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廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 2777)

**PLACING OF NEW H SHARES
UNDER SPECIFIC MANDATE
AND
RESUMPTION OF TRADING**

Joint Bookrunners and Placing Agents



**Goldman
Sachs**

Morgan Stanley

香江金融
HEUNGKONG FINANCIAL

Co-Managers



THE PLACING

The Board is pleased to announce that on 19 December 2019, the Company and the Placing Agents entered into the Placing Agreement, pursuant to which, the Company has agreed to appoint the Placing Agents, and the Placing Agents have severally (but not jointly nor jointly and severally) agreed to act as the agents of the Company and to procure, on a fully underwritten basis, purchasers for 273,000,000 new H Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

The 273,000,000 Placing Shares represents: (a) approximately 26.89% and 8.47% of the total existing issued H Shares and the total existing issued Shares, respectively, as at the date of this announcement; and (b) approximately 21.19% and 7.81% of the total issued H Shares and the total issued Shares, respectively, as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing other than the issue by the Company of the Placing Shares).

The Placing Shares are expected to be placed to no less than six (6) independent Placees, who and whose ultimate beneficial owners are independent of, and not connected with, the Company and the connected persons of the Company.

The Placing Shares will be allotted and issued under the Specific Mandate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange has been halted with effect from 9:04 a.m. on Thursday, 19 December 2019 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the H Shares on the Stock Exchange from 9:00 a.m. on Friday, 20 December 2019.

As completion of the Placing is subject to satisfaction of certain conditions precedent and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

THE PLACING

References are made to the Company's circular and poll results announcement dated 5 December 2018 and 21 December 2018 respectively in relation to the proposed issue of new H Shares pursuant to the Specific Mandate.

The Board is pleased to announce that on 19 December 2019, the Company and the Placing Agents entered into the Placing Agreement, pursuant to which, the Company has agreed to appoint the Placing Agents, and the Placing Agents have severally (but not jointly nor jointly and severally) agreed to act as the agents of the Company and to procure, on a fully underwritten basis, purchasers for 273,000,000 new H Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

THE PLACING AGREEMENT

Date

19 December 2019

Parties

- (i) the Company; and
- (ii) the Placing Agents.

The Placing Agents

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agents and their respective ultimate beneficial owners is independent of, and not connected with, the Company and the connected persons of the Company.

Number of the Placing Shares

The Placing Agents have severally (but not jointly nor jointly and severally) agreed to act as agents of the Company to procure, on a fully underwritten basis, purchasers for 273,000,000 new H Shares at the Placing Price (excluding brokerage, the SFC transaction levy and the Stock Exchange trading fee payable by the purchasers), upon the terms and subject to the conditions set out in the Placing Agreement.

The 273,000,000 Placing Shares represents: (a) approximately 26.89% and 8.47% of the total existing issued H Shares and the total existing issued Shares, respectively, as at the date of this announcement; and (b) approximately 21.19% and 7.81% of the total issued H Shares and the total issued Shares, respectively, as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing other than the issue by the Company of the Placing Shares).

Based on the par value of RMB0.25 per Placing Share, the aggregate nominal value of the 273,000,000 Placing Shares will be RMB68,250,000.

Rights of the Placing Shares

The Placing Shares will, on allotment and issue, be free and clear of all pledges, liens and encumbrances, equities, security interests or other claims binding upon the Company and together with all rights attaching thereto as at the Completion Date including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Placing Shares, the record date for which shall fall on or after the Completion Date. The Placing Shares will rank pari passu with the other existing H Shares upon issuance.

Placees

The Placing Shares are expected to be placed to no less than six (6) independent Placees, who and whose respective ultimate beneficial owners are independent of, and not connected with, the Company and the connected persons of the Company.

Immediately after completion of the Placing, it is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company.

Placing Price

The Placing Price is HK\$13.68 per Placing Share and represents:

- (i) a discount of approximately 7.19% to the closing price of HK\$14.74 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 5.16% to the average closing price of approximately HK\$14.424 per H Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and
- (iii) a discount of approximately 0.98% to the average closing price of approximately HK\$13.816 per H Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$13.56 per Placing Share.

The Placing Price was determined pursuant to an accelerated bookbuilding process based on indications of interest received from potential placees for the Placing Shares and was negotiated on an arm's length basis between the Company and the Placing Agents after taking into account the recent market price of the H Shares and the current market conditions.

The Directors consider that the Placing Price and the terms and conditions of the Placing are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon the satisfaction of the following conditions:

- (a) the approvals of all relevant PRC regulatory authorities (including the CSRC) for the issue and placing of the Placing Shares having been obtained and remaining in full force and effect;
- (b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Placing Shares and such listing and permission not subsequently being revoked prior to completion of the Placing;
- (c) before completion of the Placing, there shall not have occurred any material adverse change that, in the sole judgement of the Placing Agents (acting reasonably), would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;
- (d) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading in all material respects as of the date of the Placing Agreement and the Completion Date;
- (e) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Completion Date; and
- (f) the Placing Agents having received legal opinions issued by PRC and US legal counsels in form and substance reasonably satisfactory to the Placing Agents.

The Placing Agents may waive any of the foregoing conditions other than conditions (a) and (b).

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

The Company has obtained the necessary PRC regulatory approval for the Placing, being approval from the CSRC.

Completion of the Placing

Completion of the Placing shall take place on the fifth (5th) Business Day after the date of the Placing Agreement or at such other time and/or date as the Company and the Placing Agents may agree (the “**Completion Date**”).

If condition (b) above has not been satisfied on or before 14 January 2020 or such other date as may be agreed between the Company and the Placing Agent, or if conditions (c) to (f) above have not been satisfied or waived on or before the Completion Date, the Placing Agents may elect to terminate the Placing Agreement.

As completion of the Placing is subject to satisfaction of certain conditions precedent and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

LOCK-UP UNDERTAKING

The Company has undertaken to the Placing Agents that for a period from the date of the Placing Agreement up to 90 days after the Completion Date, unless the Company has obtained the prior written consent of the Placing Agents, the Company shall not, and shall procure that any person duly authorised to act on its behalf shall not:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of the Company, as applicable), or deposit any share capital or other equity securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the H Shares or any other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (c) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) or (b) above; or
- (d) announce any intention to enter into or effect any such transaction described in (a), (b) or (c) above without first having obtained the written consent of the Placing Agents.

SPECIFIC MANDATE TO ISSUE THE PLACING SHARES

As disclosed in the Company's circular and poll results announcement dated 5 December 2018 and 21 December 2018 respectively, the grant of the Specific Mandate was approved by the Shareholders at the extraordinary general meeting and class meetings of the Company held on 21 December 2018.

As of the date of this announcement, no H Shares have been allotted and issued under the Specific Mandate. The Placing Shares will be allotted and issued pursuant to the Specific Mandate.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Directors consider that the Placing represents an opportunity to reduce the Company's reliance on debt financing and optimize the capital structure of the Company.

The Directors are of the opinion that the terms of the Placing Agreement, including but not limited to the Placing Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$3,735 million. The Company intends to use the net proceeds (after deducting related costs and expenses) from the Placing to repay the Company's off-shore debts. The Company may, depending on the actual conditions and the maturity profiles, repay those debts using self-raised funds which will be replaced with the proceeds raised later. The proceeds raised will not be used for repaying debts incurred for residential development and construction.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that all Placing Shares are fully placed, and there is no other change to the share capital of the Company prior to completion of the Placing, the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Placing is set out as follows:

	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital
Domestic Shares				
Li Sze Lim (<i>Note 1</i>)	1,045,092,672	32.43%	1,045,092,672	29.90%
Zhang Li (<i>Note 1</i>)	1,025,092,672 (<i>Note 5</i>)	31.81%	1,025,092,672 (<i>Note 5</i>)	29.33%
Zhou Yaonan (<i>Note 1</i>)	22,922,624	0.71%	22,922,624	0.66%
Lu Jing (<i>Note 1</i>)	35,078,352	1.09%	35,078,352	1.00%
Chen Liangnuan (<i>Note 2</i>)	20,000,000	0.62%	20,000,000	0.57%
Other domestic shareholders	58,922,624	1.83%	58,922,624	1.69%

Sub-total of Domestic Shares	<u>2,207,108,944</u>	<u>68.49%</u>	<u>2,207,108,944</u>	<u>63.14%</u>
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H Shares

	38,000,000		38,000,000	
Li Sze Lim (Note 1)	(Note 6)	1.18%	(Note 6)	1.09%
Zhang Li (Note 1)	6,632,800	0.21%	6,632,800	0.19%
Li Helen (Note 3)	1,003,600	0.03%	1,003,600	0.03%
Ng Yau Wah, Daniel (Note 4)	588,000	0.02%	588,000	0.02%
Public shareholders	969,034,000	30.07%	969,034,000	27.72%
Placees (Note 7)	--	--	273,000,000	7.81%
Sub-total of H Shares	<u>1,015,258,400</u>	<u>31.51%</u>	<u>1,288,258,400</u>	<u>36.86%</u>
Total	<u>3,222,367,344</u>	<u>100%</u>	<u>3,495,367,344</u>	<u>100%</u>

Notes:

1. Li Sze Lim, Zhang Li, Zhou Yaonan and Lu Jing are executive directors of the Company.
2. Chen Liangguan is a supervisor of the Company.
3. Li Helen is a non-executive director of the Company.
4. Ng Yau Wah, Daniel is an independent non-executive director of the Company.
5. The number of Domestic Shares held by Zhang Li consists of 1,005,092,672 Domestic Shares held as beneficial owner and 20,000,000 Domestic Shares held by his spouse.
6. The number of H Shares held by Li Sze Lim consists of 17,000,000 H Shares held as beneficial owner, 5,000,000 H Shares held by his spouse and 16,000,000 H Shares held by corporation controlled by him.
7. The Placees are expected to be investors who are independent of and not connected with any directors, supervisors, chief executive officer or substantial shareholders (as defined under the Listing Rules) of the Company and its subsidiaries or any of their respective associates (as defined under the Listing Rules) and it is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company as a result of completion of the Placing. Based on the foregoing, the Company expects that the Placing Shares will be considered as Shares held by the public immediately upon their issuance.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercises in the past twelve months immediately before the date of this announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange has been halted with effect from 9:04 a.m. on Thursday, 19 December 2019 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the H Shares on the Stock Exchange from 9:00 a.m. on Friday, 20 December 2019.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Board”	the board of Directors of the Company
“Business Day”	any day (excluding a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Guangzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the main board of the Stock Exchange (stock code: 2777)
“CSRC”	China Securities Regulatory Commission
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	issued ordinary share(s) in the share capital of the Company, with a nominal value of RMB0.25 each, which are subscribed for or credited as fully paid in RMB
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	18 December 2019, being the last trading day prior to the signing of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	qualified institutional, corporate or natural persons or other investor(s) procured by the Placing Agents to purchase the Placing Shares pursuant to the Placing Agreement
“Placing”	the private placing to the Placees procured by the Placing Agents of the Placing Shares subject to the terms and conditions set out in the Placing Agreement
“Placing Agents”	China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C., Morgan Stanley & Co. International plc and HeungKong Securities Limited
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agents dated 19 December 2019 in respect of the Placing
“Placing Price”	HK\$13.68 per Placing Share (excluding brokerage, the SFC transaction levy and the Stock Exchange trading fee payable by the purchasers)
“Placing Shares”	273,000,000 new H Shares to be issued under 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 PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	Domestic Share(s) and/or H Share(s) of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Specific Mandate”	the specific mandate granted to the Board by the Shareholders at the extraordinary general meeting and class meetings of the Company held on 21 December 2018 in relation to the proposed issue of new H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US” or “U.S.” United States of America

“%” per cent

By order of the Board
Guangzhou R&F Properties Co., Ltd.
Michael Lee
Joint Company Secretary

Hong Kong, 19 December 2019

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong.

** For identification purpose only*