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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)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agents**



The Board is pleased to announce that on 3 June 2020 (before trading hours), the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Company has conditionally agreed to appoint the Placing Agents, and the Placing Agents have conditionally agreed to act (on a several but not joint nor joint and several basis) as placing agents of the Company for the purpose of procuring, as agents of the Company, the Placees to subscribe for, or, failing which, subscribing for, 266,600,000 Placing Shares at the Placing Price of HK\$10.18 per Placing Share on the terms and subject to the conditions set out in the Placing Agreement.

The Placing Price of HK\$10.18 per Placing Share represents:

- (i) a discount of approximately 7.12% to the closing price of HK\$10.96 per Share as quoted on the Stock Exchange on 2 June 2020, being the last trading day prior to the date of the Placing Agreement;
- (ii) a discount of approximately 2.53% to the average closing prices of HK\$10.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement;

- (iii) a discount of approximately 3.94% to the average closing prices of HK\$10.60 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Placing Agreement; and
- (iv) a discount of approximately 5.02% to the average closing prices of HK\$10.72 per Share as quoted on the Stock Exchange for the last twenty consecutive trading days immediately prior to the date of the Placing Agreement.

The 266,600,000 Placing Shares represent approximately 9.04% of the issued share capital of the Company as at the date of this announcement and approximately 8.29% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to completion of the Placing, save for the allotment and issue of the Placing Shares).

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by the Shareholders at the AGM. Accordingly, the allotment and issue of the Placing Shares shall not be subject to any further approval by the Shareholders.

On the assumption that the Placing Shares are issued in full under the Placing, the gross and net proceeds to be received by the Company from the Placing, after deducting related fees and expenses, are estimated to be approximately HK\$2,714.0 million and HK\$2,693.0 million, respectively, representing a net issue price of approximately HK\$10.10 per Placing Share.

The Company intends to apply such net proceeds for the potential future merger and acquisition, strategic investments, working capital and general corporate purposes.

**The completion of the Placing is subject to the fulfillment or waiver (if applicable) of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## THE PLACING

The Board is pleased to announce that on 3 June 2020 (before trading hours), the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Company has conditionally agreed to appoint the Placing Agents, and the Placing Agents have conditionally agreed to act (on a several but not joint nor joint and several basis) as placing agents of the Company for the purpose of procuring, as agents of the Company, the Placees to subscribe for, or, failing which, subscribing for, 266,600,000 Placing Shares at the Placing Price of HK\$10.18 per Placing Share on the terms and subject to the conditions set out in the Placing Agreement.

The principal terms of the Placing Agreement are summarized below:

## **THE PLACING AGREEMENT**

### **Date**

3 June 2020 (before trading hours)

### **Parties**

- (1) the Company (as the issuer); and
- (2) the Placing Agents.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agents and their respective ultimate beneficial owner(s) are Independent Third Parties.

### **Placing Shares**

The Placing Agents agreed to act (on a several but not joint nor joint and several basis) as agents of the Company to procure the Placees to subscribe for 266,600,000 new Shares at the Placing Price (together with such brokerage and, (where applicable), SFC transaction levy and Stock Exchange trading fee as may be payable by the subscribers of the Placing Shares), on the terms and subject to the conditions set out in the Placing Agreement. The aggregate nominal value of the Placing Shares will be HK\$2,666.0.

The 266,600,000 Placing Shares represent approximately 9.04% of the issued share capital of the Company as at the date of this announcement and approximately 8.29% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to completion of the Placing, save for the allotment and issue of the Placing Shares).

### **Placing Price**

The Placing Price of HK\$10.18 per Placing Share represents:

- (i) a discount of approximately 7.12% to the closing price of HK\$10.96 per Share as quoted on the Stock Exchange on 2 June 2020, being the last trading day prior to the date of the Placing Agreement;
- (ii) a discount of approximately 2.53% to the average closing prices of HK\$10.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement;
- (iii) a discount of approximately 3.94% to the average closing prices of HK\$10.60 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Placing Agreement; and

- (iv) a discount of approximately 5.02% to the average closing prices of HK\$10.72 per Share as quoted on the Stock Exchange for the last twenty consecutive trading days immediately prior to the date of the Placing Agreement.

The net Placing Price (after deducting related costs and expenses to be borne by the Company) is approximately HK\$10.10 per Share. The Placing Price was arrived at after arm's length negotiation between the Company and the Placing Agents with reference to the prevailing market price of the Shares at the time of the execution of the Placing Agreement. Given that the Placing Price was set with reference to the recent market price of the Shares, the Directors consider that the Placing Price is fair and reasonable under the current market conditions and is in the interests of the Company and the Shareholders as a whole.

### **Placees**

It is expected that the Placing Agents will procure the Placing Shares to be placed to not less than six Placees, who/which will be professional, institutional and other investors to subscribe for the Placing Shares. Each of the Placees and their respective ultimate beneficial owners will be Independent Third Parties. It is not expected that any Placee will become a substantial shareholder of the Company as a result of the Placing.

### **Rights and ranking of the Placing Shares**

The Placing Shares will, on allotment and issue, be free from all liens, charges and encumbrances, and together with all rights attaching to them as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Placing Shares. The Placing Shares, when issued and fully paid, will rank *pari passu* in all aspects among themselves and with the Shares in issue on the date of the allotment and issue of the Placing Shares.

### **Placing Commission**

Provided that completion of the Placing occurs in accordance with the Placing Agreement, each of the Placing Agents will receive a commission, in Hong Kong dollars, of 0.75% of the amount equal to the Placing Price multiplied by the relevant number of Placing Shares based on the proportion of the Placing Shares which each the Placing Agents is appointed to procure Placees for (the "**Placing Commission**").

The Placing Commission was negotiated on arm's length basis between the Company and the Placing Agents and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents.

### **Conditions of the Placing**

Completion of the Placing is conditional upon the fulfilment or waiver of the following conditions: (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares pursuant to the Placing Agreement); and (ii) the Placing Agents having received a copy of a US legal opinion from the Placing Agents' US legal counsel in form and substance satisfactory to the Placing Agents.

If the conditions set out in the Placing Agreement are not fulfilled or waived (if applicable) on or prior to 8:00 a.m. (Hong Kong time) on the Long Stop Date, the Placing Agents and the Company shall have no obligations or liabilities to each other under the Placing and neither the Company nor any of the Placing Agents shall have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save for antecedent breaches.

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares to be issued.

### **Completion of the Placing**

Subject to the fulfilment or waiver (if applicable) of the conditions set out in the Placing Agreement, completion of the Placing will take place on the Closing Date or such other time and/or date as the Company and the Placing Agents may agree in writing.

### **Termination**

Notwithstanding anything contained in the Placing Agreement, if at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date:

- (i) there develops, occurs or comes into force:
  - a. any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority;
  - b. any event, or series of events beyond the reasonable control of the any of the Placing Agents (including, without limitation, any calamity, act of government, riots, strike, labor dispute, lock-down, lock-out, aircraft collision, severe transportation disruption, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) in or affecting Hong Kong, the PRC, the United Kingdom, the European Union or any member thereof, the United States, Australia or any other jurisdictions relevant to the Group or the transactions contemplated in the Placing Agreement (each, a “**Relevant Jurisdiction**”) or the declaration by any Relevant Jurisdiction of war or a state of emergency or calamity or crisis;
  - c. any change or development in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets);
  - d. any disruption in commercial banking or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in any of the Relevant Jurisdictions;

- e. any suspension or limitation of trading in the Shares during the Placing Period;
- f. any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq National Market; or
- g. any change, or development involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Company or the Group taken as a whole,

which in the sole opinion of the Placing Agents is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith, or would materially prejudice trading of the Placing Shares in the secondary market;

- (ii) any breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement comes to the knowledge of any of the Placing Agents;
- (iii) any event occurs or any matter arises on or after the date hereof and prior to the completion of the Placing which if it had occurred or arisen before the date hereof would have rendered any of the representations, warranties and undertakings set out in the Placing Agreement untrue or incorrect; or
- (iv) there has been a breach of, or failure to perform, any other provision of the Placing Agreement in any material respect on the part of the Company,

then and in any such case, the Placing Agents may terminate the Placing Agreement without liability to the Company by giving notice to the Company orally or in writing, which notice may be given at any time prior to 8.00 a.m. (Hong Kong time) on the Closing Date.

If the Placing Agents terminate the Placing Agreement pursuant to the Placing Agreement, all obligations of each of the parties under the Placing Agreement will cease and terminate and neither the Company nor any of the Placing Agents shall have any claim against the other in respect of any matters arising out of or in connection with the Placing Agreement save for antecedent breaches and certain other liabilities as set out in the Placing Agreement.

### **General Mandate**

The Placing 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 authorized 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.

Since the grant of the General Mandate on 14 June 2019 and up to the date of this announcement, 155,208,702 Shares have been allotted and issued by the Company pursuant to the General Mandate, and the balance of the number of new Shares which can be allotted and issued pursuant to the General Mandate is 400,346,498 Shares. Thus, the General

Mandate is sufficient for the allotment and issue of the Placing Shares. Accordingly, the Placing Shares will be allotted and issued under the General Mandate, and this shall not be subject to any further approval by the Shareholders.

## **LOCK-UP UNDERTAKINGS**

The Company has undertaken to each of the Placing Agents that for a period from the date of the Placing Agreement up to 90 days after the Closing Date, neither the Company nor any person acting on its behalf will:

- (i) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares (whether by actual disposition or effective economic disposition or swap due to or otherwise by way of cash settlement or otherwise);
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the similar economic effect as any of the transactions described in (i) above; or
- (iii) announce any intention to enter into or effect any of the transactions described in (i) and (ii) above,

in each case without first having obtained the written consent of the Placing Agents, provided that such restrictions shall not apply to the issuance of new Shares as a result of exercise of options that have been granted to the employees of the Company under the share option scheme adopted by the Company on 25 May 2018 and in compliance with the Listing Rules.

## **REASONS FOR THE PLACING 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 Board considers that the Placing represents a good opportunity to broaden the Shareholders base and to raise capital for the Company for its future business developments. The Directors consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing Price and the Placing Commission) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

On the assumption that the Placing Shares are issued in full under the Placing, the gross and net proceeds to be received by the Company from the Placing, after deducting related fees and expenses, are estimated to be approximately HK\$2,714.0 million and HK\$2,693.0 million, respectively, representing a net issue price of approximately HK\$10.10 per Placing Share.

The Company intends to apply such net proceeds for the potential future merger and acquisition, strategic investments, working capital and general corporate purposes.

## EFFECTS ON SHAREHOLDING STRUCTURE

Assuming there is no change to the issued share capital of the Company from the date of this announcement to the date of completion of the Placing, the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing is summarised as follows:

Controlling Shareholder/ Substantial Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Orchid Garden Investment Company Limited	1,020,000,000	34.57%	1,020,000,000	31.71%
Lilac International Investment Company Limited	423,868,339	14.37%	423,868,339	13.17%
<b>Places</b>	—	0.00%	266,600,000	8.29%
<b>Other public Shareholders</b>	<u>1,506,486,988</u>	<u>51.06%</u>	<u>1,506,486,988</u>	<u>46.83%</u>
<b>Total</b>	<u>2,950,355,327</u>	<u>100.0%</u>	<u>3,216,955,327</u>	<u>100.0%</u>

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activities set out below, the Company had not conducted any other fund raising activities in the past twelve months immediately preceding the date of this announcement.

Date of announcements of the Company	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds
27 December 2019, 6 January 2020, 24 April 2020 and 7 May 2020	Allotment and issue of 155,208,702 new Shares under General Mandate for subscription by Sail Link under the Subscription Agreement	Approximately HK\$1,299.9 million	The Company intended to utilize the net proceeds of approximately HK\$1,299.9 million for loan repayment, working capital and general corporate purpose.	The Company utilized the net proceeds of approximately HK\$1,299.9 million for loan repayment, working capital and general corporate purpose.

## GENERAL

**The completion of the Placing is subject to the fulfillment or waiver if applicable of the conditions set out in the Placing Agreement. The Placing 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, capitalized terms used in this announcement shall have the meanings as follow:

“AGM”	the annual general meeting of the Company held on 14 June 2019
“Board”	the board of Directors of the Company
“Business Day”	any day (excluding a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong
“Closing Date”	the Business Day after the date on which all the conditions set out in the Placing Agreement are fulfilled, or such other date as the Company and the Placing Agents may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“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 (stock code: 2869)
“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 and jointly-controlled entities
“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
“Long Stop Date”	10 June 2020 (or such later date as may be agreed in writing between the Company and the Placing Agents)

“Placee(s)”	any professional, institutional and other investor whom the Placing Agents procure to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing by or on behalf of each of the Placing Agents of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agents”	CLSA Limited, Citigroup Global Markets Limited and China International Capital Corporation Hong Kong Securities Limited
“Placing Agreement”	the placing agreement dated 3 June 2020 and entered into by the Company with the Placing Agents in relation to the Placing (as may be amended or varied from time to time by an agreement in writing duly executed by the parties to the Placing Agreement)
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 8.00 a.m. (Hong Kong time) on the Closing Date (or such later time and date as the Company and the Placing Agents may agree in writing)
“Placing Price”	HK\$10.18 per Placing Share
“Placing Shares”	266,600,000 new Shares to be issued by the Company pursuant to the Placing Agreement
“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
“Sail Link”	Sail Link Holdings Limited, a company incorporated in the BVI with limited liability
“SFC”	Securities and Futures Commission
“Shares”	ordinary shares of HK\$0.00001 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a subscription agreement dated 24 April 2020 and entered into by the Company, Sail Link and Juntion Development Hong Kong (Holding) Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

“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  
3 June 2020

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