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Greentown Service Group Co. Ltd.

綠城服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2869)

**INSIDE INFORMATION
ANNOUNCEMENT IN RELATION TO
(I) THE FRAMEWORK AGREEMENT
(II) DISPOSAL OF SHARES BY SUBSTANTIAL SHAREHOLDER
AND
(III) POSSIBLE SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 27 December 2019 (after trading hours), the Company entered into the Framework Agreement with the Purchaser, the Vendor, the Vendor's Guarantor, the Purchaser's Guarantor and Orchid, pursuant to which:

- (i) the Purchaser, the Vendor, the Vendor's Guarantor and the Purchaser's Guarantor agreed to enter into the Sale and Purchase Agreement on the even date of the Framework Agreement, pursuant to which the Vendor shall conditionally agree to sell and the Purchaser shall conditionally agree to purchase 139,465,661 Shares, representing approximately 5% of the total issued share capital of the Company as at the date of this announcement, at the Sale Price of HK\$7.7168 per Sale Share; and

- (ii) the Company, the Subscriber and the Purchaser's Guarantor agreed to enter into the Subscription Agreement on or before 15 June 2020 (or such other date as agreed by the Company and the Subscriber in writing), pursuant to which the Company intends to allot and issue and the Subscriber intends to subscribe for the Subscription Shares, which will represent approximately 5.3% of the then total issued share capital of the Company as at the date of the Subscription Agreement, subject to adjustment to the effect that the total number of Sale Shares and Subscription Shares will represent 10% of the total issued share capital of the Company immediately after completion of the Possible Subscription. The Subscription Price will be the average closing price of the Shares as quoted on the daily quotation sheets of the Stock Exchange for the 20 trading days immediately preceding the signing of the Subscription Agreement as discounted by 7.5%, subject to a ceiling price of 120% of the benchmarked price and a floor price of 80% of the benchmarked price.

On 27 December 2019 (after trading hours), the Company was informed by the Vendor that, in accordance with the Framework Agreement, the Sale and Purchase Agreement was entered into by the relevant parties.

The Company will make further announcement(s) in respect of the Possible Subscription as and when appropriate in compliance with the Listing Rules.

Shareholders and potential investors should note that completion of the Share Sale is subject to the fulfillment or waiver (if applicable) of the Sale Conditions. The Share Sale may or may not complete. The Board also wishes to emphasize that as at the date of this announcement, the parties have not yet entered into the Subscription Agreement in relation to the Possible Subscription. The Share Sale and the Possible Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE FRAMEWORK AGREEMENT

The Board is pleased to announce that on 27 December 2019 (after trading hours), the Company entered into the Framework Agreement with the Purchaser, the Vendor, the Vendor's Guarantor, the Purchaser's Guarantor and Orchid in relation to the Share Sale and the Possible Subscription, pursuant to which (i) the Purchaser, the Vendor, the Vendor's Guarantor and the Purchaser's Guarantor agreed to enter into the Sale and Purchase Agreement in relation to the Share Sale on the even date of the Framework Agreement and (ii) the Company, the Subscriber and the Purchaser's Guarantor agreed to enter into the Subscription Agreement in relation to the Possible Subscription on or before 15 June 2020 (or such other date as agreed by the Company and the Subscriber in writing).

Date

27 December 2019

Parties

- (i) the Company;
- (ii) the Vendor;
- (iii) the Purchaser;
- (iv) the Purchaser's Guarantor;
- (v) the Vendor's Guarantor; and
- (vi) Orchid.

Subject Matter

The parties have agreed certain matters in relation to: (i) the Share Sale; and (ii) the Possible Subscription. Details of the Share Sale and the Possible Subscription are set out in the sections headed "The Sale and Purchase Agreement" and "POSSIBLE SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE" in this announcement below respectively.

The Sale and Purchase Agreement

Pursuant to the Framework Agreement, the Purchaser, the Vendor, the Vendor's Guarantor and the Purchaser's Guarantor agreed to enter into a sale and purchase agreement in relation to the Share Sale.

The Sale Shares

The Sale Shares, being a total number of 139,465,661 Shares, represent approximately 5% of the total issued share capital of the Company as at the date of this announcement.

Consideration

The total consideration of HK\$1,076,228,613 for the sale and purchase of the Sale Shares shall be payable by the Purchaser to the Vendor by cash.

The Sale Price of HK\$7.7168 per Sale Share represents a discount of approximately 7.5% to the average closing price of HK\$8.3425 per Share as quoted on the Stock Exchange for the 20 trading days immediately preceding the date of the Sale and Purchase Agreement.

Conditions Precedent

The completion of the Share Sale is conditional upon, among others:

- (i) the shareholding of the Vendor, the Vendor's Guarantor and Orchid (including their associates) in the Company being not less than 50% until the Share Sale Completion Date, unless otherwise agreed by the Purchaser in writing; and
- (ii) the Board having passed all necessary resolution(s) to approve the appointment of a person nominated by the Purchaser as a non-executive Director on the Share Sale Completion Date,

(each a "**Sale Condition**", and together the "**Sale Conditions**").

If any of the Sale Conditions is not satisfied or waived (if applicable) on or before 5:00 pm on 2 January 2020, the Sale and Purchase Agreement will be terminated immediately.

Completion

Completion of the Share Sale is expected to take place on 6 January 2020 (or such other date as agreed by the parties to the Sale and Purchase Agreement in writing).

Undertakings under the Sale and Purchase Agreement

The Vendor and the Vendor's Guarantor have undertaken, among others, that the Vendor will nominate the person nominated by the Purchaser (the "**Nominee**") as a non-executive Director and/or vote in favour of the relevant resolution at the shareholder's meeting convened to consider the appointment and/or re-election of the Nominee as a non-executive Director to procure that the Nominee be appointed (or re-appointed) as a non-executive Director from the completion of the Share Sale until the date on which the Purchaser no longer holds all the Sale Shares. If the Purchaser and its associates have failed to complete the Possible Subscription as agreed or their shareholding in the Company becomes less than 10% after completion of the Possible Subscription (except that such failure of completing the Possible Subscription is not caused by the Purchaser or the Purchaser's shareholding in the Company is passively diluted after the Possible Subscription), such undertaking shall then be terminated.

Other undertakings under the Framework Agreement

The Vendor, the Vendor's Guarantor and Orchid have undertaken jointly:

- (i) to procure the Company not to issue and allot any new Shares during the Restricted Period (except for the issuance of Subscription Shares to the Subscriber pursuant to the Subscription Agreement and the issuance of new Shares as a result of exercise of options that have been granted to the employees of the Company under the Share Option Scheme (the "**Option Shares**"));
- (ii) to procure the Company not to issue and allot new Shares at a price lower than the Sale Price or Subscription Price (if applicable), whichever is lower, within 12 months after the Share Sale Completion Date (except for the issuance of the Option Shares); and

- (iii) that the shareholding of the Vendor, the Vendor's Guarantor and Orchid (including their associates) in the Company after completion of the Share Sale and before completion of the Possible Subscription shall not be less than 45%.

DISPOSAL OF SHARES BY SUBSTANTIAL SHAREHOLDER

On 27 December 2019 (after trading hours), the Company was informed by the Vendor that, in accordance with the Framework Agreement, the Sale and Purchase Agreement was entered into among the Vendor, the Purchaser, the Vendor's Guarantor and the Purchaser's Guarantor, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares for HK\$7.7168 per Sale Share. For details of the Sale and Purchase Agreement, please refer to the section headed "THE FRAMEWORK AGREEMENT — The Sale and Purchase Agreement" in this announcement above.

Please refer to the section headed "EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY" in this announcement below for further details of the shareholdings of the Vendor and the Purchaser in the Company immediately after completion of the transactions contemplated under the Sale and Purchase Agreement.

POSSIBLE SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Pursuant to the Framework Agreement, the Company and the Subscriber have agreed that, subject to completion of the Share Sale, the Company, the Subscriber and the Purchaser's Guarantor shall enter into the Subscription Agreement on or before 15 June 2020 (or such other date the Company and the Subscriber may agree in writing), pursuant to which the Company intends to allot and issue and the Subscriber intends to subscribe for the Subscription Shares. Certain major terms of the Possible Subscription were provided in the Framework Agreement as set out below, which are subject to finalization under the Subscription Agreement.

Number of Subscription Shares

The Subscription Shares will represent approximately 5.3% of the then total issued share capital of the Company as at the date of the Subscription Agreement, subject to adjustment to the effect that the total number of Sale Shares and Subscription Shares will represent 10% of the total issued share capital of the Company immediately after completion of the Possible Subscription.

Subscription Price

The Subscription Price will be the average closing price of the Shares as quoted on the daily quotation sheets of the Stock Exchange for the 20 trading days immediately preceding the signing of the Subscription Agreement as discounted by 7.5%, subject to a ceiling price of 120% of the benchmarked price and a floor price of 80% of the benchmarked price. "Benchmarked price" has the meaning ascribed to it under Rule 13.36(5) of the Listing Rules. For the avoidance of doubt, it was agreed by the parties that such benchmarked price shall be the higher of the closing price on the date of the Framework Agreement and the average closing price in the 5 trading days immediately prior to the date of the Framework Agreement.

The formula for calculating the Subscription Price was determined after arm's length negotiations between the Company and the Subscriber and the Subscription Price will be determined with reference to the then prevailing market price of the Shares at the time of the execution of the Subscription Agreement.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares in issue at the time of allotment and issue of the Subscription Shares.

Conditions Precedent

Completion of the Possible Subscription shall take place by no later than 30 June 2020 (or such other date as mutually agreed by the Company and the Subscriber in writing) and will be conditional upon, among other conditions:

- (i) completion of the Share Sale;
- (ii) the Stock Exchange having approved and granted the listing of and the permission to deal in the Subscription Shares; and
- (iii) that the shareholding of the Vendor and Orchid (including their associates) in the Company shall not be less than 45% from the date of the Subscription Agreement until the date on which all the conditions under the Subscription Agreement are satisfied,

(each a “**Subscription Condition**”).

Completion

Completion of the Possible Subscription is expected to take place on the Subscription Completion Date.

General Mandate to allot and issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate or the general mandate to be approved by the Shareholders at the annual general meeting of the Company to be held in 2020 (as the case may be, depending on the timing of the signing of the Subscription Agreement).

In the event that the new Shares under the Possible Subscription are unable to be issued under the general mandate of the Company, the Company will convene a general meeting to approve a specific mandate to allot and issue the Subscription Shares.

Subscription Agreement

The Company will negotiate with the Subscriber in good faith, in order to facilitate the signing of the Subscription Agreement by no later than 15 June 2020 or such other date as mutually agreed by both parties in writing.

In the event that the parties fail to enter into the Subscription Agreement by the abovementioned deadline due to the reasons of the Subscriber, the Company shall have the right to terminate the Possible Subscription and request for the resignation of the Director nominated by the Subscriber.

Further announcements

The Company will make further announcement(s) in respect of the Possible Subscription as and when appropriate in compliance with the Listing Rules.

INFORMATION ON PARTIES TO THE FRAMEWORK AGREEMENT

Vendor

The Vendor is a company incorporated under the laws of the BVI, which is principally engaged in investment holding. Its entire issued share capital is beneficially owned by Ms. Li. As at the date of this announcement, the Vendor is interested in approximately 20.20% of the total issued share capital of the Company and a substantial Shareholder.

Ms. Li/Vendor's Guarantor

Ms. Li is an executive Director, the Chairman of the Board and a substantial Shareholder as at the date of this announcement.

Orchid

Orchid is a company incorporated under the laws of the BVI with limited liability, which is principally engaged in investment holding. Orchid is indirectly owned by Mr. Song Weiping (as to 40.0%), Mr. Shou Bainian (as to 39.0%) and Ms. Xia Yibo (as to 21.0%). Mr. Shou and Ms. Xia are non-executive Directors and Mr. Song is the spouse of Ms. Xia. As at the date of this announcement, Orchid is interested in approximately 36.57% of the total issued share capital of the Company and a controlling Shareholder.

Sail Link/Purchaser/Subscriber and Purchaser's Guarantor

Sail Link is a company incorporated in the BVI with limited liability, which is principally engaged in investment holding.

The Purchaser's Guarantor is a company incorporated under the laws of Hong Kong with limited liability, which is principally engaged in investment holding.

Both of Sail Link and the Purchaser's Guarantor are indirectly wholly-owned subsidiaries of Longfor. Longfor is engaged in the principal business of property development, commercial property, long-term rental apartments and smart services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sail Link, the Purchaser's Guarantor and their ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE FRAMEWORK AGREEMENT AND THE POSSIBLE SUBSCRIPTION

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

The Directors consider that the entering into of the Framework Agreement and the Possible Subscription, if materialized, will broaden the Shareholder base of the Company and improve the liquidity of the Shares. It will also strengthen the capital base for science and technology capacity-building, the cultivation of core services, etc., which are necessary for the development of the Company. Furthermore, the Directors consider that the Possible Subscription is a preferred method of fund raising as compared with other equity fund raising exercises based on time and costs involved.

For the reasons above, the Directors consider that the terms and conditions of the Framework Agreement and the Possible Subscription are fair and reasonable and the entering into of the Framework Agreement and the Possible Subscription is in the interests of the Company and its Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Share Sale; and (iii) immediately after completion of the Possible Subscription (assuming that there are no changes in the issued share capital of the Company from the date of this announcement and up to the Subscription Completion Date (other than the allotment and issue of the Subscription Shares as a result of the completion of the Possible Subscription)) are summarized as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Share Sale		Immediately after completion of the Possible Subscription	
	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Orchid	1,020,000,000	36.57%	1,020,000,000	36.57%	1,020,000,000	34.65%
Vendor	563,334,000	20.20%	423,868,339	15.20%	423,868,339	14.40%
Sail Link						
Sale Shares	—	—	139,465,661	5.00%	139,465,661	4.74%
Subscription Shares	—	—	—	—	154,807,433	5.26%
Other Public Shareholders	<u>1,205,989,125</u>	<u>43.23%</u>	<u>1,205,989,125</u>	<u>43.23%</u>	<u>1,205,989,125</u>	<u>40.95%</u>
Total	<u>2,789,323,125</u>	<u>100%</u>	<u>2,789,323,125</u>	<u>100%</u>	<u>2,944,130,558</u>	<u>100%</u>

Shareholders and potential investors should note that completion of the Share Sale is subject to the fulfillment or waiver (if applicable) of the Sale Conditions. The Share Sale may or may not complete. The Board also wishes to emphasize that as at the date of this announcement, the parties have not yet entered into the Subscription Agreement in relation to the Possible Subscription. The Share Sale and the Possible Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 14 June 2019
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	a day (other than a Saturday, Sunday, other Hong Kong public holiday, PRC public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Company”	Greentown Service 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
“Director(s)”	director(s) of the Company
“Framework Agreement”	a framework agreement entered into among the Company, the Purchaser, the Vendor, the Vendor’s Guarantor, the Purchaser’s Guarantor and Orchid on 27 December 2019, in relation to, among others, the Share Sale and the Possible Subscription
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 555,555,200 new Shares, being 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person or persons, or entity or entities who/which is/are not a connected person(s) of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longfor”	Longfor Group Holdings Limited 龍湖集團控股有限公司, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 960)
“Ms. Li” or “Vendor’s Guarantor”	Ms. Li Hairong (李海榮), an executive Director, the Chairman of the Board and a substantial Shareholder as at the date of this announcement
“Orchid”	Orchid Garden Investment Company Limited, a company incorporated in the BVI, holding approximately 36.57% interest in the Company as at the date of this announcement and a controlling Shareholder
“Possible Subscription”	the possible subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement, meaning Mainland China and excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser” or “Sail Link” or “Subscriber”	Sail Link Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of Longfor
“Purchaser’s Guarantor”	Juntion Development Hong Kong (Holding) Limited 嘉遜發展香港(控股)有限公司, a company incorporated under the laws of Hong Kong with limited liability and an indirectly wholly-owned subsidiary of Longfor
“Restricted Period”	the period between the date of the Framework Agreement and the date of the Subscription Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement entered into among the Purchaser, the Vendor, the Vendor’s Guarantor and the Purchaser’s Guarantor on 27 December 2019 in relation to the Share Sale

“Sale Price”	HK\$7.7168 per Sale Share, representing a discount of approximately 7.5% to the average closing price of HK\$8.3425 per Share as quoted on the Stock Exchange for the 20 trading days immediately preceding the date of the Sale and Purchase Agreement
“Sale Shares”	139,465,661 Shares beneficially owned by the Vendor, representing approximately 5% of the total issued share capital of the Company as at the date of this announcement
“Share Sale”	the sale of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Share Sale Completion Date”	6 January 2020 (or such other date as the parties to the Sale and Purchase Agreement may agree)
“Share Option Scheme”	the share option scheme adopted by the Company on 25 May 2018
“Shares”	ordinary shares of HK\$0.00001 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the share subscription agreement to be entered into by the Company with the Subscriber and the Purchaser’s Guarantor in relation to the Possible Subscription on or before 15 June 2020 (or such other date as the Company and the Subscriber may agree in writing)
“Subscription Completion Date”	the third Business Days after the date upon which the last Subscription Condition to be satisfied has been so satisfied, or (if applicable) waived by the Subscriber (or such other date as the Company and the Subscriber may agree)

“Subscription Price”	price per Subscription Share, being the average closing price of the Shares as quoted on the daily quotation sheets of the Stock Exchange for the 20 trading days immediately preceding the signing of the Subscription Agreement as discounted by 7.5%, subject to a ceiling price of 120% of the benchmarked price and a floor price of 80% of the benchmarked price. “Benchmarked price” has the meaning ascribed to it under Rule 13.36(5) of the Listing Rules. For the avoidance of doubt, it was agreed by the parties that such benchmarked price shall be the higher of the closing price on the date of the Framework Agreement and the average closing price in the 5 trading days immediately prior to the date of the Framework Agreement
“Subscription Shares”	approximately 5.3% of the issued share capital of the Company as at the date of the Subscription Agreement, to be adjusted in accordance with the changes in the number of shares issued by the Company during the Restricted Period to the effect that the total number of Sale Shares and Subscription Shares will represent 10% of the issued share capital of the Company immediately after completion of the Possible Subscription
“trading day”	a day on which securities are traded or dealt with on the Stock Exchange
“Vendor”	Lilac International Investment Company Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Ms. Li, and a substantial Shareholder
“%”	per cent

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

Hangzhou, the PRC
27 December 2019

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. LI Feng, Mr. POON Chiu Kwok and Mr. WONG Ka Yi.