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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)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF KAISA PROPERTY HOLDINGS LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

THE PROPOSED SPIN-OFF

The Company proposes to spin-off and separately list the shares of Kaisa Property, a subsidiary of the Company, on the main board of the Stock Exchange. The separate listing of the Kaisa Property Shares on the main board of the Stock Exchange constitutes a spin-off of Kaisa Property by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

KAISA PROPERTY'S APPLICATION FOR LISTING

On 22 June 2018, Kaisa Property submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Kaisa Property Shares on the main board of the Stock Exchange.

The Proposed Spin-off involves the spin-off and separate listing of the Kaisa Property Shares on the main board of the Stock Exchange by way of a Share Offer by Kaisa Property. The details of the Share Offer have yet to be finalized. As at the date of this announcement, the Company is interested in 98.6% of Kaisa Property. It is intended that upon completion of the Proposed Spin-off and the Listing, the Company will have an interest of not less than 50% in Kaisa Property and Kaisa Property will remain as a subsidiary of the Company.

Kaisa Property is the holding company for all members of the Group which are involved in the Property Management Business and the listing vehicle for the Proposed Spin-off.

* For identification purpose only.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As each of the applicable ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off is under 5%, the Proposed Spin-off does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules, and the Proposed Spin-off will not be subject to the approval of the Shareholders.

GENERAL

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of Kaisa Property, market conditions and other considerations, the Proposed Spin-off may or may not materialise. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Company proposes to spin-off and separately list the shares of Kaisa Property, a subsidiary of the Company, on the main board of the Stock Exchange. The separate listing of the Kaisa Property Shares on the main board of the Stock Exchange constitutes a spin-off of Kaisa Property by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

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THE SPIN-OFF GROUP

Kaisa Property is the holding company for all members of the Group which are involved in the Property Management Business and the listing vehicle for the Proposed Spin-off.

RATIONALE AND BENEFITS OF THE PROPOSED SPIN-OFF

The Company considers that it is commercially beneficial and in the interest of the Shareholders to effect the Proposed Spin-off as the Proposed Spin-off is expected to create greater value for the Company and the Shareholders as a whole for the following reasons:

- (a) the Proposed Spin-off will allow the Company and the Shareholders an opportunity to realise the value of investment in the Spin-off Group under a separate standalone platform for Property Management Business;
- (b) the Proposed Spin-off will enable the Spin-off Group to build its identity as a separately listed group, and have a separate fund-raising platform and to broaden its investor base through the Share Offer. The Proposed Spin-off would allow the Spinoff Group to gain direct access to the capital market for equity and/or debt financing to fund its existing operations and future expansion without reliance on the Company, thereby accelerating the expansion and improving the operating and financial performance of the Spin-off Group;
- (c) the Proposed Spin-off will enable the Spin-off Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors, which could provide synergy for the Spin-off Group, for investment in and forming strategic partnerships directly with the Spin-off Group; and
- (d) the Proposed Spin-off will enable a more focused development, strategic planning and better allocation of resources for the Retained Group and the Spin-off Group with respect to their respective businesses. Both the Retained Group and the Spinoff Group will benefit from the efficient decision-making process under the separate management structure for seizing emerging business opportunities, especially with a dedicated management team for the Spin-off Group to focus on its development.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

The Board will give due regard to the interests of the Shareholders by providing the Qualifying Shareholders with an assured entitlement to Kaisa Property Shares under the Share Offer, subject to certain conditions, if the Board and the board of directors of Kaisa Property decide to proceed with the Proposed Spin-off and the Share Offer, and the Listing Committee has given its approval to the Listing. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in property development, property investment and property management, hotel and catering operations and cinema, department store and cultural centre operations, waterway passenger and cargo transportation and healthcare business in the PRC.

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GENERAL

A redacted form of the application proof of Kaisa Property's listing document (the "**Application Proof**") is expected to be available for reviewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/app/sehkappmainindex.htm>. The Application Proof contains, among other things, certain business and financial information relating to the Spin-off Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of Kaisa Property, market conditions and other considerations, the Proposed Spin-off may or may not materialise. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

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| "Board" | the board of directors of the Company; |
| "Company" | Kaisa Group Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange; |
| "Group" | the Company and its subsidiaries; |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC; |
| "Kaisa Property" | Kaisa Property Holdings Limited (佳兆業物業集團有限公司), a company incorporated in the Cayman Islands with limited liability; |

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| “Kaisa Property Shares” | ordinary shares in the capital of Kaisa Property with nominal value of HK\$0.01 each; |
| “Listing” | the listing of the Kaisa Property Shares on the main board of the Stock Exchange; |
| “Listing Committee” | the Listing Committee of the Stock Exchange; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Non-Qualifying Shareholders” | Shareholders whose names appear in the register of members of the Company on the Record Date and whose addresses as shown in such register are in any of the specified territories and any Shareholders or beneficial Shareholders at that time who are otherwise known by the Company to be resident in any of the specified territories; |
| “PN15” | Practice Note 15 to the Listing Rules; |
| “PRC” | the People’s Republic of China; |
| “Property Management Business” | the provision of property management services, which includes management of properties, maintenance and repair of buildings and ancillary facilities, community security management, car-park management, equipment installation, and property consulting services; |
| “Proposed Spin-off” | the proposed spin-off and separate listing of the Kaisa Property Shares on the main board of the Stock Exchange; |
| “Qualifying Shareholders” | Shareholders whose names appear in the register of members of the Company on the Record Date, other than Non-Qualifying Shareholders; |
| “Record Date” | the record date for ascertaining the Qualifying Shareholders who shall be entitled to assured entitlements; |
| “Retained Group” | the Company and its subsidiaries, excluding the Spin-off Group; |
| “Shareholder(s)” | shareholders of the Company; |

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| “Share Offer” | the offer to the public in Hong Kong for subscription, and the international placing with certain professional and institutional investors and other investors (including the preferential offer to the Qualifying Shareholder(s)), of the Kaisa Property Shares; |
| “Spin-off Group” | Kaisa Property and its subsidiaries; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; and |
| “%” | Percentage. |

By order of the Board
KAISA GROUP HOLDINGS LTD.
Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 22 June 2018

As at the date of this announcement, the executive Directors are Mr. Kwok Ying Shing, Mr. Sun Yuenan, Mr. Zhang Jianjun, Mr. Zheng Yi and Mr. Mai Fan; the non-executive Director is Ms. Chen Shaohuan; and the independent non-executive Directors are Mr. Zhang Yizhao, Mr. Rao Yong and Mr. Liu Xuesheng.