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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2015 decreased by 40.0% to approximately RMB4,075.7 million from the corresponding period in 2014
- Gross loss of approximately RMB202.0 million and a gross loss margin of 5.0% for the six months ended 30 June 2015, as compared to a gross profit of approximately RMB2,159.8 million and a gross profit margin of 31.8% in the corresponding period in 2014
- Loss for the six months ended 30 June 2015 amounted to approximately RMB138.4 million, as compared to profit for the period amounted to approximately RMB261.0 million in the corresponding period in 2014
- Contracted sales decreased by 72% to approximately RMB3,075 million

* *for identification purpose only*

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2015

	Notes	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000 (restated)
Revenue	*5*	**4,075,704**	6,792,523
Cost of sales	*8*	**(4,277,719)**	(4,632,698)
Gross (loss)/profit		**(202,015)**	2,159,825
Other losses, net	*6*	**(107,487)**	(330,893)
Selling and marketing costs	*8*	**(174,932)**	(417,061)
Administrative expenses	*8*	**(374,611)**	(414,368)
Changes in fair value of investment properties		**1,932,993**	232,414
Changes in fair value of financial derivatives		**(42,219)**	(63,807)
Operating profit		**1,031,729**	1,166,110
Share of results from associates		**(1,177)**	–
Finance income		**8,737**	9,509
Finance costs		**(512,113)**	(140,012)
Finance costs, net	*7*	**(503,376)**	(130,503)
Profit before income tax		**527,176**	1,035,607
Income tax expenses	*9*	**(665,614)**	(774,624)
(Loss)/profit and total comprehensive (loss)/ income for the period		**(138,438)**	260,983
(Loss)/profit for the period and total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		**(180,251)**	238,048
Non-controlling interests		**41,813**	22,935
		(138,438)	260,983
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the period (expressed in RMB per share)	*10*		
– Basic		**(0.035)**	0.048
– Diluted		**(0.035)**	0.043

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property and equipment		**793,240**	848,179
Investment properties		**18,599,373**	16,256,160
Land use rights		**166,085**	169,228
Investments in associates	*12*	**777,284**	778,461
Long-term bank deposits		**1,479**	64,695
Deferred income tax assets		**58,824**	58,824
		20,396,285	18,175,547
Current assets			
Properties under development		**69,199,552**	69,335,835
Completed properties held for sale		**10,756,187**	11,320,631
Available-for-sale financial assets		**–**	56,823
Debtors, deposits and other receivables	*4*	**3,248,194**	3,697,214
Deposits for land acquisition		**5,404,609**	3,776,684
Prepayments for proposed development projects		**10,299,293**	9,617,786
Prepaid taxes		**347,172**	262,507
Financial derivatives		**–**	627
Restricted cash		**978,042**	1,078,291
Short-term bank deposits		**95,111**	189,860
Cash and cash equivalents		**770,906**	3,131,154
		101,099,066	102,467,412
Current liabilities			
Advance proceeds received from customers and deposits received		**14,847,823**	15,771,087
Accrued construction costs		**11,189,649**	14,118,865
Income tax payable		**3,989,615**	3,879,450
Borrowings		**52,267,629**	61,256,102
Financial derivatives		**–**	34,735
Other payables		**6,485,930**	3,787,568
Amounts due to non-controlling interests of subsidiaries		**672,361**	672,318
		89,453,007	99,520,125
Net current assets		**11,646,059**	2,947,287
Total assets less current liabilities		**32,042,344**	21,122,834

	Unaudited 30 June 2015 *RMB'000*	Audited 31 December 2014 *RMB'000*
Non-current liabilities		
Borrowings	**15,033,298**	4,466,896
Deferred income tax liabilities	**2,690,207**	2,206,959
	17,723,505	6,673,855
Net assets	**14,318,839**	14,448,979
EQUITY		
Share capital	**450,450**	450,450
Share premium	**4,253,704**	4,253,704
Reserves	**9,786,864**	9,958,817
Equity attributable to equity holders of the Company	**14,491,018**	14,662,971
Non-controlling interests	**(172,179)**	(213,992)
Total equity	**14,318,839**	14,448,979

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Kaisa Group Holdings Ltd. (the "**Company**") was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. During the period, the Company was engaged in investment holding and the subsidiaries of the Company were principally engaged in property development, property investment, property management, hotel and catering operations and cinema, department store and cultural centre operations.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

This condensed consolidated interim financial information is presented in Renminbi ("**RMB**"), unless otherwise stated. This condensed consolidated interim financial information was approved by the Board of Directors of the Company on 25 March 2017.

2. BASIS OF PREPARATION

2.1 Independent investigation on certain issues

As described in details in the Group's consolidated financial statements for the year ended 31 December 2014, the Company had established the Investigation Committee and FTI Consulting had undertaken an independent investigation (the "**Investigation**") on certain issues. A report on the Investigation had been issued by FTI Consulting on 7 October 2016 and key findings of the Investigation had been published by the Company on 19 December 2016. The terms "Investigation Committee", "FTI Consulting" and "Incident" are defined in the 2014 consolidated financial statements.

In the Group's consolidated financial statements for the year ended 31 December 2014, the Directors of the Company had taken into account all the findings of the Investigation and were satisfied that appropriate adjustments, including prior year adjustments, had been made to the consolidated financial statements. Accordingly, in the interim consolidated financial information for the six months ended 30 June 2015, the comparative figures for the six months ended 30 June 2014 have been arrived at after making the appropriate adjustments to the amounts previously reported in the 2014 interim report to correct significant accounting errors in relation to the Incident.

Prior period adjustments

The effects of the prior period adjustments to reflect the findings of the Investigation in relation to the Incident on the condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended 30 June 2014 are set out below.

	As previously reported *RMB'000*	Prior period adjustments *RMB'000*	*Notes*	As restated *RMB'000*
Cost of sales	(4,055,930)	(576,768)	*(2)*	(4,632,698)
Other gains/(losses) – net	18,814	(349,707)	*(3)*	(330,893)
Finance income	168,537	(159,028)	*(1)*	9,509
Finance costs	(140,012)	–	*(2)*	(140,012)
Profit attributable to:				
Equity holders of the Company	1,328,655	(1,090,607)		238,048
Non-controlling interests	17,831	5,104	*(1)*	22,935
	1,346,486	(1,085,503)		260,983
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)				
– Basic	0.267			0.048
– Diluted	0.246			0.043

Notes:

(1) The profit attributable to non-controlling interests of RMB5,104,000 due to incorrect classification of some of the Uncovered Borrowings as defined in the Group's 2014 consolidated financial statements have been reclassified to profit attributable to equity holders of the Company.

The adjustments also include reversal of imputed interest income on the Uncovered Borrowings which was previously classified as amount due to non-controlling interests, amounting to RMB159,028,000, which was previously recognised as finance income.

(2) Adjustments to recognise interest arising from the Uncovered Borrowings for the six months ended 30 June 2014 amounting to RMB1,009,309,000, of which RMB956,287,000 have been capitalised as part of the costs of the properties under development and completed properties held for sale as of 30 June 2014, and RMB53,022,000 have been recognised as cost of sales when the related properties are sold during the six months ended 30 June 2014. Adjustments to recognise additional cost of sales of RMB523,746,000 were also made to reflect the carrying amounts of certain properties sold during the period.

(3) Adjustment to recognise impairment on properties under development and completed properties held for sale of about RMB349,707,000 for the six months ended 30 June 2014 after interest costs being capitalised to the related properties.

2.2 Statement of compliance

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in the annual financial statements.

(i) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(ii) New and amended standards adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial period beginning on 1 January 2015.

HKAS 19 (Amendments) Employee benefits – Defined benefit plans: Employee Contributions

Annual Improvements to HKFRSs 2010–2012 Cycle

Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above amended standards which are effective for the financial period beginning on 1 January 2015 did not have material financial impact to the Group.

(iii) New standards, amendments to standards and interpretation that have been issued but were not yet effective

The following new/revised standards, amendments and improvements have been issued but were not effective for the financial period beginning on 1 January 2015 that are relevant to and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKAS 1 (Amendments)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKAS 7 (Amendments)	Statement of Cash Flows	1 January 2017
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The Directors are in the process of assessing the possible impact on the future adoption of the new/revised HKFRSs. Certain of these new/revised HKFRSs may have impact on the consolidated financial statements.

3. ESTIMATES

The preparation of interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

4. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

Debtors, deposits and other receivables include trade receivables, other receivables, other deposits, prepayment for construction costs to third parties and prepaid other taxes.

Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables as at the respective reporting date is as follows:

	Unaudited 30 June 2015 *RMB'000*	Audited 31 December 2014 *RMB'000*
Within 90 days	**140,438**	524,245
91–180 days	**241**	26,561
181–270 days	**227,126**	89,322
271–365 days	**27,800**	5,607
Over 365 days	**127,343**	74,596
	522,948	720,331

All the receivables were past due but not impaired as they primarily represented receivables from sale of residential properties to independent third parties of which the majority of the balances were due from customers in the process of applying mortgage loans. Generally, no credit terms were granted to these customers. These relate to a number of independent customers for whom there was no recent history of default.

Up to the date of approval of these condensed consolidated interim financial information, the amounts of RMB465,612,000 and RMB685,371,000 of the trade receivables as at 30 June 2015 and 31 December 2014 have been settled, respectively.

5. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors reviewed the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each operating segment based on a measure of profit before changes in fair value of financial derivatives, corporate and other unallocated expenses, finance income, finance costs and income tax expenses.

The executive directors considered the business from services perspective. From services perspective, the management assessed the performance of sales of properties, rental income, property management services and hotel and catering operations and regarded these being the reportable segments. In preparing the segment information for the year ended 31 December 2014, the executive directors of the Company considered that the business relating to cinema, department store and cultural centre operations, that were commenced in 2013 as separate reportable segment. Accordingly, the comparative information has been re-presented to achieve the consistent presentation. No geographical segment analysis is presented as the majority of the assets and operations of the Group were located in the People's Republic of China (the "**PRC**"), which is considered as one geographical location in an economic environment with similar risk and returns.

Revenue for the period consists of the following:

	Unaudited Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Sales of properties		
– Completed properties held for sale	**3,769,436**	3,826,626
– Properties under development held for sale and proposed development projects	**–**	2,713,860
Rental income	**110,886**	94,240
Property management services	**121,798**	83,937
Hotel and catering operations	**30,130**	27,252
Cinema, department store and cultural centre operations	**43,454**	46,608
	4,075,704	6,792,523

The segment information provided to the current executive directors of the Company for the reportable segments for the period ended 30 June 2015 is as follows:

	Unaudited					
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000*	Total *RMB'000*
Revenue	**3,769,436**	**116,403**	**232,015**	**32,653**	**43,898**	**4,194,405**
Less: Inter-segment revenue	**–**	**(5,517)**	**(110,217)**	**(2,523)**	**(444)**	**(118,701)**
Revenue from external customers	**3,769,436**	**110,886**	**121,798**	**30,130**	**43,454**	**4,075,704**
Segment results before changes in fair value of investment properties and shares of results from associates	**(837,950)**	**49,050**	**40,270**	**(35,245)**	**(3,265)**	**(787,140)**
Share of results from associates	**(1,177)**	**–**	**–**	**–**	**–**	**(1,177)**
Changes in fair value of investment properties	**–**	**1,932,993**	**–**	**–**	**–**	**1,932,993**
Segment results	**(839,127)**	**1,982,043**	**40,270**	**(35,245)**	**(3,265)**	**1,144,676**
Changes in fair value of financial derivatives						**(42,219)**
Corporate and other unallocated expenses						**(71,905)**
Finance income						**8,737**
Finance costs						**(512,113)**
Finance costs – net						**(503,376)**
Profit before income tax						**527,176**
Income tax expenses						**(665,614)**
Loss for the period						**(138,438)**

	Unaudited						
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other information:							
Depreciation	**27,526**	**3,083**	**2,259**	**16,518**	**4,425**	**3,690**	**57,501**
Amortisation of land use rights	**1,080**	**–**	**–**	**904**	**1,159**	**–**	**3,143**
Write-down of completed properties held for sale and properties under development	**129,175**	**–**	**–**	**–**	**–**	**–**	**129,175**

The segment information provided to the current executive directors of the Company for the reportable segments for the period ended 30 June 2014 is as follows:

	Unaudited					
	Property development *RMB'000* (restated)	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000* (restated)	Total *RMB'000* (restated)
Revenue	6,540,486	107,319	223,790	27,252	46,608	6,945,455
Less: Inter-segment revenue	–	(13,079)	(139,853)	–	–	(152,932)
Revenue from external customers	6,540,486	94,240	83,937	27,252	46,608	6,792,523
Segment results before changes in fair value of investment properties	995,081	47,008	4,682	(31,307)	(3,443)	1,012,021
Changes in fair value of investment properties	–	232,414	–	–	–	232,414
Segment results	995,081	279,422	4,682	(31,307)	(3,443)	1,244,435
Changes in fair value of financial derivatives						(63,807)
Corporate and other unallocated expenses						(14,518)
Finance income						9,509
Finance costs						(140,012)
Finance income – net						(130,503)
Profit before income tax						1,035,607
Income tax expenses						(774,624)
Profit for the period						260,983

	Unaudited						
	Property development *RMB'000* (restated)	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000* (restated)	Unallocated *RMB'000* (restated)	Total *RMB'000* (restated)
Other information:							
Depreciation	16,891	1,947	2,013	8,875	6,590	4,004	40,320
Amortisation of land use rights	976	–	–	773	1,135	–	2,884
Write-down of completed properties held for sale and properties under development	369,470	–	–	–	–	–	369,470

The segment assets and liabilities as at 30 June 2015 are as follows:

	Unaudited						
	Property development *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Hotel and catering operations** *RMB'000*	**Cinema, department store and cultural centre operations** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment assets	**198,318,334**	**16,666,224**	**2,641,951**	**1,916,554**	**359,482**	**(98,813,190)**	**121,089,355**
Unallocated							**405,996**
Total assets							**121,495,351**
Segment liabilities	**125,972,574**	**3,456,448**	**1,151,020**	**1,659,340**	**254,560**	**(99,298,179)**	**33,195,763**
Unallocated							**73,980,749**
Total liabilities							**107,176,512**
Other information:							
Capital expenditure	**4,597**	**413,410**	**341**	**179**	**786**	**–**	**419,313**
Unallocated							**1,728**
							421,041

The segment assets and liabilities as at 31 December 2014 are as follows:

	Audited						
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment assets	197,324,504	16,127,413	2,407,374	538,702	328,697	(96,462,512)	120,264,178
Unallocated							378,781
Total assets							120,642,959
Segment liabilities	125,296,829	3,301,801	1,116,918	235,627	218,220	(95,819,556)	34,349,839
Unallocated							71,844,141
Total liabilities							106,193,980
Other information:							
Capital expenditure	24,101	2,146,026	4,858	47,652	29,369	–	2,252,006
Unallocated							11,958
							2,263,964

Segment assets consist primarily of property and equipment, investment properties, investments in associates, land use rights, properties under development, completed properties held for sale, debtors, deposits and other receivables, deposits for land acquisition, prepayments for proposed development projects, restricted cash, short-term bank deposits, long-term bank deposits and cash and cash equivalents. They exclude available-for-sale financial assets, financial derivatives, deferred income tax assets and prepaid taxes.

Segment liabilities consist primarily of advance proceeds received from customers and deposits received, accrued construction costs, operating borrowings, other payables and amounts due to non-controlling interests of subsidiaries. They exclude financial derivatives, deferred income tax liabilities, income tax payable and corporate borrowings.

6. OTHER LOSSES – NET

	Unaudited Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
		(restated)
Forfeited customer deposits	**(2,579)**	(1,878)
Compensation for termination of proposed development projects	**–**	(7,037)
Write-down of completed properties held for sale and properties under development	**129,175**	369,470
Government subsidy income	**(26,205)**	(27,609)
Loss on disposal of property and equipment	**6,243**	1,460
Others	**853**	(3,513)
	107,487	330,893

7. FINANCE COSTS – NET

	Unaudited Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
		(restated)
Finance income		
Interest income on bank deposits	**8,737**	9,509
Finance costs		
Interest expense:		
– Bank and other borrowings	**1,983,142**	1,483,453
– Senior Notes	**868,110**	558,465
– Convertible Bonds	**125,873**	89,158
Total interest expense	**2,977,125**	2,131,076
Less: interest capitalised *(note)*	**(2,499,427)**	(2,070,222)
	477,698	60,854
Net exchange losses	**34,415**	79,158
	512,113	140,012
Finance costs – net	**(503,376)**	(130,503)

Note: The capitalisation rate of borrowings is 11.25% (2014: 12.65% (restated)) for the period.

8. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Unaudited Six months ended 30 June **2015** ***RMB'000***	 2014 *RMB'000* (restated)
Auditors' remuneration	**230**	1,300
Advertising and other promotional costs	**82,945**	277,592
Agency fee	**11,825**	26,700
Business taxes	**253,059**	237,681
Cost of properties sold	**3,903,207**	4,292,476
Donations	**–**	31,030
Legal and professional fees	**33,722**	26,551
Depreciation	**57,501**	40,320
Amortisation of land use rights	**3,143**	2,884
Staff costs including directors' emoluments	**221,385**	240,789
Office expenses	**24,557**	36,046
Operating lease rental	**16,064**	19,916
Others	**219,624**	230,842
	4,827,262	5,464,127

9. INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2014: 25%).

Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2015 and 2014 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the condensed consolidated interim statement of profit or loss as income tax.

	Unaudited Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**169,096**	668,764
– PRC land appreciation tax	**13,270**	107,737
Deferred income tax	**483,248**	(1,877)
	665,614	774,624

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2015	2014 (restated)
(Loss)/profit attributable to equity holders of the Company *(RMB'000)*	**(180,251)**	238,048
Weighted average number of ordinary shares in issue	**5,135,427,910**	4,973,700,779
Basic (loss)/earnings per share *(RMB)*	**(0.035)**	0.048

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to equity holders of the Company of RMB180,251,000 (2014: profit of RMB238,048,000 (restated)) and the weighted average number of 5,135,427,910 (2014: 4,973,700,779) ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2015	2014 (restated)
(Loss)/profit attributable to equity holders of the Company *(RMB'000)*	**(180,251)**	238,048
Adjustment for profit and loss effect of convertible bonds *(RMB'000)*	**–**	5,480
(Loss)/profit used to determine diluted (loss)/earnings per share *(RMB'000)*	**(180,251)**	243,528

	Number of Shares Six months ended 30 June	
	2015	2014
Weighted average number of ordinary shares in issue	**5,135,427,910**	4,973,700,779
– Adjustment for convertible bonds	**–**	639,172,341
– Adjustment for share options	**–**	84,735,226
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**5,135,427,910**	5,697,608,346
Diluted (loss)/earnings per share *(RMB)*	**(0.035)**	0.043

Diluted earnings per share for the six months ended 30 June 2014 was calculated based on the weighted average number of ordinary share outstanding adjusted to assume conversion or exercise of all dilutive potential ordinary shares (convertible bonds and share options).

The diluted loss per share for the six months ended 30 June 2015 was the same as the basic loss per share as the potential ordinary shares were anti-dilutive.

For the six months ended 30 June 2014, the convertible bonds were assumed to have been converted into ordinary shares of the Company, and the net profit was adjusted to eliminate the profit and loss effect of the convertible bonds. For the share options, a calculation was made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise in full of the share options.

11. DIVIDEND

No interim dividend has been declared by the Company for the six months ended 30 June 2015 and 2014.

A final dividend in respect of the year ended 31 December 2013 of Hong Kong dollars 15 cents per share with a scrip dividend alternative totalling, HK$745,236,000 (equivalent to RMB591,047,000) was declared at the annual general meeting on 31 March 2014 and paid in May 2014.

12. INVESTMENTS IN ASSOCIATES

	Unaudited 30 June 2015 *RMB'000*	Audited 31 December 2014 *RMB'000*
Investment cost	**778,461**	779,095
Share of results from associates	**(1,177)**	(634)
	777,284	778,461

13. COMMITMENTS

(a) Commitments for property development expenditures

	Unaudited 30 June 2015	Audited 31 December 2014
	RMB'000	*RMB'000*
Contracted but not provided for	**26,441,205**	24,462,837

Note: The amounts represented capital commitments for land use rights, prepayments for proposed development contracts and construction contracts.

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	Unaudited 30 June 2015	Audited 31 December 2014
	RMB'000	*RMB'000*
Not later than one year	**28,575**	28,301
Later than one year and not later than five years	**17,632**	20,833
Later than five years	**1,225**	1,050
	47,432	50,184

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	Unaudited 30 June 2015	Audited 31 December 2014
	RMB'000	*RMB'000*
Not later than one year	**140,926**	170,232
Later than one year and not later than five years	**401,992**	457,244
Later than five years	**187,503**	258,317
	730,421	885,793

14. EVENTS AFTER THE REPORTING DATE

(1) On 12 May 2016, the Group entered into agreements with a third party to acquire 70% equity interest in Shenzhen Marine Group Company Limited, a company that holds a parcel of land for property development in the PRC, for a cash consideration of approximately HK$6.8 billion (approximately equivalent to RMB5.8 billion).

(2) Subsegment to the reporting date, the negotiations on, inter alia, the repayment terms and securing new loans and facilities for re-financing with a number of the PRC banks and non-banking financial institutions have been completed. Most of the banks and financial institutions have been agreed for renewal and extension of loans and banking facilities which includes the extension of repayment terms, and the securing new loans and facilities for re-financing.

On 21 July 2016, the offshore debt restructuring, including the restructuring of the existing senior notes, the convertible bonds and the other offshore facilities, was completed through the Company's proposed schemes of arrangement which had been respectively sanctioned by the Grand Court of the Cayman Islands and the High Court of Hong Kong. The United States Court had also granted the order to recognise the scheme sanctioned by the High Court of Hong Kong under Chapter 15 of Title 11 of the United States Code.

The Group cancelled the original offshore debts and issued the new indentures in accordance with the election of the offshore creditors.

(3) In November 2016, the Group acquired 830,949,743 shares of a Hong Kong listed company, Mega Medical Technology Ltd., which represented approximately 21.72% of its existing issued shares for a cash consideration of HK$388 million (approximately equivalent to RMB331 million).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**") of Kaisa Group Holdings Ltd. (the "**Company**", together with its subsidiaries, the "**Group**"), I present the interim results of the Group for the six months ended 30 June 2015 together with the restated comparative figures for the previous corresponding period.

I would like to express our sincerest and utmost appreciation to all the shareholders of the Company, investors, business partners and other stakeholders for their patience and continued support to the Company despite the suspension of trading in the shares of the Company (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 31 March 2015. For the resumption progress, please refer to the section headed "Resumption Progress" in the Company's Interim Report for the six months ended 30 June 2015.

RESULTS AND DIVIDEND

For the six months ended 30 June 2015, the Group recorded a turnover of approximately RMB4,075.7 million, representing a decrease of 40.0% as compared to the corresponding period in 2014. The Group recorded a gross loss of approximately RMB202.0 million in the first half of 2015 as compared to gross profit of approximately RMB2,159.8 million in the corresponding period of 2014. Loss attributable to equity holders of the Company and basic loss per share were approximately RMB180.3 million and RMB3.5 cents, respectively, as compared to the profit attributable to equity holders of the Company of approximately RMB238.0 million and basic earnings per share of RMB4.8 cents, respectively, in the corresponding period of 2014.

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2015 (30 June 2014: nil).

BUSINESS REVIEW

During the first half of 2015, the real estate market in China entered into a "new normal" phase, featuring adjustments and consolidation within the industry and moderating growth. The market had started to exhibit signs of picking up and returned to a normal trajectory with pressure from excessive inventory beginning to relief.

The corrections and volatility in the market intensified differentiation in terms of transaction volumes and product structures among cities and regions, and among different industry participants. Upper-tier cites saw better growth while lower-tier cities were subject to heavier inventory pressure with slower sales. Units targeting at home-improvement demand experienced significant recovery while units targeting at first-time occupier-buyers were still volume drivers for the whole market. At the same time, the industry continued to consolidate with large-scale developers seeking project joint venture or acquisition opportunities with those smaller and less resourceful peers, leading to more intensified concentration within the industry.

The Group achieved contracted sales aggregating RMB3,075 million, down 72% from the last corresponding period due to blockage and restriction for certain property projects by the relevant government authorities since November 2014.

With respect to land acquisitions, the Group stayed focused on first and second tier cites and provincial capitals. As at 30 June 2015, 79.7% of the Group's land reserves were located in first and second tier cities. The ongoing optimisation of the Group's land bank helped secure high-quality resources for its expansion, strengthening its resilience against cyclical adjustments in the industry.

INVESTOR RELATIONS

The Company is devoted to maintaining effective communication with its shareholders and investors through regulatory filing, announcements and meetings, in order to keep them updated with the Company's recent developments. The Group values inputs from investors and reviews its operational and financial management from time to time.

PROSPECTS

Activities in the residential property market in China in 2017 are expected to retreat from the highs seen 2016 due to purchasing and mortgage borrowing restrictions introduced in the second half of 2016. The high comparison base set in 2016 and the shrinking owner-occupier and investment demand due to the purchase and borrowing restrictions will contribute to slower growth in transaction volumes with narrower upsides for prices.

ACKNOWLEDGEMENT

The Board will continue to mitigate the negative impact and implement measures to manage any operational and reputational risks of the Group, and realise and enhance core strengths of the Group for its sustainable development.

I would like to take this opportunity to extend my sincerest gratitude to all of our shareholders for their enormous support on us during the period. Our staff members have been serving the Group with their most dedicated efforts that, when coupled with support from our business partners and creditors, have fueled our courage and resilience to work with the relevant authorities and parties to resolve the whole situation surrounding us. On behalf of the Board, I would like to express my wholehearted tribute to all shareholders of the Company, investors, business partners and customers.

KWOK Ying Shing
Chairman

Hong Kong, 25 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

For the first half of 2015, the Group's contracted sales and the gross floor area ("**GFA**") sold amounted to approximately RMB3.08 billion and 530,394 sq.m., representing decline of 72% and 44% year-on-year, respectively. This is due to the blockage and restriction imposed by the relevant government authorities on certain projects since November 2014. Contracted average selling price (the "**ASP**") decreased by 51% year-on-year to RMB5,798 per sq.m.. The table below shows the Group's contracted sales by region in the first half of 2015:

Region	**Contracted sales area** *sq.m.*	**Contracted sales amount** *RMB in millions*
Pearl River Delta	78,277	675
Yangtze River Delta	54,872	439
Western China Region	208,151	1,095
Central China Region	94,646	450
Pan-Bohai Bay Rim	94,448	416
Total	530,394	3,075

For the six months ended 30 June 2015, the Group recorded a turnover of approximately RMB4,075.7 million, representing a decrease of 40.0% as compared to the corresponding period in 2014. Loss attributable to equity holders of the Company amounted to approximately RMB180.3 million as compared to profit attributable to equity holders of the Company of approximately RMB238.0 million in the last corresponding period. The Group's net loss for the six months ended 30 June 2015 excluding changes in fair values of financial derivatives and of investment properties net of corresponding deferred taxes, amounted to approximately RMB1,546.0 million (2014: net profit of approximately RMB150.5 million). Basic loss per share was RMB3.5 cents, as compared to basic earnings per share of RMB4.8 cents in the last corresponding period.

Property Development

1. *Projects completed for the six months ended 30 June 2015*

   The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. For the six months ended 30 June 2015, the GFA of newly completed projects of the Group amounted to approximately 1.1 million sq.m..

2. *Projects under development*

   As at 30 June 2015, the Group had 36 projects under development with an aggregate of GFA of approximately 8.2 million sq.m..

3. *Property management*

The Group provides property management services to properties developed by the Group. During the Period under review, the Group managed a total floor area of approximately 18.1 million sq.m.. In June 2015, Kaisa was ranked 15th in "2015 China Top 100 Property Management Companies" jointly compiled by China Index Research Institute and China Real Estate Top 10 Research Team. The Group's property management arm is striving to deliver excellent and professional services to its customers.

4. *Investment properties*

The Group adopts a diversified business strategy, characterised by its increase in property investment. The portfolio of investment properties will generate steady and reliable income, and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account the long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 30 June 2015, the Group held an aggregate GFA of 383,278 sq.m. completed investment properties for rental purpose.

Land Bank

It remains an ongoing effort of the Group to expand and rebalance its land reserve to implement the business strategy of rapid turnover model. As at 30 June 2015, the Group had a total land bank of approximately 21.7 million sq.m., which is sufficient for the Group's development needs for the next five years.

Outlook

The management believes that with the stimulus package promulgated by the Central Government on restoring market momentum, activities in the country's real estate market will be on track to more normal levels than in the previous years.

However, the inventory for the industry as a whole will remain high. The stimulus package will unleash demand in upper-tier cities, in anticipation of having this momentum trickling down to lower-tier cities to help alleviate inventory clearance pressure further.

The Group will continue to adhere to its core businesses of building, selling and managing premium-quality residential properties in key cities, and to work diligently on its key urban redevelopment projects in Shenzhen and neighboring regions. Meanwhile, it will continue initiatives in rebalancing the geographical coverage of its projects and land reserves, with more emphases on upper-tier cities. This hopefully will make the Group's product portfolio available for sale more comprehensive and accommodating to market demand, thereby improving its overall profit margin and profitability.

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from five business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, and (v) cinema, department store and cultural centre operations. Revenue decreased by 40.0% to approximately RMB4,075.7 million for the six months ended 30 June 2015 from approximately RMB6,792.5 million for the corresponding period in 2014. 92.5% of the Group's revenue was generated from the sales of properties (2014: 96.3%) and 7.5% from other segments (2014: 3.7%).

Sales of properties

Revenue from sales of properties decreased by approximately RMB2,771.1 million, or 42.4%, to approximately RMB3,769.4 million for the six months ended 30 June 2015 from approximately RMB6,540.5 million for the corresponding period in 2014. The decrease was primarily attributable to a decrease in the sales of properties under development and proposed development projects.

Since November 2014, processing and filing of the sale and purchase agreements for unsold units of some property projects of the Group in Shenzhen were blocked (the "**Blockage**") and a number of unsoldated units in those projects were subject to freezing order imposed by local courts in the PRC (the "**Seizure**"). All Seizure and the Blockage were lifted by July 2016.

Rental income

Revenue from rental income increased by approximately RMB16.6 million, or 17.7%, to approximately RMB110.9 million for the six months ended 30 June 2015 from approximately RMB94.2 million for the corresponding period in 2014. The increase was primarily attributable to the increased rental space and higher rental rates.

Property management

Revenue from property management service increased by approximately RMB37.9 million, or 45.1%, to approximately RMB121.8 million for the six months ended 30 June 2015 from approximately RMB83.9 million for the corresponding period in 2014. The increase was primarily attributable to the increased GFA under property management.

Hotel and catering operations

Revenue from hotel and catering operations of the Group increased by approximately RMB2.9 million, or 10.6% to approximately RMB30.1 million for the six months ended 30 June 2015, from approximately RMB27.3 million for the corresponding period in 2014. The increase was mainly attributable to our business expansion in the Pearl River Delta.

Cinema, department stores and cultural centre operations

Revenue from cinema, department stores and cultural centre operations decreased by approximately RMB3.2 million, or 6.8%, to approximately RMB43.5 million for the six months ended 30 June 2015 from approximately RMB46.6 million in the corresponding period in 2014.

Gross (loss)/profit

The Group recorded a gross loss of approximately RMB202.0 million and a gross loss margin of 5.0% for the six months ended 30 June 2015 respectively, as compared to a gross profit of approximately RMB2,159.8 million and a gross profit margin of 31.8% in the corresponding period of last year. The decrease in gross profit margin was primarily attributable to higher construction cost per sq.m. of property sales recognised for the six months ended 30 June 2015 as compared to the corresponding period in 2014.

Selling and marketing costs

The Group's selling and marketing costs decreased by approximately RMB242.1 million, or 58.1%, to approximately RMB174.9 million for the six months ended 30 June 2015 from approximately RMB417.1 million for the corresponding period in 2014. The decrease in selling and marketing costs was in line with the decrease in the contracted sales for the six months ended 30 June 2015.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB39.8 million, or 9.6%, to approximately RMB374.6 million for the six months ended 30 June 2015 from approximately RMB414.4 million for the corresponding period in 2014. The decrease was primarily attributable to the decrease in staff costs and other administrative expenses.

Changes in fair value of investment properties

The changes in fair value of the Group's investment properties for the six months ended 30 June 2015 was in line with the prevailing market conditions of general increases in rental levels of comparable properties.

Changes in fair value of financial derivatives

The Group has entered into forward foreign exchange contracts under the 2012 ISDA Master Agreement with The Hongkong and Shanghai Banking Corporation Limited, as the swap counterparty, to manage the Group's foreign exchange rate risk arising from the issuance of the Senior Notes April 2013. The loss on changes in fair value of the Group's financial derivatives of approximately RMB42.2 million in the first half of 2015 was mainly attributable to the depreciation of Renminbi against the U.S. dollar for the six months ended 30 June 2015.

Finance costs – net

The Group's net finance costs amounted to approximately RMB503.4 million for the six months ended 30 June 2015, as compared to approximately RMB130.5 million for the corresponding period in 2014. The changes were mainly due to the increase in net interest expenses incurred and lower interest income received during the six months ended 30 June 2015.

Income tax expenses

The Group's income tax expenses decreased by approximately RMB109.0 million, or approximately 14.1%, to approximately RMB665.6 million in the six months ended 30 June 2015 from approximately RMB774.6 million for the corresponding period in 2014. The decrease was primarily attributable to the significant increase in the net loss for the six months ended 30 June 2015 excluding changes in fair values of financial derivatives and investment properties net of corresponding deferred taxes.

Loss for the six months ended 30 June 2015

As a result of the foregoing, the Group's loss for the six months ended 30 June 2015 amounted to approximately RMB138.4 million (2014: Profit of approximately RMB261.0 million). The Group's net loss excluding changes in fair value of finance derivatives and investment properties, net of deferred tax for the six months ended 30 June 2015 was approximately RMB1,546.0 million (2014: net profit of approximately RMB150.5 million).

Liquidity, Financial and Capital Resources

Cash position

As at 30 June 2015, the carrying amount of the Group's cash and bank deposits was approximately RMB1,845.5 million (31 December 2014: approximately RMB4,464.0 million), representing a decrease of 58.7% as compared to that as at 31 December 2014. Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after the completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 30 June 2015, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collaterals amounted to approximately RMB978.0 million as at 30 June 2015 (31 December 2014: approximately RMB1,078.3 million).

Convertible bonds

On 20 December 2010, the Company issued RMB1.5 billion US$ settled 8% convertible bonds due 2015 (the "**Convertible Bonds**") for the purpose of financing the acquisition of new land bank in the PRC and the Group's real estate projects. The initial conversion price is HK$2.82 per share. The conversion price was adjusted downward to HK$2.64 per share following the payment of a final dividend in 2013. Based on the conversion price of HK$2.64 and assuming full conversion of the Convertible Bonds at such conversion price, the Convertible Bonds would be convertible into 662,184,424 new ordinary Shares. The conversion rights attaching to the Convertible Bonds have not been exercised during the six months ended 30 June 2015. The proceeds from the issue of the Convertible Bonds were applied in accordance with the specified uses previously disclosed in the Company's announcement dated 2 December 2010. In July 2016, the Convertible Bonds were exchanged into mandatorily exchangeable bonds. Details of mandatorily exchangeable bonds were set out in the Company's announcement dated 17 March 2016.

Senior Notes

Details of the senior notes of the Company as at 30 June 2015 are set out below:

(a) Senior notes due 2017

On 18 September 2012, the Company issued US$250 million 12.875% senior notes due 2017 (the "**Senior Notes 2012**") for the purpose of funding the Group's property projects and refinancing our indebtedness and general corporate use.

(b) Senior notes due 2020

On 8 January 2013, the Company issued US$500 million 10.25% senior notes due 2020 (the "**Senior Notes January 2013**") for the purpose of refinancing the Group's exchangeable term loan in the aggregate amount of US$120 million and RMB2.0 billion US$ settled 8.5% senior secured guaranteed bonds due 2014 and general corporate use.

(c) Senior notes due 2018

On 19 March 2013, the Company issued US$550 million 8.875% senior notes due 2018 for the purpose of partially refinancing the Group's 13.5% senior notes due 2015 denominated in US$, refinancing the Group's existing and new property projects ("**Senior Notes March 2013**") and general corporate use. On 13 January 2014, the Company issued additional 8.875% senior notes due 2018 in the principal amount of US$250 million (the "**Senior Notes January 2014**") for the purpose of funding the Group's existing and new property projects, refinancing the Group's indebtedness and general corporate use.

(d) Senior notes due 2016

On 22 April 2013, the Company issued RMB1.8 billion 6.875% senior notes due 2016 (the "**Senior Notes April 2013**") for the purpose of fully refinancing the Senior Notes March 2013 and general corporate use.

(e) Senior notes due 2019

On 6 June 2014, the Company issued US$400 million 9% senior notes due 2019 (the "**Senior Notes June 2014**") for the purpose of funding the Group's existing and new property projects, refinancing the Group's indebtedness and general corporate use.

The Senior Notes 2012, the Senior Notes January 2013, the Senior Notes March 2013, the Senior Notes January 2014, the Senior Notes April 2013 and the Senior Notes June 2014 (collectively, the "**Existing Senior Notes**") were exchanged into five new tranches of notes maturing 31 December 2019, 30 June 2020, 31 December 2020, 30 June 2021 and 31 December 2021 (the "**New Senior Notes**") on July 2016. The New Senior Notes have terms substantially similar to the Existing Senior Notes.

Borrowings and charges on the Group's assets

As at 30 June 2015, the Group had aggregate borrowings of approximately RMB67,300.9 million, of which approximately RMB52,267.6 million will be repayable within 1 year, approximately RMB14,065.0 million will be repayable between 2 and 5 years and approximately RMB968.3 million will be repayable over 5 years. As at 30 June 2015, the Group's bank loans of approximately RMB37,875.7 million were secured by plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale and certain shares of the Group's Subsidiaries of the Group with total carrying values of approximately RMB46,032.5 million. As at 30 June 2015, the existing Senior Notes and the Convertible Bonds were secured by the share pledge of certain of the subsidiaries incorporated outside of the PRC, and joint and several guarantees given by certain subsidiaries of the Company. The Group's domestic bank loans carried a floating interest rate linking up with the base lending rate of the People's Bank of China. The Group's interest rate risk is mainly from the floating interest rate of domestic bank loans.

Key Financial Ratios

As at 30 June 2015, the Group had a leverage ratio (i.e. its net debts (total borrowings, net of cash and cash equivalent, short-term bank deposits, restricted cash and long-term bank deposits) over total assets) of 53.9% (31 December 2014: 50.8%). The Group's net current assets increased by 4.0 times from approximately RMB2,947.3 million as at 31 December 2014 to approximately RMB11,646.1 million as at 30 June 2015, and the current ratio increased from 1.0 times as at 31 December 2014 to 1.1 times as at 30 June 2015.

Cost of borrowings

For the six months ended 30 June 2015, the Group's total cost of borrowings was approximately RMB3,011.5 million, representing an increase of approximately RMB801.3 million or 36.3% as compared to the corresponding period in 2014. The increase was primarily attributable to higher average debt balance for the six months ended 30 June 2015 as compared to the corresponding period in 2014.

Foreign currency risks

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies which operate in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 30 June 2015, the Group had cash balances denominated in US$ of approximately RMB110.2 million, and in HK$ of approximately RMB33.2 million and the Senior Notes 2012, Senior Notes January 2013, Senior Notes March 2013, Senior Notes January 2014 and Senior Notes June 2014 in US$ with an aggregate outstanding principal amount of US$1,950.0 million, and other offshore banking facilities denominated in US$ and HK$, of US$159.5 million and HK$913.0 million respectively, which are subject to foreign currency exposure.

The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

On 22 April 2013, in connection with the Senior Notes April 2013, the Company entered into an arrangement with an offshore bank to manage the Group's currency risk by using Renminbi-to-U.S. dollar currency swaps and converted borrowings of RMB1.8 billion to approximately US$291.0 million through currency swap.

On 27 August 2014, in connection with the Senior Notes June 2014, the Company entered into an arrangement with an offshore bank to manage the Group's currency risk by using Hong Kong dollar-to-Renminbi currency swaps and converted borrowings of HK$400 million to approximately RMB317.2 million through currency swap.

Financial guarantees

As at 30 June 2015, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to the Group's customers amounting to approximately RMB15,252.6 million (31 December 2014: approximately RMB15,337.2 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

Employees and remuneration policy

As at 30 June 2015, the Group had approximately 7,621 employees (31 December 2014: approximately 9,846 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2015 amounted to approximately RMB221.4 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Company adopted the share option scheme on 22 November 2009. Further information of such share option scheme has been set out in the annual report of the Company for the year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. The Board is of the view that, for the six months ended 30 June 2015, the Company complied with the code provisions on the Code on Corporate Governance Practices (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), save for the deviations below:

(a) Code provision A.1.2 provides that arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings. Code provision A.1.3 provides that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given. There were no regular Board meetings held for approving the annual and interim results of the Group during the six months ended 30 June 2015. Due notice of all regular Board meetings will be given to all members of the Board.

(b) Code provision A.2.5 provides that the chairman should take responsibility for ensuring that good corporate governance practices and procedures are established. The Company was not in compliance with certain code provisions as set out in the CG Code. The chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.

(c) Code provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. No general meeting was held during the six months ended 30 June 2015. Therefore, no Directors have been subject to retirement and re-election by the Shareholders at the general meeting. All Directors will be subject to rotation in accordance with the Articles of Association of the Company and the Listing Rules. Every Director will be subject to retirement by rotation at least once every three years.

(d) Code provision A.6.7 provides that Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. No general meeting was held during the six months ended 30 June 2015 due to the suspension in trading of the Company's share.

(e) Code provision A.7.1 provides that for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period). There were no regular Board meetings held for approving the annual and interim results of the Group during the six months ended 30 June 2015.

(f) Code provision C.1.5 provides that the board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements. There were no regular Board meetings held for approving the annual and interim results of the Group during the six months ended 30 June 2015. The dispatches of the relevant annual reports and interim reports have been delayed.

(g) Code provision E.1.1 provides that for each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. Issuers should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", issuers should explain the reasons and material implications in the notice of meeting.

Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. An issuer's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Code provision E.1.3 provides that the issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.

Code provision E.2.1 provides that the chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.

The Company was not in compliance with the code provisions E.1.1, E.1.2, E.1.3 and E.2.1 as no general meeting was held during the six months ended 30 June 2015 due to the suspension in trading of the Company's share. General meetings of the Company shall be arranged in due course.

(h) Code provision A.3.2 provides that an issuer should maintain on its websites and on the Exchange's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors. During the six months ended 30 June 2015, the Company failed to maintain on its website and the Stock Exchange's website an updated list of Directors due to an inadvertent error of the administrative staff of the Company.

Other non-compliances with the Listing Rules

(a) Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors of such listed issuer. Since the resignation of Mr. FOK Hei Yu on 31 December 2014, the number of independent non-executive Directors has fallen below the minimum number of three and does not consist of one-third of the Board as required under Rules 3.10(1) and 3.10A of the Listing Rules during the period from 31 December 2014 to 27 February 2017. In order to comply with Rules 3.10(1) and 3.10A of the Listing Rules, Mr. LIU Xuesheng was appointed as an independent non-executive Director on 28 February 2017.

(b) The Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing the interim results for the six months ended 30 June 2015; and (ii) publishing the interim report for the six months ended 30 June 2015. Such delay has constituted non-compliance with Rules 13.48 and 13.49 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are non-executive director and independent non-executive directors of the Company, namely, Ms. CHEN Shaohuan, Mr. RAO Yong and Mr. ZHANG Yizhao. Mr. RAO Yong is the Chairman of the Audit Committee.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's unaudited consolidated interim results for the six months ended 30 June 2015. In addition, the independent auditor of the Company, Grant Thornton Hong Kong Limited, has reviewed the unaudited interim results for the six months ended 30 June 2015 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2015.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees of the Group, who are likely to be in possession of inside information of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed in this announcement, during the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EXTRACT OF REPORT ON REVIEW

The following is the reproduction of the Conclusion in the Report on Review of Condensed Consolidated Financial Statements from the independent auditor of the Company, Grant Thornton Hong Kong Limited:

"Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Emphasis of matter

As disclosed in the Company's 2014 annual report, the auditors' report on the consolidated financial statements of the Group contained a disclaimer of opinion because of the significance of the possible effects of certain matters relating to the Incident (as defined in the Company's 2014 annual report) on the adequacy of disclosures of the nature of the loss arising from the Incident and categorisation of cash flows arising from the Incident for the year ended 31 December 2014. Accordingly, we draw attention to the possible effect of the matters mentioned in the basis for disclaimer of opinion on the results and cash flows on the comparability of the current period's figures and the comparative information."

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

PUBLICATION OF THE 2015 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Interim Report for the six months ended 30 June 2015 will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.kaisagroup.com in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 31 March 2015. The Company has applied to the Stock Exchange for the resumption of trading in the Company's shares on the Stock Exchange with effect from 9:00 a.m. on 27 March 2017.

By Order of the Board
Kaisa Group Holdings Ltd.
Mr. Kwok Ying Shing
Chairman

Hong Kong, 25 March 2017

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