approximately RMB\$2,651 million (equivalent to approximately HK\$3,022 million). Accordingly, the adjusted net asset value of Yuhang Greentown attributable to Grandlink was approximately RMB344.6 million. As Grandlink does not own any material assets and liabilities other than the 13% equity interest in Yuhang Greentown, we assume that the adjusted net asset value of Yuhang Greentown attributable to Grandlink represents the hypothetical net asset value of Grandlink.

Based on the hypothetical net asset value of Grandlink as at 31 October 2009 of RMB344.6 million, the price-to-book ratio (PBR) of Grandlink implied by the Consideration of RMB250.0 million is approximately 0.725 times. If the appreciation of the Project had not been taken into account, the PBR of Grandlink would be 3.188 times.

For comparison purposes, we have considered all the companies which (a) are currently listed on the Main Board of the Stock Exchange; (b) are principally engaged in property investment and development in the PRC and such businesses accounted for over 50% of their total revenue based on their latest published accounts; and (c) had a market capitalization in the range of HK\$1.5 billion and HK\$4.5 billion, which is approximately 50% above and below the adjusted net assets value of Yuhang Greentown, as at the Latest Practicable Date. On this basis and to our best knowledge, we have identified 19 comparable companies (the “Comparable Companies”) and set out in Table 2 below a comparison of the valuation statistics of Grandlink implied by the Consideration with the market valuations at which the Comparable Companies are currently trading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 2: Trading multiples of the Comparable Companies

Company Name (Stock code)	Principal Business Activities	Market capitalization as at the Latest Practicable Date (HK\$' billion)	PBR (times)
HKR International Ltd. (480)	Development, management and provision of essential and recreational services for residential housing and leisure projects, property development investment, hotel operation, manufacturing, securities investments and healthcare services	4.483	0.427
Tomson Group Ltd. (258)	Property development and investment, hospitality and leisure activities, manufacturing of PVC pipes, securities trading and investment holding	4.447	0.489
Capital China Real Estate Ltd. (832)	Residential property development in Henan Province, the PRC	4.440	1.372
Goldin Properties Holdings Ltd. (283)	Property development and investment	4.439	0.743
China Properties Group Ltd. (1838)	Property development and investment, provision of building management and construction consultancy services	4.179	0.212
China Aoyuan Property Group Ltd. (3883)	Property development and property investment	3.527	0.629

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name (Stock code)	Principal Business Activities	Market capitalization as at the Latest Practicable Date (HK\$' billion)	PBR (times)
Beijing Capital Land Ltd. (2868)	Property development and hotel investment and operation	3.491	0.699
Shanghai Zendai Property Ltd. (755)	Construction of commercial and residential properties for sale, ownership and operation of hotel business, leasing, management and agency of commercial and residential properties, provision of travel and related services	3.331	0.976
China Chengtong Development Group Ltd. (217)	Property investment and property development	3.214	4.873
SRE Group Ltd. (1207)	Real estate development in the PRC	2.991	0.442
Liu Chong Hing Investment Ltd. (194)	Property investment, property development, property management, treasury investment, trading and manufacturing and hotel	2.870	0.456
Tai Cheung Holdings Ltd. (88)	Property investment and development, investment holding and property management	2.797	0.735
Shanghai Forte Land Co. Ltd. (2337)	Property development, property agency, property investment, property management and all consultancy services relating to such businesses	2.649	0.410

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name (Stock code)	Principal Business Activities	Market capitalization as at the Latest Practicable Date (HK\$' billion)	PBR (times)
Lippo China Resources Ltd. (156)	Treasury and securities investment; property investment and development; retail, banking and food business; development of computer hardware and software, mortgage finance, project and fund management and investment advisory services	2.436	0.751
Lai Fung Holdings Ltd. (1125)	Property development for sale and property investment for rental purposes	2.294	0.318
S E A Holdings Ltd. (251)	Property investment, investment in equity securities, property development and hotel operation	2.239	0.327
Beijing North Star Co. Ltd. (588)	Property investment, property leasing, land and property development, retail operation, hotel operation and the provision of food and beverage services	1.902	0.151
Coastal Greenland Ltd. (1124)	Property development, property investment and provision of property management services	1.702	0.528

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name (Stock code)	Principal Business Activities	Market capitalization as at the Latest Practicable Date (HK\$' billion)	PBR (times)
Asia Standard International Group Ltd. (129)	Property development and investment, hotel, travel agency and catering operations and investment	1.671	0.278
Average			0.780
Minimum			0.151
Maximum			4.873
Consideration for the Acquisition			3.188

Note: The trading statistics of the Comparable Companies were quoted from the website of the Stock Exchange (www.hkex.com.hk) as at the Latest Practicable Date.

As shown in Table 2, the PBR of the Comparable Companies ranged from approximately 0.151 times to approximately 4.873 times, with an average of 0.780 times. The PBR implied by the Consideration is 3.188 times, which falls within the range of the PBR of the Comparable Companies but higher than the average PBR of the Comparable Companies.

We wish to highlight that the above comparison with the Comparable Companies is for illustrative purposes only as each of the Comparable Companies may not be entirely comparable to the Target Group in terms of the market capitalisation, geographical spread of activities, scale of operations, asset base, cash position, debt structure, minority interest, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparison. Therefore, in forming our opinion, we have considered the results of the above comparison together with all other factors stated in this letter as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that:

- (a) the Consideration of RMB250.0 million represents a discount of approximately 27.5% to the hypothetical net asset value of Grandlink of RMB344.6 million; and
- (b) the PBR implied by the Consideration falls within the range of the PBR of the Comparable Companies,

we consider that the consideration for the Acquisition is fair and reasonable to the Company and the Shareholders as a whole and on normal commercial terms.

3.5 The Issue Price of the Consideration Shares

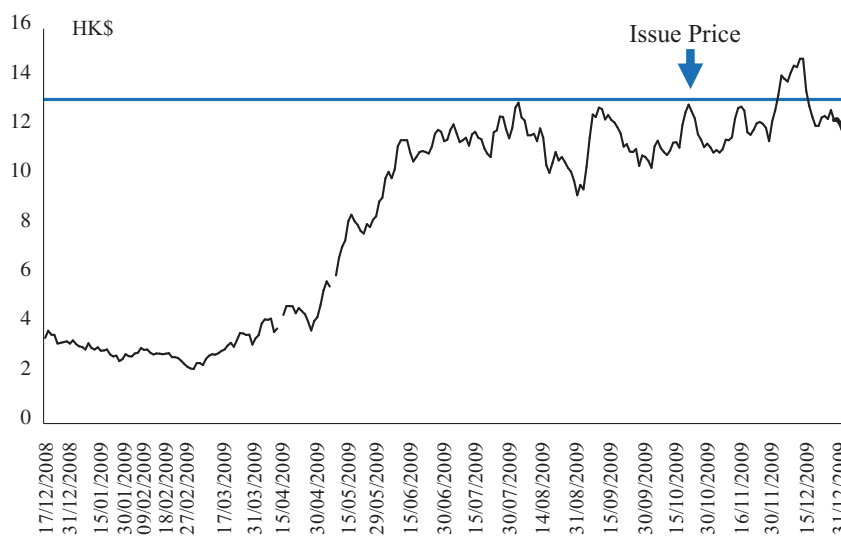
The Issue Price of HK\$13.09 per Share represents:

- (i) a premium of approximately 1.79% over the closing price of HK\$12.86 per Share as quoted on the Stock Exchange on the date of the Announcement (being the last trading date immediately prior to the signing of the Agreement) (the “Last Trading Day”);
- (ii) a discount of approximately 6.97% to the average closing price of HK\$14.07 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 7.16% to the average closing price of HK\$14.10 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 10.56% over the closing price of HK\$11.84 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (v) a premium of approximately 109.1% over the unaudited consolidated net asset value of the Company per Share of approximately HK\$6.26 as at 30 June 2009.

According to the Directors, the Issue Price was determined after arm’s length negotiations between the parties to the Agreement with reference to the average closing price per Share quoted on the Stock Exchange for the last 20 consecutive trading days up to and including 15 December 2009.

In order to assess the fairness and reasonableness of the consideration for the Acquisition, we have reviewed the movements in trading price of the Shares during the period from 17 December 2008, being one year immediately preceding the Last Trading Day, to the Latest Practicable Date (the “Review Period”).

Chart 1 – Closing prices of the Shares during the Review Period



Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Trading of Shares was suspended on 14 April 2009 pending the release of the announcement regarding certain discloseable transactions, major transactions, connected transactions and continuing connection transaction by the Company.
2. Trading of Shares was suspended on 8 May 2009 pending the release of the announcement regarding a discloseable and connected transaction by the Company.

As illustrated in Chart 1, the Issue Price is higher than the closing price of the Shares during the Review Period, except for the period from 2 December 2009 to 15 December 2009. Starting from 27 November 2009, the closing price of the Shares increased steadily from HK\$11.44 to the short-term highest level of HK\$14.1 on 3 December 2009, on which the Company published an announcement regarding the acquisition of 31% and 49% of the equity interests in 天津逸駿投資有限公司 (Tianjin Yijun Investment Co., Ltd) from 聊城市環海聯合房地產開發有限公司 (Liaocheng City Huanhai Lianhe Real Estate Development Co., Ltd.) and 浙江益豐投資有限公司 (Zhejiang Yifeng Investment Co., Ltd.) respectively for a total consideration of RMB8,000,000 (details of the transaction were set out in the Company's announcement dated 3 December 2009). Subsequent to the publication of the aforementioned announcement, the closing price of the Shares decreased from HK\$14.1 on 3 December 2009 to HK\$13.86 on 7 December 2009. Since then, the closing of the Shares rallied to HK\$14.78 on 11 December 2009 and 14 December 2009. On 16 December 2009, the Company published the Announcement regarding the Acquisition. The closing price of the Shares dropped continuously in the following days after the publication of the Announcement and stayed at a level lower than the Issue Price since then. As at the Latest Practicable Date, the price of the Shares closed at HK\$11.84, which is approximately 9.5% lower than the Issue Price. We were advised by the management of the Company that they were not aware of any specific reason for the aforementioned movements in the market price of the Shares except for the acquisitions announced by the Company during the relevant period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that (i) the Issue Price is higher than the closing price of the Shares in 96.1% of the time of the Review Period; (ii) the Issue Price represents a premium of approximately 1.79% over the closing price of the Share as quoted on the Stock Exchange on the Last Trading Day; (iii) the Issue Price represents a premium of approximately 10.56% over the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date; and (iv) the Issue Price represents a premium of approximately 109.1% over the unaudited consolidated net asset value of the Company per Share of approximately HK\$6.26 as at 30 June 2009, we are of the view that the Issue Price is on normal commercial term and it is fair and reasonable so far as the Shareholders are concerned.

3.6 Dilution to the shareholdings of the public Shareholders

The Consideration Shares represent (i) approximately 0.793% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 0.787% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares on the Completion Date (assuming that there is no change in its issued share capital from the Latest Practicable Date to the Completion Date save for the allotment and issue of the Consideration Shares).

The following table sets out the shareholding structure of the Company immediately before and after completion of the Acquisition (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the Completion Date save for the issue of the Consideration Shares):

Table 3: Shareholding structure of the Company

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Acquisition	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Mr. Song Weiping and his associates	560,983,000	34.2%	560,983,000	33.9%
Mr. Shou Bainian and his associates	384,490,500	23.4%	384,490,500	23.3%
Tandellen Group Limited	100,000,000	6.1%	100,000,000	6.0%
Jamuta	–	–	13,010,000	0.8%
Public Shareholders	<u>594,669,607</u>	<u>36.3%</u>	<u>594,669,607</u>	<u>36.0%</u>
Total	<u><u>1,640,143,107</u></u>	<u><u>100.0%</u></u>	<u><u>1,653,153,107</u></u>	<u><u>100.0%</u></u>

As illustrated in Table 3 above, the shareholding of the public Shareholders would decrease from approximately 36.3% as at the Latest Practicable Date to approximately 36.0% upon the allotment and issue of the Consideration Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that (i) the issue of Consideration Shares shall not have any significant dilution effect on the shareholding of the public Shareholders; (ii) the issue of Consideration Shares for partial settlement of the Consideration can reduce the cash outflow of the Group, we concur with the view of the Directors that the issue of Consideration Shares for partial settlement of the Consideration is appropriate and in the interest of the Company and its Shareholders.

3.7 Financial effects of the Acquisition

(a) Earnings

As Yuhang Greentown is an indirect subsidiary of the Company, its results are consolidated into the accounts of the Group even before the Acquisition. Therefore, it is expected that the Acquisition shall not have any significant impact on the profit or loss of the Group. However, the profit or loss attributable to owners of the Company shall be affected by the results of Yuhang Greentown to a larger extent as the Group's equity interest in Yuhang Greentown shall increase after the Acquisition.

(b) Cashflow

As the Consideration will be satisfied partially by procuring the Loan of RMB4.0 million to Zhoushan Yihua and the payment of cash of RMB96.0 million by the Group, there will be an immediate cash outflow of RMB100.0 million by the Group upon completion of the Acquisition.

(c) Net Asset Value

The Acquisition shall increase the total assets and net assets of the Group.

(d) Gearing Ratio

As the total assets of the Group shall increase while the total liabilities of the Group shall remain unchanged, the gearing of the Group, as expressed in the ratio of total liabilities to total assets, shall decrease upon completion of the Acquisition.

Concluding from the above, the Acquisition will have a positive effect on the Group's net asset value and gearing ratio but a negative impact on the Group's cashflow. Having considered the future prospect of the Project and the aforementioned overall benefits which the Acquisition would likely to bring to the Group, we consider that the slight negative impact of the Acquisition on the Group's cashflow is justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. RECOMMENDATION

Having considered the factors detailed in the previous sections, in particular,

- (a) the Acquisition shall enable the Group to further secure its influence and control over Yuhang Greentown and facilitate an efficient and effective management of the Project;
- (b) the Acquisition shall increase the land bank attributable to the Group in the area focused by the Group for its future development;
- (c) the Project is expected to have a great potential in further enhancing the shareholders' value of the Group;
- (d) the prospects of property market in Hangzhou is expected to remain positive in the foreseeable future as long as the economic growth in China is sustained;
- (e) the Consideration for the Acquisition is fair and reasonable to the Company and the Shareholders as a whole in view of its significant discount to the hypothetical net asset value of Grandlink and a PBR that is within the market range of the Comparable Companies;
- (f) the Issue Price of the Consideration Shares is fair and reasonable given that (i) it is higher than the closing price of the Shares in most of the time during the past year; (ii) the Issue Price represents a premium of approximately 1.79% over the closing price of the Share as quoted on the Stock Exchange on the Last Trading Day; (iii) the Issue Price represents a premium of approximately 10.56% over the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date; and (iv) the Issue Price represents a premium of approximately 109.1% over the unaudited consolidated net asset value of the Company per Share of approximately HK\$6.26 as at 30 June 2009; and
- (g) the issue of Consideration Shares shall not have any significant dilution effect on the shareholding of the public Shareholders,

we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms of the Agreement are in normal commercial terms and they are fair and reasonable so far as the Shareholders are concerned.

Yours faithfully,

For and on behalf of

Hercules Capital Limited

Louis Koo

Managing Director

Amilia Tsang

Director

The following is the text of a letter and valuation certificates prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interest in the PRC as at 31 October 2009.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

The Directors
Greentown China Holdings Limited
Huanglong Centry Plaza,
No. 1 Hangda Road,
Hangzhou,
Zhejiang Province,
The PRC

6 January 2010

Dear Sirs,

**Re: South Zone of Taohuayuan, Zhongtai Village, Fenghuang Shan, Yuhang District,
Hangzhou, Zhejiang Province, the PRC**

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value the captioned property held by Greentown China Holdings Limited (the “Company”) and its subsidiaries (hereinafter together 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 the Group with our opinion of the market value of the property as at 31 October 2009 (the “date of valuation”).

Valuation Standards and Definition of Market Value

In valuing the property, we have complied with the requirement set out in The HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuation of the property represents our opinion of its Market Value which in accordance with The HKIS Valuation Standards is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis and Assumption

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

In valuing the property which is situated in the PRC, we have assumed that transferable land use rights in respect of the property for the specific land use term at nominal annual land use fee 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 and have valued the entire interest of the property.

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

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

In valuing the property, we have complied with the requirements set out in Chapter 5 of Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Valuation Standards (First Edition 2005) on Valuation of Properties published by The Hong Kong Institute of Surveyors.

Method of Valuation

The property is held under development in the PRC. We have valued it on the basis that the property will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development. The "capital value when completed of the proposed development" represents our opinion of the aggregate selling price of the property assuming that it would have been completed at the date of valuation.

Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to the property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its PRC legal advisor, Zhe Jiang T & C Law Firm, in respect of the property in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, scheduled completion date of development, number of car parking spaces, particulars of occupancy, development schemes, construction costs, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimension, measurements and areas included in the attached valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reasons to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Site Inspection

We have inspected the property. 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 costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No test was carried out on any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurement to verify the site and gross floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

No allowance has been made in our valuations 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 outgoings of any onerous nature which could affect their values.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi (RMB), the official currency of the PRC.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K. F. Chan
China Real Estate Appraiser
R.P.S.(GP), MSc., M.H.K.I.S., M.R.I.C.S.
Director

Note: Mr. Andrew Chan is a Registered Professional Surveyor who has over 22 years of experience in the valuation of properties in the PRC and Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 October 2009														
South Zone of Taohuayuan, Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a development site with a site area of approximately 937,118.02 sq.m.</p> <p>According to the development scheme advised by the Group, the property is planned to be developed by 7 phases scheduled for completion between December 2008 and December 2011.</p> <p>The property is planned to provide the following gross floor areas:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area <i>sq.m.</i></th> </tr> </thead> <tbody> <tr> <td>High-rise Apartment</td> <td style="text-align: right;">16,185</td> </tr> <tr> <td>Villa</td> <td style="text-align: right;">201,432</td> </tr> <tr> <td>Hotel</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Public Facility</td> <td style="text-align: right;">6,460</td> </tr> <tr> <td>Ancillary Building</td> <td style="text-align: right;"><u>274</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u><u>234,351</u></u></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area <i>sq.m.</i>	High-rise Apartment	16,185	Villa	201,432	Hotel	10,000	Public Facility	6,460	Ancillary Building	<u>274</u>	Total	<u><u>234,351</u></u>	<p>The property is under construction.</p>	<p>RMB2,610,000,000</p> <p>(51% interest attributable to the Group: RMB1,331,100,000)</p>
Use	Approximate Gross Floor Area <i>sq.m.</i>																
High-rise Apartment	16,185																
Villa	201,432																
Hotel	10,000																
Public Facility	6,460																
Ancillary Building	<u>274</u>																
Total	<u><u>234,351</u></u>																
<p>The land use rights of the property have been granted for a term of 70 years due to expire on 24 June 2072 for residential use.</p>																	

Notes:

- (1) According to 5 Certificates for the Use of State-owned Land (國有土地使用證) issued by Hangzhou Land and Resources Bureau (杭州市國土資源局), the land use rights of the property, comprising a total site area of 937,118.20 sq.m., have been granted to Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (杭州余杭綠城房地產開發有限公司) with details as follows:

Certificate No.	Location	Site Area (sq.m.)	Date of Expiry	Land Use
HYCGY (2008) 119-407	Baimudi Village, Zhongtai Town, Yuhang District	273,477.40	24 June 2072	residential
HYCGY (2008) 119-261	Baimudi Village, Zhongtai Town, Yuhang District	229,571.30	24 June 2072	residential
HYCGY (2003) 16-70	Baimudi Village, Zhongtai Town, Yuhang District	195,910.00	24 June 2072	residential
HYCGY (2003) 16-71	Baimudi Village, Zhongtai Town, Yuhang District	84,826.00	24 June 2072	residential
HYCGY (2003) 16-72	Baimudi Village, Zhongtai Town, Yuhang District	153,333.50	24 June 2072	residential
Total:		937,118.20		

- (2) According to Grant Contract of Land Use Rights (土地出讓合同) Nos. (2002) 056, (2002) 196-206, (2002) 208 and (2002) 210, the land use rights of the property were agreed to grant to Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (杭州余杭綠城房地產開發有限公司) as follows:

(i)	Location	: Baimu Cun Zhongtai Village
(ii)	Site area	: 636,080 sq.m.
(iii)	Uses	: Residential
(iv)	Land Use Term	: 70 years
(v)	Plot Ratio	: 1.00

According to Grant Contract of Land Use Rights Nos. (2002) 207, (2002) 209, (2002) 211, the land use rights of the property were agreed to grant to Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (杭州余杭綠城房地產開發有限公司) as follows:

(i)	Location	: Baimu Cun Zhongtai Village
(ii)	Site area	: 150,000 sq.m.
(iii)	Uses	: Residential
(iv)	Land Use Term	: 70 years
(v)	Plot Ratio	: 1.06

According to Grant Contract of Land Use Rights Nos. (2002) 212- (2002) 215, the land use rights of the property were agreed to grant to Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (杭州余杭綠城房地產開發有限公司) as follows:

(i)	Location	: Baimu Cun Zhongtai Village
(ii)	Site area	: 153,333 sq.m.
(iii)	Uses	: Residential
(iv)	Land Use Term	: 70 years
(v)	Plot Ratio	: 1.09

We note that there were differences between the aggregate site area came from the various Grant Contracts of Land Use Rights (土地出讓合同) and the various Certificates for the Use of State-owned Land (國有土地使用證). In the course of our valuation, we had adopted the aggregate site area of 937,118.20 sq.m. which came from the Certificates for the Use of State-owned Land (國有土地使用證).

- (3) According to Opinions on the Locality Selection for Town Planning (村鎮規劃選址意見書) issued by Hangzhou Yuhang District Construction Bureau (杭州市余杭區建設局), the details of the proposed development are summarized as follows:

Note No.	Site Area (sq.m.)	Issue Date
(2001)01500030	153,333.30	14 March 2001
(2002)01500041	31,629.00	5 March 2002
(2002)01500042	50,000.00	5 March 2002
(2002)01500043	50,000.00	5 March 2002
(2002)01500044	50,000.00	5 March 2002
(2002)01500045	50,000.00	5 March 2002
(2002)01500046	50,000.00	5 March 2002
(2002)01500047	50,000.00	5 March 2002
(2002)01500048	45,910.00	5 March 2002
(2002)01500049	50,000.00	5 March 2002
(2002)01500050	34,826.00	5 March 2002
(2002)01500051	50,000.00	5 March 2002
(2002)01500052	50,000.00	5 March 2002
(2002)01500053	50,000.00	5 March 2002
(2002)01500054	23,715.00	5 March 2002
(2002)01500055	50,000.00	5 March 2002
(2002)01500056	50,000.00	5 March 2002
(2002)01500057	50,000.00	5 March 2002
Total:	939,413.30	

- (4) According to 7 Planning Permits for Construction Works issued by Yuhang District Construction Bureau of Hangzhou (杭州市余杭區建設局), part of the property with a total gross floor area of 231,182.13 sq.m. are in compliance with the urban construction requirement and are approved. The details of the abovementioned permits are summarized as follows:

Permit No.	Gross Floor Area sq.m.	Issue Date
200401519010	19,710.59	12 October 2004
200501519008	24,202.90	7 July 2005
200601519001	35,813.30	31 May 2006
200801519002	77,399.94	3 February 2008
200801519009	625.70	12 September 2008
200801519010	17,343.00	10 September 2008
200901519001	56,086.70	29 April 2009
Total:	231,182.13	

- (5) According to 9 Permits for Commencement of Construction Works issued by Yuhang District Construction Bureau of Hangzhou (杭州余杭區建設局), part of the property with a total gross floor area 230,554.70 sq.m. are in compliance with the requirements for works commencement and are approved. The details of the abovementioned permits are summarized as follows:

Permit No.	Gross Floor Area <i>sq.m.</i>	Issue Date
330125200410080601	7,282.00	8 October 2004
330125200410080701	12,429.00	8 October 2004
330125200508020401	24,202.00	2 August 2005
330125200707200401	16,071.00	20 July 2007
330125200707200501	19,742.00	20 July 2007
330125200803120401	77,399.00	12 March 2008
330125200811030301	9,091.00	3 November 2008
330125200811030201	8,252.00	3 November 2008
33012520090520101	56,086.70	26 May 2009
Total:	230,554.70	

- (6) According to 15 Pre-sales Permits issued by the Construction Bureau of Zhejiang Province (杭州市余杭區建設局), the details of the proposed development are summarized as follows:

Permit No.	Use	Gross Floor Area <i>sq.m.</i>
(2009)0018	Residential	1,252.51
(2009)0082	Residential	11,957.97
(2008)0147	Residential	490.40
(2008)0136	Residential	7,895.62
(2008)0120	Residential	10,161.64
(2008)0125	Residential	8,289.40
(2008)0057	Residential	18,140.11
(2007)0156	Residential	2,416.69
(2007)0091	Residential	7,938.51
(2007)0090	Residential	13,139.53
(2007)0151	Residential	4,268.09
(2006)0072	Residential	9,497.11
(2005)099	Residential	9,000.00
(2004)088	Residential	14,312.61
(2004)083	Residential	5,397.98
Total:		124,158.17

- (7) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 25,796 sq.m., have been pre-sold for a total consideration of approximately RMB398,270,000. In the course of our valuation, we have taken into account such consideration.
- (8) As advised by the Group, the total construction costs expended as at 31 October 2009 was approximately RMB764,000,000 and the outstanding construction cost to complete the development was approximately RMB1,690,000,000. In the course of our valuation, we have taken into account such construction costs.
- (9) The capital value when completed of the proposed development as at 31 October 2009 was approximately RMB5,910,000,000.
- (10) According to Business Licence No. 3301842003276 dated 2 July 2001 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (杭州余杭綠城房地產開發有限公司) became a limited company with a registered capital of RMB30,000,000 for a valid operation period from 12 November 1999 to 2 November 2009.

(11) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alia that:

- (i) Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (杭州余杭綠城房地產開發有限公司) is in possession of a proper legal title to the property and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights of the property at no extra land premium or other onerous payment payable to the government;
- (ii) all land premium and other costs of ancillary utilities services have been settled in full;
- (iii) all the charges for idle land has been duly paid and settled by the Company; and
- (iv) the property is subject to various mortgages and the Company could not transfer or re-mortgage the land use rights of the property without the prior consent obtained from the existing mortgagee.

(12) In accordance with the information provide by the Company, the status of title and grant of major approvals and licenses are as follows:

Certificate for the State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Work	Yes
Pre-Sale Permit	Yes
Business Licence	Yes

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in 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 and underlying Shares 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 of the Company

Name of Director	Total number of Shares	Options to subscribe for Shares of the Company	Number of Shares held under equity derivative	Capacity in which interests are held	% of the issued share capital of the Company
Mr Song Weiping	392,124,000 (Note 1)	–	–	Interest of a controlled corporation	23.91%
	68,859,000 (Note 2)	–	–	Interest of a controlled corporation	4.20%
	100,000,000 (Note 3)	–	–	Interest of a controlled corporation	6.10%
	–	1,089,000 (Note 4)	–	Beneficial owner	0.07%

Name of Director	Total number of Shares	Options to subscribe for Shares of the Company	Number of Shares held under equity derivative	Capacity in which interests are held	% of the issued share capital of the Company
Mr Shou Bainian	384,490,500 (Note 5)	–	–	Interest of a controlled corporation	23.44%
	–	609,000 (Note 4)	–	Beneficial owner	0.04%
Mr Luo Zhaoming	100,000,000 (Note 6)	–	–	Interest of a controlled corporation	6.10%
	–	15,000,000 (Note 7)	–	Beneficial owner	0.91%
Mr Chen Shunhua	–	753,000 (Note 4)	–	Beneficial owner	0.05%
Mr Guo Jiafeng	–	576,000 (Note 4)	–	Beneficial owner	0.04%

Notes:

- (1) Mr Song Weiping is interested in 392,124,000(L) Shares as the sole shareholder of Delta House Limited.
- (2) Mr Song Weiping is interested in 68,859,000(L) Shares held by Wisearn Limited, a company wholly-owned by his spouse Ms Xia Yibo.
- (3) Mr Song Weiping is interested in 100,000,000(L) Shares held by Hong Kong Orange Osmanthus Foundation Limited, an associated corporation of Mr Song Weiping.
- (4) Pursuant to the share option scheme adopted by a resolution of the Shareholders on 22 June 2006, these share options were granted on 22 January 2009 and are exercisable at HK\$2.89 per Share from 22 January 2009 to 21 January 2019.
- (5) Mr Shou Bainian is interested in such Shares as the sole shareholder of Profitwise Limited.
- (6) Mr Luo Zhaoming is interested in such Shares held by Tandellen Group Limited, a company 50% owned by him and 50% owned by his spouse Ms Ruan Yiling.
- (7) Pursuant the share option scheme adopted by a resolution of the Shareholders on 22 June 2006, these share options were granted on 17 July 2009 and are exercisable at HK\$11.59 per Share from 17 July 2009 to 16 July 2019.

(ii) Long positions in shares and underlying shares of associated corporation

Name of Director	Name of associated corporation	Number of Shares (long positions)			Approximate shareholding % of issued share capital of associated corporation
		Interest held by controlled corporation	Personal interest	Family interest	
Mr Song Weiping	Delta House Limited	-	Beneficial owner	-	100%
	Wisearn Limited	-	-	Beneficial owner	100%
	Hong Kong Orange Osmanthus Foundation Limited	-	Beneficial owner	-	50%
Mr Shou Bainian	Profitwise Limited	-	Beneficial owner	-	100%
Mr Luo Zhaoming	Tandellen Group Limited	-	Beneficial owner	-	50%
		-	-	Beneficial owner	50%

(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 of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial Shareholder	Interest or short position in the Shares or underlying Shares	Capacity in which interests are held	Approximately shareholding % in the Company
Ms Xia Yibo	562,072,000(L) (Note 1)	Interest of a controlled corporation and interest of spouse	34.27%

Name of substantial Shareholder	Interest or short position in the Shares or underlying Shares	Capacity in which interests are held	Approximately shareholding % in the Company
Delta House Limited	392,124,000(L) (Note 2)	Beneficial owner	23.91%
Hong Kong Orange Osmanthus Foundation Limited	100,000,000(L) (Note 2)	Beneficial owner	6.10%
Profitwise Limited	384,490,500(L) (Note 3)	Beneficial owner	23.44%
Ms Ruan Yiling	115,000,000(L) (Note 4)	Interest of a controlled corporation and interest of spouse	7.01%
Tandellen Group Limited	100,000,000(L) (Note 5)	Beneficial owner	6.10%
Lehman Brothers Holdings Inc	101,400,450(L) (Note 6)	Interest of controlled corporations	6.18%
	31,868,575(S) (Note 6)	Interest of controlled corporations	1.94%
J.P. Morgan Securities Ltd.	79,738,760(L) (Note 7)	Beneficial owner	4.86%
	48,701,000(S) (Note 7)	Beneficial owner	2.97%
Baytree Investments (Mauritius) Pte Ltd	82,867,000(L) (Note 8)	Beneficial owner	5.05%
Seletar Investments Pte Ltd	82,867,000(L) (Note 8)	Interest of controlled corporations	5.05%
Temasek Capital (Private) Limited	82,867,000(L) (Note 8)	Interest of controlled corporations	5.05%

Notes:

- (1) Ms Xia Yibo held deemed interest in 68,859,000(L) Shares as sole shareholder of Wisearn Limited, and deemed interest in 392,124,000(L) Shares held by Delta House Limited and 100,000,000(L) Shares held by Hong Kong Orange Osmanthus Foundation Limited, both are corporations controlled by her spouse, Mr Song Weiping, and deemed interest in 1,089,000 share options held by Mr Song.
- (2) A controlled corporation of Mr Song Weiping, duplicates to those disclosed in the section “Directors’ Interests in Shares” above.
- (3) A controlled corporation of Mr Shou Bainian, duplicates to those disclosed in the section “Directors’ Interests in Shares” above.
- (4) Ms Ruan Yiling held deemed interest in 100,000,000(L) Shares held by Tandellen Group Limited, a controlled corporations 50% owned by her and 50% owned by her spouse, Mr Luo Zhaoming, and deemed interest in 15,000,000(L) share options held by her spouse, Mr Luo Zhaoming.
- (5) A controlled corporation of Mr Luo Zhaoming, duplicates to those disclosed in the section “Directors’ Interests in Shares” above.
- (6) Lehman Brothers Holdings Inc. held interest in a total of 101,400,450(L) Shares and 31,868,575(S) Shares by virtue of its control over the following corporations, which held direct interests in the Company:
 - Lehman Brothers Commercial Corporation Asia Limited held 10,768,010(L) Shares. Lehman Brothers Commercial Corporation Asia Limited was 50% owned by LBCCA Holdings I LLC and 50% owned by LBCCA Holdings II LLC. LBCCA Holdings I LLC and LBCCA Holdings II LLC were respectively wholly-owned by Lehman Brothers Holdings Inc.
 - Lehman Brothers International (Europe) held 34,157,882(L) Shares and 23,917,500(S) Shares. Lehman Brothers International (Europe) was wholly-owned by Lehman Brothers Holdings Inc.
 - Lehman Brothers Inc. held 2,009,575(L) Shares and 2,009,575(S) Shares. Lehman Brothers Inc. was wholly-owned by Lehman Brothers Holdings Inc.
 - Lehman Brothers Finance S.A. held 54,464,983(L) Shares and 5,941,500(S) Shares. Lehman Brothers Finance S.A. was wholly-owned by Lehman Brothers Holdings Inc.

Among the entire interest of Lehman Brothers Holdings Ltd. in the Company, 35,065,892(L) Shares and 3,773,000(S) Shares were held through derivatives as follows:

- 35,065,892(L) Shares through physically settled derivatives (off exchange)
 - 173,000(S) Shares through physically settled derivatives (off exchange)
 - 3,600,000(S) Shares through cash settled derivatives (off exchange)
- (7) J.P. Morgan Securities Ltd. is a directly or indirectly controlled corporation of the following companies:
 - J.P. Morgan Chase International Holdings Limited;
 - J.P. Morgan Chase (UK) Holdings Limited;
 - J.P. Morgan Capital Holdings Limited;
 - J.P. Morgan International Finance Limited;

- Bank One International Holdings Corporation;
- J.P. Morgan International Inc.;
- JPMorgan Chase Bank, N.A.; and
- JPMorgan Chase & Co.

Among the entire interest of J.P. Morgan Securities Ltd. in the Company, 67,738,760(L) Shares and 48,701,000(S) Shares were held through derivatives through physically settled derivatives (on exchange)

- (8) Seletar Investments Pte Ltd is directly wholly-owned by Temasek Capital (Private) Limited. Temasek Capital (Private) Limited and Seletar Investments Pte Ltd held interest in 82,867,000(L) Shares by virtue of its control over Baytree Investments (Mauritius) Pte Ltd, which held direct interests in the Company.
- (9) The letter “L” denotes a long position. The letter ‘S’ denotes a short position.

3. DIRECTORS’ SERVICE CONTRACTS

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	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

Note: The remaining four (the “**Remaining Non-Inclusion Projects**”) out of eight property projects (the “**Non-Inclusion Projects**”) as referred to in the deed of non-competition dated 22 June 2006, details of which are disclosed in the prospectus of the Company dated 30 June 2008.

5. MATERIAL ADVERSE CHANGE

Save as disclosed in the announcements of the Company dated 21 April 2009 and 20 May 2009, as at the Latest Practicable Date, the Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Company were made up.

6. EXPERTS

Each of Hercules Capital and DTZ has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion of its respective letter and reference to its respective names in the form and context in which they respectively appear.

The following are the qualifications of the experts who have given their respective opinion or advice which are contained in this circular:

Name	Qualification
Hercules Capital	A licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activity under the SFO
DTZ	An independent professional property valuer

As at the Latest Practicable Date, Hercules Capital and DTZ did not have (i) any shareholding in the Company or any of its subsidiaries, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of its subsidiaries, and (ii) any interest, either direct or indirect, in any assets which, since 31 December 2008 (the date to which the latest audited financial statements of the Group was made up), had been acquired, or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired, or disposed of by, or leased to the Company or any of its subsidiaries.

7. LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8. GENERAL

- (a) Save as disclosed in the announcements of the Company dated 13 August 2009 and 1 December 2008, 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 2008, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) Save as disclosed in the announcement of the Company dated 1 December 2008, 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 Lam Jim. Mr Lam is a member of the Hong Kong Institute of Certified Public Accountants.
- (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 1406-08, 14th Floor, 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.

9. 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 1406-08, 14th Floor, 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 20 January 2010:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 December 2008;

- (c) the letter from the Independent Board Committee to the Shareholders, the text of which is set out on pages 17 to 18 of this circular;
- (d) the letter of advice from Hercules Capital, the Independent Financial Adviser to the Independent Board Committee and the Shareholders, the text of which is set out on pages 19 to 36 of this circular;
- (e) the valuation report issued by DTZ on the Project as set out in Appendix I to this circular;
- (f) the written consents referred to in the paragraph headed “Experts” in this Appendix;
- (g) the Agreement;
- (h) the Separate Agreement; and
- (i) this circular.