



NOTICE TO HOLDERS

THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE THE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.

If you have recently sold or otherwise transferred your holding(s) of Notes (as defined below), you should immediately forward this notice to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Notes, you should retain a copy of this notice and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

February 10, 2023

KAISA GROUP HOLDINGS LTD. (the “Company”)

11.95% Senior Notes due 2022 (the “Notes”)

(144A ISIN: **US48300TAD46**; 144A Common Code: **205784900**)
(Reg S ISIN: **USG52132BW96**; Reg S Common Code: **205784926**)

Reference is made to the indenture dated October 22, 2019 (as supplemented or amended from time to time, the “**Indenture**”) by and among the Company, the Subsidiary Guarantors listed in Schedule I thereto and Citicorp International Limited, as trustee (the “**Trustee**”), governing the Notes.

Capitalized terms used but not defined in this notice have the meanings given to such terms in the Indenture.

Legal proceedings

NOTICE IS HEREBY GIVEN to the Holders that the Trustee has become aware from press reports that an individual holder (the “**Litigating Holder**”) has brought legal proceedings against the Company and Chang Ye Investment Company Limited (the “**Subsidiary Guarantor**”) at the Supreme Court of the State of New York on January 11, 2023 in connection with the failure to make principal and interest payments under those of the Notes allegedly held by the Litigating Holder (the “**Legal Proceedings**”). The Legal Proceedings were brought independently from – and without the knowledge of – the Trustee.

In the event the Litigating Holder succeeds in obtaining a judgment and enforcing against the Company and the Subsidiary Guarantor, such Litigating Holder will be entitled to retain the entirety of the proceeds of such enforcement without accounting to the Trustee and without sharing those proceeds with Holders generally. Any such recovery would likely reduce the assets available to Holders other than the Litigating Holder.

Extracts of the Indenture

Section 6.03 (*Other Remedies*) of the Indenture provides, “*If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. In addition, if an Event of Default occurs and is continuing, the Trustee may, and shall upon request of Holders of at least 25% in aggregate principal amount of outstanding Notes (subject to receiving indemnity and/or security to its satisfaction), instruct the Common Security Trustee to foreclose on the Collateral in accordance with the terms of the Security Documents and take such further action on behalf of the Holders of the Notes with respect to the Collateral as the Trustee deems appropriate or is directed by the Holders of at least 25% in aggregate principal amount of outstanding Notes.*”

Section 7.01(b) (*General*) of the Indenture provides, “*... During the continuance of an Event of Default of which a Responsible Officer of the Trustee has been notified in writing or of which the Trustee has otherwise obtained actual knowledge, the Trustee will act only upon the written direction of the Holders of at least 25% of the aggregate principal amount then outstanding, subject to receiving indemnity and/or security to its satisfaction.*”

Section 7.02(e) (*Certain Rights of Trustee*) of the Indenture provides, “*The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee security and/or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.*”

No action by the Trustee

Holders should take all steps to appraise themselves of their rights, to monitor sources of information themselves and to consider whatever steps they wish to take (including instructing and indemnifying the Trustee). The Trustee will not actively monitor sources of information and notwithstanding this notice accepts no obligation or duty to do so. Holders may wish to consider what rights they have in connection with the Legal Proceedings and should be aware that the Trustee will not undertake this exercise on their behalf. Without limitation and pursuant to Section 7.01(b) of the Indenture, the Trustee will not bring any action unless instructed to do so by the requisite number of Holders (and subject to it being indemnified and/or secured to its satisfaction).

Contact details of the Trustee

If you have any questions regarding this notice, you may contact the Trustee by e-mail to: at.tmg.trustee@citi.com, attention: Agency & Trust.

Reservation of rights

This notice is given without prejudice to the rights of the Trustee under the Indenture and at law. The Trustee expressly reserves all of the rights, powers, claims and remedies available to it under the Indenture and applicable law. No delay or forbearance by the Trustee to exercise any right or remedy accruing upon the occurrence of a Default, an Event of Default or similar event under the terms of the Indenture, other documentation relating thereto or under applicable law, shall impair any such right or remedy or constitute a waiver thereof or an acquiescence therein.

The Trustee provides this notice for the information of Holders but makes no representation as to the accuracy or completeness thereof and cannot accept any liability for any loss caused by any inaccuracy therein. Holders should monitor sources of information (including stock exchange announcements of the Company) themselves and the Trustee accepts no obligation or duty to do so on their behalf. The Trustee makes no recommendations and gives no legal or investment advice herein or as to the Notes generally. Holders should take and rely on their own independent legal and financial advice, and may not rely on advice or information provided to the Trustee, statements as to the legal position included in notices issued by the Trustee relating to the Notes or otherwise or the views of the Trustee expressed herein or otherwise.

The Trustee expressly reserves its rights under the Indenture, including without limitation, any right to recover in full its fees and costs (including, without limitation, fees and costs incurred or to be incurred by the Trustee in performing its duties, indemnities owing to or to become owing to the Trustee, compensation for the Trustee's time spent, and reimbursement for the fees and expenses of legal counsel and other agents and advisers it employs in performing its duties or to pursue remedies) and its rights, prior to exercising any rights or powers in connection with the Indenture at the request or direction of any Holder of the Notes to receive security, prefunding and/or indemnity satisfactory to it against all costs, expenses, and liabilities that might be incurred in compliance therewith, and all rights that may be available to it under applicable law or otherwise.

The ISINs and Common Codes for the Notes appearing herein have been included solely for the convenience of the Holders. Citicorp International Limited assumes no responsibility for the selection or use of such number. No representation has been made as to the correctness or accuracy of such number, either as printed on the Notes or as contained in this notice.

This notice is given by
CITICORP INTERNATIONAL LIMITED
in its capacity as Trustee of the 11.95% Senior Notes due 2022