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COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧桂园服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6098)

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agents



Morgan Stanley

Reference is made to the announcement of the Company dated 24 May 2021 in relation to the proposed Placing.

On 24 May 2021, the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Company conditionally agreed to appoint the Placing Agents, and the Placing Agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as agents for the Company, and to procure, on a fully underwritten basis, placees to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 139,380,000 Shares at a price of HK\$75.25 per Share.

The Placing Shares represent (i) approximately 4.55% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 4.35% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing, other than the issue of the Placing Shares).

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

On the assumption that all Placing Shares are issued pursuant to the Placing, the gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing are estimated to be approximately HK\$10,488.3 million and approximately HK\$10,424.1 million, respectively. The net price per Placing Share is estimated to be approximately HK\$74.79.

Completion of the Placing is subject to satisfaction of the conditions precedent to completion of the Placing and the Placing Agreement not having been terminated. As completion of the Placing may or may not take place, Shareholders and investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated 24 May 2021 in relation to the proposed Placing. On 24 May 2021, the Company and the Placing Agents entered into the Placing Agreement in relation to the Placing.

THE PLACING AGREEMENT

Date

24 May 2021

Parties

Issuer: The Company

Placing Agents: (a) UBS;

(b) CICC; and

(c) Morgan Stanley.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Placing Agents is a connected person of the Company.

The Placing

The Company conditionally agreed to appoint the Placing Agents, and the Placing Agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as placing agents for the Company during the Placing Period, and to procure, on a fully underwritten basis, placees to subscribe for (or failing which, to purchase themselves as principal) an aggregate of 139,380,000 Shares at a price of HK\$75.25 per Share.

Number of Placing Shares

The Placing Shares comprise 139,380,000 new Shares to be allotted and issued by the Company having an aggregate nominal value of US\$13,938 and represent:

- (i) approximately 4.55% of the issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 4.35% of the issued share capital as enlarged by the issue of the Placing Shares (assuming there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing, other than the issue of the Placing Shares).

Placees

Pursuant to the Placing Agreement, the Placing Agents will procure the Placing Shares to be placed to not less than six placees, who/which will be professional, institutional, and/or other investors.

It is expected that the placees to be procured by the Placing Agents and their ultimate beneficial owners will be independent of the Company and connected persons of the Company. It is not expected that any placee will become a substantial shareholder (as defined under the Listing Rules) of the Company.

Placing Price

The Placing Price of HK\$75.25 per Share represents:

- (i) a discount of approximately 6.00% to the closing price of HK\$80.05 per Share as quoted on the Stock Exchange on 24 May 2021, being the Last Trading Day;
- (ii) a discount of approximately 2.68% to the average closing price of approximately HK\$77.32 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the date of the Last Trading Day; and
- (iii) a discount of approximately 1.70% to the average closing price of approximately HK\$76.55 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to the date of the Last Trading Day.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agents and with reference to the market condition and the prevailing market price of the Shares.

Rights of Placing Shares

The Placing Shares will, on allotment and issue, rank pari passu in all respects with other existing Shares upon issuance 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 the record date of which falls on or after the date of issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) 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 completion of and the delivery of documents under the Placing Agreement);
- (ii) the Placing Agents having received on or prior to the Closing Date (as defined below) an opinion from the Cayman Islands counsel to the Company, in a form reasonably acceptable to the Placing Agents on matters relating to Cayman Islands laws; and
- (iii) the Placing Agents having received on or prior to the Closing Date (as defined below) an opinion of U.S. counsel to the Placing Agents, to the effect that the offer and sale of the Placing Shares by the Placing Agents as set forth in the Placing Agreement are not required to be registered under the Securities Act.

If the condition (i) above is not satisfied at or before 8:00 a.m. (Hong Kong time) on the Long Stop Date or such other date as the Company and the Placing Agents may agree in writing, the Placing Agents and the Company shall have no obligations or liabilities to each other under the Placing, and neither the Company nor 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 Placing is not inter-conditional with the Bonds Issue.

Completion

Completion of the Placing shall take place on the second Business Day after the fulfilment of the condition (i) as set out above or such other date to be agreed among the Company and the Placing Agents in writing (the “**Closing Date**”).

Termination of the Placing Agreement

Pursuant to the Placing Agreement, the Placing Agents are entitled to terminate the arrangements set out in the Placing Agreement by notice in writing to the Company at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date,

- (a) if there develops, occurs or comes into force:
- (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Group taken as a whole; or
 - (ii) 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; or
 - (iii) any event, or series of events beyond the control of the Placing Agents (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, outbreak or escalation of hostilities, act of terrorism and act of God) in or affecting Hong Kong, the PRC, the Cayman Islands, the United Kingdom, the European Union or the United States, or the declaration by Hong Kong, the PRC, the Cayman Islands, the United Kingdom, the European Union or the United States of war or a state of emergency or calamity or crisis; or
 - (iv) any adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the PRC, the United States, the United Kingdom or any other member of the European Union or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation; or
 - (v) any suspension or limitation of dealings in the Shares during the Placing Period whatsoever (other than as a result of the Placing); or
 - (vi) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the United States, the United Kingdom or the European Union; or
 - (vii) any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, NYSE Amex Equities, the Shanghai Stock Exchange, the London Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange or other relevant stock exchanges due to exceptional financial circumstances or otherwise at any time prior to the Closing Date;

which in the sole and absolute opinion of the Placing Agents is or is likely to affect 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; or

- (b) (i) any breach of any of the representations, warranties and undertakings by the Company comes to the knowledge of the Placing Agents; (ii) any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion of the Placing on the Closing Date which if it had occurred or arisen before the date of the Placing Agreement

would have rendered any of the representations, warranties and undertakings untrue or incorrect; or (iii) there has been a breach of, or failure to perform, any other provision of the Placing Agreement in any respect on the part of the Company; or

- (c) there is any change, or any 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 Group (other than those already disclosed to the public on or before the date of the Placing Agreement) 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.

In the event that the Placing Agents terminate the Placing Agreement pursuant to the paragraph above, all obligations of the Company or the Placing Agents under the Placing Agreement shall cease and determine and no party shall have any claim against any other party of the Placing Agreement in respect of any matter arising out of or in connection with the Placing Agreement (save for any antecedent breaches).

Other covenants

The Company undertakes to 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 for (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) or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with similar economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, in each case, without first having obtained the written consent of the Placing Agents. The foregoing shall not apply to (a) the issue of the Placing Shares under the Placing Agreement, (b) the issue of the HK\$5,038,000,000 zero coupon guaranteed convertible bonds due 2022 (the “**2021 Convertible Bonds**”) in accordance with their terms and conditions, and the issue of new Shares pursuant to the conversion of the 2021 Convertible Bonds, (c) the issue of new Shares pursuant to the exercise of options which have been or may be granted under the share option schemes adopted by the Company on 13 March 2018 (and subsequently amended on 7 November 2019) and 28 September 2020, respectively, (d) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association, or (e) the issue of conversion Shares which may fall to be issued upon the conversion of convertible bonds issued by any member of the Group.

Application for listing

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

GENERAL MANDATE

The Placing Shares will be allotted and issued pursuant to the General Mandate, which has been granted to the Directors to allot and issue up to 550,707,960 Shares, representing 20% of the total number of Shares in issue as at the date of the AGM.

As at the date of this announcement, the Directors have exercised their power to allot and issue 173,000,000 new Shares pursuant to such General Mandate and 377,707,960 Shares remains available for issuance under such General Mandate. After taking into account the number of the Placing Shares and the Shares which may fall to be issued upon the conversion of the convertible bonds pursuant to the Bonds Issue, the allotment and issue of the Placing Shares will fall within the limit of the General Mandate. Accordingly, the issue of the Placing Shares is not subject to further approval of the Shareholders.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PLACING

The Group is principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, “Three Supplies and Property Management” businesses (currently including property management services and heat supply business) and city services.

The property management industry is in a golden period of development, and its boundaries and substance are reshaping, with extending service scope, changing service means, improving technical and intelligent development, and accelerating industry consolidation. The market shares of leading players will further grow. The Group is committed to becoming a “world-leading new property service group” and strives to realize the new technology, new service, new ecology and new value of its property business. The Group attaches great importance to organic growth. In the future, it will build its own capabilities and strengthen competitiveness through mergers and acquisitions, especially in the areas of commercial office buildings and commercial management services, community value-added services, urban services and facilities and equipment management services, in order to seize market opportunities and expand its market presence.

The net proceeds of the Placing will provide further sufficient support and flexibility for the Group’s business to grow rapidly and the achievement of the corporate vision of “building a world-leading new property service group”.

The Directors consider that the Placing represents an opportunity to raise capital for the Company while broadening its Shareholder and capital base. The Directors are of the view that the Placing will strengthen the financial position and liquidity of the Group and provide funding to the Group for working capital and future development purposes without incurring interest costs.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable, and the Placing is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing are estimated to be approximately HK\$10,488.3 million and approximately HK\$10,424.1 million, respectively. The net price per Placing Share is estimated to be approximately HK\$74.79.

It is intended that the net proceeds received by the Company from the Placing will be utilized for investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, and working capital and general corporate purposes.

As at the date of this announcement, the Company intends to invest in merger and acquisition projects relating to the principal activities of the Group, but has not identified any specific target for such acquisitions, and no allocation plan of such net proceeds among potential future mergers and acquisitions, expansion of new businesses and working capital has been formulated. The Company will closely monitor the business of the Group and the market conditions for any such acquisitions and will make announcement(s) in respect of any such investment(s) or acquisition(s) in compliance with the requirements of the Listing Rules where appropriate.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed below, the Group has not conducted in any equity fund raising activity in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
11 December 2020 and 18 December 2020	Placing of new shares under general mandate	Approximately HK\$7,745 million	For potential future mergers and acquisitions, strategic investments, working capital and general corporate purposes	As at the date of this announcement, the Group has utilized approximately HK\$6,685.54 million of the proceeds of the Placing, of which approximately HK\$6,682.53 million was used for mergers and acquisitions and approximately HK\$3.01 million was used as working capital. ^(Note) The Company will use the unutilized amount of the net proceeds according to its development strategies, market conditions and the abovementioned intended use of proceeds.

Date of announcement	Fund raising activity	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
27 April 2020, 28 April 2020 and 1 June 2020	Issue of convertible bonds under general mandate	Approximately HK\$3,837.9 million	For potential future mergers and acquisitions, strategic investments, working capital and general corporate purposes	As at the date of this announcement, the Group has utilized approximately HK\$3,837.9 million of the proceeds of the Placing, of which approximately HK\$3,829.59 million was used for mergers and acquisitions and approximately HK\$8.31 million was used as working capital.

Note:

Approximately HK\$1,059.46 million in the unutilized proceeds of the Group is expected to be utilized to make an unconditional mandatory cash offer for all the issued H shares and domestic shares in Sichuan Languang Justbon Services Group Co., Ltd. by 30 June 2021 in accordance with the intended purposes set out in the announcement of the Company dated 11 December 2020.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately upon completion of the Placing (assuming there is no change in the issued share capital of the Company from the date of this announcement up to completion of the Placing other than the issue of the Placing Shares) is set out below:

	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Ms. YANG Huiyan and her associates ^(Note)	1,451,120,428	47.36	1,451,120,428	45.30
Placees	—	—	139,380,000	4.35
Other shareholders	1,612,959,993	52.64	1,612,959,993	50.35
Total	3,064,080,421	100.00	3,203,460,421	100.00

Note: Ms. Yang Huiyan, through two wholly-owned companies, Concrete Win Limited (1,326,120,428 Shares) and Fortune Warrior Global Limited (125,000,000 Shares) are interested in an aggregate of 1,451,120,428 Shares.

INFORMATION ON THE GROUP

The Company is an investment holding company and a leading service provider in comprehensive property management in China with residential property as its major focus. Its subsidiaries are principally engaged in property management services, community value-added services, value-added services to non-property owners, “Three Supplies and Property Management” businesses (currently including property management services and heat supply business) and city services, which together constitute the comprehensive services provided by the Group to its customers that cover the full range of property management value chain.

Completion of the Placing is subject to satisfaction of the conditions precedent to completion of the Placing and the Placing Agreement not having been terminated. As completion of the Placing may or may not take place, Shareholders and investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 16 June 2020
“Board”	the board of Directors
“Bonds Issue”	the issue of HK\$5,038,000,000 zero coupon guaranteed convertible bonds due 2022 by a wholly-owned subsidiary of the Company, details of which are set out in the announcements of the Company dated 24 May 2021 and 25 May 2021
“Business Day(s)”	any day (excluding a Saturday, Sunday and general holiday as defined in the General Holidays Ordinance (Chapter 149 of the laws of Hong Kong) on which licensed banks in Hong Kong are generally open for ordinary business and dealings in inter-bank deposits and payments can take place and the Stock Exchange is generally open for trading of securities in Hong Kong
“CICC”	China International Capital Corporation Hong Kong Securities Limited
“Company”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), an exempted 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: 6098)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the relevant resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	24 May 2021, being the last full trading day prior to the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 June 2021
“Morgan Stanley”	Morgan Stanley & Co. International plc
“Placing”	placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agents”	UBS, CICC and Morgan Stanley
“Placing Agreement”	the placing agreement entered into by and among the Company and the Placing Agents dated 24 May 2021 in relation to the Placing
“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\$75.25 per Placing Share (exclusive of all brokerage, transaction levies of the Securities and Futures Commission and trading fees of the Stock Exchange)
“Placing Shares”	139,380,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Securities Act”	the U.S. Securities Act of 1933
“Shares”	ordinary shares of US\$0.0001 each of the Company

“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UBS”	UBS AG Hong Kong Branch
“%”	per cent.

By order of the Board
Country Garden Services Holdings Company Limited
LI Changjiang
Executive Director

Hong Kong, 25 May 2021

As of the date of this announcement, the executive Directors are Mr. LI Changjiang, Mr. XIAO Hua and Mr. GUO Zhanjun. The non-executive Directors are Ms. YANG Huiyan (Chairman), Mr. YANG Zhicheng and Ms. WU Bijun. The independent non-executive Directors are Mr. MEI Wenjue, Mr. RUI Meng and Mr. CHEN Weiru.