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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)

**CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF 20% EQUITY INTEREST IN
HANGZHOU JIANCHENG ASSETS MANAGEMENT
COMPANY LIMITED**

ACQUISITION OF 20% EQUITY INTEREST IN HANGZHOU JIANCHENG

The Board wishes to announce that on 21 October 2021, the Purchaser (a subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, 20% of the equity interest in Hangzhou Jiancheng for a consideration of RMB22,000,000.

As at the date of this announcement, the equity interest of Hangzhou Jiancheng is held by the Vendor, Hangzhou Yijin and Zhejiang Lvyi as to 20%, 40% and 40%, respectively. Upon completion of the Acquisition, Hangzhou Jiancheng will be held by the Purchaser (or its wholly-owned subsidiary), Hangzhou Yijin and Zhejiang Lvyi as to 20%, 40% and 40%, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhejiang Lvyi, one of the substantial shareholders of Hangzhou Jiancheng, is ultimately owned by Mr. Shou Bainian (a non-executive Director), Ms. Xia Yibo (a non-executive Director), Mr. Song Weiping (宋衛平) (the spouse of Ms. Xia) and Greentown Holdings (being indirectly owned by Mr. Shou, Ms. Xia and Mr. Song as to 39%, 21% and 40%, respectively) as to 33.8%, 18.2%, 34.7% and 13.3%, respectively. Mr. Shou and Ms. Xia are non-executive Directors, and they together with Mr. Song are controlling shareholders of the Company and substantial shareholders of Hangzhou Jiancheng. Therefore, the Acquisition constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As all applicable percentage ratios calculated in respect of the Acquisition in accordance with the Listing Rules fall below 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The completion of the Acquisition is subject to the fulfilment of the conditions set out in the Equity Transfer Agreement. The Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

ACQUISITION OF 20% EQUITY INTEREST IN HANGZHOU JIANCHENG

The Equity Transfer Agreement

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

Date

21 October 2021 (after trading hours)

Parties

- (a) the Purchaser (a subsidiary of the Company); and
- (b) the Vendor.

Subject matter

The Purchaser agreed to purchase, and the Vendor agreed to sell, 20% of the equity interest in Hangzhou Jiancheng in accordance with the terms and conditions of the Equity Transfer Agreement.

Consideration and Payment

The consideration payable by the Purchaser to the Vendor for the Acquisition under the Equity Transfer Agreement is RMB22,000,000. The consideration for the Acquisition shall be payable by the Purchaser in cash within seven working days from the Completion Date (as defined below).

The consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the total equity interest value of shareholders in Hangzhou Jiancheng as at 31 May 2021, being RMB110,160,800, as shown in the evaluation report of Hangzhou Jiancheng prepared by an independent valuer based on the asset-based approach.

Conditions precedent

Completion of the Acquisition is conditional upon the satisfaction or waiver of the following conditions at or before 4 p.m. on 30 November 2021:

- (a) the Vendor having obtained the shareholders' approval of Hangzhou Jiancheng in relation to the following matters:
 - (i) all the other shareholders of Hangzhou Jiancheng having waived the right of first refusal relating to the purchase of the target equity interest under the Acquisition;
 - (ii) all shareholders of Hangzhou Jiancheng having agreed to assume investment obligations in proportion to their respective equity interests in Hangzhou Jiancheng upon completion of the Acquisition and, if needed, simultaneously to provide shareholder's loan without interest; and
 - (iii) the subsequent obligations of capital contribution to be assumed by the Purchaser upon completion of the Acquisition (including contributing registered capital and providing shareholder's loan or guarantee) shall be no more than RMB278,000,000;
- (b) there having occurred no material adverse change to Hangzhou Jiancheng during the period from 31 May 2021 to the date on which the other conditions set out in this section are satisfied; and
- (c) the representations and warranties given by the Vendor in the Equity Transfer Agreement remaining true, accurate and not misleading in all respects.

Completion

Within five working days upon satisfaction or waiver of the conditions set out in the section headed "ACQUISITION OF 20% EQUITY INTEREST IN HANGZHOU JIANCHENG — The Equity Transfer Agreement — Conditions precedent" above, the parties to the Equity Transfer Agreement shall proceed with the legal and contractual procedural requirements for the completion of the Acquisition. It is expected that the completion of the Acquisition shall take place on or before 7 December 2021 (the "**Completion Date**"), which is the date on which the industrial and commercial registration for change of shareholder with the relevant government authority is completed.

The Purchaser has the right to transfer or assign any or all of its rights under the Equity Transfer Agreement (including the right to take up 20% equity interest in Hangzhou Jiancheng upon completion of the Acquisition) to any of its wholly-owned subsidiaries.

Upon completion of the Acquisition, Hangzhou Jiancheng will be held by the Purchaser (or its wholly-owned subsidiary), Hangzhou Yijin and Zhejiang Lvyi as to 20%, 40% and 40%, respectively.

Information of Hangzhou Jiancheng

Hangzhou Jiancheng is a limited liability company established under the laws of the PRC and is principally engaged in assets management, investment management and property leasing.

As at the date of this announcement, Hangzhou Jiancheng is held by the Vendor, Hangzhou Yijin and Zhejiang Lvyi as to 20%, 40% and 40%, respectively. Details of the Vendor are set out in the section headed “INFORMATION ON THE VENDOR” in this announcement below. Hangzhou Yijin is a wholly-owned subsidiary of Hangzhou Kangfu Enterprise Management Company Limited* (杭州康服企業管理有限公司), which is in turn ultimately owned by Chen Yuanyuan* (陳元元) (being an individual) and Greentown Real Estate Group Company Limited* (綠城房地產集團有限公司) (being a wholly-owned subsidiary of Greentown China Holdings Limited, which is a company listed on the Stock Exchange (stock code: 3900)) as to 54% and 46%, respectively. Zhejiang Lvyi is a wholly-owned subsidiary of Zhejiang Lvyi Investment, which is owned by Mr. Shou Bainian (a non-executive Director), Ms. Xia Yibo (a non-executive Director), Mr. Song Weiping (宋衛平) (the spouse of Ms. Xia) and Greentown Holdings (being indirectly owned by Mr. Shou, Ms. Xia and Mr. Song as to 39%, 21% and 40%, respectively) as to 33.8%, 18.2%, 34.7% and 13.3%, respectively.

As at the date of this announcement, Hangzhou Jiancheng holds 45% equity interest in Zhejiang Kangyu, through which Hangzhou Jiancheng can develop and construct certain health care service facilities on a parcel of land in Hangzhou (the “**Investment Project**”), including comprehensive facilities for precaution, rehabilitation, academic and scientific research purposes, and will hold 100% interest in the Investment Project, and will be exclusively entitled to possess, use and operate the Investment Project and receive all the income generated therefrom, pursuant to an investment cooperation agreement entered into among Hangzhou Jiancheng and all other shareholders of Zhejiang Kangyu.

On 5 July 2019, the Vendor and all other shareholders of Hangzhou Jiancheng reached an agreement in relation to the Investment Project, pursuant to which: (i) the total investment amount for the Investment Project payable by Hangzhou Jiancheng will be contributed by all shareholders in proportion to their respective equity interests in Hangzhou Jiancheng by way of paying the registered capital and providing shareholder’s loan without interest; (ii) any additional funding of Hangzhou Jiancheng or the Investment Project shall be arranged by Hangzhou Jiancheng, and, if needed, guarantee may be provided by all shareholders of Hangzhou Jiancheng in proportion to their respective equity interests in Hangzhou Jiancheng; and (iii) none of the shareholders of Hangzhou Jiancheng may transfer or assign directly or indirectly any of its equity interest in Hangzhou Jiancheng to a third party without unanimous consent of all the shareholders in writing.

Based on the audited financial statements of Hangzhou Jiancheng, the financial information of Hangzhou Jiancheng for the financial years ended 31 December 2019 and 2020 were as follows:

	For the financial year ended 31 December 2019 (RMB)	For the financial year ended 31 December 2020 (RMB)
Revenue	0	0
Net (loss)/profit before taxation and extraordinary items	(34,291,649.85)	3,302,563.41
Net (loss)/profit after taxation and extraordinary items	(34,291,649.85)	3,302,563.41

The unaudited net asset value and the unaudited total asset value of Hangzhou Jiancheng as at 30 September 2021 were approximately RMB18,438,000 and RMB488,361,000, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group believes that Hangzhou Jiancheng holds relatively high-quality underlying assets (i.e. the Investment Project), which can bring it stable and long-term investment returns in the future, and through the Acquisition the Group can share such investment returns. At the same time, the Acquisition can optimize the investment portfolio of the Group, enrich the types of basic property service projects of the Group, so as to obtain more business and investment opportunities, and help landing the strategic layout of the health care service sector of community living services of the Group.

The Group has fully understood and was aware of the potential in Hangzhou Jiancheng and the Investment Project before the Acquisition and attaches importance to the potential Acquisition. To monitor and verify the use of Hangzhou Jiancheng's assets and to effectively evaluate the progress of development and expectation of Hangzhou Jiancheng and the Investment Project to facilitate the adequate assessment by the Group of the investment opportunity and the future investment returns through the acquisition of Hangzhou Jiancheng, Mr. Chen Hao (an executive Director) and Ms. Lv Hanyao (the head of investment management department of the community living services of the Group and an associate of Ms. Wu Aiping, who is an independent non-executive Director) were recommended by the Group as supervising personnel to the Vendor and appointed as a director and the manager of the Vendor, respectively.

The Board (including the independent non-executive Directors) is of the view that, for the reasons for and benefits of the Acquisition and the basis of determination of the consideration for the Acquisition set out above, the Equity Transfer Agreement and the Acquisition have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and they are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group intends to finance the Acquisition by internal resources.

INFORMATION ON THE GROUP AND THE PURCHASER

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

The Purchaser is a limited liability company established under the laws of the PRC and a subsidiary of the Company. It is principally engaged in community living services.

INFORMATION ON THE VENDOR

The Vendor is a limited liability company established under the laws of the PRC and is principally engaged in industrial investment and investment management services. As at the date of this announcement, it is owned as to 99% by Hangzhou Shimi Investment Management Partnership Enterprise* (杭州石米投資管理合夥企業), which is in turn ultimately owned by two individuals, namely Mr. Gao Yuming* (高煜明) and Mr. Lin Wei* (林偉), as to 51.49% and 48.51%, respectively.

As at the date of this announcement, Mr. Chen Hao (an executive Director) and Ms. Lv Hanyao (the head of investment management department of the community living services of the Group and an associate of Ms. Wu Aiping, who is an independent non-executive Director) serve as a director and the manager of the Vendor, respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and their respective ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhejiang Lvyi, one of the substantial shareholders of Hangzhou Jiancheng, is ultimately owned by Mr. Shou Bainian (a non-executive Director), Ms. Xia Yibo (a non-executive Director), Mr. Song Weiping (宋衛平) (the spouse of Ms. Xia) and Greentown Holdings (being indirectly owned by Mr. Shou, Ms. Xia and Mr. Song as to 39%, 21% and 40%, respectively) as to 33.8%, 18.2%, 34.7% and 13.3%, respectively. Mr. Shou and Ms. Xia are non-executive Directors, and they together with Mr. Song are controlling shareholders of the Company and substantial shareholders of Hangzhou Jiancheng. Therefore, the Acquisition constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As all applicable percentage ratios calculated in respect of the Acquisition in accordance with the Listing Rules fall below 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Board has resolved and approved by majority the Equity Transfer Agreement and the Acquisition. As (a) Mr. Shou Bainian and Ms. Xia Yibo have material interest in the Equity Transfer Agreement, (b) Mr. Chen Hao is a director of the Vendor, and (c) Ms. Wu Aiping has an associate to serve as the manager of the Vendor, all of them have abstained from voting on the Board resolution(s) to approve the Equity Transfer Agreement and the Acquisition. Save as disclosed above, none of the Directors has any material interest in the Equity Transfer Agreement and the Acquisition or is required to abstain from voting on the relevant Board resolutions to approve the same.

The completion of the Acquisition is subject to the fulfilment of the conditions set out in the Equity Transfer Agreement. The Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of 20% equity interest in Hangzhou Jiancheng by the Purchaser pursuant to the Equity Transfer Agreement
“associate”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Greentown Services Group Company Limited (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)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 21 October 2021 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Greentown Holdings”	Greentown Holdings Group Company Limited* (綠城控股集團有限公司), a company established in the PRC with limited liability, which is indirectly owned as to 40%, 39% and 21% by Mr. Song Weiping, Mr. Shou Bainian and Ms. Xia Yibo, respectively as at the date of this announcement
“Group”	the Company and its subsidiaries

“Hangzhou Jiancheng”	Hangzhou Jiancheng Assets Management Company Limited* (杭州健成資產管理有限公司), a company established in the PRC with limited liability, which is held by the Vendor, Hangzhou Yijin and Zhejiang Lvyi as to 20%, 40% and 40%, respectively as at the date of this announcement
“Hangzhou Yijin”	Hangzhou Yijin Investment Company Limited* (杭州憶錦投資有限公司), a company established in the PRC with limited liability, which holds 40% equity interest in Hangzhou Jiancheng as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	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
“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
“Purchaser”	Zhejiang Greentown Community Service Group Company Limited* (浙江綠城生活服務集團有限公司), 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Hangzhou Chunzhen Investment Company Limited* (杭州醇臻投資有限公司), a company established in the PRC with limited liability, which holds 20% equity interest in Hangzhou Jiancheng as at the date of this announcement
“Zhejiang Kangyu”	Zhejiang Kangyu Real Estate Company Limited* (浙江康譽置業有限公司), a company established in the PRC with limited liability, which is held by Hangzhou Jiancheng as to 45% as at the date of this announcement

“Zhejiang Lvyi”	Zhejiang Lvyi Assets Management Company Limited* (浙江綠醫資產管理有限公司), a company established in the PRC with limited liability, which holds 40% equity interest in Hangzhou Jiancheng as at the date of this announcement
“Zhejiang Lvyi Investment”	Zhejiang Greentown Hospital Investment Company Limited* (浙江綠城醫院投資有限公司), a company established in the PRC with limited liability, which is owned by Mr. Shou Bainian (a non-executive Director), Ms. Xia Yibo (a non-executive Director), Mr. Song Weiping (宋衛平) (the spouse of Ms. Xia) and Greentown Holdings as to 33.8%, 18.2%, 34.7% and 13.3%, respectively as at the date of this announcement
“%”	per cent

* For identification purposes only

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

Hangzhou, the PRC
21 October 2021

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, Ms. XIA Yibo and Mr. ZENG Yiming; and the independent non-executive Directors are Mr. LI Feng, Mr. POON Chiu Kwok, Mr. WONG Ka Yi and Ms. WU Aiping.