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Kaisa Prosperity Holdings Limited

佳兆業美好集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2168)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agents



On 9 June 2020 (before trading hours), the Company entered into the Agreement with the Vendor and the Placing Agents in respect of the Placing and the Subscription.

Pursuant to the Agreement, the Placing Agents severally conditionally agreed, as agent of the Vendor, to place, on a fully underwritten basis, an aggregate amount of 14,000,000 existing Shares at the Placing Price of HK\$32.55 per Share and the Vendor conditionally agreed to subscribe at the Placing Price for the same number of new Shares as the Placing Shares that have been placed by the Placing Agents.

The net proceeds to be received by the Company from the Subscription, after deducting related fees and expenses, are estimated to be approximately HK\$451.0 million.

On 9 June 2020 (before trading hours), the Company entered into the Agreement with the Vendor and the Placing Agents. The principal terms of the Agreement are set out below.

PLACING

Number of Placing Shares

The Placing Agents severally conditionally agreed, as agent of the Vendor, to place, on a fully underwritten basis, an aggregate of 14,000,000 existing Shares, representing approximately 10.00% of the issued share capital of the Company as at the date of this announcement and about 9.09% of the issued share capital as enlarged by the Subscription.

Placing Price

The Placing Price is HK\$32.55 per Share and represents:

- i. a discount of approximately 9.96% to the closing price of HK\$36.15 per Share as quoted on the Stock Exchange on 8 June 2020, the Last Trading Day; and
- ii. a discount of approximately 13.11% to the average closing price of approximately HK\$37.46 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiations among the Company, the Vendor and the Placing Agents with reference to the prevailing market price of the Shares and market demand for the Placing Shares.

The Directors consider that the Placing Price to be fair and reasonable under the current market conditions and is in the best interests of the Company and the Shareholders as a whole.

Rights of Placing Shares

The Placing Shares will be sold free from all liens, charges, encumbrances and other third party rights and together with all rights attaching to them as of the date of the Agreement, including the right to receive all dividends and distribution declared, made or paid on or after the date of the Agreement. The Placing Shares rank pari passu in all respects with the other existing Shares.

Independence of the Placing Agents and the Placees

It is expected that the Placing Shares will be placed by the Placing Agents to not less than six independent professional, institutional and/or individual investors. The investors, together with their respective ultimate beneficial owners, are third parties independent of, and not connected with, the Company or its connected persons. It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

The Placing Agents and the placees to be procured by the Placing Agents are or will be (as the case may be) independent of the directors, chief executive or substantial shareholders of the Company or any of their respective associates.

Conditions to the Placing

The obligations of each Placing Agent under the Agreement shall be subject to the following conditions:

- (i) before the completion of the Placing, there shall not have occurred:
 - A. 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 Company and its subsidiaries taken as a whole, provided that no event, circumstance, development, change, occurrence or effect to the extent resulting from, arising out of, or relating to any matter or event disclosed in any announcement made by the Company on the website of the Stock Exchange prior to the date of the Agreement shall be deemed to constitute, or shall be taken into account in determining whether there has been, a material adverse change; or
 - B. any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange, or (b) 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
 - C. any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA of a national emergency or war or other calamity or crisis; or
 - D. any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA; or
 - E. any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of such Placing Agent, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or inexpedient to proceed therewith;
- (ii) the representations and warranties made by any of the Company and the Vendor pursuant to the Agreement being true and accurate and not misleading as of the date of the Agreement and the Closing Date; and

- (iii) each of the Company and the Vendor 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 Agreement on or before the Closing Date.

Completion of the Placing

Completion of the Placing is expected to take place on or before 11 June 2020 (or such other time or date as the parties to the Agreement may agree in writing).

SUBSCRIPTION

Number of new Shares to be subscribed

14,000,000 new Shares to be subscribed by the Vendor, representing approximately 10.00% of the issued share capital of the Company as at the date of this announcement and approximately 9.09% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The subscription price per new Share is equivalent to the Placing Price of HK\$32.55 per Share.

The Subscription Shares have a nominal value of HK\$140,000 and a market value of HK\$506,100,000, based on the closing price of HK\$36.15 per Share on the Last Trading Day. The net price of per Subscription Share is HK\$32.21 per Share.

The subscription price per new Share, being equal to the Placing Price, was determined after arm's length negotiations between the Company and the Vendor with reference to the Placing Price.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market conditions and are in the interest of the Company and the Shareholders as a whole.

General mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the 2019 AGM.

Under the General Mandate, a maximum of 28,000,000 new Shares may fall to be allotted and issued. Since the date of the 2019 AGM and up to the date of this announcement, no Share have been allotted and issued by the Company under the General Mandate, and the General Mandate has not been utilised. Accordingly, no Shareholders' approval is required for, the allotment and issue of the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription including the right to any dividends or distributions after the date of completion of the Subscription.

Conditions of the Subscription

The Subscription is conditional upon:

- (1) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares pursuant to the Agreement; and
- (2) completion of the Placing having occurred pursuant to the terms of the Agreement.

None of the conditions stated above can be waived.

In the event that the conditions are not fulfilled within 14 days after the date of the Agreement (or such later date as may be agreed among the parties), the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

Completion of the Subscription

Completion of the Subscription will take place on the second Business Day (or such other time and/or date as the Vendor and the Company may agree in writing) after the date upon fulfillment of the last of the above conditions.

As the Vendor (a controlling Shareholder) is a connected person of the Company and the Subscription constitutes a connected transaction of the Company exempt under Rule 14A.92(4) of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Agreement, the relevant provisions of the Listing Rules in relation to connected transaction will apply (including the independent Shareholders' approval requirement) to the Subscription, unless otherwise waived by the Stock Exchange. Further announcement will be made if this occurs.

Application for listing

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

LOCK-UP UNDERTAKINGS

Pursuant to the terms of the Agreement,

- (a) the Vendor shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of each of the Placing Agents, (i) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Vendor or any affiliate of the Vendor or any person in privity with the Vendor or any affiliate of the Vendor), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Agreement and ending on the date which is 90 days after the Closing Date; and
- (b) the Company shall not, and the Vendor shall procure that the Company will not, without the prior written consent of each of the Placing Agents, (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Agreement and ending on the date which is 90 days after the Closing Date.

EFFECT ON THE 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 and the Subscription, the shareholding structure of the Company before and after completion of the Placing and the Subscription is summarised as follows:

	Before completion of Placing and completion of Subscription		After completion of Placing but before completion of Subscription		After completion of Placing and Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Vendor (<i>Note 1</i>)	103,530,000	73.95	89,530,000	63.95	103,530,000	67.23
Other Shareholders	36,470,000	26.05	36,470,000	26.05	36,470,000	23.68
Placees	–	–	14,000,000	10	14,000,000	9.09
Total issued share capital	140,000,000	100	140,000,000	100	154,000,000	100

Notes:

- (1) The Vendor is beneficially wholly-owned by Paramount Access, which is in turn wholly-owned by Kaisa Holdings. By virtue of the Securities and Futures Ordinance, each of Kaisa Holdings and Paramount Access is deemed to be interested in the same number of Shares which the Vendor is interested in.
- (2) The percentage figures included in the shareholding structure have been subject to rounding adjustment.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any other equity fund raising activity in the past twelve-month period immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Group is principally engaged in the provision of property management services, pre-delivery and consulting services, community value-added services and smart solution services in the PRC.

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening its Shareholder and capital base. The Directors are of the view that the Placing and the Subscription would strengthen the financial position of the Group and provide working capital to the Group.

The Directors consider that the terms of the Agreement (including the Subscription Price and the Placing Price) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The net proceeds to be received by the Company from the Subscription, after deducting related fees and expenses, are estimated to be approximately HK\$451.0 million.

The Company intends to use the net proceeds from the Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes.

As at the date of this announcement, (i) the Company intends to invest in businesses or targets that are related to its core businesses but has not identified any specific investment or acquisition targets; (ii) no agreement has been entered by the Group in respect of any such investments or acquisitions; and (iii) no allocation plan of such net proceeds between possible investments or acquisitions and general working capital has been formulated. The Company 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.

The Directors are of the view that the Placing and the Subscription will provide a good opportunity to raise additional funds to strengthen the financial position and to broaden the shareholder base and capital base of the Group to facilitate future development and can also increase the liquidity of the Shares.

GENERAL

As at the date of this announcement, the Vendor holds 103,530,000 Shares, representing approximately 73.95% of the existing issued share capital of the Company. The Vendor is beneficially wholly-owned by Paramount Access, which is in turn wholly-owned by Kaisa Holdings.

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.

As the Placing and the Subscription may or may not proceed to completion, Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“2019 AGM”	the annual general meeting of the Company held on 18 June 2019;
“Agreement”	the agreement dated 9 June 2020 entered into among the Company, the Vendor and the Placing Agents in relation to the Placing and the Subscription;

“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong;
“Closing Date”	11 June 2020 or such other date as the Vendor and the Placing Agents may agree in writing;
“Company”	Kaisa Prosperity Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 2168);
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“General Mandate”	the general authority granted to the Directors to issue up to 28,000,000 Shares, representing 20% of the total number of Shares in issue as at date of the 2019 AGM pursuant to an ordinary resolution passed at the 2019 AGM;
“Group”	the Company and its subsidiaries and the expression “member of the Group” shall be construed accordingly;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Kaisa Holdings”	Kaisa Group Holdings Ltd. (佳兆業集團控股有限公司*), a company incorporated in the Cayman Islands as an exempted company with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 1638);
“Last Trading Date”	8 June 2020, being the last full trading day prior to the date of the Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Paramount Access”	Paramount Access Investments Limited, a company incorporated in the British Virgin Islands;
“Placing”	the placing of the Placing Shares by the Placing Agents to placees at the Placing Price pursuant to the Agreement;

“Placing Agents”	Haitong International Securities Company Limited and ABCI Securities Company Limited;
“Placing Price”	HK\$32.55 per Placing Share;
“Placing Shares”	the Shares to be placed by the Placing Agents pursuant to the Placing;
“PRC”	the People’s Republic of China;
“Securities Act”	the U.S. Securities Act of 1933, as amended;
“Shares”	ordinary shares of the Company of HK\$0.01 each;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Agreement;
“Subscription Price”	HK\$32.55 per Subscription Share;
“Subscription Shares”	14,000,000 Shares to be subscribed by the Vendor pursuant to the Subscription;
“Vendor”	Ye Chang Investment Company Limited, a company incorporated in the British Virgin Islands, the seller of the Placing Shares; and
“%”	per cent.

On behalf of the Board
Kaisa Prosperity Holdings Limited
Liao Chuanqiang
Chairman

Hong Kong, 9 June 2020

As at the date of this announcement, the executive Directors are Mr. Liao Chuanqiang, Ms. Guo Li, Ms. Kwok Hiu Ting, Mr. Li Haiming and Mr. Wu Jianxin; and the independent non-executive Directors are Mr. Liu Hongbai, Ms. Ma Xiumin and Mr. Chen Bin.