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SUNAC CHINA HOLDINGS LIMITED
融創中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)



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)

EASE SUCCESS HOLDINGS LIMITED

(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

**(1) MAJOR TRANSACTION FOR SUNAC INVOLVING
SHARE PURCHASE AGREEMENT IN RELATION TO
THE ACQUISITION OF 2,529,196,133 SHARES
OF KAISA BY THE OFFEROR**

**(2) POSSIBLE CONDITIONAL MANDATORY CASH OFFERS BY
MORGAN STANLEY ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL OF THE ISSUED SHARES IN
THE CAPITAL OF KAISA**

**(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 CONVERTIBLE BONDS OF KAISA**

AND

(3) RESUMPTION OF TRADING OF THE SHARES OF SUNAC

Financial adviser to Ease Success Holdings Limited

Morgan Stanley

SUMMARY

1. SHARE PURCHASE AGREEMENT

On 30 January 2015, the Sellers, the Offeror, the Guarantors and Sunac entered into the Share Purchase Agreement, pursuant to which the Sellers have conditionally agreed to sell an aggregate of 2,529,196,133 Shares in the issued share capital of Kaisa beneficially owned by them. The Offeror has conditionally agreed to acquire the Sale Shares at the purchase price of HK\$1.80 per Share for a total cash consideration of HK\$ 4,552,553,039.40. The Consideration will be reduced in the event Kaisa pays a dividend to Kaisa Shareholders prior to Completion. If there is such adjustment to the Consideration, an announcement will be made prior to Completion. The Guarantors have agreed to unconditionally and irrevocably undertake to the Offeror that the Sellers fulfil all of their obligations and Sunac has agreed to unconditionally and irrevocably undertake to the Sellers that the Offeror fulfills all of its obligations, respectively under the Share Purchase Agreement. The Sale Shares represent approximately 49.25% of the entire issued share capital of Kaisa.

Completion of the Share Purchase Agreement shall take place on the first Business Day after the day on which condition (e) described in the section headed the “Conditions Precedent to the Share Purchase Agreement” in this joint announcement is fulfilled (or such other date as may be agreed by the Sellers and the Offeror).

2. POSSIBLE CONDITIONAL MANDATORY CASH OFFERS

As at the date of the Share Purchase Agreement, none of the Offeror and its Concert Parties own or have control over any Shares, convertible securities, options, warrants or derivatives in Kaisa, save that an affiliate of Morgan Stanley (which is not an exempt principal trader or an exempt fund manager) has outstanding equity swap contracts entered into with its clients, pursuant to which one client will receive long economic exposures over 570,000 Shares while other clients will receive short economic exposures over 5,575,000 Shares or 382,000 Shares, which positions have been fully hedged by an exempt principal trader entity of the Morgan Stanley group. Subject to and upon Completion, the Offeror will own an aggregate of 2,529,196,133 Shares, representing approximately 49.25% of the issued share capital of Kaisa. As at the date of this joint announcement, other than the outstanding Share Options and the Convertible Bonds, there are no outstanding warrants, derivatives or convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Pursuant to Rule 26.1 of the Takeovers Code, upon completion of the Share Purchase Agreement, the Offeror will make (A) the Share Offer in cash for all the issued Shares (excluding (i) Shares already owned by or agreed to be acquired by the Offeror and its Concert Parties at the time when the Share Offer is made; and (ii) the Non-acceptance Shares) and pursuant to Rule 13.5 of the Takeovers Code, (B) the Option Offer for the cancellation of all outstanding Share Options and (C) the CB Offer on the following basis:

The Share Offer

For each Share held HK\$1.80 in cash

The principal terms of the Share Offer are set out under the section headed “Possible Conditional Mandatory Cash Offers” in this joint announcement.

The Share Offer Price is subject to adjustment as a result of any dividend paid by Kaisa to Kaisa Shareholders prior to Completion. In the event of such adjustment to the Share Offer Price, an announcement will be made containing details of such adjustment prior to Completion.

Sunac has received an irrevocable undertaking from Sino Life, the legal and beneficial owner of 1,537,696,106 Shares, representing approximately 29.94% of the total issued share capital of Kaisa, that it (i) will not accept an offer for the Non-acceptance Shares; and (ii) will not sell, transfer or dispose of any of the Non-acceptance Shares to the Offeror or other third parties or otherwise create any encumbrance on the Non-acceptance Shares before the close of the Offers. The Share Offer therefore will not be extended to the Non-acceptance Shares. Such irrevocable undertaking is binding in all circumstances.

Morgan Stanley has been appointed as the financial adviser to the Offeror in respect of the Offers and is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the Consideration for the Sale Shares pursuant to the Share Purchase Agreement and the full acceptance of the Offers.

The Option Offer

The Offeror will make (or procure to be made on its behalf) appropriate offers to Kaisa Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share Options in exchange for cash.

- (A) In respect of 127,801,000 Share Options with an exercise price of HK\$1.50:

For cancellation of each such Share Option HK\$0.30 in cash

- (B) In respect of 34,335,000 Share Options with an exercise price of HK\$2.00:

For cancellation of each such Share Option HK\$0.0001 in cash

- (C) In respect of 11,000,000 Share Options with an exercise price of HK\$2.61:

For cancellation of each such Share Option HK\$0.0001 in cash

- (D) In respect of 3,000,000 Share Options with an exercise price of HK\$2.84:

For cancellation of each such Share Option HK\$0.0001 in cash

The Option Offer price above is subject to adjustment as a result of any dividend paid by Kaisa to Kaisa Shareholders prior to Completion. In the event of such adjustment to the Option Offer price, an announcement will be made containing details of such adjustment prior to Completion.

The Option Offer will be extended to all Kaisa Optionholders in accordance with the Takeovers Code. Further information on the Option Offer will be set out in a letter to Kaisa Optionholders which will be despatched, as far as practicable, contemporaneously with the despatch of the Composite Document.

The CB Offer

The Offeror will make (or procure to be made on its behalf) the CB Offer for the Convertible Bonds as part of the Offers in accordance with Rule 13 of the Takeovers Code as follows:

For each outstanding HK\$1 of face value
of the Convertible Bond HK\$0.68 in cash

Based on the Share Offer Price of HK\$1.80 per Offer Share (subject to adjustment as described under the section “The Share Offer”) divided by the prevailing conversion price of the Convertible Bonds of HK\$2.64 per Share, the offer price under the CB Offer is HK\$0.68 for each outstanding HK\$1 of face value of the Convertible Bonds.

The CB Offer will be extended to all Kaisa CB holders in accordance with the Takeovers Code. Further information on the CB Offer will be set out in a letter to Kaisa CB holders which will be despatched, as far as practicable, contemporaneously with the despatch of the Composite Document.

3. CONDITION TO THE OFFERS

The Share Offer is subject to valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offer Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired before or during the Offers, would result in the Offeror and its Concert Parties holding more than 50.0% of the voting rights in Kaisa.

The Offeror reserves the right to extend the Offer Closing Date as permitted under and in accordance with the provisions of the Takeovers Code. If the Share Offer has been extended but the Offer Condition is not satisfied on or before the Long Stop Date, the Share Offer will lapse.

The Option Offer and the CB Offer are subject to and conditional upon the Share Offer becoming unconditional.

The Offers are made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons that the Shares acquired under the Offers (as applicable) are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date of this joint announcement or subsequently becoming attached to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date of this joint announcement.

4. LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) are more than 25% but less than 100%, the Share Purchase and the Offers together constitutes a major transaction for Sunac and is subject to the reporting, announcement and shareholders' approval requirements of the Listing Rules.

5. INDEPENDENT BOARD COMMITTEE

Kaisa has established an Independent Board Committee for the purpose of making a recommendation to Kaisa Shareholders, Kaisa Optionholders and Kaisa CB holders as to whether the Offers are fair and reasonable and as to acceptance.

The Independent Board Committee comprises all the non-executive Kaisa Directors (other than Ms. Chen Shaohuan as explained below), namely Mr. Zhang Yizhao and Mr. Rao Yong. No member of the Independent Board Committee has any direct or indirect interest in the Offers, other than as a Kaisa Optionholder. Given Ms. Chen Shaohuan is a Kaisa Director nominated by Sino Life and the fact that Sino Life has given the Irrevocable Undertaking, Ms. Chen is regarded to have an interest in the Offers and accordingly is not one of the members of the Independent Board Committee.

Kaisa will appoint an independent financial adviser to advise the Independent Board Committee in relation to the terms of the Offers. Such appointment is expected to be made shortly after this joint announcement and will be subject to the approval of the Independent Board Committee. The advice of the independent financial adviser will be contained in the Composite Document.

6. GENERAL

The executive directors of Kaisa believe that the terms of the Offers are fair and reasonable and in the interests of Kaisa Shareholders, Kaisa Optionholders and the Kaisa CB holders as a whole.

Kaisa does not intend to declare or pay any dividend or other distribution on the Shares during the offer period.

7. DESPATCH OF DOCUMENT

A circular of Sunac containing information relating to, among other things, the Share Purchase, the Offers and other information required by the Listing Rules will be despatched to the shareholders of Sunac. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, Sunac will apply to the Stock Exchange for an extension of time for despatch of the circular by no later than 30 May 2015.

It is the intention of the respective boards of directors of the Offeror and Kaisa to combine the offer document and the offeree board circular into a composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched containing, among other things, the terms of the Offers, the recommendation from the Independent Board Committee, the advice from an independent financial advisor in respect of the Offers and a form of acceptance and transfer of the Shares and cancellation of the Share Options and the Convertible Bonds to Kaisa Shareholders, Kaisa Optionholders and Kaisa CB holders within 21 days of the date of this joint announcement. If the Conditions cannot be fulfilled or waived (where applicable) within 21 days of the date of this joint announcement, application will be made for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the Composite Document to any time within seven days after Completion.

8. RESUMPTION OF TRADING OF THE SHARES OF SUNAC

At the request of Sunac, trading in the shares of Sunac on the Stock Exchange were suspended with effect from 9.00 a.m. on 30 January 2015 pending the publication of this joint announcement. An application has been made by Sunac to the Stock Exchange for the resumption of trading in the shares of Sunac with effect from 9.00 a.m. on 9 February 2015.

At the request of Kaisa, trading in the Shares on the Stock Exchange was suspended with effect from 9.00 a.m. on 29 December 2014 and it will remain suspended pending the publication of further announcement(s) containing inside information of Kaisa.

WARNING: THE OFFERS ARE A POSSIBILITY ONLY

THE OFFERS WILL ONLY BE MADE IF THE SHARE PURCHASE AGREEMENT IS COMPLETED. COMPLETION IS CONDITIONAL UPON THE FULFILLMENT OF THE CONDITIONS (OR WAIVED, WHERE APPLICABLE) DESCRIBED IN THE PARAGRAPH HEADED “CONDITIONS PRECEDENT TO THE SHARE PURCHASE AGREEMENT” IN THIS JOINT ANNOUNCEMENT. ACCORDINGLY, THE OFFERS MAY OR MAY NOT BE MADE. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION IN DEALING IN THE SHARES.

1. SHARE PURCHASE AGREEMENT

Date	30 January 2015
Parties:	Da Chang Da Feng Da Zheng, as Sellers Ease Success Holdings Limited as Offeror Mr. Kwok Chun Wai Mr. Kwok Ying Chi Mr. Kwok Ying Shing, as Guarantors of Sellers Sunac as guarantor of the Offeror

To the best of knowledge, information and belief of the Offeror’s directors, having made all reasonable enquiries, the Sellers and their respective ultimate beneficial owners are third parties independent of the Offeror and its connected persons.

Shares to be acquired by Offeror from Sellers

Subject to and in accordance with the terms and conditions of the Share Purchase Agreement, the Offeror has conditionally agreed to buy and each Seller has conditionally agreed to sell the Sale Shares, free from any encumbrances and together with all rights which are on the date of the Share Purchase Agreement or may at any time thereafter become attached to them including all dividends and distributions declared, paid or made in respect of them on or after the date of the Share Purchase Agreement. The Consideration will be reduced in the event Kaisa pays a dividend to Kaisa Shareholders prior to Completion. If there is such adjustment to the Consideration, an announcement will be made prior to Completion.

Escrow Agreement

Parties to the Share Purchase Agreement have agreed to use their best endeavours to enter into the Escrow Agreement on or before 16 February 2015 (or such later date as mutually agreed amongst the parties). The Escrow Agreement will provide that the escrow agent shall unconditionally transfer the Sale Shares to the Offeror upon sighting the Consideration (deducting any pre-payments previously made) in the designated bank account of the Sellers.

Consideration for the Sale Shares

The Consideration for the Sale Shares of HK\$4,552,553,039.40 represents a price of HK\$1.80 per Sale Share. The Consideration was determined following arm's length negotiation between the Sellers and the Offeror with reference to the prevailing market price of the Shares. The relevant Consideration payable to each of the Sellers is set out below:

Seller	Relevant Sale Shares	Percentage in the share capital of Kaisa	Consideration per Share	Relevant Consideration (HK\$)
Da Feng	1,035,026,457	20.15%	1.80	1,863,047,622.60
Da Chang	1,000,307,622	19.48%	1.80	1,800,553,719.60
Da Zheng	493,862,054	9.62%	1.80	888,951,697.20
Total	2,529,196,133	49.25%	—	4,552,553,039.40

The Consideration shall be paid in cash in the following manner:

- (a) HK\$1,550,000,000, being equivalent to approximately 34.05% of the Consideration, is to be transferred to an account designated by the Sellers on the date of the Share Purchase Agreement (the “**First Pre-payment**”);
- (b) HK\$775,000,000, being equivalent to approximately 17.02% of the Consideration, is to be transferred to an account designated by the Sellers on or before one Business Day after the date of the Escrow Agreement (the “**Second Pre-payment**”); and
- (c) the remaining balance of the Consideration in the sum of HK\$2,227,553,039.40 shall be paid by the Offeror to an account designated by the Sellers at Completion.

The Consideration will be reduced in the event Kaisa pays a dividend to Kaisa Shareholders prior to Completion. If there is such adjustment to the Consideration, an announcement will be made prior to Completion.

Conditions Precedent to the Share Purchase Agreement

Completion is conditional upon the satisfaction (or waiver, as applicable) of the following conditions:

- (a) 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;
- (b) all potential breaches of terms of the Existing Debts caused by the Share Purchase have been waived by the relevant creditors of the Existing Debts so that Completion will not breach or potentially breach any terms of the Existing Debts;
- (c) all Existing Disputes and Court Applications are resolved through settlement and other means, and such resolutions are satisfactory to the Offeror;
- (d) all Irregularities of Business Operations of Kaisa Group are resolved in a manner satisfactory to the Offeror; and
- (e) shareholders of Sunac having approved the relevant resolutions in a general meeting on the Share Purchase and the Offers and other resolutions relating to the Share Purchase and the Offers.

Except for Condition (e) above, the Offeror may waive any Conditions to the Share Purchase Agreement.

Either party may exercise their discretionary power to terminate the Share Purchase Agreement if the Conditions are not satisfied or otherwise waived (as applicable) by 31 July 2015 or such other time as agreed between the parties to the Share Purchase Agreement.

Representations and Warranties

Each of the Sellers and the Guarantors has, on a joint and several basis, provided customary representations and warranties to the Offeror and Sunac in connection with the Share Purchase.

Each of the Offeror and Sunac has, on a joint and several basis, provided customary representations and warranties to the Sellers and the Guarantors in connection with the Share Purchase.

Guarantee

Each of the Guarantors has jointly and severally guaranteed the due and timely performance by the Sellers of their obligations under the Share Purchase Agreement.

Sunac has guaranteed the due and timely performance by the Offeror of its obligations under the Share Purchase Agreement.

Completion of the Share Purchase Agreement

Completion shall take place on the first Business Day after the day of the satisfaction of Condition (e) described in the section headed “Conditions Precedent to the Share Purchase Agreement” in this joint announcement.

The Seller shall deliver, among the others, the following to the Offeror on Completion:

- (a) except as otherwise provided in the Escrow Agreement (i) deliver the duly signed instrument of transfer and the sold notes to the Offeror (or any third party designated by the Offeror), together with the share certificates evidencing the Sale Shares; and/or (ii) instruct the Sale Shares to be transferred to a CCASS account designated by the Offeror;
- (b) board resolutions of each of the Sellers approving the entry into of the Share Purchase Agreement and the authorising of the transfer of the Sale Shares;
- (c) unless a board meeting of Kaisa has been held before Completion, Kaisa holding a board meeting on the date of Completion to approve the following resolutions, and such resolutions not having been modified or withdrawn before the date on which they come into effect:
 - i. appointment of four representatives nominated by the Offeror as executive directors or non-executive directors of Kaisa, and such appointment shall be effective on the posting date of the Composite Document;
 - ii. one of such four directors nominated by the Offeror shall be appointed as the joint chairman of the board of directors of Kaisa and chairman of the nomination committee of Kaisa;

- iii. one out of the four directors nominated by the Offeror shall also be appointed as the chief executive officer of Kaisa, and such appointment shall be effective on Completion Date; and
- iv. procure each of Sun Yuenan, Jin Zhigang, Yu Jianqing and Chen Shaohuan to resign as directors of Kaisa and the effective date of such resignation shall be in accordance with Rule 7 of the Takeovers Code.

Termination of the Share Purchase Agreement

The Offeror may terminate the Share Purchase Agreement upon the occurrence of any events or facts causing the representations, warranties and undertakings made by the Sellers becoming untrue, inaccurate or misleading. In such case the Sellers shall refund the First Pre-payment and (if applicable) the Second Pre-payment to the Offeror on the first Business Day after the termination of the Share Purchase Agreement.

The Sellers may terminate the Share Purchase Agreement upon the occurrence of any events or facts causing the representations, warranties and undertakings made by the Offeror becoming untrue, inaccurate or misleading. In such case the Sellers shall be entitled to keep the First Pre-payment and shall, if applicable, refund the Second Pre-payment to the Offeror on the first Business Day after the termination of the Share Purchase Agreement.

2. POSSIBLE CONDITIONAL MANDATORY CASH OFFERS

As at the date of this joint announcement, there are 5,135,427,910 Shares in issue and 176,136,000 outstanding Share Options in respect of 176,136,000 Shares. The respective exercise prices of the outstanding Share Options and the period in which they are exercisable are as follows:

Exercise Price <i>(HK\$)</i>	Number of outstanding Share Options	Exercise Period
1.50	127,801,000	From 6 June 2013 to 5 June 2022
2.00	34,335,000	From 23 July 2011 to 22 July 2020
2.61	11,000,000	From 21 February 2015 to 20 February 2024
2.84	3,000,000	From 21 August 2014 to 20 August 2024

Kaisa issued a RMB1.5 billion USD settled 8.0% convertible bonds due 2015 on 21 December 2010. RMB1,499,800,000 of the Convertible Bonds remain outstanding as at the date of this joint announcement. If the Convertible Bonds are fully converted at a conversion price of HK\$2.64, Kaisa will issue 662,184,424 new Shares.

Save as disclosed in this joint announcement under the section headed “Possible Conditional Mandatory Cash Offers”, Kaisa has no other outstanding shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

As at the date of the Share Purchase Agreement, none of the Offeror and its Concert Parties own or have control over any Shares, convertible securities, options, warrants or derivatives in Kaisa, save that an affiliate of Morgan Stanley (which is not an exempt principal trader or an exempt fund manager) has outstanding equity swap contracts entered into with its clients, pursuant to which one client will receive long economic exposures over 570,000 Shares while other clients will receive short economic exposures over 5,575,000 Shares or 382,000 Shares, which positions have been fully hedged by an exempt principal trader entity of the Morgan Stanley group. Subject to and upon Completion, the Offeror will own an aggregate of 2,529,196,133 Shares, representing approximately 49.25% of the issued share capital of Kaisa. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror, upon completion of the Share Purchase Agreement, will then make (A) the Share Offer in cash for all the issued Shares (excluding (i) Shares already owned by or agreed to be acquired by the Offeror and its Concert Parties at the time when the Share Offer is made; and (ii) the Non-acceptance Shares) and pursuant to Rule 13.5 of the Takeovers Code, (B) the Option Offer for the cancellation of all outstanding Share Options and (C) the CB Offer as further described in this joint announcement.

The Offeror has received an irrevocable undertaking from Sino Life, the legal and beneficial owner of 1,537,696,106 Shares, representing approximately 29.94% of the total issued share capital of Kaisa, that it (i) will not accept an offer for the Non-acceptance Shares; and (ii) will not sell, transfer or dispose of any of the Non-acceptance Shares to the Offeror or other third parties or otherwise create any encumbrance on the Non-acceptance Shares before the close of the Offers. The Share Offer therefore will not be extended to the Non-acceptance Shares. Such irrevocable undertaking is binding in all circumstances.

The Irrevocable Undertaking from Sino Life will lapse and cease to have binding effect if the Share Offer (i) is not made before 31 August 2015; (ii) is terminated; (iii) lapses; or (iv) is withdrawn.

The Shares to be acquired under the Offers shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date of this joint announcement or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this joint announcement.

If the Offers are made, Morgan Stanley will, for and on behalf of the Offeror, make the Offers on terms as set out in this joint announcement in accordance with Rule 26.1 and Rule 13 of the Takeovers Code.

2.1 Consideration for the Offers

The Share Offer

For each Share heldHK\$1.80 in cash

The Share Offer Price is subject to adjustment as a result of any dividend paid by Kaisa to Kaisa Shareholders prior to Completion. In the event of such adjustment to the Share Offer Price, an announcement will be made containing details of such adjustment prior to Completion.

Morgan Stanley has been appointed as the financial adviser to the Offeror in respect of the Share Purchase and the Offer and is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the Consideration for the Sale Shares pursuant to the Share Purchase Agreement and the full acceptance of the Offers.

The Option Offer

As at the date of this joint announcement, other than the 176,136,000 outstanding Share Options and the Convertible Bonds, there are no outstanding warrants, derivatives or convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

The Offeror will make (or procure to be made on its behalf) appropriate offers to Kaisa Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share Options in exchange for cash.

(A) In respect of 127,801,000 Share Options with an exercise price of HK\$1.50:

For cancellation of each such Share Option HK\$0.30 in cash

(B) In respect of 34,335,000 Share Options with an exercise price of HK\$2.00:

For cancellation of each such Share Option HK\$0.0001 in cash

(C) In respect of 11,000,000 Share Options with an exercise price of HK\$2.61:

For cancellation of each such Share Option HK\$0.0001 in cash

(D) In respect of 3,000,000 Share Options with an exercise price of HK\$2.84:

For cancellation of each such Share Option HK\$0.0001 in cash

The Option Offer will be extended to all Kaisa Optionholders in accordance with the Takeovers Code. Further information on the Option Offer will be set out in a letter to Kaisa Optionholders which will be despatched, as far as practicable, contemporaneously with the despatch of the Composite Document.

The CB Offer

The Offeror will make (or procure to be made on its behalf) the CB Offer for the Convertible Bonds as part of the Offers in accordance with Rule 13 of the Takeovers Code as follows:

For each outstanding HK\$1 of face value
of the Convertible BondsHK\$0.68 in cash

Based on the Share Offer Price of HK\$1.80 per Offer Share (subject to adjustment as described under the section “The Share Offer”) divided by the prevailing conversion price of the Convertible Bonds of HK\$2.64 per Share, the offer price under the CB Offer is HK\$0.68 for each outstanding HK\$1 of face value of the Convertible Bonds. The exchange rate of RMB1 to HK\$1.1656 is set out in the terms and conditions of the Convertible Bonds.

The CB Offer will be extended to all Kaisa CB holders in accordance with the Takeovers Code. Further information on the CB Offer will be set out in a letter to Kaisa CB holders which will be despatched, as far as practicable, contemporaneously with the despatch of the Composite Document.

2.2 Condition to the Offers

The Share Offer is subject to valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offer Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired before or during the Offers, would result in the Offeror and its Concert Parties holding more than 50.0% of the voting rights in Kaisa.

The Offeror reserves the right to extend the Offer Closing Date as permitted under and in accordance with the provisions of the Takeovers Code. If the Share Offer has been extended but the Offer Condition is not satisfied on or before the Long Stop Date, the Share Offer will lapse.

The Option Offer and the CB Offer are subject to and conditional upon the Share Offer becoming unconditional.

The Offers are made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons that the Shares acquired under the Share Offer are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date of this joint announcement or subsequently becoming attached to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date of this joint announcement.

THE OFFERS WILL ONLY BE MADE IF THE SHARE PURCHASE AGREEMENT IS COMPLETED. COMPLETION IS CONDITIONAL UPON THE FULFILLMENT OF THE CONDITIONS (OR WAIVED, WHERE APPLICABLE) DESCRIBED IN THE PARAGRAPH HEADED “CONDITIONS PRECEDENT TO THE SHARE PURCHASE AGREEMENT” IN THIS JOINT ANNOUNCEMENT. ACCORDINGLY, THE OFFERS MAY OR MAY NOT BE MADE. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION IN DEALING IN THE SHARES.

2.3 Comparisons of value

Under the Share Offer, the Share Offer Price (subject to adjustment as described under the section “The Share Offer”) represents:

- (a) a premium of approximately 13.21% over the closing price of HK\$1.59 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a discount of approximately 0.55% over the average closing price of approximately HK\$1.81 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the Last Trading Date;
- (c) a discount of approximately 12.20% over the average closing price of approximately HK\$2.05 per Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Date;
- (d) a discount of approximately 30.50% over the average closing price of approximately HK\$2.59 per Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Date; and
- (e) a discount of approximately 35.02% over the average closing price of approximately HK\$2.77 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Date.

2.4 Highest and lowest prices

During the six-month period preceding the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$3.20 on 6 October 2014 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.53 on 23 December 2014.

2.5 Total consideration

As at the date of this joint announcement, there are 5,135,427,910 Shares in issue, 1,068,535,671 of which are held by Kaisa Shareholders other than (i) the Offeror and its Concert Parties in relation to the Sale Shares to be acquired under the Sale Purchase Agreement; and (ii) Sino Life which gave its undertaking in relation to the Non-acceptance Shares. On the basis of the Offer Price of HK\$1.80 per Share (subject to adjustment as described under the section “The Share Offer”), the Share Offer is valued at HK\$1,923,364,207.80.

As at the date of this joint announcement, there are a total 176,136,000 outstanding Share Options in respect of 176,136,000 Shares. Assuming that no Share Option is exercised before the Offer Closing Date, the total consideration required to satisfy the cancellation of all the outstanding Share Options is approximately HK\$38,345,133.50.

As at the date of this joint announcement, the total outstanding principal amount of the Convertible Bonds is RMB1,499,800,000. Assuming that no Convertible Bonds are converted before the Offer Closing Date, the CB Offer is valued at HK\$1,191,931,963.64.

Based on the above and assuming that no Share Option is exercised and no Convertible Bonds are converted before the Offer Closing Date, the Offers are valued at approximately HK\$3,153,641,304.94 assuming valid acceptances of the Share Offer are received in respect of all Shares.

In the event that all outstanding Share Options are exercised and that the Convertible Bonds are fully converted before the Offer Closing Date, Kaisa will have to issue 838,320,424 Shares, representing approximately 14.03% of the enlarged issued share capital of Kaisa. Assuming that the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Share Options and the full conversion of the Convertible Bonds), the maximum value of the Share Offer will be increased to HK\$3,432,340,971.44 as a result thereof. In that case, no amount will be payable by the Offeror under the Option Offer and the CB Offer and Kaisa shall receive an aggregate subscription price of HK\$297,601,500 arising from the exercise of all of the Share Options.

2.6 Irrevocable Undertaking

Pursuant to the Irrevocable Undertaking, Sino Life has irrevocably and unconditionally undertaken in favour of Sunac that it:

- (i) will not accept an offer for the Non-acceptance Shares; and
- (ii) will not sell, transfer or dispose of any of the Non-acceptance Shares to the Offeror or other third parties or otherwise create any encumbrance on the Non-acceptance Shares before the close of the Offers.

The Irrevocable Undertaking from Sino Life will lapse and cease to have binding effect if the Share Offer (i) is not made before 31 August 2015; (ii) is terminated; (iii) lapses; or (iv) is withdrawn.

The Offeror and Sunac do not consider themselves or any of their Concert Parties to be acting in concert with Sino Life.

2.7 Confirmation of financial resources

The funds required by the Offeror to satisfy the consideration payable under the Offers will be financed from its own internal cash resources.

Morgan Stanley has been appointed as the financial adviser to the Offeror in respect of the Offers. Morgan Stanley is satisfied that sufficient financial resources are available to the Offeror to satisfy the Consideration for the Sale Shares pursuant to the Share Purchase Agreement and full acceptance of the Offers as described above.

3. GENERAL INFORMATION

3.1 Information on Kaisa

Established in 1999, Kaisa Group is a large scale integrated property developer. Kaisa Group's shares commenced trading on the main board of the Stock Exchange on 9 December 2009. Over the years, Kaisa Group has been focusing on urban property development. The scope of its business covers property development, commercial operation, hotel management and property management services with products comprising of residential properties, villas, offices, serviced apartments, integrated commercial buildings and mega urban complexes. Founded in Shenzhen, Kaisa Group has expanded to cover the most economically-vibrant cities and regions, including the Pearl River Delta, the Yangtze River Delta, the Western Region, the Central China region and the Pan-Bohai Bay Rim. As at 20 February 2014, Kaisa Group owns 90 projects spanning across 31 cities in these regions.

The table below sets forth a summary of certain audited financial information of Kaisa Group for the years ended 31 December 2012 and 2013, and unaudited financial information of Kaisa Group for the six months ended 30 June 2013 and 2014 extracted from the interim report of Kaisa:

	For the year ended		For the six months	
	31 December		ended 30 June	
	2013	2012	2014	2013
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	19,523,056	11,955,020	6,792,523	7,016,075
Profit before income tax	5,155,860	3,269,402	2,121,110	1,764,226
Profit attributable to equity shareholders of Kaisa	2,857,449	2,072,219	1,328,655	1,024,624

	As at 31 December		As at 30 June	
	2013	2012	2014	2013
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Net Assets	41,259,428	28,513,872	53,700,261	33,427,339

Further financial information of Kaisa Group will be set out in the Composite Document.

Save as disclosed in the announcements of Sunac and Kaisa both dated 1 February 2015 in relation to the sale of equity interest and debt in certain project companies from Kaisa to Sunac, Kaisa and Sunac are parties independent to each other and do not have any past or proposed transactions between them.

3.2 Information on the Sellers

Each of the Sellers is a company incorporated in the British Virgin Islands and is an investment holding company.

Each of the Sellers is ultimately owned by Credit Suisse Trust Limited as trustee for the beneficiaries of the Kwok Family Trust.

3.3 Information on Sunac and the Offeror

Sunac is a limited liability company incorporated in the Cayman Islands with its shares listed on the main board of the Stock Exchange. Sunac is one of the leading property developers in the PRC. As of the date of this joint announcement, Sunac has high-end and quality property projects developed and under development in the five major economic area in the PRC (i.e., Beijing, Tianjin, Shanghai, Chongqing and Hangzhou). The Offeror is a wholly-owned subsidiary of Sunac.

Mr. Sun Hongbin (“**Mr. Sun**”), who holds approximately 47.12% of the total issued share capital of Sunac as at the date of this joint announcement, is the controlling shareholder of Sunac. Mr. Sun is Sunac group’s founder, the chairman of the board of directors of Sunac, an executive director and the chief executive officer of the Sunac group. Mr. Sun is responsible for the Sunac group’s overall development strategy and final decisions on daily significant operational matters, including land and equity acquisitions and appointments of senior management. Mr. Sun has nearly 20 years of ample experience in the property sector in China. Mr. Sun started his real estate business in 1994 and has

accumulated extensive experience in the management of the real estate activities over years. Mr. Sun obtained a master's degree in engineering from Tsinghua University in the PRC in 1985 and completed an advanced management program at Harvard Business School in the United States in 2000.

3.4 Reasons for and benefits of the Offers

It is the business strategy of Sunac to focus on development in Tiers-1 and-2 cities in the PRC, and has already established its leading position in Beijing, Tianjin, Shanghai, Chongqing and Hangzhou. Shenzhen and Guangzhou are the cities in which the Company has been seeking for exploration. The Share Purchase will further improve regional presence of Sunac by integrating Kaisa's leading position and quality land reserve in Shenzhen and Guangzhou which would enable Sunac to rapidly establish its presence in the Shenzhen and Guangzhou markets. Apart from Shenzhen and Guangzhou, the Share Purchase will also increase the land reserve of Sunac in other cities, thereby building a solid foundation for its future growth and development.

The directors (including the independent non-executive directors) of Sunac consider that the transactions contemplated under the Share Purchase Agreement and the Offers are beneficial to the development of the Sunac group and is being carried out in the ordinary and normal course of business of Sunac, under normal commercial terms, and is fair and reasonable and in the interests of Sunac and its shareholders as a whole.

3.5 Offeror's intention in relation to Kaisa

The Offeror intends to assist Kaisa to improve its current distressed situation as soon as possible and rebuild market confidence and its reputation. With respect to the future development of Kaisa, the Offeror intends to continue to strengthen the existing business of Kaisa, and strengthen its dominant position in the southern China regional market.

3.6 Statement by the executive directors of Kaisa

The executive directors of Kaisa believe that the terms of the Offers are fair and reasonable and in the interests of Kaisa Shareholders, Kaisa Optionholders and Kaisa CB holders as a whole.

3.7 Independent Board Committee of Kaisa

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a

recommendation (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting against the Offers. According to Rule 2.8 of the Takeovers Code, the independent committee of the board shall comprise all non-executive directors of the offeree company who have no direct or indirect interest in the offer.

Given Ms. Chen Shaohuan is a Kaisa Director nominated by Sino Life and the fact 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.

Accordingly, Mr. Zhang Yizhao and Mr. Rao Yong, have been appointed as the members of the independent board committee of Kaisa in respect of the Offers.

An independent financial adviser will be appointed, subject to approval by the independent board committee of Kaisa, to advise the independent board committee of Kaisa in respect of the Offers in due course. A further announcement will be made by Kaisa upon the appointment of the independent financial adviser.

3.8 Public float of Kaisa

Given the Irrevocable Undertaking as described above, the Offeror will not exercise any rights of compulsory acquisition under Rule 2.11 of the Takeovers Code.

If, at the completion of the Offers, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares. In this connection, it should be noted that, upon completion of the Offers, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

As disclosed in Kaisa's announcement dated 16 January 2015, the public float of Kaisa is approximately 20.81%. The Offeror intends, together with Kaisa, to use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than 25% of the issued share capital in Kaisa be held by the public in compliance with the Listing Rules. Kaisa and the Offeror

consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of additional Shares by Kaisa for this purpose. Kaisa and the Offeror will issue a separate announcement as and when necessary in this regard.

3.9 Further terms of the Offers

Settlement of consideration

Settlement of the consideration payable in respect of acceptances of the Offers will be made as soon as possible, but in any event, within seven Business Days of the later of (i) the date of receipt of a complete and valid acceptance in respect of the relevant Offer; or (ii) the date on which the Offers become or are declared unconditional in all respects.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by each Kaisa Shareholder at the rate of HK\$1.00 for every HK\$1,000, or part thereof, of the consideration payable by the Offeror for such person's Shares and will be deducted from the cash amount due to such acceptance of the Share Offer. The Offeror will pay the buyer's ad valorem stamp duty and will be responsible to account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Shares in respect of which valid acceptances are received under the Share Offer.

No stamp duty is payable in connection with the Option Offer and the CB Offer.

3.10 Overseas Shareholders

The Offeror intends to make available the Offers to all Kaisa Shareholders, Kaisa Optionholders and Kaisa CB holders, including those who are resident outside Hong Kong, to the extent practicable. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

In the event that the receipt of the Composite Document by overseas Kaisa Shareholders, Kaisa Optionholders and/or Kaisa CB holders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome or otherwise not in the best interests of the Offeror or the shareholders of the Offeror as a whole, the Composite Document will not

(subject to the Executive's consent) be despatched to such overseas Kaisa Shareholders, Kaisa Optionholders and/or Kaisa CB holders. Kaisa will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Any arrangements for overseas Kaisa Shareholders, Kaisa Optionholders or Kaisa CB holders to collect the Composite Document will be set out in a further announcement.

3.11 Composite Document

It is the intention of the respective boards of directors of the Offeror and Kaisa to combine the offer document and the offeree board circular into a composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched containing, among other things, the terms of the Offers, the recommendation from the Independent Board Committee, the advice from an independent financial advisor in respect of the Offers and a form of acceptance and transfer of the Shares and cancellation of the Share Options and the Convertible Bonds to Kaisa Shareholders, Kaisa Optionholders and Kaisa CB holders within 21 days of the date of this joint announcement. If the Conditions cannot be fulfilled or waived (where applicable) within 21 days of the date of this joint announcement, an application will be made for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the Composite Document to any time within seven days after Completion.

3.12 Further agreements or arrangements

The Offeror confirms that, as at the date of this joint announcement (other than the equity swap contracts in respect of Shares held by an affiliate of Morgan Stanley as disclosed under the section headed "Possible Conditional Mandatory Cash Offers" in this joint announcement (excluding any interests held by exempt principal traders and exempt fund managers within the Morgan Stanley group)):

- (a) the Offeror, its ultimate beneficial owner and their respective Concert Parties:
 - (i) have no outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in Kaisa;
 - (ii) do not own, control or have direction over any voting rights in any Shares or options nor own, control or have direction over any other rights or interests in the issued share capital or voting rights of Kaisa; and

- (b) there are no outstanding derivatives in respect of the securities in Kaisa which has been entered into by the Offeror, its ultimate beneficial owner or their respective Concert Parties;
- (c) neither of the Offeror, its ultimate beneficial owner nor their respective Concert Parties have received any irrevocable commitment to accept the Offers;
- (d) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (e) save for the Share Purchase Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner or a party acting in concert with any of them, is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and
- (f) none of the Offeror, its ultimate beneficial owner nor their respective Concert Parties have entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in Kaisa nor has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Kaisa.

3.13 Interests in Shares and derivatives

None of the Offeror, its Concert Parties (other than the equity swap contracts in respect of Shares held by an affiliate of Morgan Stanley as disclosed under the section headed “Possible Conditional Mandatory Cash Offers” in this joint announcement (excluding any interests held by exempt principal traders and exempt fund managers within the Morgan Stanley group)) owns, or has control or direction over, any Shares, rights over Shares (including agreements to purchase, options, warrants, convertible securities, voting rights and irrevocable commitments to accept any of the Offers) or derivatives in respect of Shares and, none of them has dealt in Shares, rights over Shares (including agreements to purchase, options, warrants, convertible securities and voting rights) or derivatives in respect of Shares during the six-month period prior to 6 February 2015, being the date of this joint announcement.

3.14 Effect of Completion on the shareholding structure of Kaisa

	As at the date of this joint announcement		Immediately after Completion but before any acceptance of the Offers	
	Approximate percentage		Approximate percentage	
	No. of Shares	(%)*	No. of Shares	(%)*
Offeror and its Concert Parties**	—	—	2,529,196,133	49.25%
Sellers				
Da Feng	1,035,026,457	20.15%	—	—
Da Chang	1,000,307,622	19.48%	—	—
Da Zheng	493,862,054	9.62%	—	—
Subtotal	2,529,196,133	49.25%	—	—
Sino Life [#]	1,537,696,106	29.94%	1,537,696,106	29.94%
Public	1,068,535,671	20.81%	1,068,535,671	20.81%
Total	5,135,427,910	100.00%	5,135,427,910	100.00%

* *Note: the percentage figures above are subject to rounding.*

** *Note: the shareholding details above do not take into account the equity swap contracts in respect of Shares held by an affiliate of Morgan Stanley as described under the section headed “Possible Conditional Mandatory Cash Offers” in this joint announcement (excluding any interests held by exempt principal traders and exempt fund managers within the Morgan Stanley group) as such equity swap contracts do not involve actual beneficial ownership in Shares.*

The Offeror and Sunac do not consider themselves or any of their Concert Parties to be acting in concert with Sino Life.

4. RESUMPTION OF TRADING OF THE SHARES OF SUNAC

At the request of Sunac, trading in the shares of Sunac on the Stock Exchange were suspended with effect from 9.00 a.m. on 30 January 2015 pending the publication of this joint announcement. An application has been made by Sunac to the Stock Exchange for the resumption of trading in the shares of Sunac with effect from 9.00 a.m. on 9 February 2015.

At the request of Kaisa, trading in the Shares on the Stock Exchange was suspended with effect from 9.00 a.m. on 29 December 2014 and it will remain suspended pending the publication of further announcement(s) containing inside information of Kaisa.

5. LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the listing rules) are more than 25% but less than 100%, the Share Purchase and the Offers together constitutes a major transaction for Sunac and is subject to the reporting, announcement and shareholders' approval requirements of the Listing Rules.

A circular of Sunac containing information relating to, among other things, the Share Purchase, the Offers and other information required by the Listing Rules will be despatched to the shareholders of Sunac. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, Sunac will apply to the Stock Exchange for an extension of time for despatch of the circular by no later than 30 May 2015.

6. DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates (including persons holding 5.0% or more of a class of relevant securities (as defined in Note 4 to Rule 22 to the Takeovers Code)) of Kaisa and the Offeror are hereby reminded to disclose their dealings in Shares pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

7. DEFINITIONS

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

“Business Day”	means any day on which banks in Hong Kong are open for business (except Saturday, Sunday and public holidays);
“CB Offer”	means the possible conditional cash offer to be made by the Offeror to Kaisa CB holders pursuant to Rule 13 of the Takeovers Code;
“Completion”	means completion of the Share Purchase Agreement;
“Completion Date”	means the date on which Completion takes place in accordance with the Share Purchase Agreement which is one Business Day after the satisfaction of Condition (e) (or such other date as agreed by the Sellers and the Offeror);
“Composite Document”	means the composite offer and response document to be issued jointly by the Offeror and Kaisa to all Kaisa Shareholders, Kaisa Optionholders and Kaisa CB holders in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offers;
“Concert Parties”	means, in relation to a person, parties acting in concert with the person, as determined in accordance with the Takeovers Code;
“Conditions”	means the conditions to the Share Purchase Agreement, as set out under the paragraph headed “Conditions Precedent to the Share Purchase Agreement” of this joint announcement, (and each condition as the “Condition”);

“Consideration”	means the aggregate consideration of HK\$4,552,553,039.40 for the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement;
“Convertible Bonds”	means the RMB1.5 billion 8.0% USD settled convertible bonds due 2015 issued by Kaisa on 21 December 2010;
“Court Applications”	means court applications for Kaisa Group’s asset protective orders made by certain creditors of Kaisa Group;
“Da Chang”	Da Chang Investment Company Limited (a company indirectly wholly-owned by Credit Suisse Trust Limited as trustee for the beneficiaries of the Kwok Family Trust) is the beneficial owner of 1,000,307,622 Shares;
“Da Feng”	Da Feng Investment Company Limited (a company indirectly wholly-owned by Credit Suisse Trust Limited as trustee for the beneficiaries of the Kwok Family Trust) is the beneficial owner of 1,035,026,457 Shares;
“Da Zheng”	Da Zheng Investment Company Limited (a company indirectly wholly-owned by Credit Suisse Trust Limited as trustee for the beneficiaries of the Kwok Family Trust) is the beneficial owner of 493,862,054 Shares;
“Debt Defaults”	means events of default subsisting under the Existing Debts;
“Escrow Agreement”	means an escrow agreement to be entered into between the Offeror and the Sellers in relation to the safekeeping and timely release of the Sale Shares;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Existing Disputes”	means any of the following: (i) Kaisa being alleged to be in violation of terms of cooperation agreements with its project partners; (ii) any dispute between Kaisa and any lender(s) in relation to cooperation agreements or facility agreements between them; (iii) any material breach of contract or obligations between Kaisa Group and a third party;

“Existing Debts”	means existing indebtedness of the Kaisa Group consisting of: (1) the Convertible Bonds; (2) US\$250 million 12.875% bonds due 2017; (3) US\$500 million 10.25% bonds due 2020; (4) US\$800 million 8.875% bonds due 2018; (5) RMB1.8 billion 6.875% bonds due 2016; (6) US\$400 million 9.0% bonds due 2019; (7) HK\$400 million facility agreement dated 2 August, 2013 entered into among Kaisa as borrower, certain subsidiaries of Kaisa as guarantors and the Hongkong and Shanghai Banking Corporation Limited; (8) HK\$250 million facility agreement dated 2 September, 2013 entered into among Kaisa as borrower, certain subsidiaries of Kaisa as guarantors and the Industrial and Commercial Bank of China (Asia) Limited; (9) US\$200 million facility agreement dated 14 November, 2013 entered into among Kaisa as borrower, certain subsidiaries of Kaisa as guarantors and PA Bloom Opportunity V Limited; (10) other onshore or offshore debt obligations under the name Kaisa Group as disclosed to the Offeror and Sunac;
“Guarantors”	means Mr. Kwok Chun Wai, Mr. Kwok Ying Chi, and Mr. Kwok Ying Shing, collectively;
“HKD or HK\$”	means Hong Kong Dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	means the committee of all the non-executive Kaisa Directors except for Ms. Chen Shaohuan (none of whom have any direct or indirect interest in the Offers, other than as a Kaisa Optionholder) which has been established for the purpose of making a recommendation to Kaisa Shareholders, Kaisa Optionholders and Kaisa CB holders as to whether the Offers are fair and reasonable and as to acceptance, comprising of Mr. Zhang Yizhao and Mr. Rao Yong;

“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 Kaisa Group so as to cause Kaisa and its subsidiaries being unable or be restricted to develop, sell, rent properties in its usual and ordinary course of business;
“Irrevocable Undertaking”	means the irrevocable undertaking given by Sino Life to Sunac that it (i) shall not accept the Share Offer in respect of the Non-acceptance Shares, and (ii) shall not dispose of, or agree to dispose of, the Non-acceptance Shares before the close of the Offers;
“Kaisa”	means Kaisa Group Holdings Ltd., a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 1638);
“Kaisa CB holders”	means the holders of the Convertible Bonds;
“Kaisa Directors”	means the directors of Kaisa from time to time;
“Kaisa Group”	means the Kaisa and its subsidiaries;
“Kaisa Optionholders”	means registered grantees/holders for the time being of the Share Options;
“Kaisa Shareholders”	means registered holders for the time being of the Shares;
“Kwok Family Trust”	means a discretionary trust established by the Guarantors, the beneficiaries of which include the Guarantors and their immediate family members;
“Last Trading Date”	means 24 December 2014, being the last trading day prior to the suspension of trading in the Shares pending the publication of announcement(s) containing inside information of Kaisa;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Long Stop Date”	means the date which is 60 calendar days after the posting of the Composite Document, unless the date has been extended by the Offeror with the consent of Kaisa and the Executive pursuant to Rule 15.5 of the Takeovers Code;
“Morgan Stanley”	means Morgan Stanley Asia Limited, a licensed corporation licensed to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO;
“Non-acceptance Shares”	means 1,537,696,106 Shares held by Sino Life at the date of this joint announcement;
“Offeror”	means Ease Success Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of Sunac;
“Offers”	means the Share Offer, the Option Offer and the CB Offer;
“Offer Closing Date”	means the date to be stated in the Composite Document as the first offer closing date of the Share Offer, which is 21 calendar days after the posting of the Composite Document, or any subsequent offer closing date of the Share Offer as may be extended in accordance with the Takeovers Code;
“Offer Condition”	means the condition to the Offers as set out in this joint announcement;
“Option Offer”	means the possible conditional mandatory conditional cash offer by Morgan Stanley on behalf of the Offeror to Kaisa Optionholders for cancellation of the Share Options;
“PRC”	means the People’s Republic of China;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sale Shares”	means 2,529,196,133 Shares being the subject of the Share Purchase;

“Sellers”	means Da Chang, Da Feng and Da Zheng, each a company incorporated in the British Virgin Islands with limited liability, and each a “Seller”;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shares”	means the ordinary shares of HK\$0.1 each in the issued capital of Kaisa as at the date of this joint announcement;
“Share Offer”	means the possible conditional mandatory cash offer by Morgan Stanley on behalf of the Offeror to acquire all of the issued and to be issued shares in the share capital of Kaisa (excluding (i) Shares already owned by or agreed to be acquired by the Offeror and its Concert Parties at the time when the Share Offer is made; and (ii) the Non-acceptance Shares) at the Share Offer Price in accordance with Rule 26.1 of the Takeovers Code;
“Share Offer Price”	means the cash amount of HK\$1.80 per Share payable by the Offeror to Kaisa Shareholders for each Share accepted under the Share Offer;
“Share Option Scheme”	means the share option scheme adopted by Kaisa pursuant to a resolution passed by Kaisa Shareholders on 22 November 2009, as amended from time to time;
“Share Options”	means the 176,136,000 outstanding share options in respect of 176,136,000 Shares granted by Kaisa pursuant to the Share Option Scheme;
“Share Purchase Agreement”	means the share purchase agreement dated 30 January 2015 entered into between the Sellers, the Offeror, the Guarantors and Sunac in relation to the Share Purchase;
“Share Purchase”	means the purchase of the Sale Shares in accordance with the Share Purchase Agreement;

“Sino Life”	means Funde Sino Life Insurance Co., Ltd., a company established in the PRC and Fund Resources Investment Holding Group Company Limited, a company incorporated in Hong Kong, which are independent third parties to Sunac and currently hold in aggregate 1,537,696,106 Shares, representing approximately 29.94% of the total issued share capital of Kaisa as at the date of this joint announcement;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Sunac”	means Sunac China Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange (Stock Code: 01918);
“Takeovers Code”	means the Code on Takeovers and Mergers published by the SFC; and
“USD” or “US\$”	means United States Dollar, the lawful currency of the United States of America.

By order of the board of
SUNAC CHINA HOLDINGS LIMITED
SUN Hongbin
Chairman

By order of the board of
KAISA GROUP HOLDINGS LTD.
SUN Yuenan
Co-chairman and Executive Director

6 February 2015

The directors of the Offeror and Sunac jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to Kaisa Group and the Sellers) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by Kaisa or any directors of Kaisa or the Sellers) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Mr. SUN Hongbin is the sole director of the Offeror.

As at the date of this joint announcement, the executive directors of Sunac are Mr. SUN Hongbin, Mr. WANG Mengde, Mr. LI Shaozhong, Mr. CHI Xun, Mr. SHANG Yu and Mr. JING Hong; the non-executive director is Mr. ZHU Jia; and the independent non-executive directors are Mr. POON Chiu Kwok, Mr. LI Qin, Mr. MA Lishan and Mr. TSE Chi Wai.

The directors of Kaisa jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, Sunac, Morgan Stanley, their respective associates and parties acting in concert with them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than expressed by the Offeror, Sunac, Morgan Stanley, their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the executive directors of Kaisa 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.

** For identification purposes only*