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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)

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

Reference is made to the announcement of Greentown Service Group Co. Ltd. (the “**Company**”) dated 21 October 2021 in relation to the acquisition of 20% equity interests in Hangzhou Jiancheng Assets Management Company Limited (the “**Announcement**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide further information in relation to the reasons for and benefits of the Acquisition and the compliance with the Deed of Non-Competition (as defined below) by the controlling shareholders of the Company as follows:

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Announcement, 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 strategic layout of the health care service sector of community living services of the Group.

The Company would like to provide the following further information in relation to the reasons for and benefits of the Acquisition:

- (i) for investment returns, given the Acquisition is an investment by the Group in fixed assets (i.e. the Investment Project), it can further optimize the Group's existing investment portfolio;
- (ii) for potential business and investment opportunities, it is expected that on the basis that the Group can offer terms which are the same as those available to Hangzhou Jiancheng in the market, becoming one of the shareholders of Hangzhou Jiancheng will offer the Group a preferential position to provide property management service to the Investment Project and to also obtain the rights to landing the Community products and services in the Investment Project, which will enrich the Group's types of property management services, increase the Group's experience in provision of similar services, and bring more opportunities and possibilities for future business expansion and investment opportunities in similar types of services; and
- (iii) for strategic layout landing of health care service sector of community living services, as the Investment Project will be health care service facilities which include comprehensive facilities for precaution, rehabilitation, academic and scientific research purposes, it is expected that the Group's interests in the Investment Project through its minority shareholding in Hangzhou Jiancheng can assist the Group in making inroad to the enterprise eco-system from health care management, support services to assist elders to age in their domestic homes, hospitals and medical care services, and can offer opportunity to the Group to foster in relevant aspects, such as "cultivating service ability, professionalizing team-building".

COMPLIANCE WITH THE DEED OF NON-COMPETITION BY CONTROLLING SHAREHOLDERS OF THE COMPANY

As disclosed in the Announcement, 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. Zhejiang Lvyi 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.

Reference is made to the deed of non-competition undertaking dated 13 June 2016 given by Mr. Song Weiping, Mr. Shou Bainian, Ms. Xia Yibo, Osmanthus Garden Investment Company Limited, Lily International Investment Company Limited, ShenaLan International Investment Company Limited and Orchid Garden Investment Company Limited (collectively, the "Covenantors") in favor of the Company (the "Deed of Non-Competition") in connection with the listing of the Company's shares on the Stock Exchange in July 2016 (the "Listing").

As disclosed in the prospectus dated 28 June 2016 issued in connection with the Listing, pursuant to the Deed of Non-Competition, each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that he/it shall not and shall procure that his/its respective affiliates shall not carry on, engage in, invest in, participate in, attempt to participate in, render any service to, provide any financial support to or otherwise be involved in or interested (economically or otherwise), whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which are the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of the Group from time to time.

Based on the reasons set out below, the Acquisition will not affect the scope of the Deed of Non-Competition and the Covenantors will continue to be in compliance with the Deed of Non-Competition upon completion of the Acquisition:

- (i) the Group has neither intended nor has in contemplation to expand its scope of business to include property development business through the Acquisition and the Investment Project. The principal business activities of the Group will remain unchanged, i.e. the provision of property services, consulting services and community living services, upon completion of the Acquisition;
- (ii) the Acquisition is solely a passive investment in fixed assets for the Group which will not expand the scope of business of the Group. Upon completion of the Acquisition, it is expected that Hangzhou Jiancheng will only be accounted for as an associate of the Company in the consolidated financial statements of the Group and will not become a member of the Group. In addition, the Group will not participate in the day-to-day management of Hangzhou Jiancheng. As disclosed in the Announcement, only Mr. Chen Hao (an executive Director) and Ms. Lv Hanyao (the head of investment management department of the community living services of the Group) were recommended by the Group to act as supervising personnel in the Vendor to monitor the progress of development of Hangzhou Jiancheng and the Investment Project; and
- (iii) the “business carried on or contemplated to be carried on by any member of the Group” as set out in the relevant clause of the Deed of Non-Competition was referring to “operational business activities” but does not include “investment activities”.

Therefore, the holding of 20% equity interest in Hangzhou Jiancheng by the Group as a passive investment will fall within “the business carried on by the Group” as set out in the Deed of Non-Competition.

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

Hangzhou, the PRC
19 November 2021

As at the date of this announcement, the executive Directors are Ms. LI Hairong (Chairman), Mr. YANG Zhangfa, Mr. WU Zihua 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.