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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)**

**ANNOUNCEMENT  
DISCLOSEABLE TRANSACTIONS IN RELATION TO  
ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY**

On 29 March 2019 (after trading hours), the Company as the guarantor, the Purchaser, being an indirect wholly-owned subsidiary of the Company, Montessori Academy and the Vendors entered into the Share Purchase Agreement, pursuant to which, among other things, the Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing approximately 56% of the total issued share capital of the Target Company at the Consideration in the amount of AUD67,204,190.14 (subject to adjustment which is disclosed hereinbelow). Upon Completion, the Purchaser will be interested in approximately 56% equity interest in the Target Company. As such, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

Upon Completion, the Company, the Purchaser, the Vendors, the Target Company and Montessori Academy shall enter into the Shareholders Deed, in relation to, among other things, the relationship of the shareholders of the Target Company following Completion.

## **IMPLICATIONS UNDER THE LISTING RULES**

Based on the amount of the Consideration payable by the Company pursuant to the Share Purchase Agreement, together with the maximum amount payable by the Company assuming the Earn-out are exercised under the Shareholders Deed, certain of the applicable percentage ratios which are calculated in accordance with Rule 14.07 of the Listing Rules, would exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the IPO Put Option exceeds 5%, the granting of the IPO Put Option (the exercise of which is not at the discretion of the Company) does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Under Rule 14.74 of the Listing Rules, the grant of the IPO Put Option (the exercise of which is not at the discretion of the Company) shall be treated as if the IPO Put Option had been exercised. Both the aggregate exercise price and the premium of the IPO Put Option have been taken into account for the purpose of determining the applicable percentage ratios under the Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Greentown Facility exceeds 5%, the Greentown Facility does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Completion is subject to the fulfillment of the conditions precedent set out in the Share Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

## **INTRODUCTION**

The Board is pleased to announce that, on 29 March 2019 (after trading hours), the Company as the guarantor, the Purchaser, being an indirect wholly-owned subsidiary of the Company, Montessori Academy and the Vendors entered into the Share Purchase Agreement, pursuant to which, among other things, the Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing approximately 56% of the total issued share capital of the Target Company at the Consideration of AUD67,204,190.14 (subject to adjustment which is disclosed hereinbelow). Upon Completion, the Purchaser will be interested in approximately 56% equity interest in the Target Company. As such, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

Upon Completion, the Company, the Purchaser, the Vendors, the Target Company and Montessori Academy shall enter into the Shareholders Deed, in relation to, among other things, the relationship of the shareholders of the Target Company following Completion.

## **PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT**

The principal terms of the Share Purchase Agreement are summarized as follows:

### **Date**

29 March 2019 (after trading hours)

### **Parties**

- (1) Greentown Education as the Purchaser;
- (2) Colette, Charles and CCA Investment as the Vendors;
- (3) the Company as the Purchaser's guarantor;
- (4) Colette and Charles as the Trustees' guarantors; and
- (5) Montessori Academy, being the holder of the entire equity interest of the Target Company as at the date of the announcement and immediately prior to the Restructuring.

### **Subject matter**

Pursuant to the Share Purchase Agreement, the Vendors agreed to sell and the Purchaser agreed to purchase the Sale Shares. The Sale Shares represent approximately 56% of the total issued share capital of the Target Company.

The Target Company is a wholly-owned subsidiary of Montessori Academy while all the shares of MAG were held directly by the Vendors and Montessori Academy as at the date of the announcement. Pursuant to the Share Purchase Agreement, upon completion of the Restructuring and immediately prior to the Completion, the Vendors and Montessori Academy will directly hold the Target Company, which in turn, will directly hold all the shares of MAG. Further details of the Restructuring are set out in the section headed "Information on the Target Group — Restructuring of the Target Group" below.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors, Montessori Academy and their ultimate beneficial owner(s), where applicable, are Independent Third Parties.

### **Consideration**

The consideration is comprised of (i) the Completion Payment, payable by the Purchaser on Completion; plus or minus (ii) the adjustment, as the case maybe, made based on the Target Group's net debt amount, working capital amount, the warranty insurance premium, and any other adjustment to the Consideration on Completion that are made in accordance with the Share Purchase Agreement and the Clawback and Earn-out provisions as set out in the Shareholders Deed hereinbelow (collectively, the "**Consideration**").

The completion payment (the “**Completion Payment**”) is the amount equal to (i) AUD67,204,190.14; plus (ii) 56% of the estimated working capital adjustment amount minus 56% of the estimated net debt amount of the Target Group; minus (iii) the amount equal to half of the warranty insurance premium payable by the Purchaser. The maximum Consideration payable by the Purchaser for the Acquisition pursuant to the Share Purchase Agreement is AUD67,204,190.14.

The Company would make further announcement as appropriate in relation to the finalization of the Consideration (after the adjustment) upon Completion.

The Consideration was arrived at after arm’s length negotiations between the Vendors and the Purchaser with reference to, among other things, the appraised value, the business development and future prospects of the Target Group. The appraised value of the Target Group was assessed by an independent third party valuer based on the market comparable approach, benchmarking valuation multiples of comparable listed companies and comparable past transactions in assessing the value of the Target Group. The Consideration for the Acquisition will be financed by internal resources of the Group and/or external financing. The Directors consider that the Consideration was determined on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion is conditional upon and subject to the following conditions:

- (1) members of the Target Group having obtained consent, approval, confirmation or waivers from their landlords, lessors or licensors as required under each relevant lease for the properties set out in the Share Purchase Agreement, in relation to, changes of control of the members of the Target Group that will arise upon completion of the Restructuring and Completion;
- (2) MAG and other members of the Target Group having entered into an amendment to the existing facility dated 16 September 2016 and related documents, and having obtained consent, approval, confirmation or waiver (as applicable) from Westpac under such existing facility and other related charges or encumbrances, in relation to, changes of control of the members of the Target Group that will be triggered on completion of the Restructuring and on Completion, and also having removed and released any of the Vendors and Montessori Academy as a party, guarantor or obligor under such facility and other related charges or encumbrances;
- (3) there having occurred no material adverse change to the Target Group prior to Completion (the “**MAC Condition**”);
- (4) MAG, Greentown Education and the Guarantors having entered into the Greentown Facility in the amount of AUD20,000,000 to be provided by the Greentown Education (as the lender) to MAG (as the borrower) with the Guarantors as the guarantors and any ancillary documents requiring to be entered into under such facility, on terms satisfactory to the Purchaser and Vendors acting reasonably, details of the Greentown Facility are set out in the section headed “Greentown Facility” below;

- (5) Greentown Education, Westpac, MAG and the Company having entered into an intercreditor deed and any ancillary documents, on terms satisfactory to the Purchaser and the Vendors acting reasonably;
- (6) approval having been obtained from the Vendors, Montessori Academy, MAG and the shareholders of each of the members of the Target Group (other than the joint venture companies) of the transactions contemplated by the Share Purchase Agreement including entry to the amendment to the existing facility, the Greentown Facility and related documents in accordance with the Corporations Act;
- (7) approval (if needed) having been obtained from the Shareholders at a general meeting of the Company convened for approving the Share Purchase Agreement and the transactions contemplated by it; and
- (8) the Vendors and Montessori Academy having obtained all necessary consents, approvals and releases from Westpac for the due execution and delivery of the documents relating to the Restructuring and having provided the Purchaser evidence satisfactory to the Purchaser that the Restructuring has been completed.

### **Guarantee**

The Company has unconditionally and irrevocably guaranteed the Vendors the due and punctual payment by the Purchaser of all of its payment obligations under the Share Purchase Agreement. As a separate and additional liability, the Company must indemnify the Vendors, on demand, against all losses and claims which may be incurred by, or brought, made or recovered against, the Purchaser as a result of any default or delay by the Purchaser in the due and punctual performance of the Purchaser's monetary obligations under the Share Purchase Agreement.

Charles and Colette have unconditionally and irrevocably guaranteed the Purchaser the due and punctual performance by the relevant Trustees of all of their obligations under the Share Purchase Agreement. As a separate and additional liability, Charles and Colette must indemnify the Purchaser, on demand, against all losses and claims which may be incurred by, or brought, made or recovered against, the Purchaser as a result of any default or delay by the relevant Trustees in the due and punctual performance of any of the relevant Trustees' obligations under the Share Purchase Agreement.

### **Completion**

Completion shall take place in Sydney office of the Vendors' solicitors at 2 pm on the Completion Date after the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Share Purchase Agreement or such other date as shall be agreed in writing between the parties to the Share Purchase Agreement.

Upon Completion, the Purchaser will acquire approximately 56% of the total issued share capital of the Target Company. As such, the Target Company will become an indirect non-wholly owned subsidiary of the Company. The financial results of the Target Group will be consolidated into the financial statements of the Company.

## PRINCIPAL TERMS OF THE SHAREHOLDERS DEED

Immediately after the Restructuring and upon Completion, the Company, the Purchaser, the Vendors, the Target Company and Montessori Academy shall enter into the Shareholders Deed, in relation to, among other things, the relationship of the shareholders of the Target Company following Completion.

The following table sets out the shareholders of the Target Company upon Completion:

Shareholder name	Number and class of shares held as at the date of the Shareholders Deed	Number of shares as a percentage of the total number of shares on issue at the date of the Shareholders Deed <i>Approximate (%)</i>
CCA Investment	2,674 fully paid ordinary shares	21.22%
Montessori Academy	2,870 fully paid ordinary shares	22.78%
The Purchaser	7,057 fully paid ordinary shares	56.00%
<b>Total</b>	<b>12,601</b>	<b>100%</b>

*Note:* The percentages shown are rounded to the nearest 2 decimal places.

The Principal terms of the Shareholders Deed are summarized as follows:

### Restrictions on disposal of securities

Except as permitted in the Shareholders Deed, no shareholder of the Target Company shall in any way, directly or indirectly create a security interest over or otherwise encumber all or any portion of such shareholder's shares or dispose its or his shares in the Target Company without Required Approval.

### Right of first refusal

If any shareholder of the Target Company proposes to transfer all or any portion of its securities of the Target Company (the "**Selling Shareholder**"), the Target Company shall offer such shares to all shareholders of the Target Company (other than the Selling Shareholder) (the "**Remaining Shareholder(s)**") by written notice (the "**ROFR Offer**"), and each Remaining Shareholder may, by written notice received by the Company on or before the date that is 15 Business Days after the date of the ROFR Offer, agree to buy the number of securities on terms matching those set out in the relevant notice of sale.

## **Drag-along rights**

After 1 January 2024, the Purchaser or the Assaf Shareholders that is entitled to exercise the drag-along option in accordance with the Shareholders Deed and that wishes to transfer, all of its securities of the Target Company to a third party purchaser (the “**Drag Buyer**”), may require all other shareholders of the Target Company to sell and transfer to the Drag Buyer or as the Drag Buyer may direct in accordance with the manner as required by the Shareholders Deed all of their securities.

The Purchaser or the Assaf Shareholders will be entitled to exercise the drag-along option in accordance with the Shareholders Deed provided that (i) the Purchaser or the Assaf Shareholder that wishes to sell its securities (the “**Drag Seller**”) having served a notice on the other that it wishes to trigger the drag-along rights pursuant to the Shareholders Deed; and (ii) the Drag Seller having first offered all of its shares to the other and the price at which the other is dragged is at least the same as the price at which the Drag Seller offered to sell its securities. In addition, the Purchaser can only be the Drag Seller to drag the Assaf Shareholders in a sale to a third party subject to a minimum price of no less than the EBITDA for the last 12 months multiplied by 11.3.

## **Tag-along rights**

Subject to the terms and conditions in the Shareholders Deed, if, in one transaction or a series of related transactions (the “**Proposed Transaction**”), a Selling Shareholder proposes to transfer 50% or more of its securities of the Target Company to a third party (the “**Tag Buyer**”), the Selling Shareholder shall (i) use all reasonable endeavours to procure that the Tag Buyer irrevocably makes an offer (the “**Tag Offer**”) to each of the shareholders of the Target Company other than the Selling Shareholder (the “**Tag Shareholder(s)**”) to purchase the same portion of the securities of the Target Company held by them for consideration in Australian dollars in cash per security that is at least equal to the highest price per security in the same class offered to or paid by the Tag Buyer in connection of the Proposed Transaction; and (ii) not complete nor enter into any agreement to complete the Proposed Transaction unless the Tag Buyer has made a Tag Offer to each of the Tag Shareholders. Each Tag Shareholder may accept the Tag Offer in respect of the same proportion of securities as the proportion being sold to the Tag Buyer by the Selling Shareholders.

## **Pre-emptive rights**

Subject to the terms and conditions in the Shareholders Deed, if the Target Company proposes to issue securities to any person, each shareholders of the Target Company shall have the first right to purchase such new securities on terms and conditions in accordance with the Shareholders Deed.

## **IPO**

The parties under the Shareholders Deed acknowledge and agree that it is their intention to effect an IPO on or after 1 July 2021 and to commence preparatory steps towards an IPO from 1 July 2020.



## **IPO Put Option**

In consideration for AUD1.00 payable by each of the Assaf Shareholders to the Purchaser, the Purchaser irrevocably grants to the Assaf Shareholders an option to require the Listco to purchase such number of shares of the Target Company held by the Assaf Shareholders as is determined in accordance with the terms of the Shareholders Deed (“**IPO Put Option Securities**”) in consideration for the issue of new fully paid shares in the main class of securities in Listco to be quoted on the stock exchange on which the listing of such shares of Listco shall take place pursuant to the Shareholders Deed.

The number of IPO Put Option Securities will be the lower of:

- (i) such number of shares of the Target Company held by each of the Assaf Shareholders as is equal to 10% of such shares on issue as at the date of the Shareholders Deed; or
- (ii) the greatest number of shares of the Target Company that ensures that:
  - (a) the IPO Put Proportion of the revenue of the Target Company is less than or equal to RMB48,859,460;
  - (b) the IPO Put Proportion of the total assets of the Target Company is less than or equal to RMB47,171,209;
  - (c) the IPO Put Proportion of the profit of the Target Company is less than or equal to RMB13,750,624; or
  - (d) the IPO Put Proportion of the valuation of the Target Company is less than or equal to RMB178,073,295.

## **Clawback**

If Cumulative EBITDA for the relevant Cumulative EBITDA Period is below 90% of the Target Cumulative EBITDA for that Cumulative EBITDA Period as set out in the Shareholders Deed (“**Clawback Threshold Condition**”), subject to the related exclusion in the Shareholders Deed and the occurrence of a Trigger Event (as defined below), the Purchaser shall be entitled to receive either:

- (i) payment of the Clawback Amount (as defined below) from the Assaf Shareholders, in their respective proportions in cash; and/or
- (ii) that number of ordinary shares in the Target Company, from the Assaf Shareholders in their respective proportions, with a value equal to the Clawback Amount (as defined below) as set out below.

*Clawback Amount = 0.56 x (Clawback Threshold Condition for the Cumulative EBITDA Period – Cumulative EBITDA for the Cumulative EBITDA Period) (“Clawback Amount”)*

The formula above was determined with reference to, among other things, the past financial results and future business targets of the Target Company.



Each of the following is a trigger event (the “**Trigger Event**”):

- (a) any exit, which refers to (i) an IPO, (ii) a sale of (or the grant of a right to acquire or dispose of) all securities of the Target Company to a bona fide third party, and (iii) a disposal of all, or substantially all of the assets of the Target Group to a bona fide third party;
- (b) a sale of more than 50% of the securities of the Target Company held by the Purchaser as permitted by and in accordance with the Shareholders Deed, except otherwise provided under the Shareholders Deed;
- (c) any sale of ordinary shares by the Assaf Shareholders as permitted by and in accordance with the Shareholders Deed (except otherwise provided under the Shareholders Deed) which results in the Assaf Shareholders collectively holding less than 20% of the total number of the ordinary shares of the Target Company then on issue;
- (d) exercise by the Assaf Shareholders of the IPO Put Option in accordance with the Shareholders Deed;
- (e) if the employment of Charles with the Target Group terminates for any reason on or before 1 January 2022; and
- (f) 1 January 2024 (if none of the above Trigger Events have previously occurred).

### **Earn-out**

If Cumulative EBITDA for the relevant Cumulative EBITDA Period is greater than 110% of the Target Cumulative EBITDA for that Cumulative EBITDA Period as set out in the Shareholders Deed (“**Earn-out Threshold Condition**”), subject to the related exclusion in the Shareholders Deed and the occurrence of a Trigger Event (as defined above), the Assaf Shareholders shall be entitled to receive, in their respective proportions, to the Earn-out Amount (as defined below) in cash from the Purchaser.

*Earn-out Amount = 0.30 x (Cumulative EBITDA for the Cumulative EBITDA Period – Earn-out Threshold Condition for the Cumulative EBITDA Period)* (“**Earn-out Amount**”)

If the Earn-out Amount calculated in accordance with the above formula would exceed the Australian dollar equivalent of RMB33,723,900, the Earn-out Amount will be the Australian dollar equivalent of RMB33,723,900.

The formula above was determined with reference to, among other things, the past financial results and the future business targets of the Target Company.

### **Board of Directors and management**

The number of directors of the Target Company shall be no less than two and no more than six at any given time. Subject to the terms and conditions under the Shareholders Deed, the Assaf Shareholders may appoint up to two directors of the Target Company from time to time (each, the “**Assaf Shareholder Director**”), except in the event that the Assaf Shareholders including their permitted transferees collectively hold less than 20% of the

total number of voting shares of the Target Company on issue in which case they may only appoint one Assaf Shareholder Director. The Purchaser may appoint up to three directors of the Target Company from time to time (each, the “**Greentown Director**”).

The chair (the “**Chair**”) of the board of directors of the Target Company will be appointed by the board of directors of the Target Company with approval of at least one Assaf Shareholder Director and at least one Greentown Director. As at the date of the announcement, no Chair is appointed. The quorum for any meeting of the directors of the Target Company is at least one Assaf Shareholder Director and at least one Greentown Director, which must be held at least once during each quarter. All decisions must be made by a simple majority, on a show of hands, unless a director calls for votes to be counted.

Upon execution of the Shareholders Deed, Charles will be appointed as the chief executive officer of the Target Group.

### **Reserved matters requiring approval**

The Target Company must not do, and must procure that none of its subsidiaries do, any of the reserved matters set out in the Shareholders Deed without Required Approval, including, among other things:

- (a) materially vary the initial business plan attached to the Shareholders Deed;
- (b) issue or grant any securities of the Target Company other than ordinary shares of the Target Company;
- (c) undertake or undergo a reorganisation (including a buy back or redemption of any equity security) other than in connection with an IPO after 1 July 2020;
- (d) create any security interest over the assets or undertaking of any member of the Target Group, except as required by any financing documents or in the ordinary course of business in accordance with the business plan;
- (e) dispose of the business (or any material part of it) or any securities in or held by any member of the Target Group or acquire any other business (or any material part of a business) or any securities in any other company or trust;
- (f) sell or buy any assets, other than in accordance with the business plan, having a value of more than AUD1,000,000 in a single transaction, a series of related transactions over any period or a series of unrelated transactions in a 12-month period by one or more members of the Target Group;
- (g) incur capital expenditure, other than in accordance with the business plan in a financial year for the business or in respect of any individual asset or project as a whole or assume any material liability otherwise than in the ordinary course of business;

- (h) enter into or materially vary any contract or other arrangement between a member of the Target Group and any current or proposed holder of securities of the Target Company, director of a member of the Target Group, any person in which a holder of securities of the Target Company, or such a director has an economic interest, or any relative of a holder of securities of the Target Company, or such a director;
- (i) apply to a recognised stock exchange for a listing or for quotation of any equity securities at any time prior to 1 July 2021 or appoint a manager(s) or underwriter(s) in relation to, or otherwise effect, or take any steps to effect, an IPO, or both in each case at any time prior to 1 July 2020; or
- (j) enter into any finance or operating lease, other than in accordance with the business plan.

### **Dividend distributions**

Subject to the requirements of the Corporations Act as in force from time to time and any covenants relating to the declaration or payment of dividends given by the Company in connection with any debt facility, and unless the parties agree otherwise in relation to any Financial Year, the Target Company will (and the shareholders of the Target Company will procure that the board of the Target Company will approve that) in respect of each Financial Year distribute by way of dividend at least 60% of the net profit of the Target Group in relation to that Financial Year having regard to all necessary, reasonable and prudent provisions and reserves for taxation and in respect of any scheduled repayments of borrowings by the Target Company (if any) that are mandated under the terms of any debt facility; and any regulatory, working capital and capital expenditure demands (which are unable to be funded under any existing debt facility or out of the Target Company's anticipated cash flows), in each case where such provisions, reserves or expenditure demands are due within the next 12 months from the date of the declaration of the dividend.

### **Management Equity Incentive Plan**

The Target Company will establish a management equity incentive plan (the "**Management Equity Incentive Plan**") as soon as reasonably practicable following the date of the Shareholders Deed in order to help attract, retain and incentivize executive and senior management personnel of the Target Group. Any securities that may be granted or issued under the Management Equity Incentive Plan must be allocated from and out of the Purchaser's shareholding in the Target Company and must not dilute the shareholding of the Assaf Shareholders in the Target Company. Charles as the chief executive officer of the Target Group shall have the sole responsibility and authority to select the participants in the Management Equity Incentive Plan and the amount of their awards, subject to final board's approval.

The Management Equity Incentive Plan will be governed by the relevant rules which will be approved by the board of directors of the Target Company with the prior written consent of the Assaf Shareholders and the Purchaser acting reasonably and in good faith and shall be in compliance with the articles of association of the Company, the applicable laws and the Listing Rules.

The relevant rules of the Management Equity Incentive Plan will include provisions to the effect that a limited-recourse loan will be provided to a recipient in order for the recipient to fund its acquisition of securities under the Management Equity Incentive Plan.

The Company would make further announcement as appropriate in relation to any implications under the Listing Rules (if any).

### **Guarantee**

The Company unconditionally and irrevocably guarantees to the Assaf Shareholders the due and punctual performance by the Purchaser of all of its payment obligations under the Shareholders Deed (including in connection with a monetary payment obligation of the Purchaser pursuant to the successful enforcement of the Shareholders Deed against the Purchaser). Also, as a separate and additional liability, the Company must indemnify the Assaf Shareholders, on demand, against all losses and claims which may be incurred by, or brought, made or recovered against, the Purchaser as a result of any default or delay by the Purchaser in the due and punctual performance of any of the Purchaser's monetary obligations under the Shareholders Deed.

### **Competition**

Each shareholder of the Target Company must not, and must ensure their associates do not, in any capacity including as trustee, principal, agent, shareholder, unitholder or director, do any of the following things in the Restraint Area (as defined below):

- (a) directly or indirectly carry on the Purchaser's Restrained Business, where the undertaking is given by the Purchaser, or directly or indirectly carry on the Other Restrained Business where the undertaking is given by shareholders of the Target Company other than the Purchaser, during the 5 years after the relevant party is no longer a shareholder of the Target Company;
- (b) subject to the related exclusions in the Shareholders Deed, directly or indirectly concerned with or interested in a Restrained Business during the 4 years after the relevant party is no longer a shareholder of the Target Company;
- (c) solicit or persuade a customer or supplier of the business of the Target Group to stop or reduce its business with a member of the Target Group or in respect of the business of the Target Group during the 3 years after the relevant party is no longer a shareholder of the Target Company;
- (d) use any intellectual property rights or confidential information belonging to a member of the Target Group during the 2 years after the relevant party is no longer a shareholder of the Target Company; and
- (e) induce or attempt to induce a person who is an employee of the Target Company at the date of the Shareholders Deed or who later becomes an employee of the Target Company to terminate his or her employment with the Target Company or a related body corporate of the Target Company during one year after the relevant party is no longer a shareholder of the Target Company.

For the purposes of the clause in relation to Competition, the restraint area (“**Restraint Area**”) for any shareholder of the Target Company (other than the Purchaser) will be each of Asia, the PRC and Australia; while the Restraint Area for the Purchaser will be Australia.

## **FINANCIAL INFORMATION OF THE TARGET GROUP**

Based on the financial statements of the Target Company prepared in accordance with the International Financial Reporting Standards, the financial information of the Target Group for the two years ended 30 June 2018 and the six months ended 31 December 2018 was approximately as follows:

	<b>For the year ended 30 June</b>		<b>For the six months ended 31 December</b>
	<b>2017</b>	<b>2018</b>	<b>2018</b>
	<i>(AUD'000)</i>	<i>(AUD'000)</i>	<i>(AUD'000)</i>
	(audited)	(audited)	(unaudited)
Revenue	32,951	40,567	22,517
Profit before taxation	5,557	4,757	3,956
Profit after taxation	4,565	2,928	3,045

The audited net asset value of the Target Group as at 30 June 2018 was approximately AUD19,954,902, while the unaudited net asset value of the Target Group as at 31 December 2018 was approximately AUD11,029,531.

## **INFORMATION OF THE TARGET GROUP**

### **Information of the Target Company**

The Target Company is a company incorporated in Australia with limited liability and is a wholly owned subsidiary of Montessori Academy as at the date of the announcement. The Target Company is principally engaged in the provision of education and nursery services offering day-to-day education to infants between 0–2 years old, toddlers between 2–3 years old and preschoolers between 3–6 years old in accordance with the Montessori curriculum and system, and has been operating more than 20 kindergartens in Australia.

### **Information of MAG**

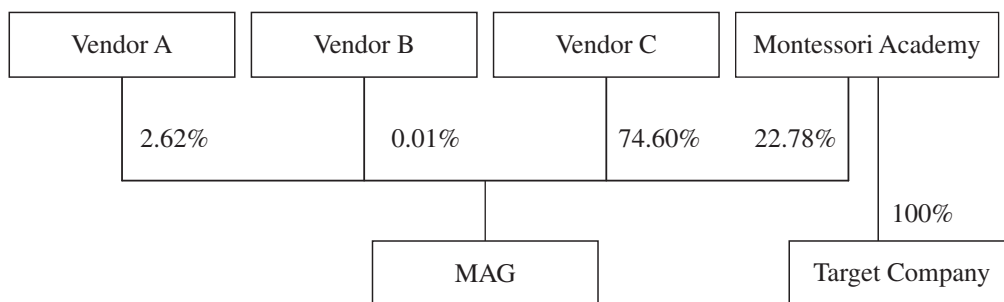
MAG is a company incorporated in Australia with limited liability and a wholly owned subsidiary of the Target Company immediately after the completion of the Restructuring. It is principally engaged in the business of providing early childhood education and kindergarten education with Montessori teaching method.

## Restructuring of the Target Group

As disclosed in the section headed “Principal Terms of the Share Purchase Agreement — Subject matter” above, the Target Group will undergo the Restructuring in respect of which, the Target Company will be interposed as the intermediate holding company of MAG for the purpose of the Acquisition and completion of the Restructuring is one of the conditions precedent under the Share Purchase Agreement.

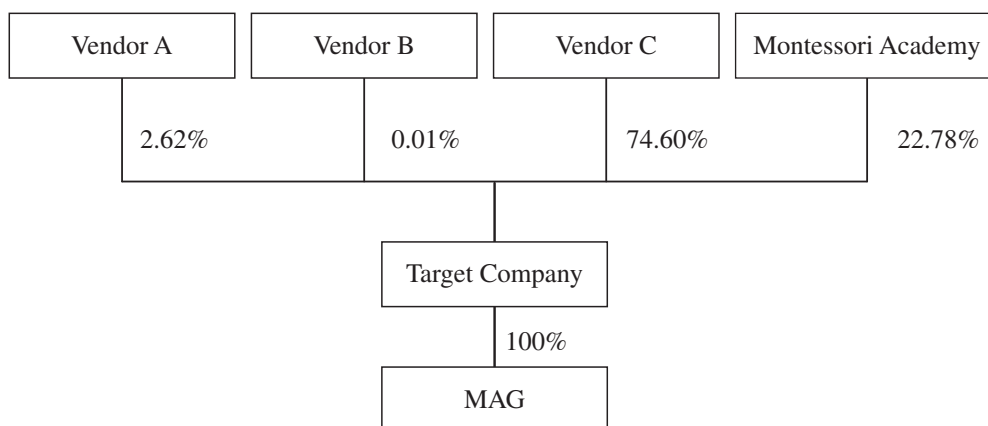
The Restructuring will involve the sale, immediately prior to Completion, by the Vendors and Montessori Academy of all their shares in MAG to the Target Company pursuant to the Share Purchase Agreement, in exchange for the issue by the Target Company of its shares to the Vendors and Montessori Academy in such numbers that, on completion of which, the Vendors and Montessori Academy will hold shares in the Target Company in the same number and proportions as they hold shares in MAG as at the date of the announcement.

As at the date of the announcement, the shareholding structure of the Target Group is as follows:



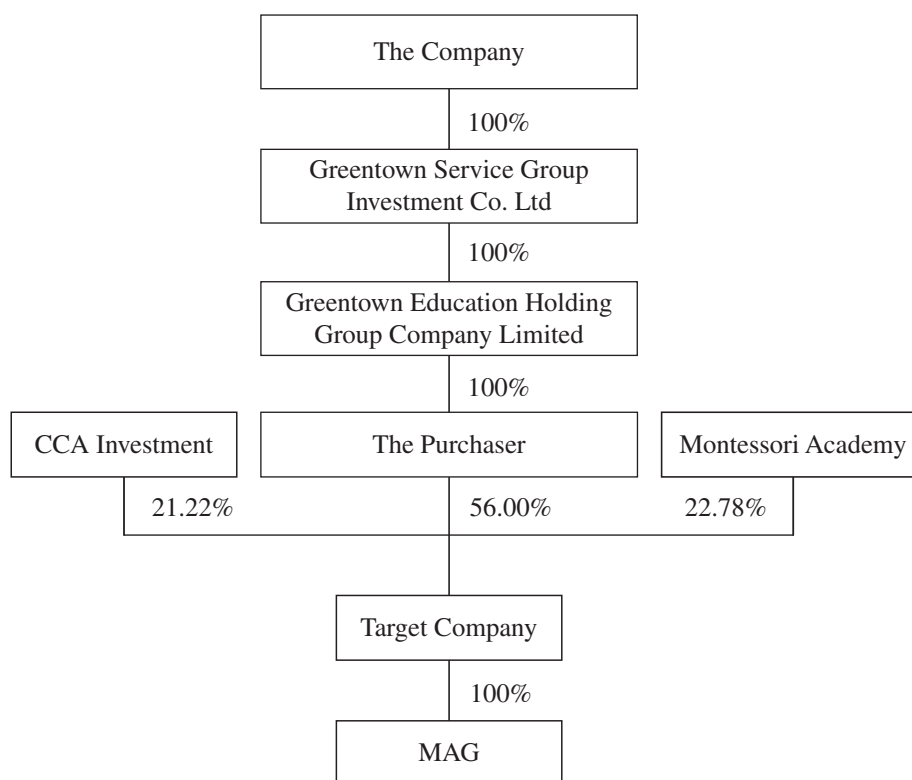
*Note:* The percentages shown are rounded to the nearest 2 decimal places

Upon completion of the Restructuring and immediately prior to Completion, the shareholding structure of the Target Group is as follows:



*Note:* The percentages shown are rounded to the nearest 2 decimal places

Upon Completion, the structure of the Target Group is as follows:



*Note:* The percentages shown are rounded to the nearest 2 decimal places

## **INFORMATION OF THE GROUP**

### **Information of the Company**

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

### **Information of the Purchaser**

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. It is established with an aim of holding relevant equity interest of the Target Company pursuant to the Acquisition, therefore it is principally engaged in investment holding.

## **INFORMATION OF CCA INVESTMENT AND CCA INVESTMENT TRUST**

### **Information of CCA Investment**

CCA investment is incorporated in Australia with limited liability and a trustee of CCA Investment Trust, and is principally engaged in investment holding.



## **Information of CCA Investment Trust**

CCA Investment Trust is a family trust fund set up in Australia with CCA Investment as the trustee and Colette, Charles and their respective spouses, offspring and the spouses of their offspring as the beneficiaries.

## **INFORMATION OF MONTESSORI ACADEMY AND MONTESSORI ACADEMY TRUST**

### **Information of Montessori Academy**

Montessori Academy is a company incorporated in Australia with limited liability and a trustee of Montessori Academy Trust, and is principally engaged in investment holding.

### **Information of Montessori Academy Trust**

Montessori Academy Trust is a family trust fund set up in Australia with Montessori Academy as the trustee and Colette, Charles and their respective spouses, offspring and the spouses of their offspring as the beneficiaries.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group believes the Acquisition is in line with its current strategy of developing education business in relation to early childhood education. Meanwhile, the Acquisition will expand the Group's branded education business, prompting parallel development by way of differentiation and complementarity with the Qi Miao Yuan business of the Group, and making its business scale and industry position buoyant. It is also favourable to acquire a complete, mature and high quality solution for operating schools so as to expedite the growth of the Group's core competitiveness for its education businesses in the domestic market. Besides, it is advantageous to obtain the ability to train teaching staff for professional education, being a breakthrough in the development of its critical business, and reduces the cost for the recruitment of teaching staff and training. In addition, the Target Company enjoys rapid growth and good profitability, which the Directors believe will be beneficial to the Group. The Directors consider that the Acquisition and the related transactions will expand the Company's business and improve the investment portfolio of Company.

The Directors consider that the terms of the Share Purchase Agreement and the Shareholders Deed and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GREENTOWN FACILITY**

Pursuant to the Share Purchase Agreement, the entering into the Greentown Facility is one of the conditions precedent to the Completion of the Acquisition. Greentown Education would enter into the Greentown Facility, being a secured revolving loan facility, with MAG and the Guarantors, pursuant to which, Greentown Education will provide a loan in the amount of AUD20,000,000 to MAG for a term of five years from the date of financial close of the Greentown Facility.

The principal terms of the Greentown Facility to be entered into are summarized as follows:

- Parties: (1) MAG as the borrower;
- (2) Greentown Education as the lender; and
- (3) the Guarantors as the guarantors.
- Principal amount: AUD20,000,000
- Interest rate: The base rate (being 12 months US\$ LIBOR or if US\$ LIBOR ceases to be Greentown Education's cost of funds) plus 4.9% per annum. Interest will be calculated on a daily basis on the basis of the actual number of days elapsed and a 365-day year and is payable in arrears.
- Interest period: Each interest period ending on a 3 monthly period of the date of first drawdown but in all cases ending no later than the last day of the Term. Break costs shall not be payable in respect of any repayments or prepayments.
- Term: The Greentown Facility is to be repaid in full on the date of five years from the date of financial close of the Greentown Facility.
- Availability period: The Greentown Facility commences on the date of financial close of the Greentown Facility and ends on the date 30 days before the end of the Term.
- Repayment: All amounts outstanding under the Greentown Facility shall be repayable in full on the last day of the Term.
- Security: The Guarantors jointly and severally guarantee the obligations of MAG under and in connection with the Greentown Facility, including but not limited to the obligation of MAG to repay the Greentown Facility in full to Greentown Education.

## **INFORMATION OF THE GUARANTORS**

The Guarantors comprise of MAG and 40 companies established in Australia with limited liability. Each of the 40 companies is a wholly owned subsidiary of MAG and is principally engaged in providing early childhood education for children between 0–6 years old in Australia, with each of them individually operating one education centre.

## **REASONS AND BENEFITS OF THE GREENTOWN FACILITY**

As disclosed in the section headed “Principal Terms of the Share Purchase Agreement”, after completion of the Restructuring and upon the Completion, the Company will, through its subsidiaries, control the operation of the Purchaser and its subsidiaries including the Target Company and MAG. In addition to the reasons stated in the section headed “Reasons for and benefits of the Acquisition”, the Greentown Facility will be utilized in providing stable financial support to MAG for its future domestic developments including the opening of new education centres in order to further expand its business in Australia. The Greentown Facility will also be utilized to finance approved capital expenditure and be applied for working capital purposes and general corporate expenses of MAG.

The Greentown Facility will be funded by the internal resources of the Group and/or external financing.

The proposed terms of the Greentown Facility were arrived at after arm’s length negotiations between MAG, Greentown Education and the Guarantors with reference to, among other things, the quality and value of the security provided and the Group’s assessment on the ability of MAG to repay and the business conditions and creditworthiness of MAG.

Based on the above, the Directors are of the view that the proposed terms of the Greentown Facility and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Based on the amount of the Consideration payable by the Company pursuant to the Share Purchase Agreement, together with the maximum amount payable by the Company assuming the Earn-out are exercised under the Shareholders Deed, certain of the applicable percentage ratios which are calculated in accordance with Rule 14.07 of the Listing Rules, would exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the IPO Put Option exceeds 5%, the granting of the IPO Put Option (the exercise of which is not at the discretion of the Company) does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Under Rule 14.74 of the Listing Rules, the grant of the IPO Put Option (the exercise of which is not at the discretion of the Company) shall be treated as if the IPO Put Option had been exercised. Both the exercise price and the premium of the IPO Put Option have been taken into account for the purpose of determining the applicable percentage ratios under the Chapter 14 of the Listing Rules.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Greentown Facility exceeds 5%, the Greentown Facility does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

**Completion is subject to the fulfillment of the conditions precedent set out in the Share Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser subject to the terms and conditions of the Share Purchase Agreement
“Assaf Shareholders”	collectively, any of CCA Investment, Montessori Academy, Colette or Charles and any permitted transferee of any of them whom any securities of the Target Company have been transferred under the Shareholders Deed
“associates”	has the meaning ascribed thereto in the Listing Rules
“AUD”	Australian dollar, the lawful currency of Australia
“Board”	the board of Directors
“Business Day”	a day on which banks are open for general banking business in New South Wales excluding Saturdays, Sundays or public holidays
“CCA Investment” or “Vendor C”	CCA Investment Group Pty. Limited, a company incorporated in Australia with limited liability and a trustee for the CCA Investment Trust
“CCA Investment Trust”	a family trust fund set up in Australia with CCA Investment as the trustee and Colette, Charles and their respective spouses, offspring and the spouses of their offspring as the beneficiaries
“Company”	Greentown Services 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
“Completion”	completion of the Acquisition

“Completion Date”	the date which is the last Business Day of the calendar month in which all of the conditions precedent (other than the MAC Condition) are satisfied or waived (unless the conditions precedent are satisfied or waived in the last 5 days of a calendar month, in which case it shall be the date which is the last Business Day of the calendar month following the month in which all of the conditions precedent (other than the MAC Condition) are satisfied or waived) or such earlier date as is agreed by the Purchaser and the Vendors’ Representative
“Completion Payment”	has the meaning as ascribed to it in section “PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT — Consideration” in this announcement
“Consideration”	has the meaning as ascribed to it in section “PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT — Consideration” in this announcement
“Corporations Act”	the Corporations Act 2001 (Cth) of Australia
“Cumulative EBITDA”	the actual aggregate cumulative EBITDA of the Target Group
“Cumulative EBITDA Period”	the period beginning on and from the Financial Year commencing on 1 January 2019 and ending (a) if a Trigger Event occurs before 31 December 2023, on the last day of the most recent Financial Year ending prior to the date the Trigger Event occurs; or (b) on 31 December 2023
“Director(s)”	the director(s) of the Company
“Earn-out”	has the meaning as ascribed to it in section “PRINCIPAL TERMS OF THE SHAREHOLDERS DEED — Earn-out” in this announcement
“EBITDA”	the earnings before interest, tax, depreciation and amortisation of the Target Group as determined in accordance with the Shareholders Deed
“Financial Year”	each period of 12 months commencing on 1 January and ending on 31 December and include the period commencing on the date of the Shareholders Deed and ending on 31 December 2018 and last 1 January before the date of termination of the Shareholders Deed and ending on the date of the termination
“Greentown Education”	Greentown Education Holding Group Company Limited, a company incorporated in the Cayman Islands with limited liability and a wholly owned subsidiary of the Company

“Greentown Facility”	the facility to be entered into by the Guarantors with MAG and Greentown Education, pursuant to which, Greentown Education as the lender intends to provide a loan in the amount of AUD20,000,000 to MAG as the borrower with Guarantors as guarantors
“Group”	the Company and its subsidiaries
“Guarantors”	the guarantors of the Greentown Facility, collectively, being 41 companies established in Australia with limited liability, including, MAG, MA Administration Services Pty Ltd, Australian Montessori College Pty Ltd, Auburn Montessori Academy Pty Ltd, Barangaroo Montessori Academy Pty Ltd, Burwood Montessori Academy Pty Ltd, Castle Hill MA Pty Ltd, Condell Park Montessori Academy Pty Ltd, Croyon Montessori Academy Pty Ltd, EAMA Pty Ltd, Earlwood Montessori Academy Pty Ltd, Early Achievers Montessori Academy Pty Ltd, Engadine Montessori Academy Pty Ltd, Entrada Montessori Academy Pty Ltd, Glebe Montessori Academy Ltd, Greenacre Montessori Academy Pty Ltd, Gymea Montessori Academy Pty Ltd, Leichhardt Montessori Academy Pty Ltd, Macquarie Montessori Academy Pty Ltd, Montessori Academy on Chapel Pty Ltd, Montessori Academy Strathfield Pty Ltd, Oran Park Montessori Academy Pty Ltd, Parramatta Montessori Academy Pty Ltd, Penrith Montessori Academy Pty Ltd, Victoria Park Montessori Academy Pty Ltd, Belfield Montessori Academy Pty Ltd, Belmore Montessori Academy Pty Ltd, Burwood Road Montessori Academy Pty Ltd, Carnes Hill Montessori Academy Pty Ltd, Clovelly Montessori Academy Pty Ltd, CrowsNest Montessori Academy Pty Ltd, Fairfield Montessori Academy Pty Ltd, Gungahlin Montessori Academy Pty Ltd, Narellan Montessori Academy Pty Ltd, Newcastle Montessori Academy Pty Ltd, Panania Montessori Academy Pty Ltd, Shepherds Bay Montessori Academy Pty Ltd, Toongabbie Montessori Academy Pty Ltd, Clayton Montessori Academy Pty Ltd, Little Bay Montessori Academy Pty Ltd, Miller Montessori Academy Pty Ltd, all of which being wholly owned subsidiaries of MAG
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPO”	an initial public offering of shares in Listco, the Target Company or a subsidiary or holding company of the Target Company in conjunction with the Target Company (as applicable) becoming admitted to the official list of a recognized stock exchange

“IPO Put Option”	has the meaning as ascribed to it in section “PRINCIPAL TERMS OF THE SHAREHOLDERS DEED — IPO Put Option” in this announcement
“IPO Put Option Exercise Period”	has the meaning as ascribed to it in section “PRINCIPAL TERMS OF THE SHAREHOLDERS DEED — IPO Put Option” in this announcement
“IPO Put Option Securities”	has the meaning as ascribed to it in section “PRINCIPAL TERMS OF THE SHAREHOLDERS DEED - IPO Put Option” in this announcement
“IPO Put Proportion”	the proportion which the number of IPO Put Option Securities bears to the total number of the issued shares of the Target Company
“Independent Third Parties”	independent third parties not connected with the Company and its connected persons
“LIBOR”	the London Interbank Offered Rate
“Listco”	a company that is, or will be incorporated as, a related body corporate of the Company that is controlled by the Purchaser or the Company for the purpose of holding up to all of the securities, among other entities, of the Target Company in order to implement an IPO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAC Condition”	has the meaning as ascribed to it in section “PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT — Conditions Precedent” in this announcement
“MAG”	Montessori Academy Group Pty Ltd., a company incorporated in Australia with limited liability and a wholly owned subsidiary of the Target Company immediately after the completion of the Restructuring
“Montessori Academy”	Montessori Academy Pty Ltd, a company incorporated in Australia with limited liability and a trustee for the Montessori Academy Trust
“Montessori Academy Trust”	a family trust fund set up in Australia with Montessori Academy as the trustee and Colette, Charles and their respective spouses, offspring and the spouses of their offspring as the beneficiaries
“Other Restrained Business”	the business of any form of early learning education for children between 0 and 6 years old, other than through a member of the Target Group



“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Greentown Education Investment Co. Ltd, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Purchaser’s Restrained Business”	the business of teaching the Montessori education method to children between 0 and 6 years old, other than through a member of the Target Group
“Required Approval”	(i) prior written approval given either by Greentown Education and the Assaf Shareholders (for so long as and from time to time whilst the Assaf Shareholders collectively hold at least 15% of the total number of shares of the Target Company on issue); or (ii) by a resolution of the board of the Target Company where such resolution has been passed with the approval of at least one Greentown Director and at least one Assaf Shareholder Director (for so long as and from time to time whilst the Assaf Shareholders collectively hold at least 15% of the total number of shares of the Target Company on issue); or (iii) by a unanimous circulating resolution of the board of the Target Company
“Restrained Business”	collectively, Purchaser’s Restrained Business and Other Restrained Business
“Restructuring”	the sale, immediately prior to Completion, by the Vendors and Montessori Academy of all their shares in MAG to the Target Company pursuant to the Share Purchase Agreement, in exchange for the issue by the Target Company of its shares to the Vendors and Montessori Academy in such numbers that, on completion of which, the Vendors and Montessori Academy will hold shares in the Target Company in the same number and proportions as they hold shares in MAG as at the date of this announcement, details of which are set out in the section headed “Restructuring of the Target Group” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	a total of 7,057 shares of the Target Company, which represents approximately 56% of the total issued share capital of the Target Company as at the date of this announcement
“Share(s)”	ordinary share(s) of par value HK\$0.00001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time

“Shareholders Deed”	a shareholders deed to be entered into by the Company, the Purchaser, the Vendors, the Target Company and Montessori Academy in relation to the Target Group upon Completion
“Share Purchase Agreement”	a share purchase agreement entered into by the Company, the Purchaser, Montessori Academy and the Vendors dated 29 March 2019 in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Cumulative EBITDA”	the target aggregate cumulative EBITDA of the Target Group set out in the Shareholders Deed
“Target Company”	Montessori Academy Group Holdings Pty Ltd, a company incorporated in Australia with limited liability
“Target Group”	the Target Company, MAG and all of their wholly owned subsidiaries, unit trusts and joint venture companies
“Term”	the proposed term of the Greentown Facility, being five years after the date of financial close under the Greentown Facility
“Trigger Event”	has the meaning as ascribed to it in section “PRINCIPAL TERMS OF THE SHAREHOLDERS DEED — Clawback” in this announcement
“Trustees”	collectively, CCA Investment and Montessori Academy
“US\$”	the lawful currency of the United States
“Vendor A” or “Colette”	Colette Assaf
“Vendor B” or “Charles” or “Vendors’ Representative”	Charles Peter Assaf
“Vendors”	collectively, Vendor A, Vendor B and Vendor C
“Westpac”	Westpac Banking Corporation
“%”	per cent

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

Hangzhou, the PRC  
29 March 2019

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