

IN THE GRAND COURT OF THE CAYMAN ISLANDS

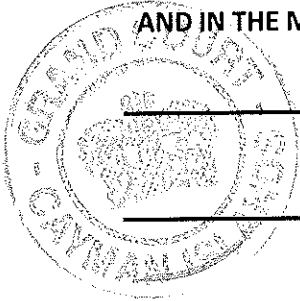
FINANCIAL SERVICES DIVISION

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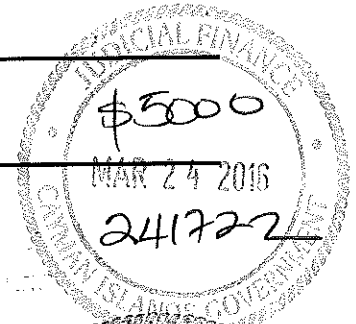
CAUSE NO. FSD OF 2016 ()

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)

AND IN THE MATTER OF KAISA GROUP HOLDINGS LTD.

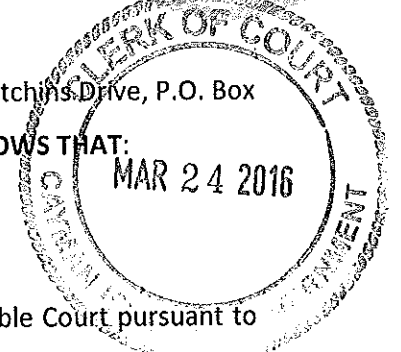


PETITION FOR SCHEME OF ARRANGEMENT



TO: The Grand Court of the Cayman Islands

The humble Petition of Kaisa Group Holdings Ltd. of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1 – 1111, Cayman Islands (the "Company") SHOWS THAT:



INTRODUCTION

1. The object of this Petition is to seek sanction of this Honourable Court pursuant to section 86 of the Companies Law (2013 Revision) (as amended) (the "Companies Law") to a proposed Scheme of Arrangement (the "Cayman Scheme") as set out in a printed composite document (the "Scheme Document") containing, amongst other things, the proposed Cayman Scheme which shall be made between the Company and the Scheme Creditors (as defined in the Scheme Document).

BACKGROUND TO THE COMPANY

2. The Company was incorporated in the Cayman Islands on 2 August 2007, as an exempted company limited by shares pursuant to the Companies Law (2004 Revision) with company number CT-192502.
3. The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1 – 1111, Cayman Islands.

- 4 The Company is also registered as a non-Hong Kong Company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) (the “**HK Companies Ordinance**”) of the laws of the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”).
- 5 Pursuant to the Company’s articles of association, the Company’s authorised share capital is HK\$5,000,000,000 divided into 50,000,000,000 ordinary shares with a par value of HK\$0.10 each (each a “**Share**” and more than one Share defined as the “**Shares**”), of which 5,135,427,910 Shares have been issued as fully paid up.
- 6 The Shares are listed on the Stock Exchange of Hong Kong (“**SEHK**”) with stock code 1638. Trading in the Shares has been suspended since 31 March 2015. As at 30 March 2015, trading of the Shares closed at HK\$1.5600, which ascribes a total equity market capitalisation value of HK\$8,011,267,540 to the Company based on 5,135,427,910 outstanding Shares. As at the date of this Petition, approximately 20.81% of the Shares are held with the general public. In addition, the following substantial shareholders hold 79.19% of the Shares in the Company:
- a) Funde Sino Life Insurance Co., Ltd. with 12.65% of the Company’s shareholding;
 - b) Fund Resources Investment Holding Group Company Limited with 17.29% of the Company’s shareholding;
 - c) Da Zheng Investment Company Limited with 16.41% of the Company’s shareholding;
 - d) Da Feng Investment Company Limited with 16.42% of the Company’s shareholding; and
 - e) Da Chang Investment Company Limited with 16.42% of the Company’s shareholding.
- 7 The objects for which the Company was established are unrestricted and it is authorised to engage in any activity in accordance within the laws of the Cayman

Islands and to exercise all the functions of a natural person of full capacity irrespective of any question of corporate benefit.

BUSINESS OF THE COMPANY AND THE GROUP

- 8 The Company is the ultimate holding company of the Kaisa group of companies ("**Group**"). Its business is to hold shares in its subsidiary entities, which include a large number of intermediate holding and operating companies in various jurisdictions, and to raise funding for the business and the operations of the Group.
- 9 The Group is a large-scale integrated property developer in the People's Republic of China (the "**PRC**") with a sizable and diversified land bank of approximately 22.5 million square metres that spans across 30 cities in five regions of the PRC. The scope of its business covers property development, commercial operation, hotel management and property management services with products comprising residential properties, villas, offices, serviced apartments, integrated commercial buildings and mega urban complexes. Headquartered in Shenzhen, the Special Economic Zone adjacent to Hong Kong, the Company has historically focused its property development in the Pearl River Delta region.
- 10 The Group is divided into an "offshore group" (the "**Offshore Group**") and an "onshore group" (the "**Onshore Group**"). The Onshore Group consists of operations which are located in the PRC. The Offshore Group comprises the Group's operations located in Cayman Islands, the British Virgin Islands and Hong Kong.

FINANCIAL POSITION OF THE COMPANY

- 11 Since December 2014, the Group has experienced a series of unforeseen events that have caused a serious disruption to its business, created acute liquidity pressure and strained the capital resources of the Group.
- 12 Based on the Company's unaudited September 2015 balance sheet, the Group's total current assets were approximately RMB104,003 million (equivalent to approximately US\$16,019 million) (the "**Current Assets**") and total non-current assets were approximately RMB13,020 million (equivalent to approximately

US\$2,005 million) (the "**Non-Current Assets**"). As set out in the unaudited September 2015 balance sheet, the Group's total current liabilities were approximately RMB96,828 million (equivalent to approximately US\$14,914 million) (the "**Current Liabilities**") and total non-current liabilities were approximately RMB10,272 million (equivalent to approximately US\$1,581 million) (the "**Non-Current Liabilities**").¹

- 13 Additional financial information will be provided in the evidence filed in support of the Petition.
- 14 The Company is insolvent on a cashflow basis and is unable to meet the debts and liabilities which are presently due and payable to its creditors. Accordingly, the Company seeks to compromise certain of those debts and liabilities in accordance with the terms of the following schemes of arrangement.

THE SCHEMES

- 15 The Company is promoting two linked and inter-conditional schemes of arrangement as follows:
- a) by this Petition, and in the form exhibited to the Scheme Document, the proposed Cayman Scheme between the Company and certain of its creditors; and
 - b) in the High Court of Hong Kong (the "**Hong Kong Court**"), a proposed scheme of arrangement pursuant to sections 673 and 674 of the HK Companies Ordinance between the Company and certain of its creditors (the "**Hong Kong Scheme**" and together with the Cayman Scheme, the "**Schemes**").
- 16 The effectiveness of each of the Schemes is conditional upon (among other matters) each other becoming effective in accordance with its terms.
- 17 The Hong Kong Scheme is necessary because, amongst other things, the Company has liabilities which are governed by the laws of Hong Kong which, as a matter of

¹ The above exchange rates based on approximately 1 CNY = 0.1540 US\$.

Hong Kong law, may only be compromised through a scheme of arrangement if that scheme is sanctioned by the Hong Kong Court under the HK Companies Ordinance. The Cayman Scheme is necessary given that the Company is incorporated in the Cayman Islands and the jurisdiction where the Company is most likely to be wound-up.

18 The Company's other liabilities are governed by (among other laws) the law of the State of New York. The effectiveness of the Hong Kong Scheme (and therefore the Cayman Scheme) is also conditional upon (unless the condition is waived pursuant to the terms of the Schemes) the granting of an order (the "**Bankruptcy Court Order**") by the United States Bankruptcy Court for the Southern District of New York under Chapter 15 of the United States Bankruptcy Code for recognition of the compromise and arrangement set out in the Hong Kong Scheme. The Bankruptcy Court Order may be necessary to assure that the laws of the State of New York, under which certain of the Company's liabilities are governed, recognize the compromise of liabilities reflected in the Hong Kong scheme.

19 Accordingly, it is necessary to have the Schemes sanctioned by this Honourable Court and the Hong Kong Court respectively and to obtain the Bankruptcy Court Order to ensure that all creditors of the Company are bound the terms of the Schemes.

THE COMPANY'S CREDITORS

20 The Company has the following creditors whose claims it is proposed will be compromised as a single class through or in connection with the Cayman Scheme (and the HK Scheme):

- a) The beneficial owners of and / or the owners of the ultimate economic interest in certain high-yield notes issued by the Company (the "**Noteholders**"). The claims of Noteholders against the Company amount in aggregate to approximately RMB14,198,702,663 as at 30 September 2015 (the "**Reference Date**") (being approximately US\$2,186 million);

- b) The beneficial owners of and / or the owners of the ultimate economic interest in convertible bonds issued by the Company (the “**CB Holders**”). The claims of CB Holders against the Company amount in aggregate to approximately RMB1,437,383,877 as at the Reference Date (being approximately US\$221 million); and
- c) Creditors with an interest in certain bilateral loans and related arrangements entered into by the Company with The Hongkong and Shanghai Banking Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited (the “**Existing Offshore Loans Creditors**”). The claims of the Existing Offshore Loans Creditors against the Company amount in aggregate to approximately RMB747,620,088 as at the Reference Date (being approximately US\$115 million).²

21 If this Honourable Court makes an order convening a meeting of the Scheme Creditors as a single class of creditors of the Company in respect of the Cayman Scheme (the “**CI Scheme Meeting**”), and if the Cayman Scheme is then approved at the CI Scheme Meeting by the requisite majorities of Scheme Creditors, the Company will seek orders sanctioning the Cayman Scheme.

THE PETITIONER THEREFORE PRAYS THAT UPON THE CAYMAN SCHEME (WITH OR WITHOUT MODIFICATION) BEING APPROVED BY THE REQUISITE MAJORITIES OF SCHEME CREDITORS AT THE CI SCHEME MEETING:

- 1 the Cayman Scheme be sanctioned pursuant to section 86(2) of the Companies Law; and
- 2 such further or other relief as this Honourable Court shall see fit.

YOUR PETITIONER WILL EVER PRAY ETC.

² The above exchange rates based on approximately 1 CNY = 0.1540 US\$.

Dated this 22nd day of March 2016

Harney Westwood & Riegels

Harney Westwood & Riegels

Attorneys-at-Law for and on behalf of the Petitioner

NOTE: It is intended to serve this Petition on the registered office of Kaisa Group Holdings Ltd. and the Scheme Creditors.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman, Cayman Islands on _____ at _____ am/pm.

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman KY1-1106, Cayman Islands; Telephone (+1 345) 949-4296.

THIS PETITION was filed by Harney Westwood & Riegels, Attorneys-at-Law for the Petitioner, whose address for service is 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: 042612.0003 – JNW/JGW).