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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 9.75% SENIOR NOTES DUE 2023 AND US\$300 MILLION 11.25% SENIOR NOTES DUE 2025

On 8 July 2020, the Company, together with 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, UBS, Fulbright Securities Limited, Hung Sing Securities Limited and Kaisa Financial Group in connection with the Notes Issue.

THE PURCHASE AGREEMENT

Date: 8 July 2020

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors; and
- (c) Credit Suisse, Deutsche Bank, Barclays, BOC International, China CITIC Bank International, Guotai Junan International, Haitong International, UBS, Fulbright Securities Limited, Hung Sing Securities Limited and Kaisa Financial Group as the initial purchasers

Credit Suisse, Deutsche Bank, Barclays, BOC International, China CITIC Bank International, Guotai Junan International, Haitong International and UBS are the joint global coordinators, joint bookrunners and joint lead managers, and Fulbright Securities Limited, Hung Sing Securities Limited and Kaisa Financial Group are 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 enquiries, each of Credit Suisse, Deutsche Bank, Barclays, BOC International, China CITIC Bank International, Guotai Junan International, Haitong International, UBS and Hung Sing Securities Limited is an independent third party and not a connected person of the Company and its connected persons. As at the date of this announcement, Kaisa Financial Group is a wholly owned subsidiary of the Company and not a connected person of the Company and its connected persons.

As at the date of this announcement, 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 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.

MiFID II professionals/ECPs-only/No PRIIPs KID – Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA or UK.

The Notes have not been, and will not be, registered under the Securities Act. The Notes will only be offered outside the United States in offshore transactions in compliance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes will be offered to the public in Hong Kong.

Principal terms of the Notes

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Notes, the guarantees provided by the Subsidiary Guarantors, and the JV Subsidiary Guarantors, if any.

Notes offered

Subject to certain conditions to completion, the Company will issue the 2023 Notes in the aggregate principal amount of US\$400 million. The 2023 Notes will mature on 28 September 2023 unless earlier redeemed in accordance with the terms thereof.

Subject to certain conditions to completion, the Company will issue the 2025 Notes in the aggregate principal amount of US\$300 million. The 2025 Notes will mature on 16 April 2025 unless earlier redeemed in accordance with the terms thereof.

Issue price

The issue price of the 2023 Notes will be 99.266% of the principal amount of the 2023 Notes.

The issue price of the 2025 Notes will be 98.994% of the principal amount of the 2025 Notes.

Interest

The 2023 Notes will bear interest from and including 16 July 2020 at a rate of 9.75% per annum, payable semi-annually in arrears on 28 March and 28 September of each year, except that the first payment of interest, to be made on 28 March 2021, will be in respect of the period from and including 16 July 2020 to but excluding 28 March 2021.

The 2025 Notes will bear interest from and including 16 July 2020 at the rate of 11.25% per annum, payable semi-annually in arrears on 16 April and 16 October of each year, except that the first payment of interest, to be made on 16 April 2021, will be in respect of the period from and including 16 July 2020 to but excluding 16 April 2021.

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 unsecured 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 Subsidiary Guarantors or JV Subsidiary Guarantors (if any).

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants under the Indenture relating to consolidation, merger and sale of assets, the failure by the Company to make or consummate an offer to purchase in the manner described in the Indenture, or the failure by the Company to create, or cause certain of its subsidiaries to create, a lien in the manner described in the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breaches of any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by Citicorp International Limited as trustee or the holders of 25% or more in aggregate principal amount of the Notes; (e) there occurs with respect to any indebtedness of the Company or certain of its subsidiaries having an outstanding principal amount of US\$20.0 million or more in the aggregate for all such indebtedness, whether such indebtedness now exists or shall hereafter be created, (i) an event of default that has caused the holder of such indebtedness to declare such indebtedness to be due and payable prior to its stated maturity and/or (ii) the failure to make a principal payment when due; (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, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$20.0 million during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; (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 or JV Subsidiary Guarantor (if any) denying or disaffirming its obligations under its guarantees with respect to 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; and (k) the Company or any Subsidiary Guarantor pledgor denies or affirms its obligations.

If an event of default (other than an event of default specified in (g) or (h) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, may, by written notice to the Company (and to the trustee if such notice is given by the holders), may, and the trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. If an event of default specified in clause (g) or (h) above occurs, the principal of, the premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

Covenants

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) 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 specified 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 2023 Notes

The 2023 Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time on or after 28 September 2022, the Company may at its option redeem the 2023 Notes, in whole or in part, at a redemption price equal to 103% of the principal amount of the 2023 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time prior to 28 September 2022, the Company may at its option redeem the 2023 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2023 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date. Neither the trustee nor any of the agents shall be responsible for verifying or calculating the applicable premium.

- (3) At any time prior to 28 September 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2023 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 109.75% of the principal amount of the 2023 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2023 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The 2025 Notes

The 2025 Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time on or after 16 April 2023, the Company may at its option redeem the 2025 Notes, in whole or in part, at a redemption price equal to percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on 16 April of the years indicated below:

Period	Redemption Price
2023	104%
2024	102%

- (2) At any time prior to 16 April 2023, the Company may at its option redeem the 2025 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2025 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date. Neither the trustee nor any of the agents shall be responsible for verifying or calculating the applicable premium.
- (3) At any time prior to 16 April 2023, the Company may redeem up to 35% of the aggregate principal amount of the 2025 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 111.25% of the principal amount of the 2025 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2025 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

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 of the Notes Issue to refinance its existing medium to long term offshore indebtedness which will become due within one year.

Listing

Application will be made to 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 Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any other subsidiary or associated company of the Company, the Notes or the Subsidiary Guarantees. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this announcement.

DEFINITIONS

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

“2023 Notes”	US\$ denominated senior notes due 2023 in the principal amount of US\$400 million to be issued by the Company
“2025 Notes”	US\$ denominated senior notes due 2025 in the principal amount of US\$300 million to be issued by the Company
“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., a 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 PRC

“Indenture”	the written agreement entered into between the Company, the Subsidiary Guarantors as guarantors and the trustee, that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“JV Subsidiary Guarantor”	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 2023 Notes and the 2025 Notes
“Notes Issue”	the issue of the Notes by the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 8 July 2020 entered into by and among Credit Suisse, Deutsche Bank, Barclays, BOC International, China CITIC Bank International, Guotai Junan International, Haitong International, UBS, Fulbright Securities Limited, Hung Sing Securities Limited, Kaisa Financial Group, the Company and the Subsidiary Guarantors in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantee”	guarantees for the Notes to be provided by the Subsidiary Guarantors
“Subsidiary Guarantor”	certain existing non-PRC subsidiaries of the Company that on the issue date of the Notes will provide guarantees for the Notes
“UBS”	UBS AG Hong Kong Branch
“United States”	the United States of America

“US\$” United States dollar(s), the lawful currency of the United States

“%” per cent

By Order of the Board
KAISA GROUP HOLDINGS LTD.
Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 9 July 2020

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

* *For identification purposes only*