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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 GENERAL MANDATE

Placing Agents



中國證券有限公司
China Securities Limited

THE PLACING

The Board is pleased to announce that on 15 September 2020 (after trading hours), 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 agreed to act as the agents of the Company and to procure, on a best efforts basis, purchasers for 257,000,000 new H Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

The 257,000,000 Placing Shares represents (a) approximately 19.95% and 7.35% of the total existing issued H Shares and the total existing issued Shares, respectively, as at the date of this announcement; and (b) approximately 16.63% and 6.85% 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 respective 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 General 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.

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.

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THE PLACING AGREEMENT

Date

15 September 2020

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 agreed to act as agents of the Company to procure, on a best effort basis, purchasers for 257,000,000 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. In the event of such shortfall of the number of Placing Shares being placed by the respective Placing Agent, the Company may allocate the proportion of the Placing Agent who is unable to procure Places to the other Placing Agent for which Places are being procured by such other Placing Agent.

The 257,000,000 Placing Shares represents:

- (a) approximately 19.95% and 7.35% of the total existing issued H Shares and the total existing issued Shares, respectively, as at the date of this announcement; and
- (b) approximately 16.63% and 6.85% 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 257,000,000 Placing Shares will be RMB64,250,000 and a market value of HK\$2,557,150,000 based on the closing price of HK\$9.95 per Share as quoted on the Stock Exchange on the Last Trading Day.

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\$9.82 per Placing Share and represents:

- (i) a discount of approximately 1.31% to the closing price of HK\$9.95 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.37% to the average closing price of HK\$9.784 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 0.83% to the average closing price of HK\$9.902 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\$9.72 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 fulfilment of the following conditions by not later than the Long Stop Date:

- (a) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange (and such listing and permission not subsequently being revoked); and

(b) 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.

The foregoing conditions cannot be waived by any party to the Placing Agreement.

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 fulfilment of all the conditions precedent therein the Placing Agreement or at such other time and/or date as the Company and the Placing Agents may agree (the “**Completion Date**”).

If any of the conditions is not satisfied by the Long Stop Date, all obligations of the Placing Agents and of the Company under the Placing Agreement shall cease and determine, and none of the parties to the Placing Agreement shall have any claim against the other in relation to the Placing, save for rights and remedies accrued prior to such termination.

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.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 29 May 2020.

Under the General Mandate, a maximum of 257,651,680 new H Shares may be allotted and issued by the Company. As of the date of this announcement, no H Shares have been allotted and issued under the General Mandate. The Placing Shares will be allotted and issued pursuant to the General 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 and net proceeds (after deducting related costs and expenses) from the Placing are expected to be approximately HK\$2,524 million and HK\$2,498 million, respectively. The Company intends to use the net proceeds from the Placing to repay the Company's offshore 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.

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	29.90%	1,045,092,672	27.85%
Zhang Li (<i>Note 1</i>)	1,025,092,672	29.33%	1,025,092,672	27.32%
	(<i>Note 5</i>)		(<i>Note 5</i>)	
Zhou Yaonan (<i>Note 1</i>)	22,922,624	0.66%	22,922,624	0.61%
Chen Liangnuan (<i>Note 2</i>)	20,000,000	0.57%	20,000,000	0.53%
Other domestic shareholders	94,000,976	2.69%	94,000,976	2.51%
Sub-total of Domestic Shares	2,207,108,944	63.14%	2,207,108,944	58.82%
H Shares				
Li Sze Lim (<i>Note 1</i>)	42,000,000	1.20%	42,000,000	1.12%
	(<i>Note 6</i>)		(<i>Note 6</i>)	
Zhang Li (<i>Note 1</i>)	6,632,800	0.19%	6,632,800	0.18%
Zhang Hui (<i>Note 1</i>)	1,894,800	0.05%	1,894,800	0.05%
Li Helen (<i>Note 3</i>)	1,003,600	0.03%	1,003,600	0.03%
Ng Yau Wah, Daniel (<i>Note 4</i>)	588,000	0.02%	588,000	0.02%
Public shareholders	1,236,139,200	35.37%	1,236,139,200	32.94%
Placees (<i>Note 7</i>)	–	–	257,000,000	6.85%
Sub-total of H Shares	1,288,258,400	36.86%	1,545,258,400	41.18%
Total	3,495,367,344	100%	3,752,367,344	100%

Notes:

1. Li Sze Lim, Zhang Li, Zhou Yaonan and Zhang Hui 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 21,000,000 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

On 19 December 2019, the Company entered into an agreement with China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C., Morgan Stanley & Co. International plc and HeungKong Securities Limited in respect of the placing of 273,000,000 new H Shares at the price of HK\$13.68 per H Share. Upon completion of which, a net proceeds of approximately HK\$3,700 million was received by the Company and was fully utilised to repay the Company's offshore debts. Save as otherwise, the Company has not conducted any other equity fund raising exercises in the past twelve months immediately before the date of this announcement.

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
“General Mandate”	the general mandate granted to the Board by the Shareholders at the annual general meeting and class meetings of the Company held on 29 May 2020 in relation to the proposed issue of new H Shares
“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”	15 September 2020, being the last trading day prior to the signing of the Placing Agreement
“Long Stop Date”	6 October 2020 or such other date as the Company and the Placing Agents may agree in writing
“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”	Kingston Securities Limited and China Securities Limited
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agents dated 15 September 2020 in respect of the Placing
“Placing Price”	HK\$9.82 per Placing Share (excluding brokerage, the SFC transaction levy and the Stock Exchange trading fee payable by the purchasers)
“Placing Shares”	257,000,000 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 15 September 2020

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. Zhang Hui; 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*