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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)

**ANNOUNCEMENT
DISCLOSEABLE TRANSACTIONS
FORMATION OF JOINT VENTURE AND PROVISION OF
FINANCIAL ASSISTANCE
AND
DISCLOSURE PURSUANT TO RULES 13.13 AND 13.16 OF
THE LISTING RULES**

FORMATION OF JOINT VENTURE BY SUBSCRIPTION OF SHARES IN CHINA CVS

On 28 September 2017, the Company, Xianlife, ExFresh, Wesell, Mr. Tao and China CVS entered into the Share Purchase Agreement (as amended and replaced by an amended and restated share purchase agreement dated 27 October 2017), pursuant to which, among other things, the Company, Xianlife, ExFresh, Wesell and Mr. Tao agreed to the formation of a joint venture among the parties by way of subscription of shares in China CVS. The formation of China CVS as a joint venture was for the purpose of the Acquisition. As at the date of this announcement, the Company held 35% of the total issued share capital of China CVS.

PROVISION OF FINANCIAL ASSISTANCE TO CHINA CVS

On 27 October 2017, the Company, China CVS and other relevant parties entered into the Term Loan Agreements, pursuant to which the Company has agreed to provide the Term Loan to China CVS for the purpose to finance the Acquisition.

IMPLICATIONS UNDER THE LISTING RULES

Based on the aggregate amount of the relevant portion of the capital contribution to China CVS payable by the Company pursuant to the Share Purchase Agreement together with the amount of the Bridge Loan provided by the Company to Xianlife, each of the applicable percentage ratios in relation to the establishment of China CVS as a joint venture pursuant to the Share Purchase Agreement is less than 5%, thus, as such, upon the entering into of the Share Purchase Agreement and the Bridge Loan Agreement on 28 September 2017, the China CVS Transactions did not constitute notifiable transaction for the Company under the Listing Rules.

Upon execution of the Convertible Note Purchase Agreement, in light of the amount of the Term Loan to be provided by the Company to China CVS, one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to: (i) the formation of China CVS as a joint venture (including the provision of the relevant portion of the capital contribution pursuant to the Share Purchase Agreement, the Bridge Loan provided to Xianlife and the Term Loan to be provided to China CVS); and (ii) the provision of the Term Loan to China CVS exceed 5% but are less than 25%, therefore, the transactions contemplated under the Share Purchase Agreement and the Term Loan Agreements constitute discloseable transactions for the Company for the purposes of, and are subject to the reporting and announcement requirements under, Chapter 14 of the Listing Rules.

As the Term Loan to be provided by the Company to China CVS, an affiliated company of the Company (as defined under Rule 13.11(2) of the Listing Rules), exceeds 8% of the assets ratio of the Company as defined under Rule 14.07(1) of the Listing Rules, this announcement is also made pursuant to Rules 13.13 and 13.16 of the Listing Rules.

INTRODUCTION

The Board announces that, on 28 September 2017, the Company, Xianlife, ExFresh, Wesell, Mr. Tao and China CVS entered into the Share Purchase Agreement (as amended and replaced by an amended and restated share purchase agreement dated 27 October 2017), pursuant to which, among other things, the Company, Xianlife, ExFresh, Wesell and Mr. Tao agreed to the formation of a joint venture among the parties by way of subscription of shares in China CVS. The formation of China CVS as a joint venture was for the purpose of the Acquisition.

On 27 October 2017, the Company, China CVS and the other relevant parties entered into the Term Loan Agreements, pursuant to which the Company has agreed to provide the Term Loan to China CVS for the purpose to finance the Acquisition.

The principle terms of the agreements in relation to China CVS Transactions are set out below.

FORMATION OF JOINT VENTURE BY SUBSCRIPTION OF SHARES IN CHINA CVS

Share Purchase Agreement

On 28 September 2017, the Company, Xianlife, ExFresh, Wesell, Mr. Tao and China CVS entered into the Share Purchase Agreement (as amended and replaced by an amended and restated share purchase agreement dated 27 October 2017), in relation to, among others, the capital contribution by the Company, Xianlife, ExFresh and Wesell into China CVS.

The principal terms of the Share Purchase Agreement are as follows:

**Issuance,
allotment and
subscription of
shares:**

Subject to the terms and conditions set out in the Share Purchase Agreement, the shares of China CVS shall be allotted and issued to and subscribed by the Company, Xianlife, ExFresh and Wesell, and reserved for the Management Incentive Option under the Share Purchase Agreement as follows:

	Shares to be issued, allotted and subscribed at the First Closing	Shares to be issued, allotted and subscribed at the Second Closing	Shares to be issued, allotted and subscribed or reserved at the Third Closing and the Further Investment
The Company	3,500,000 ordinary shares	6,916,666 ordinary shares	2,777,777 ordinary shares
Xianlife	5,000,000 ordinary shares	9,880,952 ordinary shares	3,968,253 ordinary shares
ExFresh	1,500,000 ordinary shares	2,964,285 ordinary shares	1,190,476 ordinary shares
Wesell	—	—	793,650 ordinary shares
			1,190,476 ¹ ordinary shares (Reserved)
Shares reserved for the Management Incentive Option	—	—	4,668,526 ordinary shares (Reserved)
Total	10,000,000 ordinary shares	19,761,903 ordinary shares	14,589,158 ordinary shares

As at the date of this announcement, 10,416,666 ordinary shares in China CVS have been issued to the Company, representing 35% of the total issued share capital thereof.

¹ Issuable upon the Further Investment by Wesell

Consideration: The subscription price for the shares in China CVS was determined after arm's length negotiations with reference to the total consideration of the Acquisition payable by China CVS pursuant to the Target SPA. Subject to the terms and conditions set out in the Share Purchase Agreement, each of the Company, Xianlife, ExFresh and Wesell shall pay the relevant subscription price due and payable by it in cash in immediately available funds as follows:

	Subscription prices payable at the First Closing	Subscription prices payable at the Second Closing	Subscription prices payable at the Third Closing and the Further Investment
The Company	US\$3,528,000	US\$6,972,000	US\$2,800,000
Xianlife	US\$5,040,000	US\$9,960,000	US\$4,000,000
ExFresh	US\$1,512,000	US\$2,988,000	US\$1,200,000
Wesell	—	—	US\$2,000,000 ²
Shares awarded under the Management Incentive Option (reserved)	—	—	US\$4,705,874.2 ³
Total	<u>US\$10,080,000</u>	<u>US\$19,920,000</u>	<u>US\$14,705,874.2⁴</u>

The parties to the Share Purchase Agreement agreed that, the capital injection to China CVS is solely for the purposes of procuring 100% of the equity interest in the Target and funding the working capital of the Target after the Acquisition. If, however, the Acquisition cannot be completed, China CVS shall promptly refund the relevant consideration (after deducting the relevant costs and expenses) paid by each of the Company, Xianlife and ExFresh.

Closing: The subscription and issue of the shares in China CVS under the Share Purchase Agreement shall take place within five (5) Business Days after the fulfillment or waiver of the conditions of obligations at each of the First Closing, Second Closing and the Third Closing.

² Including US\$1,200,000 upon the Further Investment by Wesell.

³ The subscription price payable assuming the Management Incentive Option is fully exercised according to the terms and conditions in the Shareholders Agreement.

⁴ Including US\$1,200,000 upon the Further Investment by Wesell and US\$4,705,874.2, which is the subscription price payable assuming the Management Incentive Option is fully exercised according to the terms and conditions in the Shareholders Agreement.

The First Closing and the Second Closing have taken place and the Third Closing shall take place after the relevant closing conditions of the Third Closing have been fulfilled or waived, but shall be no later than 30 November 2017.

Conditions: *Conditions of the obligation of China CVS at each closing under the Share Purchase Agreement*

The First Closing:

- (1) Acquisition Transaction. The Target SPA in the form and substance satisfactory to the Company, Xianlife and ExFresh is finalized and ready to be signed by the relevant parties.
- (2) Bridge Loan. Xianlife (or its designated parties) has successfully procured and actually received the full amount of the Bridge Loan for funding its payment obligations under the First Closing, upon request of Xianlife.

The Second Closing:

- (1) Shareholders Agreement. The Shareholders Agreement shall have been duly executed by the parties thereto and the same shall be in full force and effect.
- (2) Articles. The articles of association of China CVS in the form and substance satisfactory to the Company, Xianlife and ExFresh shall have been duly adopted by China CVS by all necessary corporate action and duly filed with the Registrar of Companies of the Cayman Islands.
- (3) Acquisition Transaction. All of the conditions of the closing of the Acquisition as contemplated under the Target SPA have been satisfied in full or waived by relevant parties.
- (4) Debt Portion. China CVS has signed the Term Loan Agreements in the form and substance to the satisfaction of the Company, Xianlife, ExFresh. All of the closing conditions under the Term Loan Agreements entered into by the Company, China CVS and other relevant parties have been satisfied or waived, and the transactions contemplated under the Term Loan Agreements are ready to be closed concurrently with the Second Closing.

Third Closing:

Acquisition Transaction. The closing of the Acquisition has taken place pursuant to the terms and conditions of the Target SPA.

Conditions of the obligation of the Company, Xianlife and ExFresh at each closing under the Share Purchase Agreement

First Closing only:

Board Composition. The board of directors of China CVS shall consist of six (6) directors. Three (3) directors shall be designated by Xianlife, one (1) shall be designated by ExFresh, and the remaining two (2) shall be designated by the Company.

At each of the First Closing, Second Closing and Third Closing:

- (1) Registrar of Members. The Company, Xianlife, ExFresh and Wesell (as applicable) shall have received a certified copy of China CVS's register of members, dated as at the date of the relevant closing and showing them as the holder of that number of the relevant shares set forth opposite its name as provided in the relevant schedule to the Share Purchase Agreement;
- (2) Share Certificates. The Company, Xianlife, ExFresh and Wesell (as applicable) shall have received a share certificate or certificates executed by a director or a duly authorized signatory of China CVS dated as at the date of the relevant closing in respect of the shares issued to them.
- (3) Company Warranties. The representations and warranties of China CVS remain true, correct, complete and not misleading in all material respects as of the relevant closing;
- (4) Due Performance. China CVS shall have performed and complied with all obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it on or before the relevant closing;
- (5) Proceedings and Documents. All corporate and other proceedings in connection with the transactions to be completed at the relevant closing and all documents incident thereto, including without limitation written approval from all of the then current holders of equity interests of China CVS, as applicable, with respect to the Share Purchase Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, shall have been completed in form and substance reasonably satisfactory to the Company, Xianlife, ExFresh and Wesell (as applicable) at the relevant closing; and

- (6) No Litigation. There is no material litigation, whether pending or threatened, against China CVS.

Provision of the Bridge Loan to Xianlife

Pursuant to Bridge Loan Agreement, the Company has provided the Bridge Loan to Xianlife, which shall be repayable by Xianlife upon demand, with a simple interest rate of 3% per annum to be accrued following date of the ninetieth (90th) date of 28 September 2017 until the date of the actual repayment of the principal amount by the Xianlife. The Bridge Loan has been repaid to the Company as at the date of this announcement.

Shareholders Agreement

On 27 October 2017, the Company, Xianlife, ExFresh, Wesell, Mr. Tao and China CVS entered into the Shareholders Agreement, in relation to, among others, the obligations and rights of each of the shareholders of China CVS.

The principal terms of Shareholders Agreement are as follows:

Restriction on transfer:	Except as expressly permitted in the Shareholders Agreement, no shareholder of China CVS shall in any way, directly or indirectly sell, transfer or otherwise dispose of all or any portion of such shareholder's shares.
Right of first refusal:	<p>Subject to the terms and conditions in the Shareholders Agreement, if any shareholder (the "Selling Shareholder") of China CVS proposes to transfer all or any portion of its shares in China CVS, such shareholder shall first offer such shares to China CVS on the same terms for repurchase in the manner as required by the Shareholders Agreement.</p> <p>If China CVS does not accept the offer provided by the Selling Shareholder, then such Selling Shareholder shall offer to transfer on a <i>pro rata basis</i> such shares not accepted for repurchase by China CVS to the other shareholders of China CVS on terms and conditions not less favorable to a third party in the manner as required by the Shareholders Agreement.</p>
Drag-Along Rights	If a shareholder, or group of shareholders of China CVS, holding at least ninety percent (90%) of the then issued and outstanding shares of China CVS, (the " Dragging Shareholder "), proposes to transfer all of the shares held by such Dragging Shareholder(s) in connection with any transaction or series of related transactions involving change of control approved by the board (the " Drag-Along Transaction "), to any person other than in connection with a permitted transfer or a transfer to China CVS or any of its subsidiaries, prior to the Drag-Along Transaction, the Dragging Shareholder(s) shall have the right to require each shareholder who is not a Dragging Shareholder (the " Dragged Shareholder ") to sell all of shares held by the Dragged Shareholder.

Tag-Along Rights	<p>If any shareholder, or group of shareholders of China CVS, proposes to transfer any portion of the shares held by such shareholder (the “Tag-Along Seller”), in connection with any transaction or series of related transactions (a “Tag-Eligible Sale”), to any person and the right of first refusal set forth above was not fully exercised with respect to such transfer, then each shareholder other than such Tag-Along Seller (the “Tag Holder”) shall have the right to require the proposed transferee to purchase up to a number of such shareholder’s shares equal to (i) the total number of shares that the proposed transferee has agreed or committed to purchase in the Tag-Eligible Sale <i>multiplied by</i> (ii) a fraction, the numerator of which is the aggregate number of shares owned by the Tag Holder and the denominator of which is the aggregate number of then issues and outstanding shares, on the same terms, conditions and equivalent type and amount of consideration payable per share of Shares as such Tag-Along Sellers.</p>
Pre-emptive Rights	<p>If China CVS proposes to issue new securities (excluding the issuance of any Class B Ordinary Shares pursuant to the conversion of any Class A Ordinary Shares by the Company), each shareholder of China CVS shall have the first right to purchase such new securities on a pro rata basis on terms and conditions not less favorable than a third party.</p>
Composition of the Board	<p>The chairman of the board (the “Chairman”) of China CVS shall be Mr. CHEN Hao (陳浩), an executive director of the Company. Until all the obligations set forth in the Term Loan Agreements are fully performed, the Chairman shall be appointed by the Company and China CVS shall not take any of the following actions without the consent of such Chairman: (i) any equity financing or debt financing of China CVS; and (ii) any investment by China CVS in any third party other than the Group Companies.</p> <p>Without prejudice to the above, the board of China CVS shall be comprised of six members, three of which shall be appointed by Xianlife, two of which shall be appointed by the Company and one of which shall be appointed by ExFresh. If Wesell fully paid the Further Investment according to the Share Purchase Agreement, the board of China CVS shall be comprised of seven members, three of which shall be appointed by Xianlife, two of which shall be appointed by the Company, one of which shall be appointed by ExFresh and one of which shall be appointed by Wesell.</p>
Shareholder Reserved Matters	<p>Subject to applicable laws and the articles of association of China CVS, the board of China CVS shall have authority with respect to the operation of China CVS. However, the Group Companies shall not and each of the Group Companies shall cause its subsidiaries not to, without</p>

the consent of holder of ninety percent (90%) of the then issued and outstanding shares of China CVS, conduct or approve to conduct any of the following actions:

- (a) amend or modify the certificate of incorporation, articles of association of China CVS or equivalent governing documents of any of the Group Company or any of its subsidiaries, but only to the extent that such amendment or modification would disproportionately and materially adversely affect any of the Company, Xianlife, ExFresh and Wesell as compared to the others;
- (b) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of the Class A Ordinary Shares or Class B Ordinary Shares;
- (c) appoint or remove a person as the Group Company's auditor, or make any material change to the Company's accounting policies;
- (d) consummate a Public Offering;
- (e) incur any indebtedness with an aggregate principal amount in excess of US\$1,500,000 other than the Term Loan;
- (f) issue any equity securities that are pari passu with or senior to the Class A Ordinary Shares or Class B Ordinary Shares, or any increase, reduce or cancel the authorized or issued share capital of any Group Company, or issue, allot, or purchase any shares or securities convertible into or carrying a right of subscription in respect of shares or any share warrants, or grant or issue any options rights or warrants or which may require the issue of shares in the future, or do any act which has the effect of diluting or reducing the effective shareholding of the holders of shares in China CVS;
- (g) any declaration, set aside or payment of a dividend (regardless of whether such dividend is interim or final), capitalization of reserves or other distribution by any Group Company or the adoption of, or any change to, the dividend policy of any Group Company;
- (h) any Liquidation Event (as defined in the Shareholders Agreement), or any merger, consolidation or amalgamation of any group company with any other entity or entities or any spin-off, sub-division, or any other transaction of a similar nature or having a similar economic effect as any of the foregoing, or other forms of restructuring of any group company, or the purchase or other acquisition by any group company of all or substantially all of the assets (either in terms of quantities or value), equity or business of another Person (as defined in the Shareholders Agreement);
- (i) any change of the size or composition of the board of directors of any group company other than changes pursuant to and in compliance with the Shareholders Agreement;

- (j) any amendment or change of Term Loan Agreements;
- (k) enter into any material contract, agreement or arrangement with any of the Company, Xianlife, ExFresh, Wesell, their respective directors or any affiliate of the foregoing, other than on terms substantially as favorable as those that would be available in a similar arms' length transaction; or
- (l) seek any liquidation, bankruptcy or assignment to any group company's creditors, or any similar transaction, dissolution, recapitalization or reorganization of any group company or its subsidiaries.

**Rights and
privileges of
Class A
Ordinary
Shares**

So long as the Company holds any Class A Ordinary Share and the Term Loan has already been advanced to China CVS by the Company pursuant to the Term Loan Agreements and remains outstanding, each Class A Ordinary Share shall have certain rights and privileges set forth in the relevant schedule to the Shareholders Agreement, in relation to, among others, liquidation preference, conversion rights, redemption rights and voting rights.

**Management
Incentive
Option**

Subject to the terms and conditions in the Shareholders Agreement, after Wesell has fully paid up the relevant subscription price upon the Third Closing, China CVS will authorize grant of an option to Mr. Tao or the subsidiary jointly owned by Mr. Tao and other management of the Group Companies to purchase up to 4,668,526 Class B Ordinary Shares, representing approximately 10.5263% of China CVS's total issued and outstanding shares immediately upon the Further Investment and assuming the Management Incentive Option is fully exercised at US\$1.008 for each share.

FINANCIAL ASSISTANCE TO CHINA CVS

Pursuant to the Target SPA, China CVS shall pay an aggregate consideration of US\$84,000,000 to the existing shareholders of the Target for the Acquisition. The aggregate amount of capital injected into China CVS by its shareholders upon the Second Closing is US\$30,000,000 and China CVS shall procure the remaining the portion of such consideration through debt financing.

On 27 October 2017, the Company and China CVS entered into the Convertible Note Purchase Agreement and Convertible Promissory Note, pursuant to which, the Company has agreed to purchase the Convertible Promissory Note in the principal amount of US\$54,000,000 against payment by the Company to China CVS of such amount. On the same day, the Company also entered into the Security Deed with China CVS and the Deed of Guarantee with Xianlife, pursuant to which China CVS agreed to pledge all the shares held by it in the Target in favour of the Company and Xianlife agreed to provide a secondary security interest in favour of the Company in relation to the Applicable Percentage of the amount payable by China CVS to the Company under the Convertible Promissory Note to secure and guarantee the performance of obligations of China CVS in relation to the principle amount of US\$54,000,000.

Convertible Note Purchase Agreement

The Convertible Note Purchase Agreement is conditional upon, among other things, the completion of the Acquisition. The principal terms of the Convertible Note Purchase Agreement are as follows:

Date: 27 October 2017

Parties: (1) the Company

(2) China CVS

Issuance of Convertible Promissory Note: Subject to the terms and conditions of the Convertible Note Purchase Agreement, at the closing of the purchase and sale of the Convertible Note, China CVS shall issue and sell to the Company, and the Company agrees to purchase from China CVS the Convertible Promissory Note in the principal amount of US\$54,000,000 against payment by the Company to the such amount.

Use of Proceeds: China CVS shall use the proceeds from the issuance of the Convertible Note solely as the sources to pay the purchase price for the Acquisition.

Conditions Precedents: The obligations of the Company to China CVS under the Convertible Note Purchase Agreement are subject to the fulfilment, on or before the closing of the purchase and sale of the Convertible Note, of each of the following conditions, unless otherwise waived in writing by the Company:

- (1) Representations and Warranties. The representations and warranties of China CVS as set out in the warranties schedule to the Convertible Note Purchase Agreement shall be true, complete, accurate and not misleading in all material respects, on and as of the closing of the purchase and sale of the Convertible Note;
- (2) Performance. China CVS shall have performed and complied with all agreements, obligations and conditions contained in Convertible Note Purchase Agreement which are required to be performed or complied with by it on or before the closing of the purchase and sale of the Convertible Note, and shall have obtained all approvals, consents and qualifications necessary to complete the purchase and sale described herein;
- (3) Board and Shareholders Approval. The board of directors and shareholders of each of China CVS, the Company and Xianlife shall have validly approved the Convertible Note Purchase Agreement, the Convertible Promissory Note, the Security Deed and the Deed of Guarantee to which it is a party and the transactions contemplated hereby and thereby and all other agreements and actions necessary to effect the terms contained therein, and such approval shall be in full force and effect;

- (4) Waiver of Rights of First Refusal. China CVS shall have received all requisite waivers of any rights of first refusal, pre-emptive rights or other contractual participation rights with respect to the issuance of the Convertible Promissory Note and the Conversion Shares thereunder;
- (5) Consents, Permits and Waivers. China CVS shall have obtained any and all permits, third party consents and waivers necessary or appropriate for consummation (without adverse effect) of the transactions contemplated by the Convertible Note Purchase Agreement, the Convertible Promissory Note, the Security Deed and the Deed of Guarantee, as applicable;
- (6) Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated in the Convertible Note Purchase Agreement and all documents and instruments incident to such transactions shall be reasonable satisfactory in substance and form to the Company, and the Company shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request;
- (7) Discharge of Onshore Share Pledges. ExFresh and Xianlife shall have submitted the required discharge filings with the relevant governmental authority to terminate and discharge the share pledge set up over the registered capital of Beijing Xianlife E-Commerce Co., Ltd. (北京鮮生活電子商務有限公司) by its nominee controlling shareholder in favor of ExFresh;
- (8) Security Deed. China CVS shall have entered into a security deed with the Company in the form and substance reasonably satisfactory to the Company, under which China CVS shall have agreed to mortgage its 100% equity interests in the Target in favour of the Company, effective upon the completion of the Acquisition pursuant to the Target SPA;
- (9) Deed of Guarantee. Xianlife shall have entered into a deed of guarantee with the Company in the form and substance reasonably satisfactory to the Company, under which Xianlife shall have agreed to provide a guaranty in favour of the Company, for the Applicable Percentage of the undischarged/unsatisfied obligations of China CVS in relation to the principal amount of US\$54,000,000 and any accrued interest under the Convertible Note Purchase Agreement and the Convertible Promissory Note, which shall only constitute the secondary security interests of the Company subordinated to security interests granted to the Company under the Security Deed;

- (10) Completion of Acquisition. All of the conditions precedent to the completion as set forth in the Target SPA shall have been satisfied, fulfilled or waived in accordance with the provisions under the Target SPA;
- (11) Capital Account. China CVS shall have designated a bank account in written notice to the Company prior to the closing of the sale and purchase of the Convertible Promissory Note; and
- (12) Re-designation of the Shares Held by the Company. The shares in China CVS held by the Company shall have been re-designated to Class A Ordinary Shares and the shares in China CVS held by its other shareholders shall have been re-designated as Class B Ordinary shares. The shareholders of China CVS and China CVS shall have entered into the Shareholders Agreement which is reasonable satisfactory in substance and form to the Company and China CVS shall have adopted the articles which reflect the rights, preferences and privileges of its shareholders as provided in the Shareholders Agreement.

Closing: The closing of the sale and purchase of the Convertible Promissory Note shall take place remotely via the exchange of documents and signatures on the dates as mutually agreed by the Company and China CVS, within three (3) Business Days upon completion by China CVS (or waiver by the Company) of all above-mentioned conditions.

Convertible Promissory Note

The principal terms of the Convertible Promissory Note are as follows:

Principle amount: US\$54,000,000

Interest rate: Interest shall accrue at a simple rate of 6% per annum on the outstanding principal amount under the Convertible Promissory Note for the period commencing on and from the date of the closing of the sale and purchase of the Convertible Promissory Note. Interest shall be due and payable in arrears on the last day of each anniversary of the date of the closing of the sale and purchase of the Convertible Promissory Note, and shall be calculated on the basis of a 365-day year for the actual number of days elapsed. In the event that all or any portion of the principal amount is repaid, the accrued interest thereon (if any) shall be paid along with such repaid principal amount.

Maturity date:	The third (3rd) anniversary of the date of the closing of the sale and purchase of the Convertible Promissory Note (the “ Initial Period ”), subject to an automatic extension of an additional one (1) year immediately subsequent to the Initial Period unless the Convertible Promissory Note has been converted into Class A Ordinary Shares of China CVS during the period commencing on the first (1st) anniversary of the date of the closing of the sale and purchase of the Convertible Promissory Note and ending on the expiration date of the Initial Period (the “ Conversion Period ”) or unless the maturity of the Convertible Promissory Note is accelerated upon the occurrence of any Event of Default (as defined in the Convertible Promissory Note).
Transferability:	The Convertible Promissory Note may not be transferred without the written consent of the Company.
Conversion rights:	Subject to the terms and conditions set out in the Convertible Promissory Note, the Company has the option to convert all or any of the due and unpaid principal amount of US\$54,000,000 and accrued but unpaid interest thereon (if any) owed to the Company (each, the “ Conversion Amount ”) under the Convertible Promissory Note at any time during the Conversion Period (the “ Note Conversion ”).
Conversion price:	<p>The per share conversion price shall be equal to 75% of the per share issue price calculated based on the implied post-money valuation of China CVS as determined in the equity financing by China CVS that occurs subsequent to the Third Closing of China CVS but immediately prior to the relevant Note Conversion (the “Next Financing”).</p> <p>In the event that there is no Next Financing prior to the Note Conversion, the conversion price shall be jointly determined by the Company, Xianlife and ExFresh based on the valuation prepared by an independent valuer mutually acceptable by the Company, Xianlife and ExFresh.</p>
Conversion Shares:	Upon each Note Conversion, China CVS shall issue to the Company such number of shares (the “ Conversion Shares ”) calculated by dividing the relevant Conversion Amount by the applicable Conversion Price, provided however, that the maximum number of the Conversion Shares issuable to the Company in the aggregate (counting in the Conversion Shares issued during the previous Note Conversions) shall in any event be one (1) Ordinary Share less than the amount, which is the result by deducting the number of the issued and outstanding Ordinary Shares held by the Company and its affiliates in China CVS from the aggregate number of the issued and outstanding Ordinary Shares jointly held by Xianlife and ExFresh in China CVS, each number calculated on an as-converted basis at the time of Note Conversion.

Repurchase right of China CVS: Notwithstanding anything in the Convertible Promissory Note to the contrary, China CVS shall have the unconditional and irrevocable rights to repurchase and then cancel all or any of the Conversion Shares procured by the Company at a per share repurchase price equal to the applicable per share Conversion Price plus a 15% Internal Rate of Return of China CVS calculated from the date of the relevant Note Conversion. For the avoidance of doubt, the aggregate repurchase price entitled to by the Company shall count in and thus be deducted by an amount equaling the historical interest that had accrued and been paid by China CVS to the Company prior to the applicable Note Conversion over the relevant principal amount of US\$54,000,000 attributable to the Conversion Shares that are repurchased by China CVS.

Security and Guarantee: The Convertible Promissory Note shall be secured by 100% of the issued and outstanding shares of the Target to be acquired by China CVS under the terms and conditions of the Security Deed. In addition, Xianlife shall irrevocably guarantee the due and punctual payment of all or any portion of the sums expressed to be payable by China CVS to the Company under the Convertible Promissory Note as and when the same shall become due and payable but China CVS fails to satisfy and discharge the amount due in respect of the Convertible Promissory Note, provided however, that such guarantee can only be enforced by the Company on the condition that the Company has used its reasonable efforts to seek every resort legally available against China CVS to first recover the undischarged amount due and payable under the Convertible Promissory Note and the Security Deed

The capital contribution pursuant to the Share Purchase Agreement, the Bridge Loan and the Term Loans provided or to be provided by the Company were/are expected to be financed by internal resources.

Designation of the shares in China CVS held by the Company into Class A Ordinary Shares

In consideration of the provision of the Term Loan by the Company to China CVS, it was agreed among China CVS, Xianlife, ExFresh and the Company that the ordinary shares in China CVS held by the Company be designated into Class A Ordinary Shares while the ordinary shares in China CVS held by the other shareholders be designated into Class B Ordinary Shares. The Class A Ordinary Shares shall enjoy certain additional rights and privileges over the Class B Ordinary Shares as provided under the Shareholders Agreement.

GENERAL

Information of the Company

The Group is a leading high-end residential property service provider in the PRC with a diversified service portfolio comprising property service, consulting service and community-living service.

Information of Xianlife

Xianlife is a PRC-based full-channel new retail company.

Information of ExFresh

ExFresh is a leading fresh food online retailer in the PRC.

Information of Mr. Tao

Mr. Tao is one of the senior management of the Target.

Information of Wesell

Wesell is an investment holding company which is 100% owned by Mr. Tao.

Information of China CVS

China CVS is an investment holding company, the incorporation of which was for the purpose of acquiring and holding the equity interest in the Target pursuant to the Acquisition. It is a joint venture of the Company, Xianlife and ExFresh, in which the Company holds a minority interest of 35% as at the date of this announcement.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Xianlife, ExFresh, Wesell and Mr. Tao and their respective ultimate beneficial owners are independent third parties not connected with the Company and its connected persons.

REASONS FOR AND BENEFIT OF THE TRANSACTIONS

The Target is a Beijing-based convenience store chain under the brand name of “Hao Lin Ju (好鄰居)” with over 20-year history, serving nearly a million people on a daily basis. It is believed that the Target's well established business in the retail industry represents an attractive opportunity for investors with stable cash flows and growth prospects. The Directors consider that the acquisition of the Target through capital contribution to China CVS will improve the investment portfolio of Company.

The investment in China CVS allows the Company to benefit from the knowledge and experience of Xianlife and ExFresh in the retail industry and the Directors consider that collaborating with parties with proven track record in the retail industry gives the Target better chance to grow its business in the future and enable the Company to establish premium business circle by improving its community service leveraging the mature business model and extensive operating experience of Xianlife, ExFresh and the Target.

The financial assistance provided by the Company to China CVS expedites the completion of the Acquisition.

The Directors consider that the terms of each of the Transaction Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Based on the aggregate amount of the relevant portion of the capital contribution to China CVS payable by the Company pursuant to the Share Purchase Agreement together with the amount of the Bridge Loan provided by the Company to Xianlife, each of the applicable percentage ratios in relation to the establishment of China CVS as a joint venture pursuant to the Share Purchase Agreement is less than 5%, thus, as such, upon the entering into of the Share Purchase Agreement and the Bridge Loan Agreement on 28 September 2017, the China CVS Transactions did not constitute notifiable transaction for the Company under the Listing Rules.

Upon execution of the Convertible Note Purchase Agreement, in light of the amount of the Term Loan to be provided by the Company to China CVS, one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to: (i) the formation of China CVS as a joint venture (including the provision of the relevant portion of the capital contribution pursuant to the Share Purchase Agreement, the Bridge Loan provided to Xianlife and the Term Loan to be provided to China CVS); and (ii) the provision of the Term Loan to China CVS exceed 5% but are less than 25%, therefore, the transactions contemplated under the Share Purchase Agreement and the Term Loan Agreements constitute discloseable transactions for the Company for the purposes of, and are subject to the reporting and announcement requirements under, Chapter 14 of the Listing Rules.

As the Term Loan to be provided by the Company to China CVS, an affiliated company of the Company (as defined under Rule 13.11(2) of the Listing Rules), exceeds 8% of the assets ratio of the Company as defined under Rule 14.07(1) of the Listing Rules, this announcement is also made pursuant to Rules 13.13 and 13.16 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition by China CVS of the entire equity interest in the Target, a company that, through its subsidiaries, companies under its control by agreement and other affiliates, operates chain convenience stores in China and Hong Kong, from its existing shareholders in the aggregate consideration of US\$84,000,000 pursuant to the Target SPA, the completion of which is expected to take place on 30 October 2017
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“Applicable Percentage”	a fraction that equals to the total number of the issued and outstanding Class B Ordinary Shares owned by both of Xianlife and ExFresh divided by the total number of the Ordinary Shares of China CVS calculated based on a fully diluted and as-converted basis immediately prior to the date when the Company’s right under the Deed of Guarantee is exercisable
“Board”	the board of Directors
“Bridge Loan”	a bridge loan facility in the principal amount of US\$6,552,000 provided by the Company to Xianlife
“Bridge Loan Agreement”	a promissory note purchase agreement dated 28 September 2017 entered into between the Company and Xianlife in relation to the provision of the Bridge Loan
“China CVS”	China CVS Holdings Limited, a company duly incorporated and validly existing in the Cayman Islands
“China CVS Transactions”	a series of transactions which involve the capital contribution to China CVS and the provision of financial assistance to China CVS in relation to the Acquisition
“Class A Ordinary Shares”	the class A convertible ordinary shares of China CVS, par value US\$0.001 each, having its rights and privileges set forth in the Shareholders Agreement and the articles of association of China CVS
“Class B Ordinary Shares”	the class B convertible ordinary shares of China CVS, par value US\$0.001 each, having its rights and privileges set forth in the Shareholders Agreement and the articles of association of China CVS
“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
“Convertible Note Purchase Agreement”	the convertible note purchase agreement dated 27 October 2017 entered into between the Company and China CVS in relation to the Convertible Promissory Note
“Convertible Promissory Note”	the convertible promissory note dated 27 October 2017 in the principal amount of US\$54,000,000 issued by China CVS pursuant to the Convertible Note Purchase Agreement

“Deed of Guarantee”	a deed of guarantee dated 27 October 2017 entered into by Xianlife and the Company, under which Xianlife shall have agreed to provide a guarantee in favour of the Company for the Applicable Percentage of the undischarged/unsatisfied obligations of China CVS in relation to the principal amount of US\$54,000,000 and any accrued interest under the Convertible Note Purchase Agreement and the Convertible Promissory Note, which shall only constitute the secondary security interests of the Company subordinated to security interests granted to the Company under the Security Deed
“Director(s)”	the director(s) of the Company
“ExFresh”	Shanghai ExFresh Supply Chain Co., Ltd. (上海安鮮達供應鏈管理有限公司) a company with limited liability and incorporated under the laws of the PRC
“First Closing”	the first closing of the subscription of shares in China CVS by the parties to the Share Purchase Agreement as provided therein, which already took place on 29 September 2017
“Further Investment”	the subscription of 1,190,476 ordinary shares in China CVS by Wesell after the first anniversary of the Third Closing in the consideration of US\$1,200,000 (the “ Further Investment Amount ”) as provided under the Share Purchase Agreement
“Group”	the Company and its subsidiaries
“Group Companies”	means China CVS, the Target and each subsidiary of any of the foregoing and each other company controlled by China CVS
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Management Incentive Option”	an option which will be authorized to grant to Mr. Tao or the subsidiary jointly owned by Mr. Tao and other management of the Group Companies to purchase up to 4,668,526 Ordinary Shares, representing 10.5263% of the China CVS’s total issued and outstanding shares immediately upon the Further Investment and assuming the Management Incentive Option is fully exercised at US\$1.008 for each share
“Mr. Tao”	Mr. TAO Ye (陶冶)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Second Closing”	the second closing of the subscription of shares in China CVS by the parties to the Share Purchase Agreement as provided therein, which already took place on 27 October 2017
“Security Deed”	a security deed dated 27 October 2017 entered into by China CVS and the Company, under which China CVS shall have agreed to mortgage its 100% equity interests in the Target in favour of the Company, effective upon the completion of the Acquisition pursuant to the Target SPA
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders Agreement”	a shareholders agreement entered into by the Company, Xianlife, ExFresh, Wesell, and Mr. Tao dated 27 October 2017
“Share Purchase Agreement”	a share purchase agreement dated 28 September 2017 entered into by the Company, China CVS, Xianlife, ExFresh, Wesell, and Mr. Tao as amended and replaced by an amended and restated share purchase agreement dated 27 October 2017
“Xianlife”	XIANLIFE LIMITED, a company with limited liability and incorporated under the laws of the Cayman Islands
“Target”	Idea Thrive Limited, an exempted company with limited liability and incorporated under the laws of the Cayman Islands, and total issued shares of which is 147,496.32 Shares as at the date of this announcement
“Target SPA”	the sale and purchase agreement dated 28 September 2017 entered into by among others, China CVS as buyer and the existing shareholders of the Target as sellers in relation to the Acquisition
“Term Loan”	a term loan facility in the principal amount of US\$54,000,000 under the Term Loan Agreements
“Term Loan Agreements”	a term loan agreement and the relevant ancillary agreements all dated 27 October 2017, pursuant to which the Company agrees to lend to China CVS, and China CVS agrees to borrow from the Company, a term loan facility in the principal amount of US\$54,000,000
“Third Closing”	the third closing of the subscription of shares in China CVS by the parties to the Share Purchase Agreement as provided therein, which is expected to take place no later than 30 November 2017

“Wesell”

WESELL LIMITED, an exempted Company organized and existing under the Laws of British Virgin Islands

“%”

Per cent

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

Hangzhou, the PRC, 29 October, 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.