



In the beginning of 2007, the document on land appreciation tax ("LAT") released by the People's Republic of China Central Tax Bureau ("State Tax Bureau ") on 16 January 2007 had drawn widespread attention. **Greentown China Holdings Limited** (stock code: 3900.hk) ("Greentown", together with its subsidiaries the "Group") would like to address this in this newsletter.

LAT LEVY

The LAT Levy was initially released in 1993. Greentown made full provisions and prepayment of LAT since the PRC government imposed prepayment requirements.

Provisions for LAT

- Based on the total appreciated value of the land and improvements on the land in respect of the delivered properties

Prepayment of LAT

- Reference made to pre-sale proceeds since the PRC government imposed such prepayment requirement in 2004 in all jurisdictions where Greentown has operations except for Shanghai Pudong district and Beijing Fangshan district which has not implemented such prepayment requirement with respect to ordinary residential properties. Under the newly released document, all of Greentown's projects are required to make prepayment.

Detailed execution and implementation of the LAT regulation have yet to be announced by provincial tax bureaus. As the Group's current accounting policies is in line with the government policy, and its products are mainly mid- to high-end properties with relatively low price sensitivity, Greentown expects that the levy of LAT will have limited impact on its operations and financial performance.

MAJOR CORPORATE MOVES IN 2006

The Group made a number of accomplishments in 2006 to accelerate its development. Below is a quite snapshot summary of the key milestones in 2006:

- Jan - Issued USD 130 million 5-year convertible bond & USD 20 million share placement to JP Morgan and Stark
- Jul - Acquired the Qingdao Project to strengthen landbank
- Aug - Raised USD 390 million by way of initial public offering
- Sep - Fostered strategic cooperation with Gezhouba Group
- Oct - Acquired Hangzhou Hushu Project to strengthen landbank
- Oct - Formed strategic cooperation with Xizi Elevator Group for the development of four projects
- Nov - Issued USD 400 million 7-yrs high yield bond
- Dec - Fostered strategic cooperation with Warburg Pincus
- Acquired Wenzhou Tiansheng Project

PROJECTS LAUNCHED

Two projects with additional saleable areas were launched in January before the Chinese new year. They are:

- Jade City Phase II
- Ningbo Guihua Garden Phase I

MARKET FACTS

HKEx: 3900

Share Price: HK\$ 13.40*

Range Since Debut:

Low
HK\$ 8.37 (2 Aug 2006)
High
HK\$ 15.72 (3 Jan 2007)

Shares Outstanding:

1,347M

Market Cap:

HK\$ 18,055.19 M*

* As at 12 February 2007

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