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## **KAISA GROUP HOLDINGS LTD.**

**佳兆業集團控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1638)**

### **ISSUANCE OF US\$250 MILLION 12.875% SENIOR NOTES DUE 2017**

Reference is made to the announcement of the Company dated 12 September 2012 in respect of the 2012 Notes Issue.

The Board is pleased to announce that on 12 September 2012, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Citi, Deutsche Bank and HSBC in connection with the issue of US\$250 million 12.875% senior notes due 2017.

The estimated net proceeds of the 2012 Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses, will amount to approximately US\$241.5 million and the Company intends to use the net proceeds to fund existing and new property projects and refinance the Group's existing indebtedness and for general corporate purposes.

Approval in-principle has been received for the listing and quotation of the 2012 Notes on the Official List of the SGX-ST. Approval in-principle for the listing and quotation of the 2012 Notes on the SGX-ST are not to be taken as an indication of the merits of the Company, the 2012 Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries or associated companies (if any).

\* For identification purposes only

## **THE PURCHASE AGREEMENT**

**Date:** 12 September 2012

### **Parties to the Purchase Agreement**

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) Citi;
- (d) Deutsche Bank; and
- (e) HSBC

Citi is the sole global coordinator, and Citi, Deutsche Bank and HSBC are the joint lead managers and joint bookrunners in respect of the offer and sale of the 2012 Notes. They are also the initial purchasers of the 2012 Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Citi, Deutsche Bank and HSBC is an independent third party and not a connected person of the Company.

The 2012 Notes and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States and may only be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Accordingly, the 2012 Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S. None of the 2012 Notes will be offered to the public in Hong Kong and none of the 2012 Notes will be placed with any connected persons of the Company.

### **Principal terms of the 2012 Notes**

#### *2012 Notes Offered*

Subject to certain conditions to completion, the Company will issue the 2012 Notes in the aggregate principal amount of US\$250 million which will mature on 18 September 2017, unless earlier redeemed pursuant to the terms thereof.

#### *Offer Price*

The Offer Price of the 2012 Notes will be 100% of the principal amount of the 2012 Notes.

#### *Interest*

The 2012 Notes will bear interest from and including 18 September 2012 at the rate of 12.875% per annum, payable semi-annually in arrears.

### *Ranking of the 2012 Notes*

The 2012 Notes are general obligations of the Company and are guaranteed by the Subsidiary Guarantors on a senior basis, subject to certain limitations on the issue date of the 2012 Notes. The 2012 Notes are (1) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the 2012 Notes, (2) at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law), and (3) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the 2012 Notes.

### *Events of default*

The events of default under the 2012 Notes include, among others: (a) default in the payment of principal (or premium, if any); (b) default in the payment of interest; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause certain of its subsidiaries to create a first priority lien on the collateral in accordance with the covenants described in the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breach any other covenant or agreement in the Indenture or under the 2012 Notes (other than the default specified in clause (a), (b) or (c) above); (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$5.0 million; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or any of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor denying or disaffirming its obligations under its guarantees guaranteeing the obligations of the 2012 Notes or except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security provided under the 2012 Notes or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the 2012 Notes or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the security documents provided under the 2012 Notes, other than in accordance with the Indenture and the relevant security documents provided under the 2012 Notes, any such relevant security document ceasing to be or is not in full force and effect, or the trustee ceasing to have a first priority security interest in the collateral given under the 2012 Notes (subject to any permitted liens and the intercreditor agreement).

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the 2012 Notes, then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the 2012 Notes to be immediately due and payable or foreclose the security.

### *Covenants*

The 2012 Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur additional indebtedness and issue preferred stock;
- (b) make investments or other specified restricted payments;
- (c) pay dividends or make other distributions or repurchase or redeem capital stock;
- (d) guarantee indebtedness;
- (e) enter into certain transactions with affiliates;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) sell assets;
- (i) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends;
- (j) issue and sell capital stock of certain of its subsidiaries;
- (k) effect a consolidation or merger; and
- (l) engage in different business activities.

### *Optional Redemption*

The 2012 Notes may be redeemed in the following circumstances:

- (1) At any time on or after 18 September 2015, the Company may redeem the 2012 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period commencing on 18 September of any year set forth below:

<b>Period</b>	<b>Redemption Price</b>
2015	106.438%
2016	103.219%

- (2) At any time prior to 18 September 2015, the Company may at its option redeem the 2012 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2012 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to, the redemption date.

- (3) At any time prior to 18 September 2015, the Company may redeem up to 35% of the aggregate principal amount of the 2012 Notes at a redemption price of 112.875% of the principal amount of the 2012 Notes, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

### **The Company and Reasons for the 2012 Notes Issue**

The Group is a leading PRC property developer with a sizeable and diversified land bank of approximately 23.9 million square metres GFA in 24 cities across five regions. According to "Top 50 Real Estate Enterprise Property Developers by Sales in 2011" and "Top 50 Real Estate Enterprise Property Developers by Sales in the first half of 2012" both jointly compiled and issued by China Real Estate Information Corporation and China Real Estate Appraisal Center, the Group was ranked 12th nationwide in terms of GFA sold in 2011 and 16th nationwide in terms of GFA sold for the six months ended 30 June 2012. The Group focuses on mass market housing demand and is primarily engaged in the development of large-scale residential properties as well as integrated commercial properties.

Headquartered in Shenzhen, the Special Economic Zone adjacent to Hong Kong, the Group has historically focused its property development in the Pearl River Delta region. The Group's well-established position in the Pearl River Delta region is supported by its geographically diversified development portfolio, including projects in Greater Shenzhen, Foshan, Guangzhou and Zhuhai. Leveraging its success in the Pearl River Delta region, the Group has also expanded into other areas in China, including Shanghai, Hangzhou, Taicang, Changzhou and Jiangyin in the Yangtze River Delta region, Chengdu and Nanchong in the Western China region, Changsha, Wuhan and Zhuzhou in the Central China region, and Shenyang, Yingkou, Benxi, Panjin, Anshan, Weifang, Liaoyang and Huludao in the Pan-Bohai Bay Rim. In 2007, the Group derived all its revenue from sales of properties in the Greater Shenzhen area, including Shenzhen and the adjacent cities of Huizhou and Dongguan. For the six months ended 30 June 2012, the Group's revenue from sales of properties in the Greater Shenzhen area was RMB1.2 billion, accounting for 54.2% of the Group's total revenue from sales of properties for the same period. In July 2009, April 2010, August 2010 and November 2010, the Group completed Jiangyin Lake View Place Phase 1, Chengdu Lijing Harbour Phases 1 and 2, Shanghai Shanhuwan Garden and Changsha Lake View Place Phase 1, respectively, which became milestones in its expansion into the Yangtze River Delta region, the Western China region and the Central China region. With its in-depth property development experience and the dedication that it has demonstrated throughout its operational history, the Group intends to expand into other regions in China.

The Company intends to use the proceeds of the 2012 Notes to fund existing and new property projects and refinance the Group's existing indebtedness and for general corporate purposes.

## **Listing**

Approval in-principle has been received for the listing and quotation of the 2012 Notes on the Official List of the SGX-ST. Approval in-principle for the listing and quotation of the 2012 Notes on the SGX-ST are not to be taken as an indication of the merits of the Company, the 2012 Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries (if any). No listing of the 2012 Notes has been sought in Hong Kong.

## **DEFINITIONS**

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

“2012 Notes”	the USD senior notes to be issued by the Company subject to the terms and conditions of the Purchase Agreement
“2012 Notes Issue”	the proposed issue of the 2012 Notes by the Company
“Board”	the board of Directors
“Citi”	Citigroup Global Markets Limited, the sole global coordinator, one of the joint lead managers and the joint bookrunners in respect of the offer and sale of the 2012 Notes
“Company”	Kaisa Group Holdings Ltd., an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the 2012 Notes
“Directors”	the directors of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the 2012 Notes
“Indenture”	the written agreement between the Company (as the issuer of the 2012 Notes), the initial Subsidiary Guarantors (as guarantors) and Citicorp International Limited (as trustee) that specify the terms of the 2012 Notes including the interest rate of the 2012 Notes and the maturity date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Price”	the final price at which the 2012 Notes will be sold
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 12 September 2012 entered into by and among, inter alia, the Company, Citi, Deutsche Bank and HSBC in relation to the 2012 Notes Issue
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the 2012 Notes Issue
“Subsidiary Guarantors”	certain of the Company’s existing subsidiaries guaranteeing the 2012 Notes
“Subsidiary Guarantor Pledgor”	any Subsidiary Guarantor which pledges collateral to secure the obligations of the Company under the 2012 Notes and the Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee

“US\$” or “USD”	United States dollars
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“%”	per cent

By Order of the Board  
**Kaisa Group Holdings Ltd.**  
**Kwok Ying Shing**  
*Chairman and Executive Director*

Hong Kong, 13 September 2012

*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, Mr. Chen Gengxian, Mr. Han Zhenjie, Mr. Jin Zhigang and Mr. Ji Jiaming, and the independent non-executive directors of the Company are Mr. Rao Yong, Mr. Zhang Yizhao and Mr. Fok Hei Yu.*