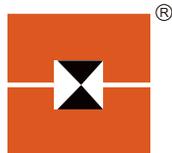


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KAISA GROUP HOLDINGS LTD.

佳兆業集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1638)

EXEMPTED CONNECTED TRANSACTION

THE ACQUISITION

On 14 November 2019, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement in relation to the Acquisition.

LISTING RULES IMPLICATIONS

The First Vendor is the son of Mr. Kwok and the Second Vendor is the spouse of Mr. Kwok. Accordingly, the entering into of the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to reporting and announcement requirements and exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

THE ACQUISITION

On 14 November 2019, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement in relation to the Acquisition. The principal terms of the Acquisition are set out below.

Subject matter

The Purchaser has agreed to acquire:

- (i) the Sale Shares from the Vendors; and

Vendor	Number of Sale Shares	% of total issued shares of the Target Company as at the date of the Agreement and Completion
the First Vendor	25,200,000	84%
the Second Vendor	2,100,000	7%
Total:	27,300,000	91%

- (ii) the Shareholder's Loan from the First Vendor.

Consideration for the Sale Shares

The consideration for the Sale Shares is HK\$57,330,000, of which HK\$52,920,000 and HK\$4,410,000 are payable to the First Vendor and the Second Vendor, respectively.

Upon signing of the Agreement, the Purchaser has paid a deposit (the “**Deposit**”) of HK\$5,292,000 and HK\$441,000 to the First Vendor and the Second Vendor, respectively.

The consideration (less the Deposit) in the amount of HK\$47,628,000 and HK\$3,969,000 shall be payable to the First Vendor and the Second Vendor, respectively, at Completion.

The Company intends to fund the Acquisition by internal resources of the Group.

Consideration for the Shareholder's Loan

The consideration for the Shareholder's Loan is its face value of HK\$64,400,000 payable at Completion.

Basis of the consideration

The consideration for the Sale Shares was determined after having taken into account, among other things, (i) the track record and future prospect of the Target Company, and (ii) a valuation by an independent valuer using the adjusted price-to-book ratio^(Note) of seven comparable listed companies in Hong Kong ranging from 0.75 to 2.85 times with a mean of 1.53 times, followed by a 20% discount for lack of marketability adjustment. The seven comparable companies are listed on Main Board and GEM of the Stock Exchange, with sufficient operating history and available public financial information. They are of principal business, operation location, scale of operation, and size comparable to those of the Target Company, with most of their revenue attributable to securities dealing and broking, margin, placement and other financing services.

The original acquisition cost of the Sale Shares incurred by the Vendors was HK\$54,600,000.

Conditions precedent

The Purchaser's payment obligation will be conditional upon the fulfilment of the following conditions prior to Completion:

- (a) satisfactory due diligence on the Target Company by the Purchaser in its absolute discretion;
- (b) all necessary consents, confirmations, permits, approvals, licences and authorisations having been obtained from all relevant governmental, regulatory and other authorities, agencies and departments in Hong Kong (including but not limited to the SFC and the Stock Exchange) in connection with the transactions contemplated under the Agreement, the implementation of and all other matters incidental to the Agreement as a result of the transactions contemplated under the Agreement;
- (c) all other necessary waivers, consents and approvals (if required) in relation to the Purchaser, its holding company(ies) and its (their) shareholders and directors from the relevant governmental or regulatory authorities in Hong Kong and other applicable jurisdictions required for the Agreement and the transactions contemplated therein being obtained;

Note: The Target Company has no intangible assets. As such, intangible assets have been excluded in the market comparables used in the valuation.

- (d) no legal or disciplinary proceedings being instituted against the Target Company or any of its directors or officers by any regulatory authority prior to Completion;
- (e) the Target Company's licence from the SFC to carry out Type 1 regulated activity under the SFO not having been revoked or made conditional;
- (f) the responsible officers of the Target Company remain working with the Target Company; and
- (g) the SFC having granted the SFC Approval.

The conditions may be waived by the Purchaser in its absolute discretion except that conditions (b), (c) and (g) cannot be waived. Completion shall take place within 10 business days after the receipt of the SFC's Approval. If condition (g) cannot be fulfilled on or before the Long Stop Date, the Agreement shall terminate and the Vendors shall refund the Deposit to the Purchaser.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the audited financial information of the Target Company for the two financial years ended 31 March 2019:

	For the year ended 31 March	
	2018	2019
	<i>HK\$</i>	<i>HK\$</i>
Profit before tax	1,055,540	860,867
Profit after tax	992,112	890,867

As at 31 March 2019, the net assets value of the Target Company was HK\$139,095,501.

REASONS FOR THE ACQUISITION

As at the date of the Agreement, the Purchaser holds 9% of the issued share capital of the Target Company. Upon Completion, the Purchaser will own 100% of the Target Company and the results of the Target Company will be consolidated with the accounts of the Group.

The Target Company was incorporated in Hong Kong on 18 June 2007. It is principally engaged in dealing in securities (Type 1 regulated activities under the SFO), provision of margin financing and the provision of nominee and custodian services. The principal assets of the Target Company are cash and cash equivalents, cash held on behalf of customers and trade receivables.

The Group plans to use the Target Company as its initial platform in establishing its financial services and related businesses. The Group currently holds the licence to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activity under the SFO. By entering into the Agreement, subject to Completion, the Group can participate in dealing in securities which can provide further synergy to the financial services.

Given Hong Kong's leading role as a global financial center, the Directors are of the view that the Acquisitions will provide a prime opportunity for the Group to enter into the securities market in Hong Kong which, going forward, is expected to increase the Shareholders' value and benefit the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors and excluding Mr. Kwok who is considered to be interested in the transactions contemplated under the Agreement) are of the view that the Agreement was entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms and conditions of the Agreement (including the consideration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

At the Board meeting held to approve the Agreement, Mr. Kwok is considered to be interested in the transactions contemplated under the Agreement and have abstained from voting at the Board meeting in respect of the resolution proposed to approve the Agreement.

LISTING RULES IMPLICATIONS

The First Vendor is the son of Mr. Kwok and the Second Vendor is the spouse of Mr. Kwok. Accordingly, the entering into of the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to reporting and announcement requirements and exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the Shareholder's Loan
“Agreed Accounting Standard”	The consistent accounting policy which has been adopted by the Target Company from the date of its incorporation in accordance with accounting principles and practices generally accepted in Hong Kong and applied on a consistent basis and in all respects in compliance with the Companies Ordinance (Cap. 622, Laws of Hong Kong) and other relevant legislations (if any)
“Agreement”	the agreement dated 14 November 2019 entered into between the Purchaser, the Vendors and the Target Company in relation to the Acquisition

“Board”	the board of the Company
“Company”	Kaisa Group Holdings Ltd. (佳兆業集團控股有限公司*), an exempted company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Deposit”	has the meaning ascribed to it under the section headed “Consideration” of this announcement
“Directors”	the directors of the Company
“First Vendor”	Mr. Kwok Hiu Kwan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2020
“Mr. Kwok”	Mr. Kwok Ying Shing
“Purchaser”	Kaisa Financial Group Company Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Shares”	27,300,000 shares of the Target Company, representing in aggregate 91% of the total issued share capital of the Target Company upon Completion
“SFC”	the Securities and Futures Commission

“SFC’s Approval”	approval from the SFC for the Purchaser to become a substantial shareholder of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	the ordinary shares in the share capital of the Company
“Shareholders”	holders of the Shares
“Shareholders’ Loan”	the loan due from the Target Company to the First Vendor, in the amount of HK\$64,400,000 as at the date of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Kaisa Financial Group Company Limited, a company incorporated in Hong Kong with limited liability
“Vendors”	the First Vendor and the Second Vendor

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

Hong Kong, 14 November 2019

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

* *for identification purposes only*