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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)

**(1) CONNECTED TRANSACTION IN RELATION TO
THE ACQUISITION OF 51% EQUITY INTEREST IN
ZHEJIANG GREENTOWN ARCHITECTURAL TECHNOLOGY CO., LTD*
AND
(2) POSSIBLE CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE FRAMEWORK COOPERATION AGREEMENT**

(1) ACQUISITION OF 51% EQUITY INTEREST IN ZHEJIANG LVKE

The Board wishes to announce that on 14 December 2021, the Purchaser (an indirect wholly-owned subsidiary of the Company), Vendor 1 and Vendor 2 (among other parties) entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to purchase 51%, and Vendor 1 and Vendor 2 agreed to sell 30% and 21% respectively, of the equity interest in Zhejiang Lvke for an aggregate consideration of RMB209,100,000.

Upon completion of the Acquisition, Zhejiang Lvke will become a subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Song is interested in approximately 31.43% of the total issued share capital of the Company and is therefore a controlling shareholder of the Company. Vendor 1 is held by Mr. Song as to 70% and is therefore an associate of Mr. Song. Therefore, the Acquisition constitutes a connected transaction of the Company under Rule 14A.25 and Rule 14A.28 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition is more than 0.1% but all applicable percentage ratios are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) THE FRAMEWORK COOPERATION AGREEMENT

Zhejiang Lvke's principal business is to provide services relating to smart construction, lighting construction and smart design; and it has been providing such services to Vendor 1.

As Zhejiang Lvke will become a subsidiary of the Company upon completion of the Acquisition, the continuous provision of services by Zhejiang Lvke to Vendor 1 will become continuing connected transactions of the Company. To ensure that such existing business cooperation will comply with the requirements of the Listing Rules, Zhejiang Lvke and Vendor 1 entered into the Framework Cooperation Agreement on 14 December 2021 to set out the terms and conditions for the continuation of the provision of services by Zhejiang Lvke.

LISTING RULES IMPLICATIONS

Since Vendor 1 is a connected person of the Company as mentioned above, the Framework Cooperation Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the transactions contemplated under the Framework Cooperation Agreement are on normal commercial terms and within the ordinary course of business of the Company; and (ii) the highest applicable percentage ratio in respect of the Annual Caps is more than 0.1% but all applicable percentage ratios are less than 5%, the Framework Cooperation Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements, but are exempt from the circular and independent shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

(1) ACQUISITION OF 51% EQUITY INTEREST IN ZHEJIANG LVKE

The Equity Transfer Agreement

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

Date

14 December 2021 (after trading hours)

Parties

- (a) the Purchaser (an indirect wholly-owned subsidiary of the Company);
- (b) Vendor 1;

- (c) Vendor 2;
- (d) Hangzhou Boheng, owner of 28% equity interest in Zhejiang Lvke; and
- (e) Zhejiang Lvke.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Vendor 2, Hangzhou Boheng and their ultimate beneficial owners are Independent Third Parties.

Subject matter

The Purchaser agreed to purchase 51% in aggregate, and Vendor 1 and Vendor 2 agreed to sell 30% and 21% respectively of the equity interest in Zhejiang Lvke in accordance with the terms and conditions of the Equity Transfer Agreement.

Consideration and payment terms

The aggregate consideration payable by the Purchaser for the Acquisition under the Equity Transfer Agreement is RMB209,100,000 (the "**Consideration**"), comprising RMB123,000,000 to Vendor 1 and RMB86,100,000 to Vendor 2, respectively.

The Consideration shall be paid by the Purchaser in the following manner:

- (a) sums of RMB49,200,000 and RMB34,440,000 be payable to Vendor 1 and Vendor 2, representing 40% of the Consideration payable to the respective vendors (the "**First Instalment**"), via bank transfer within seven business days after (i) a day falling on the third day after a letter is issued by the Existing Shareholders and Zhejiang Lvke confirming satisfaction of conditions precedent to the First Instalment as set out in the section below and the Purchaser not having raised any objection, (ii) the Purchaser's issuance of a no-objection letter regarding the satisfaction of such conditions precedent, or (iii) the Purchaser's waiver of such conditions precedent (whichever is earlier); and
- (b) sums of RMB73,800,000 and RMB51,660,000 be payable to Vendor 1 and Vendor 2, representing 60% of the Consideration payable to the respective vendors (the "**Second Instalment**"), via bank transfer within seven business days after (i) a day falling on the third day after a letter is issued by the Existing Shareholders and Zhejiang Lvke confirming satisfaction of conditions precedent to the Second Instalment as set out in the section below and the Purchaser not having raised any objection, (ii) the Purchaser's issuance of a no-objection letter regarding the satisfaction of such conditions precedent, or (iii) the Purchaser's waiver of such conditions precedent (whichever is earlier and such day shall be regarded as the Completion Date).

The Consideration was determined after arm's length negotiations among the Purchaser, Vendor 1 and Vendor 2 with reference to the value of the entire equity interest in Zhejiang Lvke, being RMB410,000,000 as at 30 September 2021, as reflected in a valuation report on Zhejiang Lvke prepared by an independent valuer based on the market comparison approach appraisal.

Conditions precedent and completion

The conditions precedent to the First Instalment are customary in nature and include (among others) conditions such as the obtaining of corporate approvals and authorisations, and there being no outstanding proceedings, no material adverse events and no breach of representations and warranties by the Vendors.

The conditions precedent to the Second Instalment include (among other customary conditions):

- (a) shareholders' resolutions of Zhejiang Lvke having been passed to adopt a new set of articles of association and appoint new directors, supervisors, chairman of the board, chief financial officer and general manager; and
- (b) all necessary registrations and filings in relation to the Acquisition (including having updated the register of members recording the Purchaser's equity interest in Zhejiang Lvke and the Pledges having been granted in favour of the Purchaser) having been made.

Completion shall take place on the earlier of:

- (a) a day falling on the third day after a letter is issued by the Existing Shareholders and Zhejiang Lvke confirming the satisfaction of the conditions precedent to the Second Instalment as set out above and the Purchaser not having raised any objection;
- (b) the Purchaser's issuance of a no-objection letter regarding the satisfaction of such conditions precedent; or
- (c) the Purchaser's waiver of such conditions precedent,

but in any event not later than 28 February 2022 unless otherwise agreed upon by the parties.

Upon completion of the Acquisition, Zhejiang Lvke will be held by the Purchaser, Vendor 1 and Hangzhou Boheng as to 51%, 21% and 28%, respectively. Zhejiang Lvke will become a subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

Performance targets of Zhejiang Lvke and right to acquire remaining equity interests

The Vendors have agreed under the Equity Transfer Agreement that Zhejiang Lvke shall achieve the following performance targets (collectively, the “**Performance Targets**”):

	Performance targets		
	For the financial year ending 31 December 2021 (RMB)	For the financial year ending 31 December 2022 (RMB)	For the financial year ending 31 December 2023 (RMB)
Revenue	146,000,000	170,880,000	188,880,000
Net profit	27,000,000	40,500,000	42,500,000

If the Performance Targets are achieved, and on the bases that:

- (a) the audited revenue of Zhejiang Lvke for the then latest financial year does not exceed RMB500,000,000;
- (b) the audited assets of Zhejiang Lvke for the then latest financial year does not exceed RMB650,000,000; and
- (c) the valuation of the entire equity interest in Zhejiang Lvke does not exceed RMB1,000,000,000,

then the Purchaser shall enjoy a right to acquire the remaining equity interest in Zhejiang Lvke (the “**Acquisition Right**”) at a price to be agreed by its then existing shareholders with reference to the valuation to be prepared by an independent valuer. If the Purchaser exercises its Acquisition Right, the Company will re-comply with applicable Listing Rules requirements (if any).

If the Performance Targets are not achieved, then the Vendors shall pay to the Purchaser the difference between the Performance Targets and the actual revenue and/or net profit, which shall be the higher of the following:

- A = the accumulated revenue of 3 years involved in the Performance Targets (i.e. RMB505,760,000) – the audited actual accumulated revenue of 3 years * RMB410,000,000 / the accumulated revenue of 3 years involved in the Performance Targets (i.e. RMB505,760,000) * the percentage of equity sold.
- B = the accumulated net profits of 3 years involved in the Performance Targets (i.e. RMB110,000,000) – the audited actual accumulated net profits of 3 years * RMB410,000,000 / the accumulated net profits of 3 years involved in the Performance Targets (i.e. RMB110,000,000) * the percentage of equity sold.

Guarantors

Vendor 1 has agreed to pledge its remaining 21% equity interest in Zhejiang Lvke to the Purchaser to guarantee its obligations under the Equity Transfer Agreement.

Hangzhou Boheng has agreed to pledge its 28% equity interest in Zhejiang Lvke to the Purchaser to guarantee Vendor 2's obligations under the Equity Transfer Agreement (both pledges collectively referred to as the “**Pledges**”).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group believes that Zhejiang Lvke, whose principal businesses lie in providing personalised solutions in the construction sphere through adopting smart models and technology, can complement the business needs and development of the Group. Details of Zhejiang Lvke are provided in the section headed “INFORMATION OF ZHEJIANG LVKE” below in this announcement.

The Group has introduced the concept of smart property management since 2014, whereby traditional property management services are revolutionized and customer experiences are enhanced by the use of smart facilities, internet service platforms and development of mobile applications. The Group has been involved in the development of software for such purpose. Thus, the expertise and extensive experience of Zhejiang Lvke in smart construction and design can contribute to the Group's continuing expansion of the application of smart facilities in the provision of property management services and construction-related consultancy services and will broaden the Group's technology product line, and strengthen the ability of digital intelligence services and digital intelligence application of the Group. The Company considers that the Acquisition will generate synergy through the vertical integration with the Group's existing businesses. The Acquisition is in line with the strategic development needs of the Group and can enhance the Group's influence and competitiveness in the property management market.

The Company considers that it is for the best interests of the Company and its shareholders as a whole to acquire only the majority interest in Zhejiang Lvke at this stage as (i) the businesses of Zhejiang Lvke are entirely new businesses for the Group and the Group does not have any experience in the operation and management in relation thereto, it is expected that the integration between the Group and Zhejiang Lvke will need some time; and (ii) an additional substantial amount of funds will be required if the Group acquires the entire equity interest in Zhejiang Lvke. Thus, after taking into account the business plan and operation and also the cash flow condition of the Company, in order to mitigate the risk in the expansion into this new area of business, the Company considers that it will be more prudent not to acquire the entire interest in Zhejiang Lvke at this stage, but to obtain the Acquisition Right to acquire the remaining equity interests in Zhejiang Lvke if the Performance Targets can be achieved. The Directors (including the independent non-executive Directors) are of the view that, taking into account the reasons for and benefits of the Acquisition, and the basis of determination of the Consideration set out above, the terms of the Equity Transfer Agreement and the transactions contemplated thereunder 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 the Acquisition is in the interests of the Company and its shareholders as a whole.

The Group intends to fund the Acquisition by its internal resources.

INFORMATION OF ZHEJIANG LVKE

Zhejiang Lvke is a limited liability company established under the laws of the PRC and is principally engaged in smart construction, lighting construction, Building Information Modelling and smart design, focusing on the design of light current systems and mechanical engineering construction which involve providing personalized solutions in the construction sphere through adopting smart models and technology.

As at the date of this announcement, Zhejiang Lvke is held by Vendor 1, Vendor 2 and Hangzhou Boheng as to 51%, 21% and 28%, respectively. Details of Vendor 1 and Vendor 2 are provided in the section headed “INFORMATION OF VENDOR 1, VENDOR 2 AND HANGZHOU BOHENG” below in this announcement.

The audited financial information of Zhejiang Lvke for the financial years ended 31 December 2019 and 2020 and the unaudited financial information between 1 January 2021 and 30 September 2021 are as follows:

	For the financial year ended 31 December 2019 (RMB)	For the financial year ended 31 December 2020 (RMB)	For the nine months ended 30 September 2021 (RMB)
Revenue	95,844,439.70	128,833,464.46	98,014,151.19
Net profit before taxation and extraordinary items	9,078,099.15	33,299,892.13	28,537,192.82
Net profit after taxation and extraordinary items	8,515,500.33	26,843,554.40	24,256,613.90

The unaudited net asset value and the unaudited total asset value of Zhejiang Lvke as at 30 September 2021 were RMB104,809,062.05 and RMB159,024,105.51, respectively.

INFORMATION OF VENDOR 1, VENDOR 2 AND HANGZHOU BOHENG

Vendor 1 is a limited liability company established under the laws of the PRC and is principally engaged in the development and operation of real estate. As at the date of this announcement, it is held by Mr. Song, Ningbo Heji Investment Management Partnership (Limited Partnership)* (寧波合基投資管理合夥企業(有限合夥)) and Ningbo Meishan Baoshuigangqu Cuidu Investment Management Co., Ltd* (寧波梅山保稅港區翠都投資管理有限公司), as to 70%, 20% and 10% respectively. Ningbo Heji Investment Management Partnership (Limited Partnership)* (寧波合基投資管理合夥企業(有限合夥)) is principally engaged in investment management. Its general partner and investment manager are Hangzhou Lanxin Enterprise Management Co., Ltd.* (杭州藍昕企業管理有限公司) (which is indirectly held by Vendor 1 as to 51%) holding 0.1% interest, and its limited partners are Mr. Xu Feng and Mr. Fu Linjiang holding 58.73% interest and 41.08% interest respectively.

Ningbo Meishan Baoshuigangqu Cuidu Investment Management Co., Ltd* (寧波梅山保税港區翠都投資管理有限公司) is principally engaged in investment management and investment consulting and is wholly owned by Mr. Mi Jiandong. Mr. Song is a controlling shareholder of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Xu Feng, Mr. Fu Linjiang and Mr. Mi Jiandong are Independent Third Parties.

Vendor 2 is a limited partnership established under the laws of the PRC, and is principally engaged in business management and business management consulting. As at the date of this announcement, its general partner and investment manager are Mr. Zhou Bin (who is also the general manager of Zhejiang Lvke) holding 0.1% interest, and its limited partner is Yingkou Aifeng Enterprise Management Partnership (Limited Partnership)* (營口市艾豐企業管理合夥企業(有限合夥)) (whose general partner and investment manager are Mr. Zhou Bin holding 99.9% interest and whose limited partner is Mr. Gu Yuanzheng holding 0.1% interest) holding 99.9% interest respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Vendor 2 and their respective ultimate beneficial owners are Independent Third Parties.

Hangzhou Boheng is a limited partnership established under the laws of the PRC, and is principally engaged in construction, design and other business. As at the date of this announcement, its general partner and investment manager are Hangzhou Yijun Information Management Company Limited* (杭州頤君信息管理有限公司) (which is held by Mr. Zhou Bin as to 100% interest) holding 1% interest, and its limited partner is Bishuang (Hangzhou) Project Management Partnership (Limited Partnership)* (必雙(杭州)工程管理合夥企業(有限合夥)) (whose general partner and investment manager are Hangzhou Yijun Information Management Company Limited* (杭州頤君信息管理有限公司) holding 1% interest and whose limited partner is Mr. Zhou Bin holding 99% interest) holding 99% interest. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hangzhou Boheng and their respective ultimate beneficial owners are Independent Third Parties.

INFORMATION OF 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. It is principally engaged in property services. It is an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Song is interested in approximately 31.43% of the total issued share capital of the Company and is therefore a controlling shareholder of the Company. Vendor 1 is held by Mr. Song as to 70% and is therefore an associate of Mr. Song. Therefore, the Acquisition constitutes a connected transaction of the Company under Rule 14A.25 and Rule 14A.28 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition is more than 0.1% but all applicable percentage ratios are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

COMPLIANCE WITH THE DEED OF NON-COMPETITION

Background

Reference is made to the deed of non-competition undertaking dated 13 June 2016 given by, among other covenantors, Mr. Song in favour of the Company (the **“Deed of Non-competition”**) in connection with the Listing. As disclosed in the Company's prospectus dated 28 June 2016 issued in connection with the Listing, pursuant to the Deed of Non-competition, the covenantors shall not engage in any business that is the same as, similar to or in competition with the businesses carried on by the Group with an exception that the project or business opportunity has first been offered to the Group and the Group has not taken it up.

Compliance with the Deed of Non-competition

In accordance with the Deed of Non-competition, after becoming aware of the Company's intention to acquire interest in Zhejiang Lvke, Mr. Song had offered to procure Vendor 1 to sell its 51% equity interest in Zhejiang Lvke to the Purchaser. However, by virtue of the tag-along provisions in the shareholders agreement between the Existing Shareholders, if the Purchaser were to acquire all of Vendor 1's interest in Zhejiang Lvke, the Purchaser would also be required to acquire the entire equity interest in Zhejiang Lvke, which is against the Company's intention to only acquire a majority stake in Zhejiang Lvke at this stage. As such, the Company has decided to take up only part but not all of the equity interest in Zhejiang Lvke held by Vendor 1.

In view of the above, the Company is of the view that Mr. Song's residue personal interest in Zhejiang Lvke will not be in breach of the Deed of Non-competition.

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 of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

(2) THE FRAMEWORK COOPERATION AGREEMENT

Zhejiang Lvke's principal business is to provide services relating to smart construction, lighting construction and smart design; and it has been providing such services to Vendor 1.

As Zhejiang Lvke will become a subsidiary of the Company upon completion of the Acquisition, the continuous provision of services by Zhejiang Lvke to Vendor 1 will become continuing connected transactions of the Company. To ensure that such existing business cooperation will comply with the requirements of the Listing Rules, Zhejiang Lvke and Vendor 1 entered into the Framework Cooperation Agreement on 14 December 2021 to set out the terms and conditions for the continuation of the provision of services by Zhejiang Lvke.

Principal terms of the Framework Cooperation Agreement are summarized as follows.

Date

14 December 2021 (after trading hours)

Term

14 December 2021 to 31 December 2023

Parties

- (a) Zhejiang Lvke; and
- (b) Vendor 1.

Services

Zhejiang Lvke shall provide smart construction, lighting construction and smart design services to Vendor 1 in accordance with the specific agreements which shall set out the exact scope of business, service fees payable and the parties' respective rights and obligations.

Pricing policy and payment term

The price for the services under the Framework Cooperation Agreement shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness between the relevant parties with reference to: (i) the areas, service types and required time of the projects involved in the services; (ii) the product costs, labor costs and reasonable profits involved in the services provided by Zhejiang Lvke; and (iii) the price of providing the same or similar types of services by Zhejiang Lvke to other independent third parties. To ensure that the terms for the provision of services (namely, smart construction, lighting construction and smart design services) by Zhejiang Lvke to Vendor 1 and its subsidiaries will not be more favourable than those for the provision of the same or similar services to independent third parties, the fee quotes to be given by Zhejiang Lvke to Vendor 1 and its subsidiaries will be based on the price as determined in the aforesaid manner and the

required scope of services, which will be in line with the fee quotes for similar scope given by Zhejiang Lvke to other independent third parties. The terms of the services provided by Zhejiang Lvke to Vendor 1 and its subsidiaries will not be more favorable than the same or similar types of services provided by Zhejiang Lvke to other independent third parties. The services under the Framework Cooperation Agreement shall be implemented by specific contracts signed by Zhejiang Lvke and Vendor 1 and its subsidiaries respectively, which shall be concluded in accordance with general commercial terms and in accordance with Zhejiang Lvke's payment policy requirements when providing services to the other third parties.

Historical transaction amounts

The following table sets out the amount of historical transactions for the provision of services by Zhejiang Lvke to Vendor 1:

	For the financial year ended 31 December 2019 (RMB)	For the financial year ended 31 December 2020 (RMB)	For the nine months ended 30 September 2021 (RMB)
Amount of transactions	18,425,000	17,267,000	8,939,000

Annual Caps and basis of determination of Annual Caps

The following table sets out the annual caps for the continuing connected transactions contemplated under the Framework Cooperation Agreement (the "Annual Caps"):

	For the financial year ending 31 December 2021 (RMB)	For the financial year ending 31 December 2022 (RMB)	For the financial year ending 31 December 2023 (RMB)
Annual cap of fees	33,083,000	35,517,000	37,553,000

In arriving at the proposed Annual Caps for the transactions contemplated under the Framework Cooperation Agreement, the Directors have considered the following: (i) percentage of historical transactions between Zhejiang Lvke and Vendor 1 and its subsidiaries in the annual revenue of Zhejiang Lvke; (ii) the amount of the contracts signed but not yet fulfilled between Zhejiang Lvke and Vendor 1 and its subsidiaries; (iii) the amount of relevant services that can be obtained according to Zhejiang Lvke's business expectation plan; and (iv) the prevailing market rates for similar services provided by companies with similar caliber providing similar types of smart design and smart construction services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK COOPERATION AGREEMENT

As set out above, Vendor 1 is principally engaged in the development and operation of real estate. The Framework Cooperation Agreement is entered into as part of Zhejiang Lvke's regular ongoing business arrangement in relation to the provision of smart construction, lighting construction and smart design services to Vendor 1. It provides Zhejiang Lvke a long term and stable source of revenue and allows Zhejiang Lvke to maintain a close-knitted working relationship with Vendor 1, which is its long-term customer. The Framework Cooperation Agreement and the transactions contemplated thereunder are in line with the Company's long-term growth strategy.

The Board (including the independent non-executive Directors) considers that the entering into of the Framework Cooperation Agreement is in the ordinary and usual course of business of the Group and consider that the terms of the Framework Cooperation Agreement (including the Annual Caps) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INTERNAL CONTROL MEASURES

The Company recognizes that an effective management of conflicts of interests is essential to safeguard the interests of shareholders. Thus, it has set up an internal control and risk management team, comprising personnel from related business departments and functional departments, to vet and monitor the proposed transactions of the Company and identify potential risks of conflicts of interests before the Company enters into any transaction. The team will also check to ensure that the individual agreements entered into by the parties are in line with the provisions of the Framework Cooperation Agreement and the terms thereunder are not less favourable to Zhejiang Lvke than those for any identical or similar services it provides to other independent third parties.

LISTING RULES IMPLICATIONS

Since Vendor 1 is a connected person of the Company as mentioned above, the Framework Cooperation Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the transactions contemplated under the Framework Cooperation Agreement are on normal commercial terms and within the ordinary course of business of the Company; and (ii) the highest applicable percentage ratio in respect of the Annual Caps is more than 0.1% but all applicable percentage ratios are less than 5%, the Framework Cooperation Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

The Board has approved the Framework Cooperation Agreement and the transactions contemplated thereunder. By virtue of Mr. Song's residue interest in Zhejiang Lvke, he may be deemed to have a material interest in the Framework Cooperation Agreement and any transactions contemplated thereunder. As he is a close associate of Ms. Xia Yibo, Ms. Xia Yibo has abstained from voting on the Board resolutions to approve the Framework Cooperation Agreement. Save as disclosed, none of the Directors has any material interest in the Framework Cooperation Agreement and the transactions contemplated thereunder or is otherwise required to abstain from voting on the relevant Board resolutions to approve the same.

DEFINITIONS

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

“Acquisition”	proposed acquisition of 51% equity interest in Zhejiang Lvke by the Purchaser pursuant to the Equity Transfer Agreement
“Acquisition Right”	has the meaning ascribed to it under the section headed “ <i>ACQUISITION OF 51% EQUITY INTEREST IN ZHEJIANG LVKE — The Equity Transfer Agreement — Performance targets of Zhejiang Lvke and right to acquire remaining equity interests</i> ” in this announcement
“Annual Caps”	has the meaning ascribed to it under the section headed “ <i>THE FRAMEWORK COOPERATION AGREEMENT — Annual Caps and basis of determination of Annual Caps</i> ” in this announcement
“associate”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	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 (stock code: 2869)
“Completion Date”	the day on which completion of the Acquisition takes place, which shall not be later than 28 February 2022

“Consideration”	has the meaning ascribed to it under the section headed “ <i>ACQUISITION OF 51% EQUITY INTEREST IN ZHEJIANG LVKE — The Equity Transfer Agreement — Consideration and payment terms</i> ” in this announcement
“Deed of Non-competition”	has the meaning ascribed to it under “ <i>COMPLIANCE WITH THE DEED OF NON-COMPETITION — Background</i> ” in this announcement
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 14 December 2021 entered into between the Purchaser, Vendor 1, Vendor 2, Hangzhou Boheng and Zhejiang Lvke in relation to the Acquisition
“Existing Shareholders”	collectively, Vendor 1, Vendor 2 and Hangzhou Boheng
“First Instalment”	has the meaning ascribed to it under the section headed “ <i>ACQUISITION OF 51% EQUITY INTEREST IN ZHEJIANG LVKE — The Equity Transfer Agreement — Consideration and payment terms</i> ” in this announcement
“Framework Cooperation Agreement”	the framework cooperation agreement dated 14 December 2021 entered into between Zhejiang Lvke and Vendor 1 in relation to the provision of services by Zhejiang Lvke to Vendor 1
“Group”	the Company and its subsidiaries
“Hangzhou Boheng”	Hangzhou Boheng Construction Management Partnership (Limited Partnership)* (杭州伯恒工程管理合伙企业(有限合伙)), a partnership established in the PRC with limited liability and holds 28% equity interest in Zhejiang Lvke 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”	the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited in July 2016
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Mr. Song”	Mr. Song Weiping, a controlling shareholder of the Company and Zhejiang Lvke holding approximately 31.43% and 70% equity interest in the two said companies respectively as at the date of this announcement
“Performance Targets”	has the meaning ascribed to it under the section headed “ <i>ACQUISITION OF 51% EQUITY INTEREST IN ZHEJIANG LVKE — The Equity Transfer Agreement — Performance targets of Zhejiang Lvke and right to acquire remaining equity interests</i> ” in this announcement
“Pledges”	has the meaning ascribed to it under the section headed “ <i>ACQUISITION OF 51% EQUITY INTEREST IN ZHEJIANG LVKE — The Equity Transfer Agreement — Guarantors</i> ” in this announcement
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Purchaser”	Greentown Property Services Group Co., Ltd.* (綠城物業服務集團有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Second Instalment”	has the meaning ascribed to it under “ <i>ACQUISITION OF 51% EQUITY INTEREST IN ZHEJIANG LVKE — The Equity Transfer Agreement — Consideration and payment terms</i> ” in this announcement
“Vendor 1”	Bluetown Real Estate Construction Management Group Limited* (藍城房產建設管理集團有限公司), a company established in the PRC with limited liability and holds 51% equity interest in Zhejiang Lvke as at the date of this announcement
“Vendor 2”	Yingkou Aixun Enterprise Management Partnership (Limited Partnership)* (營口市艾勛企業管理合夥企業(有限合夥)), a partnership established and registered in the PRC with limited liability and holds 21% equity interest in Zhejiang Lvke as at the date of this announcement
“Vendors”	collectively, Vendor 1 and Vendor 2

“Zhejiang Lvke”

Zhejiang Greentown Architectural Technology Co., Ltd.*
(浙江綠城建築科技有限公司), a company established in the
PRC with limited liability, which is held by Vendor 1,
Vendor 2 and Hangzhou Boheng as to 51%, 21% and 28%,
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
14 December 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.