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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)

ISSUANCE OF US\$400 MILLION 11.95% SENIOR NOTES DUE 2022

Reference is made to the announcement of the Company dated 15 October 2019 in respect of the Notes Issue.

The Board is pleased to announce that on 15 October 2019, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Credit Suisse, Deutsche Bank, Barclays, BOC International, China CITIC Bank International, Guotai Junan International, Haitong International, Fulbright Securities Limited and Kaisa Financial Group in connection with the issue of US\$400 million 11.95% senior notes due 2022.

The Company intends to use the net proceeds from the Notes Issue to refinance its existing medium to long term offshore indebtedness which will become due within one year.

Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Company, the Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries or associated companies (if any). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this announcement.

THE PURCHASE AGREEMENT

Date: 15 October 2019

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) Credit Suisse;
- (d) Deutsche Bank;
- (e) Barclays;
- (f) BOC International;
- (g) China CITIC Bank International;
- (h) Guotai Junan International;
- (i) Haitong International;
- (j) Fulbright Securities Limited; and
- (k) Kaisa Financial Group

Credit Suisse, Deutsche Bank, Barclays, BOC International, China CITIC Bank International, Guotai Junan International and Haitong International are the joint global coordinators, joint bookrunners and joint lead managers and, together with Fulbright Securities Limited and Kaisa Financial Group as the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Credit Suisse, Deutsche Bank, Barclays, BOC International, China CITIC Bank International, Guotai Junan International and Haitong International is an independent third party and not a connected person of the Company and its connected persons.

As at the date of this announcement, each of Kaisa Financial Group and Fulbright Securities Limited is a company majority controlled by the family members of Mr. Kwok Ying Shing. As all the applicable percentage ratios under the Listing Rules in respect of the subscription amount (including any commission) by each of Kaisa Financial Group and Fulbright Securities Limited under the Purchase Agreement is less than 0.1%, the transactions contemplated under the Purchase Agreement fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and are fully exempt from the reporting, announcement, annual review requirements and independent shareholders' approval under Chapter 14A of the Listing Rules.

The Notes and the Subsidiary Guarantees (together the “Securities”) have not been and will not be registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. person (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Securities are being offered and sold by the initial purchasers only (1) to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act, and (2) to non-U.S. persons outside the United States in compliance with Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed with any connected persons of the Company.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$400 million which will mature on 22 October 2022, unless earlier redeemed pursuant to the terms thereof.

Offer Price

The Offer Price of the Notes will be 99.265% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including 22 October 2019 at the rate of 11.95% per annum, payable semi-annually in arrears.

Ranking of the Notes

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the Notes.

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal (or premium, if any); (b) default in the payment of interest; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause certain of its subsidiaries to create a lien on the collateral in accordance with the covenants described in the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breach any other covenant or agreement in the Indenture or under the Notes (other than the default specified in (a), (b) or (c) above); (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$20.0 million; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or certain of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor denying or disaffirming its obligations under its guarantees guaranteeing the obligations of the Notes or except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security documents provided under the Notes or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the Notes or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the security documents provided under the Notes, other than in accordance with the Indenture and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the trustee ceasing to have a security interest in the collateral given under the Notes (subject to any permitted liens and the intercreditor agreement).

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes, then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable or foreclose the security.

Covenants

The Notes, the Indenture and the Subsidiary Guarantees will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur additional indebtedness and issue preferred stock;
- (b) make investments or other restricted payments;
- (c) guarantee indebtedness;

- (d) enter into certain transactions with affiliates;
- (e) create liens;
- (f) enter into sale and leaseback transactions;
- (g) sell assets;
- (h) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends;
- (i) issue and sell capital stock of certain of its subsidiaries;
- (j) effect a consolidation or merger; and
- (k) engage in different business activities.

Optional Redemption

The Notes may be redeemed in the following circumstances:

- (1) At any time on or after 22 October 2021, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the twelve-month period commencing on 22 October of the year indicated below:

Period	Redemption Price
2021	103%

- (2) At any time prior to 22 October 2021, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.
- (3) At any time prior to 22 October 2021, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

Reasons for the Notes Issue

The Company is an investment holding company, and its subsidiaries are principally engaged in property development, property investment and property management, and hotel and catering operations and cinema, department store and cultural centre operations, and waterway passenger and cargo transportation in the PRC. The Company intends to use the net proceeds from the Notes Issue to refinance its existing medium to long term offshore indebtedness which will become due within one year.

Listing

Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Company, the Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries or associated companies (if any). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this announcement.

DEFINITIONS

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

“Barclays”	Barclays Bank PLC
“Board”	the board of Directors
“BOC International”	BOCI Asia Limited
“China CITIC Bank International”	China CITIC Bank International Limited
“Company”	Kaisa Group Holdings Ltd., an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Credit Suisse”	Credit Suisse (Hong Kong) Limited
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries
“Guotai Junan International”	Guotai Junan Securities (Hong Kong) Limited
“Haitong International”	Haitong International Securities Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indenture”	the written agreement between the Company (as the issuer of the Notes), the initial Subsidiary Guarantors (as guarantors) and Citicorp International Limited (as trustee) that specify the terms of the Notes including the interest rate of the 2019 Notes and the maturity date
“JV Subsidiary Guarantor(s)”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the Notes
"Kaisa Financial Group"	Kaisa Financial Group Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the USD senior notes to be issued by the Company subject to the terms and conditions of the Purchase Agreement
“Notes Issue”	the issue of the Notes by the Company
“Offer Price”	the final price at which the Notes will be sold
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 15 October 2019 entered into by and among, inter alia, the Company, Credit Suisse, Deutsche Bank, Barclays, BOC International, China CITIC Bank International, Guotai Junan International, Haitong International, Fulbright Securities Limited and Kaisa Financial Group in relation to the Notes Issue
“Securities”	the Notes and the Subsidiary Guarantees
“SGX-ST”	Singapore Exchange Securities Trading Limited

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Notes Issue
“Subsidiary Guarantor Pledgor”	any Subsidiary Guarantor which pledges collateral to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee
“Subsidiary Guarantors”	certain of the Company’s existing subsidiaries guaranteeing the Notes
“US\$” or “USD”	United States dollars
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“%”	per cent.

By Order of the Board
Kaisa Group Holdings Ltd.
Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 16 October 2019

As at the date of this announcement, the executive Directors are Mr. Kwok Ying Shing, Mr. Sun Yuenan, Mr. Zheng Yi, Mr. Mai Fan and Mr. Weng Hao; the non-executive Director is Ms. Chen Shaohuan; and the independent non-executive Directors are Mr. Zhang Yizhao, Mr. Rao Yong and Mr. Liu Xuesheng.

* *For identification purposes only*