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GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS SUPPLEMENTAL INFORMATION

Reference is made to the announcement of Greentown China Holdings Limited (the “**Company**”) dated 29 March 2018 in relation to the renewal of certain continuing connected transactions of the Company (the “**Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcement.

Further to the information disclosed in the Announcement, the Company wishes to provide the shareholders of the Company and the public with the following supplementary information.

PRICING POLICIES

Further details of the pricing policies in respect of the Renewed Advertising Services Agreement, Renewed Comprehensive Services Agreement, Renewed Educational Services Framework Agreement and Renewed Healthcare Services Framework Agreement are set out below:

(A) Renewed Advertising Services Agreement

Pursuant to the Renewed Advertising Services Agreement, Greentown Football Club agreed to provide advertising services to the Company including advertising the Company’s Greentown Real Estate brand name at the football games and events participated by Greentown Football Club.

* *For identification purposes only*

The marketing department of the Group will be responsible for the Group's promotional and advertising activities. From time to time, the department will propose advertising or other marketing campaigns in accordance with the Group's business strategies and development plan. In determining the advertising services to obtain for the Group, a designated committee in the marketing department will obtain price quotations from Greentown Football Club for the advertising services (including but not limited to the preparation of publicity materials bearing its name and the publication of press articles) and at least three independent third parties offering advertising services. The committee will compare such quotations with the price quotation from Greentown Football Club to determine the most suitable advertising services for the Group in terms of the focus of the Group's marketing activities, the suitability of the relevant marketing channels and the budget for the advertising campaign. Afterwards, the committee will present the details of the advertising campaign, the terms of the price quotations and the relevant supporting documents (including the reasons for the chosen independent third party price quotations) for further review and approval by a management committee in the marketing department. In assessing the quotations, apart from the price, the Group will also take into account, among other factors, the service provider's business activities and reputation, the Company's advertising focus, the level, quality and effectiveness of publicity the Company expects to obtain from such advertising services.

(B) Renewed Comprehensive Services Agreement

Pursuant to the Renewed Comprehensive Services Agreement, (i) the Original Shareholders have agreed to provide interior decoration services through their associate(s) engaged in the decoration and design business to the Company on terms not less favourable than those they offer to any third parties from time to time, but the Company is not obliged to use such services on an exclusive basis or at all; and (ii) Greentown Holdings agreed, through its associate(s), to supply certain landscaping raw materials to the Company upon terms not less favourable than those it offers to any third parties from time to time. The Company is not obliged to purchase such landscaping raw materials on an exclusive basis or at all.

The Group's procurement of such services or raw materials will be handled by different designated committees under the product centre of the Group (which is responsible for the Group's procurement function) according to the types of services or raw materials. The designated committee will obtain price quotations from the relevant associates of the Original Shareholders or Greentown Holdings, as the case may be. The committee will also obtain price quotations from at least three independent third parties. The committee will select the price quotations obtained from independent third party suppliers for the services (or raw materials) which match most closely with the requirements of the Group, and compare such quotations with the price quotation from the relevant associates of the Original Shareholders or Greentown Holdings. Afterwards, the committee will present the relevant terms of the price quotations and the relevant supporting documents (including the reasons for the chosen independent third party price quotations) for further review and approval by a cost control committee and a designated manager of the product committee to ensure the supplier offering the lowest price is selected given the other terms are equivalent. In assessing the quotations, apart from the price, the Group will also take into account, among other factors, the supplier's reputation, experience and qualification, the length of relationship between the Group and the supplier, and the quality of service or raw materials previously delivered by the supplier.

(C) Renewed Education Services Framework Agreement

Pursuant to the Renewed Education Services Framework Agreement, Greentown Education agreed to provide early educational participation services to the Group in the Group's development projects. For the procurement of such educational services, a designated committee of the product centre of the Group will obtain price quotation for services from Greentown Education. The committee will also obtain price quotations from at least three independent third parties providing similar services in the area in the vicinity. The committee will compare such quotations with the price quotation from Greentown Education. Afterwards, the committee will present the relevant terms of the price quotations and the relevant supporting documents (including the reasons for the chosen independent third party price quotations) for further review and approval by a cost control committee and a designated manager of the product committee to ensure the service provider offering the lowest price is selected given the other terms are equivalent. In assessing the quotations, apart from the price, the Group will also take into account, among other factors, the service provider's geographical location, reputation, area of expertise, experience and qualifications, the length of relationship between the Group and the service provider, and the quality of service previously delivered by the service provider.

(D) Renewed Healthcare Services Framework Agreement

Pursuant to the Renewed Healthcare Services Framework Agreement, Greentown Hospital agreed to provide healthcare services to the Group.

For services prescribed under the Zhejiang Medical Services Pricing Handbook (浙江省醫療服務價格手冊) issued by the Zhejiang Provincial Price Bureau and Zhejiang Provincial Health Bureau, the service charges will be determined according to government determined price as stipulated therein.

Services not prescribed under the Zhejiang Medical Services Pricing Handbook will be charged at a market price. In determining such market price, a designated committee of the Group's administration department will obtain price quotation for services from Greentown Hospital. The committee will also obtain price quotations from at least three independent third parties providing similar services in the area in the vicinity. The committee will compare such quotations with the price quotation from Greentown Hospital. Afterwards, the committee will present the relevant terms of the price quotations and the relevant supporting documents (including the reasons for the chosen independent third party price quotations) for further review and approval by a designated manager of the administration department to ensure the service provider offering the lowest price is selected given the other terms are equivalent. In assessing the quotations, apart from the price, the Group will also take into account, among other factors, the service provider's reputation, experience and qualification, the length of relationship between the Group and the service provider, and the quality of service previously delivered by the service provider.

BASES OF ANNUAL CAPS

Further details for the basis for determining the proposed annual caps for transactions under the Renewed Properties Leasing Agreement, Renewed Advertising Services Agreement, Renewed Comprehensive Services Agreement, Renewed Educational Services Framework Agreement and Renewed Healthcare Services Framework Agreement are set out below:

(A) Renewed Properties Leasing Agreement

As disclosed in the Announcement, pursuant to the terms of the Renewed Properties Leasing Agreements, the annual rental payable by the Company in respect of the Commercial Properties will not exceed RMB10 million for each of the three years ending 31 December 2020.

As at the date of this announcement, two rental agreements have been entered into in respect of the Commercial Properties, under which the relevant properties are leased at a rate of approximately RMB7 million per annum and RMB1 million per annum from 1 January 2018 to 31 December 2020, respectively.

(B) Renewed Advertising Services Agreement

As disclosed in the Announcement, for the three years ended 31 December 2017, the fees for the advertising services provided by Greentown Football Club to the Company were RMB70 million, RMB70 million and RMB70 million, respectively. For each of the three years ending 31 December 2020, the annual fees for the advertising services provided by Greentown Football Club to the Company will not exceed RMB100 million, RMB110 million and RMB121 million, respectively.

The annual caps for each of the three years ending 31 December 2020 are estimated by the Company primarily based on:

- (i) the estimated increase in the Group's expenditure on advertising campaigns in light of the expansion of the Group's property development projects to new geographical areas, the growing need for promotion of the Group's increasing number of property development projects and the competition in the property market in the PRC; and
- (ii) the estimated increase in the Group's expenditure on Greentown Football Club (being the only professional football team representing Zhejiang Province, which bears the "Greentown" brand name) with a view to supporting the improvement and growth of the football club on its plan to upgrade from China League One (中國足協甲級聯賽) back to Chinese Football Association Super League (中國足協超級聯賽). The Company believes this will in turn enhance the marketing value of the advertising services provided by Greentown Football Club if the upgrade is successful.

(C) Renewed Comprehensive Services Agreement

As disclosed in the Announcement, for each of the three years ended 31 December 2017, the annual cap for the interior decoration services provided by associate(s) of the Original Shareholders to the Company was RMB10 million, while the actual annual fees therefor for the three years ended 31 December 2017 were nil, RMB5,595,000 and RMB2,471,000, respectively. Taking into account various factors including the continuous development of the Group and the increment in labour costs, the Directors expect that, for each of the three years ending 31 December 2020, the Group may require such services from the associate(s) of the Original Shareholders and the aggregate annual fees therefor will not exceed RMB10 million.

The annual caps for each of the three years ending 31 December 2020 are estimated by the Company primarily based on:

- (i) the estimated growth in property market in the PRC; and
- (ii) the estimated growth in the number and scale of property development projects to be undertaken by the Group for each of the three years ending 31 December 2020 (taking into consideration that (a) the number of new projects undertaken by the Group increased significantly from 9 in 2016 to 37 in 2017; and (b) the total construction area for the new projects also increased from approximately 2,280,000 sqm in 2016 to 8,590,000 sqm in 2017) and the demand for high quality interior design and decoration services for property development project in the PRC.

As disclosed in the Announcement, the Company's annual cap for the purchase of landscaping raw materials from the associate(s) of Greentown Holdings for each of the three years ended 31 December 2017 was RMB10 million, while the actual annual fees therefor for the three years ended 31 December 2017 were nil, RMB210,000 and nil, respectively. Based on the historical transaction values and various factors including the continuous development of the Company, the Directors expect that, for each of the three years ending 31 December 2020, the aggregate annual fees in respect of purchase of such landscaping raw materials will not exceed RMB10 million.

The annual caps for each of the three years ending 31 December 2020 are estimated by the Company primarily based on:

- (i) the estimated growth in property market in the PRC; and
- (ii) the estimated growth in the number and scale of property development projects to be undertaken by the Group for each of the three years ending 31 December 2020 and thus the quantity of raw materials required for the Group's property development projects.

(D) Renewed Education Services Framework Agreement

As disclosed in the Announcement, for each of the three years ended 31 December 2017, the annual cap for the early educational participation services provided by Greentown Education to the Group was RMB10 million, while the actual annual fees therefor for the three years ended 31 December 2017 were nil, nil and RMB757,000, respectively. Based on the historical transaction values and taking into account the scale of the Group's existing operations in nursery and primary schools and the Group's project growth, the Directors expect that, for each of the three years ending 31 December 2020, the Group may require such services from Greentown Education and the aggregate annual fees payable by the Company to Greentown Education therefor will not exceed RMB10 million.

The annual caps for each of the three years ending 31 December 2020 are estimated by the Company primarily based on the estimated growth in the number of property development projects to be undertaken and the corresponding nursery and primary schools to be established by the Group for each of the three years ending 31 December 2020.

(E) Renewed Healthcare Services Framework Agreement

As disclosed in the Announcement, for the three years ended 31 December 2017, each of the annual caps for the healthcare services provided by Greentown Hospital to the Group was RMB10 million, while the actual annual fees therefor for the three years ended 31 December 2017 were approximately RMB1,788,000, RMB1,567,000 and RMB867,000, respectively. Based on the historical transaction values and taking into account the estimated demand for healthcare services, the Directors expect that, for each of the three years ending 31 December 2020, the aggregate annual fees payable by the Company to Greentown Hospital in respect of healthcare services will not exceed RMB10 million.

The annual caps for each of the three years ending 31 December 2020 are estimated by the Company primarily based on:

- (i) the estimated growth in property market in the PRC and the number of property development projects to be undertaken by the Group for each of the three years ending 31 December 2020; and
- (ii) the estimated increase in the number of the Group's employees (for which the Group provides healthcare services) and owners of the properties to be developed by the Group.

By order of the Board
Greentown China Holdings Limited
Fung Ching, Simon
Company Secretary

Hangzhou, the People's Republic of China
29 May 2018

As at the date of this announcement, the Board comprises seven executive directors, namely Mr Song Weiping, Mr Liu Wensheng, Mr Sun Guoqiang, Mr Cao Zhounan, Mr Li Qingan, Mr Li Yongqian and Mr Li Jun, and four independent non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, and Mr Hui Wan Fai.