KAISA GROUP HOLDINGS LTD.

佳兆業集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1638)

PROPOSED OFFSHORE DEBT RESTRUCTURING

1. INTRODUCTION

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the joint announcement (the "**Joint Announcement**") dated 6 February 2015 issued by the Company, Sunac China Holdings Limited ("**Sunac**") and Ease Success Holdings Limited (the "**Offeror**"), which is a wholly-owned subsidiary of Sunac, in relation to (i) the agreement to acquire 2,529,196,133 shares of the Company, representing approximately 49.25% of the issued share capital of the Company as at 31 January 2015, by the Offeror (the "**Acquisition**"); and (ii) the possible conditional mandatory cash offers by Morgan Stanley on behalf of the Offeror to acquire all of the issued shares in the capital of the Company (other than those shares already held by the Offeror and its Concert Parties and the Non-acceptance Shares) for the cancellation of all the outstanding Share Options and the Convertible Bonds.

* *For identification purposes only*

Unless otherwise defined, capitalised terms used in this announcement and the appendices to this announcement will have the same meaning as those defined in the Joint Announcement.

In conjunction with the above, the Company, together with its financial adviser Houlihan Lokey and its legal counsel Sidley Austin, have been assessing a variety of restructuring alternatives for its offshore debts. The Company believes that the proposed restructuring plan for its offshore debt outlined in paragraph 4 below (the "**Proposed Restructuring Plan**") is in the best interests of all of its stakeholders because it will help stabilise the Company's business and will facilitate completion of the Acquisition. In light of the increasingly challenging liquidity situation compounded by the current sale blockages and various asset freezes, the Company believes that an expedited, consensual restructuring is the most viable path forward and best protects the economic position of its creditors.

This announcement provides (1) a situation overview of the Group; (2) an overview of the Acquisition by Sunac; and (3) the particulars of the Proposed Restructuring Plan.

2. SITUATION OVERVIEW OF THE GROUP

(a) Company Overview and Recent Situation

The Company is a large-scale integrated property developer in the PRC with a sizable and diversified land bank of approximately 23.55 million sq.m. GFA that spans across 29 cities in five regions as at 31 December 2014. The Company focuses on mass market housing demand and is primarily engaged in the development of large-scale residential properties, as well as integrated commercial properties. Headquartered in Shenzhen, the Special Economic Zone adjacent to Hong Kong, the Company has historically focused its property development in the Pearl River Delta region.

The Company's well-established position in the region is supported by its geographically diversified development portfolio, including projects in Greater Shenzhen, Foshan, Guangzhou and Zhuhai. Building on its success in the Pearl River Delta region, the Company has also expanded into other areas in the PRC, including Shanghai, Hangzhou, Taizhou and Jiangyin in the Yangtze River Delta region, Chengdu, Chongqing and Nanchong in the Western China region, Changsha, Wuhan and Zhuzhou in the Central China region, and Shenyang, Yingkou, Benxi, Panjin, Anshan, Weifang, Liaoyang, Dalian, Dandong, Huludao and Qingdao in the Pan-Bohai Bay Rim. The Company also engages in property management, shopping mall and hotel operations and catering services.

Business Disruption and Onshore Litigation

As of 31 January 2015, 11 of the Company's projects are blocked from sale or subject to restrictions imposed by the Shenzhen Government.

Furthermore, certain commercial banks across the PRC have suspended the issuance of personal mortgage loans to purchasers of substantially all of the Group's properties, significantly impacting the Company's ability to sell units.

In recent months, there have been numerous departures at the executive management and operational levels of the Company. Chairman Kwok resigned on 31 December 2014 triggering events of default in the Company's debt. Various other senior management personnel, including the Vice Chairman, the CEO, and the CFO, as well as more than 170 employees have also resigned.

There were also various lender actions against the Company. As of 31 January 2015, 22 projects of the Company were blocked for sale or frozen by local courts due to pre-litigation asset preservation. As of 1 March 2015, the Company had 80 pending litigation and arbitration matters with onshore creditors. Of these, 63 applications in relation to the preservations of the Group's assets under onshore loans have been filed by creditors with the relevant PRC courts and 21 civil rulings have been entered by PRC courts amounting to RMB12.8 billion (equivalent to approximately HK$16.2 billion). As of 2 March 2015, certain banks have also frozen various deposits of the Company aggregating approximately RMB370 million (equivalent to approximately HK$469 million) pending resolution of existing defaults. Furthermore, some lenders have issued acceleration notice for repayment. As of 31 January 2015, the Company received notices from its creditors (including project partners) demanding for immediate repayment of approximately RMB28 billion (equivalent to approximately HK$35 billion).

As a result of the above, the Company is facing acute liquidity pressure and severe business disruption and so it requires relief from its creditors, as outlined in the Proposed Restructuring Plan in paragraph 4 below.

Further details are set out in the section headed "Kaisa Overview and Recent Situation" in Appendix A to this announcement.

(b) Challenging Liquidity and Cash Position

As a result of the sale blockages and asset freezes, cash collections from the Company's property sales dropped significantly from RMB2,098 million (equivalent to approximately HK$2,658 million) in November 2014 to RMB1,592 million (equivalent to approximately HK$2,017 million) in December 2014, RMB515 million (equivalent to approximately HK$653 million) in January 2015, and RMB143 million (equivalent to approximately HK$181 million) in February 2015.

Consequently, the Company's total cash balance has decreased from RMB10,913 million (equivalent to approximately HK$13,828 million) on 30 June 2014 to RMB1,897 million (equivalent to approximately HK$2,404 million) on 2 March 2015; an approximately 83% fall over the period.

As of 2 March 2015, RMB566 million (equivalent to approximately HK$717 million) represented unrestricted cash and RMB1,331 million (equivalent to approximately HK$1,687 million) was restricted cash.

The Company expects its liquidity to continue to deteriorate if the current situation is not resolved quickly. The Company has no liquidity lines available to draw from. Absent the release of the sale blockages and frozen assets in the near term, the going concern value of the Company could be significantly impaired.

A summary is set out in the section headed "Challenging Liquidity and Cash Position" in Appendix A to this announcement.

(c) Significant Pressure from Increase in Interest-Bearing Debt

On 16 February 2015, the Company announced that its total interest-bearing debt as at 31 December 2014 amounted to RMB65.0 billion (equivalent to approximately HK$82 billion), representing an increase of RMB35.2 billion (equivalent to approximately HK$44.6 billion) from 30 June 2014. The increase in interest-bearing debt has resulted from:

(1) request for refund of advance proceeds received from some of the customers and other payables; the advance proceeds represent refundable pre-sale deposits received from independent third-parties; some have requested a refund of their deposits with interest;

(2) non-controlling interest, which represents equity investment made by trust funds in relation to joint venture projects that are subject to fixed repurchase terms with interest that would require adjustment in the accounts; and

(3) increase in borrowings incurred by the Company during this period.

Further updates will be provided once the audit of the accounts of the Company for the year ended 31 December 2014 has been completed by the Company's auditors.

Further details are set out in the section headed "Significant Pressure from Increase in Interest-Bearing Debt" in Appendix A to this announcement.

(d) Significant Upcoming Debt Maturities

The Company has imminent maturity for approximately RMB29.8 billion (equivalent to approximately HK$37.8 billion) of its debt in the next 12 months. In the absence of changes in the situation described above and a successful restructuring of the Company's onshore and offshore debt obligations, material uncertainty exists in relation to the Company's ability to discharge its liabilities when due.

The breakdown is set out in the section headed "Significant Upcoming Debt Maturities" in Appendix A to this announcement.

(e) Projected Cash Flow

The Company's liquidity position has been significantly impaired in light of the business disruptions and onshore litigation described above. As a result and even once the sale blockages and the asset freezes are lifted and normal operations resume, the Company's liquidity is expected to remain tight in 2015 and 2016 as the Company's business recovers from the currently challenging operating environment. Once the sale blockages and asset freezes are lifted, the Company plans to sell certain assets to bolster near-term liquidity and bridge the business to normal operations.

A projection of the Company's cash flow for 2015, 2016 and 2017 is set out in the section headed "Projected Cash Flow" in Appendix A to this announcement.

(f) Limited Actionable Alternatives

The Company, together with its advisors, have considered several alternatives to raise capital from other sources, but the negative overhang from the liquidity and operational challenges the Company currently faces severely limits the Company's ability to do so.

(1) Asset Sales: The Company is in the process of selling four unencumbered property assets in Shanghai to Sunac to improve liquidity. However, additional material asset sales will unlikely be achieved due to the existing asset "freezes", and the fact that a fire sale of the assets would not achieve fair market value for the assets. In addition, there is a risk that further asset sales may trigger additional defaults under the Company's existing debts.

(2) New Debt Financing: The Company's currently challenging credit profile makes third-party debt financing difficult to raise. This issue is further exacerbated by the ongoing problems with the Company's onshore and offshore debt.

(3) New Equity Financing: Securing new equity financing from the Company's existing shareholders is also not feasible. The Kwok family has agreed to sell its entire stake in the Company to Sunac and will not inject new equity. It is unlikely that Sino Life, the second largest shareholder of the Company, while supportive of the Acquisition, will consider putting in new funds under a stand-alone plan. Given the existing capital structure issues, an equity raise from new third parties is extremely difficult and unachievable.

(4) Alternative Buyers: The Company believes that it may be difficult to find an alternative buyer to Sunac that is better suited to help the Company to stabilise its business. Sunac has spent over two months on due diligence and planning in relation to the Acquisition and any new buyer will need at least that much time to perform due diligence on the Company and execute a transaction, which will further jeopardize the financial health of the Company. Additionally, the terms that will be offered by an alternative buyer may be less attractive to existing creditors than what is currently being offered as part of the Acquisition.

The Company believes that the Proposed Restructuring Plan is the most beneficial way forward for both the Company and its creditors. It results in a positive outcome relative to the alternatives considered, particularly given the fact that the capital markets are not open to the Company in its current situation. The Company has also looked for alternative buyers. The Company believes, however, that the acquisition by Sunac represents the most attractive option for all stakeholders as it creates a path to stabilising operations and minimising the level of debt impairment that would likely be required, thereby preserving value for all stakeholders and providing stability with onshore stakeholders.

A summary of the alternatives to raising capital from other sources is set out in the section headed "Limited Actionable Alternatives" in Appendix A to this announcement.

(g) Preliminary Liquidation Analysis

The Company has retained Deloitte Touche Tohmatsu to perform an analysis of estimated recoveries to creditors under a liquidation scenario. The preliminary analysis is based on a scenario where the Proposed Debt Restructuring is not successful and the Company is forced into liquidation.

In the liquidation of the Company, a substantial majority of the Company's onshore creditors are expected to be impaired (that is, recoveries below the face value of their debt claims). Based on a preliminary review, the estimated recoveries to offshore creditors in a liquidation are expected to be approximately RMB980 million (equivalent to approximately HK$1,242 million) or approximately 2.4%.

In preparing the liquidation analysis, Deloitte Touche Tohmatsu did not verify or audit the information provided to it by the Company's management. The preliminary liquidation analysis is set out in the section headed "Preliminary Liquidation Analysis" in Appendix A to this announcement.

(h) Solution Required on an Urgent Basis

The continued "freezing" of assets and ongoing litigation disrupt normal operations and if prolonged, may have material negative consequences on the Company's operations and the going concern value of the Company. The deteriorating liquidity profile puts increasing stress on the Company's business, and further highlights the unstable capital structure of the Company. In addition, departures at the executive management and operational levels have created a challenging transitional period. An immediate resolution of these issues is critical to the preservation of value for all stakeholders in the Group.

A summary is set out in the section headed "Why is a Solution Required on an Urgent Basis?" in Appendix A to this announcement.

3. THE ACQUISITION BY SUNAC

(a) Overview of Sunac

Sunac is an integrated residential and commercial property developer with a focus on high-end and high-quality property developments in selected cities in the PRC. Its shares were listed on the main board of the Stock Exchange in October 2010. As of 4 March 2015, Sunac had a market capitalisation in excess of RMB19.5 billion (equivalent to HK$24.7 billion), according to Capital IQ.

As of 30 June 2014, Sunac's portfolio consists of 67 projects totalling 21.92 million sq.m. (13.50 million sq.m. attributable) in land bank across the PRC. According to CRIC Research Center, Sunac has risen to become the 10th largest player by contracted sales amount in the PRC in 2014 from 18th in 2011.

Sunac has a strong credit rating (Ba3 (Moody's)/BB- (S&P)/BB- (Fitch)), allowing it to benefit from ready access to the capital markets. As a result of prudent cash flow management, Sunac enjoys a strong liquidity position. As of 30 June 2014, Sunac's total cash and cash equivalents and restricted cash together amounted to approximately RMB22,985 million (equivalent to approximately HK$29,124 million) and total current borrowings amounted to approximately RMB13,837 million (equivalent to approximately HK$17,533 million).

A more expanded profile of Sunac is set out in the section headed "Overview of Sunac" in Appendix A to this announcement.

(b) Overview of the Acquisition

As disclosed in the Joint Announcement, the Acquisition, upon completion, will trigger mandatory cash offers for all the issued Shares (other than the Shares held by the Offeror and the Non-acceptance Shares), outstanding Share Options and the Convertible Bonds.

Completion of the Acquisition is subject to the approval of the shareholders of Sunac and the satisfaction (as determined by Sunac) of the following conditions (unless waived by Sunac) on or before the Long Stop Date, that is, 31 July 2015:

(1) The following matters are resolved or executed in a manner satisfactory to the Offeror: (i) the Debt Defaults are resolved through consent or waivers of creditors; (ii) part or all of the Existing Debts having been restructured and refinanced, and that there is no occurrence of event of default or potential event of default under the Existing Debts;

(2) All potential breaches of terms of the Existing Debts caused by the Acquisition have been waived by the relevant creditors of the Existing Debts so that completion of the Acquisition will not breach or potentially breach any terms of the Existing Debts;

(3) All Existing Disputes and Court Applications are resolved through settlement and other means, and such resolutions are satisfactory to the Offeror; and

(4) All Irregularities of Business Operations of the Group are resolved in a manner satisfactory to the Offeror.

For more detailed information, please refer to the Joint Announcement and the section headed "Transaction Overview" in Appendix A to this announcement.

(c) Illustrative Post-Acquisition Structure

Subject to the satisfaction or waiver of conditions (1) to (4) to completion of the Acquisition as set out in the paragraph 3 (b) above, Sunac intends to convene a shareholder meeting as soon as possible and to close the Acquisition thereafter.

Following completion of the Acquisition, the Company intends to use reasonable efforts to maintain the listing status of the Shares on the Stock Exchange and to achieve public float of not less than 25% of its issued share capital in compliance with the Listing Rules. The Company believes that the public float objective can be achieved through, among others, the sale by Sunac of Shares acquired through the Acquisition. Sunac has advised the Company that it agrees with the Company's intention to maintain the listing status of the Shares and to restore the public float. After completion of the Acquisition, the Company will remain a listed entity.

The post-Acquisition structure is set out in the section headed "Illustrative Post-Transaction Structure" in Appendix A to this announcement.

(d) **Benefits of the Acquisition**

The Acquisition brings significant benefits to the Company by introducing Sunac as a major shareholder of the Group. First and foremost, the Acquisition will enable the Company to return its normal business operations and thereby restores stability to the Company's onshore operations and eliminates business disruption. In doing so, it addresses the rapid deterioration in the Group's business and financial position.

Sunac, through its close relationships with the Group's onshore stakeholders, has the ability to assist the Company to regain the confidence and support of the stakeholders, while also deploying significant expert resources to assist the Company in the Proposed Restructuring Plan. Its well-established execution capability is critical to preserving the Company's stakeholder value.

With the support of Sunac, the Company will be better placed to achieving its business plan and accelerating its growth trajectory. Following the Acquisition, Sunac will be able to provide experienced governance, leadership and guidance, based on its in-depth market experience and expertise in developing high-end quality properties, and in this way, enable the Company to unlock the value of its assets through increased property sales.

A summary of the benefits is set out in the section headed "Transaction Benefits to Kaisa" in Appendix A to this announcement.

4. THE PROPOSED RESTRUCTURING PLAN

The indebtedness subject to the Proposed Restructuring Plan is comprised of:

(1) the Company's RMB1,800,000,000 6.875% Senior Notes Due 2016 (the "**2016 Notes**"), US$250,000,000 12.875% Senior Notes Due 2017 (the "**2017 Notes**"), US$800,000,000 8.875% Senior Notes Due 2018 (the "**2018 Notes**"), US$400,000,000 9.00% Senior Notes Due 2019 (the "**2019 Notes**"), and US$500,000,000 10.25% Senior Notes Due 2020 (the "**2020 Notes**") (such notes, together, the "**Existing HY Notes**");

(2) the Convertible Bonds;

(3) offshore loan facilities between the Company and The Hong Kong and Shanghai Banking Corporation Limited in an aggregate amount of HK$760 million (the "**Existing HSBC Loans**"); and

(4) offshore loan facilities between the Company and Industrial and Commercial Bank of China (Asia) Limited and/or Industrial and Commercial Bank of China, Paris Branch in an aggregate amount of HK$155 million and US$159.5 million (the "**Existing ICBC Loans**" together with the Existing HSBC Loans, the "**Existing Offshore Loans**").

(a) Principles of the Proposed Restructuring Plan

The Proposed Restructuring Plan has been developed around five key principles which are: (1) equitable treatment of all creditors representing their inter-creditor priority; (2) no impairment of any creditor's principal debt claim and the repayment of that principal debt claim in full over time; (3) initial cash interest holiday required to help bridge to recovery; (4) timely support and high participation from all creditors; and (5) short timetable.

A summary of these principles is set out in the section headed "Principles of the Restructuring Plan" in Appendix A to this announcement.

(b) Overview of the Proposed Restructuring Plan

The key elements of the Proposed Restructuring Plan, which are all inter-conditional upon each other, are as follows:

(i) a satisfactory debt restructuring of the Company, including the amendment of certain terms of the onshore and offshore debt obligation and the resolution of existing defaults under such obligations;

(ii) lifting of the current sale blockages and asset freezes currently imposed by the relevant PRC authority; and

(iii) completion of the Acquisition.

The Proposed Restructuring Plan aims to significantly improve the Company's credit profile, and thereby create realistic refinancing alternatives for itself as well its existing creditors. In order to do so, the Company requires the support of and a fair contribution from all of its creditors.

The Proposed Restructuring Plan contemplates an extension of the maturities of the relevant debt instruments, as well as relief from the Company's debt service obligations. This relief will come from a reduction in interest coupon, with interest potentially needing to be capitalised for the first two years post-restructuring at the election of the Company. This will effectively provide the Company with a liquidity bridge until it can return to more normal operations.

Given the diverse nature of the capital structure and creditors, and the time constraints faced by the Company in achieving a successful restructuring, the Company believes that a piecemeal approach is impractical and will be ultimately unsuccessful. The Company urges the creditors to view the Proposed Restructuring Plan as a whole and consider carefully the long-term benefits to be realised by the Company and its creditors through the consensual process that the Proposed Restructuring Plan contemplates.

A successful execution of the Proposed Restructuring Plan will enable the Acquisition to close in a timely manner. The Company believes that it will emerge stronger after the Acquisition. It is therefore in all creditors' interest to support the Company and the Proposed Restructuring Plan.

A summary of this overview is set out in the section headed "Overview of the Restructuring Plan" in Appendix A to this announcement.

(c) Proposed Key Terms

A summary of the key terms of the Proposed Restructuring Plan is set out in the section headed "Key Terms of Proposal to Offshore Bondholders" in Appendix A to this announcement.

Existing HY Notes

Each series of the Existing HY Notes will be exchanged for a corresponding series of new notes (with a longer maturity date and a lower interest coupon) (collectively, the "**New HY Notes**").

For a period of two years after issuance of the New HY Notes, the Company may elect to make such coupon payment "in kind" by issuing additional notes on the same terms, in each case as summarised in the table below. The covenants, guarantees and collateral under the New HY Notes will be substantially similar to the Existing HY Notes.

The terms of the New HY Notes are more fully described in Appendix B to this announcement.

Convertible Bonds

The Convertible Bonds will be amended by extending their maturity date and reducing the interest coupon. For a period of two years, the Company will have the right to elect to make interest payments "in kind" through the issuance of additional Convertible Bonds on the same terms, as summarised in the table below (as amended, the "**Amended Convertible Bonds**"). In addition, the change of control provisions will be amended to reflect those in the New HY Notes. The other terms of the Amended Convertible Bonds will otherwise remain the same.

The principal terms of the Amended Convertible Bonds are more fully described in Appendix C to this announcement.

Existing Offshore Loans

The amendments to the Existing Offshore Loans will be implemented through bilateral negotiations with HSBC and ICBC and will be described in an announcement by the Company in the near future.

Collateral

The trustee for the New HY Notes and the lenders under the New HSBC Loan and the New ICBC Loan will accede to the existing intercreditor agreement for the Existing HY Notes, the Convertible Bonds, an Existing HSBC Loan and an Existing ICBC Loan.

Comparison Table

Existing Obligation	Existing Maturity Date	New Maturity Date	Existing Interest Coupon	New Coupon
2016 Notes	22 April 2016	22 April 2021	6.875%	3.1% per annum, including a payment in kind or "PIK" provision until 2017
2017 Notes	18 September 2017	18 September 2022	12.875%	4.7% per annum, including a "PIK" provision until 2017
2018 Notes	19 March 2018	19 March 2023	8.875%	5.2% per annum, including a "PIK" provision until 2017
2019 Notes	6 June 2019	6 June 2024	9.00%	6.4% per annum, including a "PIK" provision until 2017
2020 Notes	8 January 2020	8 January 2025	10.25%	6.9% per annum, including a "PIK" provision until 2017
Convertible Bonds	20 December 2015	20 December 2020	8.0%	2.7% per annum, including a "PIK" provision until 2017

(d) Restructuring Support Agreement

The Company intends to enter into the Restructuring Support Agreement with holders of the Existing HY Notes and the Convertible Bonds to support the implementation of the Proposed Restructuring Plan. Such holders are required to execute the Restructuring Support Agreement by 20 March 2015. If holders of more than 50% (in value) of the Existing HY Notes in the aggregate, and more than 66% (in value) of the Convertible Bonds execute the Restructuring Support Agreement, respectively, by 20 March 2015, then all holders of the Existing HY Notes and the Convertible Bonds will receive an additional 50 bps on their restructured debt instruments.

The Restructuring Support Agreement will become effective upon it being entered into by holders of the Existing HY Notes and the Convertible Bonds and will continue until the earliest of: (i) 31 July 2015, unless extended by mutual agreement with the consent of Sunac; (ii) completion of the Proposed Restructuring Plan; (iii) mutual agreement between Sunac and the parties to the Restructuring Support Agreement to terminate the agreement; (iv) the liquidation of the Company if the Proposed Restructuring Plan is not successfully implemented; and (v) other potential termination events as provided in the Restructuring Support Agreement.

The Restructuring Support Agreement will provide agreement by those holders of the Existing HY Notes and the Convertible Bonds that execute it that such holders will support the Proposed Restructuring Plan, will not take or direct their trustee to take any acceleration, enforcement or other remedial actions under the governing documents of such Existing HY Notes and Convertible Bonds, and will not take any other actions that would be inconsistent with or might frustrate or cause delay of the Proposed Restructuring Plan.

Certain terms of the Restructuring Support Agreement are summarised in the section headed "Restructuring Support Agreement" in Appendix A to this announcement.

(f) Implementation

The overall process and timetable for the implementation of the Proposed Restructuring Plan are summarised in Part IV of Appendix A to this announcement.

Existing HY Notes

The Proposed Restructuring Plan with respect to the Existing HY Notes will be implemented via inter-conditional schemes of arrangement in Hong Kong and the Cayman Islands, with a recognition of such schemes of arrangement in the United States via a Chapter 15 proceeding. These schemes are statutory mechanism that allows the relevant court to sanction a "compromise or arrangement" that has been voted upon by the relevant classes of creditors in the relevant majorities.

The procedures to effect the schemes of arrangement and the Chapter 15 proceeding are set out in the sections headed "Implementation Through Scheme of Arrangement" in Appendix A and Appendix D to this announcement.

Convertible Bonds

The Proposed Restructuring Plan with respect to the Convertible Bonds will be implemented through a consent solicitation and an amendment agreement with the holders of a sufficient amount of the Convertible Bonds will be signed such that all holders of the Convertible Bonds will be bound by the terms of the Amended Convertible Bonds.

Special Deal – Rule 25 of the Takeovers Code

As the holders of the Existing HY Notes and the Convertible Bonds may also hold Shares, and holders of Shares that do not hold any Existing HY Notes and/or Convertible Bonds will not be involved in the Proposed Debt Restructuring, the Proposed Restructuring Plan with respect to Existing HY Notes and the Convertible Bonds will constitute a special deal under Rule 25 of the Takeovers Code. The Company will apply for consent of the Executive for the proposed amendments.

If such consent is granted, it will be conditional upon the proposed amendments having been approved by the Company's independent shareholders at a general meeting and the independent financial adviser to the independent board committee of the Company publicly states that in its opinion, the proposed amendments are fair and reasonable.

The Company will establish an independent board committee comprising all the independent non-executive directors of the Company and appoint an independent financial adviser to the independent board committee of the Company for this purpose. Ms. Chen Shaohuan is a non-executive director of the Company nominated by Sino Life. Given that Sino Life has given the Irrevocable Undertaking, Ms. Chen is regarded to have an interest in the Offers and therefore is not one of the members of the independent board committee.

The voting at the shareholders meeting for the approval of the proposed amendments will be effected by way of poll where shareholders who are involved in or interested in the Proposed Restructuring Plan (including the controlling shareholders of the Company (who are the sellers under the Acquisition) and holders of the Existing HY Notes and the Convertible Bonds who are also shareholders of the Company) will abstain from voting.

The Company expects to convene the shareholders meeting for the approval of the proposed amendments to be held in April 2015.

(g) Benefits of the Proposed Restructuring Plan

The Company believes that the Proposed Restructuring Plan is the best alternative available to it today for the following reasons:

(1) Sustainable Capital Structure: Given the recent developments described above, the Proposed Restructuring Plan will establish a long term sustainable capital structure that will provide the Company with the flexibility to navigate through the current situation and allow it to focus on achieving its business plan and full run rate potential. The Company will then be better placed to meet its future obligations and in this way, the plan supports the protection of creditors' economic positions.

(2) Strong Credit and Deleveraging Profile: The restructuring is viewed as a first step in the process of improving the Company's credit profile and providing for the long – term viability of the Company. Once the Company's assets are unfrozen, which is more likely with a successful and timely completion of the Proposed Restructuring Plan and the Acquisition by Sunac, the Company will be able to realise the value of these assets and see significant improvements in its business performance. With this overhang removed, the Company can continue to improve its credit profile, and thereby create realistic refinancing alternatives for itself and its creditors over time.

(3) Strategic Investor: Completion of the Proposed Restructuring Plan facilitates completion of the Acquisition by Sunac, and thereby, secure support from an experienced strategic investor which will provide governance, leadership and overall support for the Proposed Restructuring Plan. Post-completion of Sunac's acquisition of the Kwok family's 49.25% stake in the Company, Sunac will become the largest shareholder of the business and be in position to help the Company to restore the Company's onshore operations and unlock its value.

(4) Best Alternative: After a significant review of the available strategic alternatives, management of the Company believes that the Proposed Restructuring Plan represents the best outcome for creditors, particularly given that alternatives to raise new capital are not feasible today. Management of the Company would like to stress that it is firmly committed to repaying the Company's debt obligations over time in full and avoiding any write-off of principal, and will be better placed to do so given time to execute its business plan.

5. CAUTION

The information contained in this announcement and the appendices to this announcement is based solely on a preliminary assessment by the management of the Company with reference to the information currently available to it, which has not been audited by the Company's auditors. The actual results of the Group for the year ended 31 December 2014 may be different from what is disclosed in this announcement and the appendices to this announcement.

Shareholders, holders of other securities of the Company and potential investors in the securities of the Company are advised to read the annual results announcement of the Company for the year ended 31 December 2014 which is expected to be issued before 31 March 2015.

Shareholders, holders of other securities of the Company and potential investors in the securities of the Company are advised to exercise caution when dealing in the securities of the Company.

6. DEFINITION

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

"Company" or "Kaisa"	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;
"GFA"	gross floor area;
"Group"	the Company and its subsidiaries;
"PRC"	the People's Republic of China and for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the People's Republic of China, Macau Special Administrative Region of the People's Republic of China and Taiwan; and
"Restructuring Support Agreement"	one or more agreements between the Company, on the one hand, and holders of the Existing HY Notes and the Convertible Bonds on the other hand, which bind such holders and the Company to support implementation of the Proposed Restructuring Plan.

For illustration purpose, amounts in RMB in this announcement have been translated to HK$ at HK$1.00 = RMB0.7892.

By Order of the Board
KAISA GROUP HOLDINGS LTD.
Sun Yuenan
Co-chairman and Executive Director

8 March 2015

As at the date of this announcement, the executive Directors are Mr. Sun Yuenan, Mr. Ye Lieli, Mr. Lei Fugui, Mr. Jin Zhigang and Mr. Yu Jianqing; the non-executive Director is Ms. Chen Shaohuan; and the independent non-executive Directors are Mr. Zhang Yizhao and Mr. Rao Yong.

All directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purposes only*

Appendix A


STRICTLY PRIVATE & CONFIDENTIAL
佳兆业集团控股
KAISA GROUP HOLDINGS
Stock Code: 1638.HK
Presentation to Offshore Creditors
8 March 2015
Bring You
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Introduction

Agenda

- Update on the Company's current operating environment
- Outline the benefits of the Sunac acquisition and anticipated strategy, including the structure of Kaisa going forward
- Introduce the key terms of a proposed transaction to restructure the Company's offshore debt that is acceptable to Sunac
- Outline next steps and process timetable

Situation Highlights

- The current financial situation is not sustainable
  - ✓ Increasingly challenging liquidity position
  - ✓ Risk of liquidation through creditor action
  - ✓ Debt payments and maturities which will be difficult to meet
  - ✓ Significant risk to value and recoveries if a solution is not implemented on a timely basis
- Kaisa has been working with assistance from Sunac to reach an agreement in principle by end of March
  - ✓ Facilitate a consensual solution between creditors as the preferred outcome
  - ✓ Protect the economic position of creditors, maximise value and achieve certainty of outcome

Objectives of the Plan

Objectives:

- Establish a sustainable capital structure to allow Kaisa to focus on stabilizing the business and preserve going concern
- Protect the economic position of creditors and provide for repayment in full of Kaisa's debts over time
- Successfully close acquisition of Kaisa shares by Sunac securing strong support from strategic investor

Prerequisites:

- Contribution to the solution by all creditors
- Pragmatic and timely response to proposal

Agenda

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I. Situation Overview

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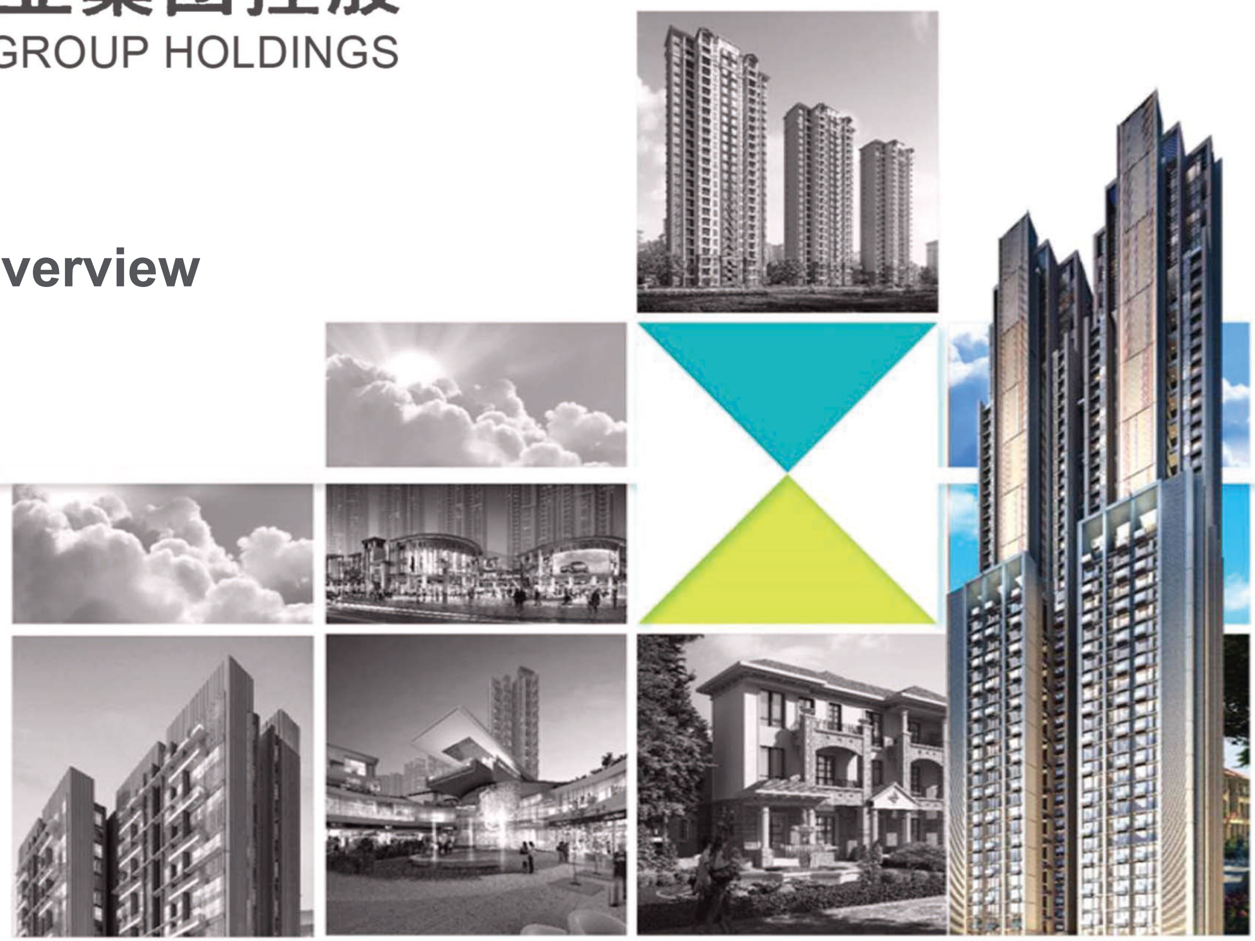


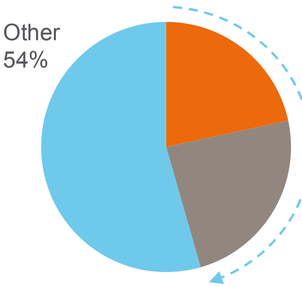
Kaisa Overview and Recent Situation

- Kaisa is a large-scale integrated property developer in China with a strong presence in Tier 1 and Tier 2 cities and a focus on urban redevelopment projects
- Recent business disruption and onshore litigation have put significant stress on the Company's operations and liquidity
  - ✓ Kaisa, with assistance from Sunac, is actively engaged in discussions with onshore stakeholders to stabilize the business and resolve issues onshore

Company Overview

- Kaisa is a large-scale integrated property developer in China, principally engaged in urban property development and property management services
- Land bank of 23.55 million sq.m. across 29 cities in the Pearl River Delta, the Yangtze River Delta, the Western China Region, the Central China region and the Pan-Bohai Bay Rim
  - ✓ Property sales accounted for approximately 97% of the Company's total revenue in 2014

Well Positioned Land Bank[1] [2]



Business Disruption and Onshore Litigation

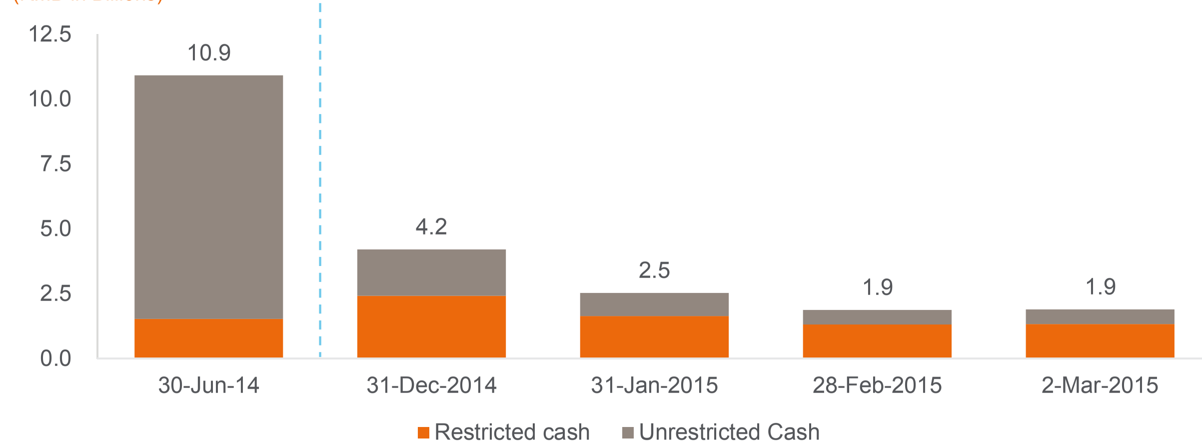
- 11 projects are blocked from sale or subject to restriction from the Shenzhen government
- Commercial banks across China have suspended issuing personal mortgage loans to purchasers for substantially all of Kaisa's properties, significantly impacting the Company's ability to sell units
- There have been numerous departures in recent months at the executive management and operational levels
  - ✓ Chairman Kwok resigned on December 31, 2014 triggering events of default in Kaisa's debt
  - ✓ Various senior management personnel including the Vice-Chairman, CEO and CFO and in excess of 170 employees (c. 7% of total employees) have resigned
- Lender actions against the Company:
  - ✓ 22 projects are blocked for sale or frozen by local courts due to pre-litigation asset preservation
  - ✓ 80 pending litigation and arbitration cases filed by onshore creditors and 21 civil rulings entered into by PRC courts in relation to asset preservation amounting to RMB12.8 billion (US$2.1 billion)
  - ✓ Demands for immediate repayment of RMB28 billion (US$4.6 billion) made by creditors, including project partners
  - ✓ As of March 2, 2015, bank accounts with aggregate cash balances of approximately RMB370.0 million (US$60.4 million) were frozen by lenders pending resolution of existing defaults

1) As of December 31, 2014; includes projects that are in the process of being sold to Sunac and includes two projects that have not obtained land certificates
2) Includes projects under development, held for future development and projects completed not yet sold

Challenging Liquidity and Cash Position

- As the result of sales blockage and asset “freezes”, cash collection from property sales has dropped significantly:
  - ✓ November 2014: RMB2,098 mm (US$343 mm)
  - ✓ December 2014: RMB1,592 mm (US$260 mm)
  - ✓ January 2015: RMB515 mm (US$84 mm)
  - ✓ February 2015: RMB143 mm (US$23 mm)
- Management believes that liquidity will continue to deteriorate if the current situation is not resolved quickly
- The Company has no liquidity lines available to draw from and, absent a resolution of onshore issues in the near-term, the going concern value of Kaisa could be significantly impaired

Kaisa Cash Position
(RMB in Billions)



Liquidity and Cash Position		Amount (RMB mm)	Amount (US$ mm)
Total Cash Balance – March 2, 2015		**1,897**	**310**
Restricted Cash	• Cash deposited in designated bank accounts for presale proceeds of select properties as guarantee deposits • Cash deposited in designated bank accounts under supervision by governments / banks • Cash frozen by lenders due to onshore pre-litigation asset preservation	(1,331)	(217)
Total Available Cash – March 2, 2015		**566**	**92**

Significant Pressure from Increase in Interest-Bearing Debt

- On February 16, 2015, the Company announced the total interest-bearing debt as of December 31, 2014 was RMB65.0 billion (US$10.6 billion)(1), an increase of RMB35.2 billion (US$5.7 billion) from June 30, 2014
  - ✓ This is based on a preliminary review of the accounts per management estimates
  - ✓ A further update and additional details will be provided to the market once the FY 2014 audit has been completed by the Company's auditors

Kaisa's Assets & Liabilities

(RMB in Billions)	December 31, 2013	June 30, 2014	December 31, 2014
Total Assets	87.81	105.64	110.40
Interest-Bearing Debt	22.22	29.77	64.01(2)
Other Liabilities	43.83	50.11	36.22
Total Liabilities	66.05	79.88	100.23
Net Assets	21.76	25.76	10.17

Reasons for Increase in Interest-Bearing Debt

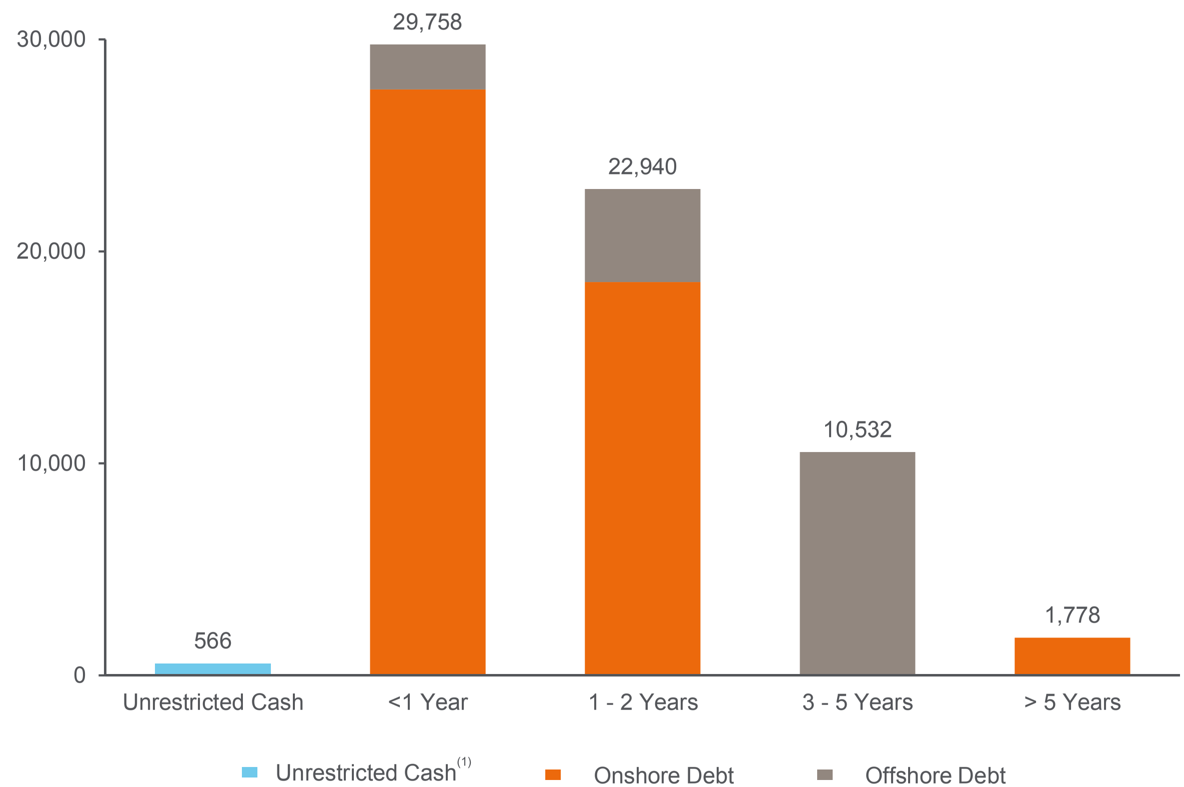
Advance Proceeds Received from Customers & Other Payables	• Represents refundable pre-sale deposits received from independent third-parties; some have requested a refund of their deposits with interest
Non-Controlling Interest	• Represents equity investments made by trust funds in relation to JV projects that are subject to fixed repurchase terms with interest that would require adjustment in the accounts
Increase in Borrowings During Period	• Represents additional borrowings (net of repayments) incurred by the Company between June 30, 2014 and December 31, 2014

1) Includes perpetual loan of RMB1.0 billion (US$163 million), which is classified as equity on the balance sheet
2) Does not include the RMB1.0 billion (US$163 million) perpetual loan

Significant Upcoming Debt Maturities

- Imminent maturity wall with RMB29.8 billion (US$4.9 billion) due in the next 12 months
- Unless Kaisa restructures its existing debt facilities, it will not be able to service obligations as they come due

Debt Maturity Profile
As at December 31, 2014
(RMB in Millions)



1) As at March 2, 2015

Projected Cash Flow

- Even once the "unfreezing" happens and normal operations resume, liquidity is expected to remain tight in 2015 and 2016 as the business recovers from the current challenging operating environment
- The plan is dependent on the sale of certain assets to bolster near-term liquidity and bridge the business to normalized operations

Projected Cash Flow

(RMB in Millions)	2015P	2016P	2017P
Sales Proceeds	**17,938**	**26,811**	**33,397**
Construction Costs & Design Fees	*(16,063)*	*(13,489)*	*(13,531)*
Land Costs, Share Purchase & Urban Redevelopment	*(4,945)*	*(7,197)*	*(6,202)*
SG&A	*(807)*	*(1,206)*	*(1,503)*
Taxes	*(2,953)*	*(3,217)*	*(4,008)*
Other	*541*	*200*	*200*
Operating Outflows	**(24,227)**	**(24,910)**	**(25,044)**
Net Operating Cash Flow	**(6,289)**	**1,901**	**8,354**
Shanghai Projects Sold to Sunac (Net of Repayment of Related Obligations)	*1,615*	*-*	*-*
Disposal of Non-Core Assets	*3,728*	*3,022*	*1,420*
Net Proceeds from Asset Disposals	**5,343**	**3,022**	**1,420**
Unlevered Free Cash Flow	**(946)**	**4,922**	**9,774**
Net Proceeds from New Financing (1)	**1,446**	**4,598**	**2,103**
Free Cash Flow before Existing Debt Service	**501**	**9,520**	**11,877**

1) Represents illustrative financing associated with urban redevelopment projects

Limited Actionable Alternatives

- Kaisa's negative credit profile today severely limits capital raising options available to the Company
- The Sunac acquisition represents the most attractive option currently available
  - ✓ Provides clear path to stabilize operations
  - ✓ Minimizes level of debt impairment and preserves value for all stakeholders
  - ✓ Provides stability with onshore stakeholders

	Considerations
Asset Sales	• Additional material asset sales may be difficult to achieve ✓ Existing asset "freeze" ✓ Break-up / fire sale unlikely to achieve desirable valuation ✓ May trigger further defaults
New Debt Financing	• 3rd party debt financing difficult ✓ Challenging credit profile today ✓ Legacy financing issues make it difficult to execute
New Equity Financing	**Existing Shareholders** • Kwok family has agreed to sell its entire stake and is not willing to inject new equity • Sino Life is supportive of Sunac becoming the new controlling shareholder; unlikely to inject new money under a standalone plan **New Shareholders** • Existing capital structure makes equity raise from new 3rd parties highly unlikely
Alternative Buyers	• May be difficult to find alternative buyer who is better suited to help Kaisa stabilize the business • Longer execution timeline, further jeopardizing the financial health of Kaisa ✓ Sunac has spent over two months on diligence and related preparation. Any new buyer would need at least that much time ✓ Highly uncertain, and on terms that may be less attractive to existing creditors

Preliminary Liquidation Analysis

- Preliminary analysis based on a scenario where the restructuring is not successful and Kaisa is forced into liquidation
- In a liquidation of Kaisa, a substantial majority of the Company's onshore creditors are expected to be impaired (i.e., recoveries below the face value of their debt claims)
- Based on a preliminary review, estimated recoveries to offshore creditors in a liquidation are expected to be approximately RMB980 million (US$160 million), or 2.4%

- Kaisa has retained Deloitte Touche Tohmatsu to perform an analysis of estimated recoveries to creditors under a liquidation scenario
  - ✓ The chart below is based on a preliminary review and is subject to change

Liquidation Analysis	Amount (RMB mm)	Amount (US$ mm)
Estimated Residual Value from Onshore Assets	18	3
Estimated Value of Offshore Assets (Net of Liquidation Costs)	962	157
Estimated Value to Offshore Creditors	**980**	**160**
Offshore Debt [1]	16,643	2,718
Kaisa ListCo Guarantees	24,892	4,066
Total Offshore Obligations	**41,535**	**6,784**
Estimated Recovery to Offshore Creditors	**2.4%**	**2.4%**

1) Limited to offshore debt at the ListCo

Disclaimer: In preparing the liquidation analysis Deloitte Touche Tohmatsu did not verify nor audit the information provided to them by management of Kaisa. Accordingly, they are unable to comment as to the completeness and accuracy of such information

Why is a Solution Required on an Urgent Basis?

- Any prolonged uncertainty may have material negative consequences on operations and the going concern value of Kaisa

1. **"Freeze" and litigation disrupting normal operations and if prolonged can materially impact business and value**
2. **Deteriorating liquidity profile putting increasing stress on business**
3. **Unstable capital structure**
4. **Departures at executive management and operational levels create a challenging transitional period for the Company**

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II. Overview of Acquisition by Sunac

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Overview of Sunac

High Quality, Market Leading Brand

- Sunac was listed on the stock exchange in October 2010, with a current market capitalization in excess of RMB19.5 billion (US$3.1 billion)[1]
- As of June 30, 2014 it had 67 projects totaling 21.92 million sq.m. land bank across China
- Well-established market leadership in targeted cities

Strong Brand Recognition

- 2014 Top 10 Corporate Brands and Professional Characters in Chinese Real Estate Enterprise: High-end Properties
- 2014 Top 10 Corporate Brand Value of China Property Developers
- 2013 Top 10 Powerful Listed Real Estate Companies

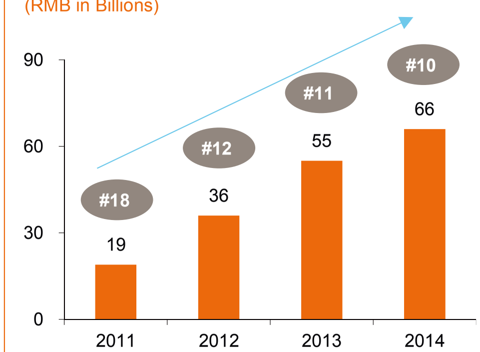
Source: Sunac filings

Track Record of Strong Sales Growth

- Strong sales and profit growth
  - ✓ 2011–2013 revenue CAGR 71%
  - ✓ 2011–2013 core profit CAGR 40%
  - ✓ Ranked 1st or 2nd in major cities such as Beijing, Tianjin, Shanghai, Chongqing, Suzhou, Wuxi [2]

Ranking by Contracted Sales Amount

Contracted Sales Amount
(RMB in Billions)



Source: Sunac filings, CRIC

Strong Credit Profile

- Good access to capital markets
- Well-recognized by debt and equity market investors
- Prudent cash flow management to maintain strong liquidity
  - ✓ RMB23.0 billion (US$3.7 billion) cash on balance sheet as of June 30, 2014 [4]

Strong Credit Profile

Ba3 / BB- / BB- (Moody's / S&P / Fitch)

Credit Statistics	FY2013	LTM 1H2014
EBITDA / Interest [3]	3.6x	3.3x
Total Debt / EBITDA	3.1x	3.8x
Total Debt / Total Cap	61%	65%
Net Debt / Equity	70%	67%
Cash [4] / Total Assets	16%	21%
Cash [4] / ST Debt	204%	166%

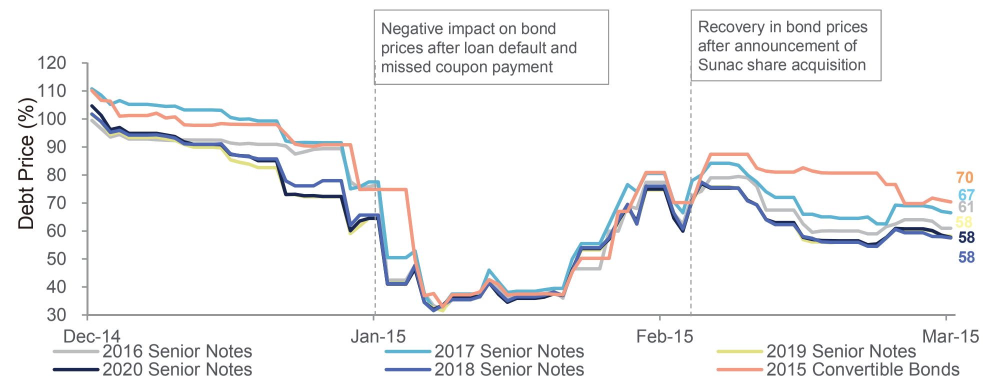
Source: Company filings, rating agency reports

1) Capital IQ, as of March 4, 2015
2) In terms of residential property sales in 1H2014
3) Including capitalized interest expenses
4) Including restricted cash

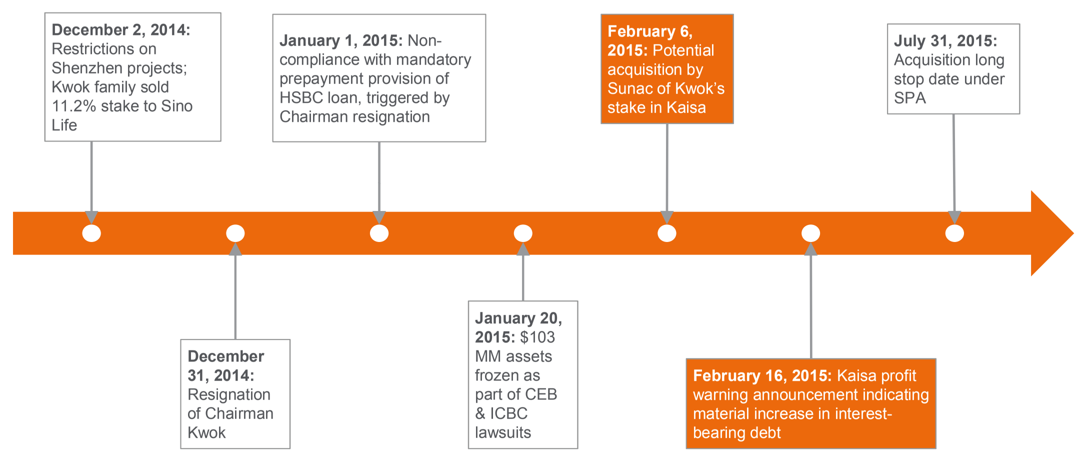
Transaction Overview

- On February 6, 2015, Kaisa announced the potential acquisition by Sunac of a 49.25% stake from majority shareholder, the Kwok family trust, for HK$4.55 billion (US$585 million) in cash consideration
  - ✓ Purchase price per share of HK$1.80
  - ✓ Long stop date of July 31, 2015
- Acquisition is subject to a number of conditions precedent that need to be resolved to Sunac's satisfaction
  - ✓ Debt defaults are resolved or waived and debt restructuring
  - ✓ No potential breach of debt terms
  - ✓ Resolution of existing legal disputes
  - ✓ Resolution of all business irregularities
  - ✓ Sunac shareholders' approval
- Sunac remains committed to the acquisition despite negative events which have taken place post announcement of the acquisition:
  - ✓ Profit warning
  - ✓ Material increase in interest-bearing debt

Kaisa Bond Pricing Movement – Since December



Events Development and Key Dates

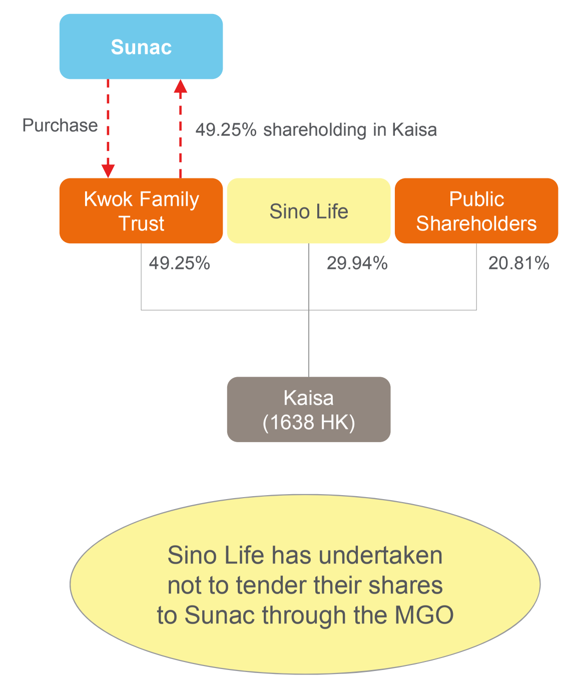


Illustrative Post-Transaction Structure

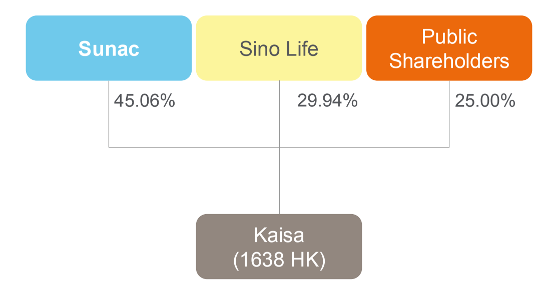
Key M&A steps:

1. Sunac acquires Kwok Family Trust's 49.25%
2. Completion of the Acquisition triggers the share offer, where Kaisa shareholders (including options and CB holders) have the option to tender their shares to Sunac
3. Following completion of the share offer, Sunac and the Company may need to take measures to restore 25% public float, including Sunac selling down its shareholding
4. Post completion, Kaisa will remain a listed entity

Acquisition Structure



Possible Post-Transaction Structure (Restoring Public Float Through Sell-Down)[1]



1) Assumes all Kaisa shareholders tender their shares through the MGO and Sunac sells down holdings to restore public float; assumes related Kaisa options and CBs are not exercised before public float is restored

Transaction Benefits to Kaisa

- The Sunac acquisition provides the following benefits to Kaisa and its stakeholders:
  - ✓ Restores confidence
  - ✓ Facilitates a turnaround
  - ✓ Preserves value for Kaisa's stakeholders
  - ✓ Enables normal business operations to resume
  - ✓ Provides stability with onshore stakeholders

1 Sunac's acquisition facilitates the resolution of current abnormal operations, restores stability to onshore operations and eliminates business disruption

- ✓ Addresses rapid deterioration in Kaisa's business and financial position, preserving viability as a going concern
- ✓ If the Sunac acquisition does not complete soon, risk of onshore lenders accelerating and enforcing against assets to protect their economic position

2 Widely recognized strong execution capability and efficient decision-making ability of Sunac is critical to the preservation of Kaisa's stakeholder value

- ✓ Ability to assist Kaisa regain confidence and support from stakeholders
- ✓ Close relationship with onshore creditors and ability to mobilize significant expert resources to assist Kaisa in debt restructuring
- ✓ Strong execution ability to ensure timely completion of restructuring

3 Sunac's outstanding operational capability will guide Kaisa going forward

- ✓ Supports Kaisa's capital structure and facilitates Kaisa's return to "normal" operations
- ✓ Well-established execution capability and operational efficiency to assist Kaisa in increasing property sales to generate much-needed liquidity

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III. Restructuring Plan

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Principles of the Restructuring Plan

1. Equitable treatment of all creditors respecting their inter-creditor priority
2. No impairment of principal debt claims and repayment in full over time
3. Initial cash interest holiday required to help bridge to recovery of the business
4. Timely support and high participation required from creditors
5. “Simple” ask to accommodate short timetable

Overview of the Restructuring Plan

- Elements of the plan are all inter-conditional upon each other

	Key Steps	Status
Share Purchase Agreement	• Sunac agreement to acquire Kwok stake in Kaisa • Conditional on a number of items, including satisfactory restructuring of onshore and offshore debt and "unfreezing" of assets	Signed
Onshore Restructuring	• Onshore debt to be amended ✓ No reduction of principal ✓ Extension of tenor not less than 3 years and not more than 6 years ✓ Interest rate reduction (no less than 70% of PBOC base rate)	Committee Formed
Offshore Restructuring	• Offshore debt to be amended ✓ No reduction of principal ✓ Extension of tenor by 5 years ✓ Interest rate reduction ✓ Potential for interest to be capitalized in the first two years post restructuring	Announced Today
Asset "Freeze"	• Resolution of "frozen" assets	In Process
Completion of Sunac Purchase	• Completion of Sunac purchase of Kwok equity stake	Upon Completion of Above

Key Terms of Proposal to Offshore Bondholders

- The proposed terms provide Kaisa with a sustainable capital structure and creditors a path to repayment in full over time
- A detailed term sheet has been provided to Kirkland & Ellis and is attached to the Company's Hong Kong Stock Exchange Announcement published on or around March 8, 2015

		Key Terms	Amount	Current Maturity	Extended Maturity	Coupon	Additional Coupon
ECONOMIC TERMS	Bonds	**2015 Convertible Bonds**	RMB1.5 billion	December 2015	December 2020	2.70%	50bps
		2016 Notes	RMB1.8 billion	April 2016	April 2021	3.10%	50bps
		2017 Notes	US$250 million	September 2017	September 2022	4.70%	50bps
		2018 Notes	US$800 million	March 2018	March 2023	5.20%	50bps
		2019 Notes	US$400 million	June 2019	June 2024	6.40%	50bps
		2020 Notes	US$500 million	January 2020	January 2025	6.90%	50bps
		Interest Rate	Interest will be accrued as principal (at the Company's option) at above rates for first 2 years post restructuring ("PIK Period") [1] Interest will be paid in cash after the PIK Period				
OTHERS		**Baskets** [2]	Restricted Payments and Permitted Investments baskets to be modified to provide incremental operating flexibility to the Company				
		Other Amendments	No call premium Permitted Holders tied to Change of Control provisions expanded to include Chairman Sun of Sunac, Sunac and their respective affiliates				

+50bps if >50% holders of existing HY Notes and 66% of 2015 Convertible Bonds sign Restructuring Support Agreement

1) Interest prior to the transaction date will be accrued as principal
2) Not applicable to the 2015 Convertible Bonds. Refer to Appendix B and Appendix C of the announcement to the Hong Kong Stock Exchange the Company published on or around 8 March 2015 for further details

Restructuring Support Agreement

- Bondholders will be requested to execute a Restructuring Support Agreement by March 20, 2015
- Additional coupon (50 bps) will be provided on the restructured bonds if agreements are executed with holders owning in excess of 50% of the HY Notes and 66% of the CBs
- A draft Restructuring Support Agreement has been provided to Kirkland & Ellis and is available to offshore creditors upon request

	Summary
Lock Up Period	• The earliest test of: (a) July 31, 2015, unless extended by mutual agreement with consent of Sunac; (b) completion of the restructuring; (c) mutual agreement between Sunac and the parties to the support agreement to terminate; (d) liquidation; and (e) other potential termination events to be provided in the Restructuring Support Agreements
Additional Coupon	• If greater than 50% in aggregate principal amount of the outstanding HY notes and greater than 66% in aggregate principal amount of the outstanding Convertible Bonds execute the Restructuring Support Agreements, then all holders will receive an additional 50bps on their restructured debt instruments
Standstill	• No acceleration/enforcement action to be taken during standstill period • Waiver of all existing and prospective defaults
Selling Restrictions	• Lock-up "travels" with any transfer or assignment of the bonds
Creditors' Obligations and Co-Operations	• Confirm full support of implementation of the agreed restructuring • Refrain from taking action that would frustrate implementation of the transaction • Encourage additional bondholders to agree to the deal • Term sheet attached; vote in favour of any consent solicitation or scheme with terms consistent with what has been agreed to

Benefits of the Proposal

Sustainable Capital Structure

- Long term sustainable capital structure to de-risk execution of the business plan
  - ✓ Restructuring plan bridges Kaisa to its full business potential, which supports the protection of creditors' economic position

Strong Credit and Deleveraging Profile

- Once the assets are unfrozen, significant improvement in business
- Creates realistic refinancing alternatives for existing creditors over time

Strategic Investor

- Facilitates acquisition by Sunac, thereby securing support from an experienced strategic investor
  - ✓ Provide governance, leadership and overall support of the plan
- Path to restoring operations onshore and unlocking value at Kaisa

Best Alternative

- Positive outcome relative to creditors' alternatives if new capital cannot be raised
  - ✓ Results in repayment in full of Kaisa's debt over time and avoids write-off of principal
  - ✓ Increased access to capital markets over time on the back of improved long term credit profile
  - ✓ Par outcome relative to liquidation outcome

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IV. Implementation and Next Steps

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Critical Success Factors

- In light of the increasingly challenging liquidity situation, compounded by the current sales blockages and various asset freezes, the Company believes that an expedited consensual restructuring is the most viable path forward

	Key Considerations
Binding on All Creditors	• No room for leakage due to non-participation • Equitable treatment and contribution from all creditors ✓ Simple holistic approach provides the framework to achieve best overall outcome for creditors • Restructuring of the HY Notes will be implemented through inter-conditional schemes of arrangement in Cayman Islands and Hong Kong, requiring approval of 75% in value and 50% in number of votes cast, with a Chapter 15 recognition proceeding in the United States • Restructuring of the CBs will be implemented through a consent solicitation requiring a meeting quorum of two or more creditors holding 66% in value of the CBs and approval of 75% of votes cast
Terms Must Be Affordable to Kaisa - And - Support Acquisition by Sunac	• Restructuring plan is based on what is affordable to Kaisa and supports both the agreement of onshore creditors and the acquisition by Sunac • Acquisition is conditional upon (among other things): ✓ Unfreezing of assets ✓ Resolution of debt restructuring
Timely Implementation	• The situation at Kaisa is serious – the Company is projected to run out of liquidity in 1H 2015 • Must reach an agreement with creditors by end March in order to complete all aspects of the restructuring before Sunac's shareholder meeting in April, with final implementation to be completed before the long stop date under the SPA ✓ Agreement with creditors is first step ✓ Terms of the SPA entered into by Sunac are conditional upon reaching an agreement with creditors

Process Overview

- Kaisa expects to have until the end of March to reach a consensus with offshore creditors on a satisfactory restructuring as a condition to Sunac's acquisition
- A summary of scheme of arrangement is included in the Appendix and detailed in the public announcement dated March 8, 2015

	Timing	Objectives
Consensual Discussions	• Today through Mid-March	• All holders should contact Kirkland & Ellis • Encourage feedback from holders on proposal • Obtain agreement on key economic terms
Documentation	• End March	• Finalize term sheet and Restructuring Support Agreements • Execute Restructuring Support Agreements • Launch Schemes of Arrangement in Cayman Islands and Hong Kong for HY Notes and creditor meeting for CBs
Implementation	• End April	• HY Notes: Implement via Schemes of Arrangement in Cayman Islands and Hong Kong to ensure 100% participation in agreed transaction • CBs: Implement via creditor meeting to ensure 100% participation in agreed transaction

Key Professional Advisors and Feedback Process

Financial Advisor to Kaisa: Houlihan Lokey

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Bondholders are Requested to Identify Themselves and Reach out to Kirkland & Ellis for Clarifications or Questions

Defined Terms Used in These Materials

The terms defined in the Company's announcement dated March 8, 2015 of which these materials form part have the same meaning in these materials and the following items have the following meaning unless the context requires otherwise

2015 CONVERTIBLE BONDS or CBs	RMB1.5 billion USD Settled 8 percent convertible bonds due 2015
BUSINESS IRREGULARITIES	"Irregularities of Business Operations" means any application, order, claims or impact made by third parties in relation to the development of the property business of members of the Group so as to cause Kaisa and its subsidiaries being unable (or restricted) to develop, sell, rent properties in their usual and ordinary course of business
CAGR	Compounded Annual Growth Rate
CEB	China Everbright Bank
HSBC	The Hong Kong Shanghai Banking Corporation
HK$RMB FX RATE	1.2671
HOULIHAN LOKEY	Houlihan Lokey (China) Ltd
HY NOTES	Collectively the 2016, 2017, 2018, 2019 and 2020 Notes
ICBC	Industrial and Commercial Bank of China
JV	Joint venture
MGO	Mandatory General Offer pursuant to the Securities and Futures Commission of Hong Kong takeover code Rule 26
PBOC	People's Bank of China
SIDLEY AUSTIN	Sidley Austin LLP
SINO LIFE	Funde Sino Life Insurance Co., Ltd, a Company established in the PRC
SPA	Sale purchase agreement to acquire 2,529,196,133 shares of the Company by the Ease Success Holdings Limited
TIER 1	Tier 1 cities include: Shanghai, Guangzhou and Shenzhen
TIER 2	Tier 2 cities include: Suzhou, Hangzhou, Nanjing, Chengdu, Chongqing, Wuhan, Changsha, Dalian, Shenyang and Qingdao
US$RMB FX RATE	6.1224


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Appendix
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Implementation Through Scheme of Arrangement

Description

- Statutory mechanism that allows the court to sanction a "compromise or arrangement" that has been voted upon by relevant classes of creditors in the relevant majorities
- Tool used when unanimity is not obtained in a particular debt class to implement a restructuring plan

Objective

- Bind 100% of creditors covered by the scheme, including non-consenters, to the proposal via a vote of approval from the relevant majorities in each class

Forum / Jurisdiction

- To ensure that there is an effective restructuring in the key jurisdictions (Hong Kong, Cayman Islands and the United States), the restructuring will be implemented through inter-conditional schemes in Hong Kong and the Cayman Islands
- Kaisa would subsequently seek recognition of the Hong Kong scheme in the United States under Chapter 15

Requirements

- Detailed explanatory statement to be prepared (setting out details and reasons for the scheme), circulated to creditors and submitted to the courts
- Approval from each class of creditors (i.e., 50%+ by number and 75%+ by value)
- Court hearing to sanction the scheme, provided the relevant majorities have voted in favour and the court considers the Scheme to be fair
- Application to United States court for Chapter 15 recognition

Process Overview

- Company submits application to court for leave to convene creditors meetings
- First court hearing: court considers jurisdictional and creditor class issues, and if satisfied, order meeting(s) of relevant classes of creditors
- Notice of meeting(s) together with scheme documentation (including explanatory statement) sent to all scheme creditors
- No earlier than 28 days later, scheme meeting(s) held for each class of creditors, where approval is sought from a majority in number and 75% by value of those present and voting in each class
- Second court hearing: if approved at the class meetings, court considers whether to sanction the scheme on fair and equitable grounds
- If approved, order of court filed with Cayman Islands and Hong Kong company registries
- File Chapter 15 recognition pleadings
- Chapter 15 hearing and recognition order issued

Appendix B

SUMMARY TERMS OF THE NEW HY NOTES

Unless otherwise noted below or the context otherwise requires: (i) capitalized terms used and not otherwise defined in these terms shall have the meanings set forth in each of the Company's RMB1,800,000,000 6.875% Senior Notes due 2016, US$250,000,000 12.875% Senior Notes due 2017, US$800,000,000 8.875% Senior Notes due 2018, US$400,000,000 9.00% Senior Notes due 2019 and US$500,000,000 10.25% Senior Notes due 2020 (together, the "**Existing HY Notes**"), in each case modified with respect to each series to effect their application to the New HY Notes (defined below) to be issued through the Schemes of Arrangement; (ii) each of the "**Original Issue Date**" and the "**Measurement Date**" refers to the date on which the New HY Notes are issued under the new indenture; and (iii) the terms of the New HY Notes shall be the same as the terms of the Existing HY Notes (except for such amendments that would not adversely affect the holders of the Existing HY Notes).

Issuer	Kaisa Group Holdings Ltd.
Securities Offered	RMB1,800,000,000 3.1% Senior Notes Due 2021 (the "**Series A Notes**"), in exchange for RMB1,800,000,000 6.875% Senior Notes due 2016 US$250,000,000 4.7% Senior Notes Due 2022 (the "**Series B Notes**"), in exchange for US$250,000,000 12.875% Senior Notes due 2017 US$800,000,000 5.2% Senior Notes Due 2023 (the "**Series C Notes**"), in exchange for US$800,000,000 8.875% Senior Notes due 2018 US$400,000,000 6.4% Senior Notes Due 2024 (the "**Series D Notes**"), in exchange for US$400,000,000 9.00% Senior Notes due 2019 US$500,000,000 6.9% Senior Notes Due 2025 (the "**Series E Notes**"), in exchange for US$500,000,000 10.25% Senior Notes due 2020 (together, the "**New HY Notes**").
Maturity Date	Series A Notes: April 22, 2021 Series B Notes: September 18, 2022 Series C Notes: March 19, 2023 Series D Notes: June 6, 2024 Series E Notes: January 8, 2025.

Interest	The New HY Notes will bear interest from and including the original issue date of the New HY Notes payable semiannually in arrears as follows: • Series A Notes: 3.1% per annum • Series B Notes: 4.7% per annum • Series C Notes: 5.2% per annum • Series D Notes: 6.4% per annum • Series E Notes: 6.9% per annum in each case, such interest to be paid (i) in the form of additional New HY Notes in lieu of cash during the two year period to and including the second anniversary of the Original Issue Date (unless the Company elects to pay interest in cash prior to the relevant Interest Payment Date) and (ii) in cash thereafter.
Interest Payment Dates	• Series A Notes: April 22 and October 22 of each year • Series B Notes: March 18 and September 18 of each year • Series C Notes: March 19 and September 19 of each year • Series D Notes: June 6 and December 6 of each year • Series E Notes: January 8 and July 8 of each year in each case, commencing on such Interest Payment Date that occurs immediately after the Original Issue Date.
Release of Subsidiary Guarantees, JV Subsidiary Guarantees and Collateral	Same as the Existing HY Notes, except that the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral may be released or reduced upon the consent of the holders of at least 90% in aggregate principal amount of the outstanding New HY Notes, and in certain other circumstances. See “Amendments and Waiver”, below.

Intercreditor Agreement	On the Original Issue Date, each Trustee for the benefit of the holders of each series of the New HY Notes, the lender under the New HSBC Loan and the lender under the New ICBC Loan will accede to the Intercreditor Agreement, which will provide that the security interest in the Collateral will be shared on a *pari passu* basis among (i) the CB Trustee for the benefit of the holders of the CB, (ii) the lender under the New HSBC Loan, (iii) the lender under the New ICBC Loan, (iv) each Trustee for the benefit of the holders of each series of the New HY Notes and (v) any other creditors with respect to future Permitted Pari Passu Secured Indebtedness.
Optional Redemption	At any time and from time to time, the Company may redeem the New HY Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the New HY Notes plus accrued and unpaid interest, if any, to the redemption date.
Repurchase of New HY Notes Upon a Change of Control Triggering Event	Same as the Existing HY Notes, except "Permitted Holders" will include Chairman Sun of Sunac (as defined below), certain Affiliates of Mr. Sun and any Person in which Mr. Sun or Sunac hold at least an 80% interest.
Limitation on Restricted Payments	Same as the Existing HY Notes, except:

(i) the words "beginning on the first day of the semi-annual fiscal period in which the Measurement Date occurred" in paragraph (C)(1) of the Limitation on Restricted Payments covenant (relating to calculating the Restricted Payments "basket") shall be replaced with "beginning on January 1, 2016";

(ii) clause (16)(b) of the definition of Permitted Investment (relating to Investments in any Person engaged in a Permitted Business with unaffiliated shareholders) shall be modified to permit Investments in Sunac Entities or Sinolife Entities; and

(iii) clause 16(c) of the definition of Permitted Investment shall be replaced in its entirety by the following (with additions or revisions shown in underline and deletions shown in strikethrough):

"at any time after the third anniversary of the Original Issue Date, in the case of any Investment by the Company or any Restricted Subsidiary in a Person of which less than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by the Company or its Restricted Subsidiaries, at the time of such Investment, the Company could Incur at least US$1.00 of Indebtedness under the proviso in paragraph (a) of the covenant described under the caption "— Limitation on Indebtedness and Preferred Stock"; provided that, this paragraph (c) shall not apply if such Investment would otherwise have been permitted under this clause (16) and such Investment, together with the aggregate amount of all other Investments made in reliance on this proviso since the Original Issue Date, shall not exceed in aggregate an amount equal to ~~10%~~15% of Total Assets (such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made in reliance on this proviso since the Original Issue Date resulting from the events set forth in paragraphs (e)(i) through (e)(iii) below, where references in such paragraphs to "under this clause (16)" shall be substituted with "in reliance on the proviso in paragraph (c)");"

"Sinolife" means Funde Sino Life Insurance Co., Ltd. (富德生命人壽保險股份有限公司), a company established in the PRC.

"Sinolife Entities" means (i) any Person directly or indirectly controlled by Sinolife and (ii) any Person that is directly or indirectly jointly controlled by (x) any Person falling within clause (i) and (y) the Company or any Subsidiary of Sinolife.

"Sunac" means Sunac China Holdings Limited, a company established in the Cayman Islands.

"Sunac Entities" means (i) any Person directly or indirectly controlled by Sunac and (ii) any Person that is directly or indirectly jointly controlled by (x) any Person falling within clause (i) and (y) the Company or any Subsidiary of Sunac.

Limitation on Transactions with Shareholders and Affiliates	Same as the Existing HY Notes, except transactions with Sunac Entities and Sinolife Entities shall be exempt from the requirements to obtain fairness opinions as set forth in clause (2) of the first paragraph of such covenant.
Amendments and Waiver	Same as the Existing HY Notes, except (1) subject to clause (2), all modifications, amendments or waivers of each series of the New HY Notes which would require consent of all Holders under the related series of the Existing HY Notes may be made with the consent of the holders of at least 90% in aggregate principal amount of such series of the New HY Notes and (2) modifications, amendments or waivers relating to matters addressed in clause (l) of "Amendments With Consent of Holders" under each series of the Existing HY Notes (relating to reductions of amounts payable and timing of a Change of Control Offer or Offer to Purchase) may be made with the consent of the holders of not less than a majority in aggregate principal amount of the related series of the New HY Notes.
Transfer Restrictions	The New HY Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and will be subject to certain restrictions on transfer and resale.
Form, Denomination and Registration	The New HY Notes will be issued only in fully registered form without interest coupons and will be initially represented by one or more global notes.
Listing	Application will be made for the listing and quotation of the New HY Notes offered hereby on the Singapore Exchange Securities Trading Limited.

SUMMARY TERMS OF THE RESTRUCTURED CB

1. This term sheet (the "**Term Sheet**") outlines the terms for a proposed restructuring (the "**Restructuring**") of the RMB1,500,000,000 USD Settled 8 per cent. Convertible Bonds due 2015 (the "**CB**"), convertible into ordinary shares of Kaisa Group Holdings Ltd. (the "**Company**").

2. The CB are constituted by a Trust Deed dated 20 December 2010 (the "**Trust Deed**") entered into between the Company, Citicorp International Limited, as trustee (the "**CB Trustee**") and security trustee, and the entities named therein as Subsidiary Guarantors.

3. Except as otherwise provided herein, capitalised terms used herein have the meanings given to them in the Trust Deed.

4. The Company will, on a date to be determined, convene a meeting of Bondholders in order for Bondholders to consider and if thought fit pass an Extraordinary Resolution, which will have the effect of implementing the amendments to the terms of the CB set out in the Annex hereto.

5. If approved, the Extraordinary Resolution will also provide that the Bondholders agree, and direct the CB Trustee, to waive any and all defaults of the Company and the Subsidiary Guarantors under the CB or the Trust Deed which may have arisen prior to the date of such Extraordinary Resolution and authorise and direct the CB Trustee to enter into a supplemental trust deed and do all such acts and things as may be necessary, desirable or expedient to carry out and to give effect to the Extraordinary Resolution.

Appendix C

ANNEX
SUMMARY OF THE AMENDMENTS TO THE TERMS OF THE CB

Unless otherwise noted below or the context otherwise requires: (i) capitalised terms used and not otherwise defined herein shall have the meanings set forth in the Trust Deed; and (ii) the terms of the CB after the Restructuring shall be the same as the existing terms of the CB (except for such amendments that would not adversely affect the holders of the CB).

Maturity Date	20 December 2020.
Interest	2.7 per cent. per annum payable semi-annually in arrear on each Interest Payment Date, such interest to be paid (i) in the form of additional CB in lieu of cash during the two year period to and including the second anniversary of the effective date of the amendments to the CB (unless the Company elects to pay interest in cash prior to the relevant Interest Payment Date) and (ii) in cash thereafter.
Intercreditor Agreement	Upon accession to the Intercreditor Agreement by each New HY Notes Trustee for the benefit of the holders of each series of the New HY Notes on the Original Issue Date of the New HY Notes, the lender under the New HSBC Loan and the lender under the New ICBC Loan, the Intercreditor Agreement will provide that the security interest in the Collateral will be shared on a pari passu basis among (i) the CB Trustee for the benefit of the holders of the CB, (ii) the lender under the New HSBC Loan, (iii) the lender under the New ICBC Loan, (iv) each New HY Notes Trustee for the benefit of the holders of each series of the New HY Notes and (v) any other creditors with respect to future Permitted Pari Passu Secured Indebtedness.
Redemption for Delisting or Change of Control	Same as the CB before the Proposed Restructuring Plan, except that (i) the term "Change of Control" in Condition 8(E) shall be replaced by "Change of Control Triggering Event" as defined in the New HY Notes; and (ii) the term "Control" in Condition 8(E) shall be deleted.

Appendix D

PROCEDURES TO EFFECT SCHEMES OF ARRANGEMENT AND CHAPTER 15 PROCEEDING

Commencement

The Proposed Restructuring Plan with respect to the Existing HY Notes will commence with the filing of a scheme of arrangement in the court in Hong Kong with a parallel filing with the court in the Cayman Islands which will exchange the Existing HY Notes for the New HY Notes. Each steps set out below will need to occur with respect to each scheme.

Notice/Meeting

Notice of the proposed scheme of arrangement along with a memorandum explaining the terms and effect of the Proposed Restructuring Plan to exchange the Existing HY Notes for the New HY Notes will be publicised in the appropriate news publications. Such documents, including voting instructions, will be mailed to all known holders of the Existing HY Notes. Holders of the Existing HY Notes will be invited to attend a meeting (in person or by proxy) of such holders and at such meeting to vote to approve the scheme of arrangement incorporating the Proposed Restructuring Plan with respect to the Existing HY Notes.

Court Sanction

In addition to the holders of the Existing HY Notes voting in favour of each scheme of arrangement for the implementation of the Proposed Restructuring Plan with respect to the Existing HY Notes, the courts in Hong Kong and the Cayman Islands will also need to be satisfied that the scheme of arrangement is fair and reasonable.

It is anticipated that only inter-conditional schemes of arrangement in Hong Kong and the Cayman Islands is necessary to implement the Proposed Restructuring Plan, but additional court filings in other jurisdictions may be necessary to implement the Proposed Restructuring Plan with respect to the Existing HY Notes depending on the circumstances.

Because the Existing HY Notes are governed by the laws of the State of New York, the Proposed Restructuring Plan with respect to the Existing HY Notes will also include a recognition of the Hong Kong scheme of arrangement by a court in the United States via a Chapter 15 proceeding which will ensure that the terms of the Hong Kong scheme of arrangement and the Proposed Restructuring Plan with respect to the Existing HY Notes are effective and binding in the United States.

Binding Effect

Through the approval of the schemes of arrangement in Hong Kong and the Cayman Islands, the Company intends to bind all the holders of the Existing HY Notes under the Proposed Restructuring Plan.

Time Frame

It is anticipated that the approval of the schemes of arrangement will be approved within two to three months of their filing. The time frame for each approval of the schemes of arrangement will depend on multiple factors out of the control of the Company, including, the availability of the courts and the support of the holders of the Existing HY Notes.

Although the Company still hopes to have its 2014 audited accounts finalised by the end of March 2015, the memorandum for each scheme of arrangement may not include such audited financial statements of the Company for 2014 but will include financial statements for 2014 from the Company's management and a liquidation analysis that will provide a comparison of the Proposed Restructuring Plan to a liquidation of the Company. While the Company does not currently intend to appoint provisional liquidators as part of the Proposed Restructuring Plan, future events and circumstances that may affect the implementation of the Proposed Restructuring Plan could require it to do so.