

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer, its management, as well as financial statements. No public offer of securities is to be made by the Company in the United States.



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)

RECENT DEVELOPMENTS AND RESUMPTION OF TRADING

This announcement is made by Kaisa Group Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference is made to the announcements of the Company dated 21 December 2014, 29 December 2014, 1 January 2015, 6 January 2015, 12 January 2015, 16 January 2015 and 28 January 2015, respectively (collectively, the “**Announcements**”). Unless otherwise stated, terms used in this announcement should have the same meanings as those defined in the Announcements.

RECENT DEVELOPMENTS

The Board would like to provide an update on certain recent developments of the Group.

1. Interest payment under the 2013 Notes

Reference is made to the announcement of the Company dated 12 January 2015 in relation to the non-payment by the Company of interest in amount of US\$23 million (equivalent to approximately HK\$178.34 million) under the 2013 Notes which was due on 8 January 2015. The Company is pleased to announce that it has remedied the non-payment by making the interest payment prior to 7 February 2015. Under the terms of the 2013 Notes, if the Company makes such interest payment within 30 days after 8 January 2015, no event of default would be triggered by failure to make such interest payment on 8 January 2015.

2. Bank balances

As at 31 January 2015, a total credit balance of several bank accounts of the Group of approximately RMB550 million (equivalent to approximately HK\$695.50 million) was frozen by the relevant banks and a total credit balance of approximately RMB725.56 million (equivalent to approximately HK\$917.50 million) has been transferred (扣劃) by the relevant banks for setting off the loans due to these banks.

3. Demand notices for payment against the Group

As at 31 January 2015, the Company received notices from its creditors (including project partners) demanding for immediate repayment of approximately RMB28 billion (equivalent to approximately HK\$35.41 billion). This amount includes:

- (a) the total principal and interest of the loans due and payable by the Group representing approximately RMB992.89 million (equivalent to approximately HK\$1,255.55 million) referred to in paragraph 4 below;
- (b) the total credit balance of approximately RMB725.56 million (equivalent to approximately HK\$917.50 million) that has been transferred (扣劃) by the relevant banks for setting off the loans due to these banks referred to in paragraph 2 above;
- (c) the total amount involved in the eight civil rulings of approximately RMB2,678 million (equivalent to approximately HK\$3,386 million) referred to in paragraph 5 below;
- (d) the total amount involved in the court cases of RMB1,628,353,556.19 (equivalent to approximately HK\$2,059.12 million) referred to in paragraph 6 below; and
- (e) the amount involved in the arbitration proceedings representing RMB1,200 million (equivalent to approximately HK\$1,517.45 million) referred to in paragraph 7 below.

Apart from (a) to (e) above, the remaining amount of approximately RMB20.78 billion (equivalent to approximately HK\$26.28 billion) represents the demand arising from the daily operations of the Group such as, outstanding construction costs demanded from contractors of the Group and outstanding payment demanded from suppliers of materials and services of the Group.

Some of these creditors (including project partners) have attempted to exercise their right to demand an increase in the amount of security and to apply for preservation of the Group's assets. Certain individual creditors (including project partners) have attempted to exercise their relevant rights under the respective agreements with the Group including (i) the right to take custody of the company chops and funds of the Group's project companies; (ii) the right to nominate and appoint director(s) and supervisor(s) of the Group's project companies; (iii) the right to request the Group to repurchase the equity interests in the Group's project companies. Since these actions could only be implemented with the cooperation of the Group and the Group did not agree with the rights exercised by the creditors (including project partners), as at 31 January 2015, none of these rights have been successfully exercised against the Group by the creditors (including project partners).

Notwithstanding the above demand notices received by the Group, the Group has engaged PRC legal counsel to advise on these demand notices and the possible action that the Group can take to protect its interest.

4. Outstanding loans of the Group

As at 31 January 2015, the principal amount of loans of the Group and the accrued interest due and repayable stood at approximately RMB992.89 million (equivalent to approximately HK\$1,255.55 million); and the loans of the Group in the principal amount of HK\$21.44 billion (equivalent to approximately RMB16.95 billion) might become due and repayable pursuant to the terms of the relevant agreements.

5. Preservation of assets applications under onshore loans

The Company noted that as at 31 January 2015, a total of 60 applications in relation to the preservations of the assets of the Group under onshore loans have been filed by the Group's creditors with the relevant PRC courts. Out of these 60 applications and as at 31 January 2015, the Company received a total of eight civil rulings (民事裁定書) from the relevant PRC courts in relation to the preservation of assets of the Group under onshore loans which amounted to approximately RMB2,678 million (equivalent to approximately HK\$3,386 million).

It is the intention of the Group to resolve these civil rulings with the creditors including project partners through amicable negotiation. The Group has engaged PRC legal counsel to advise on these eight civil rulings in order to protect the interests of the Group.

For the other 52 applications, the relevant creditors may further commence proceedings against the Group and seek the civil rulings. As at 31 January 2015, the Group did not receive the relevant rulings from the relevant PRC courts in connection with any of those 52 applications. The Company is not in a position to ascertain the total amount involved in these 52 applications until it receives such rulings from the relevant PRC courts, which may or may not happen.

6. Court proceedings

- (i) Notice from the relevant PRC court was served on 廣東佳兆業房地產開發有限公司 (Guangdong Kaisa Property Development Co., Ltd.*) (“**Guangdong Kaisa Property Development**”), a wholly-owned subsidiary of the Company, and certain other members of the Group ordering them to appear as defendants in the hearing of a case on 10 March 2015. The case is related to an alleged breach by Guangdong Kaisa Property Development under an equity transfer agreement among Huabao Trust Co., Ltd. (“**Huabao Trust**”), Guangdong Kaisa Property Development and certain other members of the Group. Huabao Trust alleged that Guangdong Kaisa Property Development failed to repurchase from it the 49% interest in 佛山市順德區理想城房地產投資有限公司 (Foshan Shunde Ideal City Real Estate Investment Co., Ltd.*) for the consideration of RMB381,423,178.08 (equivalent to approximately HK\$482.33 million) and pay a daily penalty together with the relevant costs.

In response to the notice, 佳兆業集團(深圳)有限公司 (Kaisa Group (Shenzhen) Co., Ltd.*), the sole shareholder of Guangdong Kaisa Property Development and certain other members of the Group have filed an objection with the relevant PRC court that the case should be transferred to a court having jurisdiction as the amount involved in such case has exceeded the jurisdiction of the relevant PRC court that has issued the notice.

- (ii) A court judgment (裁定書) was issued against 上海贏灣兆業房地產有限公司 (Shanghai Yingwan Zhaoye Property Development Co. Ltd.*) (“**Shanghai Yingwan Zhaoye**”), a subsidiary which is owned as to 51% by the Company, in relation to a case filed by its creditor to freeze and seize the credit of balance of RMB1,246,930,378.11 (equivalent to approximately HK\$1,576.80 million) and the interest accrued in the bank account held by it. The case is related to the alleged breach of a loan agreement entered into between Shanghai Yingwan Zhaoye and the creditor.

In response to the court judgment, Shanghai Yingwan Zhaoye has filed an objection with the relevant PRC court that the case should be transferred to a court having jurisdiction as the amount involved in such case has exceeded the jurisdiction of the relevant PRC court that has issued the judgment.

It is the intention of the Group to resolve these two cases with the creditors through amicable negotiation. The Group has engaged PRC legal counsel to advise on the above cases to protect the interests of the Group.

7. Arbitration

Reference is made to the announcement of the Company dated 6 January 2015 in relation to the Alleged Breach of the Cooperation Agreements.

The Company has recently received arbitration notices (仲裁通知) from the relevant arbitration authority. The Project Partners have applied for arbitration in relation to the Alleged Breaches. They demanded the Group to refund the fees of RMB1,200 million (equivalent to approximately HK\$1,517.45 million) paid by the Project Partners under the Cooperation Agreements and pay a daily penalty and the relevant costs for the arbitration proceedings.

It is the intention of the Group to resolve the case with the Project Partners through amicable negotiation. The Group has engaged PRC legal counsel to advise on the arbitration to protect the interests of the Group.

8. Withdrawal of court proceedings

Reference is made to the announcement of the Company dated 16 January 2015 in relation to the case involving Kaisa Shenzhen and Shenzhen Buji Branch of Bank of China Limited (中國銀行股份有限公司深圳布吉支行).

Kaisa Shenzhen has recently received notice from the relevant PRC court that the case has been withdrawn by the bank.

9. Status of the Group's property projects

Save as disclosed in the announcements of the Company dated 4 December 2014 and 21 December 2014 respectively and as at 31 January 2015, the Company is not aware of any further blockages or restrictions imposed by the relevant PRC authorities on any property projects of the Group. The Company is in communication with the relevant PRC authorities. As at the date of this announcement, the Company has not received any verbal or written notification from the relevant PRC authorities in respect of the reasons of the current blockages and restrictions, which remain unknown to the Company. The Company will continue to communicate with the relevant PRC authorities with an aim to remove such blockages and restrictions as soon as practicable.

10. Proposed appointment of financial advisor

Reference is made to the announcement of the Company dated 28 January 2015 in relation to the proposed appointment of Houlihan Lokey (China) Limited (“**Houlihan Lokey**”) as the financial advisor of the Company. The Company is in negotiation with Houlihan Lokey on the terms and conditions regarding such appointment which are expected to be finalized within a short period of time.

IMPACT OF THE RECENT DEVELOPMENTS ON THE GROUP

The recent developments of the Group disclosed in the Announcements and in paragraphs 2 to 7 above have caused adverse impact on the cash flow, financial position and operation of the Group. The Group is currently considering various options including the possibility of disposing of certain project companies to improve the Group's cash position, discussing with its creditors and/or project partners on a consensual solution regarding the repayment of outstanding amount under the relevant loan/project agreements and continuing to engage in discussions with the relevant PRC authorities in order to release the blockages and restrictions against the property projects of the Group. The Company will also seek advice from its financial adviser regarding the appropriate measures to improve the position of the Group once the appointment of its financial adviser has been confirmed.

FORWARD-LOOKING INFORMATION

Forward-looking statements in this announcement are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Actual events and results could vary materially from the description contained herein due to many factors, including, among others, changes in the business and financial condition of the Group as well as changes in the market in general.

RESUMPTION OF TRADING

An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 1:00 p.m. on 9 February 2015. At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 29 December 2014.

Save as the inside information of the Company disclosed in this announcement, having made such enquiry with respect to the Company as is reasonable in the circumstances, the Company confirms that it is not aware of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

For illustration purpose, amounts in RMB in this announcement have been translated to HK\$ at HK\$1.00 = RMB0.7908; and amounts in US\$ in this announcement have been translated to HK\$ at HK\$7.7538 = US\$1.00.

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

9 February 2015

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

* *For identification purpose only*