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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 51% EQUITY INTERESTS AND TRANSFER OF DEBT IN SHENZHEN CHUANGZHAN HOTEL DEVELOPMENT CO., LTD.

The Board is pleased to announce that on 28 June 2014, Kaisa Shenzhen as purchaser and Jieruilai Trading as vendor entered into the Equity and Debt Transfer Agreement, pursuant to which Kaisa Shenzhen agreed to acquire (a) the 51% equity interests in the Target Company held by Jieruilai Trading at a cash consideration of RMB5.1 million; and (b) the Debt in the amount of RMB668.1 million due and owing by the Target Company to Jieruilai Trading at a cash consideration of RMB668.1 million. The aggregate Consideration is RMB673.2 million.

Following completion of the Transfer, the Target Company will be held as to 51% by Kaisa Shenzhen and 49% by Shenzhen Development. Accordingly, the Target Company will be an indirect non-wholly owned subsidiary of the Company.

The transactions contemplated under the Equity and Debt Transfer Agreement constitute a discloseable transaction of the Company under the Listing Rules as the applicable percentage ratio is more than 5% but less than 25% and the Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* For identification purposes only

INTRODUCTION

The Board is pleased to announce that on 28 June 2014, Kaisa Shenzhen as purchaser and Jieruilai Trading as vendor entered into the Equity and Debt Transfer Agreement, pursuant to which Kaisa Shenzhen agreed to acquire (a) the 51% equity interests in the Target Company held by Jieruilai Trading at a cash consideration of RMB5.1 million; and (b) the Debt in the amount of RMB668.1 million due and owing by the Target Company to Jieruilai Trading at a cash consideration of RMB668.1 million.

Following completion of the Transfer, the Target Company will be held as to 51% by Kaisa Shenzhen and 49% by Shenzhen Development. Accordingly, the Target Company will be an indirect non-wholly owned subsidiary of the Company.

THE EQUITY AND DEBT TRANSFER AGREEMENT

Date: 28 June 2014

Parties: Kaisa Shenzhen (as purchaser)
Jieruilai Trading (as vendor)

Pursuant to the Equity and Debt Transfer Agreement, Jieruilai Trading agreed to sell and Kaisa Shenzhen agreed to acquire (a) the 51% equity interests in the Target Company held by Jieruilai Trading at a cash consideration of RMB5.1 million; and (b) the Debt in the amount of RMB668.1 million due and owing by the Target Company to Jieruilai Trading at a cash consideration of RMB668.1 million.

Upon completion of the Transfer, Kaisa Shenzhen will be interested in 51% equity interests in the Target Company and will be entitled to the Debt due and owing by the Target Company. The Target Company will be an indirect non wholly-owned subsidiary of the Company and the results of members of the Target Group will be consolidated into the financial statements of the Group.

The completion of the Transfer shall be conditional upon Kaisa Shenzhen having been satisfied with the due diligence reviews of the Target Group.

The Consideration, being RMB673.2 million, shall be payable in the following manner:

- (a) 10% of the Consideration should be payable by Kaisa Shenzhen before 31 August 2014 (**“First Completion Consideration”**); and
- (b) 90% of the Consideration should be payable by Kaisa Shenzhen within five working days from the date of completion of the registration with the Market Supervision Administration Department of Shenzhen Municipality (深圳市市場監督管理部門) in respect of the Equity Transfer (**“Second Completion Consideration”**).

The Equity Transfer Consideration and the Debt Transfer Consideration were determined by Kaisa Shenzhen and Jieruilai Trading after their arm's length negotiation and with reference to, among other things (i) the net liabilities of the Target Group approximately RMB576.5 million as at 31 May 2014 and the registered capital of the Target Company paid by Jieruilai Trading; and (ii) the face value of the Debt. The Consideration will be payable in cash and will be satisfied by internal resources of the Company.

Completion of the Equity Transfer shall take place on the date of completion of registration with the Market Supervision Administration Department of Shenzhen Municipality in respect of the Equity Transfer and the change in personnel of the Target Group mentioned below. Completion of the Debt Transfer shall take place when the Second Completion Consideration is paid in full.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Jieruilai Trading and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Change in the personnel of the Target Group

Within five working days from the payment of the First Completion Consideration, the Vendor shall complete the change of:

- (a) the legal representative, executive directors, chairman and general manager of the Target Group to such persons nominated by Kaisa Shenzhen;
- (b) three directors of each of the Target Company and Shenzhen Guanyang to such persons nominated by Kaisa Shenzhen; and
- (c) all directors of Shenzhen Chengying to such persons nominated by Kaisa Shenzhen with the Market Supervision Administration Department of Shenzhen Municipality.

INFORMATION ON THE TARGET GROUP

Name of company	Date of establishment	Registered capital	Principal business activities
深圳市創展酒店發展有限公司 (Shenzhen Chuangzhan Hotel Development Co., Ltd.*)	12 June 2012	RMB10 million	Investment holding
深圳冠洋房地產有限公司 (Shenzhen Guanyang Property Development Co., Ltd.*)	5 June 2009	RMB100 million	Property development
深圳誠盈物業管理有限公司 (Shenzhen Chengying Property Management Co., Ltd.*)	30 July 2013	RMB0.5 million	Property management

As at the date of this announcement, Shenzhen Chengying is wholly owned by Shenzhen Guanyang, which is in turn wholly owned by the Target Company. The unaudited pro forma consolidated results of the Target Group for the two financial years ended 31 December 2013 are as follows:

	For the year ended 31 December 2012 (RMB'000) (unaudited)	For the year ended 31 December 2013 (RMB'000) (unaudited)
The Target Group		
loss before taxation	(8,143)	(19,723)
loss after taxation	(8,143)	(19,723)

INFORMATION OF LAND

As at the date of this announcement, the Target Company indirectly wholly owns, through Shenzhen Guanyang, two parcels of land located at Yueliangwan, Shenzhen, amongst which, (a) one parcel of land with the site area of approximately 28,570.43 sq. m. and the gross floor area of approximately 91,712 sq. m. is intended to be used primarily for residential use; and (b) one parcel of land with the site area of approximately 21,011.77 sq. m. and the gross floor area of approximately 113,981 sq. m. is intended to be used primarily for commercial use (including office and service apartments) and hotel use.

REASONS FOR AND BENEFITS OF THE TRANSFER

The Company is principally engaged in property development in the PRC. The transactions contemplated under the Equity and Debt Transfer Agreement align with the Company's growth strategy by seeking development opportunities in real estate markets in the PRC. The Directors consider that such transactions could further strengthen its property development businesses in Shenzhen, the PRC. The Directors are optimistic about the prospect of the property market in Shenzhen.

The Directors consider that the Transfer is entered into on normal commercial terms, and the terms of the Transfer are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES TO THE EQUITY AND DEBT TRANSFER AGREEMENT

The Company is one of the leading property developers in the PRC and is principally engaged in the development of large-scale residential properties and integrated commercial properties in the PRC. Kaisa Shenzhen is principally engaged in property development.

To the best of the knowledge of the directors having made all reasonable enquiries, Jieruilai Trading is an investment holding company. Jieruilai Trading and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATION OF THE LISTING RULES

The transactions contemplated under the Equity and Debt Transfer Agreement constitute a discloseable transaction of the Company under the Listing Rules as the applicable percentage ratio is more than 5% but less than 25% and the Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Kaisa Group Holdings Ltd. (佳兆業集團控股有限公司*), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Consideration”	the Equity Transfer Consideration and the Debt Transfer Consideration
“Debt”	the advances, other sums and indebtedness in the amount of RMB668.1 million due and owing by the Target Company to the Vendor as at the date of this announcement
“Debt Transfer”	transfer of the Debt by the Vendor to Kaisa Shenzhen
“Debt Transfer Consideration”	RMB668.1 million, being the consideration for the Debt Transfer
“Directors”	directors of the Company
“Equity and Debt Transfer Agreement”	the acquisition of the 51% equity interests in the Target Company by Kaisa Shenzhen and the transfer to Kaisa Shenzhen of the Debt

“Equity Transfer”	the acquisition of the 51% equity interests in the Target Company by Kaisa Shenzhen
“Equity Transfer Consideration”	consideration for the Equity Transfer
“Group”	the Company and its subsidiaries
“Jieruilai Trading” or “Vendor”	深圳市杰瑞萊貿易有限公司 (Shenzhen Jieruilai Trading Co., Ltd.*), a company established under the laws of the PRC, which is an independent third party and holds 51% equity interest in the Target Company as at the date of this announcement
“Kaisa Shenzhen” or “Purchaser”	佳兆業集團(深圳)有限公司 (Kaisa Group (Shenzhen) Co., Ltd.*), a company established under the laws of the PRC, which is indirectly wholly owned by the Company
“Land”	two parcels of land situated in Yueliangwan, Shenzhen, PRC (Registration Nos. T101-0047 and T101-0051)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	the ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shenzhen Chengying”	深圳誠盈物業管理有限公司 (Shenzhen Chengying Property Management Co., Ltd.*), a company established under the laws of the PRC, which is a wholly-owned subsidiary of Shenzhen Guanyang as at the date of this announcement
“Shenzhen Development”	深圳市創展控股集團有限公司 (Shenzhen Development Holdings Group Co., Ltd*), a company established under the laws of the PRC, which is a connected person and holds 49% equity interest in the Target Company as at the date of this announcement

“Shenzhen Guanyang”	深圳冠洋房地產有限公司 (Shenzhen Guanyang Property Development Co., Ltd.*), a company established under the laws of the PRC, which is a wholly-owned subsidiary of the Target Company as at the date of this announcement
“sq. m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市創展酒店發展有限公司 (Shenzhen Chuangzhan Hotel Development Co., Ltd.*), a company established under the laws of the PRC, which is owned as to 51% by the Vendor and 49% by Shenzhen Development as at the date of this announcement
“Target Group”	the Target Company and its wholly-owned subsidiaries, namely, Shenzhen Guanyang and Shenzhen Chengying
“Transfer”	the Equity Transfer and the Debt Transfer
“%”	per cent.

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By Order of the Board of
KAISA GROUP HOLDINGS LTD.
KWOK YING SHING
Chairman and Executive Director

Hong Kong, 29 June 2014

As at the date of this announcement, the executive directors of the Company are Mr. Kwok Ying Shing, Mr. Kwok Ying Chi, Mr. Sun Yuenan, Dr. Tam Lai Ling and Mr. Jin Zhigang; the non-executive director of the Company is Ms. Chen Shaohuan; the independent non-executive directors of the Company are Mr. Rao Yong, Mr. Zhang Yizhao and Mr. Fok Hei Yu.