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)

UPDATE ON THE RESTRUCTURING INSIDE INFORMATION AND RECENT DEVELOPMENT OF THE GROUP

This announcement is made by Kaisa Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**Inside Information Provisions**").

Reference is made to the announcements of the Company dated 8 March 2015, 6 November 2015, 24 December 2015, 10 January 2016, 17 February 2016 and 17 March 2016 (the "**Relevant Announcements**") in relation to the proposed offshore debt restructuring of the Company (the "**Proposed Offshore Debt Restructuring**"). Unless otherwise defined herein, capitalised terms in this announcement will have the same meanings as those defined in the Relevant Announcements.

* *For identification purposes only*

PROGRESS OF THE SCHEMES OF ARRANGEMENTS

As announced in the Relevant Announcements, the Proposed Offshore Debt Restructuring will be implemented through inter-conditional schemes of arrangements (the "**Schemes**") in the Cayman Islands and Hong Kong. The Company is pleased to announce that the Company has filed applications to the Grand Court of the Cayman Islands (in the case of the Cayman Island Scheme) and to the High Court of Hong Kong (in the case of the Hong Kong Scheme) for orders giving permission for the convening of meetings of its offshore creditors, for the purpose of considering, and if thought fit, with or without modification, approving the Cayman Islands Scheme and the Hong Kong Scheme. In order to comply with the practice direction at the Grand Court in the Cayman Islands, copies of the petition, summons and a statement letter ("**Cayman Scheme Statement Letter**") in relation to the Cayman Islands Scheme have been distributed to Euroclear, Clearstream, DTC and CMU for distribution to the creditors and have also been published on the Scheme Website (www.lucid-is.com/kaisa). Copies of those documents are attached hereto as Appendix A. Subsequent to circulating the Cayman Scheme Statement Letter, the Company has been informed that the first hearing in the Cayman Islands will now take place at 9:30 a.m. on 7 April 2016 instead of on 4 April 2016. Further, an explanatory statement and related documents containing detailed information of the Schemes (collectively, the "**Scheme Documents**") will be made available to the creditors in due course as further set out in the Cayman Scheme Statement Letter. Some information contained in the Scheme Documents might constitute inside information for the purpose of Rule 13.09(1) of the Listing Rules and the Inside Information Provisions, and the Company would like to provide such information together with some updates on the recent developments of the Group.

A. ONSHORE LIABILITIES

As at 31 December 2014, the Group's onshore liabilities amounted to approximately RMB48.1 billion, and up until 20 March 2016, approximately 90% of such liabilities have been settled or resolved in the following manner: (i) creditors having entered into respective definitive agreements with the Group's subsidiaries for the purpose of restructuring; and (ii) the liabilities being continued to be governed by their respective existing agreements and do not require restructuring. As a result, the Group is in negotiation with the creditors holding approximately 10% of the onshore liabilities with the aim to have these liabilities restructured.

B. LITIGATIONS, COURT PROCEEDINGS AND COURT JUDGMENTS

As at 31 December 2015, the Group was involved in 95 litigation claims and court proceedings (the "**Proceedings**"). Among the Proceedings, 56 of them each has an individual claim value equal to or below RMB5 million (or its equivalent) and the aggregate claim value of such Proceedings is approximately RMB50.8 million. Among the Proceedings, 39 Proceedings each has an individual claim value above RMB5 million (or its equivalent) (the "**Material Proceedings**"). Details of the Material Proceedings are summarised in Appendix B hereto.

Reference is made to the Company's announcements dated 9 February 2015, 17 February 2015 and 13 March 2015 in which the Company has provided information of the 4 court judgments received from the relevant PRC courts with respect to certain of the Group's onshore obligations. Updates to the development of these judgments are set out as follows:

No.	Summary of the court judgment	Latest development
1.	A judgment against Shanghai Yingwan Zhaoye Property Development Co Ltd ("**Shanghai Yingwan**"), a subsidiary owned as to 51% by the Company, to freeze and seize a credit balance in an account held by Shanghai Yingwan in an amount of RMB1,246,930,378.11 (equivalent to approximately HK$1,576.80 million) for an alleged breach of a loan agreement.	The Group reached a settlement with the claimant.
2.	A judgment against 佳兆業地產(遼寧)有限公司 ("**Kaisa Property Liaoning**"), a wholly-owned subsidiary of the Company, in relation to a case filed by a creditor of 佳兆業集團(深圳)有限公司 ("**Kaisa Shenzhen**") for the repayment of a loan guaranteed by Kaisa Property Liaoning in the principal amount of RMB1,000 million plus interest and costs in relation to an alleged breach of the underlying loan and guarantee contracts.	The Group reached a settlement with the claimant.

No.	Summary of the court judgment	Latest development
3.	A judgment against Shanghai Xinwan Investment Development Co. Ltd (“**Shanghai Xinwan**”), a wholly-owned subsidiary of the Company, for repayment of RMB607 million (equivalent to approximately HK$764.7 million) for an alleged breach of the underlying share pledge and repurchase contracts plus interest and costs.	The Group reached a settlement with the claimant.
4.	A judgment against Hunan Daye Property Development Co. Ltd (“**Hunan Daye**”), a wholly-owned subsidiary of the Company, to freeze assets of the Group in the amount of RMB1,140 million (equivalent to approximately HK$1,436.2 million) for an alleged breach of a loan and guarantee contract.	The Group reached a settlement with the claimant.

C. LAND BANK AND PROPERTY PROJECT PORTFOLIO

As at 30 September 2015, the Group had a total land bank of approximately 22.5 million square meters. Set out in Appendix C hereto are the information of the Group’s project portfolio.

D. UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF THE GROUP AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014, AND AS AT AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

The Company has prepared the unaudited management accounts of the Group as at and for the year ended 31 December 2014 and as at and for the nine months ended 30 September 2015 (“**Unaudited Management Accounts**”).

An independent third party, AlixPartners, has been engaged by the Company to, among others, conduct a review of the Unaudited Management Accounts and prepare a report (the “**AP Report**”) which contains, among others, a high level summary of the financial results of the Group as at and for the year ended 31 December 2014 and as at and for the nine months ended 30 September 2015 and the results of its high level, analytical review of a cash flow forecast of the Group for the period ending 31 December 2020. A copy of the AP Report is attached to this announcement as Appendix D.

E. LIQUIDATION ANALYSIS

The Company has engaged an independent international accounting firm to conduct a hypothetical liquidation analysis of the Company (the "**Liquidation Analysis**"). The Liquidation Analysis is an analysis of the possible outcomes for the unsecured creditors of the Company in circumstances which the proposed restructuring of the Group is not implemented, and the members of the Group are liquidated (in a hypothetical manner) in their respective jurisdictions. The Liquidation Analysis estimates the return to the Company's unsecured creditors to be as low as 0.37% upon liquidation of the Group.

The Liquidation Analysis is based upon estimates and assumptions which are inherently subject to uncertainties and contingencies beyond the control of the Group and the estimated return to the Company's unsecured creditors is highly dependent upon, among others, the continuing validity of the assumptions on which the Liquidation Analysis is based upon. The key assumptions include, among others, the following:

(i) onshore assets are to be realised through a general court auction procedure in accordance with the relevant PRC bankruptcy laws applicable to real estate industry;

(ii) proceeds from the realization of the onshore assets are not subject to tax and may be freely remitted offshore;

(iii) onshore property pre-sale proceeds received by the Group are to be refunded to the property buyers; and

(iv) liquidation costs are assumed to be paid at a rate of 0.8% of the estimated realization value of the assets available to preferential creditors and be paid in priority to the preferential creditors and unsecured creditors.

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

29 March 2016

As at the date of this announcement, the executive Directors are Mr. Kwok Ying Shing, Mr. Sun Yuenan, Mr. Zheng Yi, Mr. Yu Jianqing, and Mr. Lei Fugui; the non-executive Director is Ms. Chen Shaohuan; and the independent non-executive Directors are Mr. Zhang Yizhao and Mr. Rao Yong.

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APPENDIX A

25 March 2016

THIS LETTER CONCERNS MATTERS WHICH MAY AFFECT YOUR LEGAL RIGHTS AND ENTITLEMENTS AND YOU MAY THEREFORE WISH TO TAKE APPROPRIATE LEGAL ADVICE ON ITS CONTENTS.

Dear Sir/Madam,

Proposed schemes of arrangement in relation to Kaisa Group Holdings Limited (the "Company") (i) pursuant to section 86 of the Companies Law (2013 Revision) of the Cayman Islands and (ii) pursuant to sections 673 and 674 of the Companies Ordinance (Cap. 622) of Hong Kong

1. INTRODUCTION

1.1 The purpose of this letter is to inform Scheme Creditors that the Company has separately applied to each of the Grand Court of the Cayman Islands (the "**Grand Court**") and the High Court of Hong Kong (the "**High Court**") to seek orders to convene meetings in the Cayman Islands and in Hong Kong of certain creditors of the Company (the "**Scheme Meetings**") to consider and, if thought fit, approve the related and inter-conditional schemes of arrangement which the Company shall seek to be sanctioned by the Grand Court under section 86 of the Companies Law (2013 Revision) of the Cayman Islands (the "**Cayman Scheme**") and sanctioned by the High Court pursuant to sections 673 and 674 of the Companies Ordinance (Cap. 622) of Hong Kong (the "**Hong Kong Scheme**") (together, the "**Schemes**").

1.2 The Scheme Meetings relate to one proposed class of creditors of the Company, which is comprised of:

(a) the beneficial owners of (that is, the owners of the ultimate economic interest in) five series of high-yield notes issued by the Company with varying interest rates and maturity dates with an aggregate outstanding principal amount of US$2.233 billion ("**Notes**");

(b) the beneficial owners of (that is, the owners of the ultimate economic interest in) convertible bonds issued by the Company which matured on 20 December 2015, with a principal amount of US231.6 million; and

(c) Hongkong and Shanghai Banking Corporation Limited and the Industrial and Commercial Bank of China (Asia) Limited as creditors in respect of certain bilateral loans and other obligations of the Company,

(together, the "**Scheme Creditors**").

1.3 The object of the Scheme Meetings is to enable the Scheme Creditors to consider and, if thought fit, approve the Schemes with or without modification.

1.4 If each Scheme is approved by a majority in number of those Scheme Creditors representing not less than 75% in value of the claims of those Scheme Creditors, present and voting either in person or by proxy at each of the Scheme Meetings applicable to that Scheme, orders will then be sought from the Grand Court sanctioning the Cayman Scheme and from the High Court sanctioning the Hong Kong Scheme (the "**Sanction Orders**").

1.5 If the Sanction Orders are made, then the Schemes will become effective upon copies of those Sanction Orders being delivered to or registered by the relevant companies registrar in Cayman Islands or Hong Kong. Certain conditions will need to be satisfied or waived before the restructuring contemplated by the Schemes will become effective in accordance with the terms of the Schemes. One of those conditions (which may be waived pursuant to the terms of the Schemes) is the making of an order by the United States Bankruptcy Court of New York recognising and giving effect to certain aspects of the compromise and arrangement set out in the Schemes.

1.6 This letter has been sent or made available to you because the directors of the Company (the "**Directors**") consider that you are, or are likely to be, a Scheme Creditor. However, receipt of this letter does not confirm or necessarily mean that you are, or are likely to be, a Scheme Creditor, or that you will be able to participate in or be affected by the Schemes.

2. THE FIRST HEARING AND THE CAYMAN PRACTICE DIRECTION

2.1 The first hearing in respect of the Cayman Scheme, at which orders will be sought (i) approving the Explanatory Statement and other documentation for the Cayman Scheme, and (ii) convening the Scheme Meeting for the Cayman Scheme (the "**Cayman Scheme Meeting**"), is scheduled to be heard in the Grand Court on **4 April 2016 at 9.30am** (the "**First Hearing**"). The Directors are endeavouring to obtain a later date for the first hearing in respect of the Cayman Scheme such that it takes place on 7 or 8 April 2016. The Scheme Creditors will be notified should the Directors be successful in obtaining a later date. The equivalent first hearing in the High Court in respect of the Hong Kong Scheme is yet to be scheduled, but the High Court will be requested to hear it shortly after the First Hearing in the Grand Court.

2.2 In relation to the Cayman Scheme Meeting, the Grand Court has issued a practice direction (Practice Direction No.2/2010 (GCR 0.102, r.20)) providing instructions and guidance about matters which will be considered by the Grand Court at the First Hearing (the "**Cayman Practice Direction**"). The Cayman Practice Direction provides (amongst other things) that:

(a) the First Hearing will normally be heard ex parte, but practitioners should consider giving notice to persons affected by the scheme in cases where class or other issues arise, and where it is practical to do so;

(b) the notice to persons affected should include: (i) a statement of the intention to promote a scheme and of its purpose, (ii) the proposed composition of classes, (iii) any other issue relevant to the jurisdiction of the Grand Court to sanction the scheme, and (iv) any other issue which would unquestionably lead the Grand Court to refuse to sanction the scheme;

(c) the Grand Court will consider at the First Hearing: (i) whether it is appropriate to convene class meetings and, if so, the composition of the classes so as to ensure that each meeting consists creditors whose rights against the company which are to be released or varied under the scheme, or the new rights which the scheme gives in their place, are not so dissimilar as to make it impossible for them to consult together with a view to their common interest, (ii) any other issue which is relevant to its jurisdiction to sanction the scheme, and (iii) any other issue which, although not strictly going to jurisdiction, is such that it would unquestionably lead the Grand Court to refuse to sanction the scheme.

2.3 In this case, the Directors do not believe that the Schemes raise any class composition, jurisdictional or quasi-jurisdictional issues of the type envisaged by the Cayman Practice Direction. As a matter of good practice, the Company nevertheless hereby gives notice of the First Hearing in relation to the Cayman Scheme to all persons who it is thought are, or are likely to be, Scheme Creditors. We set out in this letter the notifications contemplated by the Cayman Practice Direction.

3. THE RESTRUCTURING PROPOSAL

3.1 The Schemes, if sanctioned, would implement a restructuring proposal recommended and approved by the Directors (the "**Restructuring Proposal**"). After considering the position of the Company based on the information available to them, the Directors believe that the Restructuring Proposal and entering into the Scheme Documents are in the best interests of the Company and its creditors.

3.2 The commercial terms of the Restructuring Proposal, as documented in the proposed Schemes, include a mechanism that allows Scheme Creditors to elect to compromise their Scheme Claims in return for new instruments as follows:

(a) Option 1 – New HY Notes and CVRs

Exchange some or all of their Scheme Claims for:

(i) New HY Notes at an exchange ratio of 1.00000x (e.g., $1,000 of Scheme Claims equal to $1,000.00 in New HY Notes) with new principal amounts, new maturity dates and new interest coupon schedules, as provided for in the terms of the New HY Notes and the New Indentures.; and

(ii) CVRs, with a notional value equal to 7% of the aggregate principal amount of the New HY Notes to which such Scheme Creditor would be entitled pursuant to Clause 3.2(a)(i) above, separately tradable as a single instrument on terms as provided for in the CVR Agreement.

Scheme Creditors who fail to submit a valid election by the applicable deadline in relation to any of their Scheme Claims will be deemed to have elected Option 1 for all such Scheme Claims represented by Existing HY Notes and Existing Offshore Loans.

(b) Option 2 – New HY Notes Only

Exchange some or all of their Scheme Claims for New HY Notes at an exchange ratio of 1.02598x (e.g., $1,000 of Scheme Claims equal to $1,025.98 in New HY Notes) with new principal amounts, new maturity dates and new interest coupon schedules, as provided for in the terms of the New HY Notes and the New Indentures.

(c) Option 3 – Mandatorily Exchangeable Bonds

Exchange some or all of their Scheme Claims for Mandatorily Exchangeable Bonds at an exchange ratio of 1.00000x (e.g., $1,000.00 of Scheme Claims equal to $1,000.00 in Mandatorily Exchangeable Bonds) subject to the Cut-Back Mechanism on the terms provided for in the terms of the Mandatorily Exchangeable Bonds and the New Trust Deed.

3.3 Scheme Creditors who fail to submit a valid election by the applicable deadline in relation to any of their Scheme Claims will be deemed to have elected Option 3 for all such Scheme Claims represented by Convertible Bonds, subject to the Cut-Back Mechanism described below. The commercial terms of the Restructuring Proposal, as they relate to the Scheme Creditors, are explained in the Explanatory Statement.

4. CONSTITUTION OF CLASSES

4.1 It is the responsibility of the Directors to formulate the classes of creditors for the purpose of convening meetings to consider and, if thought fit, approve the proposed Schemes.

4.2 The Directors have been advised that the Scheme Creditors fall into a class which, on the basis of the rights against the Company to be released or varied under the Schemes and the new rights that the Schemes will in their place, are not so dissimilar as to make it impossible for them to consult together with a view to their common interest.

4.3 Given the financial condition of the Company, the Directors consider that the most appropriate comparator for assessing the similarities and differences of the rights of Scheme Creditors is a liquidation of the company.

4.4 On the instructions of the Company, Deloitte has prepared an analysis on the return to the Scheme Creditors in a liquidation scenario (the "**Liquidation Analysis**"). A copy of the Liquidation Analysis will be appended to the Explanatory Statement. The Liquidation Analysis concludes that the approximate return to unsecured creditors of the Company in a liquidation, based on various scenarios, will range from 0.34% to 13.67%. This must be compared to the Restructuring Proposal, under which there is no reduction of the principal amounts due to Scheme Creditors, and the Secured Creditors obtain a prospect of full recovery over time.

4.5 The indebtedness of the Company to all but one of the Scheme Creditors is secured by a security package over the assets of the Kaisa group of companies. On the basis of the Liquidation Analysis, the realisable value of that security is negligible. Consequently, there is no material difference between the rights of all of the Scheme Creditors so as to disable them from consulting together with a view to their common interest.

5. THE RESTRUCTURING SUPPORT AGREEMENTS

5.1 A restructuring support agreement ("**RSA**") dated 10 January 2016 was entered into between the Company and certain of its creditors. The RSA was subsequently amended on 17 March 2016. Also on 17 March 2016, a further agreement with respect to support of the Restructuring Proposal was entered into between the Company and additional creditors ("**Support Undertaking**").

5.2 As at the date of this letter, by reason of the RSA and the Support Undertaking, the Restructuring Proposal has 'locked-in' support of creditors holding approximately 80.9% in value of the principal of all claims believed to be held by Scheme Creditors, such that these creditors have committed, on terms, to vote such claims in favour of the Schemes.

5.3 The RSA and Support Undertaking each provide, amongst other things, that the Company and its subsidiaries agree to take all steps that are reasonably necessary to implement the Restructuring Proposal and both the RSA and the Support Undertaking contain a longstop date of 31 July 2016 when the RSA and the Support Undertaking will terminate automatically unless terminated earlier in accordance with their terms.

5.4 Scheme Creditors who signed or acceded to the RSA are entitled to a consent fee of 1.0% (payable pursuant to the terms of the RSA), including those Scheme Creditors who acceded to the RSA during the period 24 January 2016 to 7 February 2016. Scheme Creditors who entered into the Support Undertaking are also entitled to a consent fee of 1.0% (payable pursuant to the terms of the Support Undertaking). The Directors do not consider that such a consent fee, or the existence of the RSA and the Support Undertaking, would prevent the Scheme creditors as a class from consulting with each other with a view to their common interest in relation to the Schemes.

6. SCHEME CREDITOR ISSUES

6.1 If you disagree with the Company's proposal for convening the Cayman Scheme Meetings as outlined above, or you wish to raise any other issues relating to the constitution of the Cayman Scheme Meetings or which might otherwise affect the conduct of the Cayman Scheme Meetings, you should contact the Company's Cayman Islands attorneys, Harney Westwood & Riegels, email: jayson.wood@harneys.com or telephone +1 345 949 8599 as soon as possible and, in any event, no later than 1 April 2016. Scheme Creditors may attend before the Grand Court at the First Hearing in order to raise such arguments.

6.2 Scheme Creditors should be aware that it is likely the Grand Court will expect that issues which may arise as to the constitution of the Cayman Scheme Meeting or which otherwise go to the Grand Court's jurisdiction to sanction the Cayman Scheme ("**Creditor Issues**") should be raised at the First Hearing. While Scheme Creditors who vote at the Cayman Scheme Meeting will be able to appear and raise objections at the hearing to sanction the Cayman Scheme, the Grand Court will expect them to show good reason why they did not raise any Creditor Issue at the First Hearing. If any Scheme Creditor wishes to raise any Creditor Issue it should, therefore, do so at the First Hearing.

6.3 In the event that the Grand Court makes an order approving the form of the Explanatory Statement and convening the Cayman Scheme Meeting, the Company will contact Scheme Creditors again to confirm the details of the Cayman Scheme Meeting and how Scheme Creditors can attend to vote.

6.4 Copies of the draft Explanatory Statement (including the draft Cayman Scheme], the Petition for the Cayman Scheme, the Summons, and a draft Order filed in respect of the hearing before the Grand Court may be made available at www.lucid-is.com/kaisa. The documents are password protected and Scheme Creditors may request the password by contacting Lucid Issuer Services Limited (attention: Sunjeeve Patel/David Shilson at kaisa@lucid-is.com. The password will be provided to Scheme Creditors upon (a) verification that the requesting party is a Scheme Creditor, and (b) the Scheme Creditor executing a non-disclosure agreement for non-disclosure of the terms of the Schemes.

Should you have any queries regarding this letter, please contact the Company's Cayman Islands attorneys, Harney Westwood & Riegels, email: jayson.wood@harneys.com or telephone +1 345 949 8599.

Yours faithfully

For and on behalf of
KAISA GROUP HOLDINGS LTD.

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 0037 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 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.

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

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.

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

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.

Dated this 22nd day of March 2016

[Signature of 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).

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 37 OF 2016

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)
AND IN THE MATTER OF KAISA GROUP HOLDINGS LTD.

SUMMONS

LET ALL PARTIES CONCERNED attend before the Honourable Mr/Madam Justice in Chambers, at the Law Courts, George Town, Grand Cayman on the 4th day of April 2016, at 9:30 am, on the hearing of an application by Kaisa Group Holdings Ltd. (the "**Company**") for an Order that:

1. The Company be at liberty to convene a meeting for all Scheme Creditors (as defined in the proposed scheme of arrangement ("**Cayman Scheme**") which is exhibited to the First Affirmation of Dr. Tam Lai Ling sworn in support of this Summons and the Scheme Petition) in a single class to be held in the Cayman Islands at the offices of Harney Westwood & Riegels, 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (the "**CI Scheme Meeting**") for the purposes of considering and if thought fit, approving with or without modification the Cayman Scheme to be made between the Company and the Scheme Creditors, pursuant to Section 86 of the Companies Law (2013 Revision) (as amended).

2. Directions be given as to the method of giving notice of the CI Scheme Meeting to the Scheme Creditors and the advertisement of the Cayman Scheme.

3. That provision be made for the appointment of a Chairman of the CI Scheme Meeting and that the Chairman be directed to report the results thereof to the Court.

4. An order fixing the date for the substantive hearing of the Scheme Petition.

5. Such further or other relief as this Honourable Court shall see fit.

Dated this 22nd day of March 2016

[Harney Westwood & Riegels]

Harney Westwood & Riegels
Attorneys-at-Law for and on behalf of Kaisa Group Holdings Ltd.

To: The Registrar of the Financial Services Division

And to: All known Scheme Creditors

Time estimate: the estimated length of the hearing of this Summons is 2 hours

THIS SUMMONS was filed by Harney Westwood & Riegels, Attorneys-at-Law for Kaisa Group Holdings Ltd., whose address for service is 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: 042612.0002 – JNW/JGW).

APPENDIX B
MATERIAL FINANCING AND NON-FINANCING TRANSACTION LEGAL PROCEEDINGS AGAINST THE GROUP

The information in this Appendix is as of 31 December 2015

No.	Date of the Claim DD/MM/YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
Cases Relating to Financing Transactions							
1.	6/1/2015	China CITIC Bank Corporation Limited (Shenzhen Branch)	1. Shenzhen Yuefeng Investment Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Yuefeng Investment Co., Ltd. as the debtor.	RMB250 million together with outstanding interest	On 2 March 2015, the company filed a challenge on the jurisdiction in the Shenzhen court, which was rejected. On 3 August 2015, the Group has applied to appeal the rejection of the jurisdiction challenge. The appeal was rejected on 12 November 2015.	Shenzhen City Intermediate People's Court
2.	8/1/2015	Shenzhen Ping An Dahua Huitong Wealth Management Co., Ltd.	1. Zhuhai Zhanda Property Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Kaisa Zhiye Development (Shenzhen) Co., Ltd. 4. Third Party by Joinder: Jincheng Bank Holdings Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Zhuhai Zhanda Property Development Co., Ltd. as the debtor.	RMB352.0 million together with outstanding interest, penalty interest, and compounding interest	The plaintiff has filed a pre-trial application to preserve assets of the defendants under a loan. The Group received assets preservation notices on 2 February 2015 and 20 April 2015.The Group raised a successful challenge on the jurisdiction of the Shenzhen court. The case was transferred to the High People's Court of Guangdong Province. On 25 September 2015, the Group received a trial notice and a notice for evidence submission from the High Court of Guangdong Province.	High People's Court of Guangdong Province

No.	Date of the Claim DD/MM/ YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
3.	8/1/2015	China Railway Trust Co., Ltd.	1. Shenzhen Dapeng Kaisa Property Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd. 3. Third Party by Joinder: Bohai Bank Holdings Ltd. (Shenzhen Branch)	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Dapeng Kaisa Property Development Co., Ltd. as the debtor.	RMB700 million together with outstanding interest	The Group received a notice from the court on 2 February 2015 regarding the plaintiff's pre-trial application to preserve assets of the defendants under a loan. The Group raised a successful challenge on the jurisdiction of the Shenzhen court. On 13 July 2015, the Group received a ruling that the case has been transferred to the High People's Court of Guangdong Province.	High People's Court of Guangdong Province
4.	8/1/2015	China Industrial International Trust Limited	1. Shenzhen Zhengchangtai Investment Consulting Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Shenzhen Zhengshunjing Investment Consulting Co., Ltd. 4. Third Party Joinder: Bohai Bank Shares Ltd. (Shenzhen Branch).	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Zhengchangtai Investment Consulting Co., Ltd.as the debtor.	RMB500 million together with outstanding interest	On 8 April 2015 the Group received a trial notice. The Group raised a successful challenge on the jurisdiction of the Shenzhen court. On 30 June 2015, the Group received a ruling that the case has been transferred to the High People's Court of Guangdong Province.	High People's Court of Guangdong Province

No.	Date of the Claim DD/MM/ YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
5.	8/1/2015	China Bohai Bank Co., Ltd. (Shenzhen Branch)	1. Shenzhen Guanyang Property Development Co., Ltd.; 2. Shenzhen Chuangzhan Hotel Development Co., Ltd.; 3. Shenzhen Chuangzhan Holdings Group Co., Ltd.; 4. Kaisa Group (Shenzhen) Co., Ltd.; 5. Shenzhen Yuanwei Wealth Management Co., Ltd. 6. Third Party Joinder: China Securities Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Guanyang Property Development Co., Ltd. as the debtor.	RMB3,000 million together with outstanding interest and penalty interest.	On 8 April 2015, the Group received a trial notice. The Group raised a successful challenge on the jurisdiction of the Shenzhen court. On 30 June 2015, the Group received a ruling that the case has been transferred to the High Court of Guangdong Province.	Transferred to the High Court of Guangdong Province
6.	8/1/2015	Bank of China Limited (Shenzhen Branch)	1. Shenzhen Yuefeng Investment Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Shenzhen Jililong Shiye Co., Ltd..	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Yuefeng Investment Co., Ltd. as the debtor.	RMB159 million together with outstanding interest, penalty interest, and compounding interest	The plaintiff has filed a pre-trial application to preserve assets of the defendant under a loan. The Group received a trial notice on 21 April 2015. On 29 April 2015, the Group raised a challenge on the jurisdiction of the Shenzhen court, which was rejected on 28 July 2015. The company's further appeal on the jurisdiction was rejected on 6 November 2015.	Shenzhen City Intermediate People's Court

No.	Date of the Claim DD/MM/ YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
7.	8/1/2015	Bank of China Limited (Shenzhen Branch)	1. Shenzhen Dapeng Kaisa Property Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Dapeng Kaisa Property Development Co., Ltd.as the debtor.	RMB165 million together with outstanding interest, penalty interest, and compounding interest	The Group received a notice from the court on 2 February 2015 regarding a pre-trial application to preserve assets of the defendants under a loan. The Group received a trial notice and the complaint on 21 April 2015. On 29 April 2015, the Group raised a challenge on the jurisdiction of the Shenzhen court which was rejected on 29 July 2015. On 5 August 2015, the Group appealed the rejection. The appeal was rejected on 6 November 2015.	Shenzhen City Intermediate People's Court
8.	9/1/2015	Industrial and Commercial Bank of China Limited (Shenzhen Hongwei Branch)	1. Shenzhen Taixiang Huifeng Industrial Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Hunan Xiangyong Property Development Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Taixiang Huifeng Industrial Development Co., Ltd. as the debtor.	RMB340 million together with outstanding interest	The Group received a trial notice on 15 April 2015. The Group raised a challenge on the jurisdiction of the Shenzhen court. On 26 June 2015, the Group received a ruling that the case has been transferred to the High People's Court of Guangdong Province.	High People's Court of Guangdong Province
9.	9/1/2015	Industrial and Commercial Bank of China Limited (Shenzhen Hongwei Branch)	1. Shenzhen Taixiang Huifeng Industrial Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Hunan Xiangyong Property Development Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Taixiang Huifeng Industrial Development Co., Ltd. as the debtor.	RMB105 million together with outstanding interest	The Group received a trial notice on 15 April 2015. The Group raised an unsuccessful challenge on the jurisdiction of the Shenzhen court. On 3 August 2015, the Group appealed the rejection. The appeal was refused on 19 November 2015.	Shenzhen City Intermediate People's Court

No.	Date of the Claim DD/MM/YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
10.	9/1/2015	China Merchants Bank Co., Ltd. (Shenzhen Jinzhonghuan Branch)	1. Shenzhen Yuefeng Investment Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Yuefeng Investment Co., Ltd.as the debtor.	RMB140.2 million together with outstanding interest, penalty interest, and compounding interest	The Group received a trial notice and the complaint on 21 April 2015. On 29 April 2015, the Group raised an unsuccessful challenge on the jurisdiction of the Shenzhen court. On 31 July 2015, the Group appealed the rejection of jurisdiction challenge. The appeal was rejected on 16 November 2015.	Shenzhen City Intermediate People's Court
11.	9/1/2015	China Cinda Asset Management Co., Ltd. (Shenzhen Branch)	1. Kaisa Group (Shenzhen) Co., Ltd.; 2. Boluo Kaisa Property Co., Ltd.; 3. Leisure Land Hotel Property Management Jiangyin Co., Ltd.; 4. Shenzhen Yuefeng Investment Co., Ltd.; 5. Shenzhen Dapeng Kaisa Property Development Co., Ltd.; 6. Shenzhen Kaisa Hotel Management Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Kaisa Group (Shenzhen) Co., Ltd., Boluo Kaisa Property Development Co., Ltd., Leisure Land Hotel Property Management Jiangyin Co., Ltd., Shenzhen Yuefeng Investment Co., Ltd. and Shenzhen Dapeng Kaisa Property Development Co., Ltd.	RMB850 million together with compensation and liquidated damages	The Group received a notice from the court on 2 February 2015 regarding a pre-trial application to preserve assets of the defendants under a loan. The Group received the complaint on 21 April 2015. On 29 April 2015, the Group raised a challenge on the jurisdiction of the Shenzhen court. On 26 June 2015, the Group received a ruling that the case has been transferred to the High People's Court of Guangdong Province. On 8 July 2015, the Group received the appeal by the plaintiff on the transfer.	High People's Court of Guangdong Province

No.	Date of the Claim DD/MM/YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
12.	4/1/2015	Tianjin Mincai Science and Technology Development Co., Ltd.	1. Shenzhen Longgang Kaisa Property Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	These claims concern the defendants' alleged breach of cooperation agreements with the plaintiffs.	RMB500 million together with payment of liquidated damages	On 8 April 2015, the Group received a notice from the commission to attend a hearing on 27 May 2015. On 30 April 2015, the Group raised a challenge on the jurisdiction by the commission, which was not successful. The hearing was held on 27 May 2015. The Group received the Arbitration decision on 16 November 2015.	China International Economic and Trade Arbitration Commission
13.	14/1/2015	Tianjin Haocheng Co., Ltd	1. Kaisa Group Property Development (Shenzhen) Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	These claims concern the defendants' alleged breach of contract with the plaintiffs.	RMB700 million together with payment of liquidated damages	On 8 April 2015, the Group received a notice from the commission to attend a hearing on 27 May 2015. On 30 April 2015, the Group raised a challenge on the jurisdiction by the commission. The hearing was held on 27 May 2015. The Group received the Arbitration decision on 16 November 2015.	China International Economic and Trade Arbitration Commission

No.	Date of the Claim DD/MM/YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
14.	12/1/2015	China Foreign Economy and Trade Trust Co., Ltd.	1. Kaisa Property (Liaoning) Co. Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and the defendants as the debtors.	RMB1,000 million together with unpaid interest, penalty interest and compounded interest.	The Group received a notarised certificate of enforcement from Beijing Zhongxin Notary Office regarding the plaintiff's claim on 23 January 2015. On 4 February 2015, the Group received a ruling in favor of the enforcement notice from the Liaoning High People's Court. On 8 June 2015, the Group received a notice from Liaoning High People's Court that the court would designate Fushun City Intermediate People's Court to execute the enforcement. On 23 June 2015 and 10 July 2015, the Group received Execution Notice and Property Report Order from Fushun City Intermediate People's Court.	Liaoning High People's Court/ Fushun City Intermediate People's Court
15.	13/1/2015	China Foreign Economy and Trade Trust Co., Ltd.	1. Hunan Daye Property Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Foshan Shunde Jingbo Enterprises Business Consulting Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Hunan Daye Property Development Co., Ltd. as the debtor.	RMB1,134 million and liquidated damages.	The Group received a notarised certificate of enforcement on 10 March 2015. On 17 March 2015, the Group received a Mandatory Execution Ruling from Hunan High People's Court. On 18 August 2015, the Group received a ruling from Hunan High People's Court and a Property Report Order from Xiangxizhou Intermediate Court. The case would be executed by Xiangxizhou Intermediate Court.	Hunan High People's Court/ Hengnan Court in Hunan Province/ Xiangxizhou Court in Hunan Province

No.	Date of the Claim DD/MM/YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
16.	13/1/2015	Guangdong Huaxing Bank Co., Ltd. (Shenzhen Branch)	1. Huizhou Weitong Property Co., Ltd.; 2. Huizhou Kaisa Commerce Operation Management Co. Ltd.; 3. Kaisa Group (Shenzhen) Co., Ltd; 4. Yi Qing Investment Company Limited	This claim concerns a loan entered into between the plaintiff as the creditor and Huizhou Weitong Property Co., Ltd. as the debtor.	RMB280 million together with outstanding interest, penalty interest and compounded interest	The Group received a notice from the court on 2 February 2015 regarding the pre-trial application to preserve assets. The Group raised an unsuccessful challenge on the jurisdiction of the court on 1 March 2015.	High People's Court of Guangdong Province
17.	13/1/2015	Bank of Jiangsu Co., Ltd. (Shenzhen Branch); Xinyuan Asset Management Co., Ltd.	1. Shenzhen Yuefeng Investment Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Shenzhen Kaisa Lixin Investment Development Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Yuefeng Investment Co., Ltd.	RMB400 million together with outstanding interest and liquidated damages	The Group received a trial notice on 10 April 2015. The Group raised a challenge on the jurisdiction of the Shenzhen court. The Group received a ruling on jurisdiction on 30 August 2015. The case has been transferred to the High People's Court of Guangdong province.	High People's Court of Guangdong Province
18.	13/1/2015	Agriculture Bank of China Limited (Shenzhen Branch)	1. Shenzhen Yuefeng Investment Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Yuefeng Investment Co., Ltd.	RMB200 million together with outstanding interest	The Group received a trial notice on 10 April 2015, no was summon received. The Group raised a challenge on the jurisdiction of the Shenzhen court which was rejected on 7 August 2015. The Group filed an appeal on 13 August 2015 ruling on jurisdiction. The appeal has been dismissed.	Shenzhen City Intermediate People's Court

No.	Date of the Claim DD/MM/ YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
19.	14/1/2015	Guangzhou Rural Commercial Bank (Pearl River New City Branch)	1. Guangzhou Jiarui Property Development Co., Ltd.; 2. Kaisa Group Holdings Ltd.; 3. Kaisa Group (Shenzhen) Co., Ltd.; 4. Guangdong Kaisa Property Development Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Guangzhou Jiarui Property Development Co., Ltd. as the debtor.	RMB500 million together with outstanding interest and penalty interest	The Group received a notice from the court on 30 January 2015 regarding the pre-trial application to preserve assets of the defendants. Hearing notice was received on 10 February 2015. On 13 February 2015, the Group raised a challenge on the jurisdiction which was rejected on 10 April 2015. The Group's further appeal on the rejection on 13 April 2015 and it was dismissed on 4 August 2015.	High People's Court of Guangdong Province
20.	14/1/2015	Guangzhou Rural Commercial Bank (Pearl River New City Branch)	1. Guangzhou Jiayu Property Development Co., Ltd.; 2. Kaisa Group Holdings Ltd. 3. Kaisa Group (Shenzhen) Co., Ltd.; 4. Guangdong Kaisa Property Development Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Guangzhou Jiayu Property Development Co., Ltd.as the debtor.	RMB500 million together with outstanding interest	The Group received a notice from the court on 30 January 2015 regarding the pre-trial application to preserve assets of the defendants. A notice of trial was received on 10 February 2015. On 13 February 2015, the Group raised a challenge on the jurisdiction which was rejected on 10 April 2015. The Group's further appeal on the rejection on 13 April 2015 and it was dismissed on 4 August 2015.	High People's Court of Guangdong Province

No.	Date of the Claim DD/MM/ YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
21.	14/1/2015	China Cinda Asset Management Co., Ltd. (Guangdong Province Branch)	1. Guangzhou Jiayu Property Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Guangdong Kaisa Property Development Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Guangzhou Jiayu Property Development Co., Ltd. as the debtor.	RMB1,511 million together with outstanding interest	The Group received a notice from the court on 30 January 2015 regarding the plaintiff's pre-trial application to preserve assets of the defendants under a loan. A notice of trial was received on 13 February 2015. The hearing was held on 15 December 2015.	High People's Court of Guangdong Province
22.	13/1/2015	China Cinda Asset Management Co., Ltd. (Liaoning Province Branch)	1. Kaisa Group (Shenzhen) Co., Ltd.; 2. Shenzhen Kaisa Commerce Management Co., Ltd.; 3. Dalian Kaisa Commerce Operation Management Co., Ltd	This claim concerns a loan entered into between the plaintiff as the creditor and Kaisa Group (Shenzhen) Co., Ltd. as the debtor.	RMB440 million together with liquidated damages	On 30 March 2015 the Group received a notice of trial. The Group raised a challenge on the jurisdiction on 1 April 2015 which was rejected. The Group appealed on the rejection, but it was dismissed. The trial hearing was held on 14 October 2015.	High People's Court of Liaoning Province
23.	13/1/2015	Industrial and Commercial Bank of China Limited (Dalian Economic Development Zone Branch)	Dalian Kaisa Commerce Operation Management Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Dalian Kaisa Commerce Operation Management Co., Ltd.	RMB540 million	The Group received a ruling from the court regarding the pre-trial application to preserve assets of the defendants. On 25 March 2015, the Group received a notice of trial. The Group has applied for a jurisdiction challenge on 1 April 2015, but it was unsuccessful. The Group appealed the rejection and the appeal was dismissed on 10 August 2015.	High People's Court of Liaoning Province
24.	9/1/2015	China Everbright Bank Co., Ltd. (Dalian Economic Development Zone Branch)	1. Dalian Huapu Zhiye Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Dalian Huapu Zhiye Co., Ltd.	RMB100 million and unpaid interest	The Group received a pre-trial application to preserve assets of the defendants. On 27 March 2015, the Group received a notice of trial. The trial hearing was held on 14 October 2015.	High People's Court of Liaoning Province

No.	Date of the Claim DD/MM/ YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
25.	9/1/2015	China Everbright Bank Co., Ltd. (Dalian Economic Development Zone Branch)	1. Dalian Huapu Zhiye Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Dalian Huapu Zhiye Co., Ltd.	RMB380 million and unpaid interest	The Group received a ruling from the court regarding the plaintiff's pre-trial application to preserve assets of the defendants under a loan. The Group received the notice of trial on 27 March 2015. The hearing was held on 14 October 2015.	High People's Court of Liaoning Province
26.	15/1/2015	China Zheshang Bank Co., Ltd. (Shenzhen Branch)	1. Shenzhen Dapeng Kaisa Property Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Shenzhen Dehong Management Consulting Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Dapeng Kaisa Property Development Co., Ltd. as the debtor.	RMB65 million and unpaid interest	The Group received a notice of trial from the court on 3 March 2015. The Group raised a challenge on the jurisdiction on 6 March 2015 which was rejected on 9 October 2015.	Shenzhen Futian District People's Court
27.	15/1/2015	China Zheshang Bank Co., Ltd. (Shenzhen Branch)	1. Shenzhen Dapeng Kaisa Property Development Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Shenzhen Dehong Management Consulting Co., Ltd.	This claim concerns a loan entered into between the plaintiff as the creditor and Shenzhen Dapeng Kaisa Property Development Co., Ltd.	RMB65 million and unpaid interest	The Group received a notice of trial from the court on 3 March 2015. The Group raised a challenge on the jurisdiction on 6 March 2015 which was rejected on 9 October 2015.	Shenzhen Futian District People's Court

No.	Date of the Claim DD/MM/YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
28.	26/1/2015	Penghua Fund Management (Shenzhen) Co., Ltd.	1. Shanghai Chengwan Zhaoye Property Development Co., Ltd.; 2. Shanghai Xinwan Investment Development Co., Ltd.; 3. Kaisa Group (Shenzhen) Co., Ltd.; 4. Kaisa Group Holdings Co., Ltd.	This claim concerns a loan agreement entered into between the plaintiff as the creditor and Shanghai Xinwan Investment Development Co., Ltd.as the debtors.	RMB232.4 million together with liquidated damages.	On 19 March the Grouip received an arbitration notice. The hearing was held on 29 May 2015. The arbitration ruling was received on 27 August 2015.	China International Economic and Trade Arbitration Commission, South China Sub-Commission
29.	27/2/2015	Xiamen International Trust & Investment Co., Ltd.	1. Shenzhen Dapeng Kaisa Property Development Co., Ltd; 2. Kaisa Group (Shenzhen) Co., Ltd.; 3. Kaisa Group Holdings Co., Ltd.	This claim concerns a loan agreement entered into between the plaintiff as the creditor and Shenzhen Dapeng Kaisa Property Development Co., Ltd. as the debtor.	RMB67.5 million together with penalty interest, outstanding interest and liquidated damages	The Group received a notice from the court on 2 March 2015 for trial. On 16 March 2015, the Group raised a challenge on the jurisdiction, which was rejected on 15 May 2015. The Group filed an appeal on 22 May 2015 which was rejected on 29 October 2015. The trial took place on 10 December 2015.	High People's Court of Fujian Province

No.	Date of the Claim DD/MM/YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
30.	3/11/2015	Wanxiang Trust Company Limited	1. Hunan Xiangyong Property Development Co., Ltd.; 2. Shenzhen Taixiang Huifeng Industrial Development Co., Ltd.; 3. Kaisa Group (Shenzhen) Co., Ltd.; 4. Hunan Kaisa Property Development Co., Ltd	This claim concerns a loan agreement entered into between the plaintiff as the creditor and the Hunan Xiangyong Property Development Co., Ltd. as the debtor.	RMB647.6 million together with unpaid interest and liquidated damages	The Group received the notice of trial on 10 November 2015. The Group made an application to challenge the jurisdiction on 20 November 2015, which was rejected on 2 December 2015.	High People's Court of Zhejiang Province
31.	3/11/2015	Wanxiang Trust Company Limited	1. Hunan Xiangyong Property Development Co., Ltd.; 2. Shenzhen Taixiang Huifeng Industrial Development Co., Ltd.; 3. Kaisa Group (Shenzhen) Co., Ltd.; 4. Hunan Kaisa Property Development Co., Ltd	This claim concerns a loan agreement entered into between the plaintiff as the creditor and the Hunan Xiangyong Property Development Co., Ltd. as the debtor.	RMB293.9 million together with unpaid interest, and liquidated damages.	The Group received the notice of trial on 10 November 2015. The Group made an application to challenge the jurisdiction on 20 November 2015, which was rejected on 2 December 2015.	High People's Court of Zhejiang Province
32.	8/1/2015	China Everbright Bank Co., Ltd. (Qingdao Branch)	1. Kaisa Xindu Zhiye (Qingdao) Co., Ltd.; 2. Kaisa Group (Shenzhen) Co., Ltd.	This claim concerns a loan agreement entered into between the plaintiff as the creditor and Kaisa Xindu Zhiye (Qingdao) Co., Ltd. as the debtor.	RMB268.8 million together with unpaid interest.	The Group received the notice of trial on 23 March 2015. On 26 March 2015 the Group filed a successful challenge on jurisdiction. The case has been transferred to High People's Court of Shandong Province and the Group received a notice of hearing on 4 December 2015.	High People's Court of Shandong Province

No.	Date of the Claim DD/MM/ YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/ Arbitration)
Cases Relating to Non-Financing Transactions							
1.	31/3/2015	Hitachi Elevator (China) Co., Ltd.	Chengdu Jinxinrui Property Development Co., Ltd.	The claim concerns a purchase sale agreement entered into between the plaintiff and the defendant.	RMB5.63 million	The hearing trial hearing was held on 15 October 2015.	Chengdu City Intermediate People's Court
2.	21/5/2015	Chongqing Ririshun Electrical Appliance Sales Co., Ltd.	Kaisa Property (Suzhong) Co., Ltd	The claim concerns a purchase sale agreement entered into between the plaintiff and the defendants.	RMB16.64 million	The trial hearing was held on 14 October 2015, no ruling was issued yet.	Suzhong County People's Court
3.	26/5/2015	CSCEC No. 8 Engineering Bureau Co., Ltd.	Kaisa Property (Liaoning) Co., Ltd.	This claim concerns a construction agreement entered into between the plaintiff and the defendant.	RMB203.27 million	The Group received the notice of trial in June 2015. The Group filed an unsuccessful challenge on jurisdiction. Subsequently, the plaintiff and the defendant reached a settlement and the court allowed the plaintiff to cancel the proceeding on 28 January 2016.	High People's Court of Liaoning Province
4.	3/6/2015	Chengdu Jinrui Fire Engineering Co., Ltd	Kaisa Zhiye (Nanchong) Co., Ltd.	This claim concerns a contractor agreement entered into between the plaintiff and the defendant.	RMB5.43 million	The trial was heard. Judgment has not been handed down yet.	Nanchong City Shunqing District People's Court

No.	Date of the Claim DD/MM/YYYY	Plaintiff	Defendant	Subject of the Claim	Claim Amount	Status	Relevant Court (Litigation/Arbitration)
5.	4/6/2015	CSCEC No. 5 Bureau Huadong Construction Co., Ltd.	Kaisa Property (Shanghai) Co., Ltd.	This claim concerns a construction agreement entered into between the plaintiff and the defendant.	RMB55.85 million	The Group received the notice of trial on 12 June 2015. The Group filed an unsuccessful challenge on jurisdiction. Subsequently, the plaintiff and the defendant reached a settlement. On 28 January 2016, the court issued a notice of civil case settlement.	Shanghai City Jiading District People's Court
6.	13/2/2015	Zhuhai City Wanzai Town Asset Management Centre	Zhuhai Zhanda Property Development Co., Ltd.	This claim concerns a house demolition resettlement compensation contract entered into between the plaintiff and the defendant.	Return properties with GFA of 5,281.98 square meters	The Group received a hearing notice from the court on 25 March 2015. The trial commenced on 20 May 2015. No judgment has been handed down yet.	Zhuhai City Xiangzhou District People's Court
7.	13/2/2015	Zhuhai City Xiangzhou District Wanzai Town Office	Zhuhai Zhanda Property Development Co., Ltd.	This claim concerns a house demolition resettlement contract entered into between the plaintiff and the defendant.	Return properties with GFA of 3,645.58 square meters	The Group received a hearing notice from the court on 25 March 2015. The trial commenced on 20 May 2015. No judgment has been handed down yet.	Zhuhai City Xiangzhou District People's Court

APPENDIX C
THE GROUP'S PROPERTIES

Property development projects

Information on the Group's 87 property development projects as at 30 September 2015:

No.	Project	City	Type[1]	Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA: Completed Properties (sq. m.)	Total GFA: Properties under Development (sq. m.)	Total GFA: Properties held for Future Development (sq. m.)	Interest Attributable to the Group
	The Pearl River Delta (珠江三角洲)									
1.	Shenzhen Woodland Height (深圳桂芳園)[5]	Shenzhen	Residential	1–8	160,514	580,135	580,135	–	–	100%
2.	Shenzhen Mocha Town (深圳可園)	Shenzhen	Residential	1–7	185,724	735,299	735,299	–	–	100%
3.	Shenzhen Kaisa Center (深圳佳兆業中心)[2][5]	Shenzhen	Residential	–	5,966	98,241	98,241	–	–	100%
4.	Shenzhen Lake View Place (深圳水岸新都)	Shenzhen	Residential	1–5	182,064	388,626	388,626	–	–	100%
5.	Shenzhen Xiangrui Garden (深圳香瑞園)	Shenzhen	Residential	–	57,984	143,796	143,796	–	–	100%
6.	Shenzhen Mingcui Garden (深圳茗萃園)	Shenzhen	Residential	1–4	102,439	394,663	394,663	–	–	100%
7.	Shenzhen Jincui Garden (深圳金翠園)	Shenzhen	Residential	–	9,066	105,830	105,830	–	–	100%
8.	Shenzhen Shangpin Garden (深圳上品雅園)	Shenzhen	Residential	–	45,829	231,572	231,572	–	–	100%
9.	Shenzhen Kaisa Global Center (深圳佳兆業環球中心)[7]	Shenzhen	Commercial	–	14,411	142,000	–	–	142,000	100%
10.	Shenzhen Metro City (深圳大都匯大廈)[2]	Shenzhen	Residential	–	5,241	124,479	124,479	–	–	100%
11.	Shenzhen Kaisa City Plaza (深圳佳兆業城市廣場)	Shenzhen	Residential	1–4	242,190	1,772,330	529,767	628,800	613,763	80%
12.	Shenzhen Kaisa Metropolitan Homeland (深圳佳兆業新都匯家園)[2]	Shenzhen	Residential	–	19,393	138,892	138,892	–	–	100%
13.	Shenzhen Dapeng Kaisa Peninsula Resort (深圳大鵬佳兆業假日廣場)	Shenzhen	Commercial	1–2	48,256	186,466	186,466	–	–	100%

No.	Project	City	Type[1]	Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA: Completed Properties (sq. m.)	Total GFA: Properties under Development (sq. m.)	Total GFA: Properties held for Future Development (sq. m.)	Interest Attributable to the Group
14.	Shenzhen Kaisa Yuefeng Garden (深圳佳兆業悅峰花園)	Shenzhen	Residential	1–2	47,890	1165,345	165,345	–	–	100%
15.	Shenzhen Shanhai City (深圳佳兆業山海城)[7]	Shenzhen	Residential	1–3	170,312	646,929	100,203	–	546,726	100%
16.	Shenzhen Dapeng Xiasha Project (深圳大鵬下沙項目)[3]	Shenzhen	Commercial	1–4	869,838	466,130	–	–	466,130	51%
17.	Shenzhen Kaisa Qianhai Plaza (深圳佳兆業前海廣場)	Shenzhen	Residential	1–2	49,582	296,535	145,995	–	150,540	51%
18.	Shenzhen Golden Bay Hotel (深圳金沙灣酒店)	Shenzhen	Commercial	–	34,450	77,834	77,834	–	–	100%
19.	Guangzhou Jinmao (廣州金貿)[2][6]	Guangzhou	Commercial	–	14,192	233,322	233,322	–	–	100%
20.	Guangzhou Kaisa Plaza (廣州佳兆業廣場)	Guangzhou	Commercial	–	7,106	117,522	117,522	–	–	100%
21.	Guangzhou Monarch Residence (廣州君匯上品園)	Guangzhou	Residential	–	7,707	56,666	56,666	–	–	100%
22.	Guangzhou Kaisa Yihao Garden (廣州佳兆業逸灝苑)	Guangzhou	Residential	–	15,178	86,138	–	86,138	–	100%
23.	Guangzhou Tongbao Project (廣州同寶項目)	Guangzhou	Residential	–	65,627	234,813	–	234,813	–	100%
24.	Guangzhou Sky Mansion (廣州佳兆業天裕園)	Guangzhou	Residential	–	19,671	80,854	–	80,854	–	100%
25.	Guangzhou Kaisa Magnifique Plaza (廣州佳兆業盛世廣場)	Guangzhou	Residential	1–4	193,789	761,925	–	483,433	278,492	100%
26.	Foshan Shunde Kaisa Mocha Town (佛山順德佳兆業可園)	Foshan	Residential	1–2	71,200	234,422	234,422	–	–	100%
27.	Foshan Shunde Kaisa Shangpin Garden (佛山順德佳兆業上品雅園)	Foshan	Residential	–	32,819	98,021	98,021	–	–	100%
28.	Foshan Shunde Kaisa Golden World (佛山順德佳兆業金域花園)	Foshan	Residential	1–6	197,584	389,894	220,563	169,331	–	100%

No.	Project	City	Type[1]	Project Phase	Site Area (*sq. m.*)	Total GFA (*sq. m.*)	Total GFA: Completed Properties (*sq. m.*)	Total GFA: Properties under Development (*sq. m.*)	Total GFA: Properties held for Future Development (*sq. m.*)	Interest Attributable to the Group
29.	Huizhou Kaisa Mansion No. 1 (惠州佳兆業壹號)	Huizhou	Residential	–	89,998	260,577	–	260,577	–	100%
30.	Huizhou Kaisa Center (惠州佳兆業中心)[5][7]	Huizhou	Commercial	1–3	70,871	729,650	108,293	621,357	–	100%
31.	Huizhou Riverbank New Town (惠州東江新城)	Huizhou	Residential	1–10	1,663,969	4,326,319	361,260	244,959	3,720,100	100%
32.	Huizhou Huidong Yapojiao Project (惠州惠東亞婆角項目)[3]	Huizhou	Residential	1–3	169,331	295,754	–	–	295,754	100%
33.	Zhuhai Lake View Waldorf Garden (珠海水岸華都花園)	Zhuhai	Residential	1–2	53,529	321,688	111,061	69,327	141,300	100%
34.	Zhuhai Golden World (珠海御金山花園)	Zhuhai	Residential	1–3	192,711	334,767	102,098	–	232,668	100%
	The Western China Region (西部地區)									
35.	Chengdu Kaisa Monarch Residence (成都佳兆業君匯上品)	Chengdu	Residential	1–6	182,666	1,041,531	1,041,531	–	–	100%
36.	Chengdu Lijing Harbour (成都麗晶港)	Chengdu	Residential	–	150,071	761,542	761,542	–	–	100%
37.	Chengdu Modern Town (成都現代城)	Chengdu	Commercial	1–10	133,269	362,420	362,420	–	–	100%
38.	Chengdu Kaisa Mansion No. 8 (成都佳兆業8號)	Chengdu	Residential	1–6	120,570	560,656	242,592	98,256	219,808	80%
39.	Chengdu Kaisa City Plaza (成都佳兆業城市廣場)	Chengdu	Residential	1–4	112,195	460,901	–	268,097	192,804	70%
40.	Chengdu Kaisa Leading Town (成都佳兆業麗晶公館)[3]	Chengdu	Residential	1–3	57,837	342,533	–	236,017	106,516	100%
41.	Nanchong Kaisa Plaza (南充佳兆業廣場)	Nanchong	Residential	–	29,541	116,390	116,390	–	–	100%
42.	Nanchong Monarch Residence (南充君匯上品)	Nanchong	Residential	1–8	256,187	809,265	598,758	210,507	–	100%

No.	Project	City	Type[1]	Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA: Completed Properties (sq. m.)	Total GFA: Properties under Development (sq. m.)	Total GFA: Properties held for Future Development (sq. m.)	Interest Attributable to the Group
43.	Chongqing Kaisa Plaza (重慶佳兆業廣場)	Chongqing	Residential	1–2	84,980	394,977	–	394,977	–	100%
44.	Chongqing Kaisa Bright Harbour (重慶佳兆業濱江新城)	Chongqing	Residential	1–10	324,329	949,468	–	247,877	701,591	100%
	The Pan-Bohai Bay Rim (環渤海)									
45.	Shenyang Kaisa Center (瀋陽佳兆業中心)[7]	Shenyang	Commercial	–	30,983	292,331	–	292,331	–	100%
46.	Yingkou Dragon Bay (營口龍灣)[3]	Yingkou	Residential	1–2	220,669	528,768	–	347,443	181,325	72%
47.	Yingkou Monarch Residence (營口君匯上品)[3]	Yingkou	Residential	1–2	103,500	344,265	233,745	–	110,520	100%
48.	Anshan Lake View Waldorf (鞍山水岸華府)[3]	Anshan	Residential	1–3	196,810	561,938	267,627	–	294,311	100%
49.	Anshan Monarch Residence (鞍山君匯上品)[3]	Anshan	Residential	1–2	129,739	389,216	–	–	389,216	100%
50.	Anshan Kaisa Plaza (鞍山佳兆業廣場)[2][5]	Anshan	Commercial	–	11,238	80,284	72,264	–	8,020	100%
51.	Benxi Lake View Place (本溪水岸新都)	Benxi	Residential	–	122,200	323,120	253,271	69,849	–	100%
52.	Panjin Kaisa Center (盤錦佳兆業中心)	Panjin	Residential	1–2	52,812	380,091	170,716	–	209,375	71%
53.	Huludao Suizhong Kaisa Dongdaihe (葫蘆島綏中佳兆業東戴河)[3]	Huludao	Residential	1–4	1,339,750	2,334,970	47,581	672,482	1,614,907	100%
54.	Weifang Kaisa Golden World (濰坊佳兆業金域天下)	Weifang	Residential	1–3	164,469	185,789	–	131,112	54,677	100%
55.	Qingdao Kaisa Lake View Place (青島佳兆業水岸新都)	Qingdao	Residential	1–3	229,865	358,291	–	268,314	89,977	100%
56.	Liaoyang Gongchangling Project (遼陽弓長嶺區項目)	Liaoyang	Residential	–	372,427	309,114	–	–	309,114	100%

No.	Project	City	Type[1]	Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA: Completed Properties (sq. m.)	Total GFA: Properties under Development (sq. m.)	Total GFA: Properties held for Future Development (sq. m.)	Interest Attributable to the Group
57.	Dandong Kaisa Mansion No. 1 (丹東佳兆業壹號)[3]	Dandong	Residential	1–4	133,340	293,326	–	124,946	168,380	100%
58.	Dalian Kaisa Center (大連佳兆業中心)	Dalian	Commercial	–	26,610	156,239	–	156,239	–	100%
59.	Dalian Kaisa Plaza (大連佳兆業廣場)	Dalian	Commercial	–	15,955	78,454	78,454	–	–	100%
	The Central China Region (華中地區)									
60.	Changsha Lake View Place (長沙水岸新都)	Changsha	Residential	1–4	686,667	933,299	809,628	123,671	–	100%
61.	Changsha Kaisa Times Square (長沙佳兆業時代廣場)	Changsha	Residential	–	21,770	107,431	107,431	–	–	100%
62.	Changsha Meixi Lake Project (長沙梅溪湖項目)	Changsha	Residential	1–3	98,194	482,112	–	–	482,112	100%
63.	Zhuzhou Golden World (株洲金域天下)	Zhuzhou	Residential	1–3	222,177	596,593	596,593	–	–	100%
64.	Wuhan Golden World (武漢金域天下)	Wuhan	Residential	1–3	181,493	601,939	419,813	182,126	–	100%
65.	Wuhan Kaisa Mansion No. 1 (武漢佳兆業壹號花園)	Wuhan	Residential	–	40,351	156,763	–	156,763	–	100%
	The Yangtze River Delta (長江三角洲)									
66.	Jiangyin Lake View Place (江陰水岸新都)	Jiangyin	Residential	1–3	225,530	272,274	272,274	–	–	100%
67.	Jiangyin Gushan Mocha Town (江陰顧山可園)	Jiangyin	Residential	1–4	76,465	132,849	132,849	–	–	100%
68.	Jiangyin Kaisa Plaza (江陰佳兆業廣場)[7]	Jiangyin	Residential	1–3	158,240	424,359	424,359	–	–	100%
69.	Jiangyin Zhouzhuang Golden World (江陰周莊金域天下花園)	Jiangyin	Residential	1–2	103,589	220,546	110,587	–	109,959	100%

No.	Project	City	Type(1)	Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA: Completed Properties (sq. m.)	Total GFA: Properties under Development (sq. m.)	Total GFA: Properties held for Future Development (sq. m.)	Interest Attributable to the Group
70.	Jiangyin Changjing Lake View Waldorf (江陰長涇水岸華府)	Jiangyin	Residential	1–2	93,275	139,461	55,349	–	84,112	100%
71.	Jiangyin Tonghui Garden (江陰通惠花苑)	Jiangyin	Residential	–	41,440	71,244	71,244	–	–	51%
72.	Jiangyin Fuqiao Homeland (江陰浮橋家苑)	Jiangyin	Residential	–	35,801	110,354	110,354	–	–	51%
73.	Changzhou Phoenix Lake No. 1 (常州鳳凰湖壹號)	Changzhou	Residential	1–2	101,819	253,356	253,356	–	–	100%
74.	Taizhou Kaisa Mansion No. 1 (泰州佳兆業壹號公館)	Taizhou	Residential	1–5	192,505	385,010	72,876	–	312,134	51%
75.	Shanghai Shanhuwan Garden (上海珊湖灣雅園)	Shanghai	Residential	1–4	104,796	140,151	140,151	–	–	100%
76.	Shanghai Shangpin Garden (上海尚品雅苑)	Shanghai	Residential	–	23,307	85,096	85,096	–	–	100%
77.	Shanghai Xiangyi Garden (上海香溢雅苑)	Shanghai	Residential	1–2	143,053	333,472	198,020	–	135,452	100%
78.	Shanghai Kaisa City Plaza (上海佳兆業城市廣場)	Shanghai	Residential	1–3	117,257	331,724	–	331,724	–	100%
79.	Shanghai Pudong Project (上海浦東項目)	Shanghai	Commercial	–	11,088	78,588	–	–	78,588	51%
80.	Shanghai Monarch Residence (上海君匯上品)	Shanghai	Residential	1–2	99,968	207,871	–	–	207,871	100%
81.	Taicang Lake View Waldorf (太倉水岸華府)	Taicang	Residential	1–3	87,741	201,346	201,346	–	–	100%
82.	Hangzhou Jade Dragon Court (杭州玖瓏雅苑)	Hangzhou	Residential	–	39,376	98,041	98,041	–	–	100%
83.	Hangzhou Kaisa Monarch Residence (杭州佳兆業君匯上品)	Hangzhou	Residential	–	36,595	100,849	–	100,849	–	100%
84.	Hangzhou Puyu Court (杭州璞玉雅園)	Hangzhou	Residential	–	74,779	207,476	–	207,476	–	100%
85.	Suzhou Kaisa Plaza (蘇州佳兆業廣場)	Suzhou	Residential	1–2	33,234	119,989	–	72,448	47,541	100%
86.	Suzhou Kaisa Monarch Residence (蘇州佳兆業君匯上品)	Suzhou	Residential	1–2	59,629	197,069	–	197,069	–	100%

No.	Project	City	Type[(1)]	Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA: Completed Properties (sq. m.)	Total GFA: Properties under Development (sq. m.)	Total GFA: Properties held for Future Development (sq. m.)	Interest Attributable to the Group
87.	Nanjing Kaisa City Plaza (南京佳兆業城市廣場)	Nanjing	Residential	1–3	114,833	403,206	–	101,878	301,328	100%
	Total[(4)]				**12,943,415**	**35,065,781**	**14,196,630**	**7,872,040**	**12,997,111**	

Notes:

(1) Residential properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities.

(2) The projects are renovation developments of once distressed assets and partially completed properties.

(3) Including

(i) Shenzhen Dapeng Xiasha Project;

(ii) a portion of land with a site area of 86,637 sq.m. for Yingkou Dragon Bay;

(iii) a portion of land with a site area of 31,578 sq.m. for Yingkou Monarch Residence;

(iv) a portion of land with a site area of 219,792 sq.m. for Anshan Lake View Waldorf;

(v) a portion of land with a site area of 29,862 sq.m. for Anshan Monarch Residence;

(vi) a portion of land with a site area of 358,051 sq.m. for Huludao Suizhong Kaisa Dongdaihe;

for which as at 30 September 2015 the Group had not obtained the land use rights certificates, but have entered into land grant contracts or obtained confirmation from the relevant land and resources bureau that the Group had been selected as the winner of the public listing-for-sale process.

(4) Including completed properties sold.

(5) Including certain commercial spaces held for investment. Such commercial spaces are held medium term lease (for Shenzhen Woodland Height, Shenzhen Kaisa Center, Phase 1 of Huizhou Kaisa Center and a portion of Anshan Kaisa Plaza, with GFA attributable to the Group of approximately 14,228 sq.m., 15,544 sq.m., 12,008 sq.m. and 36,063 sq.m., respectively).

(6) Including certain commercial spaces and car parks held for investment under medium term lease, with an aggregate GFA of approximately 41,951 sq.m.

(7) Including certain office and commercial spaces held for investment. Such office and commercial spaces are held under medium term lease (for Phase 2 of Huizhou Kaisa Center, Shenzhen Kaisa Global Center, Shenzhen Kaisa Shanhai City, Jiangyin Kaisa Plaza and Shenyang Kaisa Center, with GFA of approximately 147,134 sq.m., 142,000 sq.m., 66,736 sq.m., 57,611 sq.m. and 113,219 sq.m., respectively).

(8) As at 30 September 2015, completed properties held for sale had a total GFA of approximately 1,680,093 sq.m.

Completed properties

Information on the Group's completed property projects or project phases as 30 September 2015.

No.[1]	Project	City	Type	Completed Project Phase	Site Area *(sq. m.)*	Total GFA *(sq. m.)*	Total GFA Completed Properties *(sq. m.)*	Interest Attributable to the Group
1	Shenzhen Woodland Height (深圳桂芳園)	Shenzhen	Residential	1–8	160,514	580,135	580,135	100%
2	Shenzhen Mocha Town (深圳可園)	Shenzhen	Residential	1–7	185,724	735,299	735,299	100%
3	Shenzhen Kaisa Center (深圳佳兆業中心)	Shenzhen	Residential	–	5,966	98,241	98,241	100%
4	Shenzhen Lake View Place (深圳水岸新都)	Shenzhen	Residential	1–5	182,064	388,626	388,626	100%
5	Shenzhen Xiangrui Garden (深圳香瑞園)	Shenzhen	Residential	–	57,984	143,796	143,796	100%
6	Shenzhen Mingcui Garden (深圳茗萃園)	Shenzhen	Residential	1–4	102,439	394,663	394,663	100%
7	Shenzhen Jincui Garden (深圳金翠園)	Shenzhen	Residential	–	9,066	105,830	105,830	100%
8	Shenzhen Shangpin Garden (深圳上品雅園)	Shenzhen	Residential	–	45,829	231,572	231,572	100%
10	Shenzhen Metro City (深圳大都匯大廈)	Shenzhen	Residential	–	5,241	124,479	124,479	100%
11	Shenzhen Kaisa City Plaza (深圳佳兆業城市廣場)	Shenzhen	Residential	1–4	242,190	1,772,330	529,767	80%
12	Shenzhen Kaisa Metropolitan Homeland (深圳佳兆業新都匯家園)	Shenzhen	Residential	–	19,393	138,892	138,892	100%
13	Shenzhen Dapeng Kaisa Peninsula Resort (深圳大鵬佳兆業假日廣場)	Shenzhen	Commercial	1–2	48,256	186,466	186,466	100%
14	Shenzhen Kaisa Yuefeng Garden (深圳佳兆業悅峰花園)	Shenzhen	Residential	1–2	47,890	165,345	165,345	100%
15	Shenzhen Kaisa Shanhai City (深圳佳兆業山海城)	Shenzhen	Residential	–	170,312	646,929	100,203	100%
17	Shenzhen Kaisa Qianhai Plaza (深圳佳兆業前海廣場)	Shenzhen	Residential	1	49,582	296,535	145,995	51%
18	Shenzhen Golden Bay Hotel (深圳金沙灣酒店)	Shenzhen	Commercial	–	34,450	77,834	77,834	100%
19	Guangzhou Jinmao (廣州金貿)	Guangzhou	Commercial	–	14,192	233,322	233,322	100%

No.[1]	Project	City	Type	Completed Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA Completed Properties (sq. m.)	Interest Attributable to the Group
20	Guangzhou Kaisa Plaza (廣州佳兆業廣場)	Guangzhou	Commercial	–	7,106	117,522	117,522	100%
21	Guangzhou Monarch Residence (廣州君匯上品園)	Guangzhou	Residential	–	7,707	56,666	56,666	100%
26	Foshan Shunde Kaisa Mocha Town (佛山順德佳兆業可園)	Foshan	Residential	1–2	71,200	234,422	234,422	100%
27	Foshan Shunde Kaisa Shangpin Garden (佛山順德佳兆業上品雅園)	Foshan	Residential	–	32,819	98,021	98,021	100%
28	Foshan Shunde Kaisa Golden World (佛山順德佳兆業金域天下)	Foshan	Residential	1–5	197,584	389,894	220,563	51%
30	Huizhou Kaisa Center (惠州佳兆業中心)	Huizhou	Commercial	1	70,871	729,650	108,293	100%
31	Huizhou Riverbank New Town (惠州東江新城)	Huizhou	Residential	2–4	1,663,969	4,326,319	361,260	100%
33	Zhuhai Lake View Waldorf Garden (珠海水岸華都花園)	Zhuhai	Residential	1–2	53,529	321,688	111,061	100%
34	Zhuhai Golden World (珠海御金山花園)	Zhuhai	Residential	1	192,711	334,767	102,098	100%
35	Chengdu Kaisa Monarch Residence (成都佳兆業君匯上品)	Chengdu	Residential	1–6	182,666	1,041,531	1,041,531	100%
36	Chengdu Lijing Harbour (成都麗晶港)	Chengdu	Residential	–	150,071	761,542	761,542	100%
37	Chengdu Modern Town (成都現代城)	Chengdu	Commercial	1–10	133,269	362,420	362,420	100%
38	Chengdu Kaisa Mansion No. 8 (成都佳兆業8號)	Chengdu	Residential	1–3	120,570	560,656	242,592	80%
41	Nanchong Kaisa Plaza (南充佳兆業廣場)	Nanchong	Residential	–	29,541	116,390	116,390	100%
42	Nanchong Monarch Residence (南充君匯上品)	Nanchong	Residential	1–6	256,187	809,265	598,758	100%
47	Yingkou Monarch Residence (營口君匯上品)	Yingkou	Residential	1	103,500	344,265	233,745	100%
48	Anshan Lake View Waldorf (鞍山水岸華府)	Anshan	Residential	1–2	196,810	561,938	267,627	100%
50	Anshan Kaisa Plaza (鞍山佳兆業廣場)	Anshan	Commercial	–	11,238	80,284	72,264	100%

No.[1]	Project	City	Type	Completed Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA Completed Properties (sq. m.)	Interest Attributable to the Group
51	Benxi Lake View Place (本溪水岸新都)	Benxi	Residential	–	122,200	323,120	253,271	100%
52	Panjin Kaisa Center (盤錦佳兆業中心)	Panjin	Residential	1	52,812	380,091	170,716	71%
53	Huludao Suizhong Kaisa Dongdaihe (葫蘆島綏中佳兆業東戴河)	Huludao	Residential	1	1,339,750	2,334,969	47,581	100%
59	Dalian Kaisa Plaza (大連佳兆業廣場)	Dalian	Commercial	–	15,955	78,454	78,454	100%
60	Changsha Lake View Place (長沙水岸新都)	Changsha	Residential	1–3	686,667	933,299	809,628	100%
61	Changsha Kaisa Times Square (長沙佳兆業時代廣場)	Changsha	Residential	–	21,770	107,431	107,431	100%
63	Zhuzhou Golden World (株洲金域天下)	Zhuzhou	Residential	1–3	222,177	596,593	596,593	100%
64	Wuhan Golden World (武漢金域天下)	Wuhan	Residential	1–2	181,493	601,939	419,813	100%
66	Jiangyin Lake View Place (江陰水岸新都)	Jiangyin	Residential	1–3	225,530	272,274	272,274	100%
67	Jiangyin Gushan Mocha Town (江陰顧山可園)	Jiangyin	Residential	1–4	76,465	132,849	132,849	100%
68	Jiangyin Kaisa Plaza (江陰佳兆業廣場)	Jiangyin	Residential	1–3	158,240	424,359	424,359	100%
69	Jiangyin Zhouzhuang Golden World (江陰周莊金域天下花園)	Jiangyin	Residential	1	103,589	220,546	110,587	100%
70	Jiangyin Changjing Lake View Waldorf (江陰長涇水岸華府)	Jiangyin	Residential	1	93,275	139,461	55,349	100%
71	Jiangyin Tonghui Garden (江陰通惠花苑)	Jiangyin	Residential	–	41,440	71,244	71,244	51%
72	Jiangyin Fuqiao Homeland (江陰浮橋家苑)	Jiangyin	Residential	–	35,801	110,354	110,354	51%
73	Changzhou Phoenix Lake No. 1 (常州鳳凰湖壹號)	Changzhou	Residential	1–2	101,819	253,356	253,356	100%
74	Taizhou Kaisa Mansion No. 1 (泰州佳兆業一號公館)	Taizhou	Residential	1–2	192,505	385,010	72,876	51%
75	Shanghai Shanhuwan Garden (上海珊湖灣雅園)	Shanghai	Residential	1–4	104,796	140,151	140,151	100%
76	Shanghai Shangpin Garden (上海尚品雅苑)	Shanghai	Residential	–	23,307	85,096	85,096	100%

No.[1]	Project	City	Type	Completed Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA Completed Properties (sq. m.)	Interest Attributable to the Group
77	Shanghai Xiangyi Garden (上海香溢雅苑)	Shanghai	Residential	1	143,053	333,472	198,020	100%
81	Taicang Lake View Waldorf (太倉水岸華府)	Taicang	Residential	1–3	87,741	201,346	201,346	100%
82	Hangzhou Jade Dragon Court (杭州玖瓏雅苑)	Hangzhou	Residential	–	39,376	98,041	98,041	100%
	Total				**8,932,201**	**25,790,989**	**14,196,630**	

Note:

1. Numbering for each project corresponds to the numbering for such projects in the table setting forth the 87 property development projects as at 30 September 2015.

Properties under development

Information on the Group's property projects or project phases under development as at 30 September 2015. The Group has obtained land use rights certificates and construction works commencement permits for all of its properties under development.

Project	City	Project Phase	Total GFA or Estimated Total GFA *(sq. m.).*	Saleable GFA or Estimated Total Saleable GFA *(sq. m.)*	Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to the Group
Shenzhen Kaisa City Plaza (深圳佳兆業城市廣場)	Shenzhen	2	628,800	360,300	March 2014	Yes	2018 1st quarter	80%
Guangzhou Kaisa Yihao Garden (廣州佳兆業逸灝苑)	Guangzhou	–	86,138	46,700	November 2014	Not yet obtained	2018 3rd quarter	100%
Guangzhou Tongbao Project (廣州同寶項目)	Guangzhou	–	234,813	82,621	November 2014	Yes	2016 4th quarter	100%
Guangzhou Sky Mansion (廣州佳兆業天裕園)	Guangzhou	–	80,854	39,475	July 2014	Yes	2016 4th quarter	100%
Guangzhou Kaisa Magnifique Plaza (廣州佳兆業盛世廣場)	Guangzhou	1	483,433	222,750	August 2014	Yes	2016 4th quarter	100%
Foshan Shunde Kaisa Golden World (佛山順德佳兆業金域花園)	Foshan	6	169,331	122,084	October 2011	Yes	2017 4th quarter	100%
Huizhou Kaisa Mansion No. 1 (惠州佳兆業壹號)	Huizhou	–	260,577	221,490	April 2014	Yes	2016 3rd quarter	100%
Huizhou Kaisa Center (惠州佳兆業中心)	Huizhou	2	453,029	190,410	April 2011	Yes	2015 4th quarter	100%
Huizhou Kaisa Center (惠州佳兆業中心)	Huizhou	3	168,328	83,479	August 2013	Not yet obtained	2016 3rd quarter	100%
Huizhou Riverbank New Town (惠州東江新城)	Huizhou	2	25,455	19,880	August 2014	Not yet obtained	2016 2nd quarter	100%
Huizhou Riverbank New Town (惠州東江新城)	Huizhou	3	146,570	124,584	October 2011	Yes	2016 4th quarter	100%
Huizhou Riverbank New Town (惠州東江新城)	Huizhou	4	72,934	72,934	December 2013	Yes	2016 3rd quarter	100%
Zhuhai Lake View Waldorf Garden (珠海水岸華都花園)	Zhuhai	1	69,327	20,111	March 2011	Yes	2015 4th quarter	100%
Nanchong Monarch Residence (南充君匯上品)	Nanchong	7	117,940	68,553	November 2013	Yes	2015 4th quarter	100%
Nanchong Monarch Residence (南充君匯上品)	Nanchong	8	92,567	72,818	February 2014	Yes	2015 4th quarter	100%

Project	City	Project Phase	Total GFA or Estimated Total GFA *(sq. m.).*	Saleable GFA or Estimated Total Saleable GFA *(sq. m.)*	Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to the Group
Chengdu Kaisa Leading Town (成都佳兆業麗晶公館)	Chengdu	1	129,086	88,672	September 2014	Yes	2016 4th quarter	100%
Chengdu Kaisa Leading Town (成都佳兆業麗晶公館)	Chengdu	2	106,931	77,311	May 2015	Yes	2017 4th quarter	100%
Chengdu Kaisa Plaza (成都佳兆業廣場)	Chengdu	1	149,627	69,988	January 2014	Yes	2015 4th quarter	70%
Chengdu Kaisa Plaza (成都佳兆業廣場)	Chengdu	2	118,470	53,336	February 2014	Yes	2015 4th quarter	70%
Chengdu Kaisa Mansion No. 8 (成都佳兆業8號)	Chengdu	3	98,256	69,214	April 2014	Yes	2017 4th quarter	80%
Chongqing Kaisa Bright Harbour (重慶濱江新城)	Chongqing	1	159,500	106,023	September 2013	Yes	2016 4th quarter	100%
Chongqing Kaisa Bright Harbour (重慶濱江新城)	Chongqing	2	88,377	78,201	May 2015	Not yet obtained	2017 2nd quarter	100%
Chongqing Kaisa Plaza (重慶佳兆業廣場)	Chongqing	1	133,511	105,466	December 2014	Yes	2015 4th quarter	100%
Chongqing Kaisa Plaza (重慶佳兆業廣場)	Chongqing	2	261,466	172,357	September 2013	Yes	2016 3rd quarter	100%
Shenyang Kaisa Center (瀋陽佳兆業中心)	Shenyang	–	292,331	248,481	May 2012	Yes	2015 4th quarter	100%
Yingkou Dragon Bay (營口龍灣)	Yingkou	1	347,443	304,987	July 2011	Yes	2016 2nd quarter	72%
Benxi Lake View Place (本溪水岸新都)	Benxi	–	69,849	62,082	September 2011	Yes	2016 3rd quarter	100%
Huludao Suizhong Kaisa Dongdaihe (葫蘆島綏中佳兆業東戴河)	Huludao	2	391,994	321,314	October 2011	Yes	2016 2nd quarter	100%
Huludao Suizhong Kaisa Dongdaihe (葫蘆島綏中佳兆業東戴河)	Huludao	3	280,488	123,954	April 2013	Yes	2017 3rd quarter	100%
Weifang Kaisa Golden World (濰坊佳兆業金域天下)	Weifang	1	27,922	15,127	November 2012	Yes	2015 4th quarter	100%
Weifang Kaisa Golden World (濰坊佳兆業金域天下)	Weifang	2	103,190	61,639	November 2012	Not yet obtained	2017 2nd quarter	100%
Qingdao Kaisa Lake View Place (青島佳兆業水岸新都)	Qingdao	1	179,701	141,706	October 2013	Yes	2016 3rd quarter	100%

Project	City	Project Phase	Total GFA or Estimated Total GFA *(sq. m.).*	Saleable GFA or Estimated Total Saleable GFA *(sq. m.)*	Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to the Group
Qingdao Kaisa Lake View Place (青島佳兆業水岸新都)	Qingdao	2	88,613	88,167	May 2014	Yes	2017 4th quarter	100%
Dandong Kaisa Mansion No. 1 (丹東佳兆業壹號)	Dandong	1	124,946	103,515	March 2013	Yes	2015 4th quarter	100%
Dalian Kaisa Center (大連佳兆業中心)	Dalian	–	156,239	132,803	September 2013	Yes	2017 4th quarter	100%
Changsha Lake View Place (長沙水岸新都)	Changsha	4	123,671	112,291	April 2013	Yes	2015 4th quarter	100%
Wuhan Kaisa No. 1 (武漢佳兆業壹號)	Wuhan	1	156,763	121,208	November 2014	Yes	2017 3rd quarter	100%
Wuhan Golden World (武漢金域天下)	Wuhan	3	182,126	154,807	September 2013	Yes	2016 1st quarter	100%
Shanghai Kaisa City Plaza (上海佳兆業城市廣場)	Shanghai	1	124,978	106,231	November 2013	Yes	2015 4th quarter	100%
Shanghai Kaisa City Plaza (上海佳兆業城市廣場)	Shanghai	2	78,431	66,667	December 2013	Yes	2016 4th quarter	100%
Shanghai Kaisa City Plaza (上海佳兆業城市廣場)	Shanghai	3	128,315	109,068	March 2014	Yes	2016 4th quarter	100%
Hangzhou Kaisa Monarch Residence (杭州佳兆業君匯上品)	Hangzhou	–	100,849	72,089	April 2014	Yes	2016 2nd quarter	100%
Hangzhou Puyu Court (杭州璞玉雅園)	Hangzhou	–	207,476	176,355	May 2014	Yes	2017 1st quarter	100%
Suzhou Kaisa Plaza (蘇州佳兆業廣場)	Suzhou	1	72,448	55,182	September 2014	Not yet obtained	2017 2nd quarter	100%
Suzhou Kaisa Monarch Residence (蘇州佳兆業君匯上品)	Suzhou	1	99,614	75,410	November 2014	Not yet obtained	2017 3rd quarter	100%
Suzhou Kaisa Monarch Residence (蘇州佳兆業君匯上品)	Suzhou	2	97,455	77,564	November 2014	Not yet obtained	2018 2nd quarter	100%
Nanjing Kaisa City Plaza (南京佳兆業城市廣場)	Nanjing	1	101,878	68,748	September 2014	Not yet obtained	2017 4th quarter	100%
Total			**7,872,040**	**5,368,152**				

Investment properties

Information on the Group's investment properties as at 30 September 2015:

Investment Properties	Type	Total GFA Held for Investment *(sq.m.)*	GFA of Tenanted Portion *(sq.m.)*	Occupancy Rate	Monthly Rental *(RMB)*	Range of Rental Period
Shenzhen Kaisa Center (深圳佳兆業中心)	Retail	15,544	15,544	100.0%	1,583,379	1–16 years
Woodland Height (Phase 4) (桂芳園(第四期))	Retail	5,962	5,771	96.8%	828,049	1–5 years
Woodland Height (Phase 6) (桂芳園(第六期))	Retail	8,266	8,266	100.0%	375,747	1–10 years
Guangzhou Jinmao (廣州金貿)	Retail	37,631	36,683	97.5%	5,448,684	1–15 years
Guangzhou Jinmao (廣州金貿)	Car parking spaces	5,302	N/A	N/A	N/A	N/A
Huizhou Kaisa Center (Phase 1) (惠州佳兆業中心(第一期))	Retail	12,008	12,008	100.0%	330,000	15 years
Huizhou Kaisa Center (Phase 2) (惠州佳兆業中心(第二期))	Office and retail	147,134	65,614	44.6%	2,425,129	1–16 years
Huizhou Kaisa Center (Phase 2) (惠州佳兆業中心(第二期))	Auxiliary facilities	7,967	N/A	N/A	N/A	N/A
Anshan Kaisa Plaza (鞍山佳兆業廣場)	Retail	36,063	34,599	95.9%	845,177	1–19 years
Shenyang Kaisa Center (瀋陽佳兆業中心)	Office and retail	113,219	N/A	N/A	N/A	N/A
Shenyang Kaisa Center (瀋陽佳兆業中心)	Car parking spaces	41,504	N/A	N/A	N/A	N/A
Jiangyin Kaisa Plaza (江陰佳兆業廣場)	Office and retail	57,611	1,923	3.3%	37,279	3 years
Shenzhen Kaisa Global Center (深圳佳兆業環球中心)	Office and retail	130,000	N/A	N/A	N/A	N/A
Shenzhen Kaisa Global Center (深圳佳兆業環球中心)	Car parking spaces	12,000	N/A	N/A	N/A	N/A
Shenzhen Kaisa Shanhai City (深圳佳兆業山海城)	Office and retail	66,736	N/A	N/A	N/A	N/A
Shenzhen Kaisa Shanhai City (深圳佳兆業山海城)	Car parking spaces	18,268	N/A	N/A	N/A	N/A
Shenzhen Kaisa Shanhai City (深圳佳兆業山海城)	Auxiliary facilities	464	N/A	N/A	N/A	N/A
Total		**715,679**	**180,408**		**11,873,444**	

Note:

(1) Apart from car parking spaces in Guangzhou Jinmao, car parking spaces are not held for long-term lease but for hourly parking income.

Properties held for future development

Information on the Group's property projects held for future development as at 30 September 2015.

Project	City	Project Phase	Estimated Total GFA *(sq. m.)*	Estimated Completion Time[(1)]
Shenzhen Kaisa Global Center (深圳佳兆業環球中心)	Shenzhen	–	142,000	2021
Shenzhen Kaisa City Plaza (深圳佳兆業城市廣場)	Shenzhen	3–4	613,763	2018
Shenzhen Kaisa Shanhai City (深圳佳兆業山海城)	Shenzhen	1–3	546,726	2019
Shenzhen Dapeng Xiasha Project (深圳大鵬下沙項目)	Shenzhen	1–4	466,130	2019
Shenzhen Kaisa Qianhai Plaza (深圳佳兆業前海廣場)	Shenzhen	2	150,540	2017
Guangzhou Kaisa Magnifique Plaza (廣州佳兆業盛世廣場)	Guangzhou	2–4	278,492	2018
Huizhou Riverbank New Town (惠州東江新城)	Huizhou	5–10	3,720,100	2017
Huizhou Huidong Yapojiao Project (惠州惠東亞婆角項目)	Huizhou	1–3	295,754	2017
Zhuhai Lake View Waldorf Garden (珠海水岸華都花園)	Zhuhai	1–2	141,300	2018
Zhuhai Golden World (珠海御金山花園)	Zhuhai	2–3	232,668	2018
Chengdu Kaisa Mansion No. 8 (成都佳兆業8號)	Chengdu	4–6	219,808	2017
Chengdu Kaisa Plaza (成都佳兆業廣場)	Chengdu	3–4	192,804	2017
Chengdu Kaisa Leading Town (成都佳兆業麗晶公館)	Chengdu	2–3	106,516	2017
Chongqing Kaisa Bright Harbour (重慶佳兆業濱江新城)	Chongqing	3–10	710,591	2017
Yingkou Dragon Bay (營口龍灣)	Yingkou	2	181,325	2018

Project	City	Project Phase	Estimated Total GFA *(sq. m.)*	Estimated Completion Time[(1)]
Yingkou Monarch Residence (營口君匯上品)	Yingkou	2	110,520	2018
Anshan Lake View Waldorf (鞍山水岸華府)	Anshan	3	294,311	2017
Anshan Monarch Residence (鞍山君匯上品)	Anshan	2	389,216	2017
Anshan Kaisa Plaza (鞍山佳兆業廣場)	Anshan	–	8,020	2016
Panjin Kaisa Center (盤錦佳兆業中心)	Panjin	2	209,375	2018
Huludao Suizhong Kaisa Dongdaihe (葫蘆島綏中佳兆業東戴河)	Huludao	1–4	1,614,907	2017
Weifang Kaisa Golden World (濰坊佳兆業金域天下)	Weifang	3	54,677	2018
Qingdao Kaisa Lake View Place (青島佳兆業水岸新都)	Qingdao	3	89,977	2018
Liaoyang Gongchangling Project (遼陽弓長嶺區項目)	Liaoyang	–	309,114	2018
Dandong Kaisa Mansion No. 1 (丹東佳兆業壹號)	Dandong	2–4	168,380	2018
Changsha Meixi Lake Project (長沙梅溪湖項目)	Changsha	1–3	482,112	2017
Jiangyin Zhouzhuang Golden World (江陰周莊金域天下花園)	Jiangyin	2	109,959	2019
Jiangyin Changjing Lake View Waldorf (江陰長涇水岸華府)	Jiangyin	2	84,112	2019
Taizhou Kaisa Mansion No. 1 (泰州佳兆業壹號公館)	Taizhou	3–5	312,134	2019
Shanghai Xiangyi Garden (上海香溢雅苑)	Shanghai	2	135,452	2016
Shanghai Pudong Project (上海浦東項目)	Shanghai	–	78,588	2017
Shanghai Monarch Residence (上海君匯上品)	Shanghai	1–2	207,871	2018

Project	City	Project Phase	Estimated Total GFA *(sq. m.)*	Estimated Completion Time[(1)]
Suzhou Kaisa Plaza (蘇州佳兆業廣場)	Suzhou	2	47,541	2016
Nanjing Kaisa City Plaza (南京佳兆業城市廣場)	Nanjing	2–3	301,328	2016
Total			**12,997,111**	

Note:

1. For projects with multiple phases, the estimated time for completing the first phase of the project.

    (a) The site area information in this Appendix is derived on the following basis:

    (i) before a land use rights certificate has been issued, the site area information in respect of the related development or phase is derived from figures set out in the relevant land grant contract or the preliminary approval documents (excluding the areas earmarked for public infrastructure and facilities); and

    (ii) if a land use rights certificate has been issued, the site area information relating to the relevant development or phase of the development is derived from the land use rights certificate.

    (b) The commencement time for each project or project phase refers to the date or estimated date for beginning construction of the first building.

    (c) The completion time for each project or project phase refers to the date on which the completion certificate is duly issued.

    (d) If no pre-sale permit has been issued, the pre-sale commencement time is estimated based on the Group's management's best belief and knowledge. These estimates do not represent commitments and are subject to change.

    (e) If no completion certificate has been issued, the completion time is estimated based on the Group's management's best belief and knowledge. These estimates do not represent commitments and are subject to change.

    (f) A property is considered sold when the risks and rewards of property are transferred to the purchasers, which occurs when the construction of relevant property has been completed, the property has been delivered to the purchasers and collectability of related receivables is reasonably assured.

AlixPartners
When it really matters.

21 March 2016

Kaisa Group Holdings Limited
Room 3306, Kerry Center
Ren Min Nan Road
Shenzhen
Peoples Republic of China

Dear Sirs

Project Kite

This report (**'the Report'**) is provided to Kaisa Group Holdings Limited (**'the Company')**, pursuant to a client relationship as recorded in an engagement letter dated 11 December 2015, the variation one to the engagement letter dated 28 January 2016, and the variation two to the engagement letter dated 21 March 2016 incorporating AlixPartners' General Terms and Conditions of business (together as the same may be amended, novated, supplemented, extended or restated, the '**Engagement Letters'**).

This Report is confidential, is solely for the use of the Company, and remains subject to the scope and exclusions as agreed with the Company as set out in the Engagement Letters.

Whilst other parties will have sight of this Report via its inclusion within documents to be provided to various of the Company's scheme creditors as part of the proposed scheme of arrangement, we stress that we cannot accept any responsibility whatsoever in respect of reliance these parties may place on our Report in any decision that they make in relation to the Company.

AlixPartners Services UK LLP is acting as an adviser to the Company. AlixPartners' sole duty of care is to the Company. AlixPartners is not responsible to and does not owe any duty to any other person, and is not responsible for providing advice to and is not purporting to advise any other person in connection with such matters.

Neither the information nor any part of this Report may be disclosed to, or relied upon by any other parties, or used for any other purpose, without our prior written consent.

Your attention is drawn to paragraph 5 of this Report, which sets out limitations in the scope performed, as well as the letter of representation dated 11 February 2016, which we require to be signed and returned to us ahead of our work being included within any documentation relating to the proposed scheme of arrangement.

This Report is issued on the understanding that the Company has drawn our attention to all matters, financial or otherwise, of which the Company is aware which may have an impact on the advice provided in this Report.

A draft of our Report was provided to the Company and its legal advisers, Tanner de Witt ('**TdW**') on 21 December 2015 and was subsequently discussed with the Company and TdW who provided their written comments on the Report. We have reviewed these comments and incorporated the Company's and TdW's comments where appropriate. The Company has confirmed the accuracy of factual matters contained in our Report in all material respects in writing on behalf of the Board via the letter of representation dated 11 February 2016.

Yours faithfully

AlixPartners Services UK LLP

INTRODUCTION

Overview

1. AlixPartners Services UK LLP ('**AlixPartners**') has been instructed by the Company to include commentary on the following scope areas within this Report:

   - *"Review the Company and its subsidiaries' (**'the Group'**) draft management accounts for the financial year ended 31 December 2014 ('***FY14***') and the management accounts for the nine month period ended 30 September 2015 ('***FY15YTD***'). Prepare a high level summary of recent trading performance of the* Group *(based upon the information made available to us and the representations of the Company)."*

   - *"Discuss with the Group and the auditors of the Group, PricewaterhouseCoopers Hong Kong ('***PwC***') (to the extent achievable), the reasons for the inability to provide an unqualified audit opinion for FY14, as well as reviewing any correspondence between PwC and the Group."* We refer the reader to paragraph 5 (ix) for further details in this regard.

   - *"Undertake a high level analytical review of the Group's base case cash flow forecast ('CFF') for the period ending 31 December 2020, highlighting the key risks, sensitivities and upsides to the forecast.*

2. AlixPartners' sole duty of care is to the Company. AlixPartners is not responsible to and does not owe any duty of care to any other person, and is not responsible for providing advice to, and is not purporting to advise any other person, in connection with such matters.

3. The scope of AlixPartners' work in preparing this Report is based on the Company's instructions and according to the identified limitations of scope (see paragraph 5 below). By accepting and referring to the Report, the offshore creditors and any other party who gains access to the Report ('**AlixPartners Report Recipients**') will be taken to have represented, warranted and undertaken that they have read and agree with the contents of the subsection entitled 'Disclaimer' below.

4. This Report is split into two parts, namely:

   i. Part 1 – "Financial Information Review" in respect of the draft management accounts for FY14 and FY15YTD, together with comments in respect of the FY14 audit.

   ii. Part 2 – "Cash Flow Forecast Review" in respect of a cash flow forecast ('**CFF**') prepared by Houlihan Lokey ('**Houlihan**') with input from the Group.

Limitation of Scope

5. In respect of each Part of this Report, AlixPartners draws your attention to the following:

   i. Our fieldwork was completed on 21 December 2015 and has been further supplemented by:

      a. feedback received from the Group, TdW and Houlihan up to and including the week commencing 1 February 2016; and

      b. receipt of the updated DTZ summary valuation schedules on 26 January 2016 and report on 2 February 2016.

   ii. We have relied on management information and explanations from the Group. No verification to source documents has been undertaken. As such, the scope of our work does not in any way constitute an audit in accordance with applicable International Accounting Standards and we provide no opinion on the accuracy of the financial information presented in this Report.

   iii. The Company has provided us with a signed letter of representation which confirms, amongst other matters, the factual accuracy of the information set out in Parts 1 and 2 of this Report and the absence of material events since the date our work was completed, which may substantially alter the output of our work.

   iv. The Company acknowledges that the extent of the work performed by AlixPartners is greater than that provided within this Report. The Company has requested that the extent of the disclosure in this Report be limited to a high level disclosure to ensure that this Report is in line with the Company's past financial report disclosure practices and is generally in line with the Company's auditing practices, such that in the event this Report is publicly disclosed in compliance with the applicable laws and regulations, the Company will not be obligated or expected to provide such information in its future financial reports or other public disclosures.

   v. Our work excludes assessment of the historical consolidated cash generation of the Group during FY14 and FY15YTD.

   vi. Our work excludes assessment of the performance of the Group in comparison to the latest available budget information.

   vii. The Group does not routinely produce monthly management account information on a consolidated basis. Nevertheless, it does produce monthly management accounts for each of the Group's operating subsidiaries. Consolidated management accounting information is produced on a half yearly and yearly basis. As such, the preparation of consolidated financial information for the nine months ended 30 September 2015 represents a non-routine process for the Group's finance department.

   viii. The Group engages external valuers to undertake property valuations only for the interim and full year accounts to recognise current market conditions. This valuation has not been conducted as at FY15YTD and as a result is not reflected in the FY15YTD financials presented.

ix. The audit of the FY14 financial statements has yet to be finalised. The FY14 profit and loss account and balance sheet information provided to us and presented in this Report incorporates adjustments proposed by the Group, and which the Group has informed us have been prepared to the directors' best belief and knowledge in accordance with applicable accounting standards. PwC did not make themselves available to discuss the proposed FY14 adjustments. The Independent Committee engaged FTI Consulting (Hong Kong) Limited ('**FTI**') to investigate the matters raised by PwC). We understand FTI have been undertaking fieldwork since 26 November 2015 and were formally engaged on 29 December 2015. Accordingly, the work of FTI has yet to be finalised or made available to us. As a result of the matters set out above, we have been unable to provide commentary within this Report on the latest position in respect of completion of the FY14 audit and finalisation of the Group's statutory accounts.

x. Our work excludes assessment of the existence of any off-balance sheet items and contingent liabilities, including any material litigation and claims against the Group.

xi. We have only had limited time to consider DTZ's revised valuation report and supporting schedules and as such our work excludes a detailed assessment of their property valuation.

xii. We have not conducted any visits to the Group's places of business, save for the offices in Shenzhen and Hong Kong. For the avoidance of doubt, no site visits have been undertaken in respect of the Group's property development activities.

xiii. In accordance with our scope of work, we have not requested information in respect of the foreign exchange strategy of the Group, nor the gains and losses generated during the period of review.

xiv. We have presented the financial performance and position of the Group in Chinese Yuan Renminbi ('**RMB**') throughout this Report.

xv. In accordance with our scope of work, this Report excludes any review of the financial control environment and accounting systems of the Group. Consequently, we are unable to comment on the effectiveness of the financial control procedures and systems in place within the Group, from which the financial information presented to us has been derived.

xvi. The CFF has been prepared on a standalone basis by Houlihan and the Group. AlixPartners has had no input into its construction or the key assumptions contained therein.

xvii. As set out in our Engagement Letter dated 11 December 2015 and the variation one and two letters to the Engagement Letter dated 28 January and 21 March 2016 respectively, the Company is responsible for the preparation of the CFF and for the reasonableness of the underlying assumptions. Where we have made adjustments to the forecasts, these relate solely to contingencies or amendments that we consider appropriate. The adjustments should not be taken to imply that the resulting adjusted CFF is our own. Given that the assumptions relate to the future and may be affected by unforeseen events, we can express no opinion as to how closely the actual outcome will correspond to the CFF.

xviii. We understand the opening onshore and offshore debt position assumed in the CFF has been based upon the latest debt position as set out in the Group's proposed adjustments (see Part 2 of this Report), and also the limitation of scope noted above in respect of the work of PwC and FTI and the uncertainty in respect of the FY14 audit sign off.

xix. Our work has largely focused on the forecast operating cash generation of the Group. Whilst we have conducted a high level review of the forecast funding structure and repayment scenarios to onshore and offshore lenders, we have not undertaken any verification of this data to external loan documentation (particularly the guarantee and security arrangements), the latest Restructuring Support Agreement as at the date of this Report ('**RSA**') or current term sheets, relying instead upon the work undertaken by Houlihan in this regard.

xx. The financial information in this Report has been rounded to the nearest million, unless otherwise stated, hence there may be minor differences compared to the original information presented to us by the Group, or where the same information is presented in different parts of this Report.

DISCLAIMER

- *The Report has been prepared by AlixPartners solely for the benefit of the Company, and is disclosed in this Report strictly on a non-reliance basis, for information only. No reliance may be placed for any purpose whatsoever on the Report and any reliance offshore creditors and/or AlixPartners Report Recipients choose to place on such information is a matter for their judgement exclusively and at their own risk. To the fullest extent permitted by law, no liability or responsibility whatsoever is accepted by AlixPartners for any loss howsoever arising from any use of or reliance on the Report contained in this Report or in connection therewith.*

- *The Report is based on information and explanations provided by the Group which have not been subject to independent verification, audit or checking. Accordingly, AlixPartners assumes no liability whatsoever and makes no representations or warranties, express or implied, in relation to the contents of the Explanatory Statement, including its accuracy, completeness or verification or for any other statement made or purported to be made by or on behalf of the Company or AlixPartners. Additionally, AlixPartners identified a number of limitations to its Report. A full list of these limitations is summarised in paragraph 5.*

- *This Report contains certain statements, estimates, statistics and projections that are, or may be, forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the Group's future financial position, strategy, plans and objectives for the management of future operations, is not warranted or guaranteed. Nothing contained in the Report or the Explanatory Statement is, or shall be, relied on as a promise or representation whether as to the past or the future, in connection with the Company or the Schemes.*

- *The FY14 audit has not been completed, nor will it be in the immediate future. As such, the Report includes a review of the current and forecast financial position of the Group in Parts 1 and 2. For the avoidance of any doubt, the work AlixPartners has been engaged to carry out does not constitute an audit of the Group's financial position and AlixPartners is not in a position to provide an opinion as to the veracity of information received, nor should any opinions of AlixPartners be regarded as a substitute for an audit opinion which can only be provided by the Group's auditors.*

- *The Report does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire, securities of the Company, or an inducement to enter into investment activity in the United States or in any other jurisdiction in which such an offer, solicitation, inducement or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction. No part of the Report nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. The Report does not constitute a recommendation regarding any decision to sell or purchase securities in the Company.*

- *Any person who is in any doubt about the subject matter of the Report should consult a duly qualified person. Nothing in the Report should be relied upon in connection with the purchase of any shares, debt participations or other assets.*

- *The statements made in the Report are current as at 21 December 2015 and delivery of the Explanatory Statement should not give rise to any implication that there has not been any change in the information set out in the Explanatory Statement.*

PART 1 – FINANCIAL INFORMATION REVIEW

Historical trading performance

6. The table below summarises the trading performance of the Group during FY14 and FY15YTD:

RMB000	FY14 (unaudited)	FY15YTD (unaudited)
Revenue	17,452,047	3,984,263
Cost of sales	(16,816,264)	(4,003,072)
Gross profit/(loss)	**635,783**	**(18,809)**
Other gains/(losses), net	(416,271)	(123,079)
Selling and marketing expenses	(789,173)	(371,234)
Administrative expenses	(1,042,755)	(502,992)
Change in fair value of investment properties	534,586	-
Change in fair value of financial derivatives	(85,698)	(76,326)
Operating profit/(loss)	**(1,163,528)**	**(1,092,440)**
Finance income	24,215	6,805
Finance costs	(1,388,868)	(124,928)
Share of results from associate	(50,205)	(2,152)
Profit/(loss) before income tax	**(2,578,386)**	**(1,212,715)**
Income tax expenses	(1,512,507)	(364,204)
Profit/(loss) for the year/period	**(4,090,893)**	**(1,576,919)**
Profit/(loss) attributable to		
Equity holders of the Company	(4,094,760)	(1,548,982)
Non-controlling interests	3,867	(27,937)
Total profit/(loss) for the year/period	**(4,090,893)**	**(1,576,919)**
Gross profit/(loss) margin (%)	*3.6%*	*(0.5)%*
Operating profit/(loss) (%)	*(6.7)%*	*(27.4)%*

7. As highlighted above, the Group has achieved negligible gross profit margins during FY14 and FY15YTD. The key factors impacting the performance of the Group during this period include the following:

- **Sales blockages and freezing orders** – the imposition of the sales blockages by the PRC authorities in Shenzhen (as set out in the Group's 21 December 2014 Announcement) and of the freezing orders by various PRC courts in connection with various lawsuits initiated by the Group's onshore lenders (in Shenzhen and elsewhere in the PRC, see Announcements on 4 April and 10 November 2015, respectively) has resulted in a number of commercial banks suspending the issuance of personal mortgage loans to purchasers of substantially all of the Group's properties (thereby impacting the Group's ability to sell units).

  We understand that most of the blockages and freezing orders have as of the date of this Report been lifted/released, though we note a further four projects are subject to blockage/seizure in Shenzhen, in respect of which the Group continues to negotiate with creditors with the aim of resuming sales activity as soon as possible. The historical trading performance of the Group has been materially impacted by the inability to develop and realise the Group's property asset portfolio. The Group has confirmed that the number of frozen/blocked projects has reduced to 24 as at 1 March 2016 (see paragraph 9 below).

- **Market conditions** – the Group has experienced difficult market conditions during FY14 and FY15YTD, particularly in respect of projects undertaken in Tier 3 PRC cities, resulting in lower demand for units and a reduction in average selling price (‘**ASP**’) and gross profit margins. We understand the Group’s future activity will be focused on Tier 1 and 2 PRC cities (see CFF review later in this Report).

- **Liquidity issues** – linked to the above, the Group has sought to generate cash to offset the severe liquidity issues that have arisen over the course of 2015. This has resulted in the disposal of certain property assets in Tier 1, 2 and 3 cities at prices below those typically expected to be achieved under normal market conditions. This has impacted ASP and gross margins.

- **Resignation of Directors and officers** – following the imposition of the sales blockages and freezing orders, the Group suffered a significant number of resignations by key management and personnel (including almost all the finance team and the former CFO), which impacted its ability to operate effectively during the trading period reviewed in this Report.

Latest sales blockages and/or freezing orders

8. The table below summarises the position as at 30 September 2015 in respect of sales blockages and freezing orders:

City	No. of blocked/frozen projects	No. of projects that are blocked (out of the total blocked and/or frozen projects)
Shenzhen	12	5
Guangzhou	3	-
Shanghai	2	-
Total tier 1	**17**	**5**
Wuhan	2	1
Changsha	1	-
Chengdu	1	-
Suzhou	2	-
Hangzhou	3	1
Dalian	1	1
Qingdao	1	-
Shenyang	1	-
Total tier 2	**12**	**3**
Zhuhai	1	-
Foshan	1	-
Huizhou	3	-
Jiangyin	1	-
Total tier 3	**6**	**-**
Total sales blockages	**35**	**8**

9. As highlighted in the table above, the Group continued to suffer from a number of sales blockages and freezing orders, although, as discussed in paragraph 7, we understand that some of these have been released post 30 September 2015 (see narrative on performance by City below), such that only 24 remain at 1 March 2016.

Trading performance by activity

10. The table below sets out the trading performance of the Group split between property sales activities and miscellaneous other activities:

RMB000	FY14 (unaudited)			FY15YTD (unaudited)		
	Revenue	Cost of sales	Gross profit/(loss)	Revenue	Cost of sales	Gross profit/(loss)
Property sales	16,856,175	(16,455,958)	400,217	3,499,322	(3,750,404)	(251,082)
Miscellaneous other activities	595,872	(360,306)	235,566	484,941	(252,668)	232,273
Total	**17,452,047**	**(16,816,264)**	**635,783**	**3,984,263**	**(4,003,072)**	**(18,809)**
Gross profit/(loss) margin (%)						
Property sales			*2.4%*			*(7.2)%*
Miscellaneous other activities			*39.5%*			*47.9%*

11. As highlighted, property sales activity has suffered from negligible gross margins throughout the period. This is attributable to the Group-wide factors shown above. The key trends by city Tier are considered in further detail below.

12. The profit derived from miscellaneous other activities includes (but is not limited to) rental income from various commercial buildings (FY15YTD revenue: RMB167 million, estimated gross margin 79%) and property management services (FY15YTD revenue: RMB173 million, estimated gross margin 33%).

13. The improvement in gross margin from miscellaneous activities in FY15YTD largely relates to an improvement in property management services gross margin (from 10% to 33%), reflecting a change in the sales mix towards the provision of certain higher value added services to tenants across a range of cities.

Property sales activity

14. In addition to the Group-wide regulatory, market and liquidity pressures impacting performance noted earlier, the following key trends have arisen in respect of revenue and gross profitability:

Tier 1: There has been a significant decline in the profitability of Tier 1 city projects in FY15YTD (Shenzhen, Shanghai and Guangzhou), though revenue is significantly ahead of FY14 levels. This reflects the absence of new sales within Tier 1 cities, as well as the impact of low margin decoration revenue generated in respect of Shenzhen properties where sales have already been completed. This work is not impacted by the sales blockages and/or freezing orders, though it does distort the underlying Tier 1 revenue and gross margin trends.

Tier 2: There has been negligible revenue and gross profit generated in FY15YTD in comparison to FY14, reflecting the construction status of the Group's existing projects, with significant Property Under Development ('**PUD**') and Property Held for Sale ('**PHS**') balances that are assumed to be completed/sold after September 2015 (these projects are considered further as part of our review of the Group's cash flow forecast, see Part 2 of this Report, and also below). The gross profit margin achieved in FY14 largely reflects the successful sale of all projects in Dongguan during the year with virtually no projects undertaken in FY15YTD.

Tier 3: The Group has reduced Tier 3 city activity significantly in FY15YTD. We understand both FY14 and FY15YTD performance were impacted by the adverse market conditions evidenced in Tier 3 cities.

Ping Hu (Shenzhen) and Tong He (Guangzhou) projects: We understand that both of these projects involved the sale of subsidiary companies to third parties. The Group has informed us that it is typical in situations such as this for the Group to recognise the net asset value of the subsidiary as cost of sales (rather than the value of PHS held on the balance sheet). We note the Ping Hu disposal (a hotel project in Shenzhen) generated a gross profit of approximately RMB670 million, which represents a margin of 123% and is attributable to the negative net asset position of the Ping Hu subsidiary and the commercially favourable disposal proceeds agreed by the Group for this asset.

Interest adjustment: The Group's FY14 gross profit performance includes the reallocation of interest to cost of sales. This is attributed to interest in respect of loans attached to properties sold during the year that has been allocated to the cost of those properties. No corresponding adjustment has been included in FY15YTD in this regard, suggesting a potential change in cost of sales in this period may occur in the future.

Asset impairment provision: The FY14 gross profit is net of an asset impairment provision based upon valuation work undertaken by Savills. The FY15YTD adjustment has been prepared by the Group. We understand a similar methodology has been adopted in this calculation to that used by Savills.

City summary

15. The following sets out key trends by city in which the Group operates:

Tier 1 – Shenzhen

16. Shenzhen revenue in FY15YTD includes low margin decorating work. Consequently, this results in Shenzhen generating similar revenue in FY15YTD compared to FY14 (despite the sales blockages/freezing orders and the shorter period of account). In reality, this revenue relates to transactions completed in FY14 for which the Group was contractually obliged to complete additional work post-sale. The Group's performance in Shenzhen is also impacted by the absence of new projects due to the blockage/freezing of Group assets, which would have served to partially offset the adverse gross margin impact of decoration work.

17. We understand there has been an increase in FY15YTD ASP, which largely reflects the mix of projects, with only one active project (ignoring decoration revenue) in this period, in comparison to eight projects in FY14.

Tier 1 – Shanghai and Guangzhou

18. We understand there has been limited activity in the period of review in respect of these cities, reflecting the number of blocked/frozen projects (five across both cities) and the specific construction progress of the various non-blocked/frozen projects. Approximately 22% of the total Group PUD balance at 30 September 2015 relates to these two cities.

19. Shanghai is carrying a PUD balance of approximately RMB5.9 billion at 30 September 2015. This largely relates to two projects, neither of which have generated revenue in FY14 or FY15YTD:

- Shanghai Kaisa Financial Centre: we understand this project has been halted temporarily due to the Group's recent liquidity issues.
- Shanghai Xiangyi Garden, Phase 1: this project was unfrozen in July 2015 and we understand the Group has, subsequent to the period under review, sold a number of units.

20. The Guangzhou projects carry approximately RMB9.9 billion of PUD at 30 September 2015.

Tier 2 cities

21. The Group generated significant gross profit from Tier 2 cities during FY14, but negligible gross profit in FY15YTD. We understand this reflects the general timing of the construction, and consequently sales, activity for various projects within these cities (which was weighted towards FY14 rather than FY15YTD), as well as 12 projects blocked/frozen during the period of review (two relate to Chengdu and Changsha, the remainder are across six other cities).

22. The majority of the FY14 gross profit is generated from Dongguan and Chengdu.

23. The Group is carrying significant PUD balances in respect of Tier 2 cities.

Tier 3 cities

24. The Group's recent financial performance is characterised by a significant reduction in activity within Tier 3 cities.

25. The negative gross margin generated by a range of Tier 3 cities (Foshan, Changzhou, Panjin, Yingkou, Zhuhai, and Benxi) in FY14 largely reflects the adverse market conditions, as well as the wider Group liquidity issues, which resulted in the disposal by the Group of properties at discounted prices to enhance liquidity. The performance of these cities offset the positive gross margins in Nanchong, Huizhou, Suizhong and Jiangyin.

26. Despite the decline in Tier 3 activity in FY15YTD, the Group still carries significant PHS and PUD balances at 30 September 2015 (representing approximately 40% and 22% of the total Group balances).

Trading performance by property type

27. The key points to note in respect of trading performance by property type are as follows:

- residential properties constitute the vast majority of revenue in both periods of review, generating a gross loss in FY15YTD (but improved ASP due to a change in mix towards Tier 1 cities); and
- local market conditions remain the key driver of performance, regardless of the type of property being developed and sold. For example, car parking projects can vary significantly, dependent on the number of competing service providers in the local area, and the ensuing rental prices in comparison to buying a space within a Group development.

Fair value of investment properties

28. The FY14 operating profits of the Group were favourably impacted by an increase in the carrying value of investment properties of RMB535 million (based upon a third party valuation carried out at each year end by Savills, see table in paragraph 6). No such third party valuation was conducted as at 30 September 2015.

Finance costs

29. The finance costs incurred in FY14 total RMB1.4 billion. We understand approximately RMB805 million of the total finance cost relates to non-project matters.

30. The FY15YTD finance costs relate to interest associated with non-project related debt (see table in paragraph 6). We understand the Group has capitalised unpaid interest payments to its onshore creditors, where those payments relate to specific properties under development. The Group has informed us this accounting treatment is in accordance with Hong Kong financial reporting standards. Due to the current status of the proposed adjustments, there remains the possibility that the reported finance costs for FY15YTD may change as the methodology for the treatment of costs in the management accounts differs to the FY14 treatment, as set out in the proposed adjustments.

Latest balance sheet position

31. The table below summarises the Group's balance sheet position at 31 December 2014 and 30 September 2015:

RMB000	31 Dec 2014 (unaudited)	30 Sep 2015 (unaudited)
Non current assets		
Investment properties	10,933,700	10,933,700
Other assets	2,231,354	2,086,703
Total	**13,165,054**	**13,020,403**
Current assets		
Properties under development (PUD)	65,736,165	70,280,320
Completed properties held for sale (PHS)	12,633,127	11,244,173
Debtors, deposits and other receivables	5,246,844	5,065,290
Land deposits	4,196,344	5,376,046
Prepayments for proposed development projects	9,397,444	10,175,390
Short-term bank deposits	189,860	50,136
Restricted cash	1,078,291	875,402
Cash and cash equivalents	2,884,610	593,327
Other	310,690	343,375
Total	**101,673,375**	**104,003,458**
Total assets	**114,838,429**	**117,023,862**
Equity		
Share capital	450,450	450,450
Share premium	4,253,704	4,253,704
Reserves	6,909,845	5,360,861
Non controlling interests	(110,924)	(141,858)
Total	**11,503,075**	**9,923,157**
Non current liabilities		
Borrowings	2,386,117	8,835,123
Deferred tax liabilities	1,437,292	1,437,292
Total	**3,823,409**	**10,272,415**
Current liabilities		
Customer deposits	15,869,210	16,343,455
Borrowings	61,118,792	54,354,897
Financial derivatives	34,735	34,735
Accrued construction costs	12,902,192	9,764,204
Income tax payable	3,443,186	3,619,126
Loan from a related party	1,500,000	2,877,000
Loan from a non-controlling interest	113,769	-
Amounts due to non-controlling interests of subsidiaries	271,665	672,376
Other payables	4,258,396	9,162,496
Total	**99,511,945**	**96,828,289**
Total liabilities	**103,335,354**	**107,100,705**
Total equity and liabilities	**114,838,429**	**117,023,862**

32. We have been informed by the Group that the balance sheet presented above incorporates the adjustments it intends, as at the date of this Report, to include in the audited financial statements for FY14 when they are completed (and adjustments have been made on a consistent basis with respect to the balance sheet as at 30 September 2015), including the latest debt position. It is important to note the adjustments have yet to be finalised and that as such there remains the possibility of future change in the financial position of the Group as presented above.

33. The remainder of this part of our Report provides commentary in respect of key balance sheet items. We note that we have not been provided with aged analysis of certain working capital balances, most notably accrued construction costs.

PUD and PHS

34. The PUD balance included in the table at paragraph 31 relates to the Group's work in progress in respect of property construction. Partially completed developments are carried at cost on the balance sheet, with recognition in the profit and loss account upon the transfer of completed units to property owners.

35. The PHS balance relates to completed units that the Group has yet to transfer to property owners. Again, these are carried at cost on the balance sheet and recognised in the profit and loss account upon the transfer of completed units to property owners.

36. The Group engages external valuers to undertake valuations of PUD and PHS assets only for the interim and full year accounts to recognise current market conditions. That said, DTZ has undertaken an exercise to determine the estimated realizable values of PUD and PHS (and other property based assets on the balance sheet) at 30 September 2015. The difference between the realizable value and the Group's cost carrying value is considered in paragraphs 55 to 58 below.

37. As noted earlier, the majority of the latest PUD and PHS balances relate to Tier 1 and 2 city projects, in accordance with the Group's stated strategic aim. Despite this, there remains a significant balance relating to Tier 3 cities (PUD: 22% of total, PHS: 40%) which have suffered from a reduction in market demand during the period of review. This significant balance increases the risk of a reduction in future profitability.

38. We understand that the Group typically accrues interest charges relating to finance costs associated with property developments. We understand that the FY14 accrued interest has been capitalised and allocated to the specific property assets by city tier following the proposed adjustments. The Group is awaiting completion of the FY14 audit before reflecting this adjustment at 30 September 2015.

39. The PUD and PHS balances presented in the table at paragraph 31 are shown net of an asset impairment provision. The provision as at 30 September 2015 represents the Group's estimate of the realizable value of these assets based upon the latest trading information (the December 2014 provision is based on Savills' valuation work).

40. The increase in PUD between December 2014 and September 2015 reflects the sales blockages and freezing orders, which has delayed the transfer of the PUD balance to PHS for sale.

Other current asset categories

41. The following is noted in respect of other current asset categories:

Debtors, deposits and other receivables

42. This balance largely represents a range of other project related receivables and prepaid taxes.

Land deposits

43. This balance relates to acquired land where the Group await provision of the relevant land use license and construction permits. The balance is broadly calculated based upon the amount paid for the land.

44. The increase in the land deposits balance between 31 December 2014 and 30 September 2015 reflects an increase in the value of land held in respect of a joint venture with Funde Sino Life in Shenzhen of approximately RMB1.38 billion.

Prepayments for proposed development projects

45. This balance relates largely to advance payments in respect of projects in Shenzhen. Of the total balance of RMB10.2 billion at 30 September 2015, approximately RMB7.2 billion relates to existing or proposed Urban Redevelopment Projects ('**URP**'), whereby the Group has acquired land from the inhabitants with the aim of redeveloping older neighborhoods.

46. These projects typically have longer lead times than other residential property developments due to the need to negotiate with existing inhabitants regarding relocation and the more extensive license requirements. However, they are potentially more profitable than the Group's traditional developments as the land is typically acquired at competitive rates and appreciates over time. We understand the prepayments relate to co-operation, relocation costs, etc, that are necessary to secure the land and the projects generally.

Restricted cash

47. The Group is unable to distribute restricted cash.

Current liabilities

48. The following is noted in respect of the major current liabilities of the Group:

Customer deposits

49. Customer deposits are paid at the pre-sale stage of development, though the exact timing varies on a city by city basis.

50. The composition of this balance is broadly consistent with the PUD and PHS asset categories.

Borrowings

51. The total debt balance includes onshore and offshore borrowings and totals approximately RMB65 billion as at 31 December 2014. This comprises non-current borrowings (RMB61 billion), current borrowings (RMB2 billion) and related party loans (RMB2 billion) on the Group's balance sheet (see paragraph 31). The offshore borrowings are made up of the Existing High Yield Notes, the Convertible Bonds, and the existing offshore loans.

Related party loans

52. This balance relates to loans provided by Funde Sino Life.

Accrued construction costs

53. The Group does not produce account aging analyses that would demonstrate the extent, if any, of overdue construction liabilities. The balance contains a greater proportion of Tier 3 liabilities than other balance sheet categories. We understand this reflects greater progress in unblocking and unfreezing projects in Tier 1 and Tier 2 cities and the prioritisation of Tier 1 and 2 suppliers at the expense of Tier 3.

Other payables

54. The increase in the other payables balance over the period is attributed to the accrued interest due to offshore creditors, as well as a loan due to a third party which we understand is non-interest bearing and has no contractual repayment date.

DTZ valuation

55. The table below sets out the value attributed by DTZ to the Group's property assets (based upon the completed desktop valuation work that was made available to us on 26 January 2016), in comparison to the latest carrying value of property assets per the 30 September 2015 balance sheet:

RMB000	Balance sheet as at 30 Sept. 2015	DTZ valuation	Variance	%
Total	93,218,952	71,054,000	(22,164,952)	(24%)

56. The balance sheet items included in the above table are PUD (RMB70.3 billion), PHS (RMB11.2 billion), investment properties (RMB10.9 billion) and property (RMB0.8 billion, included in the Other Assets category). As highlighted, the valuation suggests a shortfall in the market value of the assets in comparison to balance sheet carrying value (approximately RMB23 billion).

57. In the time available, we have undertaken discussions with both DTZ and the Group in order to understand the approach adopted to the valuation exercise and the total valuation differences arising. The key points to note in this regard are as follows:

- **Site visits:** At the time of writing, DTZ had yet to complete site visits in respect of a sample of the projects undertaken by the Group. As such, the valuation provided above represents a 'desktop' valuation only and this Report is unable to consider the key findings arising from the site visit work.

- **Construction costs:** The DTZ valuation uses the latest construction cost information provided by the Group as at 30 September 2015 (this is net of the asset impairment provision discussed earlier). For PUD balances, this is augmented by costs to complete (not only construction but other ancillary costs such as taxes, professional fees etc), such that DTZ can generate an estimate gross residual selling value for the Group's property assets assuming all projects are completed.

- **Stage of completion valuation:** For PUD balances, the fully completed selling value is used as a basis to determine the residual market value achievable on a partial completion basis (i.e. assuming no further costs are incurred and the property is sold in its current state of construction). DTZ estimate the partial completion value as follows:

  – a deduction is made from the completed selling value for the estimated finance cost for the project (which is capitalized as part of the PUD work in progress balance); and

  – a further deduction is undertaken to reflect the discount a prospective purchaser would apply due to the partial stage of project completion (in essence this represents a future profit margin for the purchaser upon completion and disposal of the project; the profit margin is estimated by each project based upon a range of factors but generally varies between 5% and 20% of the completed residual value, net of completion costs).

- **Valuation difference:** Based upon discussions with DTZ, we understand the principal driver of the difference between the carrying value of the Group's property assets per the 30 September balance sheet and the DTZ valuation is attributable to DTZ's lower residual valuation of completed projects. This is in comparison to that which is essentially assumed by Management as part of the information provided by them to DTZ to estimate the total value of completed PUD projects, which does not include a comparable asset impairment provision to reflect current market conditions (neither in terms of costs to date or to complete PUD)..

58. We consider the impact of this valuation shortfall further within Part 2 of this Report.

PART 2 – CASH FLOW FORECAST ('CFF') REVIEW

59. In accordance with the agreed scope of work, AlixPartners has undertaken a high level review of the forecast cash generation of the Group for the forecast period ending 31 December 2020.

60. We refer the reader to the Limitations of Scope included in paragraph 5 of this Report, certain of which are specifically relevant to our review of the CFF.

Basis of preparation

61. The following is noted as context in respect of the basis of preparation of the CFF:

- the CFF model has been prepared by Houlihan;

- the CFF model is prepared using Microsoft Excel;

- the CFF is prepared on a month by month basis, commencing 1 August 2015 and ending 31 December 2020. The five annual periods ending 31 December are hereafter referred to as the years ending **FYXX**. We have been informed by the Group that the actual unrestricted cash position at 31 December 2015 is ahead of that set out in the forecast (actual unrestricted cash position of RMB3.2 billion versus forecast cash position of RMB1.6 billion);

- the CFF is a standalone consolidating cash forecast only, and excludes balance sheet and income statements for the Group in the forecast period;

- the CFF has been compiled on a project by project basis, based upon input from regional sales and marketing teams involved in day to day operations (the CFF thereby benefits from local knowledge in respect of market conditions for the assumed forecast projects); and

- we understand the Group has undertaken a high level analytical review of the outputs of the CFF, and conducted a more detailed review of approximately 20 of the larger projects in the CFF (including an assessment of the net cash margin being generated by project, to ensure this is in line with their expectations).

Summary of CFF

62. The table below summarises the Group's CFF for the period 1 August 2015 to 31 December 2020 assuming the offshore loans and 100% of the HY note holders elect HY consideration and 100% of the Convertible Bondholders ('**CB**') elect CB consideration. This also assumes that 100% of HY note holders elect additional New HY Notes as oppose to Contingent Value Rights ('**CVRs**').

RMB000	FY15	FY16	FY17	FY18	FY19	FY20	Total	% of total cash collected
Opening cash balance (including restricted cash)	1,494,381	1,625,091	1,300,000	2,205,228	1,300,000	1,300,000	1,494,381	
Restricted cash	(1,223,209)	(1,051,269)	(1,000,000)	(1,905,228)	(1,000,000)	(1,000,000)	(1,223,209)	
Opening cash balance (excluding restricted cash)	271,171	573,822	300,000	300,000	300,000	300,000	271,171	
Operating cash flow	**5,772,396**	**(3,068,594)**	**9,104,465**	**18,731,131**	**16,888,977**	**15,581,020**	**63,009,396**	**41%**
Net cash flow from other businesses	58,005	102,370	85,021	46,840	59,514	71,075	422,825	**0%**
Corporate G&A	(78,427)	(194,860)	(204,603)	(214,833)	(225,575)	(236,854)	(1,155,152)	**(1%)**
Non-operating items								
Net PUD and investment property disposal proceeds	318,656	3,104,189	463,190	-	-	-	3,886,035	**3%**
Professional fees	(72,110)	(157,410)	-	-	-	-	(229,520)	**(0%)**
Other one-off items (incl. Dongguan)	1,299,746	(109,936)	-	-	-	-	1,189,810	**1%**
Unlevered free cash flow	**7,298,265**	**(324,240)**	**9,448,073**	**18,563,138**	**16,722,917**	**15,415,242**	**67,123,395**	**43%**
New debt funding (net of debt service)	-	4,900,000	5,075,500	1,545,000	664,000	3,957,190	16,141,690	**10%**
New financing debt service	-	(330,750)	(546,942)	(2,408,168)	(8,925,140)	(1,709,537)	(13,920,537)	**(9%)**
Onshore debt service	(7,167,555)	(8,681,908)	(8,720,313)	(22,829,348)	(37,358)	(69,334)	(47,505,815)	**(31%)**
Cash available for offshore debt service	**130,710**	**(4,436,899)**	**5,256,318**	**(5,129,378)**	**8,424,419**	**17,593,560**	**21,838,732**	**14%**
Offshore debt service	-	-	(208,064)	(950,258)	(5,984,145)	(10,186,986)	(17,329,454)	**(11%)**
Revolving credit facility drawdown	-	4,111,808	(4,143,026)	5,174,408	(2,440,275)	(4,011,883)	(1,308,968)	**(1%)**
Closing cash balance (including restricted cash)	1,625,091	1,300,000	2,205,228	1,300,000	1,300,000	4,694,691	4,694,691	
Restricted cash	(1,051,269)	(1,000,000)	(1,905,228)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	
Closing cash balance (excluding restricted cash)	**573,822**	**300,000**	**300,000**	**300,000**	**300,000**	**3,694,691**	**3,694,691**	

63. We note the following in respect of the CFF:

- **Project cash inflows:** Over 70% of forecast cash inflows relate to URP or Tier 1 city developments (though URP cash generation is largely concentrated towards FY18 and beyond). Tier 3 projects are forecast to generate 10% of total cash inflows, reflecting the strategic shift away from these cities towards Tiers 1 and 2.

- **Cash in transit:** Cash inflows from August 2015 to early FY16 benefit from the receipt of cash in transit that had been trapped due to the sales blockages and freezing orders (see paragraphs 76 to 78 below).

- **Project cash outflows:** The majority of outflows relate to project specific construction costs (RMB61 billion), taxes (RMB17 billion) and URP expenditure (RMB16.5 billion). There is material URP expenditure forecast during Q1 FY16 in order to secure sites (approximately RMB7.0 billion), though this is partially funded via assumed external financing (see below).

- **Non-operating items:** The Group's net cash generation in August to December 2015 and FY16 is partially reliant upon the disposal of the Dongguan project in 2015 and the net proceeds from one-off PUD and IP disposals in FY16.

- **New debt funding:** The Group is required to obtain new debt funding to ensure it can meet its onshore obligations as they fall due in FY16 (this includes unencumbered asset financing, a new unsecured Revolving Credit Facility ('**RCF**') and URP financing).

  – We understand China CITIC Bank Corporation Limited and CITIC Trust Co., Ltd ('**CITIC**') recently committed approximately RMB17 billion financing facilities to the Group. We understand that CITIC have provided funding of RMB3.3 billion to the Group, in addition to the aforementioned facilities (see paragraph 141 below).

– Further, we understand that the Group has recently entered into a framework agreement with Ping An Bank in respect of a RMB50 billion strategic co-operation to fund URP.

- **Onshore debt service:** The majority of the RMB47.5 billion of onshore debt service costs occurs between FY16 and FY18.

- **Offshore debt service:** In accordance with the RSA provided to offshore creditors, the cash interest payments are due to commence in FY17. The Group is forecast to be generating sufficient free cash from operations and other financing to service its obligations to note holders from FY17 onwards.

- **Minimum cash position:** Whilst not presented in the above summary, the lowest Group unrestricted cash position occurs in October and November 2015 (RMB52 million), and does not fall below RMB300 million thereafter (the RCF is assumed to be drawn to mitigate cash shortfalls beyond this point). Houlihan has provided us with a liquidity report, which shows that the actual cash balance for October 2015 was significantly higher than forecast (RMB249 million).

Key assumptions

64. The key assumptions adopted in the forecast are:

Sales blockage and freezing orders

65. The CFF model assumes all sales blockages and freezing orders will be released by September 2015, representing the best estimate at the time of preparation of the CFF. As noted in Part 1, paragraph 8 of this Report, at 30 September 2015 there were approximately 35 projects blocked/frozen across a range of Tier 1, 2 and 3 cities. The Group has now confirmed that the number of blocked/frozen projects is now 24 at 1 March 2016. We understand certain creditors have filed motions to withdraw the relevant litigation in respect of the Group, enabling the Group to resume sales in certain regions, though delays have been experienced in other key cities such as Shenzhen (see earlier narrative regarding the four projects recently subjected to blockage).

66. Given the nature of the sales blockages/freezing orders and the reliance on external factors beyond the Group's control, it is difficult to conclude with any certainty the timescales for the reversal of sales restrictions. These require bilateral negotiations with each onshore lender, the resolution of inter-creditor arrangements for multi-bank projects and a legal process to withdraw all pending litigation.

67. We consider this further within our assessment of risks, sensitivities and upsides schedule later in this Report, though note that the Group considers the cash impact of ongoing delays in the reversal of sales blockages and freezing orders to be low. It is their opinion that this will likely result in a short term timing delay only as cash outflows to secured lenders are linked to the ultimate sale of completed units in any given development. As such, the net cash impact to the Group is likely to be negligible. We understand other creditor payments will also be deferred in the event that material excess cash that would ordinarily be released from these projects for wider liquidity purposes, did not become available due to the continued sales blockage.

ASP

68. This represents one of two key drivers of project cash inflows and is dependent upon the local market characteristics of the city, its Tier status, the nature of the property being developed, specific construction complexities that may exist, location of the development and other relevant factors.
69. The forecast ASP is derived from detailed unit and phase-level assumptions at each project based upon the input of the regional sales and marketing teams. We understand the CFF has not been compiled by reference to the historical ASP achieved by Tier, as it is expected that there will be limited correlation between historical ASP and that achievable in the future (which is itself governed by a range of factors within any given city).

70. The Group has informed us that they believe the ASP assumptions in the CFF to be achievable. We note the overall Group ASP is forecast to increase materially over the period.

Absorption rates

71. The other principal driver of forecast cash inflows from projects is the assumed absorption rate. This represents the projected volume of square metres sold in a given period and has been compiled on a project by project basis.

72. In forecasting absorption rates we understand the Group has used data in respect of construction progress, unsold saleable area, the anticipated timing of pre-sale permits and specific local market factors.

Cash collection

73. The CFF assumes cash collected from completed sales starts in the month in which the sale and purchase agreement is signed and a customer is irrevocably committed to the purchase.

74. We understand that cash collection timings can vary by city and project, though typically occurs over three months, with 40% collected in the month the sale is completed and 30% in each of the following two months thereafter.

75. The CFF model includes functionality that allows flexing of this assumption (for example, to include an assumed rate of customer default, which has not been assumed within the base case assumptions).

Cash in transit

76. The CFF includes an estimated a cash in transit balance of approximately RMB4.1 billion in the CFF as at 1 August 2015. This balance partially relates to cash yet to be collected from completed sales of units/properties at the point at which the Group was subjected to sales blockages/freezing orders due to restrictions on mortgage funds and uncertainty caused by the Group's situation.

77. It is assumed this cash is collected over a four month period from 1 October 2015 onwards (from the point at which all sales blockages/freezing orders are assumed to have been reversed).

78. Houlihan has advised us that the Group is unable to provide a reconciliation to actual cash balance which isolates the receipt of cash in transit.

Investment properties

79. The CFF forecasts the disposal of eight investment properties during the forecast period (gross proceeds RMB3.5 billion, net proceeds RMB1.0 billion). These are predominantly shopping malls from which the Group generates rental income.

80. The CFF assumes these properties are sold during 2015, 2016 and 2017 (the first occurring during December 2015), and that the sales proceeds are sufficient to discharge associated secured debt.

Construction payments

81. For consistency with the forecast cash inflow assumptions, anticipated future construction payments have also been forecast on a project by project basis by local management.

82. In assessing construction costs in the immediate forecast period, we understand Houlihan considered the Group's latest accrued construction costs liability.

83. The CFF assumes material payments are required in the period up to 31 March 2016 in order to unwind arrears that have built up during 2015.

84. Due to the absence of an aged creditors' analysis it is not possible to consider the extent to which the CFF unwinds the opening accrued construction costs position.

Land payments (excluding URP)

85. The CFF forecasts land payments on a project by project basis based upon information provided by the local management teams.

URP expenditure

86. As noted in Part 1, paragraphs 45 and 46 of this Report, URP prepare disused or undesirable land in urban areas for new construction projects.

87. We understand a significant proportion of future property development in Shenzhen will likely take the form of URP given the limited land resources in the city.

88. The Group is involved in the negotiation, relocation and compensation for relocation of targets from an early stage.

89. We have been informed by Houlihan that the Group will be required to make significant payments to resettle inhabitants and in respect of land premiums payable to local governments to secure the land for these projects (which are key to the future cash generation of the Group). The CFF assumes material payments in Q2 FY16 of approximately RMB5.3 billion in respect of two projects (URP08 and URP02, in Guangzhou and Shenzhen respectively). These payments have been deferred by the Group based upon their latest discussions with local government.

90. Each of the URP included in the CFF is an early stage project where construction has yet to commence. Forecast cash outflows have been based on the latest development plans prepared by the Group.

91. The CFF includes 31 URP. Of these, seven are assumed to incur construction costs and subsequently generate cash inflows from completed units (approximately RMB18 billion net cash inflow over the period of review). The remainder incur cash outflows (approximately

RMB3.2 billion net cash outflow up until 2020) in respect of securing the projects and the land, with the expectation that construction costs will be incurred in 2021 and beyond.

92. The Group's focus on URP in the forecast period is attributable to the likely medium term trend towards such projects (particularly given the scarcity of land in Shenzhen), the potentially strong profit margins available from this category of work, as well as the Group's pre-eminent position in the Shenzhen market.

Overheads and taxes

93. The following key assumptions are noted in respect of overheads and taxes:

- **Selling expenses:** The CFF assumes a forecast sales expense of approximately 2-5% of total sales proceeds (this figure varies by project and city).

- **Project level General & Administrative expenses ('G&A'):** This is again estimated by local management on a project by project basis, increased at 5% per annum. This expenditure is only incurred if current or future construction activity is contemplated.

- **Forecast project taxes:** The CFF model assumes business tax at 5.65% of sales per annum, land value added tax at 3% of sales per annum and income tax at 25% per annum.

- **Past due taxes:** The CFF model assumes settlement of past due taxes of approximately RMB1.2 billion. These are assumed to be paid over a 12 month period commencing January 2016, though we understand no formal payment plan is in place with the Chinese tax authorities.

- **Corporate G&A:** This has been forecast at approximately RMB1.2 billion over the forecast period based on the cost as at July 2015 (increased at 5% per annum).

One-off items

94. The following key assumptions are noted in respect of one off items:

- **Dongguan:** The Group announced in Q2 2015 that an agreement had been reached for the disposal of a project in Dongguan for approximately RMB1.3 billion, with the proceeds forecast to be received during December 2015. We understand a transaction to repurchase this project is in progress.

- **Disposal of clubhouses:** The Group owns a number of facilities attached to residential developments that are forecast to be sold during the first 17 months of the forecast period (total proceeds RMB72 million).

- **Transaction fees:** The CFF model includes approximately RMB230 million in relation to advisor and other fees arising from the proposed restructuring.

- **Future PUD disposals:** The CFF assumes approximately RMB4.73 billion of cash inflows (net proceeds RMB2.47 billion) in respect of the disposal of PUD in Tier 3 cities. The debt associated with each disposal is assumed to be transferred to the purchaser. The significant majority of these PUD disposals are sold at a value lower than their respective carrying value, reflecting the view that these PUDs are unlikely to be profitable and should be disposed of.

Onshore debt

95. The onshore debt is assumed to be secured against specific project assets and guaranteed by the Group (save for approximately RMB1 billion of corporate debt).

96. We understand one of the terms of the onshore restructuring is that any positive cash generated by the individual projects is earmarked for repayment to the onshore lenders. The mechanics of the model reflect this commercial arrangement.

97. In the event a project does not generate sufficient cash to discharge onshore debt obligations, the CFF model assumes Group wide surplus funds are used to make up the shortfall (being excess funds from other projects, one-off income, etc.) reflecting the guarantee provisions in place. We understand Houlihan have reviewed a sample of onshore debt loan documents to confirm this guarantee exists.

98. The CFF assumes onshore debt is repaid at maturity, or earlier if project cash flows allow.

99. We have prepared a reconciliation of the onshore (and offshore) debt position, which is presented later in this Part of our Report.

Offshore debt

100. The disclosure set out below (paragraph 101) has been provided to us by Houlihan in its role as lead financial advisor. We understand the below represents the latest proposed restructuring terms for offshore creditors per the RSA.

101. The restructuring terms contemplate no impairment of the principal of offshore debts and upside sharing in the form of the Contingent Value Rights ('**CVRs**') (for those allocated the New High Yield Notes ('**New HY Notes**')) and a reduced conversion price (for those allocated the Exchange Convertible Bonds ('**Exchange CBs**')). The key terms of the restructuring are:

i. Each holder of offshore debt ('**Scheme Creditor**') who participates in the proposed scheme of arrangement ('**Scheme**') will be entitled to elect one of the following options for the treatment of its Scheme claims ('**Scheme Claims**'):

(a) **Option 1 – New HY Notes and CVRs**

Exchange some or all of their claims for:

(i) New HY Notes at an exchange ratio of 1.00000x (e.g., $1,000 of claims equal to $1,000.00 in New HY Notes) with new principal amounts, new maturity dates and new interest coupon schedules; and

(ii) CVRs, separately tradable as a single instrument, which will provide upside sharing in the event that one or more trigger events occur.

(b) **Option 2 – New HY Notes only**

Exchange some or all of their claims for New HY Notes at an exchange ratio of 1.02598x (e.g., $1,000 of claims equal to $1,025.98 in New HY Notes) with new principal amounts, new maturity dates and new interest coupon schedules.

(c) **Option 3 – Mandatorily Exchangeable Bonds**

Exchange some or all of their claims for Mandatorily Exchangeable Bonds ('**MEB**') at an exchange ratio of 1.00000x (e.g., $1,000 of claims equal to $1,000.00 in MEB subject to the cut-back mechanism described below in the event the MEB election amount exceeds the maximum MEB amount). The MEB will be automatically exchanged for Exchange CBs on the satisfaction of certain conditions as detailed in the RSA.

(d) **Cut-Back Mechanism**

On the exchange date, if the MEB election amount is greater than the maximum MEB amount, then:

(i) any claim that is to be exchanged for MEB pursuant to an election for Option 3 shall be exchanged for MEB with a principal amount equal to the product of the amount of such claims, multiplied by the quotient of the maximum MEB amount, divided by the MEB election amount; and

(ii) the portion of claims electing Option 3 that were not exchanged for MEB pursuant to the preceding sub-paragraph (i) ('**Residual Claims**') shall be exchanged for:

(A) New HY Notes and CVRs (Option 1); or

(B) New HY Notes only (Option 2),

ii. CVRs will be issued to holders of the New HY Notes with a notional value equivalent to 7% of the aggregate principal amount of New HY Notes allocated to such holders pursuant to Option 1above.

iii. The CVRs will remain outstanding until the maturity date of the Series E Notes;

iv. The holders of CVRs will be entitled to a cash payment of $14 for each CVR they hold upon the occurrence of each CVR Triggering Event, namely when the implied market capitalization of the shares exceeds a certain level. In respect of each successive CVR Triggering Event, such level is:

i. HK$10,075,000,000;
ii. HK$12,594,000,000;
iii. HK$15,742,000,000;
iv. HK$19,678,000,000; and
v. HK$20,542,000,000.

v. The Exchange CBs shall have a maturity date of 31 December 2019;

vi. Interest shall be paid at the rates identified in the table below;

vii. In addition, the Exchange CBs will provide for a conversion price of HK$2.34 per share in place of the current conversion price of HK$2.64 per Share.

Table of Coupon Rates

All coupon rates are expressed on an annual basis (see Note 1).

	2016	**2017**			**30 June 2018**			**31 December 2018**			**2019 Onwards**	
Issue	**PIK**	**Cash**	**PIK toggle**		**Cash**	**PIK toggle**		**Cash**	**PIK toggle**		**Cash**	**PIK**
			PIK *or* Cash			**PIK *or* Cash**			**PIK *or* Cash**			
Series A Notes	6.56%	1.00%	6.56%	4.61%	2.00%	4.66%	3.71%	4.10%	2.56%	2.61%	6.10%	0.56%
Series B Notes	6.56%	1.00%	6.56%	4.61%	2.00%	6.16%	5.21%	5.60%	2.56%	2.61%	7.60%	0.56%
Series C Notes	6.56%	1.00%	6.56%	4.61%	2.00%	7.16%	6.21%	6.60%	2.56%	2.61%	8.60%	0.56%
Series D Notes	6.56%	1.00%	6.56%	4.61%	2.00%	7.96%	7.01%	7.40%	2.56%	2.61%	9.40%	0.56%
Series E Notes	6.56%	1.00%	6.56%	4.61%	2.00%	8.46%	7.51%	7.90%	2.56%	2.61%	9.90%	0.56%
Mandatorily Exchangeable Bonds and the Exchange Convertible Bonds (see Note 2)	5.56%	1.00%	5.56%	3.61%	2.00%	4.56%	3.61%	4.00%	2.56%	2.61%	6.00%	0.56%

Note:

1. *Interest on any overdue principal and interest will accrue at a rate which is 2% higher than the coupon rates expressed herein.*
2. *The Mandatorily Exchangeable Bonds and Exchange Convertible Bonds are subject to an optional one-year extension at the Company's option at a 10% annualized cash coupon rate.*

102. The CFF assumes that the accrued loan interest included on the balance sheet as at 30 September 2015 will be capitalised as principal of the new loans after the restructuring.

New debt funding

103. The CFF assumes new debt funding in respect of the following:

- **Unencumbered assets:** We understand the Group was negotiating with various onshore lenders in respect of additional debt funding for unencumbered projects prior to the implementation of the sales blockages/freezing orders.

- **Unsecured RCF:** A new unsecured RCF is included in the CFF. This is forecast to mitigate a cash shortfall at various points in the CFF and a minimum cash balance of RMB300 million is assumed to be maintained throughout the forecast period. The maximum cash shortfall (including restricted cash) in this regard occurs in March 2019 (approximately RMB6.8 billion). The facility is assumed to incur interest at 10% per annum and have a zero balance at the end of the forecast period.

- **URP financing:** The CFF includes additional funding for approximately 50% of the construction costs of URP. This funding is priced at 1.3x PBOC rates, with an assumed draw down on the pre-sale start date of the project, amortised over 12 months following completion of a 12 month pre-sale period. The forecast funding in the period of review amounts to RMB11.2 billion, of which RMB6.8 billion is assumed to be repaid by 31 December 2020.

104. Subsequent to the CFF being produced, CITIC committed approximately RMB17 billion financing facilities to the Group, and Ping An Bank committed RMB50 billion pursuant to a strategic cooperation agreement which will be used to fund URP. We also refer the reader to paragraph 141 for further information in respect of the latest debt funding position.

Restricted cash

105. The CFF model assumes approximately 10% of all free cash flow generated by the Group (after debt obligations due in the period have been discharged) is held in a restricted account. This is subject to a floor of RMB1 billion.

106. The CFF has not been constructed to reflect the specific local government regulations, which we understand differ from region to region. Rather, we understand the Group has reviewed historical financial information and concluded that restricted cash has not historically exceeded 10% of total cash and does not typically fall below RMB1 billion.

Foreign exchange

107. The CFF is denominated in RMB. This is the principal currency used by the Group to trade on a day to day basis.

108. There are elements of the offshore debt that is denominated and serviced in US$. The CFF assumes constant exchange rates based upon the latest spot rates at the time of preparation and approval. This is discussed in further detail in the Schedule, Risks, Upsides and Sensitivities.

Work performed

109. The following provides a summary of the work we have undertaken in respect of the key aspects of the CFF. This work has given rise to the identified Risks, Upsides and Sensitivities set out in the Schedule to this Report, and we refer readers to this Schedule in order that they can fully consider the inherent forecast downsides and upsides impacting the Group.

Basis of preparation, functionality and accuracy of input

110. In conjunction with Houlihan, we have conducted a high level review of the basis of preparation, workings and functionality of the CFF model prepared by Houlihan using trading assumptions provided by the Group. This has included the following:

- **Basis of preparation:** As noted earlier, ordinarily we would expect a business of this size and breadth to be capable of producing an integrated financial model that demonstrates the anticipated financial performance and position, as well as cash generation of the Group, over a specified future period. In this instance, the issues in respect of the FY14 audit, the loss of key staff and the absence of routine monthly/quarterly consolidated management accounts information means that this 'typical' approach cannot be followed. Whilst we acknowledge the conditions under which Houlihan has prepared the CFF model, the basis of preparation in this regard does result in the forecast cash generation analysis being less robust than is typically the case in situations such as this. The conclusions drawn by the stakeholders of the Group (particularly lenders) should be formed with this in mind.

- **Functionality of the CFF model:** We have undertaken a high level review of the functionality of the CFF model in conjunction with Houlihan. This has included Houlihan providing us with a 'walkthrough' of the model and its principal functionality. Our work has not identified any material errors, inaccuracies or issues in respect of the functionality of the model from which the forecast cash generation of the Group is derived.

- **Accuracy of input:** As noted earlier, the project cash flows upon which the future operating cash generation of the Group is based, has been derived from project specific assumptions. In order to provide comfort that this information has been correctly incorporated into the CFF model, we have conducted the following work:

- for 10 projects (of 125), being those with the largest saleable gross floor area, cost of land and construction costs, we have cross referenced the data contained within the CFF model to the original project input sheets supplied by the Group (the data checked included absorption rates, ASP, construction costs and tax); and

- for 12 projects (of 125), being those with the largest positive/negative cash flows in the forecast period (this ensured coverage of the majority of the URP in the CFF model), we have again cross referenced the data contained within the CFF model to the original project input sheets supplied by the Group to ensure consistency between the two sources.

111. No material errors were noted in the cross referencing exercise undertaken.

Sales blockages and freezing orders

112. The Group and Houlihan are of the opinion this represents a short term timing delay only, and that further unanticipated delay will have minimal impact on forecast cash flows between August and December 2015 and in FY16.

113. At the time of writing, we understand there is no material change in the sales blockage and freezing order position from that presented earlier in this Report.

ASP

114. We have undertaken a high level illustrative comparison of the historical ASP achieved by the Group (based upon the information made available to us) and that assumed in the CFF at December 2015.

115. This has been undertaken on a city tier basis (with particular focus on Tier 1 given that this category provides a significant proportion of operating cash flows). As noted earlier, the key driver of the forecast increase in ASP is the change in mix towards Tier 1 cities (and intra-tier city mix). We note that within the Tier 1 category, both Shenzhen and Shanghai are assumed to grow significantly over the forecast period. By way of example, Shenzhen projects broadly increase from an ASP of approximately RMB20,000 in FY14 and FY15YTD, to an average of approximately RMB30,000 between FY16 and FY20.

116. We also note growth in the ASP across various Tier 2 cities, though this is less material in the context of the Group's CFF (as highlighted in the table earlier).

117. Whilst we acknowledge that the specific mix of projects and properties at any given point in time can impact the ASP achieved, the forecast assumptions do appear to result in a notable change in the future ASP of the Group in certain key cities, which evidently increases forecast risk.

Absorption rates and cash collection periods

118. As noted in the limitations of scope at paragraph 5 earlier, the Group does not maintain data in respect of historical absorption rates or cash collection that can be readily used to determine the accuracy of the assumptions included in the CFF.

119. Consequently, we have been unable to undertake any meaningful work in respect of these assumptions. However, we have sought to consider the impact of alternative cash collection periods to understand the impact of changes in the base case assumption.

120. Changes to the timing of cash receipts (i.e. assuming 30% in month one and 40% in month two, the opposite of the current assumption) have no permanent impact on cash generation or consequences for debt repayment as free cash is only paid to lenders at the point it is generated by a project.

121. Making an assumption that certain bad debts will arise and will not be collected does impact operating cash flow, however the Group and Houlihan consider that any overall cash generation impact would be immaterial.

Cash in transit

122. We understand the Group is unable to produce cash flow data that isolates the extent to which the opening cash in transit balance of RMB4.1 billion has been collected from 1 October 2015 onwards.

123. Consequently, we have been unable to verify the extent of cash leakage in respect of the assumed cash in transit balance.

Other project cash flow work

124. As noted earlier, the CFF does not unwind an opening balance sheet position in respect of PUD, PHS, prepayments for URP, land deposits and accrued construction costs.

125. However, as a means of verifying the robustness and accuracy of the project cash flows, we have used the historical balance sheet data made available to us to:

- cross reference the significant projects included in the CFF to the latest available PUD and PHS information at 30 September 2015, as a means of ensuring that there is consistency between historical and forecast project information;

- cross reference the significant forecast land payments to those provided to us as outstanding at 30 September 2015;

- cross reference the major accrued construction cost liabilities as at 30 September 2015 to ensure that there is a correlation to the payments set out in the CFF (though we are unable to consider the extent to which the CFF unwinds overdue amounts at 30 September 2015);

- estimate the cash margin generated by 10 of the largest projects (the 10 selected are the largest in terms of net operating cash generation, representing over 50% of forecast net operating cash flows, the majority of these projects being in respect of Tier 1 cities) based upon the forecast cash inflows and outflows, as well as the closing PUD and PHS balances at 30 September 2015; and

- replicate the above for Tier 3 city projects, with the expectation that the majority of these would be generating estimated cash margin losses given the findings of our work in earlier on historical trading performance.

126. The cross reference work undertaken above did not result in any material variances or omissions between the source data and the CFF.

Top 10 cash generative projects

127. Many of the top 10 cash generative projects are still in the construction phase, meaning that historical revenue and profitability trends are unavailable. However, for those projects which have recorded sales in FY14 and FY15YTD we have sought to compare the estimated 'cash margin', discussed above, to historic gross profit margins.

128. In all cases, the forecast cash margin is significantly higher than the total FY14 and FY15YTD profit margin. Whilst this can in part be explained by the differing basis of preparation and changes in the sales mix, it also indicates the forecast improvement in project profitability.

129. The most significant of the top 10 projects, Shenzhen Kaisa City Plaza, is projected to generate in excess of RMB11 billion net operating cash during the forecast period, at an estimated cash margin of 26%. This is approximately double the gross profit margin achieved in FY14 and FY15YTD (albeit a gross profit margin of 35% was achieved in FY14 prior to the events of FY15YTD discussed earlier, which have negatively impacted sales).

Tier 3 projects

130. Tier 3 projects generate only RMB1.5 billion net operating cash inflows (approximately 2% of total net operating cash flow generated). The cash flows generated by Tier 3 projects tail off markedly throughout the forecast period as the Group shifts its focus to Tier 1 and Tier 2 projects, as previously noted.

131. We have attempted to assess the forecast margin for each of the Tier 3 projects on the same basis as the top 10 projects above. Whilst this results in significant variances between projects on an individual basis, principally as a result of the contrasting basis of preparation, the overall trend shows that Tier 3 projects continue to be marginally unprofitable at a gross profit and cash margin level.

DTZ valuation work (30 September 2015 balance sheet)

132. As noted in Part 1 of this Report, DTZ has recently updated its desktop valuation work. The outcome of this work suggests a material shortfall in the potential market value of the Group's property assets in comparison to the balance sheet carrying value at 30 September 2015. Houlihan is of the opinion that this shortfall in the value ascribed to projects by DTZ will have no effect on the estimated cash inflows set out in the CFF due to the differing bases of preparation (the CFF does not utilise the latest balance sheet information to determine future cash generation, rather it is based on the Group's latest view of cash inflows in the context of the Group's assessment of current market conditions).

133. We acknowledge Houlihan's view in respect of the impact of the DTZ valuation on the CFF. However, we note DTZ believes the difference in value is attributable to a difference in DTZ's and the Group's view as to the future market values of property assets. This suggests the estimated project cash inflows in the CFF may also be overstated, with DTZ adopting a more pessimistic view of future market conditions. As such, it is our opinion that the valuation shortfall increases the risk of forecast project cash inflows being achieved. We consider this further within the attached Schedule, Risks, Upsides and Sensitivities.

URP

134. As highlighted earlier, URP represent a key area of focus for the Group in the forecast period of review, generating material cash inflows from ‘pipeline’ projects.

135. There is no third party evidence available at this point to verify the assumptions contained within the CFF (for example, the Group’s ability to defer the material FY16 payments without endangering their ability to secure URP08 and URP02).

136. As an alternative, we have compared the forecast URP with the latest prepayments balance at 30 September 2015. Our analysis highlighted:

- of the seven URP generating cash inflows in the period of review, five had prepayments for land, co-operation etc as at 30 September 2015 (including two, of the five identified, that are forecast to generate cash inflows from FY17 onwards);

- whilst excluded from the prepayments balance, the remaining two projects (URP05 and URP06) are not forecast to generate cash inflows until FY19 and beyond; and

- of the 24 other URP that are forecast to incur cash outflows only, there is approximately RMB4.1 billion of prepayments as at 30 September 2015 (relating to 23 of these 24 projects).

137. The timing and quantum of URP carries significant risk for all stakeholders given the existing status of these projects.

Taxes

138. The tax rates used in the CFF appear reasonable based upon our understanding of the current Chinese taxation regime.

139. We have been provided with a detailed schedule by Houlihan, which shows the total overdue taxes of RMB1.2 billion split by individual project.

One-off items

140. We have undertaken the following in respect of the one-off items included in the CFF:

- **Dongguan disposal:** We requested an update from the Group and Houlihan as to the latest position. We understand there has been no material change that would require an update to the CFF assumptions as the provisional repurchase agreement for this asset has not yet been finalised, though we note receipt of the balance of sales proceeds would appear unlikely.

- **Friendly foreclosures:** We requested an update from the Group and Houlihan as to the latest position. We understand there has been no material change that would require an update to the CFF assumptions.

- **PUD asset disposals:** We have compared the gross asset disposal value forecast by the CFF to the combined PUD and PHS balance held on the Group’s balance sheet as at 30 September 2015 for each disposal. Reflecting the Group’s decision to dispose of these assets, the majority of the sales projected are at a value lower than the carrying value on the Group’s balance sheet as at 30 September 2015.

New debt funding

141. We have undertaken discussions with the Group and Houlihan in respect of the latest position regarding new debt funding assumed in the CFF:

- **Positive onshore debt funding variance** – we have been informed that the Group has generated cash inflows approximately RMB4.2 billion in excess of those assumed in the CFF during the period August 2015 to December 2015. We understand a significant element of this positive variance relates to debt funding raised from CITIC, with approximately RMB3.3 billion raised over and above that assumed in the CFF. As a result of this, the Group's new debt funding requirement is (at the time of writing) less acute than has been assumed in the CFF.

- **Unencumbered asset funding:** Whilst no formal agreement is in place with lenders in this regard (the CFF assumed the funds would be available by March 2016), we understand that these negotiations can easily be restarted such that a revised target date of September 2016 is achieved (the positive onshore debt funding variance above ensures that slippage in the forecast target date is manageable based on our discussions with Houlihan).

- **URP financing and unsecured RCF:** Again, no corroborative evidence is available in this regard to support the ability of the Group to mitigate the potential cash shortfalls throughout the forecast period via an RCF. An RCF has been assumed in the CFF for ease of modelling, though in reality we understand the Group will consider a range of debt funding structures to provide the Group with sufficient future liquidity. As stated above, we understand from the Group that CITIC recently committed approximately RMB17 billion financing to the Group. In addition, in respect of URP funding, Ping An Bank has committed to a RMB50 billion facility pursuant to a strategic co-operation agreement to finance the development of URP.

- The forecast interest and maturity assumptions in respect of this new funding appear broadly reasonable based upon latest market trends.

SCHEDULE TO THE REPORT

RISKS, UPSIDES AND SENSITIVITIES

Introduction

1. As stated in Part 2 of our Report, and in accordance with the agreed scope of work, AlixPartners has considered the key risks, upsides and sensitivities that may impact achievement of the Group's CFF for the period ending 31 December 2020.

AlixPartners' assessment of risks, upsides and sensitivities

2. We have identified the following key risks based upon our high level analytical review of the CFF (note our identified risks relate specifically to the CFF, with the Group's/Houlihan's assessment of additional key risks in respect of the wider market and economic factors, as well as potential upside opportunities, presented later in this Report). The Group and Houlihan concur with the risks presented below:

Timing of restructuring

3. The timing of an agreed restructuring position is critical to the lifting of restrictions/blockages/freezing orders on project sales, which in turn may return the Group to a normal trading position.

4. In addition, the existing agreed arrangement with onshore lenders is not conditional upon agreement of a satisfactory compromise position with offshore lenders (which at the time of writing has yet to be finalised).

5. Delay in either of the above increases the risk of the Group failing to achieve its stated cash flow targets in the short and medium term.

Sales blockages/freezing orders

6. The CFF assumes all projects have had sales restrictions lifted by September 2015. As noted earlier, certain of these projects had yet to be released at the time of completion of our work.

7. The Group and Houlihan believe this is a short term timing issue only, that secured lender settlement can be deferred along with sales and that any other lender/supplier payments that were to be funded via excess cash from these projects (that becomes available after the secured lender has been repaid) could also be deferred.

8. Whilst we accept this in principal, we believe this assessment can only apply for a limited period of time, after which the ongoing restrictions could potentially harm the Group's market position, goodwill and ultimately its liquidity.

DTZ valuation

9. It is our opinion that the DTZ valuation (which suggests a potential shortfall of RMB22 billion in the market value of the Group's property assets in comparison to the carrying value per the Group balance sheet as at 30 September 2015) increases the risk of achievement of the forecast project cash inflows set out in the CFF (suggesting as it does that the Group's view of the market conditions differs to that of DTZ).

10. We acknowledge the fact the CFF does not unwind the opening balance sheet of the Group (and is instead based upon the Group's latest view of market conditions and achievable sales proceeds). However, the forecast was not prepared with the benefit of the DTZ valuation work being available. We therefore question the prudence of the Group's assumptions given the shortfall against asset carrying values evidenced in the DTZ valuation work. This increases the risk for both onshore and offshore creditors in respect of future debt serviceability.

ASP

11. The Group's medium to long term strategy involves a refocus of activity towards Tier 1 and 2 cities, and away from Tier 3 cities that are currently experiencing unfavourable market conditions. This is reflected in the CFF, which demonstrates a change in mix towards Tier 1 and 2 city projects over the forecast period.

12. This has resulted in a material increase in the forecast ASP across the period of review. Whilst an element of this increase is attributable to the Group's stated strategic goal, we note that:

    a. there are a number of 'pipeline' projects within the forecast which are not contractually secure;

    b. other projects are at an early stage of development, making assumptions regarding eventual ASP inherently uncertain; and

    c. we have identified certain key cities (notably Shenzhen and Shanghai) where there is significant improvement in the forecast ASP versus recent historical trend (though we acknowledge the historical trend is distorted by the somewhat unique trading conditions experienced by the Group since December 2014).

13. As a result of the above, there is material risk that the forecast ASPs included in the CFF are not achieved. That said, there is also upside to this assumption, particularly if market conditions drive increases in demand for quality developments, where the Group has successfully identified and acquired desirable land assets.

URP

14. URP projects account for approximately RMB15 billion of net unlevered cash inflows over the forecast period. Whilst we have identified certain prepayments at 30 September 2015 that provide an element of assurance over the existence of these projects, they are in essence projects that are not fully secured from a contractual perspective. This provides a high risk element to the achievement of the forecast net cash flows for onshore and offshore debt service.

15. This risk not only relates to the quantum of cash inflows from successfully completed developments, but also has a significant timing element (reflecting the need to successfully conclude negotiations with local government officials/local residents and obtain relevant licenses). In addition to this, the length of URP is typically longer than standard residential projects, meaning that downside market factors can also impact the achievability of the forecast cash flows.

16. Conversely, we note URP may present forecast upside to mitigate the downside risks identified, should the Group successfully accelerate developments or acquire new opportunities outside of those assumed in the CFF.

17. Of particular note are the impending URP payments forecast for FY16 (RMB5.3 billion in Q2) which have been delayed and are necessary to secure URP02 and URP08 (both of which generate cash inflows from FY17 onwards). Should the Group's wider liquidity position preclude payment in Q2 FY16 and/or local management is unable to negotiate further deferral with the relocation targets, then there is a real risk these projects will be delayed.

New debt funding

18. The CFF includes new secured and unsecured debt funding (some of which will bridge shortfalls in net cash flows in the forecast period), as a means of ensuring the Group is ultimately able to service its obligations to existing onshore and offshore lenders.

19. The need for bridging funding increases the risk profile of existing onshore and offshore lenders, who are reliant on the Group's ability to negotiate appropriate terms, as well as the wider appetite of the debt markets for the Group, in order that the agreed restructured debt service profile can be achieved.

20. We understand CITIC and Ping An Bank have recently committed financing to the Group, part of which is intended to mitigate this risk. In addition, we note the positive cash inflow variance in paragraph 141 earlier in respect of additional project specific debt funding over and above that forecast.

Friendly foreclosures

21. Approximately RMB7.4 billion of debt in respect of seven projects is assumed to be settled via friendly foreclosure negotiations.

22. We understand the Group is negotiating with the onshore lenders to achieve this, but has yet to reach a contractually agreed position.

23. Given that these projects will likely result in the lenders having to write off debt, should the Group fail to successfully negotiate terms then further pressure will be placed on cash flows to settle these obligations as they fall due.

Construction payments, past due taxes and other arrears

24. The Group has built up an unspecified amount of arrears in recent months due to liquidity issues. We have been unable to obtain analysis of this amount, but note that both the Group and Houlihan expect it to be unwound in the coming months.

25. Whilst the Group has successfully negotiated extended trade credit terms in the short term, this position will require unwind in the near term. In addition, the Group has assumed the past due taxes can be settled over the course of 2016, though no agreement is in place with the relevant authorities.

26. Should settlement of trade and tax liabilities need to be accelerated, this will impact liquidity and the ability to manage cash resources and fund construction across a range of projects.

Cash in transit

27. Whilst this balance is not material in the context of the Group's overall forecast cash generation to 2020, it forms a significant element of the FY15 forecast operating cash generation.

28. We have been unable to obtain evidence to confirm the extent to which the Group has been able to collect cash trapped due to the sales restrictions, thereby further restricting liquidity during the critical short term period.

One-off items

29. The CFF includes one-off cash inflows from a range of sources, most notably the Dongguan project disposal (FY15, RMB1.3 billion) and PUD disposals (principally FY15 and FY16, net proceeds RMB2.5 billion). We understand from Houlihan that the Group is currently in negotiations to repurchase this project, therefore increasing the likelihood that the Group will need to repay the sale proceeds (and therefore a shortfall in forecast operating cash flows during this period).

30. These disposals are being undertaken in part due to the Group's liquidity position, hence failure to achieve either the forecast timing or quantum will result in additional cash flow pressure in the near term.

Foreign exchange

31. The Group is exposed to foreign exchange risk in respect of a depreciation of the RMB against the US$ and HK$ (portions of the offshore debt are denominated and serviced in these currencies).

32. The Group's day to day trading activity is conducted in RMB, consequently a weakening of this currency against the US$ and HK$ (constant exchange rates are assumed in the CFF) will result in an effective increase in the cost of debt service (though we acknowledge this risk will not arise in real terms until FY17, when the first offshore cash interest payments are forecast).

The Group and Houlihan's assessment of risks, upsides and sensitivities

33. As highlighted earlier, we set out below some additional market and economic related risks and upsides identified by the Group and Houlihan that may impact forecast cash generation.

Risks

34. **Performance of China real estate market:** Future revenue from property sales is highly dependent on the strength of the Chinese real estate market, particularly in the Pearl River Delta region and other Tier 1 cities. Continued oversupply in certain Tier 3 and Tier 4 cities, in excess of what has been forecast, could result in a decline in ASPs, which would adversely impact the Group's ability to meet its sales forecast. Additionally, a further acceleration of the slowing growth in the broader Chinese economy could reduce future housing demand relative to current expectations.

35. **JV Agreements:** The business plan currently assumes that the Group's JV partners will fund operating losses at certain cash flow negative JV projects; however, given that past JV partners have walked away from loss generating projects, it is uncertain that the Group's partners will bear their share of potential future losses. If JV partners are not willing to support cash losses, the Group would have additional cash outflows beyond what has been assumed in the business plan.

Upsides

36. **Refocusing the business strategy on Tier 1 & Tier 2 cities:** The Group's medium to long-term strategy involves refocusing on development in core Tier 1 and Tier 2 cities, while gradually exiting Tier 3 cities over time. Housing prices in Tier 1 and Tier 2 cities have historically been more stable than in lower-tiered cities. By projecting an increased focus on Tier 1 and Tier 2 cities, it is assumed that the Group will, to a certain degree, insulate itself from potential future declines in the Chinese real estate market. However, if the Group's assumptions regarding the divergence of Tier 1 and Tier 2 cities from other cities do not prove accurate, there is additional risk to the business plan.

37. **URP in the development pipeline:** The Group has 31 URP that could be developed in the future, seven of which are expected to commence construction and generate sales proceeds during the projection period. To the extent that the Group is able to accelerate the development plan for some of the remaining URP, the Group could achieve cash flows beyond what is assumed in the business plan.

38. **Investment in new projects:** The business plan assumes no future investment in unidentified projects. If liquidity allows for it, the Group may be able to acquire new land and develop new projects, which would further bolster future cash flows and liquidity.

39. **Speculation of future interest rate cuts and other forms of economic stimulus:** The Chinese central bank cut interest rates five times in 2015 and, as Government officials have become increasingly worried about a slowdown in future growth, many have speculated that the central bank will institute further rate cuts that could stimulate future housing demand. Other forms of economic stimulus have also been undertaken, including reducing bank's reserve requirements. The business plan does not specifically assume further government intervention, meaning such further acts present upside to the current projections.

40. **Easing of mortgage requirements:** Subsequent to the creation of the sales forecast in the business plan, China's central bank cut the minimum down payment required of first-time home buyers from 30% to 25% and lowered the required down payment on second homes from 60% to 40%. These changes should create a move favourable demand environment than was assumed in the business plan.

41. **End of one child policy:** China recently ended its 35+ year one-child policy. Families will now be allowed to have two children, which may increase future demand for housing. This change was not specifically assumed in the business plan and, as such, presents upside to the forecast.