

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LONGFOR GROUP HOLDINGS LIMITED

龍湖集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 960)

INSIDE INFORMATION ANNOUNCEMENT

INVESTMENT IN A PROPERTY MANAGEMENT COMPANY BY WAY OF ACQUISITION OF EXISTING SHARES AND PROPOSED SUBSCRIPTION OF NEW SHARES

This announcement is made by Longfor Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 27 December 2019 (after trading hours), Sail Link Holdings Limited and Juntion Development Hong Kong (Holding) Limited, both are wholly-owned subsidiaries of the Company, entered into a framework agreement (the “**Framework Agreement**”) for the proposed acquisition of shares in issue and proposed subscription of new shares in the share capital of Greentown Service Group Co. Ltd. (“**Greentown Service**”) (stock code: 2869), a limited liability company incorporated in the Cayman Islands whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Particulars of the Framework Agreement are summarised below.

Parties

- (1) Sail Link Holdings Limited (the “**Purchaser**”) as purchaser and subscriber;
- (2) Juntion Development Hong Kong (Holding) Limited (the “**Purchaser Guarantor**”) as guarantor of the obligations of the Purchaser;
- (3) Lilac International Investment Company Limited (the “**Vendor**”), as vendor of shares in issue of Greentown Service and a limited liability company incorporated in the British Virgin Islands wholly-owned by Madam Li Hairong (as referred to (4) below). To the knowledge of the Company, the Vendor owns 563,334,000 GS Shares (as defined below), representing approximately 20.20% of the total issued share capital of Greentown Service as at the date of this announcement;

- (4) Madam Li Hairong (“**Madam Li**”), the chairperson and executive director of Greentown Service, as guarantor of the obligations of the Vendor and has given certain undertakings in favour of the Purchaser under the Framework Agreement;
- (5) Greentown Service, as issuer of the new shares. To the knowledge of the Company based on the information provided by Greentown Service as at the date of this announcement, the authorized share capital of Greentown Service is HK\$380,000, divided into 38,000,000,000 ordinary shares (“**GS Shares**”) of HK\$0.00001 each, of which a total of 2,789,323,125 shares are in issue as at the date of this announcement; and
- (6) Orchid Garden Investment Company Limited (“**Orchid**”), a limited liability company incorporated in the British Virgin Islands. To the knowledge of the Company, as at the date of this announcement, Orchid owns 1,020,000,000 GS Shares, representing approximately 36.57% of the total issued share capital of Greentown Service. Orchid is indirectly owned by Mr. Song Weiping (as to 40.0%), Mr. Shou Bainian (as to 39.0%) and Madam Xia Yibo (as to 21.0%). Mr. Shou and Madam Xia are non-executive directors of Greentown Service and Mr. Song is the spouse of Madam Xia. Under the Framework Agreement, Orchid has given certain undertakings in favour of the Purchaser.

To the best of the directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, Madam Li, Greentown Service and Orchid is an independent third party of the Company and its connected persons (as defined under the Listing Rules) as at the date of this announcement.

On 27 December 2019 (after trading hours), pursuant to the Framework Agreement, the Purchaser, the Purchaser Guarantor, the Vendor and Madam Li have also entered into a share sale and purchase agreement for the acquisition and sale of GS Shares in issue from the Vendor to the Purchaser (the “**Sale and Purchase Agreement**”).

Transactions

A. Proposed acquisition of shares in issue from the Vendor

- | | | |
|---|---|---|
| Acquisition of GS Shares in issue | : | The Purchaser agrees to purchase, and the Vendor agrees to sell, 139,465,661 GS Shares (the “ Sale Shares ”), representing approximately 5% of the total issued share capital of Greentown Service as at the date of the Framework Agreement, subject to the terms and conditions of the Framework Agreement and the Sale and Purchase Agreement (the “ Acquisition ”). |
| Acquisition price per GS Share (the “ Acquisition Price ”) | : | HK\$7.7168, represents a discount of approximately 7.5% to the average closing price of HK\$8.3425 per share of the GS Shares as quoted on the daily quotation sheets of the Stock Exchange for the last 20 trading days immediately preceding the signing of the Sale and Purchase Agreement. Each of the Vendor and the Purchaser is to bear its own share of expenses, including stamp duty, brokerage and transaction levy etc. |

The total consideration of the Acquisition is approximately HK\$1,076,228,613, which is intended to be funded by the internal resources of the Group. HK\$400 million of the total consideration is payable upon the Purchaser's receipt of the Sale Shares while the remainder is payable upon release of encumbrances which the Sale Shares are subject to.

- Conditions precedent : Completion of the Acquisition is subject to satisfaction (or waiver, as applicable) of certain conditions precedent including but not limited to:
- (i) the shareholdings of the Vendor, Madam Li and Orchid (including their respective associates), in aggregate, shall be maintained at not less than 50% of the issued share capital of the Greentown Service, except as approved by the Purchaser in writing; and
 - (ii) the board of directors of Greentown Service having approved the appointment of the person nominated by the Purchaser as a non-executive director of Greentown Service on the date of completion of the Acquisition.

Completion : Completion of the Acquisition (the "**Acquisition Completion**") shall take place on 6 January 2020 (or other date as agreed by the parties to the Sale and Purchase Agreement in writing).

B. Proposed subscription of new shares in the capital of Greentown Service

The subscription agreement (the "**Subscription Agreement**") : The Purchaser agrees to enter into the Subscription Agreement with Greentown Service and the Purchaser Guarantor in relation to the Proposed Subscription (as defined below) on or before 15 June 2020 (or such other date as agreed by the Purchaser and Greentown Service in writing).

Subscription of new GS Shares (the "**Proposed Subscription**") : The Purchaser intends to subscribe, and Greentown Service intends to allot and issue, such number of shares (the "**Subscription Shares**") in the capital of Greentown Service, when aggregated with the Sale Shares, that represents 10% of the total issued share capital of Greentown Service as enlarged by such subscription as at the completion of the Proposed Subscription, subject to the terms and conditions of the Framework Agreement and the Subscription Agreement.

- Subscription price per GS Share (the “**Subscription Price**”) : The average closing price of the GS Shares as quoted on the daily quotation sheets of the Stock Exchange for the 20 trading days immediately preceding the signing of the Subscription Agreement as discounted by 7.5%, subject to a ceiling price of 120% of the benchmarked price and a floor price of 80% of the benchmarked price. “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 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 5 trading days immediately prior to the date of the Framework Agreement.
- Conditions precedent : Completion of the Proposed Subscription is subject to satisfaction (or waiver, as applicable) of certain conditions precedent including but not limited to:
- (i) the Listing Committee of the Stock Exchange granting approval on the listing of and permission to deal in the Subscription Shares;
 - (ii) the Acquisition was completed; and
 - (iii) the aggregate shareholdings of the Vendor, Madam Li and Orchid (including those of their respective associates) in Greentown Service will remain at not less than 45%, except as approved by the Purchaser in writing.
- Completion : Completion of the Proposed Subscription shall take place no later than 30 June 2020 (or other date as agreed by the Purchaser and Greentown Service in writing).

Reasons and benefits for the Acquisition and Proposed Subscription

The Company is engaged in the principal business of property development, commercial property, long-term rental apartments and smart services.

Greentown Service and its subsidiaries (the “**Greentown Service Group**”) are principally engaged in the provision of property services, consulting services and community living services. According to the 2019 interim report of Greentown Service, it once again won the first place of “China’s top 100 leading enterprises in terms of Property Service Satisfaction” in the “2019 China Property Service Top 100 Enterprises Research Results Conference” organized by China Index Academy and it managed properties located in 137 cities across 29 provinces, direct-controlled municipalities and autonomous regions across China with a total contracted gross floor area under management of 184.2 million square meter which covers high-end residential buildings, government infrastructure, commercial office buildings and urban complexes as at 30 June 2019.

Having considered, among others, the enterprise scale, business operation, brand reputation and performance of the Greentown Service Group, the Board considered that the business operation and strategy of the Greentown Service Group is in line with the business and long-term strategy of the Company and the Acquisition and the Proposed Subscription present a good opportunity for the Company to invest in the Greentown Service Group. The Board considers that the terms of the Framework Agreement and the Sale and Purchase Agreement, which were arrived at after arm's length negotiations between parties, are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

As none of the applicable percentage ratios in respect of the Framework Agreement and the Sale and Purchase Agreement and the transactions contemplated thereunder are more than 5%, the Framework Agreement and the Sale and Purchase Agreement and the transactions contemplated thereunder are therefore not subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Acquisition is subject to satisfaction (and waiver, as applicable) of conditions precedent and the parties have not yet entered into the Subscription Agreement and therefore the Acquisition and the Proposed Subscription may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Longfor Group Holdings Limited
WU Yajun
Chairperson

Hong Kong, 29 December 2019

As at the date of this announcement, the Board comprises eight members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Zhao Yi and Mr. Li Chaojiang who are executive Directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Mr. Xiang Bing and Mr. Zeng Ming who are independent non-executive Directors.