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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

DISPOSAL OF EQUITY INTERESTS AND SHAREHOLDER'S LOAN IN SHANGHAI QINGWAN ZHAOYE

The Board announces that on 31 December 2014, the Vendor, being a wholly-owned subsidiary of the Company entered into the Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to dispose and the Purchaser has conditionally agreed to acquire the 100% equity interests in Shanghai Qingwan Zhaoye and the Shareholder's Loan at a total consideration of RMB1,200,000,000 (equivalent to approximately HK\$1,520,584,918).

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE AGREEMENT

Date : 31 December 2014

Parties : (1) the Vendor, being a wholly-owned subsidiary of the Company
(2) the Purchaser

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed of

Pursuant to the Agreement, the Vendor has conditionally agreed to dispose and the Purchaser has conditionally agreed to acquire the 100% equity interests in Shanghai Qingwan Zhaoye and the Shareholder's Loan.

Shanghai Qingwan Zhaoye is owned as to 100% by the Vendor as at the date of this announcement and its sole asset is the Land. As at the date of this announcement, the Shareholder's Loan amounted to RMB1,188,298,729.25 (equivalent to approximately HK\$1,505,757,605) is due and payable by Shanghai Qingwan Zhaoye to the Vendor.

Upon completion of the Disposal, Shanghai Qingwan Zhaoye will cease to be a subsidiary of the Company.

Consideration

The total consideration for the Disposal is RMB1,200,000,000 (equivalent to approximately HK\$1,520,584,918) which comprises:

- (i) the Shareholder's Loan of RMB1,188,298,729.25 (equivalent to approximately HK\$1,505,757,605), which shall be payable by the Purchaser to the Vendor; and
- (ii) the consideration of the 100% equity interests in Shanghai Qingwan Zhaoye of RMB11,701,270.75 (equivalent to approximately HK\$14,827,313), which shall be payable by the Purchaser to the Vendor.

Within two business days after completion of the due diligence on Shanghai Qingwan Zhaoye and the Land, the Purchaser shall issue a bank guarantee letter amounted to RMB1,200,000,000 (equivalent to approximately HK\$1,520,584,918) which guarantees the payment obligations of the Purchaser under the Agreement. On the date of the issuance of the new business licence reflecting the completion of the transfer of the 100% equity interest in Shanghai Qingwan Zhaoye from the Vendor to the Purchaser, the Purchaser shall pay the consideration of the Disposal to the Vendor. If the Purchaser fails to pay the consideration of the Disposal in accordance with the terms of the Agreement, the bank which issued the bank guarantee letter shall be obliged to pay the consideration of the Disposal in full to the Vendor.

The consideration for the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the land premium of the Land of RMB1,155,000,000 (equivalent to approximately HK\$1,463,562,984) paid by Shanghai Qingwan Zhaoye; (ii) the total amount of the Shareholder's Loan; and (iii) the net liabilities value of Shanghai Qingwan Zhaoye as at 29 December 2014.

The Directors are of the view that the consideration for the Disposal is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Condition precedent

Completion of the Disposal is conditional upon completion of the due diligence on Shanghai Qingwan Zhaoye and the Land by the Purchaser within two days after the signing of the Agreement and that the Purchaser is satisfied with the results of the due diligence.

Transitional arrangement

During the period between the date of the signing of the Agreement and the completion of the transfer of the 100% equity interest of Shanghai Qingwan Zhaoye from the Vendor to the Purchaser, the Purchaser shall have the right to appoint its staff to participate in the development works of the Land.

Completion

Subject to the fulfillment of the above condition precedent and the issuance of the bank guarantee letter which guarantees the payment obligations of the Purchaser under the Agreement, the transfer of the 100% equity interests in Shanghai Qingwan Zhaoye and the Shareholder's Loan shall take place on or before the fifth business day after the issuance of the bank guarantee letter.

Termination

Within two business days after completion of the due diligence on Shanghai Qingwan Zhaoye and the Land, in the event that the due diligence results are different from the representations of the Vendor under the Agreement in any material respect, the Purchaser shall have the right to terminate the Agreement.

In the event that any party to the Agreement fails to perform its obligations under the Agreement, the defaulting party shall be responsible for all relevant losses of the non-defaulting party.

In the event that (i) the Vendor not being able to transfer the 100% equity interests in Shanghai Qingwan Zhaoye and the entire interests in the Land to the Purchaser pursuant to the Agreement and such default is continuing for more than 15 days; or (ii) the Purchaser not being able to acquire the actual control and the independent management rights of Shanghai Qingwan Zhaoye pursuant to the Agreement and such default is continuing for more than 15 days, the Purchaser shall have the right to terminate the Agreement, upon which the Vendor shall within 30 days refund all the amounts paid by the Purchaser to the Vendor together with the interests accrued thereon up to actual payment date at the prevailing lending rate, unless otherwise agreed between both parties.

In the event that the Purchaser fails to pay the consideration for the Disposal pursuant to the Agreement and such default is continuing for more than 15 days, the Vendor shall have the right to terminate the Agreement, upon which the Purchaser shall immediately pay to the Vendor a penalty equivalent to two times of the interests accrued on the consideration for the Disposal up to actual payment date at the prevailing lending rate.

FINANCIAL EFFECT OF THE DISPOSAL

After taking into account the consideration of the Disposal, the amounts of the Shareholder's Loan, the cost of investment in Shanghai Qingwan Zhaoye, the related transaction costs and taxes, it is estimated that a gain of approximately RMB8,775,953 (equivalent to approximately HK\$11,120,485) will be recorded by the Group as a result of the Disposal.

REASONS FOR THE DISPOSAL

The Group 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. The net proceeds from the Disposal will be used by the Group for general working capital purpose. Based on the assessment set out in the paragraph headed "Financial Effect of the Disposal" above, the Company considers that the Disposal provides a good opportunity for the Group to realize its investment to increase the cash flow and general working capital for the Group.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON SHANGHAI QINGWAN ZHAOYE AND THE LAND

As at the date of this announcement, the Vendor is holding the 100% equity interests in Shanghai Qingwan Zhaoye, which in turns holds the entire interest in the Land.

Shanghai Qingwan Zhaoye is a limited liability company established in the PRC on 21 August 2014. As at the date of this announcement, the registered capital of Shanghai Qingwan Zhaoye amounted to RMB50,000,000 which has not been paid up by the Vendor. Shanghai Qingwan Zhaoye is principally engaged in property development.

The Land is located in 青浦區重固鎮 (Zhonggu Town, Qingpu District*) in Shanghai, the PRC and occupies an aggregate site area of approximately 90,642.1 sq. m. and an aggregate gross floor area per allowed plot ratio of approximately 154,091.57 sq. m. for the purposes of residential use. The Land was acquired by Shanghai Qingwan Zhaoye on 6 August 2014 at a total consideration of RMB1,155,000,000 (equivalent to approximately HK\$1,463,562,984). As at the date of this announcement, Shanghai Qingwan Zhaoye has not yet obtained 國有土地使用權證 (the state-owned land use rights certificate*) of the Land but has already obtained 建設用地規劃許可證 (the construction land planning permit*) of the Land. The Land is currently vacant and is held by Shanghai Qingwan Zhaoye for future development.

Financial information on Shanghai Qingwan Zhaoye

Shanghai Qingwan Zhaoye is a limited liability company established in the PRC on 21 August 2014. Based on the unaudited management accounts of Shanghai Qingwan Zhaoye as at 29 December 2014, Shanghai Qingwan Zhaoye has a net liabilities value of RMB38,745 (equivalent to approximately HK\$49,096) and recorded a loss of RMB38,745 (equivalent to approximately HK\$49,096) for the period since its establishment and up to 29 December 2014.

INFORMATION ON THE GROUP AND THE VENDOR

The Group 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. The Vendor is principally engaged in property development.

INFORMATION ON THE PURCHASER

The Purchaser is a wholly-owned subsidiary of China Vanke Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 2202) and the Shenzhen Stock Exchange (stock code: SZSE: 000002). The Purchaser is principally engaged in property development.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 31 December 2014 entered into between the Vendor and the Purchaser in relation to the Disposal;
“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 as an exempted company with limited liability and the shares of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;

“Disposal”	the disposal of the 100% equity interests in Shanghai Qingwan Zhaoye and the Shareholder’s Loan by the Vendor to the Purchaser pursuant to the Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land”	the parcel of land situated at 青浦區重固鎮 (Zhonggu Town, Qingpu District*) in Shanghai, the PRC, the details of which are disclosed in the paragraph headed “Information on Shanghai Qingwan Zhaoye and the Land” of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement;
“Purchaser”	上海萬科房地產有限公司 (Shanghai Vanke Property Co., Ltd.*), a company established in the PRC with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Qingwan Zhaoye”	上海青灣兆業房地產開發有限公司 (Shanghai Qingwan Zhaoye Property Development Co., Ltd.*), a company established in the PRC with limited liability and wholly owned by the Vendor as at the date of this announcement;
“Shareholder(s)”	shareholder(s) of the Company;
“Shareholder’s Loan”	an amount of RMB1,188,298,729.25 (equivalent to approximately HK\$1,505,757,605) due and payable by Shanghai Qingwan Zhaoye to the Vendor as at the date of this announcement;
“sq. m.”	square meter;
“Vendor”	上海新灣投資發展有限公司 (Shanghai Xinwan Investment Development Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement; and
“%”	per cent.

For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.78917 has been used for currency translation, where applicable. Such exchange rates are for illustration purposes and do not constitute representation that any amount in RMB or HK\$ have been or may be converted in such rates.

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

31 December 2014

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*