

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Greentown Service Group Co. Ltd.

綠城服務集團有限公司

(A company incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 2869)

CONNECTED TRANSACTION

**ACQUISITION OF EQUITY INTERESTS IN
ZHEJIANG LANSONG SUPPLY CHAIN MANAGEMENT CO., LTD.***

ACQUISITION OF EQUITY INTERESTS IN LANSONG SUPPLY CHAIN

The Board wishes to announce that on 5 June 2017, the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, 27% of the equity interest in Lansong Supply Chain for an aggregate Consideration of RMB2,702,700.

As at the date of this announcement, the equity interest of Lansong Supply Chain is held by the Purchaser as to 24% and the Vendor as to 76%. Upon Completion, Lansong Supply Chain will be held as to 51% and 49% by the Purchaser and the Vendor, respectively, and Lansong Supply Chain will become a non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Lansong Supply Chain is held as to 76% and 24% by the Vendor and the Purchaser, respectively. The Vendor is wholly-owned by Bluetown China Holdings Limited, which is in turn wholly-owned by Delta House Limited, whereas Delta House Limited is wholly-owned by Mr. Song Weiping. Mr. Song Weiping, through his wholly-owned company Osmanthus Garden Investment Company Limited, is indirectly interested in 40% of Orchid Garden Investment Company Limited, a controlling Shareholder which holds approximately 36.72% of the total issued share capital of the Company. Mr. Song Weiping is also the spouse of Ms. Xia Yibo, a non-executive Director. Lansong Supply Chain is therefore an associate of Mr. Song Weiping and hence a connected person (as defined in Chapter 14A of the Listing Rules) of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Previous Subscription, on a stand-alone basis, constitute a de minimis connected transaction for the Company pursuant to Rule 14A.76(3) of the Listing Rules and is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. For the Acquisition and the Previous Subscription, the nature and target company of these transactions are the same, and such transactions were conducted within a 12-month period prior to and inclusive of the date of the Acquisition. Accordingly, the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition and the Previous Subscription are required to be aggregated.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition is subject to the reporting, annual review and announcement requirements, but is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 5 June 2017, the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, 27% of the equity interest in Lansong Supply Chain for an aggregate Consideration of RMB2,702,700.

As at the date of this announcement, the equity interest of Lansong Supply Chain is held by the Purchaser as to 24% and the Vendor as to 76%. Upon Completion, Lansong Supply Chain will be held as to 51% and 49% by the Purchaser and the Vendor, respectively, and Lansong Supply Chain will become a non-wholly owned subsidiary of the Company.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are as follows:

Date

5 June 2017

Parties

- (1) Purchaser; and
- (2) Vendor.

Subject matter

The Purchaser agreed to purchase, and the Vendor agreed to sell, 27% of the equity interest in Lansong Supply Chain in accordance with the terms and conditions of the Equity Transfer Agreement.

Payment and Consideration

The aggregate consideration payable by the Purchaser to the Vendor for the Acquisition under the Equity Transfer Agreement is RMB2,702,700. The Consideration shall be payable by the Purchaser in cash in two installments to the designated account of the Vendor in accordance with the requirements under the Equity Transfer Agreement as follows:

- (1) RMB1,351,350 shall be payable by the Purchaser to the Vendor within 15 working days from the date of the Equity Transfer Agreement; and
- (2) RMB1,351,350 shall be payable by the Purchaser to the Vendor within 15 working days upon completion of the procedural requirements in relation to the transfer of the equity interest as stipulated under the Equity Transfer Agreement, details of which are set out in the paragraph headed “Completion” below.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to (i) the relevant portion of equity interest in Lansong Supply Chain to be acquired by the Purchaser pursuant to the Equity Transfer Agreement; and (ii) the total registered capital of Lansong Supply Chain as at the date of the Equity Transfer Agreement. No premium has been built in in determining the Consideration.

The Acquisition will be funded by the internal resources of the Group.

Completion

After the execution of the Equity Transfer Agreement, Lansong Supply Chain and the Purchaser shall proceed with the legal and contractual procedural requirements for the completion of the transfer of the equity interest pursuant to the Equity Transfer Agreement with the assistance of the Vendor, which include but are not limited to the completion of industrial and commercial registration for the change of the shareholding ratio for the respective shareholders with the relevant local bureau of the Administration for Industry and Commerce.

Completion will take place after completion of the above procedural requirements.

THE PREVIOUS SUBSCRIPTION

The Purchaser is one of the founding members of Lansong Supply Chain when it was established in 2016, whereby the Purchaser subscribed for 24% of the equity interest of Lansong Supply Chain at an aggregate consideration of RMB2,402,400.

INFORMATION ON LANSONG SUPPLY CHAIN

Lansong Supply Chain is a limited liability company established under the laws of the PRC and is principally engaged in the sales of primary agricultural products, pre-packaged food products and health supplements, import and export of goods, agricultural technology development and supply chain management.

Based on the unaudited financial statements of Lansong Supply Chain, the financial information of Lansong Supply Chain for the four months ended 30 April 2017 was approximately as follows:

	For the four months ended 30 April 2017^(Note 1) (RMB) (unaudited)
Net loss before taxation and extraordinary items	222,127
Net loss after taxation and extraordinary items	222,127

Note 1: Lansong Supply Chain was established on 28 October 2016 and started to have operational revenue since January 2017, therefore only the financial information for the four months ended 30 April 2017 is available.

The unaudited net asset value and the unaudited total asset value of Lansong Supply Chain as at 30 April 2017 was approximately RMB9,787,873 and approximately RMB30,095,804, respectively.

As at the date of this announcement, the registered capital of Lansong Supply Chain is RMB10,010,000. The original costs of obtaining the 27% equity interest in Lansong Supply Chain, being the subject matter of the Equity Transfer Agreement, is equivalent to the relevant portion of the registered capital of Lansong Supply Chain contributed by the Vendor in the amount of RMB2,702,700. For details of the basis of determination of the Consideration, please refer to the paragraph headed “The Equity Transfer Agreement — Payment and Consideration” of this announcement.

INFORMATION ON THE GROUP

The Group is a leading high-end residential property management service provider in the PRC with a diversified service portfolio comprising various property management and related services.

INFORMATION ON THE VENDOR

The Vendor is a limited liability company established under the laws of the PRC and is principally engaged in the development of agricultural science and technology.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Reference is made to the announcement of the Company dated 10 January 2017, in relation to, among other things, the continuing connected transaction between Greentown Property Management, a wholly-owned subsidiary of the Company and Lansong Supply Chain for the supply various agricultural goods and products. Although Lansong Supply Chain is still loss-making at present, we believe that this is due to the relatively short period of Lansong Supply Chain since its establishment (28 October 2016) and it is in the development stage, during which its development is rapid yet stable. Currently, it has a wide product base and resources, provides high quality goods and products, and possesses an optimized production and processing system. It also has a well-developed distribution network for the distribution of its goods and products. Despite Lansong Supply Chain is still in the early stage since its commencement of business operations, due to its comprehensive supporting resources mentioned above, it is expected that Lansong Supply Chain will be able to gradually build up its business in this industry and bring about investment benefits to the Group as the business of Lansong Supply Chain matures over time. The Acquisition will also allow the Group to obtain a controlling interest in Lansong Supply Chain and secure a reliable and long-term supplier with an efficient distribution network for developing the community living services of the Group, thus providing customers with high quality services and experience.

The Directors (including the independent non-executive Directors) are of the view that, for the reasons set out above and given the basis of determination of the Consideration as disclosed in the paragraph headed “The Equity Transfer Agreement — Payment and Consideration” of this announcement, the terms of the Equity Transfer Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms in the ordinary and usual course of business of the Group that are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Lansong Supply Chain is held as to 76% and 24% by the Vendor and the Purchaser, respectively. Vendor is wholly-owned by Bluetown China Holdings Limited, which is in turn wholly-owned by Delta House Limited, whereas Delta House Limited is wholly-owned by Mr. Song Weiping. Mr. Song Weiping, through his wholly-owned company Osmanthus Garden Investment Company Limited, is indirectly interested in 40% of Orchid Garden Investment Company Limited, a controlling Shareholder which holds approximately 36.72% of the total issued share capital of the Company. Mr. Song Weiping is also the spouse of Ms. Xia Yibo, a non-executive Director. Lansong Supply Chain is therefore an associate of Mr. Song Weiping and hence a connected person (as defined in Chapter 14A of the Listing Rules) of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Previous Subscription, on a stand-alone basis, constitute a de minimis connected transaction pursuant to Rule 14A.76(3) of the Listing Rules and is fully exempt from Shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. For the Acquisition and the Previous Subscription, the nature of these transactions and the counterparties of the Purchaser are the same, and such transactions were conducted within a 12-month period prior to and inclusive of the date of the Acquisition. Accordingly, the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition and the Previous Subscription are required to be aggregated.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition is subject to the reporting, annual review and announcement requirements, but is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board has resolved and approved the Equity Transfer Agreement and the Acquisition contemplated thereunder. As Mr. Song Weiping is an associate of Ms. Xia Yibo, Ms. Xia Yibo has abstained from voting on the Board resolution to approve the Equity Transfer Agreement. Save as disclosed, none of the Directors has any material interest in the transactions contemplated thereunder or is required to abstain from voting on the relevant Board resolution to approve the same.

Reference is also made to the announcement of the Company dated 10 January 2017, in relation to, among other things, the continuing connected transaction between Greentown Property Management, a wholly-owned subsidiary of the Company, and Lansong Supply Chain for the supply of various agricultural goods and products. Upon Completion, this existing continuing connected transaction remains to constitute a continuing connected transaction of the Company as Lansong Supply Chain will become a connected subsidiary of the Company.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the meanings as follows:

“Acquisition”	the proposed acquisition of 27% equity interest in Lansong Supply Chain by the Purchaser pursuant to the Equity Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Greentown Services Group Co. Ltd. (綠城服務集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Completion”	completion of the Equity Transfer Agreement in accordance with the terms and conditions as set out therein

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration payable by the Purchaser to the Vendor for the Acquisition under the Equity Transfer Agreement, being RMB2,702,700
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the Equity Transfer Agreement dated 5 June 2017 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Greentown Property Management”	Greentown Property Management Group Company Limited* (綠城物業服務集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lansong Supply Chain”	Zhejiang Lansong Supply Chain Management Co., Ltd.* (浙江藍頌供應鏈管理有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Subscription”	the subscription for 24% of the equity interest of Lansong Supply Chain by the Purchaser on 28 October 2016
“Purchaser”	Zhejiang Greentown Property Community Service Company Limited* (浙江綠城物業園區生活服務有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

“Vendor”

Bluetown Agricultural Technology Co. Ltd.* (藍城農業科技有限公司), a company established in the PRC with limited liability

“%”

per cent

By Order of the Board
Greentown Service Group Co. Ltd.
Li Hairong
Chairman

Hangzhou, the PRC
5 June 2017

As at the date of this announcement, the executive Directors are Ms. LI Hairong (Chairman), Mr. YANG Zhangfa, Mr. WU Zhihua and Mr. CHEN Hao; the non-executive Directors are Mr. SHOU Bainian and Ms. XIA Yibo; and the independent non-executive Directors are Mr. TIAN Zaiwei, Mr. POON Chiu Kwok and Mr. WONG Ka Yi.

* *For identification purpose only.*