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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Joint Financial Advisers to the Company



SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

References are made to the announcements of the Company dated 27 December 2019 and 6 January 2020, respectively, in relation to, among others, the Framework Agreement and Share Sale.

Pursuant to the Framework Agreement, on 24 April 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber and the Guarantor, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 155,208,702 Subscription Shares at the Subscription Price of HK\$8.3833 per Subscription Share.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the 139,465,661 Shares directly held by the Subscriber as at the date of this announcement, the Subscriber, the Guarantor and their ultimate beneficial owner(s) are Independent Third Parties.

The 155,208,702 Subscription Shares represent (i) approximately 5.56% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no other change in the issued share capital of the Company from the date of this announcement and up to Completion).

The Subscription Price of HK\$8.3833 per Subscription Share represents:

- (i) a discount of approximately 10.72% over the closing price of HK\$9.390 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 11.14% over the average closing price of HK\$9.434 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement;
- (iii) a discount of approximately 9.09% over the average closing price of HK\$9.222 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Subscription Agreement; and
- (iv) a discount of approximately 7.50% over the average closing price of HK\$9.063 per Share as quoted on the Stock Exchange for the last twenty consecutive trading days immediately preceding the date of the Subscription Agreement.

Since the Subscription Shares will be allotted and issued under the General Mandate, the allotment and issue of the Subscription Shares are not subject to further Shareholders' approval.

The Company will apply to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

The gross proceeds raised from the Subscription will be approximately HK\$1,301.2 million. The net proceeds of the Subscription, after deducting any financial advisory fees payable to the Joint Financial Advisers and other costs, expenses and fees incurred in relation to the Subscription, are estimated to be approximately HK\$1,299.9 million. The net price per Subscription Share upon Completion will be approximately HK\$8.38. The Company intends to utilise the net proceeds from the Subscription for loan repayment, working capital and general corporate purpose.

GENERAL

The Completion of the Subscription is subject to the fulfilment of the Conditions. The Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

References are made to the announcements of the Company dated 27 December 2019 and 6 January 2020 (the “**Previous Announcements**”), respectively, in relation to, among others, the Framework Agreement and Share Sale. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements.

Pursuant to the Framework Agreement, on 24 April 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber and the Guarantor, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 155,208,702 Subscription Shares at the Subscription Price of HK\$8.3833 per Subscription Share.

THE SUBSCRIPTION

Date

24 April 2020 (after trading hours)

Parties

- (i) the Company (as issuer);
- (ii) the Subscriber; and
- (iii) the Guarantor.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, save for the 139,465,661 Shares directly held by the Subscriber as at the date of this announcement, the Subscriber, the Guarantor and their ultimate beneficial owner(s) are Independent Third Parties.

Joint Financial Advisers

The Company has appointed Citigroup Global Markets Asia Limited and CLSA Capital Markets Limited as its joint financial advisers (the “**Joint Financial Advisers**”) to advise the Company in connection with the transaction contemplated under the Subscription Agreement.

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

The Subscription Shares

The 155,208,702 Subscription Shares represent (i) approximately 5.56% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no other change in the issued share capital of the Company from the date of this announcement and up to Completion).

The 155,208,702 Subscription Shares have a nominal value of approximately HK\$1,552.09 and a market value of HK\$1,457,409,711.78, based on the closing price of HK\$9.39 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time of allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$8.3833 per Subscription Share represents:

- (i) a discount of approximately 10.72% over the closing price of HK\$9.390 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 11.14% over the average closing price of HK\$9.434 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement;
- (iii) a discount of approximately 9.09% over the average closing price of HK\$9.222 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Subscription Agreement; and
- (iv) a discount of approximately 7.50% over the average closing price of HK\$9.063 per Share as quoted on the Stock Exchange for the last twenty consecutive trading days immediately preceding the date of the Subscription Agreement.

The Subscription Price is between the ceiling price of 120% of the benchmarked price and the floor price of 80% of the benchmarked price as agreed under the Framework Agreement. “Benchmarked price” has the meaning ascribed to it under Rule 13.36(5) of the Listing Rules. For the avoidance of doubt, it was agreed by the parties to the Framework Agreement that such benchmarked price shall be the higher of the closing price on the date of the Framework Agreement and the average closing price in the five trading days immediately prior to the date of the Framework Agreement, being HK\$8.04.

The Subscription Price was arrived at after arm’s length negotiation between the Company and the Subscriber with reference to the prevailing market price of the Shares at the time of the execution of the Subscription Agreement. Given that the Subscription Price was set with reference to the recent market price of the Shares, the Directors consider that the Subscription Price is fair and reasonable under the current market conditions.

The aggregate Subscription Price will be payable by the Subscriber in cash upon Completion.

Conditions

Completion of the Subscription is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (1) the Shares remain listed and traded on the Stock Exchange from the date of the Subscription Agreement and up to the Completion Date (save for any temporary trading halt relating to the publication of any announcement in respect of the Subscription Agreement), and there is no indication being received on or before the Completion Date from the Stock Exchange or the Securities and Futures Commission to the effect that the listing of the Shares on the Stock Exchange will or may be withdrawn or objected to, or suspended in connection with the transaction contemplated under the Subscription Agreement;
- (2) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in the Subscription Shares and the Subscriber having agreed in writing to any conditions attached;
- (3) the representations and warranties given by the Company in the Subscription Agreement remaining true, accurate and not misleading in all material aspects from the date of the Subscription Agreement and at any time before the Completion;
- (4) the Company having performed all its obligations in each of the Subscription Agreement and the Framework Agreement expressed to be performed on or before the Completion; and
- (5) the shareholding of the Vendor and Orchid (including their associates) in the Company being not less than 45% from the date of the Subscription Agreement until the date on which all the conditions under the Subscription Agreement are satisfied

(each a “**Condition**”, and together the “**Conditions**”).

The Subscriber may in writing waive Condition (5) above. If any of the Conditions is not satisfied or waived (if applicable) on or before 30 June 2020 (or such other date may agree in writing by the Company and the Subscriber), the Subscriber has the right to terminate the Subscription Agreement by giving written notice to the Company and none of the parties shall have any claim against the others in respect of any matter arising out of or in connection with the Subscription Agreement except for any antecedent breach(es) of any obligation under the Subscription Agreement.

Completion

Completion will take place by no later than 11:00 a.m. (Hong Kong time) on the third Business Day after the Conditions are satisfied or waived (if applicable) (or such other date as mutually agreed by the Company and the Subscriber).

Guarantee

The Guarantor unconditionally and irrevocably guarantees to the Company the performance and observance of obligations by the Subscriber under the Subscription Agreement. If the Subscriber fails to perform any obligations, the Guarantor will, as a principal obligor, indemnify the Company against any lost, cost, expenses or damages incurred as a result of the Subscriber's default in performance of its obligations. The aforesaid guarantee given by the Guarantor is a continuing guarantee and indemnity.

General Mandate

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by the Shareholders at the AGM. Under the General Mandate, the Directors are authorised to allot, issue or deal with up to 555,555,200 new Shares, being 20% of the then issued share capital of the Company as at the date of the AGM.

As at the date of this announcement, no new Shares have been allotted and issued pursuant to the General Mandate. Since the Subscription Shares will be allotted and issued under the General Mandate, the allotment and issue of the Subscription Shares are not subject to further Shareholders' approval.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

INFORMATION ON PARTIES TO THE SUBSCRIPTION AGREEMENT

Subscriber

The Subscriber is a company incorporated in the BVI with limited liability, which is principally engaged in investment holding. The Subscriber is an indirectly wholly-owned subsidiary of Longfor. Longfor is engaged in the principal business of property development, commercial property, long-term rental apartments and smart services.

Guarantor

The Guarantor is a company incorporated under the laws of Hong Kong with limited liability, which is principally engaged in investment holding. The Guarantor is also an indirectly wholly-owned subsidiary of Longfor.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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 Directors consider that the Subscription will broaden the Shareholder base of the Company and improve the liquidity of the Shares. It will also strengthen the capital base for science and technology capacity-building, and the cultivation of core services, etc., which

are necessary for the development of the Company. Furthermore, the Directors consider that the Subscription is a preferred method of fund raising as compared with other equity fund raising exercises based on time and costs involved.

For the reasons above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement are on normal commercial terms and the Subscription is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Ms. Li Hairong (“**Ms. Li**”), being an executive Director and the chairman of the Board, entered into the Sale and Purchase Agreement with the Subscriber on 27 December 2019. The Subscription is subject to completion of the Share Sale under the Sale and Purchase Agreement, therefore, Ms. Li is regarded as interested in the Subscription and has abstained from approving the relevant Board resolutions in respect of the Subscription Agreement and the transaction contemplated thereunder.

Mr. Wang Guangjian (“**Mr. Wang**”), being a non-executive Director nominated by the Subscriber pursuant to the Sale and Purchase Agreement, is also an executive director and the senior vice president of Longfor, which indirectly holds the entire equity interests in each of the Subscriber and the Guarantor respectively. Therefore, Mr. Wang is regarded as interested in the Subscription and has abstained from approving the relevant Board resolutions in respect of the Subscription Agreement and the transaction contemplated thereunder.

Save for disclosed above, none of the Directors is regarded as having a material interest in the Subscription, therefore none of them is required to abstain from approving the relevant Board resolutions relating to the Subscription Agreement and the transaction contemplated thereunder.

Use of Proceeds

The gross proceeds raised from the Subscription will be approximately HK\$1,301.2 million. The net proceeds of the Subscription, after deducting any financial advisory fees payable to the Joint Financial Advisers and other costs, expenses and fees incurred in relation to the Subscription, are estimated to be approximately HK\$1,299.9 million. The net price per Subscription Share upon Completion will be approximately HK\$8.38. The Company intends to utilise the net proceeds from the Subscription for loan repayment, working capital and general corporate purpose.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming that there are no changes in the issued share capital of the Company from the date of this announcement and up to the Completion Date) are summarised as follows:

Shareholders	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Orchid	1,020,000,000	36.5%	1,020,000,000	34.6%
Vendor	423,868,339	15.2%	423,868,339	14.4%
Subscriber	139,465,661	5.0%	294,674,363	10.0%
Other public Shareholders	<u>1,208,200,925</u>	<u>43.3%</u>	<u>1,208,200,925</u>	<u>41.0%</u>
Total	<u><u>2,791,534,925</u></u>	<u><u>100.0%</u></u>	<u><u>2,946,743,627</u></u>	<u><u>100.0%</u></u>

Following the Completion, the Subscriber will become a substantial shareholder of the Company holding approximately 10% interest in the Company, assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the Completion Date. Accordingly, the Subscriber will become a core connected person of the Company and the Shares held by it will not be counted towards the public float of the Company.

The Completion of the Subscription is subject to the fulfilment of the Conditions. The Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 14 June 2019
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company

“Business Day(s)”	a day (other than a Saturday, Sunday, public holiday in Hong Kong or the PRC and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Company”	Greentown Service 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 Subscription in accordance with the Subscription Agreement
“Completion Date”	the third Business Day after the Conditions are satisfied or waived (if applicable) (or such other date as mutually agreed by the Company and the Subscriber)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“core connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 555,555,200 new Shares, being 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Guarantor”	Juntion Development Hong Kong (Holding) Limited 嘉遜發展香港(控股)有限公司, a company incorporated under the laws of Hong Kong with limited liability and a wholly owned subsidiary of Longfor
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Longfor”	Longfor Group Holdings Limited (龍湖集團控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 960)
“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
“Shareholder(s)”	the shareholder(s) of the Company
“Shares”	ordinary shares of HK\$0.00001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Sail Link Holdings Limited, a company incorporated in the BVI with limited liability and an indirectly wholly-owned subsidiary of Longfor
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 24 April 2020 and entered into by the Company with the Subscriber and the Guarantor in relation to the Subscription
“Subscription Price”	HK\$8.3833 per Subscription Share
“Subscription Shares”	an aggregate of 155,208,702 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“trading day”	a day on which securities are traded or dealt with on the Stock Exchange
“%”	per cent

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

Hangzhou, the PRC
24 April 2020

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. WANG Guangjian; and the independent non-executive Directors are Mr. LI Feng, Mr. POON Chiu Kwok, Mr. WONG Ka Yi and Ms. WU Aiping.