

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 and where applicable, the form of proxy and reply slip to the purchaser or transferee or to the bank, or a licensed securities dealer 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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3900)

CONNECTED TRANSACTIONS

**Independent financial adviser
to the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board of Directors of Greentown China Holdings Limited is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee of Greentown China Holdings Limited is set out on page 14 of this circular. A letter from Altus Capital containing its advice to the Independent Board Committee and the Independent Shareholders of Greentown China Holdings Limited is set out on pages 15 to 24 of this circular.

A notice convening the EGM to be held at 3:00 p.m. on 26 March 2007 at 10/F, Block A, Century Plaza, No. 1 Hangda Road, Hangzhou, Zhejiang Province, the People's Republic of China is set out on pages 49 to 50 of this circular.

Whether or not you are able to attend, you should complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, 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 at the EGM should you so wish.

9 March 2007

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DEFINITIONS

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

“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 June 22, 2006, given by the Original Shareholders and Greentown Holdings Group in favor of the Group;
“Delta House”	Delta House Limited, an 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 of the Company on 26 March 2007 to consider and, if thought fit, approve the Acquisitions;
“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;

DEFINITIONS

“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;
“HQLG Interest”	the 51% equity interest in HQLG transferred from ZZG to Greentown Real Estate under the First Acquisition Agreement;
“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 who are not involved, or interested, in the Acquisitions;
“Latest Practicable Date”	7 March 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“LCH”	LCH (Asia-Pacific) Surveyors Limited, a firm of Chartered Surveyors and an independent valuer holding the qualification of Registered Professional Valuer (General Practice) in Hong Kong;
“Listing”	the listing of the shares of the Company on the Stock Exchange;

DEFINITIONS

“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, an international company incorporated in the British Virgin Islands with limited liability, which is 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; and
“ZZG Interest”	the 49% equity interest in ZZG held by Greentown Holdings Group.

LETTER FROM THE BOARD



GREENTOWN CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3900)

Executive Directors:

Song Weiping
Shou Bainian
Chen Shunhua
Guo Jiafeng

Legal Address:

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

Independent Non-executive Directors:

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

9 March 2007

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

1. INTRODUCTION

On 15 February 2007, the Board made an announcement (the "Announcement") regarding the Acquisitions. As stated in the Announcement, the Company shall issue a circular to the Shareholders containing information of the Acquisitions, and will convene a general meeting for obtaining the Independent Shareholders' approvals for the conduct of the Acquisitions.

The letter from the Independent Board Committee to the Independent Shareholders is included in this circular. Altus Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Acquisitions. The letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders is included in this circular.

The purposes of this circular are:

- (i) to provide you with further information in relation to the Acquisitions;

LETTER FROM THE BOARD

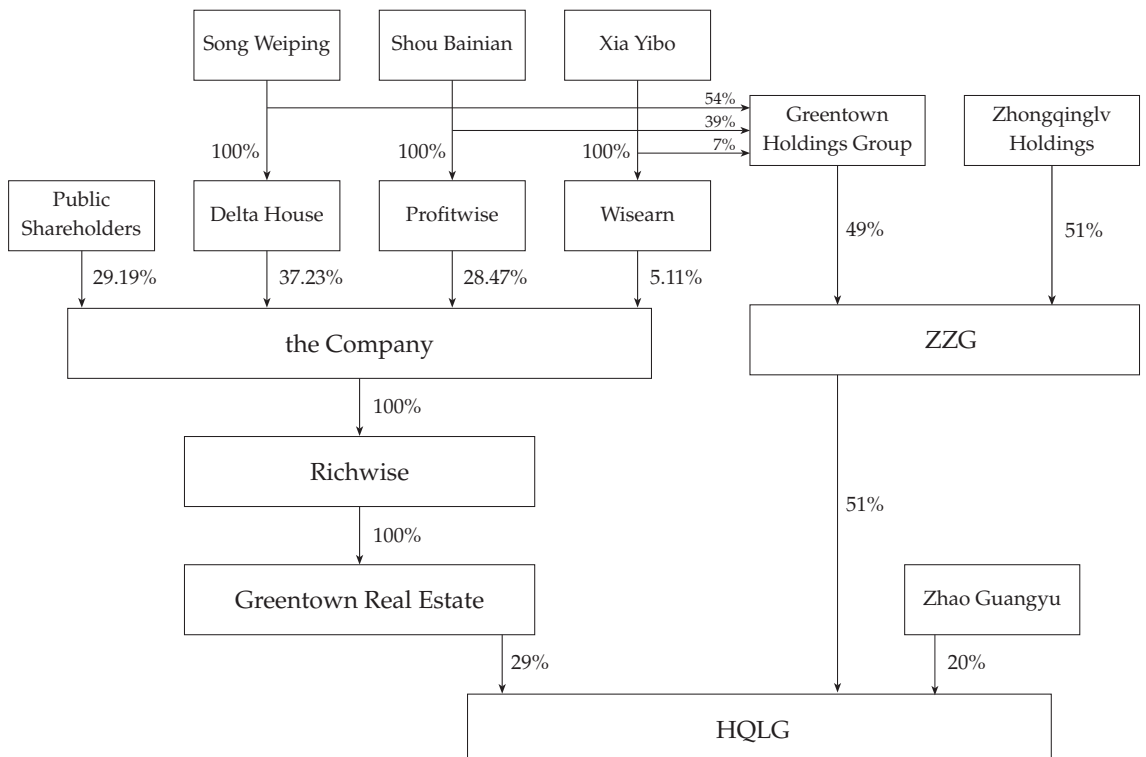
- (ii) to set out the letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee as advised by Altus Capital; and
- (iii) to seek your approval of the ordinary resolutions in relation to the Acquisitions, which are set out in the notice of the EGM.

2. 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:



LETTER FROM THE BOARD

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.

3. THE FIRST ACQUISITION

3.1. The first acquisition agreement

The First Acquisition Agreement was approved by the Company at its Board meeting held on 25 September 2006 and entered into by Greentown Real Estate and ZZG on the same day.

Date:	25 September 2006
Parties:	Vendor: ZZG Purchaser: Greentown Real Estate
Interest to be acquired:	equity interests representing 51% of the registered capital of HQLG
Consideration for the HQLG Interest:	Consideration for the HQLG Interest was Rmb18,360,000, which was arrived at on normal commercial terms and at arm's length after negotiations between the two parties. The consideration was paid in cash by Greentown Real Estate to ZZG on completion, which was 5 days after the signing of the First Acquisition Agreement.

3.2. Information on HQLG

HQLG was established in China as a limited liability company under the Company Law of the People's Republic of China on 15 June 2005 with a registered capital of Rmb30,000,000. Prior to the First Acquisition, it was owned as to 51% by ZZG, as to 29% by Greentown Real Estate and as to 20% by an independent third party. HQLG owns Bishui Qingfeng (碧水清風) (tentatively named) Project (the "HQLG Project").

The HQLG Project is located at Qiandaohu County, Chunan District, Qiandaohu, Zhejiang Province with a site area of 132,000 square meters and an estimated total GFA of approximately 235,000 square meters. It is planned to be developed into high-end properties including high-rise residential buildings and other relevant facilities. The Project is expected to be completed in 2010 and the State-owned Land Use Rights Certificate has been obtained.

LETTER FROM THE BOARD

3.3. Financial information of HQLG

The following sets out certain audited financial information of HQLG for the year ended 31 December 2005 prepared in accordance with relevant accounting principles and financial regulations applicable to the companies established in the PRC:

	As at 31 December 2005 <i>(Rmb)</i>
Total assets	278,183,033.66
Total liabilities	254,824,826.67
Net assets	23,358,206.99
	From incorporation to 31 December 2005
Revenue from principal business ^(Note)	0
Net loss ^(Note)	6,641,793.01

Note: Since the Project was under planning, there has been no revenue or profits generated from the principal business of HQLG.

3.4. Reasons for the first acquisition and benefits to the group

The Board was of the view that the First Acquisition would increase the land bank attributable to the Company. Further, since HQLG had its own management team in place, there was no need to appoint new project management team as would be required in the case of the acquisition of new projects. By completion of the First Acquisition, HQLG would become a subsidiary of the Group, which would facilitate the efficient operation in accordance with the management requirements of the Group, thus ensuring the quality of the developed projects and the efficiency of operational management. Also, the revenue from the HQLG Project can be consolidated into the Company's financial statements, which is expected to increase the future revenue of the Group, bringing more rewards for the Shareholders.

3.5. Pricing and payment

ZZG acquired the HQLG Interest for a consideration of Rmb15,300,000 when HQLG was established in 2005. After negotiations between Greentown Real Estate and ZZG, the consideration for the HQLG Interest was Rmb18,360,000. Such consideration had been arrived at arm's length, with reference to the following factors:

- the original consideration paid by ZZG for the HQLG Interest, which was Rmb15,300,000;

LETTER FROM THE BOARD

- the net asset value of HQLG, which was Rmb29,921,000 as at 31 July 2006, according to the unaudited management accounts of HQLG. The net asset value attributable to the HQLG Interest was Rmb15,260,000 accordingly; and
- the value added to the HQLG Project resulted from its progress, including but not limited to HQLG's obtaining the land use right certificate for the project by the end of April 2006, and the notable progress in the planning and preparation of the HQLG Project.

Given that the First Acquisition would increase the land bank attributable to the Group, improve the efficiency of project management, increase the future revenue of the Company, and the price and the terms of the First Acquisition are fair and reasonable and will have no significant impact on the cash flow of the Group, the Board was of the view that the First Acquisition was in the interest of the Company and the Shareholders as a whole.

4. THE SECOND ACQUISITION

4.1. 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 ZZG Interest:	Consideration for the Second 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.

LETTER FROM THE BOARD

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.

4.2. 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 (綠城百合公寓) 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”)

LETTER FROM THE BOARD

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 advised on, among other things, the fairness and reasonableness of the terms of the Acquisitions. The Connected Transactions Letter is enclosed on pages 15 to 24 of this circular.

4.3. 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)</i> <small>(Note 1)</small>	
Total assets	540,887,413.91	
Total liabilities	336,448,495.23	
Net assets	204,438,918.68	
Net assets attributable to the ZZG Interest	100,175,070.15	

	For the year ended	For the year ended
	31 December 2005	31 December 2006
	<i>(Rmb)</i> <small>(Note 2)</small>	<i>(Rmb)</i> <small>(Note 1)</small>
Profit attributable to the ZZG		
Interest before taxation	(1,115,178.35)	245,465.37
Profit attributable to the ZZG		
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.

LETTER FROM THE BOARD

4.4. 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 the signing of the Second Acquisition Agreement, 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 ZZG 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.

4.5. Pricing and payment

After negotiations between Greentown Real Estate and Greentown Holdings Group, the consideration for the ZZG 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 ZZG 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 ZZG Interest was Rmb100,175,070.15 accordingly; and
- 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.

LETTER FROM THE BOARD

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, which forms the principal business of ZZG. The valuation report from LCH is enclosed on pages 25 to 43 of this circular.

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.

5. 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.

6. 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 letter from Altus Capital is enclosed on pages 15 to 24 of this circular.

7. 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 on 26 March 2007 to consider the approval of the Acquisitions (including the Agreements) by separate resolutions. 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 Notice of EGM is set out on pages 49 to 50 of this circular.

LETTER FROM THE BOARD

A reply slip and a form of proxy for use by the Independent Shareholders at the EGM are enclosed with this circular. Whether or not you are able to attend the meeting in person, you should complete and return the reply slip in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited ("Computershare"), 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 22 March 2007. The enclosed form of proxy should be completed and returned to Computershare in accordance with the instructions printed thereon as soon as practicable 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 at the EGM should you so wish.

8. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders of the Company, as set out on page 14 of this circular, which contains their recommendation in respect of the Acquisitions.

The letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Acquisitions is set out on pages 15 to 24 of this circular.

The Independent Board Committee, having taken into account the advice of Altus Capital, considers that the terms of the Acquisitions are fair and reasonable so far as the Independent Shareholders are concerned and that the Acquisitions are in the interests of the Company and the Shareholders as a whole. Accordingly, it recommends that the Independent Shareholders vote in favour of the resolutions to approve the Acquisitions.

9. OTHER INFORMATION

Your attention is drawn to the general information set out in the appendices to this circular.

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



GREENTOWN CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3900)

Registered office:

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

9 March 2007

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

We, the Independent Directors of Greentown China Holdings Limited, are advising the Independent Shareholders in connection with the Acquisitions, details of which are set out in the letter from the Board contained in the circular ("Circular") of the Company to the Shareholders dated 9 March 2007, of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Under the Listing Rules, the Acquisitions constitute connected transactions of the Company. Accordingly, they will require the approval of the Independent Shareholders at the EGM.

We wish to draw your attention to the letter of advice from Altus Capital set out on pages 15 to 24 of the Circular. We have discussed the letter and the opinion contained therein.

Having considered, *inter alia*, the factors and reasons considered by, and the opinion of, Altus Capital, as stated in its aforementioned letter, we consider the terms of the Acquisitions to be fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that the Acquisitions are in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to be held on 26 March 2007 and thereby approve the Acquisitions (including the Agreements). The aforementioned resolutions are set out in the Notice of EGM, which is attached to this Circular

Yours faithfully,

**Tsui Yiu Wa, Alec; Jia Shenghua; Jiang Wei;
Sze Tsai Ping, Michael; Tang Shiding**
Independent Directors

LETTER FROM ALTUS CAPITAL

The following is the text of the letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions and the Agreements for incorporation in this circular.

ALTUS CAPITAL LIMITED

8/F, Hong Kong Diamond Exchange Building
8 Duddell Street, Central
Hong Kong

9 March 2007

The Independent Board Committee and the Independent Shareholders

Greentown China Holdings Limited

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

Dear Sirs,

CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as independent financial adviser to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreements in relation to the Acquisitions are fair and reasonable and are in the interests of the Company and Shareholders as a whole. Details of the Acquisitions and the Agreements are contained in the circular of the Company dated 9 March 2007 ("**Circular**"), of which this letter forms part, issued to the Shareholders. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Acquisitions comprises: (i) the First Acquisition, which involves the acquisition of 51% equity interests in HQLG from ZZG by Greentown Real Estate, a wholly-owned subsidiary of the Company; and (ii) the Second Acquisition, which involves the acquisition of 49% equity interests in ZZG from Greentown Holdings Group by Greentown Real Estate. 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, which in turn holds 49% of equity interest in ZZG. Both Greentown Holdings Group and ZZG are connected persons of the Company. 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 and subject to announcement, reporting and independent shareholders' approval requirements.

As the First Acquisition was completed in September 2006 and the Second Acquisition is expected to be completed within 12 months from the First Acquisition, the Acquisitions

LETTER FROM ALTUS CAPITAL

were aggregated in accordance with Rules 14.22 and 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%, the Acquisitions are subject to the Independent Shareholders' approvals.

BASIS OF OUR OPINION

In formulating our opinion and recommendation with regard to the Acquisitions, we have relied, to a considerable extent, on the information, statements, opinions and representations supplied to us by the Company and the Directors and we have assumed that all such information, statements, opinions and representations were true, accurate and complete at the time they were made and continue to be true, accurate and complete at the date hereof. We have assumed that all statements of belief, opinion and intention of the Directors were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided to us. We have also relied on certain publicly available information and we have assumed such information to be accurate and reliable, and we have not carried out any independent verification on the accuracy of such information.

The Directors confirmed that they have provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of such information to provide a reasonable basis for our opinions. We have no reason to suspect that any material facts or information (which is known to the Company, its representatives and the Directors) have been omitted or withheld from the information supplied nor to doubt the truth and accuracy of the information, facts, and representation provided to us, or the reasonableness of the opinions expressed by the Company, its representatives and the Directors. We consider that we have reviewed sufficient information which enables us to form a reasonable basis for our opinion. We have not, however, carried out any independent verification on the information provided to us by the Company, its representatives and the Directors, nor have we conducted any independent in-depth investigation into the business affairs, assets and liabilities, and the prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation for the Acquisitions, we have considered the following principal factors and reasons:

Background for the Acquisitions

A. First Acquisition

Pursuant to the First Acquisition Agreement, Greentown Real Estate agreed to acquire 51% of the equity interests in HQLG from ZZG for a consideration of RMB18.36 million. Completion of the First Acquisition took place in September 2006. Details of the First Acquisition are set out in the announcement of the Company dated 26 September 2006.

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HQLG, a PRC limited liability company established on 15 June 2005, owns a property project namely Bishui Qingfeng (碧水清風) (tentatively named) located in Qiandao County, Chunan District, Qiandao County, Zhejiang Province with a site area of 132,000 square meters and an estimated total gross floor area (“GFA”) of approximately 235,000 square meters. It is planned to be developed into high-end properties including high-rise residential buildings and other relevant facilities. This project is expected to be completed in 2010 and the State-owned Land Use Rights Certificate has been obtained.

B. *Second Acquisition*

Pursuant to the Second Acquisition Agreement, Greentown Real Estate agreed to acquire 49% of the equity interests in ZZG for a consideration of RMB122 million. ZZG is primarily engaged in a number of real estate projects which are not currently included in the business of the Company.

As stated in the Letter from the Board in the Circular (“**Letter**”), the three property projects, namely Deqing Baihe Apartments (德清百合公寓), Deqing Guihua City (德清桂花城) in Deqing of Zhejiang Province and Greentown Baihe Apartments (綠城百合公寓) in Zhengzhou of Henan Province, were excluded in the business of the Company at Listing as the joint venture partner of the relevant projects had not given their consent to the transfer at the time of Listing (“**Three Non-inclusion Projects**”). The Three Non-inclusion Projects were indirectly held by Greentown Holdings Group via its 49% shareholding in ZZG.

The Company was granted an option to acquire, *inter alia*, the Three Non-inclusion Projects under the Deed of Non-competition. In December 2006, the Independent Non-executive Directors had resolved to proceed with the Second Acquisition. We were the independent financial adviser to the Independent Non-executive Directors in that respect.

C. *Economic developments in Zhejiang and Henan provinces*

Zhejiang Province

Zhejiang Province is the principal market of the Company. Zhejiang Province ranked fourth in the PRC in terms of overall economic aggregate. According to the People’s Government of Zhejiang Province, the gross domestic products (“GDP”) of Zhejiang Province in 2006 was about RMB1,564.9 billion, representing an increase of 13.6% over the previous year. Real estates investments in Zhejiang Province continued to grow rapidly. The investment in real estate development amounted to RMB145.5 billion in 2005, representing an increase of 12.3% from the previous year.

Henan Province

Zhengzhou, the capital of Henan Province, is located in central China and is an important transportation hub and communication center in Henan Province. According to the People’s Government of Henan Province, the GDP

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of Henan Province in 2006 was about RMB1,246.4 billion, representing an increase of 14.1% from the previous year. The investment in real estate development in Henan Province in 2006 amounted to a total of RMB58.2 billion, representing a growth of 49.8% from the previous year.

The double-digit growth in GDP of both Zhejiang and Henan provinces are among the five fastest growing provinces in the PRC. We are of the view that the Acquisitions are beneficial to the Group and the Shareholders as they could: (i) further strengthen the Group's foothold in the surrounding areas of its principal market; (ii) increase the land bank and future projects of the Group; and (iii) benefit from the fast growing economy of the relevant provinces.

D. The Three Non-inclusion Projects

Below sets out the summary information of the Three Non-inclusion Projects:

i. Deqing Baihe Apartments (德清百合公寓) in Deqing of Zhejiang Province

This project involves the development of Deqing Baihe Apartments (德清百合公寓) in Deqing of Zhejiang Province with a proposed GFA of 209,922 square meters and saleable GFA of 161,005 square meters by Deqing Greentown Xizi Property Development Company Limited (德清綠城西子房地產開發有限公司), an associate of the Company, in which Greentown Holdings Group held an effective interests of 24.5% through ZZG.

The construction of the project is underway and currently, we are advised that a site area of 44,523 square meters is being constructed. This project is expected to be completed in 2008 and the state-owned Land Use Rights Certificate has been obtained.

ii. Deqing Guihua City (德清桂花城) in Deqing of Zhejiang Province

This project involves the development of Deqing Guihua City (德清桂花城) in Deqing of Zhejiang Province with a proposed GFA of 303,786 square meters and saleable GFA of 256,788 square meters by Deqing Greentown Zhongtian Property Development Company Limited (德清綠城中田房地產開發有限公司), an associate of the Company, in which Greentown Holdings Group held an effective interests of 46.6% through ZZG.

The construction of the project is underway and currently, we are advised that a site area of 99,391 square meters is being constructed. This project is expected to be completed in 2008 and the State-owned Land Use Rights Certificate has been obtained.

The Company currently does not have any real estate development project in Deqing, which is located in the vicinity of Hangzhou, Zhejiang Province, being the Company's principal market. Deqing has been experiencing rapid economic growth in the past few years and the recently-built highway

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network has reduced traveling time between Deqing and city centre of Hangzhou to just 30 minutes. According to the management of the Group, given its relatively new development, there is currently limited presence of large developers in Deqing. The Company can therefore take advantage of the limited competition and leverage on its brand name, to establish a foothold in Deqing.

Based on the above, we are of the view that projects (i) and (ii) above are in line with the development strategies of the Group and are in the interests of the Company and Shareholders as a whole.

iii. Greentown Baihe Apartments (綠城百合公寓) in Zhengzhou of Henan Province

This project involves the development of Greentown Baihe Apartments (綠城百合公寓) in Zhengzhou of Henan Province with a proposed GFA of 451,506 square meters and saleable GFA of 334,000 square meters by Henan Zhongzhou Greentown Real Estate Investment Company Limited (河南中州綠城投資置業有限公司), an associate of the Company, in which Greentown Holdings Group held an effective interests of 37.7% through ZZG.

The construction of the project is underway and currently, we are advised that a site area of 98,257 square meters is being constructed. This project is expected to be completed in 2009 and the State-owned Land Use Rights Certificate has been obtained.

Zhengzhou in Henan Province represents a new market to the Company. Based on our discussion with management of the Group, Zhengzhou is the most active real estate market of Henan Province. The early entry of Henan Zhongzhou Greentown Real Estate Investment Company Limited into Zhengzhou has enabled the Group to acquire land at prime location in central business district of the city. On this basis, we are of the view that the acquisition of this real estate project is reasonable and is in the interests of the Company and Shareholders.

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Financial performance of the Group

The Group is principally engaged in the development of quality residential properties targeting middle to higher income residents in the PRC. As set out in the Prospectus and the interim report of the Company for the six months ended 30 June 2006, below is a summary of the financial performance of the Group for the two years ended 31 December 2005 and the six months ended 30 June 2005 and 2006 respectively:

	For the year ended 31 December		Growth/ (decline) (%)	For the six months ended 30 June		Growth
	2004 (audited) (RMB'000)	2005 (audited) (RMB'000)		2005 (audited) (RMB'000)	2006 (unaudited) (RMB'000)	
Revenue from continuing operations	2,739,082	2,535,075	(7.5)	991,372	1,210,449	22.1
Profit for the period from continuing operations	451,703	586,447	29.8	221,159	244,994	10.8

For the two years ended 31 December 2005

The Group's revenue decreased by RMB204 million (or 7.5%) from RMB2,739.1 million in 2004 to RMB2,535.1 million in 2005. The decrease in revenue was primarily due to the increased weight in the delivery of the Group's lower-priced properties as compared to that of 2004. Such properties were at their initial phase of development or were located in less developed regions and hence with generally lower property prices than properties in more developed regions such as Hangzhou and Shanghai.

In each of the two financial years ended 31 December, 2005, the audited profit from continuing operations increased 29.8% from RMB451.7 million in 2004 to RMB586.4 million in 2005. Net asset value of the Group as at 31 December 2005 was RMB863.1 million (or RMB0.86 per Share based on 1,000,000,000 Shares in issue as at 31 December 2005).

For the six months ended 30 June 2005 and 2006

The Company was listed on the Stock Exchange on 13 July 2006. For the six months ended 30 June 2006, the Group recorded revenue of RMB1,210.4 million, representing an increase of about 22.1% as compared to the same period of the previous year. The increase is attributable to the significant increase in the average selling prices of units delivered over the same period in 2005. Profit from continuing operations for the six months ended 2006 amounted to approximately RMB245.0 million, representing an increase of about 10.8% as compared to the same period in 2005. Net asset value of the Group as at 30 June 2006 was RMB746.7 million (or RMB0.75 per Share based on 1,000,000,000 Shares in issue as at 30 June 2006).

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As stated in the interim report of the Group for the six months ended 30 June 2006, land bank replenishment is one of the key strategies of the Company to ensure sustainable development of the Group. As at 30 June 2006, the Company's land bank amounted to 8.65 million square metres in GFA, of which the Company owned 5.94 million square metres in GFA. The total GFA of land for which the Company has obtained land use rights amounted to 7.51 million square metres, of which the Company owned 4.8 million square metres in GFA.

Based on the above, we are of the view that the Acquisitions are reasonable as they will enhance the Company's competitiveness in the real estate markets and increase the land bank and future projects of the Group. The Acquisitions are in line with the Group's business strategy and expansion plans.

Terms of the Agreements

First Acquisition Agreement

Under the First Acquisition Agreement, Greentown Real Estate has agreed to acquire 51% of the equity interests in HQLG at a consideration of RMB18.36 million. The consideration was arrived at after arm's length negotiations and was satisfied in cash by Greentown Real Estate to ZZG. Completion of the First Acquisition took place in September 2006. After the First Acquisition, HQLG has become a subsidiary of the Group.

Second Acquisition Agreement

Under the Second Acquisition Agreement, Greentown Real Estate has agreed to acquire 49% of the equity interests in ZZG at a consideration of RMB122.0 million. The consideration was arrived at after arm's length negotiations and will be satisfied in cash by Greentown Real Estate to Greentown Holdings Group upon completion, which is expected to be 30 days after the signing of the Second Acquisition Agreement. Conditions of the Second Acquisition Agreement are set out in the Letter.

The Three Non-inclusion Projects have commenced pre-sales and loan facilities of the relevant projects have been arranged. As stated in the Letter, internally generated capital of and loan facilities available to ZZG are sufficient to fund the remaining project development costs of the Three Non-inclusion Projects. Therefore, save for the consideration of RMB122 million for the ZZG Interest, the Group is not expected to invest further capital after the purchase of the ZZG Interest. The Group will share the future profits of ZZG in proportion to its equity interests.

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The consideration for the Acquisitions

To assess the fairness and reasonableness of the consideration for the Acquisitions, we have considered the following analysis:

(a) Net asset value of HQLG

Prior to the First Acquisition, ZZG acquired the 51% equity interests in HQLG at a consideration of RMB15.30 million when HQLG was established in 2005. The consideration of RMB18.36 million paid by Greentown Real Estate to ZZG was determined based on and with reference to: (i) the unaudited net asset value of HQLG of about RMB15.26 million attributable to the 51% equity interests in HQLG as at 31 July 2006, according to the unaudited management accounts of HQLG; and (ii) the progress made to the Bishui Qingfeng property project subsequently, such as for obtaining of the land use rights certificate for the project and the notable progress in the planning and preparation of the project.

Based on the above, the consideration for the First Acquisition of RMB18.36 million represents a premium of approximately 20% to the net asset value of the 51% attributable interests of HQLG acquired by Greentown Real Estate.

Since the Bishui Qingfeng property project is still under planning and construction, there has been no revenue or profits generated from the principal business of HQLG. For the year ended 31 December 2005, HQLG incurred net loss of about RMB6.64 million.

(b) Net asset value of ZZG

As disclosed in the Letter, Greentown Holdings Group originally acquired the ZZG Interest at RMB98.0 million in 2001. The consideration of RMB122.0 million to be paid by Greentown Real Estate to Greentown Holdings Group was determined based on and with reference to: (i) the unaudited net asset value of ZZG of about RMB100.18 million attributable to the ZZG Interest as at 31 December 2006, according to the unaudited financial information of ZZG prepared in accordance with relevant accounting principles and financial regulations applicable to companies established in the PRC; and (ii) the appreciation in value for the Three Non-inclusion Projects.

The Company has engaged LCH, a firm of chartered surveyors, to conduct a valuation on the Three Non-inclusion Projects ("Valuation"), which form the principal business of ZZG. Details of the Valuation are set out in Appendix I of this Circular. Based on the Valuation, the aggregate appreciation in value for the Three Non-inclusion Projects attributable to the equity interests of ZZG was about RMB68.18 million. On this basis, based on the unaudited net asset value of ZZG as at 31 December 2006 of RMB204.44 million and taking into account the appreciation in value of RMB68.18 million, the total net asset value of ZZG would be RMB272.62 million. The value attributable to the ZZG Interest would be RMB133.58 million.

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Based on the above, the consideration for the Second Acquisition of RMB122.0 million represents: (i) a premium of approximately 21.78% to the unaudited net asset value of the ZZG Interest as at 31 December 2006 of RMB100.18 million; and (ii) a discount of approximately 8.67% to the value of the ZZG Interest derived based on the Valuation. On this basis, we are of the view that the consideration for the respective Acquisitions, which was based on the net asset values and taken into account the recent developments of the relevant property projects, are fair and reasonable.

Since the Three Non-inclusion Projects are still under construction, no profit has been generated from the principal business of ZZG in 2005. ZZG was subjected to certain income tax in the years of 2005 for the disposals that it had made. As disclosed in the Letter, ZZG recorded net losses attributable to the ZZG Interest after taxation of about RMB1.24 million (audited) for the year ended 31 December 2005 and net profit attributable to the ZZG Interest after taxation of about RMB105,966 (unaudited) for the year ended 31 December 2006. Such profit was merely resulted from the disposal of the HQLG Interest.

(c) Price-earnings ratio ("PER")

The PER analysis is one of the most commonly used references for valuing a company which reflects the earnings potential of the underlying business as a going concern. The PER valuation analysis is not applicable in this instance as the property projects under HQLG and ZZG are still under construction and no profits have been recorded.

(d) Financial resources for the Acquisitions

We understand that the consideration for the Acquisitions will be financed by internal resources of the Group. As at 30 June 2006, the Group had cash on hand amounted to RMB923.0 million (2005: RMB859.4 million). As at 28 February 2007, the Group had cash on hand amounted to about RMB1.8 billion. Furthermore, as stated under the paragraph headed "Second Acquisition Agreement" above, save for the payment of the consideration of RMB122 million for the ZZG Interest, the Group is not expected to invest further amounts on the Three Non-inclusion Projects. Accordingly, we are of the view that the payment of the consideration for the Acquisitions will not have substantial impact on the financial resources or future working capital position of the Group.

RECOMMENDATION

Having considered the above factors and reasons in relation to the Acquisitions, we could summarise them into the followings:

- a. the Acquisitions, relating to property projects which are the principal business of the Group, are in line with its business strategy and development plan;

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- b. the economics of Zhejiang Province and Henan Province have been developing at a rapid pace. Investments in real estate developments in the respective provinces have recorded satisfactory growth where Zhejiang Province recorded an increase in real estate developments of 12.3% in 2005 while Henan Province recorded an increase in real estate developments of 49.8% in 2006;
- c. the consideration for the Acquisitions was determined based on the net asset values of HQLG and ZZG, taking into account the subsequent appreciation in value of the Three Non-inclusion Projects;
- d. the internally generated capital of, and loan facilities available to, ZZG are sufficient for the remaining project development costs of the Three Non-inclusion Projects. Therefore, the Group is not expected to invest further amounts in the projects; while the Group is able to share the future profits of ZZG in the proportion of its equity interests; and
- e. given the Group's strong financial resources and cash position as evidenced by its cash on hand as at 28 February 2007 of about RMB1.8 billion, we are of the view that the payment of the consideration for the Acquisitions will not have substantial impact on the financial resources or working capital position of the Group.

Based on the above, we are of the view that the terms of Agreements are fair and reasonable and are on normal commercial terms as far as the Independent Shareholders are concerned and the Acquisitions are in the interests of the Company and its shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions approving the Acquisitions.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Arnold Ip
Executive Director

Sean Pey, Chang
Executive Director

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the HKIS Valuation Standards on Properties, First Edition, 2005 (the "HKIS Standards") published by the Hong Kong Institute of Surveyors (the "HKIS") and entitles the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer.



利駿行測量師有限公司

LCH (Asia-Pacific) Surveyors Limited

CHARTERED SURVEYORS
PLANT AND MACHINERY VALUERS
BUSINESS & FINANCIAL SERVICES VALUERS

27th Floor
Li Dong Building
No. 9 Li Yuen Street East
Central
Hong Kong

9 March 2007

The Directors
Greentown China Holdings Limited
Huanglong Century Plaza
No. 1 Hangda Road
Hangzhou City
Zhejiang Province
The People's Republic of China

Dear Sirs,

In accordance with the recent instructions given by the management of Greentown China Holdings Limited (hereinafter referred to as the "Company") to us to value certain properties presently held by various business entities (hereinafter referred to as the "Business Entities") in the People's Republic of China (hereinafter referred to as the "PRC" or "China") of which the Company or its subsidiaries (hereinafter together with the Company referred to as the "Group") intended to acquire, we confirm that we have conducted inspection, made relevant enquiries and obtained such further information as we consider necessary to support our opinion of values of the properties as at 31 December 2006 (hereinafter referred to as the "Date of Valuation") for the purpose of incorporation in this circular and for the Company's shareholders' reference.

We understand that the use of our work product (regardless of form of presentation) would form part of the Company's business due diligence to the properties and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence which a rational investor should conduct in reaching business decisions regarding the properties.

BASIS OF VALUATION AND ASSUMPTIONS

According to the International Valuation Standards (hereinafter referred to as “IVS”), Seventh Edition, 2005 published by the International Valuation Standards Committee, which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation basis other than market value. In this engagement, we are instructed to have our opinion of values of the properties on the market value basis.

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

Our valuations have been made on the assumptions, that

1. each of the legally interested parties in the properties has absolute title to its relevant property interest;
2. each of the legally interested parties in the properties has free and uninterrupted rights to assign its relevant property interest for the whole of the unexpired terms as granted, and any premiums payable have already been fully paid;
3. each of the legally interested parties in the properties sells its relevant property interest in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the subject property interest;
4. the properties have obtained relevant government’s approvals for pre-sale the property interests on strata-title basis and are able to dispose and transfer free of all encumbrances (including but not limited to the cost of transaction) the flatted units of the proposed development of the properties in the market; and
5. the properties can be freely transferred free of all encumbrances at the Date of Valuation for its existing uses in the market to both local and overseas purchasers without payment of any premium to the government.

Should this not be the case, it will have adverse impact to the values as reported.

Based on the purpose of this engagement and the market value basis of valuation, the management of the Company was requested to provide us the necessary documents to support the titles of the properties, and that the Business Entities are the legally interested parties in the properties i.e. each of the Business Entities has free and uninterrupted rights to assign, to mortgage or to let its relevant property interest (in this instance, an absolute title) for the whole of the unexpired terms as granted and any premiums payable have already been paid in full.

APPROACH TO VALUE

As the properties are classified as properties under development and construction work completed was less than 50% compared to the scheduled development program in each of the properties, we have adopted the market value of the land element (i.e. land use rights) of each the properties plus actual construction costs expended in each of the properties to the Date of Valuation.

In valuing the market value of the land elements of the properties, we have adopted the comparable sales method of the Market Approach (also called sales comparison approach) on the assumption that each of the subject land element was sold on the premises of “as-is” at the Date of Valuation. The comparable sales method considers the sales, listings or offering of similar or substitute properties and related market data and establishes a value of a property that a reasonable investor would have to pay for a similar property of comparable utility and with an absolute title. In reporting the actual construction costs expended, we have solely relied on the book costs as provided by the management of the Company as at the Date of Valuation.

MATTERS THAT MIGHT AFFECT THE VALUES REPORTED

In our valuations, we have based on the scheduled development scheme prepared by and provided by the management of the Company with regard to the approved usage of each of the properties. Should it be established subsequently that there are any changes to the scheme, we reserve the right to revise our report and valuations accordingly.

For the sake of valuation, we have adopted the approved gross floor areas in the relevant government documents as provided and no further verification work has been conducted. Should it be established subsequently that the adopted gross floor areas were not the latest approved or adopted by the Business Entities in developing the properties or in a particular property, we reserve the right to revise our report and the valuation(s) accordingly.

No allowance has been made in our valuations for any charges, mortgages, outstanding premium or amounts owing on the properties. Also, no allowance has been made in our valuations for any expenses or depreciation or taxation, which may be incurred in effecting a sale of the property or properties. Unless otherwise stated, it is assumed that the properties are free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect their values.

In our valuations, we have assumed that the property or properties are able to sell and purchase in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported values significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

As at the Latest Practical Date, we were unable to identify any adverse news against the property or properties which might affect the reported value(s) in our report. Thus, we are not in the position to report and comment on its impact (if any) to the property or properties. However, should it be established subsequently that such news did exist at the Date of Valuation, we reserve the right to adjust the value(s) reported herein.

ESTABLISHMENT OF TITLES

Due to the purpose of this engagement, the management of the Company was requested to provide us the necessary title documents to support that the legally interested parties in the properties were the Business Entities as at the Date of Valuation. We have been provided with copies of the title documents regarding the properties. However, we have not examined the original documents to verify the ownership and encumbrances, or to ascertain the existence of any amendments which may not appear on the copies handed to us. All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal title and the rights (if any) to the properties valued. Any responsibility for our misinterpretation of the documents cannot be accepted.

We need to state that the inherent defects in the land registration system of China forbidden us to inspect the original documents from the relevant land registration departments, thus we were unable to verify the existing titles of the properties or any material encumbrances that might be attached to the properties. However, we have complied with the requirements as stated in Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relied solely on the copy of the PRC legal opinion as provided by the Company (the “Legal Opinion”) with regard to the existing legally interested parties in the properties as disclosed in our report. We are given to understand that the Legal Opinion was prepared by a qualified PRC legal adviser, 浙江天冊律師事務所 T&C Law Firm. No responsibility or liability is assumed in relation to this Legal Opinion.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTIES IN ACCORDANCE WITH VS 4 OF THE HKIS STANDARDS

Due to physical barrier i.e. the properties were under construction and safety measures, we were only able to conduct a limited scope inspection to the exterior of the properties in respect of which we have been provided with such information as we have requested for the purpose of our valuations. We have not inspected those parts of the properties which were covered, unexposed, not being arranged or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of uninspected parts and our report should not be taken as making any implied representation or statement about such parts. No structural survey, investigation, test or examination has been made, but in the course of our inspections we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, insect, infestation or any other defects. No tests were carried out to the services (if any) and we are unable to identify those services covered, unexposed or inaccessible.

Our valuations have been made on the assumption that no unauthorised alteration, extension or addition has been made in the properties, and that the inspection and the use of our report do not purport to be a building survey of the properties. We have assumed that the properties are free of rot and inherent danger or unsuitable materials and techniques. If the management of the Company is proposing to purchase the properties and wants to satisfy them as to the condition of it, then the management of the Company should obtain a third party surveyor's detailed inspection and report of their own before deciding whether or not to enter into an agreement for sale and purchase.

We have not carried out on-site measurements to verify the correctness of the areas of the properties, but have assumed that the areas shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures to value did not include an independent land survey to verify the legal boundaries and the exact location of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries and location of the properties that appeared on the documents handed to us. No responsibility from our part is assumed. The management of the Company or interested party in the properties should conduct their own legal boundaries due diligence work.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the properties. We have not carried out any investigation into past or present uses, either of the properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the properties from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the properties or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VS 5 OF THE HKIS STANDARDS

In the course of valuation, we have been provided with copies of the documents regarding the properties, and these copies have been referenced without further verifying with the relevant bodies and/or authorities. Our procedures to value did not require us to conduct any searches or inspected the original documents to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not attorney of laws by nature, therefore, we are not in the position to advise and comment on the legality and effectiveness of the documents provided by the management of the Company.

We have relied solely on the information provided by the management of the Company or its appointed personnel without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, titles, easements, development schemes and progress report, corporation status, business scope, assets, tenure, occupation, site and floor areas and all other relevant matters.

Unless otherwise stated, we have not carried out a valuation on alternative development basis and the study of possible alternative development options and the related economics do not come within the scope of our report.

Information furnished by others, upon which all or portions of our report are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our report.

The scope of valuation has been determined by reference to the property list provided by the management of the Company. All properties on the list have been included in our valuations. The management of the Company has confirmed to us that it has no property interest other than those specified on the list supplied to us.

When we adopted the work products from other named or unnamed professions, external data providers and/or the management of the Company in our valuations, the assumptions and caveats adopted by them in arriving at their opinions also applies in our valuations. The procedures we have taken do not require us to examine all the evidences, like an auditor, in reaching at our opinion. As we have not performed an audit, we are not expressing an audit opinion in our valuations.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company. We have sought and received confirmation from the management of the Company that no material factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the management of the Company of material and latent facts that may affect the valuations.

Unless otherwise stated, all monetary amounts are in Renminbi Yuan ("RMB").

LIMITING CONDITIONS OF THIS REPORT

Our opinion of values of the properties in this report are valid only for the stated purpose and only for the Date of Valuation, and for the sole use of the named Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

No responsibility is taken for changes in market conditions and local government policy, and no obligation is assumed to revise this report to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in a circular as at today's date to the Company's shareholders.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

Our report is prepared in line with the requirements contained in Chapter 5 and Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the guidelines contained in the HKIS Standards. The valuations have been undertaken by valuers, acting as external valuers, qualified for the purpose of the valuations.

We retain a copy of this report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of values and we have no significant interest in the properties, the Group or the values reported.

Our valuations are summarised below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Joseph Ho Chin Choi
B.Sc. PG Dip RPS (GP)
Managing Director

Elsa Ng Hung Mui
B.Sc. M.Sc. RPS (GP)
Associate Director

Contributing valuers:

Terry Fung Chi Hang *BSc*

Leslie Wong Tak Chiu *BSc*

Sam Lai Siu Nam *BBA*

Notes:

1. Mr. Joseph Ho Chin Choi has been conducting assets valuation (including real estate properties) and advisory work in Hong Kong, Macau, Taiwan, mainland China, Japan, South East Asia, Finland, Germany, Guyana, Canada and the United States of America for various purposes since 1988. He has more than 17 years of experience in valuing real estate properties in mainland China.
2. Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 8 years of experience in valuing properties in mainland China.
3. Both Mr. Joseph Ho Chin Choi and Ms. Elsa Ng Hung Mui are valuers on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

SUMMARY OF VALUES

Properties under development and to be acquired by the Group under long-term title certificates in the PRC and valued on market value basis

Property	Market Value in existing state as at 31 December 2006 RMB	Interest to be acquired by the Group	Market Value in existing state
			to be acquired by the Group as at 31 December 2006 RMB
1. The whole of a developing residential development known as Deqing Guihua City (or known as Deqing Sweet Osmanthus Town) and erected on a site forms by four adjoining parcels of land known as Lot No. 001-131-000-00099-000, Lot No. 001-131-000-00100-000, Lot No. 001-131-000-00113-000 and Lot No. 001-131-000-00114-000 Wu Kang Town, Deqing County Huzhou City Zhejiang Province The People's Republic of China	599,000,000	95%	569,000,000
2. The whole of a developing residential development known as Deqing Baihe Apartment (or known as Lily Apartment) and erected on a site forms by three adjoining parcels of land known as Lot No. 001-132-000-00031-000, Lot No. 001-132-000-00032-000 and Lot No. 001-132-000-00049-000 Wu Kang Town, Deqing County Huzhou City Zhejiang Province The People's Republic of China	317,000,000	50%	158,000,000
3. The whole of a developing residential development known as Greentown Baihe Apartment (or known as Lily Apartment) and erected on a site forms by seven adjoining parcels of land and known as Lot No. ZD1-100-7, Lot No. ZD1-100-229, Lot No. ZD1-100-227, Lot No. ZD1-100-39, Lot No. ZD1-100-6, Lot No. ZD1-100-228 and Lot no. ZDI-100-129 Zheng Dong New Area Zhengzhou City Henan Province The People's Republic of China	565,000,000	77%	435,000,000
TOTAL:	RMB1,481,000,000		RMB1,162,000,000

* Due to rounding effect, the figures reported might be slightly different from the worksheet.

VALUATION CERTIFICATE

Properties under development and to be acquired by the Group under long-term title certificates in the PRC and valued on market value basis

			Market Value in existing state to be acquired by the Group as at 31 December 2006
Property	Description and tenure	Particulars of occupancy	
1. The whole of a developing residential development known as Deqing Guihua City (or known as Deqing Sweet Osmanthus Town) and erected on a site forms by four adjoining parcels of land known as Lot No. 001-131-000-00099-000, Lot No. 001-131-000-00100-000, Lot No. 001-131-000-00113-000 and Lot No. 001-131-000-00114-000 Wu Kang Town Deqing County Huzhou City Zhejiang Province The People’s Republic of China	<p>The property comprises four adjoining land lots which form a square shape island site having a total site area of approximately 166,734 sq.m.</p> <p>Construction activities on the property were noted at the time of inspection. There were thirty three blocks of reinforced concrete frame structures being constructed on the property and the site was fenced with brick walls and hoarding boards.</p> <p>According to the information made available to us, development on the property comprises two phases — Phase I and Phase II. Upon completion of the scheduled development scheme, there will have various low to medium-rise residential blocks and some blocks will have their first level or the lower two levels for retail or commercial purposes. Other facilities in the development will include clubhouse, swimming pool and landscaped garden.</p> <p>Upon completion, the development will have a total gross floor area of approximately 303,786 sq.m. and the area to sale is approximately 256,788 sq.m. (including mezzanine floor). These areas will be shared by a total of 1,585 flatted residential units, 155 commercial units, 1,069 car parking spaces and 800 nos. small size storerooms in the basement.</p>	<p>At the time of inspection, we were advised by the on-site appointed personnel of the developer that Phase I of the property was in the process of construction and Phase II was vacant. We confirmed that this statement was correctly stated as at the date of inspection. Due to the nature of construction in progress, we did not conduct any due diligence on the current occupation status of the property.</p>	<p>RMB569,000,000 (95% interest) (see Note 10 and Note 11 below)</p>

Property	Description and tenure	Particulars of occupancy	Market Value in existing state to be acquired by the Group as at 31 December 2006
	<p>We were given to understand that construction work of Phase I (about 181,325 sq.m.) was in progress whilst Phase II construction was in the planning stage. We were further given to understand that the scheduled development program had been completed less than 50%, and the soonest time to complete Phase I is at the end of 2007 with the latest estimated time to complete the whole development is in 2008.</p>		
	<p>The property is subject to a right to use the land for a term of 40 years till 2 September 2043 for commercial services usages, for a term of 50 years for office usage and for a term of 70 years for residential usage.</p>		

Notes:

- The right to possess the land is held by the State and the rights to use the land has been transferred to 德清縣綠城中田地產開發有限公司 (translated as Deqing County Greentown Zhongtian Property Development Company Limited and hereinafter referred to "Deqing Zhongtian") via the following ways:
 - pursuant to a Contract for the Grant of State-owned Land Use Rights dated 3 September 2003 (the "Head Granted Lease"), and made between the Land Administration Bureau of Deqing County and Deqing Zhongtian, the land use rights of a parcel of land having a site area of 166,734 sq.m. was sold to Deqing Zhongtian at a consideration of RMB270,109,080. The land was located at the north of Wu Yang Street, on the east of Yun Xiu Road, on the south of Qun Yi Street and on the west of Qu Yuan Road, and granted to Deqing Zhongtian for terms of 40 years for commercial usage and 70 years for residential usage, respectively; and
 - pursuant to four various State-owned Land Use Rights Certificates No. Deqing Guo Yong (2004) Di 00126458 Hao, Deqing Guo Yong (2004) Di 00126459 Hao, Deqing Guo Yong (2004) Di 00126460 Hao and Deqing Guo Yong (2004) Di 00126461 Hao all dated 26 October 2004 and issued by the People's Government of Deqing County, the property is a transferable land and has a term to use till 2 September 2043. The respective site area of the property is approximately 26,666.65 sq.m., 56,700.38 sq.m., 56,627.99 sq.m. and 26,738.98 sq.m. as recorded under the respective State-owned Land Use Rights Certificates. The land use of the property is restricted to commercial services usages for a term of 40 years till 2 September 2043, for office usage for a term of 50 years and also for residential usage for a term of 70 years.
- The property is subject to the following development covenants under the Head Granted Lease, they are:

Plot ratio	:	≤1.45
Site Coverage	:	≤32%
Building height	:	4-5 storey in average
Greenery area	:	≥30%
Other development parameters	:	to develop under the requirement of the Construction and Planning Authority of Deqing County

3. Pursuant to a Planning Permit for Using Construction Usage Land No. (2004) 0510138 dated 18 November 2004 建設用地規劃許可證, the property will have a site area of approximately 166,734 sq.m.
4. Pursuant to four various Construction Planning Permit 建設工程規劃許可證 Nos. (2004) 0510246, (2004) 0510124, (2004) 0510063 and (2004) 0510108 dated 28 December 2004, 31 August 2005, 30 April 2006 and 22 May 2006, respectively, the development, upon completion, will have a total gross floor area of approximately 297,669 sq.m.
5. Pursuant to seven various Permit to Commence Construction 建設工程施工許可證 Nos. 330521200412230101 bu, 330521200508170101, 330521200605240601, 330521200605240201, 330521200605240101, 330521200605240801 and 330521200605240701 dated between 2 February 2005 and 31 May 2006, the development, upon completion, will have a total gross floor area of approximately 302,556 sq.m.
6. Pursuant to a Pre-sale Permit of Commodity Units known as De Shou Xu Zi (06) Di 007 Hao 德售許字(06)第007號 dated 14 September 2006, the property was allowed to dispose a total gross floor area of 22,678 sq.m. (14,448 sq.m. for residential and 8,230 sq.m. for others) in the market.

Pursuant to a Pre-sale Permit of Commodity Units known as De Shou Xu Zi (5) Di 019 Hao 德售許字(5)第019號 dated 17 October 2005, the property was allowed to dispose a total gross floor area of 26,670 sq.m. (24,512 sq.m. for residential and 2,158 sq.m. for commercial) in the market.

Pursuant to a Pre-sale Permit of Commodity Units known as De Shou Xu Zi (05) Di 002 Hao 德售許字(05)第002號 dated 23 March 2005, the property was allowed to dispose a total gross floor area of 32,802 sq.m. (32,802 sq.m. for residential) in the market.

7. According to the information provided by the management of Deqing Zhongtian, the estimated costs to complete the remaining construction work as at the Date of Valuation was approximately RMB522 million.
8. We were further advised that all usual main services will be provided to the property upon completion of the development. No tests or verification of these main services have been conducted during inspection, thus, no responsibility or liability is assumed.
9. We are given to understand that approximately 299 flatted units, 90 car parking spaces and 152 small size storerooms in the basement of the developing development (about 23.25%, 10.29% and 16.58% of the flatted units, car parking spaces and small size storerooms, respectively of the total scheduled units) have been sold to various purchasers under a pre-sale scheme consented by the local government authorities, and this amounting approximately RMB191,536,572 as at the Date of Valuation. However, we are unable to verify each pre-sale agreement and to contact the respective purchaser to confirm each transaction independently. Should the management of the Company wish us to conduct an additional independent verification of such pre-sale agreements, we will discuss and agree with the management of the Company on our time and fees before proceeding the additional works. As we were instructed to value the property on a unique basis, no allowance has been made in the valuation to reflect the sold units and receivables. Should this not be the case, the reported value will be affected significantly after deducted the sold units and the receivables from the valuation.
10. The full market value of the property was RMB599 million of which RMB305 million was allocated to the land use rights of the property.
11. Deqing Zhongtian was 95 per cent. owned by 浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Company Limited.
12. According to the legal opinion as prepared by the Company's PRC legal adviser, 浙江天冊律師事務所 T&C Law Firm, the following opinions are noted:
 - (i) Deqing Zhongtian is a limited liability company incorporated in China with a valid Enterprise Legal Person Business License;
 - (ii) Deqing Zhongtian has obtained the right to use of the property legally by way of transfer and is the only legally interested party in the property. Based on that and subject to the relevant rules and regulations as well as the terms and conditions as stipulated in the Head Granted Lease and its subsequent supplementary and approval letters, Deqing Zhongtian has the right to develop the land;
 - (iii) The property is subject to a mortgage in favour of Agricultural Bank of China Deqing County Branch; and
 - (iv) Subject to the mortgage as mentioned above, Deqing Zhongtian has the right to assign the land use rights without the need to pay additional land premium under existing land usage terms.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state to be acquired by the Group as at 31 December 2006
<p>2. The whole of a developing residential development known as Deqing Baihe Apartment (or known as Lily Apartment) erected on a site forms by three adjoining parcels of land known as Lot No. 001-132-000-00031-000, Lot No. 001-132-000-00032-000 and Lot No. 001-132-000-00049-000 Wu Kang Town Deqing County Huzhou City Zhejiang Province The People's Republic of China</p>	<p>The property comprises three adjoining land lots which form an L-shape site having a total site area of approximately 103,120 sq.m.</p> <p>Construction activities on the property were noted at the time of inspection. There were twelve blocks of reinforced concrete frame structures being constructed on the property and the site was fenced with brick walls and hoarding boards.</p> <p>According to the information made available to us, development on the property comprises two phases — Phase I and Phase II. Upon completion of the scheduled development scheme, there will have various low to medium-rise residential blocks and some blocks will have their first level or the lower two levels for retail or commercial purposes. Other facilities in the development will include clubhouse, swimming pool and landscape gardens.</p> <p>Upon completion, the development will have a total gross floor area of approximately 209,922 sq.m. and the area to sale is approximately 161,005 sq.m. These areas will be shared by a total of 927 flatted residential units, 83 commercial units, 759 car parking spaces and 972 nos. small size storerooms in the basement.</p>	<p>At the time of inspection, we were advised by the on-site appointed personnel of the developer that Phase I of the property was in the process of construction and Phase II was vacant. We confirmed that this statement was correctly stated as at the date of inspection. Due to the nature of construction in progress, we did not conduct any due diligence on the current occupation status of the property.</p>	<p>RMB158,000,000 (50% interest) <i>(see Note 10 and Note 11 below)</i></p>

Property	Description and tenure	Particulars of occupancy	Market Value in existing state to be acquired by the Group as at 31 December 2006
	<p>We were given to understand that construction work of Phase I (about 68,111 sq.m.) is in progress whilst Phase II construction was in the planning stage. We were further given to understand that the scheduled development program had been completed less than 50%, and the soonest time to complete Phase I is at the end of 2007 with the latest estimated time to complete the whole development is in 2008.</p>		
	<p>The property is subject to the right to use the land for a term of 40 years till 14 June 2044 for commercial services usages and for a term of 70 years till 14 June 2074 for residential usage.</p>		

Notes:

- The right to possess the land is held by the State and the rights to use the land has been transferred to 德清綠城西子房地產開發有限公司 (translated as Deqing Greentown Xizi Property Development Company Limited and hereinafter referred to "Deqing Xizi") via the following ways:
 - pursuant to a Contract for the Grant of State-owned Land Use Rights known as De Di He Zi (2004) Di 1045 Hao 德地合字(2004)第1045號 dated 15 June 2004 (the "Head Granted Lease"), and made between the Land Administration Bureau of Deqing County and Deqing Xizi, the land use rights of a parcel of land having a site area of 103,120 sq.m. was sold to Deqing Xizi at a consideration of RMB188,709,600. The land was located at the east of Zhong Xing Nan Road and on the south of Wu Yang Street, and granted to Deqing Xizi for terms of 40 years for commercial usage and 70 years for residential usage, respectively; and
 - pursuant to three various State-owned Land Use Rights Certificates Nos. Deqing Guo Yong (2005) Di 00127396 Hao and Deqing Guo Yong (2005) Di 00127397 Hao both dated 19 January 2005 and Deqing Guo Yong (2005) Di 00128242 dated 26 April 2005, and all issued by the People's Government of Deqing County, the property is a transferable land and has a term to use till 14 June 2044. The respective site area of the property is approximately 40,216.86 sq.m., 40,216.73 sq.m. and 22,686.41 sq.m. as recorded under the respective State-owned Land Use Rights Certificates. The land use of the subject property is restricted to commercial services usages for a term of 40 years till 14 June 2044 and for residential usage for a term of 70 years till 14 June 2074.
- The property is subject to the following development covenants under the Head Granted Lease, they are:

Plot ratio	:	<1.2 to <4.0
Site Coverage	:	<28% to <35
Building height	:	21 meter or 54 meter
Greenery area	:	=30% to >=35%
Other development parameters	:	to develop under the requirement of the Construction and Planning Authority of Deqing County

3. Pursuant to a Planning Permit for Using Construction Usage Land No. (2005) 0510046 dated 4 July 2005 建設用地規劃許可證, the property will have a site area of approximately 103,120 sq.m.
4. Pursuant to three various Construction Planning Permit 建設工程規劃許可證 Nos. (2005) 0510138, (2006) 0510107 and (2006) 0510105 dated 24 October 2005, 17 April 2006 and 18 May 2006, respectively, the development, upon completion, will have a total gross floor area of approximately 208,422 sq.m.
5. Pursuant to four various Permit to Commence Construction 建設工程施工許可證 Nos. 330521200512060101 bu ban, 330521200605240301, 330521200605240401 and 330521200605240501 dated between 24 January 2006 and 31 May 2006, the development, upon completion, will have a total gross floor area of approximately 209,922 sq.m.
6. Pursuant to a Pre-sale Permit of Commodity Units known as De Shou Xu Zi (06) Di 001 Hao 德售許字(06)第001號 dated 17 April 2006, the property was allowed to dispose a total gross floor area of 51,705 sq.m. (48,383 sq .m. for residential and 3,322 sq.m. for commercial) in the market.
7. According to the information provided by the management of Deqing Xizi, the estimated costs to complete the remaining construction work as at the Date of Valuation was approximately RMB688 million.
8. We were further advised that all usual main services will be provided to the subject property upon completion of the development. No tests or verification of these main services have been conducted during inspection, thus, no responsibility or liability is assumed.
9. We are given to understand that approximately 63 flatted units, 4 car parking spaces and 24 small size storerooms in the basement of the developing development (about 7%, 0.5% and 2.7% of the flatted units, car parking spaces and small size storerooms, respectively of the total scheduled units) have been sold to various purchasers under a pre-sale scheme consented by the local government authorities, and this amounting approximately RMB 38,100,000 as at the Date of Valuation. However, we are unable to verify each pre-sale agreement and to contact the respective purchaser to confirm each transaction independently. Should the management of the Company wish us to conduct an additional independent verification of such pre-sale agreements, we will discuss and agree with the management of the Company on our time and fees before proceeding the additional works. As we were instructed to value the property on a unique basis, no allowance has been made in the valuation to reflect the sold units and receivables. Should this not be the case, the reported values will be affected significantly after deducted the sold units and the receivables from the valuation.
10. The full market value of the property was RMB317 million of which RMB213 million was allocated to the land use rights of the property.
11. Deqing Xizi was 50 per cent. owned by 浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Company Limited.
12. According to the legal opinion as prepared by the Company's PRC legal adviser, 浙江天冊律師事務所 T&C Law Firm, the following opinions are noted:
 - (i) Deqing Xizi is a limited liability company incorporated in China with a valid Enterprise Legal Person Business License;
 - (ii) Deqing Xizi has obtained the right to use of the property legally by way of transfer and is the only legally interested party in the property. Based on that and subject to the relevant rules and regulations as well as the terms and conditions as stipulated in the Head Granted Lease and its subsequent supplementary and approval letters, Deqing Zhongtian has the right to develop the land;
 - (iii) The land of the property is subject to a mortgage in favour of Bank of China Deqing County Branch; and
 - (iv) Subject to the mortgage as mentioned above, Deqing Xizi has the right to assign the land use rights without the need to pay additional land premium under existing land usage terms.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state to be acquired by the Group as at 31 December 2006
<p>3. The whole of a developing residential development known as Greentown Baihe Apartment (or known as Lily Apartment) and erected on a site forms by seven adjoining parcels of land known as Lot No. ZD1-100-7, Lot No. ZD1-100-229, Lot No. ZD1-100-227, Lot No. ZD1-100-39, Lot No. ZD1-100-6, Lot No. ZD1-100-228 and Lot No. ZD1-100-129 Zheng Dong New Area Zhengzhou City Henan Province The People's Republic of China</p>	<p>The property comprises a composite development with residential units, commercial units, carparking spaces and common facilities erected on a square shape island site having a total site area of approximately 219,457.5 sq.m.</p> <p>The site is formed by seven adjoining parcels of land known as Lot No. ZD1-100-7, Lot No. ZD1-100-227, Lot No. ZD1-100-228, Lot No. ZD1-100-229, Lot No. ZD1-100-6, Lot No. ZD1-100-39 and Lot No. ZD1-100-129.</p> <p>According to the information made available to us, development of the property comprises four phases — Phase I, Phase II, Phase III and Phase IV and a Commercial Center. Upon completion of the scheduled development scheme, there will have various low-rise residential blocks and some blocks will have their first level for retail or commercial purposes. Other facilities in the development will include clubhouse, swimming pool and landscape gardens.</p> <p>Upon completion, the development will have a total gross floor area of approximately 451,506 sq.m. and the area to sale is approximately 334,000 sq.m. These areas will be shared by a total of 2,211 flatted residential units, 141 commercial units, 1,922 car parking spaces and 922 nos. small size storerooms in the basement.</p>	<p>At the time of inspection, we were advised by the on-site appointed personnel of the developer that Phases I, II and the Commercial Centre of the property were in the process of construction while Phases III and IV were vacant. We confirmed that this statement was correctly stated as at the date of inspection. Due to the nature of construction in progress, we did not conduct any due diligence on the current occupation status of the property.</p>	<p>RMB435,000,000 (77% interest)</p> <p>(see Note 10 and Note 11 below)</p>

Property	Description and tenure	Particulars of occupancy	Market Value in existing state to be acquired by the Group as at 31 December 2006
	<p>We were given to understand that construction work of Phase I and Phase II (about 180,088 sq.m.) and public facilities (about 7,490 sq.m.) were in progress whilst the remaining phases of construction were in the planning stage. We were further given to understand that the scheduled development program had been completed less than 50%, and the soonest time to complete Phase I is in mid-2007 with the latest estimated time to complete the whole development is in 2009.</p> <p>The property is subject to seven various State-owned Land Use Rights Certificate with the right to use the land for a term till 29 December 2076 the latest. The site is designated for residential usages.</p>		

Notes:

1. The right to possess the land is held by the State and the rights to use the land has been transferred to 河南中州綠城置業投資有限公司 (translated as Henan Zhongzhou Greentown Real Estate Investment Company Limited and hereinafter referred to as "Henan Zhongzhou") via the following ways:
 - (i) pursuant to a Contract for the Grant of State-owned Land Use Rights (the "Head Granted Lease") known as Zheng Zheng Dong Zhao Chu (2003) Di 003 Hao 鄭政東招出(2003)第003號 dated 26 December 2003, and made between 河南省鄭州市鄭東新區管委會土地規劃局 translated as Henan Province Zhengzhou City Zheng Dong New Area Management Committee Land Planning Bureau and 綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd., the land use rights was granted to 綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd. for a term of 70 years for residential usage at a consideration of RMB292,888,888; and
 - (ii) pursuant to seven various State-owned Land Use Rights Certificates dated 24 June 2004, 15 December 2004, 9 December 2005 and 29 December 2006, and issued by the People's Government of Zhengzhou City, the property is a transferable land and has a term to use till 29 December 2076, the latest. The respective site area of the property is approximately 43,115.8 sq.m., 45,651.97 sq.m., 36,591.9 sq.m., 49,178 sq.m., 17,367 sq.m., 18,063.8 sq.m. and 9,489.1 sq.m. as recorded under the respective State-owned Land Use Rights Certificates. The legally interested party in the property was Henan Zhongzhou and the land use of the property is restricted to residential usages.

2. The subject property is subject to the following development covenants under the Head Granted Lease, they are:

Plot ratio	:	1.6
Site coverage	:	27%
Building height	:	20m
Greenery area	:	30%
Other development parameters	:	to develop under the requirement of the Construction and Planning Authority of Zheng Dong New Area

3. According to various Planning Permit for Using Construction Usage Land, Henan Zhongzhou can develop the site as following,

- (i) pursuant to a Planning Permit for Using Construction Usage Land No. 2004 Zheng Dong Gui De Guan Xu Zi (0013) Hao 建設用地規劃許可證2004鄭東規地管許字(0013)號 dated 28 April 2004, the development, upon completion, will have a total gross floor area of approximately 331,652.803 sq.m. including construction area of 219,457.589 sq.m. and road area of 112,195.214 sq.m.
- (ii) pursuant to a Planning Permit for Using Construction Usage Land No. 2005 Zheng Dong Gui De Guan Xu Zi (0018) Hao 建設用地規劃許可證2005鄭東規地管許字(0018)號 dated 15 August 2005, the Phase II, Phase III and half of the Phase IV of the development, upon completion, will have a total gross floor area of approximately 232,157.15 sq.m. including construction area of 149,485.76 sq.m. and road area of 82,671.39 sq.m.
- (iii) pursuant to a Planning Permit for Using Construction Usage Land No. 2006 Zheng Dong Gui De Guan Xu Zi (0032) Hao 建設用地規劃許可證2006鄭東規地管許字(0032)號 dated 15 May 2006, the Phase III and half of the Phase IV of the development, upon completion, will have a total gross floor area of approximately 168,888.66 sq.m. including construction area of 103,833.74 sq.m. and road area of 65,054.92 sq.m.

4. Pursuant to three various Construction Planning Permit 建設工程規劃許可證 Nos.2005 Zheng Dong Gui Jian Guan (Xu) Zi Di (0033 Hao) 2005 鄭東規建管(許)字第(0033號) dated 6 September 2005, 2006 Zheng Dong Gui Jian Guan (Xu) Zi Di (0012 Hao) 2006 鄭東規建管(許)字第(0012號) dated 23 March 2006 and 2006 Zheng Dong Gui Jian Guan (Xu) Zi Di (0015 Hao) 2006 鄭東規建管(許)字第(0015號) dated 28 March 2006, Phases I, II and the Commercial Centre of the development, upon completion, will have a total gross floor area of approximately 86,479 sq.m., 90,687 sq.m. and 7,222 sq.m., respectively, and designated for residential, commercial, car-parking and public facilities usages.

5. Pursuant to two various Permit to Commence Construction 建設工程施工許可證 Nos. 410105200509070101 and 410105200509070201 for Phase I dated 7 September 2005, two various Permit to Commence Construction 建設工程施工許可證 Nos. 410105200603250201 and 410105200603250101 for Phase II dated 25 March 2006, and a Permit to Commence Construction 建設工程施工許可證 Nos. 410105200603300101 for the Commercial Center dated 30 March 2006, Phases I, II and the Commercial Centre, upon completion, will have a total gross floor area of approximately 183,682 sq.m.

6. Pursuant to six various Pre-sale Permit of Commodity Units known as (2005) Zheng Fang Guan Yu Zi Di D0051 Hao (2005) 鄭房管預字第D0051號 dated 28 November 2005, (2005) Zheng Fang Guan Yu Zi Di D0052 Hao (2005) 鄭房管預字第D0052號 dated 9 December 2005, (2005) Zheng Fang Guan Yu Zi Di D0053 Hao (2005) 鄭房管預字第D0053號 dated 28 November 2005, (2006) Zheng Fang Guan Yu Zi Di D0101 Hao (2006) 鄭房管預字第D0101號 dated 20 December 2006, (2006) Zheng Fang Guan Yu Zi Di D0102 Hao (2006) 鄭房管預字第D0102號 dated 14 August 2006, and (2006) Zheng Fang Guan Yu Zi Di D0118 Hao (2006) 鄭房管預字第D0118號 dated 13 October 2006, the property was allowed to dispose a total gross floor area of 134,918.48 sq.m. in the market.

7. According to the information provided by the management of Henan Zhongzhou, the estimated costs to complete the remaining construction work as at the Date of Valuation was approximately RMB435 million.

8. We were further advised that all usual main services will provide to the subject property upon completion of the development. No tests or verification of these main services have been conducted during inspection, thus, no responsibility or liability is assumed.
9. We are given to understand that approximately 445 flatted units, 107 car parking spaces, 18 commercial units and 67 storerooms of the developing development (about 59%, 13%, 18% and 20% of the flatted units, car parking spaces, commercial units and storerooms respectively of the total scheduled available flatted units) have been sold to various purchasers under a pre-sale scheme consented by the local government authorities, and this amounting approximately RMB256,238,338 as at the Date of Valuation. However, we are unable to verify each pre-sale agreement and to contact the respective purchaser to confirm each transaction independently. Should the management of the Company wish us to conduct an additional independent verification of such pre-sale agreements, we will discuss and agree with the management of the Company on our time and fees before proceeding the additional works. As we were instructed to value the property on a unique basis, no allowance has been made in the valuation to reflect the sold units and receivables. Should this not be the case, the reported value will be affected significantly after deducted the sold units and the receivables from the valuation.
10. The full market value of the property was RMB565 million of which RMB322 million was allocated to the land use rights of the property.
11. Henan Zhongzhou was 77 per cent. owned by 浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Company Limited.
12. According to the legal opinion as prepared by the Company's PRC legal adviser, 浙江天冊律師事務所 T&C Law Firm, the following opinions are noted:
 - (i) Henan Zhongzhou is a limited liability company incorporated in China with a valid Enterprise Legal Person Business License;
 - (ii) Henan Zhongzhou has obtained the right to use of the property legally by way of transfer and is the only legally interested party in the property. Based on that and subject to the relevant rules and regulations as well as the terms and conditions as stipulated in the Head Granted Lease and its subsequent supplementary and approval letters, Henan Zhongzhou has the right to develop the land;
 - (iii) The property is subject to mortgage in favour of China Everbright Bank Zhengzhou Rong Hua Branch; and
 - (iv) Subject to the mortgage as mentioned above, Henan Zhongzhou has the right to assign the land use rights without the need to pay additional land premium under existing land usage terms.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTEREST

(a) Directors' interests in Shares

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

Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total	Approximate shareholding percentage in the Company
Song Weiping	—	68,859,000 ⁽¹⁾ ordinary shares	501,524,000 ⁽²⁾ ordinary shares	—	570,383,000 ordinary shares	41.44%
Shou Bainian	—	—	383,643,000 ⁽³⁾ ordinary shares	—	383,643,000 ordinary shares	27.87%

Notes:

- (1) Song Weiping is interested in such ordinary shares held by Wisearn Limited, a company wholly-owned by his spouse Xia Yibo.
- (2) Song Weiping is interested in such ordinary shares as the sole shareholder of Delta House Limited.
- (3) Shou Bainian is interested in such ordinary shares as the sole shareholder of Profitwise Limited.

(b) Substantial Shareholders

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

Name	Number of Ordinary Shares Held	Nature of Interest	Percentage of Shareholding in the Company
Xia Yibo	570,383,000 ⁽¹⁾	Deemed interest, interest of a controlled corporation	41.44%
Delta House Limited	501,524,000 ⁽²⁾	Beneficial owner	36.44%
Profitwise Limited	383,643,000 ⁽³⁾	Beneficial owner	27.87%
Wisearn Limited	68,859,000 ⁽⁴⁾	Beneficial owner	5.00%
Warburg Pincus & Co.	70,000,000 ⁽⁵⁾	Interest of a controlled corporation	5.09%
Warburg Pincus IX, LLC	70,000,000 ⁽⁵⁾	Interest of a controlled corporation	5.09%
Warburg Pincus Partners LLC	70,000,000 ⁽⁵⁾	Interest of a controlled corporation	5.09%
Warburg Pincus Private Equity IX, L.P.	70,000,000 ⁽⁵⁾	Beneficial owner	5.09%

Notes:

- (1) Includes deemed interest in 68,859,000 shares held via controlled corporation, and deemed interest in 501,524,000 shares held by Delta House, a controlled corporation of her spouse, Song Weiping, duplicates to those disclosed in the section "Interests and Short Positions of Directors" above.
- (2) Interests held by Song Weiping through a controlled corporation, duplicates to those disclosed in the section "Interests and Short Positions of Directors" above.
- (3) Interests held by Shou Bainian through a controlled corporation, duplicates to those disclosed in the section "Interests and Short Positions of Directors" above.
- (4) Interests held by Xia Yibo through a controlled corporation.
- (5) Warburg Pincus Private Equity IX, L.P. was wholly owned by Warburg Pincus Partners LLC, which was wholly owned by Warburg Pincus IX, LLC, which was wholly owned by Warburg Pincus & Co.

3. MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse change in the financial or trading position of the Company and its subsidiaries since 31 December 2005, being the date to which the latest published audited accounts of the Company and its subsidiaries were made up to.

4. LITIGATION

None of the Company and its subsidiaries was at present engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company and its subsidiaries as at the Latest Practicable Date.

5. CONSENTS OF EXPERTS

Each of the following experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements and references to its name in the form and context in which they appear:

Names	Qualifications
Altus Capital Limited	Licensed corporation for Type 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
LCH (Asia-Pacific) Surveyors Limited	Chartered Surveyors
T&C Law Firm	PRC lawyers

As at the Latest Practicable Date, the above experts were not beneficially interested in the share capital of the Company and its subsidiaries, nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company and its subsidiaries.

As at the Latest Practicable Date, the above experts did not have any direct or indirect interest in any assets which have been since 31 December 2005 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with the Company or its subsidiaries which does not expire or is not terminable by the Company and its subsidiaries within one year without payment of compensation, other than statutory compensation.

7. DIRECTORS' INTERESTS IN THE COMPANY AND ITS SUBSIDIARIES' ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors of the Company had any interest in any assets which have been since 31 December 2005 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Company.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, save for those disclosed in the Prospectus, none of the Directors or their respective associates has interests in the businesses, other than being a Director, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company (as would be required to be disclosed under Rule 8.10 of the Hong Kong Listing Rules if each of them were a controlling shareholder).

9. PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 90 of the articles of association of the Company, at any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded:

- (a) by the chairman of the meeting;
- (b) by at least two (2) shareholders present in person or by proxy entitled to vote thereat; or
- (c) by one (1) or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote at the meeting,

before or after a vote is carried out by a show of hands.

The demand for a poll may be withdrawn by the person who demands the same.

10. MISCELLANEOUS

- (a) The company secretary and qualified accountant of the Company is Mr. Lam Kam Tong.
- (b) The registered address of the Company is M&C Corporate Services Limited, PO Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- (c) The Company's Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) In the case of any discrepancy, the English text of this circular and form of proxy shall prevail over the Chinese text.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Herbert Smith at 23/F., Gloucester Tower, 15 Queen's Road Central, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 22 March 2007:

- (a) the Articles of Association of the Company;
- (b) the letter from the Independent Board Committee, as set out in this circular;
- (c) the letter from Altus Capital Limited, the independent financial adviser, as set out in this circular;
- (d) the valuation report prepared by LCH as set out in Appendix I to this circular;
- (e) the written consent of Altus Capital referred to in this appendix;
- (f) the written consent of LCH referred to in this appendix;
- (g) the written consent of T&C Law Firm referred to in this appendix;
- (h) the First Acquisition Agreement; and
- (i) the Second Acquisition Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



GREENTOWN CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3900)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Greentown China Holdings Limited (the “Company”) will be held at 3:00 p.m. on 26 March 2007 at 10/F, Block A, Century Plaza, No. 1 Hangda Road, Hangzhou, Zhejiang Province, the People’s Republic of China for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the First Acquisition (including the First Acquisition Agreement).^(Note 1)
2. To consider and approve the Second Acquisition (including the Second Acquisition Agreement).^(Note 1)

By Order of the Board
Song Weiping
Chairman

9 March 2007

Notes:

1. For definitions and details, please refer to the circular dated 9 March 2007 issued by the Company.
2. Holders of the Company’s shares whose names appear on the Company’s Hong Kong branch shares register maintained by Computershare Hong Kong Investor Services Limited at the close of business on 22 March 2007 are eligible to attend the EGM.
3. Proxy
 - (i) A member eligible to attend and vote at the EGM is entitled to appoint, in written form, one or more proxies to attend and vote on behalf of him. A proxy needs not be a member of the Company.
 - (ii) A proxy should be appointed by a written instrument signed by the appointer or its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the appointer, the power of attorney authorising that attorney to sign or other authorisation document(s) shall be certified.
 - (iii) To be valid, the power of attorney or other authorisation document(s) which have been notarised together with the completed form of proxy must be delivered to Computershare Hong Kong Investor Services Limited, not less than 48 hours before the time designated for holding of the EGM.
 - (iv) A proxy may exercise the right to vote by a show of hands or by poll. However, if more than one proxy is appointed by a shareholder, such proxies shall only exercise the right to vote by poll.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. Registration procedures for attending the EGM

A shareholder or his proxy shall provide proof of identity when attending the meeting. If a shareholder is a legal person, its legal representative or other persons authorised by the board of directors or other governing body of such shareholder may attend the EGM by producing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such persons to attend the meeting.

5. Other Businesses

The EGM will not last for more than half day. Shareholders who attend shall bear their own traveling and accommodation expenses.