

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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## GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 03900)

### CONNECTED TRANSACTION TRANSFER OF STAKES IN PROJECT AND

### NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A letter from the Board is set out on pages 4 to 14 of this circular and a letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 17 to 29 of this circular.

A notice convening an extraordinary general meeting (“EGM”) of Greentown China Holdings Limited (the “Company”) to be held at 10:00 a.m. on 30 June 2020 (Tuesday) at Conference Room 1, 10th Floor, Block A, Century Plaza, No. 1 Hangda Road, West Lake District, Hangzhou, Zhejiang Province, the People’s Republic of China is set out on pages 43 to 44 of this circular. A form of proxy for appointing proxy to attend the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.greentownchina.com](http://www.greentownchina.com)).

Whether or not you are able to attend, you should complete and return the form of proxy in accordance with the instructions stated thereon and return it to the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event by not later than 48 hours before the time appointed for holding such meeting or any adjournment thereof.

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

\* For identification purposes only

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## DEFINITIONS

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

“2016 Share Option Scheme”	the share option scheme of the Company adopted by a resolution of the Shareholders on 17 June 2016
“Agreement”	the Agreement dated 20 March 2020 entered into among Beijing Boyi, Tianjin Shimao, CCCG Real Estate and the Project Company in relation to, among other things, the transfer of equity interests in the Project Company from Beijing Boyi to each of Tianjin Shimao and CCCG Real Estate and the development of the Land by the Project Company
“associate”	has the same meaning ascribed to it under the Listing Rules
“Beijing Boyi”	Beijing Boyi Real Estate Development Co., Ltd.* (北京博意房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“CCCG”	China Communication Constructions Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial shareholder of the Company
“CCCG Real Estate”	CCCG Real Estate Group Co., Ltd.* (中交房地產集團有限公司), a company established in the PRC and a direct wholly-owned subsidiary of CCCG
“Company”	Greentown China Holdings Limited (stock code: 03900), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

## DEFINITIONS

“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board composed of all independent non-executive Directors, namely Mr JIA Shenghua, Mr HUI Wan Fai, Mr QIU Dong and Mr ZHU Yuchen
“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Agreement
“Independent Shareholder(s)”	any Shareholder who is not required to abstain from voting at the EGM
“Land”	a piece of land in the Changping District of Beijing in the PRC with a planned aboveground gross floor area of approximately 170,022 sqm
“Latest Practicable Date”	4 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Project”	the development of the Land into primarily residential properties in Changping District, Beijing, the PRC

## DEFINITIONS

“Project Company”	Beijing Zhiping Real Estate Development Co., Ltd.* (北京致平房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Shareholder(s)”	Holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Tianjin Shimao”	Tianjin Shimao New Prospect Property Co., Ltd.* (天津世茂新里程置業有限公司), a company established in the PRC with limited liability and an independent third party of the Company and its connected persons

\* For identification purposes only



**GREENTOWN CHINA HOLDINGS LIMITED**

**綠城中國控股有限公司\***

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

**(Stock Code: 03900)**

*Executive Directors:*

Mr ZHANG Yadong

Mr LIU Wensheng

Mr GUO Jiafeng

Mr ZHOU Lianying

Mr GENG Zhongqiang

Mr LI Jun

*Non-executive Directors:*

Mr Stephen Tin Hoi NG

(Mr Andrew On Kiu CHOW as his alternate)

Mr WU Yiwen

*Independent non-executive Directors:*

Mr JIA Shenghua

Mr HUI Wan Fai

Mr QIU Dong

Mr ZHU Yuchen

*Registered office:*

PO Box 309, Uglan House

South Church Street

George Town

Grand Cayman, KY1-1104

Cayman Islands

*Principal place of business*

*in Hong Kong:*

Room 1406-1408, 14th Floor

New World Tower 1

16-18 Queen's Road Central

Hong Kong

12 June 2020

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
TRANSFER OF STAKES IN PROJECT**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 20 March 2020.

The Company announced that on 20 March 2020, Beijing Boyi, a wholly-owned subsidiary of the Company, entered into the Agreement with Tianjin Shimao, CCCG Real Estate and the Project Company in relation to, among other things, the disposal of part of the interests in the equity of the Project Company and in the development of the Project from Beijing Boyi to each of Tianjin Shimao and CCCG Real Estate.

\* For identification purposes only

## LETTER FROM THE BOARD

The Land is situated in Changping District of Beijing in the PRC with a planned aboveground gross floor area of approximately 170,022 sqm, which is intended to be developed primarily into residential properties.

### 2. PAYMENT TERMS FOR THE LAND

According to the terms of the bid for the Land, the successful bid price for acquiring the land use rights of the Land is RMB6,360,000,000. Such amount was the outcome of a public bidding announced by Beijing Municipal Commission of Planning and Natural Resources\* (北京市規劃和自然資源委員會). The payment schedule is as follows:

Stage payment	Amount paid
13 February 2020	RMB980 million (being the deposit for the bidding) (the “ <b>Deposit</b> ”). The Deposit will be applied to the partial settlement of the balance for the acquisition of the Land
19 March 2020	(a) RMB3,436,675,000 (being development and construction compensation fees for the Land)
	(b) RMB1,943,325,000 (being government fees for the Land)

In addition, a deed tax of RMB190,800,000 and stamp duty of RMB3,180,000 shall be payable by a date to be specified by the government authority, tentatively in around May 2020 (together with the successful bid price set out above, the “**Land Payment**”).

All Land Payment (for avoidance of doubt, totaling RMB6,553,980,000, representing all amounts, tax and duty payable for the Land) shall be fully borne by the Project Company.

### 3. PRINCIPAL TERMS OF THE AGREEMENT

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

Date	:	20 March 2020
Parties	:	(1) Beijing Boyi
		(2) Tianjin Shimao
		(3) CCCG Real Estate

## LETTER FROM THE BOARD

### (4) Project Company

Each of Beijing Boyi and the Project Company is a wholly-owned subsidiary of the Company as at the Latest Practicable Date.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Tianjin Shimao and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

### Subject matter

As at the Latest Practicable Date, the Project Company has a registered and unpaid capital of RMB50,000,000 and is wholly-owned by Beijing Boyi (and hence a wholly-owned subsidiary of the Company).

Subject to the terms and conditions of the Agreement:

- (a) Beijing Boyi agreed to transfer to Tianjin Shimao 42.5% equity interest in the Project Company, which is nil-paid as at the Latest Practicable Date (the "**Disposal A**"); and
- (b) Beijing Boyi agreed to transfer to CCCG Real Estate 15% equity interest in the Project Company, which is nil-paid as at the Latest Practicable Date (the "**Disposal B**", together with the Disposal A, the "**Disposals**");
- (c) as consideration for the Disposals, each of Tianjin Shimao and CCCG Real Estate shall, pro rata to their respective equity interests in the Project Company:
  - (i) contribute to the outstanding registered capital of the Project Company;
  - (ii) contribute to the amount paid for the Land Payment. Initially such contributions shall take the form of shareholders' loans and shall, upon completion of the Disposals, be turned into capital contribution to the registered capital of the Project Company (including the amount set out in (c)(i) herein); and
  - (iii) contribute to a follow-up amount of RMB10,000,000 for kicking-start the operation of the Project Company.

For the avoidance of doubt, the total sums payable by Tianjin Shimao and CCCG Real Estate under the Agreement shall be RMB2,789,691,500 and RMB984,597,000, respectively. Following the Disposals, the overall exposure of

## LETTER FROM THE BOARD

Beijing Boyi for the Project shall be reduced from 100% (as sole shareholder of the Project Company prior to the Disposals) to 42.5% (pro rata to its shareholding in the Project Company following the Disposals), to be afforded with the internal resources of the Group and/or by means of external financing.

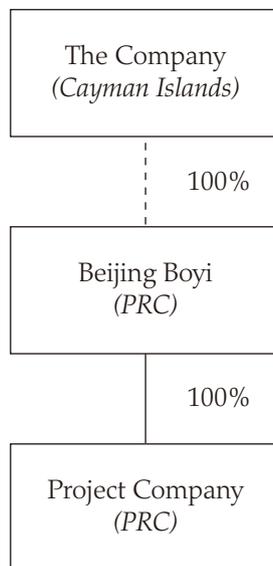
All contributions by the shareholders of the Project Company in relation to the Disposals shall be applied to the development of the Project.

The consideration was arrived at after arm's length negotiations among the parties with reference to factors including (i) the total commitment each of Tianjin Shimao and CCCG Real Estate is required to contribute to the Land Payment pro rata to their respective equity interests in the Project Company upon completion of the Disposals; and (ii) the total commitment each of Tianjin Shimao and CCCG Real Estate is required to contribute to the outstanding registered capital and operation expenses of the Project Company.

Beijing Boyi was the sole founding member of the Project Company.

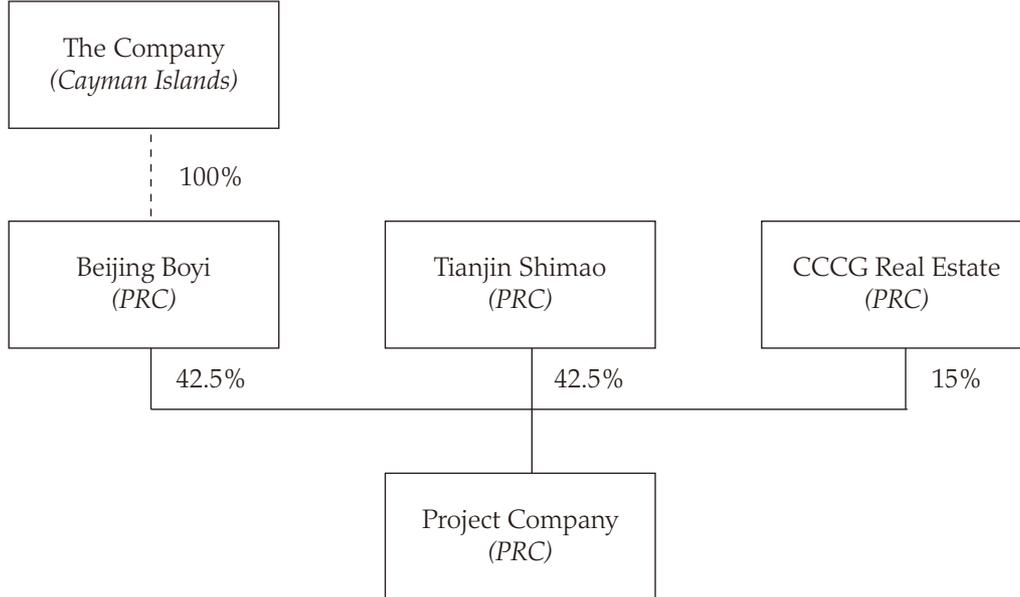
The following charts set forth the shareholding structures of the Project Company as at the Latest Practicable Date and upon completion of the transactions contemplated under the Agreement:

### *As at the Latest Practicable Date*



## LETTER FROM THE BOARD

### *Upon completion of the Disposals*



*Note:*

\* - - - - indicates indirect shareholding

### **Completion**

The equity transfer under the Disposals are subject to the registration with the relevant industrial and commercial authorities. Completion of the transactions will take place on the date of (i) completion of the registration with the relevant industrial and commercial authorities in relation to the relevant transactions; and (ii) issuance of a new business licence to the Project Company (the “**Completion Date**”).

Within 20 calendar days after each of Tianjin Shimao and CCCG Real Estate first contributes to the Land Payment, Beijing Boyi shall, as security for such contributions, procure its shareholder to (i) pledge 42.5% of the equity interest in Beijing Boyi (the “**Equity Pledge A**”) to Tianjin Shimao or its designated entities; and (ii) pledge 15% of the equity interest in Beijing Boyi (the “**Equity Pledge B**”, together with Equity Pledge A, the “**Equity Pledges**”) to CCCG Real Estate or its designated entities. The Equity Pledges shall be released within 3 business days after the Completion Date.

## LETTER FROM THE BOARD

Upon completion of the Disposals, the Project Company will be owned by Beijing Boyi, Tianjin Shimao and CCCG Real Estate as to 42.5%, 42.5% and 15%, respectively, and will cease to be a subsidiary of the Company.

Save as disclosed, all other funding needs of the Project Company shall be arranged by itself. As a general principle, in the event that the Project Company requires additional funding, each of Beijing Boyi, Tianjin Shimao and CCCG Real Estate should provide shareholders' loans to the Project Company pro rata to their respective shareholding percentages in the Project Company.

Any transaction under the Agreement shall be conditional on, where applicable, the clearance of the Stock Exchange and the Company having obtained all such consent, approval or authorisation as required under the Listing Rules and such other applicable laws, regulations and rules (including the approval of the Company's independent Shareholders, if required).

### **Management and operation**

The board of directors of the Project Company will consist of five directors, of which one will be nominated by Beijing Boyi, one by CCCG Real Estate and three by Tianjin Shimao. The chairman of the board of directors shall be one of the directors nominated by Tianjin Shimao.

Two supervisors, of which each of CCCG Real Estate and Tianjin Shimao shall nominate one, will be responsible for supervision of the Project Company according to the applicable laws and regulations.

The general manager shall be responsible for the overall operation of the Project Company. Such general manager shall be recommended by Beijing Boyi.

The composition of the board of directors of the Project Company was determined having taking into account of the balance of the management in the Project Company, including the following factors: (1) the shareholding and long-term cooperation relationship between CCCG and the Company, the respective holding companies of CCCG Real Estate and Beijing Boyi, which will hold 2 out of 5 places in the board of directors of the Project Company in total; (2) the board of directors of the Project Company shall require unanimous votes to reach a decision under the Agreement; and (3) the general manager overseeing all daily operation of the Project Company and the sole legal representative of the Project Company shall be from Beijing Boyi.

### **Other terms**

Subject to the terms and provisions of the Agreement, any transfer of or pledge on the equity interest in the Project Company will be subject to customary rights of first refusal and restriction provisions.

The Project Company will be allowed to use the "Greentown", "Shimao" and "CCCG" brand names for the development of the Land.

## LETTER FROM THE BOARD

### 4. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Project consists of developing the land lot (development site lot no.: HC-022, HC-027) with a planned aboveground gross floor area of approximately 170,022 sqm at Dongxiaokou Town, Changping District, Beijing, the PRC into primarily residential properties. It is expected that the Project will: (1) be granted the Project File-opening Approval (項目立項核准批覆) between May and June 2020; (2) commence construction works in September 2020; (3) be granted the Pre-sale Permits in the latter half of 2020; and (4) deliver the completed properties by September 2023. It is expected that the funding needs will be approximately RMB9,219 million, comprising (i) land acquisition cost of approximately RMB6,360 million; (ii) the related land deed tax of RMB190.8 million and stamp duty of RMB3.18 million; (iii) land premium of the underground of approximately RMB170 million and the related tax and stamp duty of approximately RMB6 million; (iv) municipal supporting charges of RMB48 million; (v) preliminary construction costs and development costs of approximately RMB1,687 million; (vi) financing costs of approximately RMB433 million; and (vii) taxes of approximately RMB321 million. Of the funding needs of the Project, Beijing Boyi, Tianjin Shimao and CCCG Real Estate have agreed to contribute the Land Payment of RMB6,553,980,000 and the follow-up amount of RMB10,000,000 for kicking-start the operation of the Project Company pro rata to their respective shareholdings in the Project Company after the completion of the Disposals, and the remaining amount will be financed by the Project Company on its own footing.

Upon completion of the Disposals, two new investors will be introduced to the Project Company, which will effectively reduce the Group's risk exposure in the Project and enable the Group to apply the capital amount thus spared to other development opportunities and funding needs. The Board considers that the introduction of such strategic investors will be beneficial to the Group's development and investment portfolio.

Further, both Tianjin Shimao and CCCG Real Estate are experienced property developers. The Board believes that the introduction of Tianjin Shimao and CCCG Real Estate (a subsidiary of CCCG) as shareholders in the Project Company under the transactions contemplated under the Agreement will benefit the Project Company through their respective strengths and synergies in property development strategies, marketing, management, human resources, branding and other areas, and will complement each other to promote mutual benefit.

The Board (excluding the independent non-executive Directors) considers that the Agreement has been made on normal commercial terms and in the ordinary and usual course of business of the Group; and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### 5. LISTING RULES IMPLICATIONS

Based on the applicable size tests, Disposal A and the businesses contemplated thereunder constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 25.055% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCG Real Estate, a wholly-owned subsidiary of CCCG) are connected persons of the Company. Based on the applicable size tests, Disposal B and the businesses contemplated thereunder constitutes a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr LIU Wensheng, Mr ZHOU Lianying, Mr GENG Zhongqiang and Mr LI Jun is regarded as a representative of CCCG (being a wholly state-owned company in the PRC and a substantial shareholder of the Company). Since CCCG has a material interest in the Agreement and the transactions thereunder and in light of CCCG's relationship with Mr LIU Wensheng, Mr ZHOU Lianying, Mr GENG Zhongqiang and Mr LI Jun, these Directors have abstained from voting on the Board resolutions on the Agreement and the transactions contemplated thereunder.

Any connected person with a material interest in the Agreement and the transactions contemplated thereunder, and any Shareholder who has a material interest in the Agreement and the transactions contemplated thereunder and its associates will be required to abstain from voting at the EGM. As at the Latest Practicable Date, CCCG and its associates has an aggregate interest in 624,851,793 Shares (representing approximately 25.055% of the issued share capital of the Company). They have controls over the voting rights in respect of such Shares and will be required to abstain from voting on the Agreement at the EGM.

**6. GENERAL**

**The Group**

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

Beijing Boyi is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in property investment and property development.

**CCCCG**

CCCCG is a wholly state-owned company established in the PRC and the controlling shareholder of China Communications Construction Co. Ltd. (a joint stock limited company incorporated in the PRC of which the H shares are listed on the Stock Exchange and the A shares are listed on the Shanghai Stock Exchange, Stock Code: 601800). Based on publicly available information, CCCC is principally engaged in the design and construction of transportation infrastructure, dredging and heavy machinery manufacturing business and covers the following business aspects: port, terminal, road, bridge, railway, tunnel, civil work design and construction, capital dredging and reclamation dredging, container crane, heavy marine machinery, large steel structure and road machinery manufacturing, and international project contracting, import and export trading services. According to CCCC, it is the largest port construction and design company in the PRC, a leading company in road and bridge construction and design, a leading railway construction company, the largest dredging company in the PRC and in the world (in terms of dredging capacity). To the best knowledge of the Directors after making reasonable enquiries, the ultimate beneficial shareholder of CCCC is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

CCCC Real Estate is a company established in the PRC with limited liability and a wholly-owned subsidiary of CCCC principally engaged in real estate development and property management, construction engineering project management, sales of self-developed commercial housing, lease of commercial housing, lease of office housing, project investment, investment management, asset management and investment consulting.

## LETTER FROM THE BOARD

### **Tianjin Shimao**

Tianjin Shimao is a company established in the PRC with limited liability and an independent third party of the Company and its connected persons. It is principally engaged in providing development, construction, operation and consulting services to real estate and related supporting facilities, real estate sales, house rental, parking lot management, property management, provision of conference services and hotel management. To the best knowledge of the Directors after making reasonable enquiries, Tianjin Shimao is a wholly-owned subsidiary of Shimao Property Holdings Limited, a company listed on the main board of the Stock Exchange.

### **Project Company**

The Project Company is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the development of the Project. As of the Latest Practicable Date, the Project Company has a registered and unpaid capital of RMB50,000,000 and has not yet recorded any profit or loss for the first financial year which it is in. It is expected that the Group will record no gain or loss from the Disposals as the registered capital of the Project Company was nil-paid as at the date of the Agreement.

## **7. EGM**

A notice convening the EGM is set out on pages 43 to 44 of this circular. An ordinary resolution will be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 29 June 2020 (Monday) to 30 June 2020 (Tuesday), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 26 June 2020 (Friday).

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

## LETTER FROM THE BOARD

### 8. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 15 to 16 of this circular which contains its recommendation to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder. Your attention is also drawn to the letter of advice from the Independent Financial Adviser set out on pages 17 to 29 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Agreement and the principal factors and reasons considered by it in formulating its advice.

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

### 9. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular, of which Appendix I set out the valuation report of the Land by Cushman & Wakefield Limited, an independent property valuer. Having reviewed the valuation report, the Board is of the view that, to its best knowledge and belief, the assumptions and bases of the valuation report including the adoption of the Market Comparison Approach, the selection criteria of the comparable transactions and the scope of the comparable transactions selected by the valuer are fair and reasonable.

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

By Order of the Board  
Greentown China Holdings Limited  
**ZHANG Yadong**  
*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: 03900)**

12 June 2020

*To the Shareholders*

Dear Sir or Madam

**CONNECTED TRANSACTION  
TRANSFER OF STAKES IN PROJECT**

We refer to the circular of the Company to the Shareholders dated 12 June 2020 (the “**Circular**”), to which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter have the same meanings given to them in the section headed “Definitions” of the Circular.

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

We wish to draw your attention to the letter of advice from the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder, as set out on pages 17 to 29 of the Circular and the letter from the Board set out on pages 4 to 14 of the Circular.

Having considered the information contained in the letter from the Board, and the factors and reasons considered by, and the opinion of, the Independent Financial Advisor as stated in its letter of advice, we consider that the Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company

\* *For identification purposes only*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

and the Shareholders as a whole. We recommend the Independent Shareholders to vote in favour of the resolution in respect of the Agreement and the transactions contemplated thereunder.

Yours faithfully

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

**Mr JIA Shenghua**

**Mr HUI Wan Fai**

**Mr QIU Dong**

**Mr ZHU Yuchen**

*Independent non-executive Directors*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the letter of advice from Octal Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement prepared for the purpose of inclusion in this circular.*



Octal Capital Limited  
801-805, 8th Floor, Nan Fung Tower  
88 Connaught Road Central  
Hong Kong

12 June 2020

*To the Independent Board Committee and the Independent Shareholders*

*Dear Sirs,*

### **CONNECTED TRANSACTION TRANSFER OF STAKES IN PROJECT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 12 June 2020 (the “**Circular**”), of which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the sections headed “Definitions” and “Letter from the Board” in the Circular.

As set out in the Letter from the Board, on 20 March 2020, Beijing Boyi, a wholly-owned subsidiary of the Company, entered into the Agreement with Tianjin Shimao, CCCG Real Estate and the Project Company, pursuant to which Beijing Boyi agreed to transfer 42.5% equity interest in the Project Company to Tianjin Shimao and transfer 15% equity interest in the Project Company to CCCG Real Estate respectively and each of Tianjin Shimao and CCCG Real Estate shall pro rata to their respective equity interest in the Project Company contribute to the outstanding registered capital of the Project Company, the Land Payment and RMB10,000,000 for kicking-start the operation of the Project Company. The Project Company is an indirect wholly-owned subsidiary of the Company and it is principally engaged in the development of the Project. Following the Disposals, the Project Company will be owned as to 42.5% by Beijing Boyi, as to 42.5% by Tianjin Shimao and as to 15% by CCCG Real Estate.

As at the Latest Practicable Date, CCCG and its subsidiaries are holding 624,851,793 Shares, representing approximately 25.055% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCG Real Estate, a wholly-owned subsidiary of CCCG) are connected persons of the Company. Based on the applicable size

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

tests, Disposal B and the businesses contemplated thereunder constitutes a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since CCCG has a material interest in the Agreement and the transactions thereunder, CCCG and its associates are required to abstain from voting at the EGM.

An independent board committee of the Company comprising all of the independent non-executive Directors, namely Mr Jia Shenghua, Mr Hui Wan Fai, Mr Qiu Dong and Mr Zhu Yuchen has been formed to advise the Independent Shareholders as to whether the Agreement has been made on normal commercial terms and in the ordinary and usual course of business of the Group; and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and to give a recommendation to the Independent Shareholders in respect of the voting on the resolutions to be proposed at the EGM.

We, Octal Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Agreement (including the Disposal B) in this regard. We are not connected with the directors, chief executive and substantial shareholders of the Company or CCCG or the Project Company or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date and therefore is considered suitable to give independent advice to the Independent Shareholders. During the last two years, there was no engagement between the Company or CCCG or the Project Company and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or the directors, chief executive and substantial shareholders of the Company or CCCG or Project Company or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Agreement and the Disposal B including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company respectively in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, CCCG, the Project Company and their respective associates, nor have we carried out any independent verification of the information supplied to us.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

### **1. Background and reasons for the Agreement (including the Disposal B)**

- *Information of the Group, the Project Company and CCCG*

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

As set out in the annual report of the Company for the year ended 31 December 2019, with the support of substantial shareholders and the relentless efforts of all employees, both contracted sales amount and saleable value of newly-acquired land parcels in 2019 exceeded RMB200 billion, and the Group ranked first for customer satisfaction in major cities across the PRC for the ninth consecutive year. Meanwhile, it continued to raise its operating efficiency while management fee rate and finance costs hit record lows, and maintained its leading position in terms of quality and branding in the industry. During 2019, Greentown received honors and awards including “China’s Real Estate Industry Competitiveness Benchmark Enterprises”, “China’s Real Estate Branded Enterprises by Contribution”, and “Social Responsible Enterprises of the Year”. It was named “Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength” for the fifteenth consecutive year, and was again awarded the “Top 10 Chinese Real Estate Companies by Brand Value (Mixed Ownership)” for the sixteenth consecutive year with a brand value of RMB52.1 billion.

In addition, in 2019, the Group continued to adhere to the strategy of “focusing on regions and deepening footprints in cities”, basing itself in Yangtze River Delta and centering on the five major urban agglomerations, as well as flexibly adjusted its investment strategy at different stages and made precise investments with remarkable effect. The Group proactively broadened its investment channels by enhancing its investment efforts and quality in auction, listing and tendering on the one hand and significantly strengthening the capabilities for mergers and acquisition on the other hand.

The Project Company is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the development of the Project. As of the Latest Practicable Date, the Project Company has a registered and unpaid capital of RMB50,000,000 and has not yet recorded any profit or loss for the first financial year which it is in. The Land is

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situated in Changping District of Beijing in the PRC with a planned aboveground gross floor area of approximately 170,022 sqm, which is intended to be developed primarily into residential properties.

CCCG is a wholly state-owned company established in the PRC and the controlling shareholder of China Communications Construction Co. Ltd. (a joint stock limited company incorporated in the PRC of which the H shares are listed on the Stock Exchange and the A shares are listed on the Shanghai Stock Exchange, Stock Code: 601800). Based on publicly available information, CCCG is principally engaged in the design and construction of transportation infrastructure, dredging and heavy machinery manufacturing business and covers the following business aspects: port, terminal, road, bridge, railway, tunnel, civil work design and construction, capital dredging and reclamation dredging, container crane, heavy marine machinery, large steel structure and road machinery manufacturing, and international project contracting, import and export trading services. According to CCCG, it is the largest port construction and design company in the PRC, a leading company in road and bridge construction and design, a leading railway construction company, the largest dredging company in the PRC and in the world (in terms of dredging capacity). To the best knowledge of the Directors after making reasonable enquiries, the ultimate beneficial shareholder of CCCG is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

CCCG Real Estate is a company established in the PRC with limited liability and a wholly-owned subsidiary of CCCG principally engaged in real estate development and property management, construction engineering project management, sales of self-developed commercial housing, lease of commercial housing, lease of office housing, project investment, investment management, asset management and investment consulting.

- *Reasons for entering into the Agreement and the transactions contemplated thereunder*

As set out in the Letter from the Board, the Project consists of developing the land lot (development site lot no.: HC-022, HC-027) with a planned aboveground gross floor area of approximately 170,022 sqm at Dongxiaokou Town, Changping District, Beijing, the PRC into primarily residential properties. It is expected that the Project will: (1) be granted the Project File-opening Approval (項目立項核准批覆) between May and June 2020; (2) commence construction works in September 2020; (3) be granted the Pre-sale Permits in the latter half of 2020; and (4) deliver the completed properties by September 2023.

Upon completion of the Disposals, two new investors will be introduced to the Project Company, which will effectively reduce the Group's risk exposure in the Project and enable the Group to apply the capital amount thus spared to other development opportunities and funding needs. The Board considers that the introduction of such strategic investors will be beneficial to the Group's development and investment portfolio.

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Further, both Tianjin Shimao and CCCG Real Estate are experienced property developers. The Board believes that the introduction of Tianjin Shimao and CCCG Real Estate as shareholders in the Project Company under the transactions contemplated under the Agreement will benefit the Project Company through their respective strengths and synergies in property development strategies, marketing, management, human resources, branding and other areas, and will complement each other to promote mutual benefit.

The Board considers that the Agreement has been made on normal commercial terms and in the ordinary and usual course of business of the Group; and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Beijing is the capital of the PRC and the gross domestic products of the Beijing ranked second in the PRC consecutively for last few years. Based on the information published on the website of the Beijing Municipal Bureau of Statistics ([tjj.beijing.gov.cn](http://tjj.beijing.gov.cn)), Beijing has a population of approximately 21.5 million as at 31 December 2019. The gross domestic product of Beijing for the year 2019 amounted to approximately RMB3.54 trillion, representing a growth of approximately 6.1% as compared to 2018. Meanwhile, the residential commodity properties sold in Beijing for the year 2019 was approximately 7.9 million sqm, representing an increase of approximately 49.8% as compared to 2018.

We note that there were previous record between the Group and CCCG in co-development of properties with similar natures, which showed a proven track record that the cooperation is able to enhance the value of the business over time. In particular, as advised by the Company, since the introduction of CCCG as the substantial shareholder of the Group in December 2014, there have been nine property development projects that were established in the form of joint ventures between the Group and CCCG (the “**Previous JVs**”). Among which, six of the projects are currently under construction and pre-sale phases, one of the projects are currently under planning and design phases and the remaining two projects are pending transfer of property land. With the solid industry experience of CCCG in property development, we consider that the risk of property projects developed by the Previous JVs to become incomplete or unfinished is low. Further, as stated in the annual report of the Group for the year ended 31 December 2019, by leveraging on the qualifications and reputation of CCCG, the Company’s financing capabilities have been further enhanced. In particular, we noted that the corporate credit profile of the Company was upgraded by two well-known credit rating agencies including Moody’s Investors Service and Standard & Poor’s Ratings Services in mid 2015. Subsequently, we noted that CCCG has also provided support in the off-shore financing of the Company through providing keepwell deeds and deeds of equity interest purchase undertaking at the issuance of USD perpetual securities of the Company in 2016, 2018 and 2019. As such, there has been a long-established relationship between the Group and CCCG which stretch across the overall financing of the Group and individual project development. It is expected that the Group can collaborate effectively with parties which it has a history of working together successfully in the past, and this makes CCCG a suitable co-developer of

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the Project. In addition, the Group has also co-developed a number of property projects with other developers in recent years and it is also common for other developers to co-develop projects at various cities in the PRC.

We are of the view that the co-development of the Project pursuant to the Agreement will be a strategic cooperation between CCCG, Shimao Property Holdings Limited and the Group. With the significant growth of property markets of Beijing supported by the official figures in the previous year, we are of the view that the combinations of the business connections, knowledge and the experience of CCCG, Shimao Property Holdings Limited and the Group will create synergy, which will contribute to the successful development and value enhancement of the Project. Moreover, the Agreement will not only allow the Group to maintain significant exposure to the potential benefits arising from the Project, but also widen the source of capital of the Project Company, as well as bringing benefits of better cost effectiveness and risk diversification, which will help boost the future revenue of the Group.

Having considered that the strategic cooperation between the Group and CCCG will be beneficial to the development of the Project, we are of the view that the entering into the Agreement is in line with the Group's existing business strategies and in the interests of the Company and the Shareholders as a whole.

### 2. The principal terms of the Agreement

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

- Date:** 20 March 2020
- Parties:**
- (a) Beijing Boyi
  - (b) Tianjin Shimao
  - (c) CCCG Real Estate
  - (d) The Project Company

**Subject matter:**

- (a) Beijing Boyi agreed to transfer to Tianjin Shimao 42.5% equity interest in the Project Company, which is nil-paid as at the date of this announcement (the "Disposal A");
- (b) Beijing Boyi agreed to transfer to CCCG Real Estate 15% equity interest in the Project Company, which is nil-paid as at the date of this announcement (the "Disposal B", together with the Disposal A, the "Disposals");

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- (c) as consideration for the Disposals, each of Tianjin Shimao and CCCG Real Estate shall, pro rata to their respective equity interests in the Project Company:
- (i) contribute to the outstanding registered capital of the Project Company;
  - (ii) contribute to the amount paid for the Land Payment. Initially such contributions shall take the form of shareholders' loans and shall, upon completion of the Disposals, be turned into capital contribution to the registered capital of the Project Company (including the amount set out in (c)(i) herein); and
  - (iii) contribute to a follow-up amount of RMB10,000,000 for kicking-start the operation of the Project Company.

For the avoidance of doubt, the total sums payable by Tianjin Shimao and CCCG Real Estate under the Agreement shall be RMB2,789,691,500 and RMB984,597,000, respectively. Following the Disposals, the overall exposure of Beijing Boyi for the Project shall be reduced from 100% (as sole shareholder of the Project Company prior to the Disposals) to 42.5% (pro rata to its shareholding in the Project Company following the Disposals), to be afforded with the internal resources of the Group and/or by means of external financing.

All contributions by the shareholders of the Project Company in relation to the Disposals shall be applied to the development of the Project.

The consideration was arrived at after arm's length negotiations among the parties with reference to factors including (i) the total commitment each of Tianjin Shimao and CCCG Real Estate is required to contribute to the Land Payment pro rata to their respective equity interests in the Project Company upon completion of the Disposals; and (ii) the total commitment each of Tianjin Shimao and CCCG Real Estate is required to contribute to the outstanding registered capital and operation expenses of the Project Company.

### **Completion:**

The equity transfer under the Disposals are subject to the registration with the relevant industrial and commercial authorities. Completion of the transactions will take place on the date of (i) completion of the registration with the relevant industrial and commercial authorities in relation to the relevant transactions; and (ii) issuance of a new business licence to the Project Company (the "**Completion Date**").

Within 20 calendar days after each of Tianjin Shimao and CCCG Real Estate first contribute to the Land Payment, Beijing Boyi shall, as security for such contributions, procure its shareholder to (i) pledge 42.5% of the equity interest in Beijing Boyi (the "**Equity Pledge A**") to Tianjin Shimao or its designated entities;

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and (ii) pledge 15% of the equity interest in Beijing Boyi (the “**Equity Pledge B**”, together with Equity Pledge A, the “**Equity Pledges**”) to CCCG Real Estate or its designated entities. The Equity Pledges shall be released within 3 business days after the Completion Date.

Upon completion of the Disposals, the Project Company will be owned by Beijing Boyi, Tianjin Shimao and CCCG Real Estate as to 42.5%, 42.5% and 15%, respectively, and will cease to be a subsidiary of the Company.

Save as disclosed, all other funding needs of the Project Company shall be arranged by itself. As a general principle, in the event that the Project Company requires additional funding, each of Beijing Boyi, Tianjin Shimao and CCCG Real Estate should provide shareholders’ loans to the Project Company pro rata to their respective shareholding percentages in the Project Company.

Any transaction under the Agreement shall be conditional on, where applicable, the clearance of the Stock Exchange and the Company having obtained all such consent, approval or authorisation as required under the Listing Rules and such other applicable laws, regulations and rules (including the approval of the Company’s independent Shareholders, if required).

### **Management and operation:**

The board of directors of the Project Company will consist of five directors, of which one will be nominated by Beijing Boyi, one by CCCG Real Estate and three by Tianjin Shimao. The chairman of the board of directors shall be one of the directors nominated by Tianjin Shimao.

Two supervisors, of which each of CCCG Real Estate and Tianjin Shimao shall nominate one, will be responsible for supervision of the Project Company according to the applicable laws and regulations.

The general manager shall be responsible for the overall operation of the Project Company. Such general manager shall be recommended by Beijing Boyi.

The composition of the board of directors of the Project Company was determined having taking into account of the balance of the management in the Project Company, including the following factors: (1) the shareholding and long-term cooperation relationship between CCCG and the Company, the respective holding companies of CCCG Real Estate and Beijing Boyi, which will hold 2 out of 5 places in the board of directors of the Project Company in total; (2) the board of directors of the Project Company shall require unanimous votes to reach a decision under the Agreement; and (3) the general manager overseeing all daily operation of the Project Company and the sole legal representative of the Project Company shall be from Beijing Boyi.

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### Other terms

Subject to the terms and provisions of the Agreement, any transfer of or pledge on the equity interest in the Project Company will be subject to customary rights of first refusal and restriction provisions.

The Project Company will be allowed to use the “Greentown”, “Shimao” and “CCCG” brand names for the development of the Land.

Having reviewed the terms of the Agreement and compared with the terms of previous joint venture/joint cooperation agreements of the Group in similar nature which involved co-development of property projects with independent third parties and/or connected parties, we noted that the following terms were commonly adopted including (i) the capital commitment of the joint venture partners in respect of the initial costs in acquiring the project lands, the subsequent development and operational costs and any additional financing requirement of the property projects were shared amongst the joint venture partners on a pro rata basis according to their respective shareholding in the project companies and (ii) the board composition and the number of top management personnel of the project companies assigned by the joint venture partners were also determined according to their respective equity interests in the project companies.

In respect of the major terms of the joint venture partners set out in the Agreement, in particular, the capital commitment ratio and the board and management composition, we have conducted a research on the historical announcements published by companies listed in the Hong Kong Stock Exchange which are primarily engaged in property development in the PRC during the period from 1 January 2018 to 30 April 2020 with market capitalisation in the range of approximately HK\$10.0 billion and HK\$20.0 billion (Company: approximately HK\$20.2 billion as at the Latest Practicable Date), we have identified 19 cases which involved the development of property projects through joint venture arrangement (the “**Comparable Cases**”), we consider that such companies represent a similar scale of operation as the Group and the number of Comparable Cases identified during the aforementioned period represent a meaningful amount for the purpose of our analysis. Upon comparison, we noted that capital commitment of the joint venture partners for the property project development were in proportion to their respective equity interests in the joint venture under all of the Comparable Cases. In terms of board and management composition, among the Comparable Cases, we noted that joint venture partners with larger equity interests are entitled to nominate more board members and decide top managerial personnel such as the general manager in the joint venture. Meanwhile, joint venture partners with relatively smaller equity interests are entitled to nominate less board members and yet can decide top supervisory personnel such as supervisors and financial controller. Therefore we consider such terms are commonly adopted terms in the market.

Furthermore, we noted that CCCG invested as a minority shareholder in six out of the nine Previous JVs and CCCG had minority vote(s) in the board of

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directors of the Previous JVs while it nominated supervisory positions in the senior management of the respective Previous JVs. Accordingly, we consider that the board and management composition under the Agreement are similar to the Previous JVs and the common market practice. Based on the above, we consider the terms set out in the Agreement are fair and reasonable.

### 3. Consideration of the Disposal B under the Agreement

As stated in the Letter from the Board, the total sum payable by CCCG Real Estate under the Agreement shall be RMB984,597,000 which was arrived at after arm's length negotiations among the parties with reference to factors including (i) the total commitment each of Tianjin Shimao and CCCG Real Estate is required to contribute to the Land Payment pro rata to their respective equity interests in the Project Company upon completion of the Disposals; and (ii) the total commitment each of Tianjin Shimao and CCCG Real Estate is required to contribute to the outstanding registered capital and operation expenses of the Project Company.

In compliance with the requirements of Rule 13.80 of the Listing Rules, we have reviewed and enquired the qualification and experience of Cushman & Wakefield Limited (the "Valuer"), the Valuer in charge of the valuation. We understand from our enquiry with the Valuer that it is a third party independent of the Group, CCCG and their core connected persons. Meanwhile, we have also reviewed the scope of services provided under the engagement of the Valuer and we note that the scope of work is appropriate to the opinion given and, as confirmed by the valuer during our enquiry, there were no limitations on the scope of work. Thus, we consider that the Valuer is qualified and possesses sufficient relevant experience in performing the valuation of the Land.

According to the valuation report, the Valuer has ascribed no commercial value to the Land as the relevant title certificates have not been obtained. However, we note that the Valuer is also of the opinion that had the Group obtained the relevant title certificates, the market value of the Land as at 31 March 2020 would be RMB6,360,000,000 (please refer to the valuation report for further details). We have reviewed the valuation report and discussed with the Valuer the methodology adopted as well as the Valuer's experience in conducting such valuations. As advised by the Valuer, the Market Comparison Method was primarily applied in preparing their valuation which is a widely accepted approach for valuing land properties and residual value method was used as a reference. The use of residual value method requires more judgement and assumptions on the hypothetical development costs (including costs of construction, professional fee, finance costs and associated costs) assuming completion of construction at the date of valuation, plus an allowance for developer's risk and profits are deducted from the aforementioned aggregated development costs to arrive at the residual value of Land. As such, the Valuer considered that it would be difficult to justify the relevant projections and therefore the residual value method is not a suitable approach for the valuation of the Land but will serve as an internal reference to assess the reasonableness of the valuation under the Market Comparison Method.

In respect of the Market Comparison Method, as advised by the Valuer, we understand that as there were three land parcels within Changping District of Beijing (the same district as the Land is located) transacted within 2 years before the valuation date

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which represents the exhaustive list for the period and such period is considered to be a reasonable period for observing the land prices in the locality, in view of the heterogeneous nature of the land parcels such as (i) the intended use of land to be developed primarily into residential properties; (ii) the land parcels were vacant at the time of the respective transactions; (iii) the plot ratios of the land parcels ranging from approximately 2.0 times to approximately 2.9 times are comparable to that of Land of approximately 2.50 times; and (iv) the residual land use rights term for residential use for the land parcels of 69 to 70 years are comparable to that of Land of 70 years, the Valuer considers the land parcels as suitable market comparables for the use of Market Comparison Method. Accordingly, the Valuer considered the Market Comparison Method that employs more observable and recent market data and subject to less hypothetical assumptions and adjustments to be the only suitable approach for the valuation of Land under the then existing circumstance as at the valuation date.

After considering the reasons for adopting the Market Comparison Method and the selection basis of the market comparable transactions for the valuation of Land by the Valuer, we are of the opinion that the valuation methodology and the market comparables used in such valuation approach are reasonable and acceptable.

In addition, in assessing the consideration for the Disposal B of RMB984,597,000, we noted that such amount is equivalent to the sum of 15% of the Land Payment (i.e. RMB983,097,000) and 15% of the contribution for kicking-start the operation of the Project Company (i.e. RMB1,500,000), which would represent part of the commitment to be borne by CCCG Real Estate in the Project Company. Hence, we are of the view that the consideration for the Disposal B to be fair and reasonable. Thus, we concur with the Directors' view that the terms of the Agreement are entered on normal commercial terms, fair and reasonable and the entering into the Agreement is in the interests of the Company and the Shareholders as a whole.

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

As set out in the Letter from the Board, the Land will be developed into residential properties. It is expected that construction work on the Land will commence in September 2020, and the pre-sale of the properties will commence in the latter half of 2020, with all the properties being completed and delivered by September 2023.

The total investment for the development of the Land is currently expected to be approximately RMB9,219 million, comprising (i) land acquisition cost of approximately RMB6,360 million; (ii) the related land deed tax of RMB190.8 million and stamp duty of RMB3.18 million; (iii) land premium of the underground of approximately RMB170 million and the related tax and stamp duty of approximately RMB6 million; (iv) municipal supporting charges of RMB48 million; (v) preliminary construction costs and development costs of approximately RMB1,687 million; (vi) financing costs of approximately RMB433 million; and (vii) taxes of approximately RMB321 million. Of the funding needs of the Project, Beijing Boyi, Tianjin Shimao and CCCG Real Estate have agreed to contribute the Land Payment of RMB6,553,980,000 and the follow-up amount of RMB10,000,000 for kicking-start the operation of the Project Company pro rata to their respective shareholdings in the Project Company after the completion of the Disposals, and the remaining amount will be financed by the Project Company on its own footing.

**5. Expected financial impact on the Group as a result of the Agreement**

It is expected that the Group will record no gain or loss from the Disposals as the registered capital of the Project Company was nil-paid as at the date of the Agreement.

*Net asset value*

According to the annual report of the Company for the year ended 31 December 2019, the consolidated net asset attributable to owners of the Company as at 31 December 2019 were approximately RMB27.6 billion. In view that the registered capital of the Project Company is unpaid as at the Latest Practicable Date and upon completion of the Agreement, the attributable equity interest in Project Company will be settled by the Group by cash by the same amount, thus the total assets and net assets of the Group are expected to remain at the same level.

*Earnings*

Based on the annual report of the Company for the year ended 31 December 2019, the Group recorded profit attributable to owners of the Company of approximately RMB2,480 million. Immediately upon the completion of the Agreement, it is expected that there is no material immediate effect on the earnings of the Group.

*Cashflow*

Based on the annual report of the Company for the year ended 31 December 2019, the Group had cash and bank balances of approximately RMB46.6 billion as at 31 December 2019. It is expected that the impact of the completion of the Agreement would reduce the overall cash outflow of Group for the Project in respect of its commitment on the Land Payment from 100% (as sole shareholder of the Project Company prior to the Disposals) to 42.5% (pro rata to its shareholding in the Project Company following the Disposals).

*Net gearing ratio*

According to the annual report of the Company for the year ended 31 December 2019, the net gearing ratio of the Group as at 31 December 2019 was approximately 63.2%, as derived by dividing the net borrowings over net assets as at 31 December 2019. As the net asset value is expected to remain at similar level as mentioned above and the borrowing will not increase as a result of the completion of the Agreement, it is expected that the net gearing ratio of the Group will remain at similar level.

Based on the above analysis, it is expected that the Agreement would have neutral impact in earnings, the net asset value and gearing position of the Group and the Group's cash outflow in respect of its commitment to Land Payment will be decreased.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### RECOMMENDATION

Having considered the above principal factors, we are of the opinion that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and the entering into of the Agreement is in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the Disposals and the Agreement.

For and on behalf of  
**Octal Capital Limited**

**Alan Fung**  
*Managing Director*

**Louis Chan**  
*Director*

*Note:* Mr Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr Fung has more than 25 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr Chan has more than 17 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the Group in the PRC as at 31 March 2020.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

12 June 2020

The Directors

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

Dear Sirs,

**Re: The development site (Lot Nos. HC-022, HC-027), Dongxiaokou Town, Changping District, Beijing, the PRC**

#### **Instructions, Purpose & Valuation Date**

In accordance with your instructions for us to value the property situated in the People's Republic of China (the "PRC") in which Greentown China Holdings Limited (the "Company") and its subsidiaries (hereinafter referred to the "Group") have interests, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market value of the property as at 31 March 2020 (the "valuation date").

#### **Definition of Market Value**

Our valuation of the property represents its market value which in accordance with the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors ("HKIS") is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property, we have complied with the requirement set out in the HKIS Valuation Standards 2017 published by HKIS.

Our valuations of the property is on an entirety interest basis.

**Valuation Basis And Assumption**

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

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

In the course of our valuation of the property in the PRC, we have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the property. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the property.

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

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2017 Edition published by The Hong Kong Institute of Surveyors.

**Method of Valuation**

In valuing the property, we have used Market Comparison Method by making reference to comparable sales transactions as available in the relevant market. The comparable sales transactions selected are exhaustive. We have made reference to various sales evidences of land in the locality within the same district within 2 years before the valuation date which is considered to be a reasonable period for observing the land prices in the locality. These comparable properties are selected as they have characteristics comparable to the property. Market Comparison Method is widely accepted and considered the most appropriate method for valuing land properties.

**Source of Information**

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, tenure, identification of land, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

**Title Investigation**

We have been provided by the Company with copies or extracts of documents in relation to the titles to the property but have not carried out any land title searches. Moreover, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Company regarding the Company's interests in the PRC properties.

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

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

**Site Inspection**

We have inspected the exterior and, where possible, the interior of the property. The site inspection was carried out on 21 April 2020 by Ms. Melody Chen (Senior Valuer, 2 years of experience) of our Beijing office. We have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

**Confirmation of Independence**

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuations of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

**Market Uncertainty**

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the property is valid only at the valuation date and any subsequent changes in market conditions as well as the resulting impacts on property values after the valuation date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the valuation date.

**Intended Use and User of Report**

This valuation report is issued for the use of the Company for incorporation into its circular in relation to connected transaction, transfer of stakes in project and notice of extraordinary general meeting.

**Currency**

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

We enclose herewith our valuation report.

Yours faithfully,  
For and on behalf of  
**Cushman & Wakefield Limited**  
**Andrew K. F. Chan**  
*MSc, MRICS, FHKIS, MCIREA, RPS(GP)*  
*Managing Director*  
Valuation & Advisory Services, Greater China

*Note: Andrew K.F. Chan is a member of the Royal Institution of Chartered Surveyors, a Fellow Member of the Hong Kong Institute of Surveyor and Registered Professional Surveyor (General Practice). Mr Chan has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Mr Chan has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.*

## VALUATION REPORT

## Property held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2020
The development site (Lot nos. HC-022, HC-027), Dongxiaokou Town, Changping District, Beijing, the PRC	<p>The property comprises two parcels of land with a total site area of 68,008.749 sq m.</p> <p>The property is planned for development of residential use. The total permissible gross floor area of the property is 170,022.00 sq m.</p> <p>The property is located in Dongxiaokou Town, Changping District. Developments nearby are mainly residential in nature. According to the information provided by the Group, the property is for residential use.</p>	As at the valuation date, the property was a vacant site.	No commercial value (See Note (1))

## Notes:

- (1) In the course of our valuation, we have ascribed no commercial value to the property as the Certificates for the Use of State-owned Land / title documents of the property have not been obtained. Had valid title documents been issued to the property, the market value of the property as at the valuation date would be RMB6,360,000,000 (RENMINBI SIX BILLION THREE HUNDRED SIXTY MILLION).
- (2) According to Grant Contract of State-owned Land Use Rights (2020) No.0033 dated 6 March 2020, the land use rights of residential use comprising a total site area of 68,008.749 sq m, have been contracted to be granted to Beijing Boyi Real Estate Development Co., Ltd (北京博意房地產開發有限公司) for residential use. The salient conditions are set out as follows:

Land Use	:	Residential use
Site Area	:	68,008.749 sq m
Land Use Term	:	70 years for residential use 40 years for commercial use 50 years for office use
Plot Ratio	:	2.5
Permissible Gross Floor Area	:	170,022 sq m
Land Premium	:	RMB6,360,000,000
Building Covenant	:	To commence construction on or before 28 February 2021 To complete construction on or before 28 February 2024

- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:
- (a) The Grant Contract of State-owned Land Use Rights of the property is valid, legal and enforceable under the PRC laws;
  - (b) Beijing Boyi Real Estate Development Co., Ltd is a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company which is held by the Group;
  - (c) All land premium has been settled;
  - (d) Beijing Boyi Real Estate Development Co., Ltd shall have the rights to lease, transfer, mortgage and dispose of the land use rights of the property provided that the real estate title certificate has been obtained; and
  - (e) The land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights.

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' Interests in Shares

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

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

Name of Director	Personal Interests in Shares and Underlying Shares (including Share Options or Award Shares Granted to Directors)	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares interested	% of Issued Share Capital of the Company
Mr ZHANG Yadong	8,270,949 <i>(note 1)</i>	-	-	8,270,949	0.332%
Mr LIU Wensheng	7,986,129 <i>(note 2)</i>	-	-	7,986,129	0.320%
Mr LI Jun	3,433,573 <i>(note 3)</i>	-	-	3,433,573	0.138%
Mr Andrew On Kiu CHOW	500,000 <i>(note 4)</i>	-	-	500,000	0.020%

*Notes:*

- (1) It includes (i) 7,600,000 share options granted on 28 August 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$8.326 per share from 28 August 2018 to 27 August 2028; and (ii) 670,949 award shares subject to vesting conditions granted in 2019.
- (2) It includes (i) 7,400,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2017 to 26 December 2027; and (ii) 586,129 award shares subject to vesting conditions granted in 2019.
- (3) It includes (i) 1,900,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2017 to 26 December 2027; (ii) 1,300,000 share options granted on 28 August 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$8.326 per share from 28 August 2018 to 27 August 2028. The aforesaid represents an aggregate of 3,200,000 share options; and (iii) 233,573 award shares subject to vesting conditions granted in 2019.
- (4) Shares held as beneficial owner.

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

**(b) Substantial Shareholders**

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

Name of Substantial Shareholder (note 1)		Interest or Short Position in the Shares or Underlying Shares (note 2)	Capacity in Which Interests are Held	% of Issued Share Capital of the Company
CCCG	(note 3)	624,851,793 (L)	Interest of controlled corporations	25.055%
CCCG Holding (HK) Limited	(note 4)	524,851,793 (L)	Beneficial owner	21.045%
HSBC Trustee (C.I.) Limited	(note 5)	557,554,793 (L)	Interest of controlled corporations	22.357%
Wheelock and Company Limited ("Wheelock")	(note 6)	557,554,793 (L)	Interest of controlled corporations	22.357%
The Wharf (Holdings) Limited ("Wharf")	(note 7)	557,554,793 (L)	Interest of controlled corporations	22.357%
HUANG Wei	(note 8)	323,000,000 (L)	Interests of controlled corporations	12.951%
LI Ping	(note 9)	323,000,000 (L)	Interest of spouse	12.951%
Zhejiang Xinhua Group Co., Ltd.	(note 10)	323,000,000 (L)	Interests of controlled corporations	12.951%
Xinhua Zhongbao Co., Ltd.	(note 11)	323,000,000 (L)	Interest of controlled corporations	12.951%
Hong Kong Xinhua Investment Co., Limited	(note 12)	323,000,000 (L)	Beneficial owner	12.951%
Mr SONG Weiping		8,150,000 (L) (note 13) 216,530,924 (L) (note 14)	Personal interests in underlying Shares (share options) Interest of controlled corporations	9.009% in total
Ms XIA Yibo	(note 15)	224,680,924 (L)	Interest of spouse	9.009%

*Notes:*

- (1) The list of substantial shareholders of the Company and their respective interests in the shares and underlying shares of the Company set out in the table are based on the information available to the Company after making reasonable enquiry.
- (2) The letter “L” denotes a long position.
- (3) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Company Limited\* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited, each of which is wholly-owned by CCCG Real Estate Group Company Limited\* (中交房地產集團有限公司).
- (4) A company controlled by CCCG by virtue of SFO.
- (5) HSBC Trustee (C.I.) Limited is deemed to be interested in 557,554,793 Shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings (0004) Limited and Target Smart Investments Holdings Limited (“**Target Smart**”).
- (6) Wheelock is deemed to be interested in 557,554,793 Shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings (0004) Limited and Target Smart.
- (7) Wharf is deemed to be interested in 557,554,793 Shares through its controlled corporations, namely Wharf China Holdings (0004) Limited and Target Smart.
- (8) HUANG Wei is deemed to be interested in 323,000,000 Shares through his controlled corporations, namely Zhejiang Xinhua Group Co., Ltd., Xinhua Zhongbao. Co., Ltd. and Hong Kong Xinhua Investment Co., Limited.
- (9) Ms LI Ping is the spouse of Mr HUANG Wei. Accordingly, pursuant to Part XV of the SFO, Ms. LI Ping is deemed to be interested in Mr HUANG Wei’s interests in the Company.
- (10) Zhejiang Xinhua Group Co., Ltd. is controlled by Mr HUANG Wei.
- (11) Xinhua Zhongbao Co., Ltd. is deemed to be interested in 323,000,000 Shares through its controlled corporation, namely Hong Kong Xinhua Investment Co., Limited.
- (12) A company controlled by Xinhua Zhongbao Co., Ltd. by virtue of SFO.
- (13) Share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share state on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2017 to 26 December 2027.
- (14) Mr SONG Weiping, being the sole shareholder of Delta House Limited, is deemed to be interested in 116,530,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited (“**HKOO Foundation**”) is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- (15) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 116,530,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those Shares); and (iii) 8,150,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 224,680,924 Shares.

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

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

Name of Director	Name of company which had such discloseable interest or short position in the Shares	Position within such company
Mr LIU Wensheng	CCCG Holding (HK) Limited	Director
Mr Stephen Tin Hoi NG	Wharf  Wheelock	Chairman and Managing Director  Deputy Chairman
Mr Andrew On Kiu CHOW (Mr Stephen Tin Hoi NG's alternate)	Wharf	Deputy Chairman and Executive Director

### 3. DIRECTORS' SERVICE CONTRACTS

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

Each of the independent non-executive Directors is entitled to an annual director's fee of RMB320,000, respectively. The amount of their respective annual director's fee was determined by the Board by reference to, among other things, their respective qualifications and experience and is subject to review by the Board from time to time.

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

#### 4. COMPETING BUSINESS INTEREST OF DIRECTORS

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

Name of Director	Name of competing entity	Nature of business of the competing entity	Nature of interest of the Director in the competing entity
Mr Stephen Tin Hoi NG	The Wharf (Holdings) Limited Wharf Real Estate Investment Company Limited Wheelock Harbour Centre Development Limited	Development and sales of properties and holding properties for lease	Chairman and Managing Director Chairman and Managing Director Deputy Chairman Chairman
Mr Andrew On Kiu CHOW (Mr Stephen Tin Hoi NG's alternate)	The Wharf (Holdings) Limited	Development and sales of properties and holding properties for lease	Deputy Chairman and Executive Director

#### 5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up.

#### 6. EXPERTS

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

Name	Qualifications
Octal Capital Limited	a corporation licensed to carry on Type 1 (dealing in securities ) and Type 6(advising on corporate finance) regulated activities under the SFO
Zhe Jiang T&C Law Firm	PRC legal adviser
DTZ Cushman & Wakefield Limited	Property valuer

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

As at the Latest Practicable Date, each of the above experts did not have (i) any shareholding in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and (ii) any interest, either direct or indirect, in any assets which, since 31 December 2019 (being the date to which the latest audited consolidated financial statements of the Company was made up) and up to the Latest Practicable Date, had been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group.

**7. GENERAL**

- (a) Save for the Agreement as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which, since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Company was made up) and up to the Latest Practicable Date, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired, disposed of by or leased to any member of the Group.
- (b) Save as disclosed in (a) above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The joint company secretaries of the Company are Ms Xu Ying and Ms Ng Sau Mei. Ms Xu is now serving as the Assistant General Manager of the Office of the Board and concurrently in charge of the investor relations of the Company. Ms Ng is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the UK.
- (d) The registered address of the Company is PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is at Room 1406–1408, 14th Floor, New World Tower 1, 16–18 Queen’s Road Central, Hong Kong.
- (f) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (g) The principal share registrar of the Company in the Cayman Islands is Royal Bank of Canada Trust Company (Cayman) Limited.
- (h) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

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

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

\* For identification purposes only

## NOTICE OF THE EGM



### GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司\*

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

**(Stock Code: 03900)**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Greentown China Holdings Limited (the “Company”) will be held at 10:00 a.m. on 30 June 2020 (Tuesday) at Conference Room 1, 10th Floor, Block A, Century Plaza, No. 1 Hangda Road, West Lake District, Hangzhou, Zhejiang Province, the People’s Republic of China for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. “THAT

- (a) the Agreement (as defined in the Company’s circular dated 12 June 2020 despatched to the shareholders of the Company (the “Circular”), a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification), a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one of the directors of the Company be and is hereby authorised to sign, execute, perfect, deliver, negotiate, agree and do all such documents, deeds, acts, matters and things, as the case may be, as he may in his opinion or absolute discretion consider reasonable, necessary, desirable or expedient to implement and/or give effect to the Agreement and the transactions contemplated thereunder with any changes as such director of the Company may in his absolute discretion think fit.”

By Order of the Board  
Greentown China Holdings Limited  
ZHANG Yadong  
*Chairman*

Hangzhou, the PRC  
12 June 2020

\* For identification purposes only

## NOTICE OF THE EGM

*Principal place of business in Hong Kong:*

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

*Notes:*

- (1) Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution at the EGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and of the Company.
- (2) A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies (if holding two or more shares) to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (3) Completion and delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof should the member of the Company so wish, and in which case, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint registered holders of any share in the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.
- (5) In order to be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
- (6) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 29 June 2020 (Monday) to 30 June 2020 (Tuesday), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 26 June 2020 (Friday).

*As at the date of this notice, the board of directors of the Company comprises six executive directors, namely Mr ZHANG Yadong, Mr LIU Wensheng, Mr GUO Jiafeng, Mr ZHOU Lianying, Mr GENG Zhongqiang and Mr LI Jun, two non-executive directors, namely Mr Stephen Tin Hoi NG (Mr Andrew On Kiu CHOW as his alternate) and Mr WU Yiwen, and four independent non-executive directors, namely Mr JIA Shenghua, Mr HUI Wan Fai, Mr Qiu Dong and Mr ZHU Yuchen.*