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seazen

新城发展

SEAZEN GROUP LIMITED

新城發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1030)

**PLACING OF EXISTING SHARES AND
TOP-UP SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

Joint Overall Coordinators



**Citigroup Global Markets
Asia Limited**



**Haitong International Securities
Company Limited**

Joint Placing Agents



THE PLACING AND SUBSCRIPTION AGREEMENT

On 10 December 2022, the Seller, the Company and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which: (a) the Seller agreed to appoint the Placing Agents as agents, and the Placing Agents agreed to procure, on a several (and not joint or joint and several) and best effort basis, not less than six purchasers to purchase the Sale Shares (being 560,000,000 Shares) at the Placing Price (being HK\$3.50 per Share); and (b) the Seller agreed to subscribe for, and the Company agreed to allot and issue to the Seller, the Subscription Shares (being equivalent to the number of the Sale Shares actually sold by the Seller pursuant to the Placing and Subscription Agreement) at the Subscription Price (which is equivalent to the Placing Price).

The Sale Shares represent approximately 8.61% of the issued share capital of the Company as at the date of this announcement and approximately 7.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

USE OF PROCEEDS

The gross proceeds and net proceeds (after deduction of all costs and expenses) to be received by the Company from the Subscription are expected to be approximately HK\$1,960 million and HK\$1,943 million, respectively. The Company intends to use the net proceeds from the Subscription for the repayment of the Company's offshore debts when they fall due in the future and as general working capital of the Group.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Placing and Subscription is subject to the satisfaction of the conditions precedent in the Placing and Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date: 10 December 2022

Parties:

- (a) The Seller;
- (b) The Company; and
- (c) 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 is independent of the Company and its connected persons.

(I) The Placing

As at the date of this announcement, the Seller holds 4,474,549,274 Shares (representing approximately 68.78% of the issued share capital of the Company).

Pursuant to the Placing and Subscription Agreement, the Seller agreed to appoint the Placing Agents as agents, and the Placing Agents agreed to procure, on a several (not joint or joint and several) and best effort basis, not less than six purchasers to purchase the Sale Shares (being 560,000,000 Shares) at the Placing Price (being HK\$3.50 per Share).

Placees

Pursuant to the Placing and Subscription Agreement, the choice of the Placees for the Sale Shares shall be determined by the Placing Agents in their sole and absolute discretion, subject to the requirements of any applicable laws, rules, codes and regulations (including the Listing Rules and the Code on Takeovers and Mergers).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, such Placees and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company, the Seller, the Seller's associates and persons acting in concert with the Seller. It is expected that none of the Placees will become a substantial shareholder of the Company as a result of the Placing and Subscription.

Placing Price

The Placing Price of HK\$3.50 per Share (exclusive of all brokerage, Hong Kong stamp duty, transaction levies of the Securities and Futures Commission and the Accounting and Financial Reporting Council and trading fees of the Stock Exchange) represents:

- (i) a discount of approximately 13.79% to the closing price of HK\$4.06 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 5.41% to the average closing price of approximately HK\$3.70 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing and Subscription Agreement; and
- (iii) a discount of approximately 3.05% to the average closing price of approximately HK\$3.61 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Placing and Subscription Agreement.

The Placing Price was determined after arm's length negotiations among the Company, the Seller and the Placing Agents after taking into account the recent market price of the Shares and the current market conditions. The Directors consider that the Placing Price and the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Number of Sale Shares

The 560,000,000 Sale Shares represent approximately 8.61% of the issued share capital of the Company of 6,505,741,521 Shares as at the date of this announcement, and approximately 7.93% of the issued share capital of the Company of 7,065,741,521 Shares as enlarged by the allotment and issue of Subscription Shares (assuming that there will be no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Ranking of the Sale Shares

The Sale Shares rank *pari passu* with the other Shares in issue in the capital of the Company.

Rights of the Sale Shares

The Sale Shares will be sold free and clear from all pledges, liens and encumbrances, equities, security interests or other claims (including any non-disposal undertakings or similar obligations) binding upon the Seller.

Conditions of the Placing

The obligations of the Placing Agents under the Placing and Subscription Agreement shall be subject to the following conditions:

- (i) before the closing 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; 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 Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the European Economic Area (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 Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the Cayman Islands, the British Virgin Islands, 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 Cayman Islands, the British Virgin Islands, 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 the Placing Agents, would make the placement of the Sale Shares or the enforcement of contracts to purchase the Sale Shares impracticable or inadvisable, or would materially prejudice trading of the Sale Shares in the secondary market;

- (ii) the representations and warranties made by any of the Company and the Seller pursuant to the Placing and Subscription Agreement being true and accurate and not misleading as of the date of the Placing and Subscription Agreement and the Closing Date; and
- (iii) each of the Company and the Seller 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 and Subscription Agreement on or before the Closing Date.

Completion of the Placing

Completion of the Placing shall take place on the third business day after the date of the Placing and Subscription Agreement (being 14 December 2022) or on such other date as the Seller and the Placing Agents may agree.

Commission

In consideration of the services of the Placing Agents in relation to the Placing, the Placing Agents are entitled to a commission equivalent to 0.75% of the aggregate value of the Sale Shares at the Placing Price. Assuming all the Sale Shares are placed, the maximum aggregate commission payable by the Company to the Placing Agents shall be HK\$14.70 million.

(II) The Subscription

Pursuant to the Placing and Subscription Agreement, the Seller agreed to subscribe for, and the Company agreed to allot and issue to the Seller, the Subscription Shares at the Subscription Price.

Subscription Price

The Subscription Price of HK\$3.50 per Share is equal to the Placing Price. The Subscription Price was determined after arm's length negotiations among the Company, the Seller and the Placing Agents with reference to the Placing Price. The net Subscription Price (after deduction of all relevant costs and expenses to be borne by the Company) is estimated to be approximately HK\$3.47 per Share.

Number of Subscription Shares

The number of Subscription Shares is equivalent to the number of Sale Shares actually sold by the Seller pursuant to the Placing and Subscription Agreement. The aggregate nominal value of the Subscription Shares is HK\$560,000.

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (a) 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; and

- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

If the conditions of the Subscription are not fulfilled within 14 days after the date of the Placing and Subscription Agreement or such later date as may be agreed among the Seller, the Company and the Placing Agents in writing and in compliance with the Listing Rules, the obligations and liabilities of the Seller and the Company under the Subscription shall be null and void and neither the Company nor the Seller shall have any claim against the other for costs, damages, compensation or otherwise. Notwithstanding any provisions contained in the Placing and Subscription Agreement, the Placing Agents shall not be liable whatsoever in connection with the Subscription.

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

Completion of the Subscription

Completion of the Subscription shall take place on the second business day after the date upon which the last of the conditions of the Subscription (set out above) to be satisfied shall have been so satisfied, provided that it shall take place on a date no later than 14 days after the date of the Placing and Subscription Agreement or on such other date as the Seller, the Company and the Placing Agents may agree in writing and in compliance with the Listing Rules.

General Mandate to Issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors to allot, issue and deal with Shares by a resolution of the Shareholders passed at the AGM. Under the General Mandate, the Company is authorized to issue up to 1,301,148,304 Shares. As at the date of this announcement, the Directors have not exercised their power to allot and issue any new Shares pursuant to such General Mandate. Accordingly, the Subscription is not subject to approval by the Shareholders.

(III) Lock-up Undertakings

Pursuant to the Placing and Subscription Agreement:

- (a) Subject to paragraph (c) below, the Seller 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, (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 Seller or any Affiliate of the Seller or any person in privity with the Seller or any Affiliate of the Seller), 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 Placing and Subscription Agreement and ending on the date which is 90 days after the Closing Date. The foregoing shall not apply to the sale of the Shares under the Placing and Subscription Agreement.
- (b) Subject to paragraph (c) below, the Company shall not, and the Seller shall procure that the Company will not, (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 Placing and Subscription Agreement and ending on the date which is 90 days after the Closing Date. The foregoing shall not apply to (i) the issue of the Subscription Shares under the Placing and Subscription Agreement; (ii) any grant of share option(s) and any issue of new Share(s) upon exercise of option(s) under the share option scheme adopted by the Company on 6 November 2012.
- (c) The Placing Agents may, in their sole and absolute discretion, jointly waive any of the obligations of the Seller and/or the Company under paragraph (a) and/or paragraph (b) above, respectively, in whole or in part and with or without conditions, by notice in writing to the Company and/or the Seller.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Placing but before completion of the Subscription (on the basis that all Sale Shares are sold); and (iii) immediately after completion of the Placing and Subscription, on the assumption that (a) there will be no other change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares; and (b) the Placees do not and will not hold any Shares other than the Sale Shares:

	As at the date of this announcement		Immediately after completion of the Placing but before completion of the Subscription		Immediately after completion of the Placing and Subscription	
	<i>Number of issued Shares held</i>	<i>Approximate percentage in the issued share capital of the Company (%)</i>	<i>Number of issued Shares held</i>	<i>Approximate percentage in the issued share capital of the Company (%)</i>	<i>Number of issued Shares held</i>	<i>Approximate percentage in the issued share capital of the Company (%)</i>
The Seller (<i>Note 1</i>)	4,474,549,274	68.78%	3,914,549,274	60.17%	4,474,549,274	63.33%
Set Hero (<i>Note 2</i>)	101,065,905	1.55%	101,065,905	1.55%	101,065,905	1.43%
Directors and their respective associates	28,700,000	0.44%	28,700,000	0.44%	28,700,000	0.41%
The Placees	–	–	560,000,000	8.61%	560,000,000	7.93%
Public Shareholders (excluding the Placees)	1,901,426,342	29.23%	1,901,426,342	29.23%	1,901,426,342	26.91%
Total	6,505,741,521	100.00%	6,505,741,521	100.00%	7,065,741,521	100.00%

Notes:

- The Seller is held as to 100% of its issued share capital by First Priority Group Limited. Chen Ting Sen (PTC) Limited, as trustee of the Hua Sheng Trust, which was established by Mr. Wang Zhenhua as the settlor in favour of his family members, held 100% of the issued share capital of Infinity Fortune Development Limited, which in turn held 100% of the issued share capital of First Priority Group Limited.
- Set Hero is held as to 100% by Ms. Chen Jing, spouse of Mr. Wang Zhenhua.

REASONS FOR THE PLACING AND SUBSCRIPTION

The Directors consider that the Placing and Subscription 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 and Subscription will strengthen the financial position and liquidity of the Group and provide funding to the Group for the repayment of the Company's offshore debts when they fall due in the future and as general working capital of the Group. Accordingly, the Directors considered that the Placing and Subscription, and the terms of the Placing and Subscription Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Placing and Subscription Agreement is beneficial to the Company and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and net proceeds (after deduction of all costs and expenses) to be received by the Company from the Subscription are expected to be approximately HK\$1,960 million and HK\$1,943 million, respectively. The Company intends to use the net proceeds from the Subscription for the repayment of the Company's offshore debts when they fall due in the future and as general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 2 December 2021, the Company proposed the rights issue ("**Rights Issue**") on the basis of one (1) rights share for every twenty-one (21) existing shares held on 4 January 2022, being the record date, at the subscription price of HK\$5.30 per rights share on a non-underwritten basis. The Rights Issue was completed on 27 January 2022 and the net proceeds raised from the Rights Issue was approximately HK\$1,559.79 million. The Company intended to use approximately HK\$935.87 million for acquisition of lands in Sichuan Province and Hubei Province and use approximately HK\$623.92 million for repayment of a syndicated loan. There has been no change in the intended use of net proceeds and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on its actual business needs.

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

INFORMATION ABOUT THE GROUP AND THE SELLER

The Group is principally engaged in property development, property investment and commercial property management in the PRC.

The Seller is principally engaged in investment holding, a business company incorporated in the British Virgin Islands and a controlling shareholder of the Company. The Seller is ultimately held by Hua Sheng Trust found by Mr. Wang Zhenhua, a controlling shareholder of the Company.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Placing and Subscription is subject to the satisfaction of the conditions precedent in the Placing and Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Affiliate”	has the meaning specified in Rule 501(b) of Regulation D under the U.S. Securities Act
“AGM”	the annual general meeting of the Company held on 23 June 2022
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day”	a day (other than Saturday, Sunday or public holiday) on which commercial banking institutions in Hong Kong are generally open for transactions of normal banking business
“Citi”	Citigroup Global Markets Limited
“Closing Date”	the third business day after the date of the Placing and Subscription Agreement or such other date as the Seller and the Placing Agents may agree
“Company”	Seazen Group Limited (新城發展控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Haitong”	Haitong International Securities Company Limited

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	9 December 2022, being the last full trading day prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any professional institutional and other investors whom the Placing Agents has procured to purchase any of the Sale Shares pursuant to their obligations under the Placing and Subscription Agreement
“Placing”	the placing of the Sale Shares to the Placees procured by the Placing Agents on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Placing Agents”	Citi and Haitong, and each a “Placing Agent”
“Placing and Subscription Agreement”	the placing and subscription agreement dated 10 December 2022 entered into among the Seller, the Company and the Placing Agents in relation to the Placing and Subscription
“Placing Price”	HK\$3.50 per Share, as determined in accordance with the terms of the Placing and Subscription 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
“Sale Shares”	the 560,000,000 Shares to be sold by the Seller pursuant to the Placing and Subscription Agreement
“Seller”	Wealth Zone Hong Kong Investments Limited (富域香港投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Company
“Set Hero”	Set Hero Developments Limited, a company incorporated in the British Virgin Islands with limited liability
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each
“Shareholders”	holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Seller on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Subscription Price”	HK\$3.50 per Share, which is equal to the Placing Price
“Subscription Shares”	up to a total of 560,000,000 new Shares to be issued by the Company to the Seller under the Subscription, the exact number of which shall be equivalent to the number of the Sale Shares actually sold by the Seller pursuant to the Placing and Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

By order of the Board
Seazen Group Limited
Wang Xiaosong
Chairman

The PRC, 12 December 2022

As at the date of this announcement, the Directors are Mr. Lv Xiaoping and Mr. Lu Zhongming as executive Directors, Mr. Wang Xiaosong, Mr. Qu Dejun and Mr. Zhang Shengman as non-executive Directors, and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.