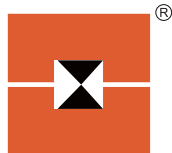


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KAISA GROUP HOLDINGS LTD.

佳兆業集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1638)

MAJOR TRANSACTION AND CONNECTED TRANSACTION – ACQUISITION OF THE SALE INTERESTS AND THE SALE LOANS

Independent Financial Adviser to the Company



红日资本有限公司

RED SUN CAPITAL LIMITED

THE SP AGREEMENT

The Board wishes to announce that on 25 March 2021 (after trading hours), the Vendors, the Company and the Guarantor entered into the SP Agreement in respect of the Acquisition. In accordance with the terms and conditions of the SP Agreement,

- (a) Vendor A has conditionally agreed to sell, and the Company has conditionally agreed to acquire, (i) Sale Interest A, representing 100% of the equity interest in Target A as at the date of this announcement and as at Completion; and (ii) Sale Loan A;
- (b) Vendor B has conditionally agreed to sell, and the Company has conditionally agreed to acquire, (i) Sale Interest B, representing 100% of the equity interest in Target B as at the date of this announcement and as at Completion; and (ii) Sale Loan B; and
- (c) Vendor C has conditionally agreed to sell, and the Company has conditionally agreed to acquire Sale Loan C,

free from all encumbrances and third party rights, and together with all rights and benefits attaching thereto as at Completion.

The Total Consideration for the Acquisition is RMB13,000,000,000 (equivalent to approximately HK\$15,520,535,000) and will be funded by the internal resources of the Group (including equity financing and/or fund raising exercise to be conducted by the Company) and, where possible, loans from financial institutions. The Company intends to nominate a subsidiary incorporated in the BVI to take up Sale Interest A, Sale Interest B, Sale Loan A and Sale Loan B, and a subsidiary established in the PRC to take up Sale Loan C, in each case, upon Completion.

Target A is a company incorporated in Hong Kong with limited liability. Target B is a company incorporated in the BVI with limited liability. Target A and Target B are principally engaged in investment holding. As at the date of this announcement and as at Completion, Target A and Target B together indirectly hold 96.8% of the equity interest in Target C through Century Profit. Century Profit is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Vendor C is interested in the remaining 3.2% equity interest in Target C.

Target C is a company established in the PRC with limited liability. It is principally engaged in the business of property development, property holding, sale and leasing of property. As at the date of this announcement, Target C is running a real estate project in Beijing, the PRC, namely, 耀輝國際城項目 (Yaohui International City Project*). The Properties constructed under the project are located in the southeast corner of intersection of Xi Dawang Road and Jianguo Road in Chaoyang District in Beijing City in the PRC (中國北京市朝陽區西大望路與建國路交匯東南角). Yaohui International City Project covers a site area of approximately 26,812 square meters and the Properties cover a total gross floor area of approximately 201,601 square meters. The Properties comprise business apartments, residential, retail, hotel, public facilities and car parking spaces etc. The preliminary valuation of the Properties conducted by the Independent Valuer based on the income capitalisation and direct comparison approaches amounted to approximately RMB18.6 billion (equivalent to approximately HK\$22.2 billion) as at 31 December 2020.

LISTING RULES IMPLICATIONS

Major transaction

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of this announcement, Mr. Kwok Ying Shing, being the Chairman of the Board, an executive Director and a substantial Shareholder, is the ultimate beneficial owner or de facto controller of the Vendors. Each of Vendor A, Vendor B and Vendor C, being an associate of Mr. Kwok Ying Shing, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Acquisition is therefore subject to announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapters 14A and (where applicable) 14 of the Listing Rules.

GENERAL

An Independent Board Committee, comprising Mr. Rao Yong, Mr. Zhang Yizhao and Mr. Liu Xuesheng, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Acquisition, the SP Agreement and the transactions contemplated thereunder, after taking into account the recommendations of the Independent Financial Adviser.

The Company has appointed Red Sun Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the SP Agreement and the transactions contemplated thereunder.

The EGM will be convened and held for the Independent Shareholders to consider, if thought fit, to approve, among others, the Acquisition, the SP Agreement and the transactions contemplated thereunder. As at the date of this announcement, (i) Da Chang held 708,033,378 Shares, representing approximately 11.54% of the total issued share capital of the Company; (ii) Da Feng held 843,065,378 Shares, representing approximately 13.74% of the total issued share capital of the Company; (iii) Da Zheng held 843,065,377 Shares, representing approximately 13.74% of the total issued share capital of the Company; (iv) Sino Life held 649,700,957 Shares, representing approximately 10.59% of the total issued share capital of the Company; and (v) Fund Resources held 887,995,149 Shares, representing approximately 14.47% of the total issued share capital of the Company. Da Chang is wholly owned by Mr. Kwok Ying Shing (i.e. the Guarantor) while Da Zheng is wholly owned by Mr. Kwok Ying Chi, the brother of Mr. Kwok Ying Shing. Da Feng is 100% beneficially owned by a family trust set up by the Guarantor for the benefit of his family members. As such, each of Da Chang, Da Feng and Da Zheng is an associate of Mr. Kwok Ying Shing. Fund Resources is wholly owned by Sino Life and is therefore an associate of Sino Life.

Mr. Kwok Ying Shing is considered to have a material interest in the Acquisition by virtue of his relationship with the Vendors and being a party to the SP Agreement. Part of the Total Consideration will be used by Mr. Kwok Ying Shing, the ultimate beneficial owner or de facto controller of the Vendors, to repay the loan owing from him and/or his controlled companies to Sino Life and/or companies controlled by it. As such, Mr. Kwok Ying Shing and Sino Life and their respective associates shall abstain from voting on the resolution(s), to be proposed at the EGM, to approve the Acquisition, the SP Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, save as disclosed above, no other Shareholder is required to abstain from voting on the resolution(s), to be proposed at the EGM, to approve the Acquisition, the SP Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details about the SP Agreement and the Acquisition; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM will be despatched to the Shareholders. As the Company expects that as additional time is required for the preparation of the relevant information for the inclusion in the circular, the circular will be despatched to the Shareholders on or before 28 May 2021.

Completion of the Acquisition is subject to, among other conditions, the full discharge of all charges (if any) over relevant equity interests and assets of the Target Group. As such, upon Completion, the Group shall acquire the Sale Interests and the Sale Loans free from all encumbrances and third party rights, and together with all rights and benefits attaching thereto as at Completion. Completion of the Acquisition is subject to the fulfilment (or waiver) of the conditions precedent set out in the SP Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board wishes to announce that on 25 March 2021 (after trading hours), the Vendors, the Company and the Guarantor entered into the SP Agreement in respect of the Acquisition.

THE SP AGREEMENT

The major terms of the SP Agreement are set out below:

Date

25 March 2021

Parties

Vendors:

- (a) Vendor A: Acme Victory Investments Limited (高捷投資有限公司), a company incorporated in the BVI with limited liability, which (i) is 100% ultimately and beneficially owned by the Guarantor; and (ii) is principally engaged in investment holding;
- (b) Vendor B: Ascending Power Investments Limited (昇晴投資有限公司), a company incorporated in the BVI with limited liability, which (i) is 100% ultimately and beneficially owned by the Guarantor; and (ii) is principally engaged in investment holding; and
- (c) Vendor C: 北京誠義豪泰投資管理有限公司 (Beijing Chengyi Haotai Investment Management Co., Ltd.*), a company established in the PRC with limited liability, which is principally engaged in investment management and consultancy. The Guarantor is the de facto controller of Vendor C.

Purchaser: the Company

Guarantor: Mr. Kwok Ying Shing, the Chairman of the Board, an executive Director and a substantial Shareholder. He is a businessman.

The Guarantor joined as a party to the SP Agreement to give warranties, representations and undertakings in relation to the acquisition of the Sale Interests and the Sale Loans as well as the Target Group in the SP Agreement on a joint and several basis with the Vendors.

Assets to be acquired

In accordance with the terms and conditions of the SP Agreement,

- (a) Vendor A has conditionally agreed to sell, and the Company has conditionally agreed to acquire, (i) Sale Interest A, representing 100% of the equity interest in Target A as at the date of this announcement and as at Completion; and (ii) Sale Loan A;
- (b) Vendor B has conditionally agreed to sell, and the Company has conditionally agreed to acquire, (i) Sale Interest B, representing 100% of the equity interest in Target B as at the date of this announcement and as at Completion; and (ii) Sale Loan B; and
- (c) Vendor C has conditionally agreed to sell, and the Company has conditionally agreed to acquire Sale Loan C,

free from all encumbrances and third party rights, and together with all rights and benefits attaching thereto as at Completion. To the best of the Directors' knowledge, information and belief, there is no restriction which applies to the subsequent sale of the Sale Interests under the SP Agreement.

Under the SP Agreement, the Company may designate other party(ies) to take up Sale Interest A, Sale Interest B, Sale Loan A and Sale Loan B at Completion. The Company may also designate qualified party(ies), i.e. any of its PRC wholly-owned subsidiaries, to take up Sale Loan C in accordance with the terms and conditions of the SP Agreement.

The Company intends to nominate a subsidiary incorporated in the BVI to take up Sale Interest A, Sale Interest B, Sale Loan A and Sale Loan B, and a subsidiary established in the PRC to take up Sale Loan C, in each case, upon Completion.

It is a term of the SP Agreement that unless the completion of the acquisition of all the Sale Interests and all the Sale Loans takes place concurrently, the Company is not under any obligation to proceed with the Completion.

Consideration

The Total Consideration for the Acquisition is RMB13,000,000,000 (equivalent to approximately HK\$15,520,535,000) which comprises:

- (a) the aggregate purchase price of Sale Interest A and Sale Loan A: RMB4,461,866,775 (equivalent to approximately HK\$5,326,966,000) ("**Consideration A**") (*Notes a and d*);
- (b) the aggregate purchase price of Sale Interest B and Sale Loan B: RMB4,969,261,475 (equivalent to approximately HK\$5,932,738,000) ("**Consideration B**") (*Notes b and d*); and

- (c) the purchase price of Sale Loan C: RMB3,568,871,750 (equivalent to approximately HK\$4,260,831,000) (“**Consideration C**”) (Note c).

Notes:

- a. *Subject to as mentioned below, the purchase price of Sale Loan A is the RMB equivalent of the face value of Sale Loan A as at the Completion Date; while the purchase price of Sale Interest A is Consideration A less the purchase price of Sale Loan A.*
- b. *Subject to as mentioned below, the purchase price of Sale Loan B is the RMB equivalent of the face value of Sale Loan B as at the Completion Date; while the purchase price of Sale Interest B is Consideration B less the purchase price of Sale Loan B.*
- c. *It is a term of the SP Agreement that the amount of Sale Loan C shall not be reduced pending Completion. For information purpose only, the unaudited amount of Sale Loan C, which is non-interest bearing, was RMB3,568,871,750 (equivalent to approximately HK\$4,260,831,000) as at 30 June 2020.*
- d. *To calculate the RMB equivalent of the face value of Sale Loan A and Sale Loan B, the exchange rate between HK\$ and RMB of Sale Loan A and Sale Loan B will be based on the mid-point of intra-day exchange rate between HK\$ and RMB as of the business day immediately preceding the Completion Date as announced by The People’s Bank of China.*

Subject to compliance with applicable laws and regulations, the parties to the SP Agreement agree that if the amount of any of Sale Loan A or Sale Loan B (being their respective face value as at the Completion Date) exceeds Consideration A or Consideration B (as the case may be) respectively, (i) the purchase price of Sale Interest A or Sale Interest B (as the case may be) shall be deemed as zero; (ii) the purchase price of Sale Loan A or Sale Loan B (as the case may be) shall be equal to Consideration A or Consideration B (as the case may be) respectively; and (iii) no adjustment should be made to the Total Consideration.

Subject to compliance with applicable laws and regulations, the Total Consideration is payable by the Group to the Vendors (or their designated parties) in cash in the following manner:

- (a) Consideration A:
- (i) the sum of RMB473,100,000 (equivalent to approximately HK\$564,828,000) (or its equivalent foreign currency) (“**Deposit A**”) shall be paid to Vendor A (or its designated party) as refundable deposit at any time as determined by the Group within 10 business days after the date of the SP Agreement;
 - (ii) the sum of RMB3,515,666,775 (equivalent to approximately HK\$4,197,310,000) (or its equivalent foreign currency) shall be paid to Vendor A (or its designated party) as the first instalment at any time as determined by the Group within 10 business days after the Completion Date; and
 - (iii) the balance of Consideration A of RMB473,100,000 (equivalent to approximately HK\$564,828,000) (or its equivalent foreign currency) shall be paid to Vendor A (or its designated party) as the last instalment at any time as determined by the Group within one year after the Completion Date;

- (b) Consideration B:
- (i) the sum of RMB526,900,000 (equivalent to approximately HK\$629,059,000) (or its equivalent foreign currency) (“**Deposit B**”, together with Deposit A, referred to as the “**Deposits**”) shall be paid to Vendor B (or its designated party) as refundable deposit at any time as determined by the Group within 10 business days after the date of the SP Agreement;
 - (ii) the sum of RMB3,915,461,475 (equivalent to approximately HK\$4,674,620,000) (or its equivalent foreign currency) shall be paid to Vendor B (or its designated party) as the first instalment at any time as determined by the Group within 10 business days after the Completion Date; and
 - (iii) the balance of Consideration B of RMB526,900,000 (equivalent to approximately HK\$629,059,000) (or its equivalent foreign currency) shall be paid to Vendor B (or its designated party) as the last instalment at any time as determined by the Group within one year after the Completion Date; and
- (c) Consideration C: the full amount of RMB3,568,871,750 (equivalent to approximately HK\$4,260,831,000) shall be paid to Vendor C (or its designated party) by the Company’s designated qualified party at any time as determined by the Group within 10 business days after the Completion Date.

The exchange rate between RMB and the foreign currency for the payment of the Total Consideration will be based on the mid-point of intra-day exchange rate between RMB and the foreign currency as of the business day immediately preceding the date of payment as announced by The People’s Bank of China.

The Total Consideration will be funded by the internal resources of the Group (including equity financing and/or fund raising exercise to be conducted by the Company) and, where possible, loans from financial institutions.

The Total Consideration was determined after arm’s length negotiations between the Vendors and the Group on normal commercial terms taking into account, among other things, (i) the preliminary valuation of the Properties of approximately RMB18.6 billion (equivalent to approximately HK\$22.2 billion) as at 31 December 2020 by Savills Valuation and Professional Services Limited (“**Independent Valuer**”), an independent property valuer, based on the income capitalisation and direct comparison approaches; (ii) the future business prospects of the Target Group and the industry in which the Target Group is engaging; and (iii) other reasons for and benefits of the Acquisition as stated under the section headed “Reasons for and benefits of the Acquisition” below.

The preliminary valuation of the Properties conducted by the Independent Valuer based on the income capitalisation and direct comparison approaches amounted to approximately RMB18.6 billion (equivalent to approximately HK\$22.2 billion) as at 31 December 2020.

The Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the Total Consideration is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The investment cost in the Target Group incurred by the Guarantor and/or companies controlled by him is approximately RMB6,766.15 million (equivalent to approximately HK\$8,078.02 million).

To the best of the Directors' knowledge, information and belief, part of the Total Consideration will be used by the Guarantor, being the ultimate beneficial owner or de facto controller of the Vendors, to repay the loans owing from him and/or his controlled companies to Sino Life, being a substantial Shareholder, and/or companies controlled by it.

Conditions Precedent

Completion shall be conditional upon the following conditions precedent being fulfilled or (if applicable) waived:

- (1) each of the Vendors having obtained all necessary consents, approvals, waivers and authorisations in respect of the sale and purchase of Sale Interest A and Sale Interest B and/or Sale Loan A, Sale Loan B or Sale Loan C (as the case may be), respectively, and the entering into and execution of the SP Agreement, and such consents, approvals, waivers and authorisations not being withdrawn at or before Completion;
- (2) in relation to the SP Agreement and the transactions contemplated thereunder, the Company having complied with all the requirements as set out in the Listing Rules, including (but not limited to) the passing of the relevant resolution(s) by the Shareholders (who are not required to abstain from voting in such respect under the Listing Rules or other applicable rules) at a general meeting of the Company to approve the SP Agreement and the transactions contemplated thereunder;
- (3) the Company having completed the due diligence exercise (including but not limited to legal, accounting, financial, business, operational and other aspects that the Company may consider necessary) on the Target Group and its businesses, assets, liabilities, activities, operations, prospects and other aspects that the Company, its agents or professional advisers think necessary and appropriate;
- (4) there being no occurrence of any material adverse impact (or change) on the Target Group;

- (5) from the date of the SP Agreement to the Completion Date, each of the Vendors and Guarantor having complied with all undertakings and obligations under the SP Agreement that are required to be performed on or before the Completion Date, and the warranties, representations and undertakings given by the Vendors and the Guarantor remaining correct, accurate and not misleading in all respects, and there being no situation that constitutes or may constitute any violation of the warranties, representations and undertakings or any circumstance, fact or condition relating to the Vendors and the Guarantor and the Target Group that constitutes or may constitute any violation of the warranties, representations and undertakings; and
- (6) all charges (if any) over all equity interests of Target A, Target B and Century Profit and the 96.8% equity interest in Target C directly held by Century Profit and assets of the Target Group being fully discharged before Completion.

The Vendors and the Guarantor shall use their best efforts to procure the fulfilment of all the conditions precedent (except for the condition precedent set out in paragraph (2) above).

The Company has the right to notify the Vendors in writing at any time to waive any of the above conditions precedent (except for the conditions precedent set out in paragraphs (1), (2) and (6) above which cannot be waived) and such waiver may be subject to any term(s) imposed by the Company. If any of the conditions precedent is not fulfilled or (if applicable) waived at or before 4 p.m. on the Long Stop Date, the SP Agreement shall terminate, save and except for certain provisions in relation to confidentiality, costs and expenses and miscellaneous matters which provisions shall remain in full force and effect, and no party to the SP Agreement shall have any claim against the others save for the claim (if any) in respect of any antecedent breach thereof. In case of such termination, the Vendors shall refund the Deposits to the Group in full within 30 business days from the date of the termination of the SP Agreement.

As at the date of this announcement, none of the conditions precedent have been fulfilled or waived under the SP Agreement.

The SP Agreement also contains other provisions on representations, warranties and undertakings which are usual and customary for a transaction of this nature.

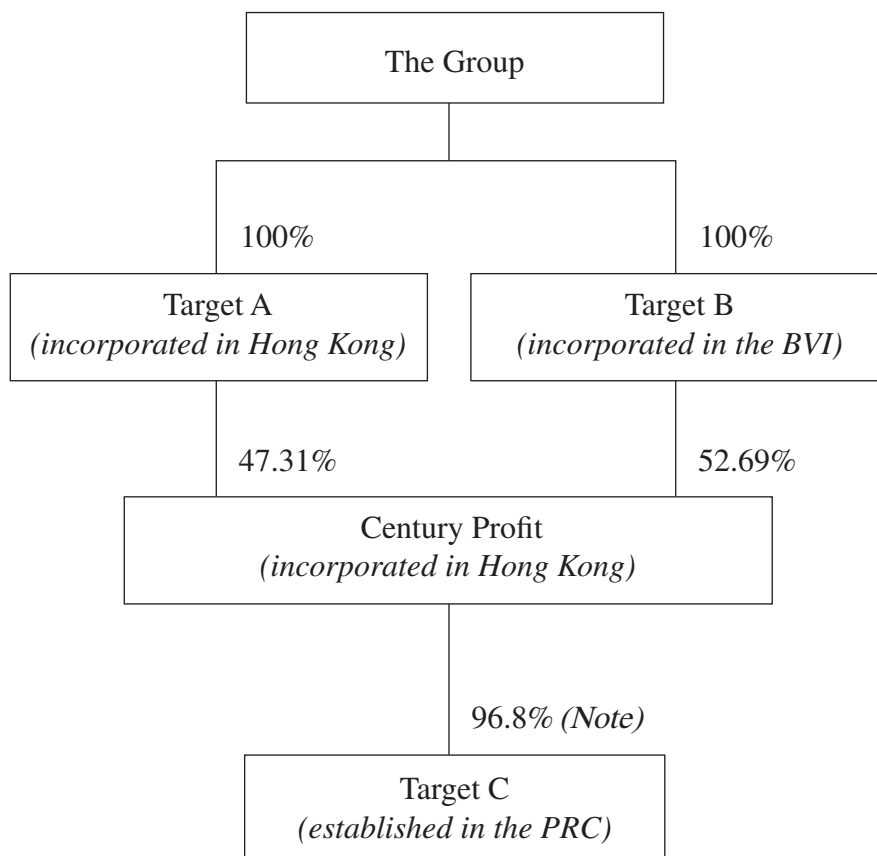
Completion

Subject to the fulfilment or waiver (if applicable) of all the conditions precedent set out above, Completion shall take place on the Completion Date.

Subject to Completion having taken place, the Group shall, and the Vendors and the Guarantor shall jointly and severally undertake to, procure Target C, in compliance with applicable laws and regulations, to transfer or by other way to dispose of Reserved Portion A at a consideration jointly agreed by the Vendors. Regarding the proceeds from the transfer and/or disposal of the Reserved Portion received by Target C (“**Reserved Portion Consideration**”), the Group shall pay to the Vendors a sum which equals to the Reserved Portion Consideration minus relevant taxes (including but not limited to taxes arising from the transfer of the Reserved Portion and the enterprise income tax arising from the sale of the Reserved Portion) and other related expenses and costs incurred by Target C.

SHAREHOLDING STRUCTURE OF THE TARGET GROUP IMMEDIATELY AFTER COMPLETION

The shareholding structure showing the beneficial ownership of the Target Group upon Completion is as follows:



Note: The remaining 3.2% equity interest in Target C will continue to be ultimately and beneficially owned by the Guarantor immediately after Completion.

Upon Completion, each member of the Target Group (other than Target C) will become a wholly-owned subsidiary of the Company while Target C will become a non-wholly owned subsidiary of the Company. The financial results of the Target Group will therefore be consolidated into the results of the Group upon Completion.

INFORMATION ON THE TARGET GROUP

Target A is a company incorporated in Hong Kong with limited liability. Target B is a company incorporated in the BVI with limited liability. Target A and Target B are principally engaged in investment holding. As at the date of this announcement and as at Completion, Target A and Target B together indirectly hold 96.8% of the equity interest in Target C through Century Profit. Century Profit is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Vendor C is interested in the remaining 3.2% equity interest in Target C.

Target C is a company established in the PRC with limited liability. It is principally engaged in the business of property development, property holding and sale and leasing of property. As at the date of this announcement, Target C is running a real estate project in Beijing, the PRC, namely, 耀輝國際城項目 (Yaohui International City Project*). The Properties constructed under the project are located in the southeast corner of intersection of Xi Dawang Road and Jianguo Road in Chaoyang District in Beijing City in the PRC (中國北京市朝陽區西大望路與建國路交匯東南角). Yaohui International City Project covers a site area of approximately 26,812 square meters and the Properties cover a total gross floor area of approximately 201,601 square meters. The Properties comprise business apartments, residential, retail, hotel, public facilities and car parking spaces etc.

Target A, Target B and Century Profit are principally engaged in investment holding. Set out below are the revenue, profit before and after taxation of Target A and Target B as extracted from the unaudited financial statements of Target A and, as the case may be, the unaudited consolidated financial statements of Target B and its subsidiaries for the two years ended 31 December 2019 and 2020 respectively:

Target A

	For the year ended 31 December	
	2019	2020
	<i>Approximately</i>	<i>Approximately</i>
Revenue	—	—
Profit before taxation	RMB71,683,000 (equivalent to approximately HK\$85,581,000)	RMB41,872,000 (equivalent to approximately HK\$49,990,000)
Profit after taxation	RMB71,683,000 (equivalent to approximately HK\$85,581,000)	RMB41,872,000 (equivalent to approximately HK\$49,990,000)

The unaudited total asset value and net asset value of Target A as at 31 December 2020 were approximately RMB1,069,598,000 (equivalent to approximately HK\$1,276,979,000) and approximately RMB475,110,000 (equivalent to approximately HK\$567,228,000) respectively.

Target B and its subsidiaries

	For the year ended 31 December	
	2019 <i>Approximately</i>	2020 <i>Approximately</i>
Revenue	RMB156,995,000 (equivalent to approximately HK\$187,434,000)	RMB174,225,000 (equivalent to approximately HK\$208,005,000)
Profit before taxation	RMB194,872,000 (equivalent to approximately HK\$232,655,000)	RMB64,833,000 (equivalent to approximately HK\$77,403,000)
Profit after taxation	RMB156,872,000 (equivalent to approximately HK\$187,287,000)	RMB59,333,000 (equivalent to approximately HK\$70,837,000)

The unaudited consolidated total asset value and net asset value of Target B and its subsidiaries as at 31 December 2020 were approximately RMB8,925,988,000 (equivalent to approximately HK\$10,656,624,000) and approximately RMB2,562,349,000 (equivalent to approximately HK\$3,059,156,000) respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Group has been paying close attention to the development opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, Beijing-Tianjin-Hebei, Central China, and Western China. The Group has been exploring opportunities for business development in first-tier cities including Shanghai, Beijing and major second-tier cities as well as their surrounding areas. With the excellent location in the central business district of Beijing, the Properties embrace the top surrounding amenities and luxurious landscape gardens. In addition, the Company is of the view that the Acquisition is strategically important to the Group's expansion in Beijing which is in line with its overall business strategy in light of its recent development in other first-tier cities such as Shanghai, Guangzhou and Shenzhen. The Acquisition also has strategic importance as it fosters the Group's "Shenzhen-Beijing Dual-headquarters" strategy with the addition of these saleable resources and trophy investment property in Beijing. The premium location and quality of the Properties in core CBD of Beijing would further enhance the Group's brand image and reputation. Therefore, considering the recent property market in the PRC as well as the

location of the Properties, the Company considers that the Acquisition represents a promising investment to the Group which may generate sustainable returns for the Shareholders and consolidate the market presence of the Group in the first-tier cities of the PRC.

The management of the Company considers that the Acquisition would create value for the Shareholders financially and strategically. The Acquisition presents an excellent opportunity and timing for the Group to replenish immediate saleable resources in a first-tier city without exposure to significant development cycle and risks. The Group hence expects to recognise revenue and profit from the 耀輝國際城項目 (Yaohui International City Project*) in the near term. At the same time, the project would give the Group a quality source of recurring income and further diversify the revenue source to support the Group's long-term development.

The Acquisition is expected to enhance the Group's net asset value immediately and over time through profit recognition. The Board sees promising and positive growth prospects given the quality and location of the Properties, with a view to bringing more investment returns for the Shareholders by fully unlocking the value of the Properties.

Based on the above, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) are of the view that the terms of the SP Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Kwok Ying Shing (i.e. the Guarantor), the Chairman of the Board, an executive Director and a substantial Shareholder, is the ultimate beneficial owner or de facto controller of the Vendors. Accordingly, Mr. Kwok Ying Shing is considered to have a material interest in the Acquisition. Also, Mr. Kwok Hiu Kwan, the son of Mr. Kwok Ying Shing, is an associate of Mr. Kwok Ying Shing. Ms. Chen Shaohuan is a Director nominated by Sino Life to the Board. Mr. Kwok Ying Shing, Mr. Kwok Hiu Kwan and Ms. Chen Shaohuan have abstained from voting at the meeting of the Board approving the SP Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Major transaction

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of this announcement, Mr. Kwok Ying Shing, being the Chairman of the Board, an executive Director and a substantial Shareholder, is the ultimate beneficial owner or de facto controller of the Vendors. Each of Vendor A, Vendor B and Vendor C, being an associate of Mr. Kwok Ying Shing, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Acquisition is therefore subject to announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapters 14A and (where applicable) 14 of the Listing Rules.

GENERAL

An Independent Board Committee, comprising Mr. Rao Yong, Mr. Zhang Yizhao and Mr. Liu Xuesheng, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Acquisition, the SP Agreement and the transactions contemplated thereunder, after taking into account the recommendations of the Independent Financial Adviser.

The Company has appointed Red Sun Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the SP Agreement and the transactions contemplated thereunder.

The EGM will be convened and held for the Independent Shareholders to consider, if thought fit, to approve, among others, the Acquisition, the SP Agreement and the transactions contemplated thereunder. As at the date of this announcement, (i) Da Chang Investment Company Limited ("**Da Chang**") held 708,033,378 Shares, representing approximately 11.54% of the total issued share capital of the Company; (ii) Da Feng Investment Company Limited ("**Da Feng**") held 843,065,378 Shares, representing approximately 13.74% of the total issued share capital of the Company; (iii) Da Zheng Investment Company Limited ("**Da Zheng**") held 843,065,377 Shares, representing approximately 13.74% of the total issued share capital of the Company; (iv) Sino Life held 649,700,957 Shares, representing approximately 10.59% of the total issued share capital of the Company; and (v) Fund Resources Investment Holding Group Company Limited ("**Fund Resources**") held 887,995,149 Shares, representing approximately 14.47% of the total issued share capital of the Company. Da Chang is wholly owned by Mr. Kwok Ying Shing (i.e. the Guarantor) while Da Zheng is wholly owned by Mr. Kwok Ying Chi, the brother of Mr. Kwok Ying Shing. Da Feng is 100% beneficially owned by a family trust set up by the Guarantor for the benefit of his family members. As such, each of Da Chang, Da Feng and Da Zheng is an associate of Mr. Kwok Ying Shing. Fund Resources is wholly owned by Sino Life and is therefore an associate of Sino Life.

As discussed above, Mr. Kwok Ying Shing is considered to have a material interest in the Acquisition by virtue of his relationship with the Vendors and being a party to the SP Agreement. Part of the Total Consideration will be used by Mr. Kwok Ying Shing, the ultimate beneficial owner or de facto controller of the Vendors, to repay the loan owing from him and/or his controlled companies to Sino Life and/or companies controlled by it. As such, Mr. Kwok Ying Shing and Sino Life and their respective associates shall abstain from voting on the resolution(s), to be proposed at the EGM, to approve the Acquisition, the SP Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, save as disclosed above, no other Shareholder is required to abstain from voting on the resolution(s), to be proposed at the EGM, to approve the Acquisition, the SP Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details about the SP Agreement and the Acquisition; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM will be despatched to the Shareholders. As the Company expects that as additional time is required for the preparation of the relevant information for the inclusion in the circular, the circular will be despatched to the Shareholders on or before 28 May 2021.

Completion of the Acquisition is subject to, among other conditions, the full discharge of all charges (if any) over relevant equity interests and assets of the Target Group. As such, upon Completion, the Group shall acquire the Sale Interests and the Sale Loans free from all encumbrances and third party rights, and together with all rights and benefits attaching thereto as at Completion. Completion of the Acquisition is subject to the fulfilment (or waiver) of the conditions precedent set out in the SP Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of (i) Sale Interest A and Sale Loan A by the Group from Vendor A; (ii) Sale Interest B and Sale Loan B by the Group from Vendor B; and (iii) Sale Loan C by the Group from Vendor C pursuant to the terms and conditions of the SP Agreement
“associate(s)”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of the Directors
“BVI”	the British Virgin Islands
“Century Profit”	Century Profit Zone Investments Limited (世紀協潤投資有限公司), a company incorporated in Hong Kong with limited liability which is in aggregate wholly owned by Target A and Target B and directly owns 96.8% equity interest in Target C as at the date of this announcement and as at Completion
“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 Main Board of the Stock Exchange (Stock Code: 1638)
“Completion”	the completion of the Acquisition

“Completion Date”	the 30 th business day after all conditions precedent (except for the conditions precedent that can only be fulfilled upon Completion) shall have been fulfilled or waived (where applicable) (or such other date as agreed by the Vendors and the Company), the date on which the Completion shall take place
“connected person(s)”	has the meaning as ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be convened and held to approve, among other things, the Acquisition, the SP Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Kwok Ying Shing, the Chairman of the Board, an executive Director and a substantial Shareholder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Acquisition, the SP Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited (紅日資本有限公司), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the SP Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholders, other than the Shareholders who have a material interest in the Acquisition, the SP Agreement and the transactions contemplated thereunder (i.e. Shareholders other than Mr. Kwok Ying Shing and Sino Life and their respective associates)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	31 July 2021 (or such later date as the Vendors and the Company may agree in writing)
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Properties”	real estate (excluding the Reserved Portion and Southern District Post Office) constructed under the real estate project namely, 耀輝國際城項目 (Yaohui International City Project*) which was located in southeast corner of intersection of Xi Dawang Road and Jianguo Road, Chaoyang District in Beijing City in the PRC (中國北京市朝陽區西大望路與建國路交匯東南角) are wholly owned by Target C as at the date of this announcement and at Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Reserved Portion”	collectively, Reserved Portion A and Reserved Portion B, which does not form part of the Properties and is excluded from the Acquisition
“Reserved Portion A”	a part of the Reserved Portion, comprising residential units, offices and retail units with a total gross floor area of approximately 23,366 square meters and 51 car parking spaces
“Reserved Portion B”	a part of the Reserved Portion, comprising residential units with a total gross floor area of approximately 7,704 square meters, which has been subject to pre-sale agreements for commercial apartments entered into by and among Target C and other third parties or transfer of the ownership by Target C in accordance with the court judgment as at the date of this announcement
“Sale Interest A”	100% of the equity interest in Target A as at the date of this announcement and Completion, to be acquired by the Group under the SP Agreement
“Sale Interest B”	100% of the equity interest in Target B as at the date of this announcement and Completion, to be acquired by the Group under the SP Agreement
“Sale Interests”	collectively, Sale Interest A and Sale Interest B

“Sale Loan A”	the sum owing from Target A to Vendor A as at Completion. For information purpose only, the unaudited amount of Sale Loan A, which is non-interest bearing, as at 30 June 2020 was HK\$678,585,751
“Sale Loan B”	the sum owing from Target B to Vendor B as at Completion. For information purpose only, the unaudited amount of Sale Loan B, which is non-interest bearing, as at 30 June 2020 was HK\$537,759,753
“Sale Loan C”	the sum owing from Target C to Vendor C as at Completion. For information purpose only, the unaudited amount of Sale Loan C, which is non-interest bearing, as at 30 June 2020 was RMB3,568,871,750 (equivalent to approximately HK\$4,260,831,000)
“Sale Loans”	collectively, Sale Loan A, Sale Loan B and Sale Loan C
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sino Life”	Funde Sino Life Insurance Co., Ltd. (富德生命人壽保險股份有限公司), a substantial Shareholder, through itself and its associate, holding 1,537,696,106 Shares, representing approximately 25.06% of the total issued share capital of the Company as at the date of this announcement
“SP Agreement”	the conditional sale and purchase agreement dated 25 March 2021 entered into by and among the Vendors, the Company and the Guarantor in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target A”	Hong Da Development & Investment Holding Co. Limited (泓達投資有限公司), a company incorporated in Hong Kong with limited liability
“Target B”	Logic Capital Limited, a company incorporated in the BVI with limited liability
“Target C”	北京耀輝置業有限公司 (Beijing Yaohui Real Estate Co., Ltd.*), a company established in the PRC with limited liability

“Target Group”	collectively, Target A, Target B, Target C and Century Profit
“Total Consideration”	RMB13,000,000,000 (equivalent to approximately HK\$15,520,535,000), being the total consideration for the Acquisition payable by the Group to the Vendors in accordance with the terms and conditions of the SP Agreement
“Vendor A”	Acme Victory Investments Limited (高捷投資有限公司), a company incorporated in the BVI with limited liability, which is 100% ultimately and beneficially owned by the Guarantor
“Vendor B”	Ascending Power Investments Limited (昇晴投資有限公司), a company incorporated in the BVI with limited liability, which is 100% ultimately and beneficially owned by the Guarantor
“Vendor C”	北京誠義豪泰投資管理有限公司 (Beijing Chengyi Haotai Investment Management Co., Ltd.*), a company established in the PRC with limited liability, which is de facto controlled by the Guarantor
“Vendors”	collectively, Vendor A, Vendor B and Vendor C
“%”	per cent

For the purposes of this announcement, unless otherwise specified, all amounts denominated in RMB have been translated into HK\$ using the exchange rate of RMB0.8376:HK\$1.00. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

On behalf of the Board
KAISA GROUP HOLDINGS LTD.
Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 25 March 2021

As at the date of this announcement, the executive Directors are Mr. Kwok Ying Shing, Mr. Sun Yuenan, Mr. Mai Fan, Mr. Li Haiming and Mr. Kwok Hiu Kwan; 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