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GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3900)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING

Global Coordinator



Joint Bookrunners



PLACING AND SUBSCRIPTION AGREEMENT DATED 4 MAY 2007

On 4 May 2007, the Vendor entered into the Placing and Subscription Agreement with the Joint Bookrunners and the Company. The Vendor presently holds approximately 27.78% of the issued shares of the Company and pursuant to the Placing and Subscription Agreement, the Vendor has agreed to place, through the Joint Bookrunners, 141,500,000 Shares in the share capital of the Company to independent investors at a price of HK\$16.35 per Share. Within 14 days of the Placing and Subscription Agreement, the Vendor will, pursuant to the Placing and Subscription Agreement, subscribe for 141,500,000 new Shares at a price of HK\$16.35 per Share, being the same as the Placing Price.

The Placing is fully underwritten by the Joint Bookrunners on a several and not joint basis. Completion of the Placing and Subscription is subject to the satisfaction of certain conditions as described below. If these conditions are not fulfilled, the Placing and/or the Subscription will not proceed.

The Placing Shares represent approximately 10.25% of the existing issued share capital of the Company of 1,380,945,213 Shares and approximately 9.30% of the Company's issued share capital as enlarged by the Subscription. The proceeds from the Subscription, after deduction of the commissions and the estimated expenses relating to the Subscription, is expected to amount to approximately HK\$2,309 million which will mainly be used to finance the development of the Group's existing projects and new projects (including land acquisition costs), with the remainder for the Group's general working capital requirement.

The Vendor has an approximately 27.78% interest in the Company as at the date of this announcement, which will be reduced to approximately 17.53% immediately upon completion of the Placing, and will then be increased to approximately 25.20% immediately upon completion of the Subscription.

The Subscription is conditional upon, amongst other things, the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares. The Subscription Shares are proposed to be issued pursuant to the existing general mandate given to the Directors to allot and issue Shares.

As the Placing and/or Subscription may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 4 May 2007 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares with effect from 9:30 a.m. on 7 May 2007.

PLACING AND SUBSCRIPTION AGREEMENT DATED 4 MAY 2007

- Parties:** The Vendor, the Company and the Joint Bookrunners
- Joint Bookrunners:** To the best of the Directors' knowledge, information and belief having made all reasonable enquiries as at the date of this announcement, the Joint Bookrunners and their ultimate beneficial owners are independent of and not connected with the directors, chief executive or substantial shareholders of the Vendor, each member of the Group or any of their respective associates.
- Placees:** The Placing Shares will be placed with not less than six placees, who will be independent of and not connected with the directors, chief executive or substantial shareholders of the Vendor, the Company and each member of the Group or any of their respective associates. It is expected that no placee will become a substantial shareholder of the Company as a result of the Placing.
- Number of Placing Shares:** 141,500,000 Shares to be placed, representing approximately 10.25% of the existing issued share capital of the Company of 1,380,945,213 Shares, and approximately 9.30% of the issued capital of the Company as enlarged by the issue of 141,500,000 new Shares under the Subscription. The Placing is fully underwritten by the Joint Bookrunners on a several and not joint basis.
- Placing Price:** HK\$16.35 per Placing Share (exclusive of stamp duty, brokerage (if any), Stock Exchange trading fees and SFC transaction levies). This price was agreed after arm's length negotiations and represents:
- (i) a discount of approximately 3.82% to the closing price of HK\$17.00 per Share as quoted on the Stock Exchange on 3 May 2007, being the last trading day of the Shares immediately before and including the date of this announcement; and

(ii) a premium of approximately 0.80% to the average closing price of approximately HK\$16.22 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before and including 3 May 2007.

The Placing Price, net of placing commission and other costs and expenses, is approximately HK\$16.32 per Placing Share.

Rights: The Placing Shares are sold free from all liens, charges and encumbrances, and together with all rights attaching to them as at the date of completion of the Placing. The places and its subsequent purchaser shall not be entitled to receive dividends with respect to the Placing Shares recommended on 1 April 2007 by the board of directors of the Company for the year ended 31 December 2006.

Completion of the Placing: Completion of the Placing is expected to take place on or before 8 May 2007 or such other date as may be agreed by the Vendor and the Joint Bookrunners.

The Joint Bookrunners are entitled, on the occurrence of certain events (including (i) any material adverse change in national or international economic, financial or political conditions which would be materially adverse to the success of the Placing, a material breach of any of the representations, warranties and undertakings set out in the Placing and Subscription Agreement, and any material adverse change in the financial position of the Company), to terminate the Placing and Subscription Agreement by giving notice to the Company and the Vendor at any time prior to completion of the Placing.

Number of Subscription Shares: The Company will issue 141,500,000 new Shares to the Vendor representing approximately 10.25% of the existing issued share capital of the Company and approximately 9.30% of the issued share capital of the Company as enlarged by the issue of 141,500,000 new Shares under the Subscription. The number of Shares to be issued by the Company pursuant to the Placing and Subscription Agreement will not exceed the number of Shares placed by the Joint Bookrunners pursuant to the Placing and Subscription Agreement.

Subscription Price: HK\$16.35 per Subscription Share (exclusive of stamp duty, brokerage (if any), Stock Exchange trading fees and SFC transaction levies) which is the same as the Placing Price. The Company will bear the costs and expenses incurred by itself in respect of the Placing and Subscription and will reimburse the Vendor for all costs and expenses incurred by it in relation to the Placing and Subscription.

General Mandate: The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by written resolution of all its shareholders passed on 22 June 2006, which authorised the Directors to allot and issue a maximum of 259,740,300 Shares.

The general mandate has not been utilised prior to entering into of the Placing and Subscription Agreement, and the Company has not undertaken any equity fund raising activities in the 12 months immediately before the date of this announcement, save for the global offering by the Company as part of its listing on the Stock Exchange pursuant to the prospectus dated 30 June 2006.

Ranking of Subscription Shares: The Subscription Shares, when fully paid, will rank pari passu in all respects with the other Shares in issue at the time of issue and allotment of the Subscription Shares.

Conditions of the Subscription: The Subscription is conditional upon:
(i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares; and

- (ii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription:

Pursuant to the Placing and Subscription Agreement, and in accordance with the Listing Rules, the Subscription must be completed within 14 days after the date of the Placing and Subscription Agreement, that is, on or before 18 May 2007 (or such other date as the Company and the Vendor may agree, subject to compliance with the Listing Rules), failing which the Subscription shall cease and terminate.

Lock-up:

Pursuant to the Placing and Subscription Agreement, the Vendor has undertaken to the Joint Bookrunners that except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement and save pursuant to (1) the terms of any employee share option scheme of the Company, or (2) conversion of the Convertible Bonds, or (3) any issue of convertible bonds with an aggregate principal amount of approximately US\$300 million within three months of the date of the Placing and Subscription Agreement, for a period from the date of the Placing and Subscription Agreement and ending 90 days therefrom, it will not and will procure that none of the Company, the Vendor's nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will:

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any security (including equity swaps, forward sales and options representing the right to receive any Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares,

whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, unless with the prior written consent of the Joint Bookrunners.

Pursuant to the Placing and Subscription Agreement, the Company has undertaken to the Joint Bookrunners, and the Vendor has undertaken to the Joint Bookrunners to procure, that for a period from the date of the Placing and Subscription Agreement and ending 90 days therefrom, neither the Company nor any of its subsidiaries or other affiliates over which it exercises management or voting control, nor any person acting on its or their behalf will, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company, or (2) conversion of the Convertible Bonds, or (3) any issue of convertible bonds with an aggregate principal amount of approximately US\$300 million within three months of the date of the Placing and Subscription Agreement:

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or;

- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares;

whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, unless with the prior written consent of the Joint Bookrunners.

REASON FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

In view of the current market conditions, the Board considers that the Placing and Subscription represents a good opportunity to raise further funds for the Company, while at the same time broadening the Company's shareholder and capital base. The proceeds from the Subscription, after deduction of the commissions and the estimated expenses relating to the Subscription, is expected to amount to approximately HK\$2,309 million which will mainly be used to finance the development of the Group's existing projects and new projects (including land acquisition costs), with the remainder for the Group's general working capital requirement. Therefore, the Board considers the terms of the Placing and Subscription Agreement to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the shareholding structure of the Company immediately upon completion of the Placing and the Subscription are set out below:

	Existing		Immediately after the Placing		Immediately after the Placing and the Subscription	
	Shares	%	Shares	%	Shares	%
<i>Controlling shareholders</i>						
— Vendor	383,643,000	27.78%	242,143,000	17.53%	383,643,000	25.20%
— Delta House Limited	501,524,000	36.32%	501,524,000	36.32%	501,524,000	32.94%
— Wisearn Limited	<u>68,859,000</u>	<u>4.99%</u>	<u>68,859,000</u>	<u>4.99%</u>	<u>68,859,000</u>	<u>4.52%</u>
Subtotal:	954,026,000	69.09%	812,526,000	58.84%	954,026,000	62.66%
Places of the Placing Shares	—	—	141,500,000	10.25%	141,500,000	9.30%
Other public shareholders of the Company	<u>426,919,213</u>	<u>30.91%</u>	<u>426,919,213</u>	<u>30.91%</u>	<u>426,919,213</u>	<u>28.04%</u>
Total	<u>1,380,945,213</u>	<u>100.00%</u>	<u>1,380,945,213</u>	<u>100.00%</u>	<u>1,522,445,213</u>	<u>100.00%</u>

Note: The above figures assume that other than the Subscription Shares, no further Shares are issued or repurchased by the Company and no Share Options or Convertible Bonds are exercised, and other than the Placing Shares, no Shares are sold or purchased by any of the Vendor, Delta House Limited and Wisearn Limited, in each case on or after the date of this announcement and up to the date of the completion of the Placing and Subscription.

GENERAL

The principal business activity of the Company is investment holding. The Group principally engages in developing quality residential properties targeting middle to higher income residents in the PRC.

No adjustment to the conversion price of the Convertible Bonds will be required as a result of the Subscription.

The Vendor, Delta House Limited and Wisearn Limited, being controlling shareholders of the Company under the Listing Rules, are together expected to have (i) approximately 58.84% interest in the Company immediately after the Placing but before the Subscription, which is expected to reduce to approximately 57.78% if the Convertible Bonds are exercised in full; and (ii) approximately 62.66% interest in the Company immediately after the Placing and the Subscription, which is expected to reduce to approximately 61.64% if the Convertible Bonds are exercised in full.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 4 May 2007 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares with effect from 9:30 a.m. on 7 May 2007.

DEFINITIONS

The following defined terms are used in this announcement:

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	board of directors of the Company
“Company”	Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Convertible Bonds”	the US\$65 million aggregate principal amount of non-mandatory convertible bonds due 2011 issued by the Company in January 2006, convertible into Shares, with US\$28 million outstanding as at the date of this announcement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Bookrunners”	UBS AG and J.P. Morgan Securities Ltd.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing, underwriting and subscription agreement between the Vendor, the Company and the Joint Bookrunners dated 4 May 2007
“Placing Price”	HK\$16.35 per Placing Share
“Placing Shares”	a total of 141,500,000 existing Shares

“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“Share Options”	share options granted under the share option scheme of the Company adopted on 22 June 2006
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares pursuant to the Placing and Subscription Agreement
“Subscription Shares”	141,500,000 Shares to be subscribed for by the Vendor pursuant to the Placing and Subscription Agreement
“Vendor”	Profitwise Limited, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company
“United States”	United States of America
“US\$”	United States dollars, the lawful currency of the United States

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

Hangzhou, the PRC, 4 May 2007

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

* *For identification purposes only*

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