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

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in 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.

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**GREENTOWN CHINA HOLDINGS LIMITED**

**綠城中國控股有限公司\***

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

**(Stock Code: 3900)**

**DISCLOSEABLE AND CONNECTED TRANSACTIONS**

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

***Hercules***

**Hercules Capital Limited**

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A letter from the Board is set out on pages 9 to 22 of this circular and a letter from the Independent Board Committee is set out on page 23 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 Connected Transactions is set out on pages 24 to 34 of this circular.

\* *For identification purposes only*

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## DEFINITIONS

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

“Assigned Shareholders’ Loan”	the portion of the Shareholders’ Loan assigned and to be assigned by Greentown Real Estate to Zhongtai Trust pursuant to the Loan Assignment Agreements
“Assignment of the Shareholders’ Loan”	the assignment by Greentown Real Estate to Zhongtai Trust of the Assigned Shareholders’ Loan
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Balance”	has the meaning ascribed to it under the section headed “Assignment of the Shareholders’ Loan” in this circular
“Board”	the board of Directors
“Capital Injection”	the capital injection of RMB96,080,000 (approximately HK\$109,531,200) by Zhongtai Trust into Shanghai Greentown Project Company for the subscription of a 49% equity interest in Shanghai Greentown Project Company
“Capital Injection Agreement”	the agreement entered into between Greentown Real Estate and Zhongtai Trust on 9 February 2010 pursuant to the Framework Cooperation Agreement in respect of the Capital Injection
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Connected Transactions”	the Assignment of the Shareholders’ Loan, the provision of the Assigned Shareholders’ Loan by Zhongtai Trust to Shanghai Greentown Project Company, the provision of the Security Package to Zhongtai Trust and the provision of the Guarantee on Return and the Guarantee on Net Asset Value
“Custodian Agreement”	has the meaning ascribed to it in the section headed “The Custodian Agreement” in this circular

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## DEFINITIONS

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“Custodian Bank”	中國建設銀行(上海浦東分行)(China Construction Bank (Shanghai Pudong Branch))
“Directors”	the directors of the Company
“Escrow Account”	the bank account held in the name of Greentown Real Estate in the bank jointly appointed by Greentown Real Estate and Zhongtai Trust for the purpose of depositing the Escrow Dividends
“Escrow Account Agreement”	the agreement to be entered into among Greentown Real Estate, Zhongtai Trust and a bank pursuant to the Framework Cooperation Agreement in respect of the operation of the Escrow Account
“Escrow Dividends”	the dividends, which may be distributed by Shanghai Greentown Project Company in the year 2010, to be held in escrow in the Escrow Account for the purpose of securing the payment obligations of Greentown Real Estate under the Transaction Documents
“Estimated Return”	the estimated Trust Income in respect of the Preferred Units in the range of 6% to 8% per annum for Preferred A Units and 7% to 9% per annum for the Preferred B Units according to the Trust Agreement
“First Series Loan Assignment Agreements”	the first series of three loan assignment agreements entered into between Greentown Real Estate and Zhongtai Trust on 9 February 2010 pursuant to which an aggregate amount of RMB1,262,640,000 (approximately HK\$1,439,409,600) of the Shareholders’ Loan has been assigned to Zhongtai Trust
“Framework Cooperation Agreement”	the legally-binding framework cooperation agreement dated 27 January 2010 entered into among Greentown Real Estate, Shanghai Greentown Project Company and Zhongtai Trust in respect of the Transactions
“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 established in the PRC on 6 January 1995 and is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Guarantee”	has the meaning ascribed to it in the section headed “Security” in this circular
“Guarantee on Net Asset Value”	has the meaning ascribed to it under the section headed “Guarantee on Net Asset Value” in this circular
“Guarantee on Return”	has the meaning ascribed to it under the section headed “Guarantee on Return” in this circular
“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 the independent non-executive Directors to advise the Shareholders in respect of the Connected Transactions
“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 respect of the Connected Transactions
“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
“Latest Practicable Date”	9 March 2010, being the last practicable date before the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Launching Period”	the period during which the Trust was launched for subscription by Greentown Real Estate and the Qualified Investors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Loan Assignment Agreements”	the First Series Loan Assignment Agreements and the Second Loan Assignment Agreement
“Maximum Trust Capital”	has the meaning ascribed to it under the section headed “The Trust” in this circular
“Minimum Trust Capital”	has the meaning ascribed to it under the section headed “The Trust” in this circular
“Note Holders”	the holders of the US\$400,000,000 9.00% Senior Notes due 2013, 90.3% of the 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
“Ordinary Units”	the ordinary units of the Trust subscribed and to be subscribed by Greentown Real Estate
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preferred A Units”	division A of the Preferred Units which have a duration of twelve (12) months
“Preferred B Units”	division B of the Preferred Units which have a duration of eighteen (18) months
“Preferred Units”	the preferred units of the Trust, comprising the Preferred A Units and Preferred B Units
“Qualified Investors”	investors who have satisfied the criteria to become subscribers of the Preferred Units as described in the Framework Cooperation Agreement, and “Qualified Investor” shall be any one of them

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## DEFINITIONS

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“Reopening Period”	the period during which the Trust is reopened for further subscription by Greentown Real Estate and the Qualified Investors, from 20 February 2010 to 10 March 2010 or an earlier date upon full subscription, subject to change as may be agreed between the parties
“RMB”	Renminbi, the lawful currency of the PRC
“Second Loan Assignment Agreement”	the second loan assignment agreement to be entered into between Greentown Real Estate and Zhongtai Trust pursuant to which a further portion of the Shareholders’ Loan will be assigned to Zhongtai Trust
“Security Package”	the security given by Greentown Real Estate in favour of Zhongtai Trust pursuant to the Framework Cooperation Agreement in respect of (a) the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders’ Loan and the interest accrued thereon (including the Guarantee and the Share Pledge); and (b) the payment obligations of Greentown Real Estate under the Transaction Documents (including the Escrow Dividends)
“Senior Notes”	the US\$400,000,000 9.00% senior notes due 2013 issued by the Company on 10 November 2006
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai East Sea Plaza Project”	a commercial project located at West Nanjing Road, Jing’an District, Shanghai, the PRC (中國上海市靜安區南京西路) with a total site area of approximately 4,741 square metres and a total above-ground gross floor area of approximately 24,616 square metres, 49% owned by Shanghai Greentown Project Company
“Shanghai Greentown Project Company”	上海綠城森林高爾夫別墅開發有限公司 (Shanghai Greentown Woods Golf Villas Development Co., Ltd*), a limited liability company which was established in the PRC on 19 June 2002

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## DEFINITIONS

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“Shanghai Rose Garden Project”	a seven-phased villa project located at Maqiao Town, Minhang, Shanghai, the PRC (中國上海市閔行區馬橋鎮) with a total site area of approximately 803,352 square metres and a total gross floor area of approximately 239,198 square metres, wholly-owned by Shanghai Greentown Project Company
“Shareholders”	holders of the Shares
“Shareholders’ Loan”	the shareholders’ loan in the amount of RMB1,553,920,000 (approximately HK\$1,771,470,000) provided by Greentown Real Estate to Shanghai Greentown Project Company through entrustment arrangements with a financial institution
“Share Pledge”	has the meaning ascribed to it in the section headed “Security” in this circular
“Share Pledge Agreement”	the share pledge agreement dated 9 February 2010 entered into between Greentown Real Estate and Zhongtai Trust, pursuant to which Greentown Real Estate shall provide the Share Pledge to Zhongtai Trust
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shortfall Income”	has the meaning ascribed to it in the section headed “Guarantee on Return” in this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the subscribers of the Trust Units including the Qualified Investors and Greentown Real Estate
“Supplemental Trust Agreement”	the supplemental agreement dated 9 February 2010 entered into between Greentown Real Estate and Zhongtai Trust in relation to the arrangement for the injection of additional capital into the Trust when the Trust Income does not meet the Estimated Return and the Trustee Fee
“Tranche A Shareholders’ Loan”	has the meaning ascribed to it in the section headed “Assignment of the Shareholders’ Loan” in this circular



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## DEFINITIONS

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“Tranche B Shareholders’ Loan”	has the meaning ascribed to it in the section headed “Assignment of the Shareholders’ Loan” in this circular
“Transaction Documents”	the Framework Cooperation Agreement, the Trust Documents, the Supplemental Trust Agreement, the Escrow Account Agreement, the Capital Injection Agreement, the Loan Assignment Agreements, the Guarantee, the Share Pledge Agreement and the Custodian Agreement
“Transactions”	the transactions contemplated under the Framework Cooperation Agreement including the subscription of all the Ordinary Units by Greentown Real Estate, the Capital Injection, the Assignment of the Shareholders’ Loan, the provision of the Assigned Shareholders’ Loan by Zhongtai Trust to Shanghai Greentown Project Company, the provision of the Security Package, the provision of the Guarantee on Return and the Guarantee on Net Asset Value and the entering into of the Custodian Agreement
“Trust”	the trust established by Zhongtai Trust on 11 February 2010 pursuant to the Framework Cooperation Agreement for the purpose of (a) the Capital Injection; and (b) the payment for the Assignment of the Shareholders’ Loan
“Trust Agreement”	the agreement entered into between Zhongtai Trust and each of the Subscribers, setting out the terms and conditions for the subscription of the Trust Units
“Trust Capital”	the fund to be injected by the Subscribers
“Trust Documents”	the Trust Agreement, the subscription risk declaration of the Trust to be signed by each Subscriber and the explanatory memorandum of the Trust
“Trustee Fee”	the annual fee payable to Zhongtai Trust for the provision of trustee service in relation to the Trust
“Trust Establishment Date”	the date of establishment of the Trust, being 11 February 2010
“Trust Income”	has the meaning ascribed to it under the section headed “Trust Income” in this circular

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## DEFINITIONS

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“Trust Units” the Preferred Units and the Ordinary Units, and “Trust Unit” shall mean any one of them as the case may be

“Zhongtai Trust” 中泰信托有限責任公司 (Zhongtai Trust Co., Ltd.\*), a limited liability company which was established in the PRC in 1988, and is a subsidiary of 中國人民保險集團公司 (The People’s Insurance Company (Group) of China Limited\*)

*Note:* For the purpose of this circular, the exchange rates of RMB1 = HK\$1.14 and US\$1.00 = HK\$7.78 have been used for currency translation, where applicable. Such an exchange rates are for illustration purposes only and do not constitute representation that any amount in RMB, HK\$ or US\$ have been, could have been or may be converted in such rates.

\* *For identification purposes only*

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LETTER FROM THE BOARD

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**GREENTOWN CHINA HOLDINGS LIMITED**

**綠城中國控股有限公司\***

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

**(Stock Code: 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, Uglan 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

*Principal place of business  
in Hong Kong:*

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

12 March 2010

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

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS**

**INTRODUCTION**

On 27 January 2010, the Board announced that (a) Greentown Real Estate, Shanghai Greentown Project Company and Zhongtai Trust have entered into the Framework Cooperation Agreement; and (b) Greentown Real Estate and Zhongtai Trust would enter into the Custodian Agreement with the Custodian Bank on or before the Trust Establishment Date.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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Pursuant to the Framework Cooperation Agreement, (a) Zhongtai Trust shall establish the Trust with a capital of not more than RMB1,650,000,000 (approximately HK\$1,881,000,000) and not less than RMB880,000,000 (approximately HK\$1,003,200,000) for the purposes of (i) the Capital Injection; and (ii) the acquisition of the Assigned Shareholders' Loan; (b) Zhongtai Trust shall act as the trustee of the Trust; (c) Greentown Real Estate shall subscribe for all the Ordinary Units in cash by its internal resources; (d) Zhongtai Trust shall use part of Trust Capital in the amount of RMB96,080,000 (approximately HK\$109,531,200) for the Capital Injection; (e) before the Trust Establishment Date, Greentown Real Estate shall enter into an entrusted loan agreement with a financial institution in the PRC to provide the Shareholders' Loan through the financial institution to Shanghai Greentown Project Company; (f) after the establishment of the Trust, Greentown Real Estate shall assign the Assigned Shareholders' Loan to Zhongtai Trust and the consideration for the Assigned Shareholders' Loan shall be the balance of the Trust Capital after deducting the amount for the Capital Injection; (g) Greentown Real Estate shall provide a guarantee in favour of Zhongtai Trust in respect of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (h) Greentown Real Estate shall provide the Share Pledge in respect of its 51% direct equity interest in Shanghai Greentown Project Company in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (i) Greentown Real Estate shall provide the Guarantee on Return and the Guarantee on Net Asset Value to Zhongtai Trust; and (j) Greentown Real Estate shall deposit the Escrow Dividends in the Escrow Account to secure the payment obligations of Greentown Real Estate under the Transaction Documents.

On 9 February 2010, Greentown Real Estate and Zhongtai Trust entered into the Custodian Agreement with the Custodian Bank. Pursuant to the Custodian Agreement, Greentown Real Estate shall pay a custodian fee in an amount of not more than RMB30,000,000 (approximately HK\$34,200,000) to the Custodian Bank for the holding of the Trust Capital.

Greentown Real Estate held all of the equity interest in Shanghai Greentown Project Company before the Capital Injection. After the Capital Injection, Zhongtai Trust directly holds a 49% equity interest in Shanghai Greentown Project Company, and Greentown Real Estate directly holds the remaining 51% equity interest in Shanghai Greentown Project Company. Such dilution of interest is treated as a deemed disposal by the Company of an interest in Shanghai Greentown Project Company under Rule 14.29 of the Listing Rules. Shanghai Greentown Project Company remains a subsidiary of the Company after the Capital Injection. Zhongtai Trust becomes a substantial shareholder of Shanghai Greentown Project Company and therefore a connected person of the Company after the Capital Injection.

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## LETTER FROM THE BOARD

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As the highest of all applicable percentage ratios in respect of the Transactions (excluding the subscription of the Ordinary Units) is above 5% but below 25% on an aggregate basis, the Transactions (excluding the subscription of the Ordinary Units) together constitute a discloseable transaction for the Company under the Listing Rules and are therefore subject to the announcement requirement under Chapter 14 of the Listing Rules. In addition, as Zhongtai Trust has become a connected person of the Company after the Capital Injection, the Connected Transactions constitute connected transactions for the Company under the Listing Rules. As the highest of all percentage ratios (other than the profit ratio) in respect of the Connected Transactions is above 2.5% on an aggregate basis, the Connected Transactions are therefore subject to the requirements of reporting, announcement and independent shareholders' approval of the Company under Chapter 14A of the Listing Rules.

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

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

### THE FRAMEWORK COOPERATION AGREEMENT

#### Date

27 January 2010

#### Parties

- (a) Greentown Real Estate (an indirect wholly-owned subsidiary of the Company)
- (b) Shanghai Greentown Project Company (a direct wholly-owned subsidiary of Greentown Real Estate)
- (c) Zhongtai Trust

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhongtai Trust and the ultimate beneficial owners of Zhongtai Trust are third parties independent of the Company and not connected persons of the Company before the completion of the Capital Injection.

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## LETTER FROM THE BOARD

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### The Trust

#### *Establishment of the Trust*

Zhongtai Trust shall establish the Trust with a capital of not more than RMB1,650,000,000 (approximately HK\$1,881,000,000) (the “**Maximum Trust Capital**”) and not less than RMB880,000,000 (approximately HK\$1,003,200,000) (the “**Minimum Trust Capital**”) for the purposes of (a) the Capital Injection; and (b) the acquisition of the Assigned Shareholders’ Loan. Zhongtai Trust shall act as the trustee of the Trust.

The composition of the Trust shall be as follows:

#### **Trust Units**

		<b>Assuming the Trust Capital is equal to the Maximum Trust Capital</b>	<b>Assuming the Trust Capital is equal to the Minimum Trust Capital</b>
Preferred Units	Preferred A Units	1,000 million units	533.3 million units
	Preferred B Units	500 million units	266.7 million units
Ordinary Units		<u>150 million units</u>	<u>80 million units</u>
Total Trust Units		<u>1,650 million units</u>	<u>880 million units</u>

The ratio of Preferred A Units to Preferred B Units shall be 2:1, subject to adjustment by the parties to the Framework Cooperation Agreement, and the ratio of Preferred Units to Ordinary Units shall be 10:1.

#### *Subscription of the Trust Units*

Greentown Real Estate shall subscribe for all the Ordinary Units in cash by its internal resources. The Preferred Units are only available for subscription by the Qualified Investors. Zhongtai Trust shall enter into a Trust Agreement with each of the Subscribers in relation to the subscription of the Trust Units.

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## LETTER FROM THE BOARD

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### *Unit price and subscription price*

The unit price for each Trust Unit shall be RMB1.00. The maximum and the minimum amounts of subscription price payable by Greentown Real Estate for all Ordinary Units are set out as follows:

	<b>Assuming the Trust Capital is equal to the Maximum Trust Capital</b>	<b>Assuming the Trust Capital is equal to the Minimum Trust Capital</b>
Number of Ordinary Units to be subscribed by Greentown Real Estate	150 million Ordinary Units	80 million Ordinary Units
Total amount of subscription price to be paid by Greentown Real Estate	RMB150,000,000 (approximately HK\$171,000,000)	RMB80,000,000 (approximately HK\$91,200,000)

### *Duration*

The maximum duration of the Trust shall be eighteen (18) months from the Trust Establishment Date. The maximum duration of the Preferred A Units and the Preferred B Units shall be twelve (12) months and eighteen (18) months from the Trust Establishment Date, respectively. The maximum duration of the Ordinary Units shall be eighteen (18) months from the Trust Establishment Date.

### *Launching period*

The Launching Period commenced on 27 January 2010 and expired on 9 February 2010. The Trust was established on 11 February 2010. A total of 1,358.72 million Trust Units have been subscribed. Among the Trust Units subscribed during the Launching Period, it comprises 879.6 million Preferred A Units and 355.6 million Preferred B Units subscribed by the Qualified Investors and 123.52 million Ordinary Units subscribed by Greentown Real Estate.

### *Further subscription*

The Trust may be reopened for a further subscription, but not for redemption, for once after its establishment. The Reopening Period has commenced on 20 February 2010 and will expire on 10 March 2010 or an earlier date upon full subscription. Before the expiry of the Reopening Period, Greentown Real Estate or its designated affiliates shall subscribe for the Ordinary Units in an amount of not less than 10% of the Preferred Units subscribed by the Qualified Investors during the Reopening Period.

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## LETTER FROM THE BOARD

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### **The Capital Injection**

On 9 February 2010, Greentown Real Estate, Shanghai Greentown Project Company and Zhongtai Trust entered into the Capital Injection Agreement pursuant to which Zhongtai Trust has used part of Trust Capital in the amount of RMB96,080,000 (approximately HK\$109,531,200) for the Capital Injection. After the Capital Injection, Zhongtai Trust directly holds a 49% equity interest in Shanghai Greentown Project Company, and Greentown Real Estate directly holds the remaining 51% equity interest in Shanghai Greentown Project Company.

### **The Shareholders' Loan**

On 27 January 2010, 8 February 2010 and 9 February 2010, Greentown Real Estate entered into various entrusted loan agreements with 中國建設銀行上海浦東分行 (China Construction Bank Shanghai Pudong Branch\*) to provide the Shareholders' Loan through the bank to Shanghai Greentown Project Company, and a portion of the Shareholders' Loan has been assigned to Zhongtai Trust as described below.

### **Assignment of the Shareholders' Loan**

After the establishment of the Trust, Greentown Real Estate shall assign the Assigned Shareholders' Loan to Zhongtai Trust. On 9 February 2010, Greentown Real Estate and Zhongtai Trust entered into the First Series Loan Assignment Agreements pursuant to which Greentown Real Estate has assigned an aggregate amount of RMB1,262,640,000 (approximately HK\$1,439,409,600) of the Shareholders' Loan to Zhongtai Trust. Upon the expiry of the Reopening Period, Greentown Real Estate shall enter into the Second Loan Assignment Agreement to assign a further portion of the Shareholders' Loan to Zhongtai Trust. The consideration for the total amount of the Assigned Shareholders' Loan shall be the balance (the "**Balance**") of the Trust Capital after deducting the amount for the Capital Injection. The maximum amount of the Balance shall be RMB1,553,920,000 (approximately HK\$1,771,468,800) assuming that the Trust Capital is equal to the Maximum Trust Capital.

Greentown Real Estate has undertaken that:

- (1) the total amount of the principal of the Assigned Shareholders' Loan shall not be less than the Balance, and the term of the Assigned Shareholders' Loan shall be not more than nineteen (19) months and not less than eighteen (18) months from the Trust Establishment Date;
- (2) the interest on the Assigned Shareholders' Loan shall be calculated at a rate of 9.3% per annum;



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## LETTER FROM THE BOARD

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- (3) a portion of the principal of the Assigned Shareholders' Loan (the "**Tranche A Shareholders' Loan**") which equals to (a) the dollar amount of the Preferred A Units subscribed as at the Trust Establishment Date plus (b) the dollar amount of the Preferred A Units subscribed during the Reopening Period, and the interest accrued thereon, may be repaid after twelve (12) months from the Trust Establishment Date; and
- (4) the remaining portion of the principal of the Assigned Shareholders' Loan (the "**Tranche B Shareholders' Loan**") which equals to the Assigned Shareholders' Loan minus the Tranche A Shareholders' Loan, and the interest accrued thereon, may be repaid after eighteen (18) months from the Trust Establishment Date.

The maximum amount of the Tranche A Shareholders' Loan, the Tranche B Shareholders' Loan, the total Assigned Shareholders' Loan and the interest accrued thereon, respectively, as at the expiry of the Trust, are set out as follows:

**Assuming the Trust Capital is equal to  
the Maximum Trust Capital**

Tranche A Shareholders' Loan	Principal:	RMB1,000,000,000 (approximately HK\$1,140,000,000)
	Interest:	RMB93,000,000 (approximately HK\$106,020,000)
Tranche B Shareholders' Loan	Principal:	RMB553,920,000 (approximately HK\$631,468,800)
	Interest:	RMB77,271,840 (approximately HK\$88,089,898)
Total Assigned Shareholders' Loan	Principal:	RMB1,553,920,000 (approximately HK\$1,771,468,800)
	Interest:	RMB170,271,840 (approximately HK\$194,109,898)

### **Security**

#### *The Guarantee*

On 9 February 2010, Greentown Real Estate and Zhongtai Trust entered into the Guarantee pursuant to which Greentown Real Estate has agreed to provide a guarantee (the "**Guarantee**") in favour of Zhongtai Trust in respect of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon.

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## LETTER FROM THE BOARD

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### *The Share Pledge*

Greentown Real Estate has agreed to provide a share pledge (the “**Share Pledge**”) in respect of its 51% direct equity interest in Shanghai Greentown Project Company in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders’ Loan and the interest accrued thereon.

On 9 February 2010, Greentown Real Estate and Zhongtai Trust entered into the Share Pledge Agreement, and the necessary registration procedures for the share pledge has not yet been completed.

### *Escrow Dividends*

Greentown Real Estate has agreed to deposit the Escrow Dividends in the Escrow Account to secure the payment obligations of Greentown Real Estate under the Transaction Documents. For further details, please see the section headed “Dividends” below.

### **Trust Income**

The income generated by the Trust (the “**Trust Income**”) comprises dividends to be derived from the 49% equity interest in Shanghai Greentown Project Company held by Zhongtai Trust after the Capital Injection, the equity transfer income, the amount of the principal of the Assigned Shareholders’ Loan and the interest accrued thereon, and other income after deducting all expenses relating to the Trust.

The Trust Income shall be paid (a) in cash on the Preferred Units and (b) in cash, in equity or in other kind on the Ordinary Units, upon the expiry or the termination of the relevant Trust Units. No Trust Income may be paid on the Ordinary Units until the Trust Income on the Preferred Units has been paid in full according to the Trust Agreement. After the Trust Income on the Preferred Units has been paid in full according to the Trust Agreement, all the remaining Trust Income (after deducting the Trustee Fee) shall be paid to the holders of the Ordinary Units.

If Greentown Real Estate, any of its designated affiliates or Shanghai Greentown Project Company breaches any provision in the Transaction Documents and fails to remedy the breach within a reasonable period, and Greentown Real Estate fails to make up any Shortfall Income, the holders of the Ordinary Units shall not be entitled to receive any Trust Income.

### **Guarantee on Return**

Greentown Real Estate has agreed to provide a guarantee on return (the “**Guarantee on Return**”) as follows:

- (1) the aggregate of the Estimated Return in respect of the Preferred A Units and the Trustee Fee shall be 8.5% of the Trust Capital of the Preferred A Units; while the aggregate of the Estimated Return in respect of the Preferred B Units and the Trustee Fee shall be 9.3% of the Trust Capital of the Preferred B Units; and

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## LETTER FROM THE BOARD

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- (2) in the event that the Trust Income to be paid on the Preferred Units fails to meet the Estimated Return and the Trustee Fee, and is therefore not able to pay the holders of the Preferred Units in full according to the Trust Agreement, Greentown Real Estate shall inject or shall procure its affiliates to inject additional capital into the Trust to make up such difference between the Trust Income and the Estimated Return (the “**Shortfall Income**”).

On 9 February 2010, Greentown Real Estate and Zhongtai Trust entered into the Supplemental Trust Agreement.

### **Guarantee on Net Asset Value**

Greentown Real Estate has agreed to guarantee to Zhongtai Trust that the ratio of (a) the market value of the net assets of Shanghai Greentown Project Company and all its projects plus the Trust Capital contributed by Greentown Real Estate for the subscription of the Ordinary Units to (b) the Trust Capital contributed by the Qualified Investors for the subscription of the Preferred Units shall at all times be maintained at 1.3:1 before the expiry or the termination of the Trust. Otherwise, Greentown Real Estate shall inject further capital into Shanghai Greentown Project Company to restore the ratio to 1.3:1 (the “**Guarantee on Net Asset Value**”).

### **Dividends**

Zhongtai Trust shall not be entitled to receive dividends in respect of its 49% equity interest in Shanghai Greentown Project Company from the profits generated in the year 2010 and the years prior to the year 2010. All such dividends shall be paid to Greentown Real Estate.

To secure the payment obligations of Greentown Real Estate under the Transaction Documents, in the event that Shanghai Greentown Project Company distributes dividends in the year 2010, Greentown Real Estate shall deposit the dividends (the “**Escrow Dividends**”) in respect of the 49% equity interest in Shanghai Greentown Project Company held by Zhongtai Trust in the Escrow Account. Greentown Real Estate and Zhongtai Trust shall enter into the Escrow Account Agreement before the Trust Establishment Date.

Commencing from 1 January 2011, Greentown Real Estate and Zhongtai Trust shall be entitled to receive dividends in respect of their respective equity interest in Shanghai Greentown Project Company.

### **Other obligations and undertakings of Greentown Real Estate**

Greentown Real Estate shall bear any liabilities and contingent liabilities of Shanghai Greentown Project Company not disclosed to Zhongtai Trust before the Capital Injection, and shall not make any claims against Shanghai Greentown Project Company in relation to such liabilities prior to the expiry or the termination of the Trust.

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## LETTER FROM THE BOARD

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If, for any reasons, Shanghai Greentown Project Company does not have enough funds for the development of the Shanghai Rose Garden Project, Greentown Real Estate shall provide further capital to Shanghai Greentown Project Company for such purpose.

During the term of the Trust, unless Greentown Real Estate has obtained the written consent from Zhongtai Trust, and (a) the Trust Income is adequate to pay the holders of the Preferred Units in full according to the Trust Agreement or (b) all the Trust Units are held by the holders of the Ordinary Units, Greentown Real Estate shall not (i) transfer, pledge or otherwise dispose of its equity interest in Shanghai Greentown Project Company, or (ii) make any claims against Shanghai Greentown Project Company other than claims in relation to the Assigned Shareholders' Loan.

In the event of a liquidation of Shanghai Greentown Project Company, the holders of the Preferred Units shall be paid the Assigned Shareholders' Loan and the capital in respect of its 49% equity interest in Shanghai Greentown Project Company in priority to the holders of the Ordinary Units. Before Zhongtai Trust is repaid in full, Greentown Real Estate shall not make any claims against Shanghai Greentown Project Company or exercise any rights under its equity interest in Shanghai Greentown Project Company.

### **Termination**

The Framework Cooperation Agreement shall be terminated (a) if the Trust is not established within thirty (30) working days after the date of the Framework Cooperation Agreement; or (b) by agreement between the parties.

### **Management of Shanghai Greentown Project Company**

#### ***Shareholders' meetings***

The following matters shall be approved by all shareholders of Shanghai Greentown Project Company:

- (1) reviewing and approving the annual financial budgets and final construction budgets;
- (2) reviewing and approving the dividend distribution and loss compensation plans;
- (3) amending the articles of association;
- (4) increasing or decreasing the registered capital;
- (5) merger, splitting or dissolution;
- (6) changing the form of the company; and
- (7) investing in or providing guarantees in favour of other companies.

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## LETTER FROM THE BOARD

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### *Directors' meetings*

The board of directors of Shanghai Greentown Project Company shall comprise three (3) directors. Zhongtai Trust has the right to appoint one (1) director, while Greentown Real Estate has the right to appoint two (2) directors. The following matters require unanimous consent of all directors of Shanghai Greentown Project Company:

- (1) assumption of any liabilities not relating to the property construction and development business of Shanghai Greentown Project Company;
- (2) disposals of assets other than sale of properties;
- (3) reviewing and approving the quarterly financial budget and final construction budgets of Shanghai Greentown Project Company; and
- (4) any one transaction between Shanghai Greentown Project Company and any of its related parties, which amount is more than RMB10,000,000 (approximately HK\$11,400,000).

### *Supervisor*

Greentown Real Estate has the right to appoint a supervisor for Shanghai Greentown Project Company.

### *Senior management*

Greentown Real Estate has the right to nominate the senior management members such as general manager and the deputy general manager for Shanghai Greentown Project Company. Zhongtai Trust has the right to appoint a financial officer for Shanghai Greentown Project Company and the financial officer shall be entitled to review certain financial matters of Shanghai Greentown Project Company.

## **THE CUSTODIAN AGREEMENT**

On 9 February 2010, Greentown Real Estate and Zhongtai Trust entered into a custodian agreement (the “**Custodian Agreement**”) with the Custodian Bank for the holding of the Trust Capital in custody by the Custodian Bank. Pursuant to the Custodian Agreement, Greentown Real Estate shall pay a custodian fee, which is determined based on the size of the Trust Capital, in an amount of not more than RMB30,000,000 (approximately HK\$34,200,000) to the Custodian Bank.

## **INFORMATION ABOUT THE GROUP**

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.

## LETTER FROM THE BOARD

### INFORMATION ON SHANGHAI GREENTOWN PROJECT COMPANY

Shanghai Greentown Project Company is a limited liability company which was established in the PRC on 19 June 2002 and was directly wholly-owned by Greentown Real Estate before the Capital Injection. The registered capital of Shanghai Greentown Project Company is RMB100,000,000 (approximately HK\$114,000,000). Shanghai Greentown Project Company is principally engaged in real estate development.

Shanghai Greentown Project Company owns the Shanghai Rose Garden Project which is located at Maqiao Town, Minhang, Shanghai, the PRC (中國上海市閔行區馬橋鎮) with a total site area of approximately 803,352 square metres and a total gross floor area of approximately 239,198 square metres. Shanghai Rose Garden Project is a seven-phased villa project with Phase I and Phase II completed, and Phase III to Phase VII under development. Shanghai Greentown Project Company has obtained the land use rights certificates and other necessary permits for the development of substantially the entire Shanghai Rose Garden Project. The construction of the Shanghai Rose Garden Project is expected to be completed in November 2013. Shanghai Greentown Project Company also owns a 49% interest in Shanghai East Sea Plaza Project which is located at West Nanjing Road, Jing'an District, Shanghai, the PRC (中國上海市靜安區南京西路) with a total site area of approximately 4,741 square metres and a total above-ground gross floor area of approximately 24,616 square metres. Shanghai East Sea Plaza Project is a commercial project which is held for future development. In addition to Shanghai Rose Garden Project and Shanghai East Sea Plaza Project, Shanghai Greentown Project Company also owns certain offices and car park spaces with a total gross floor area of approximately 1,501 square metres located in Changning District, Shanghai, the PRC. Save as described above, Shanghai Greentown Project Company does not own any material fixed assets.

### FINANCIAL INFORMATION ON SHANGHAI GREENTOWN PROJECT COMPANY

The following table sets out certain consolidated financial information of the Target Group prepared in accordance with the PRC Generally Accepted Accounting Principles:

	As at 31 December 2007		As at 31 December 2008		As at 31 December 2009	
	(audited)		(audited)		(unaudited)	
	<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/(liabilities)	1,661.1	1,893.7	1,878.2	2,141.1	1,938.2	2,209.5
Net assets/(liabilities)	145.8	166.2	252.7	288.1	488.3	556.7
	For the financial year		For the financial year		For the 12-month period	
	ended 31 December 2007		ended 31 December 2008		ended 31 December 2009	
	(audited)		(audited)		(unaudited)	
	<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>
Net profit/(loss) before tax	78.4	89.4	142.6	162.6	390.2	444.8
Net profit/(loss) after tax	45.8	52.5	106.9	121.9	299.3	341.2

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## LETTER FROM THE BOARD

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### INFORMATION ON ZHONGTAI TRUST

Zhongtai Trust is a limited liability company incorporated in the PRC in 1988. It provides trust related products and services to customers including capital trusts, movable and immovable property trusts and other property trusts, fund investment and management, charity trusts, agency asset management and financial advisory.

### REASONS FOR THE TRANSACTIONS

The Board considers that the Transactions have an overall effect of enhancing the cashflow position of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Transactions are on normal commercial terms after arm's length negotiations between the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### IMPLICATIONS UNDER THE LISTING RULES

Before the Capital Injection, Greentown Real Estate held all of the equity interest in Shanghai Greentown Project Company. After the Capital Injection, Zhongtai Trust directly holds a 49% equity interest in Shanghai Greentown Project Company, and Greentown Real Estate directly holds the remaining 51% equity interest in Shanghai Greentown Project Company. Such dilution of interest is treated as a deemed disposal by the Company of an interest in Shanghai Greentown Project Company under Rule 14.29 of the Listing Rules. Shanghai Greentown Project Company remains a subsidiary of the Company after the Capital Injection. Zhongtai Trust has become a substantial shareholder of Shanghai Greentown Project Company and therefore a connected person of the Company after the Capital Injection.

As the highest of all applicable percentage ratios in respect of the Transactions (excluding the subscription of the Ordinary Units) is above 5% but below 25% on an aggregate basis, the Transactions (excluding the subscription of the Ordinary Units) together constitute a discloseable transaction for the Company under the Listing Rules and are therefore subject to the announcement requirement under Chapter 14 of the Listing Rules. In addition, as Zhongtai Trust will become a connected person of the Company after the Capital Injection, the Connected Transactions constitute connected transactions for the Company under the Listing Rules. As the highest of all percentage ratios (other than the profit ratio) in respect of the Connected Transactions is above 2.5% on an aggregate basis, the Connected Transactions are therefore subject to the requirements of reporting, announcement and independent shareholders' approval of the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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The Company has obtained from the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules a waiver from the requirement to hold a general meeting of the Shareholders and permission for the independent shareholders' approval of the Connected Transactions to be given in writing on the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a shareholders' meeting to approve the Connected Transactions; and (ii) a written independent shareholders' approval has been obtained from Delta House Limited, Wisearn Limited and Profitwise Limited, being a closely allied group of Shareholders, which hold 442,124,000 Shares, 68,859,000 Shares and 384,490,500 Shares respectively, representing an aggregate of approximately 54.08% of the issued share capital of the Company giving the right to attend and vote at the shareholders' meeting as at the Latest Practicable Date, to approve the Connected Transactions. Delta House Limited, Wisearn Limited and Profitwise Limited are wholly-owned by Mr Song Weiping, his spouse, Ms Xia Yibo and Mr Shou Bainian respectively, who are parties acting in concert pursuant to a concert party agreement dated 26 November 2005.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 23 of this circular which contains its recommendation to the Shareholders in relation to the Connected Transactions. Your attention is also drawn to the letter of advice from Hercules Capital set out on pages 24 to 34 of this circular which contains its advice to the Independent Board Committee and the Shareholders in relation to the Connected Transactions 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 Connected Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. If a general meeting of the Company were to be held for the purpose of considering, and if thought fit, approving the Connected Transactions, the Independent Board Committee would recommend the independent Shareholders to vote in favour of the resolution in this regard.

### 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*

\* For identification purposes only





**GREENTOWN CHINA HOLDINGS LIMITED**

**綠城中國控股有限公司\***

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

**(Stock Code: 3900)**

12 March 2010

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

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS**

We refer to the circular of the Company to the Shareholders dated 12 March 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 Connected Transactions are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

We wish to draw your attention to the letter of advice from Hercules Capital, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Shareholders in relation to the Connected Transactions, as set out on pages 24 to 34 of the Circular and the letter from the Board set out on pages 9 to 22 of the Circular.

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 Connected Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. If a general meeting of the Company were to be held for the purpose of considering, and if thought fit, approving the Connected Transactions, we would recommend the independent Shareholders to vote in favour of the resolution in this regard.

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*

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice in connection with the Connected Transactions from Hercules Capital to the Independent Board Committee and the Shareholders, which has been prepared for the purpose of inclusion in this circular.*

### ***Hercules*** **Hercules Capital Limited**

1503 Ruttonjee House  
11 Duddell Street  
Central  
Hong Kong

12 March 2010

*To the Independent Board Committee  
and the Shareholders*

Dear Sirs,

### **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 Connected Transactions, details of which are set out in the letter from the Board contained in the circular dated 12 March 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 27 January 2010, Greentown Real Estate, Shanghai Greentown Project Company and Zhongtai Trust entered into the Framework Cooperation Agreement pursuant to which, (a) Zhongtai Trust shall establish the Trust with a capital of not more than RMB1,650.00 million (equivalent to approximately HK\$1,881.00 million) and not less than RMB880.00 million (equivalent to approximately HK\$1,003.20 million) for the purposes of the Capital Injection and the acquisition of the Assigned Shareholders’ Loan; (b) Zhongtai Trust shall act as the trustee of the Trust; (c) Greentown Real Estate shall subscribe for all the Ordinary Units in cash by its internal resources; (d) Zhongtai Trust shall use part of the Trust Capital in the amount of RMB96.08 million (equivalent to approximately HK\$109.53 million) for the Capital Injection; (e) before the Trust Establishment Date, Greentown Real Estate shall enter into an entrusted loan agreement with a financial institution in the PRC to provide the Shareholders’ Loan through the financial institution to Shanghai Greentown Project Company; (f) after the establishment of the Trust, Greentown Real Estate shall assign the Assigned Shareholders’ Loan to Zhongtai Trust and the consideration for the Assigned Shareholders’ Loan shall be the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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balance of the Trust Capital after deducting the amount for the Capital Injection; (g) Greentown Real Estate shall provide a guarantee in favour of Zhongtai Trust in respect of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (h) Greentown Real Estate shall provide the Share Pledge in respect of its 51% direct equity interest in Shanghai Greentown Project Company in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (i) Greentown Real Estate shall provide the Guarantee on Return and the Guarantee on Net Asset Value to Zhongtai Trust; and (j) Greentown Real Estate shall deposit the Escrow Dividends in the Escrow Account to secure the payment obligations of Greentown Real Estate under the Transaction Documents.

After completion of the Capital Injection, Greentown Real Estate and Zhongtai Trust will directly hold 51% and 49% equity interest in Shanghai Greentown Project Company respectively. Shanghai Greentown Project Company will remain a subsidiary of the Company after the Capital Injection and Zhongtai Trust will become a substantial shareholder of Shanghai Greentown Project Company and therefore a connected person of the Company since the completion of the Capital Injection.

As Zhongtai Trust will become a connected person of the Company after the Capital Injection, the Assignment of Shareholders' Loan, the provision of the Assigned Shareholders' Loan by Zhongtai Trust to Shanghai Greentown Project Company, the provision of the Security Package to Zhongtai Trust and the provision of the Guarantee on Return and the Guarantee on Net Asset Value constitute connected transactions for the Company under the Listing Rules. As the relevant percentage ratios in respect of the Connected Transactions are above 2.5% on an aggregate basis, the Connected Transactions are therefore subject to the requirements of reporting, announcement and independent shareholders' approval of the Company under Chapter 14A of the Listing Rules.

On the basis that (i) no Shareholders are required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Connected Transactions; and (ii) Delta House Limited, Wisearn Limited and Profitwise Limited, which collectively held an aggregate of approximately 54.08% of the issued share capital of the Company as at Latest Practicable Date, have approved the Connected Transactions in writing, the Company has applied to, and obtained from, the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules a waiver from the requirement to hold a general meeting of the Shareholders to approve the Connected Transactions.

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 Connected Transactions. We, Hercules Capital Limited, have been appointed to advise the Independent Board Committee and the Shareholders in connection with the Connected Transactions, in particular as to whether the terms of the relevant agreements 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof 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 Group. 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 Connected Transactions, we have considered the following principal factors and reasons:

#### 3.1 Background of the Connected Transactions

On 27 January 2010, Greentown Real Estate, Shanghai Greentown Project Company and Zhongtai Trust entered into the Framework Cooperation Agreement pursuant to which, amongst other things, Greentown Real Estate agreed to (a) enter into an entrusted loan agreement with a financial institution in the PRC to provide the Shareholders' Loan through the financial institution to Shanghai Greentown Project Company before the Trust Establishment Date; (b) assign the Assigned Shareholders' Loan to Zhongtai Trust after the establishment of the Trust and the consideration for the Assigned Shareholders' Loan shall be the balance of the Trust Capital after deducting the amount for the Capital Injection; (c) provide a guarantee in favour of Zhongtai Trust in respect of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (d) provide the Share Pledge in respect of its 51% direct equity interest in Shanghai

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Greentown Project Company in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (e) provide the Guarantee on Return and the Guarantee on Net Asset Value to Zhongtai Trust; and (f) deposit the Escrow Dividends in the Escrow Account to secure the payment obligations of Greentown Real Estate under the Transaction Documents.

On 11 February 2010, the Trust, with a total of 1,358.72 million Trust Units being subscribed, was established. On 27 January 2010, 8 February 2010 and 9 February 2010, Greentown Real Estate entered into a series of entrusted loan agreements with 中國建設銀行 (上海浦東分行) (China Construction Bank (Shanghai Pudong Branch)) for the provision of the Shareholders' Loan through the bank to Shanghai Greentown Project Company. On 9 February 2010, Greentown Real Estate and Zhongtai Trust entered into the First Series Loan Assignment Agreements, pursuant to which, Greentown Real Estate has assigned an aggregate amount of RMB1,262.64 million of the Shareholders' Loan to Zhongtai Trust. Upon the expiry of the Reopening Period, Greentown Real Estate shall enter into the Second Loan Assignment Agreement to assign a further portion of the Shareholders' Loan to Zhongtai Trust. To fulfill the conditions precedent for the Loan Assignment Agreements, Greentown Real Estate has provided the Guarantee and the Share Pledge in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon. In addition, Greentown Real Estate has guaranteed to deposit the Escrow Dividends in the Escrow Account to secure the payment obligations of Greentown Real Estate under the Transaction Documents and provided the Guarantee on Return and Guarantee on Net Asset Value to Zhongtai Trust.

### **3.2 Information on Shanghai Greentown Project Company**

Shanghai Greentown Project Company is a limited liability company established in the PRC on 19 June 2002 and was wholly-owned by Greentown Real Estate as at the Latest Practicable Date. The registered capital of Shanghai Greentown Project Company as at the Latest Practicable Date was RMB100.00 million. Shanghai Greentown Project Company will be owned as to 51% by Greentown Real Estate and 49% by Zhongtai Trust after completion of the Capital Injection.

Shanghai Greentown Project Company is principally engaged in real estate development. The major assets of Shanghai Greentown Project Company are its entire interest in the Shanghai Rose Garden Project, 49% interest in Shanghai East Sea Plaza Project and the ownership of certain offices and car park spaces with a total gross floor area of approximately 1,501 square metres located in Changning District, Shanghai, the PRC. The Shanghai Rose Garden Project is located at Maqiao Town, Minhang, Shanghai, the PRC with a total site area of approximately 803,352 square meters and a total gross floor area of approximately 239,198 square meters. It is a seven-phased villa project with Phase I and Phase II completed and Phase III to Phase VII held under development. Shanghai Greentown Project Company has obtained the land use right certificates and other necessary permits for the development of substantially the entire Shanghai Rose Garden Project. According to the development scheme advised by the

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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management of the Company, the construction of the Shanghai Rose Garden Project is expected to be completed in November 2013. The Shanghai East Sea Plaza Project is located at West Nanjing Road, Jing'an District, Shanghai, the PRC with a total site area of approximately 4,741 square meters and a total above-ground gross floor area of 24,616 square meters. According to the development scheme advised by the management of the Company, the Shanghai East Sea Plaza Project is a commercial project held for future development.

The financial information of Shanghai Greentown Project Company, which has been prepared in accordance with the PRC Generally Accepted Accounting Principles, for the three years ended 31 December 2009 is summarized as follows:

**Table 1: Financial summary of Shanghai Greentown Project Company**

	<b>For the year ended 31 December 2009</b>		<b>For the year ended 31 December 2008</b>		<b>For the year ended 31 December 2007</b>	
	<i>RMB million (unaudited)</i>	<i>HK\$ million (unaudited)</i>	<i>RMB million (audited)</i>	<i>HK\$ million (audited)</i>	<i>RMB million (audited)</i>	<i>HK\$ million (audited)</i>
Revenue	<u>1,305.0</u>	<u>1,487.7</u>	<u>572.9</u>	<u>653.1</u>	<u>262.3</u>	<u>299.0</u>
Net profit before tax	<u>390.2</u>	<u>444.8</u>	<u>142.6</u>	<u>162.6</u>	<u>78.4</u>	<u>89.4</u>
Net profit after tax	<u>299.3</u>	<u>341.2</u>	<u>106.9</u>	<u>121.9</u>	<u>45.8</u>	<u>52.2</u>
	<b>As at 31 December 2009</b>		<b>As at 31 December 2008</b>		<b>As at 31 December 2007</b>	
	<i>RMB million (unaudited)</i>	<i>HK\$ million (unaudited)</i>	<i>RMB million (audited)</i>	<i>HK\$ million (audited)</i>	<i>RMB million (audited)</i>	<i>HK\$ million (audited)</i>
Total assets	<u>1,938.2</u>	<u>2,209.5</u>	<u>1,878.2</u>	<u>2,141.1</u>	<u>1,661.1</u>	<u>1,893.7</u>
Total liabilities	<u>1,449.9</u>	<u>1,652.8</u>	<u>1,625.5</u>	<u>1,853.0</u>	<u>1,515.3</u>	<u>1,727.5</u>
Net assets	<u>488.3</u>	<u>556.7</u>	<u>252.7</u>	<u>288.1</u>	<u>145.8</u>	<u>166.2</u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For the year ended 31 December 2007, Shanghai Greentown Project Company recorded a total revenue of approximately RMB262.3 million, which was solely generated from the sales of properties. During the year, Shanghai Greentown Project Company completed part of Phase I of the Shanghai Rose Garden Project and properties of total saleable area of approximately 10,214 square metres were sold and delivered. Shanghai Greentown Project Company recorded net profit before tax and net profit after tax of approximately RMB78.4 million and RMB45.8 million respectively for the year ended 31 December 2007.

During the year ended 31 December 2008, Phase I of the Shanghai Rose Garden Project was wholly completed and properties of total saleable area of approximately 25,492 square metres were sold and delivered by Shanghai Greentown Project Company. The total revenue of Shanghai Greentown Project Company increased by approximately 1.18 times as compared to the previous year and was approximately RMB572.9 million for the year ended 31 December 2008. Shanghai Greentown Project Company recorded net profit before tax and net profit after tax of approximately RMB142.6 million and RMB106.9 million respectively for the year ended 31 December 2008.

Benefited from the implementation of a stimulus fiscal plan and expansionary monetary policies by the PRC Government, the improved market sentiment of the property market in the PRC and the completion of Phase II of the Shanghai Rose Garden Project, Shanghai Greentown Project Company achieved prominent sales performance for the year ended 31 December 2009, during which properties of total saleable area of approximately 46,556 square metres were sold and delivered, which contributed turnover of approximately RMB1,305.0 million to Shanghai Greentown Project Company. After deducting the costs of sales and administrative expenses, Shanghai Greentown Project Company recorded net profit before tax and net profit after tax of approximately RMB390.2 million and RMB299.3 million respectively for the year ended 31 December 2009.

As at 31 December 2009, Shanghai Greentown Project Company had total assets of approximately RMB1,938.2 million, which mainly consisted of cash and bank balances of approximately RMB289.0 million, trade and other receivables of approximately RMB222.3 million, inventories of approximately RMB1,093.7 million, long-term investments of approximately RMB303.4 million and fixed assets of approximately RMB21.5 million. As at 31 December 2009, the total liabilities of Shanghai Greentown Project Company amounted to approximately RMB1,449.9 million, of which approximately RMB343.7 million was other payables, approximately RMB141.5 million was receipt in advance, approximately RMB143.0 million was tax payables and approximately RMB821.7 million was long-term borrowings. The net asset value of Shanghai Greentown Project Company as at 31 December 2009 amounted to approximately RMB488.3 million.



### **3.3 Reasons for the Connected Transactions**

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 management of the Company, the major objective of the Group to carry out the transactions contemplated under the Framework Cooperation Agreement, including the Connected Transactions, is to secure a loan of not more than RMB1,553.92 million and not less than RMB783.92 million from Zhongtai Trust for property development projects of the Group.

In view of the requirements for the pledge of land use rights and the limitation on use of proceeds for the project loans imposed by the commercial banks that have been negotiated with the Group, the management of the Company considers that loan from trust company is the preferred financing alternative as no pledge of land use rights are required by trust companies and the loan proceeds will not be restricted for a specific project.

Given that (i) the Assignment of the Shareholders' Loan by Greentown Real Estate to Zhongtai Trust and the provision of the Assigned Shareholders' Loan by Zhongtai Trust to Shanghai Greentown Project Company shall enable the Group to raise the required funding for the development and construction of its property development projects and improve the immediate cashflow position of the Group; (ii) the Assigned Shareholders' Loan does not require the pledge of land use rights by Shanghai Greentown Project Company, whose land use rights of the Shanghai Rose Garden Project have already been pledged to other financiers; (iii) the land use rights of the Shanghai East Sea Plaza Project can be used as a pledge for additional funding for the Group, if necessary; (iv) Zhongtai Trust will not restrict the applications of the loan proceeds for a specific project; and (v) the provision of the Security Package to Zhongtai Trust is one of the conditions of the provision of the Assigned Shareholders' Loan by Zhongtai Trust and it is not unusual for a borrower to provide guarantee and/or pledge of assets to the trust company to secure the performance and obligations of the borrower, we concur with the view of the management of the Company that the Connected Transactions are necessary for the Group to develop its property development projects and they are in the interest of the Company and the Shareholders as a whole.

### **3.4 Major terms of the Assigned Shareholders' Loan**

Pursuant to the Framework Cooperation Agreement, the consideration for the total amount of the Assigned Shareholders' Loan shall be the balance of the Trust Capital after deducting the amount for the Capital Injection. The maximum amount of the Balance shall be RMB1,553.92 million assuming that the Trust Capital is equal to the Maximum Trust Capital. Greentown Real Estate has undertaken that:

- (a) the total principal amount of the Assigned Shareholders' Loan shall not be less than the Balance, and the term of the Assigned Shareholders' Loan shall be not more than nineteen months and not less than eighteen months from the Trust Establishment Date;



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (b) the interest of the Assigned Shareholders' Loan shall be calculated at a rate of 9.3% per annum;
- (c) the Tranche A Shareholders' Loan, which equals to (i) the dollar amount of the Preferred A Units subscribed as at the Trust Establishment Date plus (ii) the dollar amount of the Preferred A Units subscribed during the Reopening Period, and the interest accrued thereon, may be repaid after twelve months from the Trust Establishment Date; and
- (d) the Tranche B Shareholders' Loan, which equals to the Assigned Shareholders' Loan minus the Tranche A Shareholders' Loan, and the interest accrued thereon, may be repaid after eighteen months from the Trust Establishment Date.

We understand from the management of the Company that the Group has negotiated with several trust companies other than Zhongtai Trust in respect of borrowings with similar nature as the Assigned Shareholders' Loan. The annual interest rates offered by them were comparable to the interest rate of the Assigned Shareholders' Loan. We also noted that the Group borrowed similar loans in April 2009 and December 2009 respectively. The annual interest rate of both the 33-month RMB1,250 million loan and the 33-month RMB437.1 million loan is 14%, details of which were set out in the circular of the Company dated 30 June 2009, while the effective annual interest rates of the RMB1,500 million loan with a term of twelve months and fifteen months are 10% and 10.5% respectively, details of which were set out in the circular of the Company dated 21 January 2010.

Having considered that (i) the consideration of the Assigned Shareholders' Loan is the same as the principal amount of the Assigned Shareholders' Loan; and (ii) the interest rate of the Assigned Shareholders' Loan is comparable to the interest rates offered by other trust companies under similar terms and is lower than the interest rates of the previous loans borrowed by the Group in similar nature, we consider that the terms of the Assigned Shareholders' Loan are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned.

### **3.5 Major terms of the Security Package**

The major terms of the Security Package, including the Guarantee, the Share Pledge and the Escrow Dividends, provided by the Greentown Real Estate in favour of Zhongtai Trust are summarized as follows:

#### ***The Guarantee***

On 9 February 2010, Greentown Real Estate and Zhongtai Trust entered into a guarantee agreement, pursuant to which, Greentown Real Estate has agreed to provide a guarantee in favour of Zhongtai Trust in respect of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *The Share Pledge*

On 9 February 2010, Greentown Real Estate and Zhongtai Trust also entered into the Share Pledge Agreement, pursuant to which, Greentown Real Estate has agreed to provide the Share Pledge in respect of its 51% direct equity interest in Shanghai Greentown Project Company in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon. The necessary registration procedures for the Share Pledge has not yet been completed.

### *The Escrow Dividends*

Greentown Real Estate has agreed to deposit the Escrow Dividends in the Escrow Account to secure the payment obligations of Greentown Real Estate under the Transaction Documents.

We were advised by the management of the Company that it is not unusual for a borrower and/or its shareholders to provide security, including but not limited to, guarantees, pledge of shares and cash deposits to a trust company to secure the obligations under loan agreements and other trust companies, which the Group has negotiated with, as mentioned in section "3.4 Major terms of the Assigned Shareholders' Loan", also requested the Group to provide similar security. In addition, Greentown Real Estate has provided guarantees and pledged its assets for certain loans borrowed by its subsidiaries.

Given that (i) the provision of Security Package to Zhongtai Trust is one of the conditions precedent for the Assignment of Assigned Shareholders' Loan, which can enhance the cash flow of the Group and provide necessary funding for the development and construction of the Group's property development projects; and (ii) it is not unusual for a borrower and/or its shareholders to provide security, including but not limited to, guarantees, pledge of shares and cash deposits to a lender to secure the obligations under loan agreements, we consider that the provision of Security Package to Zhongtai Trust is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

### **3.6 Guarantee on Return and Guarantee on Net Asset Value**

Greentown Real Estate has agreed to provide Zhongtai Trust with the Guarantee on Return, details of which are as follows:

- (a) the aggregate of the Estimated Return in respect of the Preferred A Units and the Trustee Fee shall be 8.5% of the Trust Capital of the Preferred A Units while the aggregate of the Estimated Return in respect of the Preferred B Units and the Trustee Fee shall be 9.3% of the Trust Capital of the Preferred B Units; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (b) in the event that the Trust Income to be paid on the Preferred Units fails to meet the Estimated Return and the Trustee Fee, and is therefore not able to pay the holders of the Preferred Units in full according to the Trust Agreement, Greentown Real Estate shall inject or shall procure its affiliates to inject additional capital into the Trust to make up such difference between the Trust Income and the Estimated Return.

Greentown Real Estate has also agreed to guarantee that the ratio of (a) the market value of the net assets of Shanghai Greentown Project Company and all its projects plus the Trust Capital contributed by Greentown Real Estate for the subscription of the Ordinary Units to (b) the Trust Capital contributed by the Qualified Investors for the subscription of the Preferred Units shall at all times be maintained at 1.3:1 before the expiry or the termination of the Trust. Otherwise, Greentown Real Estate shall inject further capital into Shanghai Greentown Project Company to restore the ratio to 1.3:1.

We were advised by the management of the Company that the purpose of the provision of the Guarantee on Return and the Guarantee on Net Asset Value is to ensure Shanghai Greentown Project Company will, and has sufficient assets to, discharge its obligations under the Transaction Documents. Assuming the Trust Capital is equal to the Maximum Trust Capital and the ratio of Preferred A Units to Preferred B Units is equal to 2:1, the amount subject to the Guarantee on Return, calculated based on full subscription of 1,000 million Preferred A Units and 500 million Preferred B Units, would be RMB154.75 million, which is lower than the interest payable on the total Assigned Shareholders' Loan of approximately RMB170.27 million.

Given that the amount subject to the Guarantee on Return is lower than the interest payable on the total Assigned Shareholders' Loan, the Trust's guaranteed return will normally be achieved if Shanghai Greentown Project Company repays the interest on the total Assigned Shareholders' Loan in full. Therefore, we consider that the terms of the Guarantee on Return are fair and reasonable. Furthermore, it is logical for a lender to request the borrower to maintain a healthy financial position and keep adequate assets to secure the repayment of loan. Therefore, we consider that the terms of the Guarantee on Net Asset Value is on normal commercial terms.

### 3.7 Financial effects of the Connected Transactions

#### (a) *Earnings*

The Group's earnings shall decrease as a result of the payment of interests on the Assigned Shareholders' Loan during the loan period.

#### (b) *Cashflow*

Upon satisfaction of the conditions precedent as described in the letter from the Board, the Group shall have a maximum net cash inflow of RMB1,500.00 million, being the maximum amount of the Trust Capital of RMB1,650.00 million less the capital contribution of RMB150.00 million to be made by Greentown Real Estate in the Trust.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Tranche A Shareholders' Loan and the interest accrued thereon shall be paid after twelve months from the Trust Establishment Date and the Tranche B Shareholders' Loan and the interest accrued thereon shall be paid after eighteen months from the Trust Establishment Date. Accordingly, assuming the Trust Capital is equal to the Maximum Trust Capital and the ratio of Preferred A Units to Preferred B Units is equal to 2:1, the Group shall have a cash outflow of RMB1,093.00 million on the date of twelve months from the Trust Establishment Date for payment of the Tranche A Shareholders' Loan and the interest accrued thereon and another cash outflow of approximately RMB631.19 million for payment of Tranche B Shareholders' Loan and the interest accrued thereon on the date of eighteen months from the Trust Establishment Date.

*(c) Net Asset Value and Gearing Ratio*

The Group's net asset value and gearing, as expressed in the ratio of total liabilities to total assets, shall not be materially affected as the total assets and total liabilities of the Group shall increase in the same extent.

Concluding from the above, the Connected Transactions will have a positive effect on the Group's immediate cashflow position but a negative impact on the Group's earnings while the net assets value and the gearing of the Group will not be materially affected. Having considered the aforementioned overall benefits which the Connected Transaction would likely to bring to the Group, we consider that the negative impact of the Connected Transactions on the Group's earnings is justifiable.

#### 4. RECOMMENDATION

Having considered the principal factors and reasons described in the previous sections, we are of the view that the terms of the Connected Transactions are on normal commercial terms and they are fair and reasonable so far as the Shareholders are concerned and the Connected Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Therefore, if a general meeting were convened to consider the Connected Transactions, we would recommend the Independent Board Committee to advise the independent Shareholders, as well as the independent Shareholders, to vote in favour of the resolution for approving the Connected Transactions.

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 Shanghai Rose Garden Project, the Shanghai East Sea Plaza Project and certain office units and car park spaces in Far East International Plaza as at 31 December 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

12 March 2010

Dear Sirs,

**Re: Portfolio Valuation**

**Instructions, Purpose and Date of Valuation**

In accordance with your instructions for us to value the properties in which Greentown China Holdings Limited (referred to as the “Company”) and its subsidiaries (together referred to as the “Group”) have interests in the People’s Republic of China (the “PRC”) (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 31 December 2009.

**Valuation Standards and Definition of Market Value**

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors 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 properties which are situated in the PRC, we have assumed that transferable land use rights in respect of the properties 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 properties .

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

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

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

### Method of Valuation

In valuing the properties of Groups I and II which are held for sale and owner-occupied respectively by the Group in the PRC, we have valued the properties by direct comparison method by making reference to comparable sales evidence as available in the relevant market.

In valuing the property in Group III which 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.

Regarding the property in Group IV which is held for future development in the PRC, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market.

### Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to the properties. 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 properties in the PRC and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, development schemes, construction costs, site and floor areas and all other relevant matters.

### Site Inspection

We have inspected the exterior and, wherever possible, the interior of each of the properties. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are 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 defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

### Currency

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

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

Yours faithfully,  
For and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**Andrew K. F. Chan**  
Registered Professional Surveyor (GP)  
Registered China Real Estate Appraiser  
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.

## SUMMARY OF VALUATIONS

Property interest	Capital value in existing state as at 31 December 2009 RMB	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 31 December 2009 RMB
<b>Group I – Property held for sale in the PRC</b>			
1. 4 unsold villas of Phase I and 9 unsold villas of Phase II, Greentown Rose Garden, 1/5 Qiu, 383 Street, Maqiao Town, Minhang District, Shanghai, the PRC	427,000,000	100	427,000,000
<b>Group II – Property held for owner-occupation in the PRC</b>			
2. Units 2701-2712 and Nos.127 and 128, Basement Car Park Level 2, Block A, Far East International Plaza, No. 319 Xianxia Road, Changning District Shanghai, the PRC	38,000,000	100	38,000,000
<b>Group III – Property held under development in the PRC</b>			
3. Phases III to VII of Greentown Rose Garden, 10/2, 10/3, 10/5, 10/8 Qiu, 380 Street, Maqiao Town, Minhang District, Shanghai, the PRC	1,680,000,000	100	1,680,000,000
<b>Group IV – Property held for future development in the PRC</b>			
4. Phase II of Donghai Plaza, No. 1486 West Nanjing Road, Jingan District, Shanghai, the PRC	674,000,000	49	330,260,000
<b>Total:</b>	<b>2,819,000,000</b>		<b>2,475,260,000</b>



## VALUATION CERTIFICATE

## Group I – Property held for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
1.	4 unsold villas of Phase I and 9 unsold villas of Phase II, Greentown Rose Garden, 1/5 Qiu, 383 Street, Maqiao Town, Minhang District Shanghai, the PRC	<p>The property comprises 4 unsold villas in Phase I and 9 unsold villas in Phase II of Greentown Rose Garden completed in the period between 2007 and 2009.</p> <p>The property has a total gross floor area of approximately 13,286.79 sq.m.</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 29 June 2073 for residential use.</p>	The property was vacant.	RMB427,000,000

## Notes:

- (1) According to Certificate of Real Estate Ownership No. (2008)039185 issued by Shanghai Housing and Land Resources Bureau, the title ownership of the property, comprising a total site area of 317,438 sq.m. and a total gross floor area of approximately 48,372.79 sq.m., have been vested in 上海綠城森林高爾夫別墅開發有限公司 (Shanghai Greentown Woods Golf Villas Development Co., Ltd.) for a term of 70 years for residential use due to expire on 29 June 2073.
- (2) According to Shanghai State-owned Land Use Rights Grant Contract (2003) No. 64 entered into between Shanghai Minhang Housing and Land Resources Bureau (the Grantor) and Shanghai Greentown Woods Golf Villas Development Co., Ltd. (the Grantee) on 22 April 2003, the land use rights of the property, comprising a total site area of approximately 309,992 sq.m., have been granted to the grantee for a term of 70 years for residential use at a consideration of RMB34,844,566.

Regarding Contract (2003) No. 64, other additional particulars are as follows:

Plot Ratio	:	Not more than 0.175
Greenery Ratio	:	Not less than 70%

According to Shanghai State-owned Land Use Rights Grant Contract (2006) No. 31 entered into between Shanghai Minhang Housing and Land Resources Bureau (the Grantor) and Shanghai Greentown Woods Golf Villas Development Co., Ltd. (the Grantee) on 28 February 2006, the land use rights of the property comprising a total site area of approximately 7,445.6 sq.m. have been granted to the grantee for a term of 70 years for residential use at a consideration of RMB836,932 with the same land use term of (2003) No.64.

- (3) According to 4 Record of Construction Works Completion and Acceptance No. 2007ZZ0208, 2008SH0051, 2008ZZ0132 and 2009SH0202 issued by Shanghai Construction Industry Office dated 7 December 2007, 23 December 2008, 5 June 2008 and 15 September 2009 respectively, Phase I of Greentown Rose Garden with a gross floor area of 88,487.86 sq.m. has passed the completion acceptance.
- (4) According to Business Licence No. 3101122086953 dated 20 April 2006, Shanghai Greentown Woods Golf Villas Development Co., Ltd. has been established as a limited company with a registered capital of RMB100,000,000 for a valid operation period from 19 June 2002 to 18 June 2012.

(5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:

- (i) Shanghai Greentown Woods Golf Villas Development Co., Ltd. has paid all the land premium; and
- (ii) Shanghai Greentown Woods Golf Villas Development Co., Ltd. is in possession of a proper legal title to the property and has the right to transfer, lease, mortgage and dispose of the property with the residual term of its land use right.

(6) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Certificate of Real Estate Ownership	Yes
Record of Construction Works Completion and Acceptance	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

## Group II – Property held for owner-occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
2. Units 2701-2712 and Nos. 127 and 128, Basement Car Park Level 2, Block A, Far East International Plaza, No.319 Xianxia Road, Changning District Shanghai, the PRC	<p>The property comprises 12 office units and 2 car park spaces of an office building completed in 1998.</p> <p>The property has a total gross floor area of approximately 1,500.96 sq.m. for office use. In addition, the property comprises two car park spaces in the basement.</p> <p>The land use rights of the property have been granted for a term due to expire on 19 August 2045 for office use.</p>	The property was occupied by the Group for office use.	RMB38,000,000

*Notes:*

- (1) According to Certificate of Real Estate Ownership No. (2002)011396 issued by Shanghai Housing and Land Resources Bureau, the title ownership of the property, comprising a total gross floor area of 1,500.96 sq.m., have been vested in 上海綠城森林高爾夫別墅開發有限公司 (Shanghai Greentown Woods Golf Villas Development Co., Ltd.) for a term of 43 years for office use due to expire on 19 August 2045.
- (2) According to Business Licence No. 3101122086953 dated 20 April 2006, Shanghai Greentown Woods Golf Villas Development Co., Ltd. has been established as a limited company with a registered capital of RMB100,000,000 for a valid operation period from 19 June 2002 to 18 June 2012.
- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
  - (i) Greentown Woods Golf Villas Development Co., Ltd. is in possession of a proper legal title to the property; and
  - (ii) The property is subject to a mortgage in favour of The Bank of East Asia, Shanghai Branch. After obtaining the approvals from The Bank of East Asia, Shanghai Greentown Woods Golf Villas Development Co., Ltd. can lease, transfer, mortgage and dispose of the property.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Certificate of Real Estate Ownership	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

## Group III – Property held under development in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009								
3. Phases III to VII of Greentown Rose Garden, 10/2, 10/3, 10/5, 10/8 Qiu, 380 Street, Maqiao Town, Minhang District Shanghai, the PRC	<p>The property comprises a site with a total site area of approximately 480,435 sq.m.</p> <p>The property is planned to be developed into a villa development scheduled for completion in July 2013.</p> <p>The property has a total gross floor area of approximately 141,485 sq.m. with the details as follow:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area Gross Floor Area sq.m.</th> </tr> </thead> <tbody> <tr> <td>Villa (including basement)</td> <td>123,897</td> </tr> <tr> <td>Club and Ancillary</td> <td>17,588</td> </tr> <tr> <td><b>Total</b></td> <td><b>141,485</b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area Gross Floor Area sq.m.	Villa (including basement)	123,897	Club and Ancillary	17,588	<b>Total</b>	<b>141,485</b>	<p>The property was under construction. The super-structure was under development.</p>	RMB1,680,000,000
Use	Approximate Gross Floor Area Gross Floor Area sq.m.										
Villa (including basement)	123,897										
Club and Ancillary	17,588										
<b>Total</b>	<b>141,485</b>										
	<p>The land use rights of the property have been granted for a term of 70 years due to expire on 27 February 2076 for residential use.</p>										

*Notes:*

- (1) According to 4 Shanghai State-owned Land Use Rights Grant Contracts entered into between Shanghai Minhang Housing and Land Resources Bureau (the Grantor) and 上海綠城森林高爾夫別墅開發有限公司 (Shanghai Greentown Woods Golf Villas Development Co., Ltd.) (the Grantee) on 28 February 2006, the land use rights of the property comprising a total site area of approximately 485,914.2 sq.m. have been granted to the grantee 70 years for residential use.
- (2) According to 4 Certificates of Real Estate Ownership Nos. (2008)043041, (2008)043043, (2008)043044 and (2008)043042 issued by Shanghai Housing and Land Resources Bureau, the title ownership of the property, comprising a total site area of 480,435 sq.m., have been vested in Shanghai Greentown Woods Golf Villas Development Co., Ltd. for a term of 70 years due to expire on 27 February 2076 for residential use.
- (3) According to 4 Planning Permits for Construction Land No. (2006)12060410E00598 to (2006)12060410E00601 issued by Shanghai Minhang Planning Bureau dated 10 April 2006, the construction site of the property with a site area of 552,357 sq.m. is in compliance with the urban planning requirement.
- (4) According to 7 Planning Permit for Construction Works Nos. (2006)12061231F04162, (2009)FA31011220090032 to (2009)FA31011220090036 and (2009)FA31011220090116 issued by Shanghai Minhang Planning Bureau, the construction works of the property with a total gross floor area of 128,481 sq.m. have been approved.

- (5) According to Construction Permit for Construction Works No. 310112200608110719 issued by Shanghai Minhang Construction Committee, the construction works of the development have been approved with a total gross floor area of 141,715 sq.m.
- (6) As advised by the Group, the total construction costs expended as at 31 December 2009 was approximately RMB34,100,710 and the estimated outstanding construction cost to complete the development is approximately RMB1,456,930,000. In the course of our valuation, we have taken into account the above construction costs expended.
- (7) The capital value when completed of the proposed development as at 31 December 2009, was approximately RMB4,563,000,000.
- (8) According to Business Licence No. 3101122086953 dated 20 April 2006, Shanghai Greentown Woods Golf Villas Development Co., Ltd. has been established as a limited company with a registered capital of RMB100,000,000 for a valid operation period from 19 June 2002 to 18 June 2012.
- (9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
- (i) Shanghai Greentown Woods Golf Villas Development Co., Ltd. has paid all the land premium;
  - (ii) The development of the land has not violated the rules set on the relevant Land Grant Contract and Shanghai Greentown Woods Golf Villas Development Co., Ltd. has obtained the approvals or permits for the construction of the buildings erected on the land on Phase 2; and
  - (iii) Shanghai Greentown Woods Golf Villas Development Co., Ltd. is in possession of a proper legal title to dispose of the property; and
  - (iv) A parcel of land of the property with a site area of 37,094.81 and the construction projects thereon are subject to a mortgage in favour of the Bank of China, Shanghai Branch. Moreover, a portion of the property under the Certificate of Real Estate Ownership No. (2008)043042 is subject to a mortgage in favour of China Minsheng Bank, Shanghai Branch. After obtaining the approvals from the banks, Shanghai Greentown Woods Golf Villas Development Co., Ltd. can lease, transfer, mortgage and dispose of the land use rights of the property.
- (10) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:
- |   |            |
|---|------------|
| Certificate of Real Estate Ownership          | Yes (Part) |
| Contract for Grant of Land use Rights         | Yes        |
| Planning Permit for Construction Land         | Yes        |
| Planning Permit for Construction Works        | Yes        |
| Permit for Commencement of Construction Works | Yes        |
| Pre-sale/Sale Permit                          | Yes        |
| Business Licence                              | Yes        |

## VALUATION CERTIFICATE

## Group IV – Property held for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
4. Phase II of Donghai Plaza, No. 1486 West Nanjing Road, Jingan District Shanghai, the PRC	<p>The property comprises a site with a total site area of approximately 4,741 sq.m.</p> <p>The property is planned to be developed into an office development with a total gross floor area of approximately 38,117 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years due to expire on 24 July 2046 for office, residential, commercial and composite use.</p>	The property was pending for the clearance work.	RMB674,000,000  (49% attributable to the Group RMB330,260,000)

## Notes:

- (1) According to Certificate of Real Estate Ownership No.(2005)004498 issued by Shanghai Housing and Land Resources Bureau, the title ownership of the property, comprising a total site area of 10,501 sq.m., have been vested in 上海靜宇置業有限公司 (Shanghai Jing Yu Real Estate Co., Ltd.) (in which the Group indirectly holds 49% interest) for a term of 50 years for composite use due to expire on 24 July 2046.
- (2) According to Transfer Contract of Phases I and II of Donghai Plaza entered into between Shanghai Green Universe Real Estate Development Co., Ltd. (上海綠宇房地產開發有限公司) (Party A) and Shanghai Jing Yu Real Estate Co., Ltd. (Party B) on 1 April 2005, the property comprising a total site area of approximately 11,681 sq.m. with Phase I under construction of a planned gross floor area of 58,259 sq.m. and an actual gross floor area of 78,129 sq.m. and Phase II, which is currently a vacant site with a planned gross floor area of 24,616 sq.m., have been transferred to Party B at a consideration of RMB1,300,000,000.
- (3) According to Planning Permit for Construction Land No. (2005)06050324E90199 issued by Shanghai Planning Bureau dated on 24 March 2005, a total land area of 10,501 sq.m. has been approved to develop Phases I and II.
- (4) According to Reply to the Planning of Donghai Plaza No. (2004)430 dated 8 May 2004, Phase II of Donghai Plaza is permitted to construct a gross floor area of not more than 24,616 sq.m.
- (5) According to Business Licence No. 3101061013425 dated 22 May 2006, Shanghai Jing Yu Real Estate Co., Ltd. has been established as a limited company with a registered capital of RMB100,000,000 for a valid operation period from 19 June 2002 to 18 June 2012.
- (6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
  - (i) The land premium of the property has been fully settled;
  - (ii) The property is free from seizing, mortgage, limitation of any other rights and third party rights; and
  - (iii) Shanghai Jing Yu Real Estate Co., Ltd. is in possession of a proper legal title to the property and has the right to transfer, lease, mortgage and dispose of the property with the residual term of its land use right.

- (7) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Certificate of Real Estate Ownership	Yes
Contract for Grant of Land use Rights	Yes
Planning Permit for Construction Land	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	23.68%
	68,859,000 (Note 2)	-	-	Interest of a controlled corporation	4.16%
	100,000,000 (Note 3)	-	-	Interest of a controlled corporation	6.04%
	-	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	23.22%
	–	609,000 (Note 4)	–	Beneficial owner	0.04%
Mr Luo Zhaoming	100,000,000 (Note 6)	–	–	Interest of a controlled corporation	6.04%
		15,000,000 (Note 7)	–	Beneficial owner	0.91%
Mr Guo Jiafeng	13,010,000 (Note 8)	–	–	Interest of a controlled corporation	0.79%
	–	576,000 (Note 4)	–	Beneficial owner	0.03%
Mr Chen Shunhua	–	376,500 (Note 4)	–	Beneficial owner	0.02%

## 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, a corporation controlled by 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 to 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.
- (8) Mr Guo Jiafeng is interest in such Shares as a sole shareholder of Jamuta Investments Limited.

(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%
Mr Guo Jiafeng	Jamuta Investments Limited	-	Beneficial owner	-	100%

**(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) <i>(Note 1)</i>	Interest of a controlled corporation and interest of spouse	33.95%
Delta House Limited	392,124,000 (L) <i>(Note 2)</i>	Beneficial owner	23.68%
Hong Kong Orange Osmanthus Foundation Limited	100,000,000 (L) <i>(Note 2)</i>	Beneficial owner	6.04%
Profitwise Limited	384,490,500 (L) <i>(Note 3)</i>	Beneficial owner	23.22%
Ms Ruan Yiling	115,000,000 (L) <i>(Note 4)</i>	Interest of a controlled corporation and interest of spouse	6.95%
Tandellen Group Limited	100,000,000 (L) <i>(Note 5)</i>	Beneficial owner	6.04%
Lehman Brothers Holdings Inc	101,400,450 (L) <i>(Note 6)</i>	Interest of controlled corporations	6.12%
	31,868,575 (S) <i>(Note 6)</i>	Interest of controlled corporations	1.92%
J.P. Morgan Securities Ltd.	79,738,760 (L) <i>(Note 7)</i>	Beneficial owner	4.82%
	48,701,000 (S) <i>(Note 7)</i>	Beneficial owner	2.94%

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
Baytree Investments (Mauritius) Pte Ltd	82,867,000 (L) (Note 8)	Beneficial owner	5.00%
Seletar Investments Pte Ltd	82,867,000 (L) (Note 8)	Interest of controlled corporations	5.00%
Temasek Capital (Private) Limited	82,867,000 (L) (Note 8)	Interest of controlled corporations	5.00%

*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 corporation controlled by Mr Song Weiping, duplicates to those disclosed in the section “Directors’ Interests in Shares” above.
- (3) A corporation controlled by 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 corporation 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 corporation controlled by 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 section headed “ Business – Non-competition undertaking – Non-inclusion projects” in the prospectus of the Company dated 30 June 2006.

#### 5. MATERIAL ADVERSE CHANGE

On 21 April 2009, the Company announced the commencement of a tender offer to purchase for cash any and all of its outstanding US\$400,000,000 9.00% Senior Notes due 2013, and to solicit from the holders of the Senior Notes consents to the proposed amendments and waivers of the provisions of the indenture governing the Senior Notes. The Company announced on 20 May 2009 that the aggregate amount to be paid by the Company to the holders of the Senior Notes for the purchase of the Senior Notes tendered pursuant to the tender offer and the payment for the consent delivered pursuant to the consent solicitation was approximately US\$308,713,057 (approximately HK\$2,401,787,584). Such payment for all tendered Senior Notes and delivered consents have been made by the Company in May 2009.

Save as disclosed in the above announcements of the Company, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 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:

<b>Name</b>	<b>Qualification</b>
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. GENERAL

- (a) Save as disclosed in the announcements of the Company dated 6 January 2010, 16 December 2009, 13 August 2009, 8 May 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.

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's principal place of business in Hong Kong at Room 1406-08, 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 1 April 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 page 23 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 24 to 34 of this circular;
- (e) the valuation report issued by DTZ, the text of which is set out in Appendix I to this circular;
- (f) the written consents referred to in the paragraph headed "Experts" in this Appendix;
- (g) the Framework Cooperation Agreement;
- (h) the Trust Documents;
- (i) the Supplemental Trust Agreement;
- (j) the Escrow Account Agreement;
- (k) the Capital Injection Agreement;



- (l) the Loan Assignment Agreements;
- (m) the Guarantee;
- (n) the Share Pledge Agreement;
- (o) the Custodian Agreement; and
- (p) this circular.