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Greentown China Holdings Limited **綠城中國控股有限公司***

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3900)

CONNECTED TRANSACTIONS

- On 25 September 2006, Greentown Real Estate, a wholly-owned subsidiary of the Company entered into the First Acquisition Agreement with ZZG, pursuant to which Greentown Real Estate agreed to acquire 51% of the equity interests in HQLG from ZZG for a consideration of Rmb18,360,000, funded from its internal resources. The consideration for the First Acquisition was arrived at on normal commercial terms and at arm's length after negotiations between the two parties. Upon completion of the First Acquisition, HQLG became a subsidiary of the Group.
- On 13 February 2007, Greentown Real Estate entered into the Second Acquisition Agreement with Greentown Holdings Group, pursuant to which Greentown Real Estate agreed to acquire 49% of the equity interests in ZZG from Greentown Holdings Group for a consideration of Rmb122 million, to be funded from its internal resources. The consideration for the Second Acquisition was arrived at on normal commercial terms and at arm's length after negotiations between the two parties. After the Second Acquisition, Greentown Holdings Group will no longer hold any interest in ZZG.
- Immediately prior to the First Acquisition, the Original Shareholders indirectly hold an aggregate of 70.81% in the Company's share capital and an aggregate of 100% in the share capital of Greentown Holdings Group. Greentown Holdings Group holds 49% equity interest in ZZG. Therefore, Greentown Holdings Group and ZZG are connected persons of the Company, and the Acquisitions constitute connected transactions of the Company under the Listing Rules.
- In the calculation of the percentage ratios, the Acquisitions were aggregated in accordance with Rule 14.22 and Rule 14A.25 of the Listing Rules. Since the highest of all applicable percentage ratios of the Acquisitions on an aggregated basis as calculated in accordance with Rule 14.07 of the Listing Rules is above 2.5% but below 5%, the Acquisitions are not regarded as a notifiable transaction under Chapter 14 of the Listing Rules, but are regarded as a connected transaction under Chapter 14A of the Listing Rules subject to announcement, reporting and independent shareholders' approval requirements.

* For identification purpose only

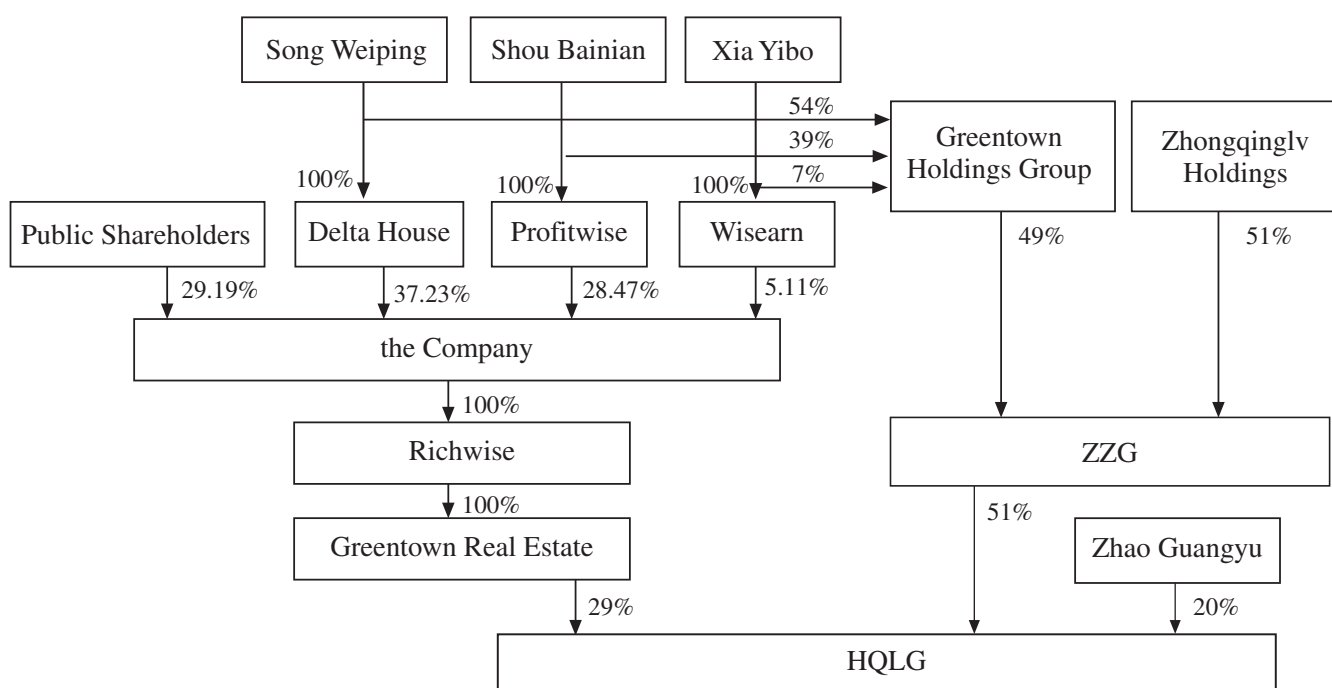
- The Company will convene an EGM for the purpose of seeking the approvals from Independent Shareholders for the Acquisitions (including the Agreements). According to the Listing Rules, the Original Shareholders and their respective associates will abstain from voting at the EGM in respect of the relevant resolutions.
- The Company and the Independent Board Committee have reviewed the Acquisitions. The Company has appointed Altus Capital as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisitions are fair and reasonable and whether the Acquisitions are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. The Company expects that the notice of the EGM and the circular giving further information on the Acquisitions and containing the advice of Altus Capital, and the recommendations from the Independent Board Committee will be dispatched to Shareholders within 21 days from the date of this announcement.

BACKGROUND

The Group is one of the leading residential property developers in the PRC and is primarily engaged in developing quality residential properties targeting middle to higher income residents in the PRC. Greentown Real Estate is a wholly-owned subsidiary of the Company and is primarily engaged in the development of residential properties.

ZZG was established in China as a limited liability company and is owned as to 49% and 51% by Greentown Holdings Group and Zhongqinglv Holdings respectively. Zhongqinglv Holdings is a joint-stock limited company established in China which is an independent third party not connected to the Company. Greentown Holdings Group is primarily engaged in property management and international economic, technology and environment protection information consultancy services. ZZG is primarily engaged in a number of real estate projects which are not included in the business of the Company. Details of these projects have been disclosed in the Prospectus.

The relationships among the Company, Greentown Real Estate, Greentown Holdings Group, ZZG and HQLG immediately prior to the First Acquisition are as follows:



Immediately prior to the First Acquisition, the Original Shareholders indirectly hold an aggregate of 70.81% in the Company's share capital and an aggregate of 100% in the share capital of Greentown Holdings Group. Greentown Holdings Group holds 49% equity interest in ZZG. Therefore, Greentown Holdings Group and ZZG are connected persons of the Company, and the Acquisitions constitute connected transactions of the Company under the Listing Rules.

THE FIRST ACQUISITION

On 25 September 2006, Greentown Real Estate entered into the First Acquisition Agreement with ZZG, pursuant to which Greentown Real Estate agreed to acquire 51% of the equity interests in HQLG from ZZG for a consideration of Rmb18,360,000, funded from its internal resources. The consideration for the First Acquisition was arrived at on normal commercial terms and at arm's length after negotiations between the two parties. Upon completion of the First Acquisition in September 2006, HQLG became a subsidiary of the Group. For further information on the First Acquisition, please refer to the announcement of the Company on 26 September 2006.

THE SECOND ACQUISITION AGREEMENT

The Second Acquisition Agreement was approved by the Independent Non-executive Directors at a meeting held on 13 February, 2007 and entered into by Greentown Real Estate and Greentown Holdings Group on the same day.

- Date : 13 February 2007
- Parties : Vendor: Greentown Holdings Group
Purchaser: Greentown Real Estate
- Interest to be acquired : Equity interests representing 49% of the registered capital of ZZG
- Consideration for the transfer : Consideration for the Acquisition is Rmb122,000,000, which was arrived at on normal commercial terms and at arm's length after negotiations between the two parties. The consideration will be paid in cash by Greentown Real Estate to Greentown Holdings Group on completion, which is 30 days after the signing of the Second Acquisition Agreement.
- Conditions : Closing is subject to the satisfaction of the following conditions:
- Altus Capital (the independent financial adviser to the Independent Board Committee and the Independent Shareholders) has advised the Independent Board Committee and the Independent Shareholders that the terms and conditions of the Acquisitions are fair and reasonable so far as the Independent Shareholders are concerned;
 - The Independent Board Committee recommended that the Independent Shareholders vote in favour of the Acquisitions; and
 - The Agreements and the Acquisitions have been approved and adopted by the Independent Shareholders.

NON-INCLUSION PROJECTS

After the Listing, Greentown Holdings Group continued to hold interests in eight property projects (the "Non-inclusion Projects"), the details of which were disclosed in the Prospectus. The Company was granted the option to acquire the Non-inclusion Projects under the Deed of Non-competition.

Among the Non-inclusion Projects, Greentown Holdings Group held indirect interests in Deqing Baihe Apartments (德清百合公寓) and Deqing Guihua City (德清桂花城), both of which are in Deqing of Zhejiang Province, and Greentown Baihe Apartments (绿城百合公寓) in Zhengzhou of Henan

Province (together, the “Three Non-inclusion Projects”) through its 49% shareholding in ZZG. The Three Non-inclusion Projects were not included in the business of the Company because the joint venture partner had not given consent to the transfer. Such consent was obtained, subsequent to the Listing and the First Acquisition, in December 2006. After the Second Acquisition, Greentown Holdings Group will cease to hold interests in the Three Non-inclusion Projects.

The Company has undertaken that any decision relating to the exercise of the options under the Deed of Non-competition will be made by the Independent Non-executive Directors. In December 2006, the Company engaged Altus Capital, an independent financial advisor, to advise the Independent Non-executive Directors as to whether it was in the interest of the Company and the Shareholders to exercise the options under the Deed of Non-competition. On 22 December 2006, Altus Capital issued a letter on the feasibility of the Non-inclusion Projects (the “Feasibility Letter”) to the Independent Board Committee of the Company (which consists of all the five Independent Non-executive Directors), advising that it was in the interest of the Company and the Shareholders to acquire the Three Non-inclusion projects. On 13 February 2007, a meeting of the Independent Non-executive Directors was held without the attendance of the executive Directors, as pursuant to the undertaking of the Company, on which the Independent Non-executive Directors unanimously resolved to proceed with the Second Acquisition.

In addition to the Feasibility Letter, Altus Capital is also engaged by the Independent Non-executive Directors to prepare a letter under Rule 14A.22 of the Listing Rules regarding the connected transactions (the “Connected Transactions Letter”), which shall advise on, among other things, the fairness and reasonableness of the terms of the Acquisitions. Please refer to the section headed “The EGM” below. The Independent Board Committee will form its view on the Acquisitions after taking into account the advice of Altus Capital in the Connected Transactions Letter.

FINANCIAL INFORMATION OF ZZG

The following sets out certain financial information of ZZG prepared in accordance with relevant accounting principles and financial regulations applicable to the companies established in the PRC:

	As at 31 December 2006	
	<i>(Rmb) (Note 1)</i>	
Total assets	540,887,413.91	
Total liabilities	336,448,495.23	
Net assets	204,438,918.68	
Net assets attributable to the Equity Interest	100,175,070.15	
	For the year ended	For the year ended
	31 December 2005	31 December 2006
	<i>(Rmb) (Note 2)</i>	<i>(Rmb) (Note 1)</i>
Profit attributable to the Equity Interest before taxation	(1,115,178.35)	(245,465.37)
Profit attributable to the Equity Interest after taxation	(1,242,927.71)	(105,966.21)

Note 1: According to the unaudited management accounts of ZZG for the year of 2006.

Note 2: Since Three Non-inclusion Projects were under construction, there was no profit generated from the principal business of ZZG in the year of 2005. ZZG was subject to certain income tax in the year of 2005 for the disposals that it made.

REASONS FOR THE SECOND ACQUISITION AND BENEFITS TO THE GROUP

The following benefits to the Group are expected from the Second Acquisition:

- After the Second Acquisition, Greentown Holdings Group will cease to hold interests in the Three Non-inclusion Projects. Therefore, the Board is of the view that the Second Acquisition will further ensure the avoidance of potential competition between the Company and the Shareholders.
- The Company will hold indirect interests in the Three Non-inclusion Projects through the Second Acquisition, which will increase the land bank attributable to the Company.

- The Three Non-inclusion Projects have commenced pre-sales as of the date of this announcement, and loan facilities have been arranged. The Company expects that the proceeds from such pre-sales and loans will be able to cover financial needs for the construction of the Three Non-inclusion Projects. Therefore, it is likely that the Group will not be obliged to invest, or arrange for the investment of, further amounts after the purchase of the Equity Interest.

In summary, the Directors are of the view that the Second Acquisition will have limited impact on the current cash flow of the Company, and the Three Non-inclusion Projects are expected to make good contributions to the Company's financial performance in the future.

PRICING AND PAYMENT

After negotiations between Greentown Real Estate and Greentown Holdings Group, the consideration for the Equity Interest is Rmb122,000,000. Such consideration has been agreed upon after arm's length negotiation by the two parties, with reference to the following factors:

- Greentown Holdings Group acquired the Equity Interest for a consideration of Rmb98,000,000 when ZZG was established in 2001;
- The net asset value of ZZG was Rmb204,438,918.68 as at 31 December 2006, according to the unaudited management accounts of ZZG. The net asset value attributable to the Equity Interest was Rmb100,175,070.15 accordingly;
- The value added to the project resulted from the progress of the project, including but not limited to the notable progress in the real estate projects held by ZZG.

In addition, the Company has engaged LCH, a firm of Chartered Surveyors and an independent valuer holding the qualification of Registered Professional Valuer (General Practice) in Hong Kong, to carry out a valuation on the Three Non-inclusion Projects. The valuation has not been completed as of the date of this announcement. The valuation report from LCH will be included in the circular to be dispatched to Shareholders within 21 days from the date of this announcement.

The consideration will be paid in cash by Greentown Real Estate to Greentown Holdings Group on completion, which is 30 days after the signing of the Second Acquisition Agreement, to be funded from the internal resources of Greentown Real Estate.

CONNECTED TRANSACTION UNDER THE LISTING RULES

In the calculation of the percentage ratios, the Acquisitions were aggregated in accordance with Rule 14.22 and Rule 14A.25 of the Listing Rules. Since the highest of all applicable percentage ratios of the Acquisitions on an aggregated basis as calculated in accordance with Rule 14.07 of the Listing Rules is above 2.5% but below 5%, the Acquisitions are not regarded as a notifiable transaction under Chapter 14 of the Listing Rules, but are regarded as a connected transaction under Chapter 14A of the Listing Rules subject to announcement, reporting and independent shareholders' approval requirements.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER AS PER THE LISTING RULES

According to the requirements of the Listing Rules, the Independent Board Committee will advise the Independent Shareholders in connection with the Acquisitions (including the Agreements). Pursuant to Rules 13.39(7)(b) and 14A.22 of the Listing Rules, Altus Capital has been appointed as an independent financial adviser to make recommendations to the Independent Board Committee and Independent Shareholders as to whether the terms of the Acquisitions are fair and reasonable and whether the Acquisitions are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

THE EGM

The Acquisitions constitute connected transactions of the Company. Since the highest of all applicable percentage ratios of the Acquisitions on an aggregated basis as calculated in accordance with Rule 14.07 of the Listing Rules is above 2.5% but below 5%, the Acquisitions shall be subject to Independent Shareholders' approvals as required under Rule 14A.18 of the Listing Rules. The Company will convene

an EGM in March 2007 to consider the approval of the Acquisitions (including the Agreements). The voting at such meeting will be taken on a poll and the Company will make an announcement of the poll results. The Original Shareholders and their respective associates will abstain from voting at the EGM in respect of the ordinary resolutions to approve the Acquisitions (including the Agreements). The Company expects the notice of the EGM and the circular to be dispatched to Shareholders within 21 days from the date of this announcement, which shall contain the following information:

- Further information on the Acquisitions;
- The advice of Altus Capital:
 - to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisitions are fair and reasonable and whether the Acquisitions are in the interests of the Company and the Shareholders as a whole;
 - to advise the Independent Shareholders on how to vote; and
- The recommendations from the Independent Board Committee.

DEFINITIONS:

“Acquisitions”	the First Acquisition and the Second Acquisition;
“Agreements”	the First Acquisition Agreement and the Second Acquisition Agreement;
“Altus Capital”	Altus Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions, and a licensed corporation for Type 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO;
“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors of the Company;
“China” or “PRC”	The People’s Republic of China;
“Company”	Greentown China Holdings Limited;
“connected persons”	has the meaning ascribed to it in the Listing Rules;
“Deed of Non-competition”	A deed of non-competition, dated 22 June 2006, given by the Original Shareholders and Greentown Holdings Group in favor of the Group;
“Delta House”	Delta House Limited, a international company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Song Weiping;
“Director(s)”	the director(s) (including independent non-executive directors) of the Company;
“EGM”	an extraordinary general meeting of the Company to be held for Shareholders in March 2007 to consider and approve the Acquisitions;
“Equity Interest”	the 49% equity interest in ZZG held by Greentown Holdings Group;
“First Acquisition”	the acquisition of 51% equity interest in HQLG by Greentown Real Estate;
“First Acquisition Agreement”	the share transfer agreement for the First Acquisition;
“Greentown Holdings Group”	綠城控股集團有限公司 (Greentown Holdings Group Limited), a wholly foreign-owned enterprise (外商獨資企業) incorporated in the PRC, which is owned by the Original Shareholders;

“Greentown Real Estate”	綠城房地產集團有限公司 (Greentown Real Estate Group Co., Ltd.), a wholly foreign-owned enterprise (外商獨資企業) incorporated in the PRC, which is a wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HQLG”	杭州千島湖綠城投資置業有限公司 (Hangzhou Qiandao Lake Greentown Investment & Property Co., Ltd.), a company incorporated in the PRC with limited liability;
“Independent Board Committee”	a committee of the Board established for the purpose of considering the terms of the Acquisitions, comprising Independent Non-executive Directors who are independent in respect of the Acquisitions;
“Independent Non-executive Director(s)”	independent non-executive director(s) of the Company;
“Independent Shareholders”	Shareholders other than, the Original Shareholders and their respective associates, and who are not involved in, or interested in the Acquisitions;
“LCH”	LCH (Asia-Pacific) Surveyors Limited, a firm of Chartered Surveyors independent from the Group;
“Listing”	the listing of the shares of the Company on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Original Shareholders”	Song Weiping, Shou Bainian and Xia Yibo;
“Profitwise”	Profitwise Limited, a British Virgin Islands international company with limited liability and wholly owned by Shou Bainian;
“Prospectus”	the prospectus of the Company dated 30 June 2006 which was issued in relation to the Listing;
“Richwise”	Richwise Holdings Limited, an international company with limited liability incorporated in the British Virgin Islands, which is wholly owned by the Company;
“Rmb” or “Renminbi”	the lawful currency of China;
“Second Acquisition”	the acquisition of 49% equity interest in ZZG by Greentown Real Estate;
“Second Acquisition Agreement”	the share transfer agreement for the Second Acquisition;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in the Listing Rules;
“Wisearn”	Wisearn Limited, an international company with limited liability incorporated in the British Virgin Islands, which is wholly owned by Xia Yibo;
“Zhongqinglv Holdings”	中青旅控股股份有限公司 (Zhongqinglv Holdings Co., Ltd.), a joint-stock limited company incorporated in the PRC;

“ZZG”

浙江中青旅綠城投資置業有限公司 (Zhejiang Zhongqinglv Greentown Real Estate Investment Company Limited), a company incorporated in the PRC with limited liability.

By order of the Board
Greentown China Holdings Limited
Song Weiping
Chairman

Hangzhou, the PRC, 15 February 2007

As at the date of this announcement, Mr. Song Weiping, Mr. Shou Bainian, Mr. Chen Shunhua and Mr. Guo Jiafeng are the executive Directors of the Company; Mr. Tsui Yiu Wa, Alec, Mr. Jia Shenghua, Mr. Jiang Wei, Mr. Sze Tsai Ping, Michael and Mr. Tang Shiding are the Independent Non-executive Directors of the Company.

“Please also refer to the published version of this announcement in The Standard.”