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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 28 December 2018 in relation to the renewal of the continuing connected transactions between Greentown Property and Zhejiang Gelingtong Elevator Engineering under the Existing Elevator Maintenance Services Framework Agreement.

Pursuant to the Existing Elevator Maintenance Services Framework Agreement, its term will expire on 31 December 2021. Accordingly, on 31 December 2021, Greentown Property entered into the New Elevator Maintenance Services Framework Agreement with Zhejiang Gelingtong Elevator Engineering to renew the Existing Elevator Maintenance Services Framework Agreement for a term of three years commencing from 1 January 2022 and ending on 31 December 2024, pursuant to which Zhejiang Gelingtong Elevator Engineering will provide the Elevator Maintenance Services, including but not limited to providing elevator inspection, safety maintenance, and repair services to the Group for the properties projects managed by the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhejiang Gelingtong Elevator Engineering is owned as to 50% by Hangzhou Dangui Investment, which is in turn held as to 51% by Greentown Holdings (which is in turn indirectly owned as to 40%, 39% and 21% by Mr. Song Weiping, Mr. Shou Bainian and Ms. Xia Yibo, respectively), and 49% by Ningbo Ronghua Investment LLP (寧波榮華投資合夥企業(有限合夥)) (which is in turn held as to 80% and 20% by Ms. Ju Yao (鞠瑤) and Ms. Li Haizhi (李海芝), respectively (both are family members of Ms. Li Hairong)). Therefore, Zhejiang Gelingtong Elevator Engineering is an associate of Mr. Song Weiping, Mr. Shou Bainian, Ms. Xia Yibo and Ms. Li Hairong and hence a connected person of the Company. Accordingly, the transactions contemplated under the New Elevator Maintenance Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the proposed annual caps under the New Elevator Maintenance Services Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the New Elevator Maintenance Services Framework Agreement constitute continuing connected transactions of the Company which are subject to the reporting, annual review and announcement requirements, but are exempt from the circular and independent Shareholders' approval requirements under Rule 14A.76(2) of Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 28 December 2018 (the “**Announcement**”) in relation to the renewal of the continuing connected transactions between Greentown Property and Zhejiang Gelingtong Elevator Engineering by virtue of the Existing Elevator Maintenance Services Framework Agreement. Reference is also made to the Prospectus, in which the Company has disclosed the details of, among other things, certain continuing connected transactions of the Company. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement and the Prospectus.

NEW ELEVATOR MAINTENANCE SERVICES FRAMEWORK AGREEMENT

On 10 June 2016, the Company and Zhejiang Gelingtong Elevator Engineering entered into an elevator maintenance services framework agreement, which was renewed on 28 December 2018, pursuant to which Zhejiang Gelingtong Elevator Engineering continued to provide Elevator Maintenance Services, including but not limited to providing elevator inspections, safety maintenance, and repair services to the Group for the properties projects managed by the Group.

Pursuant to the Existing Elevator Maintenance Services Framework Agreement, its term will expire on 31 December 2021. Accordingly, on 31 December 2021, Greentown Property entered into the New Elevator Maintenance Services Framework Agreement with Zhejiang Gelingtong Elevator Engineering to renew the Existing Elevator Maintenance Services Framework Agreement for a term of three years commencing from 1 January 2022 and ending on 31 December 2024, pursuant to which Zhejiang Gelingtong Elevator Engineering will continue to provide the Elevator Maintenance Services, including but not limited to providing elevator inspections, safety maintenance, and repair services to the Group for the properties projects managed by the Group.

The principal terms of the New Elevator Maintenance Services Framework Agreement are set out as follows:

Date

31 December 2021

Parties

- (a) Greentown Property;
- (b) Zhejiang Gelingtong Elevator Engineering.

Term

The New Elevator Maintenance Services Framework Agreement is for a term of 3 years commencing from 1 January 2022 and ending on 31 December 2024.

Elevator Maintenance Services

Pursuant to the terms under the New Elevator Maintenance Services Framework Agreement, Zhejiang Gelingtong Elevator Engineering shall provide the Elevator Maintenance Services to the Group.

Consideration and Payment

The fees for the Elevator Maintenance Services to be provided by Zhejiang Gelingtong Elevator Engineering under the New Elevator Maintenance Services Framework Agreement shall be determined after arm's length negotiation between the parties with reference to (i) the cost of raw materials and wages needed for carrying out the Elevator Maintenance Services; and (ii) the prevailing market price for the provision of such services. The Group will compare the fee quote provided by Zhejiang Gelingtong Elevator Engineering to the Group with the fee quotes provided by other Independent Third Party elevator maintenance companies engaged by the Group for its other property management projects. When comparing the fee quotes, the Group will also take into consideration factors including the price, scope of services and the efficiency and ability of service providers to perform such services in a timely manner.

To ensure that the terms for the provision of services by Zhejiang Gelingtong Elevator Engineering are not less favourable than those available from Independent Third Parties, the Company will collect the relevant market information, review and compared the costs of transactions in the most recent year for the same or similar type of services with at least two Independent Third Parties.

In any event, the consideration payable by the Group to Zhejiang Gelingtong Elevator Engineering shall not be higher than (i) the price charged by an Independent Third Party to the Group for the provision of comparable services and (ii) the price charged by Zhejiang Gelingtong Elevator Engineering for the provision of comparable services to an Independent Third Party. Payment for the Elevator Maintenance Services under the New Elevator Maintenance Services Framework Agreement will be made in accordance with the terms of each individual contract to be entered into between the Group and Zhejiang Gelingtong

Elevator Engineering (or its subsidiaries), which shall be no less favourable to the Group as compared to the payment terms offered by Zhejiang Gelingtong Elevator Engineering (or its subsidiaries) to other Independent Third Parties.

Historical Transaction Amounts

For the two financial years ended 31 December 2019 and 31 December 2020 and for the eleven months ended 30 November 2021, the actual fees payable by the Group to Zhejiang Gelingtong Elevator Engineering in respect of the Elevator Maintenance Services under the Existing Elevator Maintenance Services Framework Agreement were as follows:

	For the financial year ended 31 December 2019 (RMB)	For the financial year ended 31 December 2020 (RMB)	For the eleven months ended 30 November 2021 (RMB)
Actual fees payable by the Group to Zhejiang Gelingtong Elevator Engineering	17,775,965	16,678,383	13,458,958 (Note 1)

Note:

1. Being the actual amount of the fees payable by the Group to Zhejiang Gelingtong Elevator Engineering under the Existing Elevator Maintenance Services Framework Agreement for the eleven months ended 30 November 2021 based on the unaudited management accounts of the Company.

Proposed Annual Caps

The table below sets out the proposed annual caps for the transactions contemplated under the New Elevator Maintenance Services Framework Agreement for the three years ending 31 December 2024.

	Annual Caps (RMB)
For the year ending 31 December 2022	17,056,943
For the year ending 31 December 2023	18,592,068
For the year ending 31 December 2024	20,265,354

In arriving at the proposed annual caps for the transactions contemplated under the New Elevator Maintenance Services Framework Agreement, the Directors have considered (i) the historical amounts paid by the Group to Zhejiang Gelingtong Elevator Engineering; (ii) the business demands of the Group for the Elevator Maintenance Services provided by Zhejiang Gelingtong Elevator Engineering; and (iii) the estimated inflation rate and the annual increase in the labour cost and other operational costs. Notwithstanding the decreasing historical transaction amounts for the two years ended 31 December 2020 and the eleven

months ended 30 November 2021, the above proposed annual caps are still in an increasing trend after taking into account particularly the estimated inflation rate and increase in labour cost and other operational costs as set out in (iii) above.

Reasons for and Benefits of the Renewal of Continuing Connected Transactions under the New Elevator Maintenance Services Framework Agreement

Property service is one of the main business operations of the Group. Some of the elevators of the properties managed by the Group are maintained by Zhejiang Gelingtong Elevator Engineering. The Company considers that a long term and steady cooperation with Zhejiang Gelingtong Elevator Engineering is of importance to the Group as it ensures the stability of the Group's property management service which in turn prevents any unnecessary disruption to the Group's property services business and guarantees a smooth operation of the Group. As the term of the Existing Elevator Maintenance Services Framework Agreement will expire on 31 December 2021, the Group has entered into the New Elevator Maintenance Services Framework Agreement to secure the continual provision of the Elevator Maintenance Services by Zhejiang Gelingtong Elevator Engineering to the Group.

The Directors (including the independent non-executive Directors) consider that the continuing connected transactions contemplated under the New Elevator Maintenance Services Framework Agreement are in the ordinary and usual course of business of the Group, and consider that the terms of the New Elevator Maintenance Services Framework Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Board has resolved and approved the New Elevator Maintenance Services Framework Agreement and the transactions and proposed annual caps contemplated thereunder. As Mr. Song Weiping, who is a close associate of Ms. Xia Yibo, and Ms. Xia Yibo both have material interest in the New Elevator Maintenance Services Framework Agreement, Ms. Xia Yibo has abstained from voting on the Board resolutions to approve the New Elevator Maintenance Services Framework Agreement. Also, each of Mr. Shou Bainian and Ms. Li Hairong has a material interest in the New Elevator Maintenance Services Framework Agreement, accordingly, each of Mr. Shou Bainian and Ms. Li Hairong has abstained from voting on the Board resolutions to approve the same.

Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the New Elevator Maintenance Services Framework Agreement or is required to abstain from voting on the relevant Board resolutions to approve the same.

GENERAL INFORMATION

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.

Greentown Property is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in providing property management services.

Zhejiang Gelingtong Elevator Engineering is a company established in the PRC with limited liability and is owned by Hangzhou Dangui Investment (a connected person of the Company) and Hangzhou Guangri Elevator Engineering Technology Co. Ltd*. (杭州廣日電梯工程技術有限公司) (“**Hangzhou Guangri**”) as to 50% and 50%, respectively. It is principally engaged in the provision of elevator maintenance services in the PRC. Hangzhou Guangri is owned by Mr. Chen Long (陳龍) and Ms. Gu Lijuan (顧莉娟) (both are Independent Third Parties) as to 60% and 40%, respectively and mainly engaged in the retail and wholesale business of elevators and accessories and refrigeration equipment.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhejiang Gelingtong Elevator Engineering is owned as to 50% by Hangzhou Dangui Investment, which is in turn held as to 51% by Greentown Holdings (which is in turn indirectly owned as to 40%, 39% and 21% by Mr. Song Weiping, Mr. Shou Bainian and Ms. Xia Yibo, respectively), and 49% by Ningbo Ronghua Investment LLP (寧波榮華投資合夥企業(有限合夥)) (which is in turn held as to 80% and 20% by Ms. Ju Yao (鞠瑤) and Ms. Li Haizhi (李海芝), respectively (both are family members of Ms. Li Hairong)). Therefore, Zhejiang Gelingtong Elevator Engineering is an associate of Mr. Song Weiping, Mr. Shou Bainian, Ms. Xia Yibo and Ms. Li Hairong and hence a connected person of the Company. Accordingly, the transactions contemplated under the New Elevator Maintenance Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the proposed annual caps under the New Elevator Maintenance Services Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the New Elevator Maintenance Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements, but are exempt from the circular and independent Shareholders’ approval requirements under Rule 14A.76(2) of Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	director(s) of the Company
“Elevator Maintenance Services”	the elevator maintenance services provided by Zhejiang Gelingtong Elevator Engineering, including but not limited to providing elevator inspections, safety maintenance, and repair services to the Group for the properties projects managed by the Group
“Existing Elevator Maintenance Services Framework Agreement”	the elevator maintenance services framework agreement entered into between Greentown Property and Zhejiang Gelingtong Elevator Engineering on 28 December 2018 in relation to the provision of the Elevator Maintenance Services by Zhejiang Gelingtong Elevator Engineering
“Greentown Holdings”	Greentown Holdings Group Co., Ltd.* (綠城控股集團有限公司), a limited liability company established in the PRC and is indirectly owned as to 40%, 39% and 21% by Mr. Song Weiping, Mr. Shou Bainian and Ms. Xia Yibo, respectively, and is a connected person of the Company
“Greentown Property”	Greentown Property Service Group Company Limited* (綠城物業服務集團有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Dangui Investment”	Hangzhou Dangui Investment Company Limited* (杭州丹桂投資管理有限公司), a limited liability company established in the PRC, owned as to 51% by Greentown Holdings and 49% by Ningbo Ronghua Investment LLP* (寧波榮華投資合夥企業(有限合夥)) which is in turn held as to 80% and 20% by Ms. Ju Yao (鞠瑤) and Ms. Li Haizhi (李海芝), respectively (both are family members of Ms. Li Hairong), and is a connected person of the Company
“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 under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Mr. Song Weiping”	Mr. Song Weiping, who, through his wholly-owned company Osmanthus Garden Investment Company Limited, is indirectly interested in 40% of Orchid Garden Investment Company Limited, a controlling shareholder which holds approximately 31.43% of the total issued share capital of the Company, thus a connected person of the Company
“New Elevator Maintenance Services Framework Agreement”	the renewal elevator maintenance services framework agreement entered into between Greentown Property and Zhejiang Gelingtong Elevator Engineering on 31 December 2021 in relation to the provision of the Elevator Maintenance Services
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Zhejiang Gelingtong Elevator Engineering”	Zhejiang Gelingtong Elevator Engineering Company Limited* (浙江格靈通電梯工程有限公司), a company established in the PRC with limited liability, owned as to 50% by Hangzhou Dangui Investment and is a connected person of the Company
“%”	per cent

* For identification purposes only.

By Order of the Board
Greentown Service Group Co. Ltd.
Yang Zhangfa
Chairman

Hangzhou, the PRC
31 December 2021

As at the date of this announcement, the executive Directors are Mr. YANG Zhangfa (Chairman), Mr. WU Zhihua and Mr. CHEN Hao; the non-executive Directors are Mr. SHOU Bainian, Ms. XIA Yibo, Ms. LI Hairong 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.