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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Total revenue for the year decreased by 44.3% to approximately RMB10,926.5 million from 2014
- Gross profit for the year decreased by 88.0% to approximately RMB343.4 million and gross profit margin for the year decreased by 11.5% to 3.1% from 2014
- Loss for the year decreased by 3.5% to approximately RMB1,254.5 million from 2014
- Contracted sales for the year decreased by 60% to approximately RMB9.3 billion

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	4	**10,926,535**	19,600,176
Cost of sales	7	**(10,583,158)**	(16,729,262)
Gross profit		**343,377**	2,870,914
Other losses, net	5	**(216,339)**	(1,742,408)
Selling and marketing costs	7	**(559,419)**	(798,518)
Administrative expenses	7	**(1,066,169)**	(1,170,986)
Changes in fair value of investment properties		**3,824,520**	3,626,772
Changes in fair value of financial derivatives		**(42,219)**	(85,772)
Loss arising from the Incident	5	**–**	(482,736)
Operating profit		**2,283,751**	2,217,266
Share of results from associates		**(3,586)**	(634)
Finance income		**10,717**	25,039
Finance costs		**(2,117,161)**	(775,804)
Finance costs, net	6	**(2,106,444)**	(750,765)
Profit before income tax		**173,721**	1,465,867
Income tax expenses	8	**(1,428,205)**	(2,765,935)
Loss and total comprehensive loss for the year		**(1,254,484)**	(1,300,068)
Loss for the year and total comprehensive loss for the year attributable to:			
Equity holders of the Company		**(1,121,577)**	(1,287,484)
Non-controlling interests		**(132,907)**	(12,584)
		(1,254,484)	(1,300,068)
Loss per share for loss attributable to equity holders of the Company during the year (expressed in RMB per share)	9		
– Basic		**(0.218)**	(0.255)
– Diluted		**(0.218)**	(0.255)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property and equipment		**760,171**	848,179
Investment properties		**20,738,703**	16,256,160
Land use rights		**162,942**	169,228
Investments in associates	*11*	**783,175**	778,461
Long-term bank deposits		**1,479**	64,695
Deferred income tax assets		**32,207**	58,824
		22,478,677	18,175,547
Current assets			
Properties under development		**63,861,735**	69,335,835
Completed properties held for sale		**17,663,012**	11,320,631
Available-for-sale financial assets		**10,000**	56,823
Debtors, deposits and other receivables	*3*	**5,357,835**	3,697,214
Deposits for land acquisition		**4,002,386**	3,776,684
Prepayments for proposed development projects		**10,566,950**	9,617,786
Prepaid taxes		**298,157**	262,507
Financial derivatives		**–**	627
Restricted cash		**969,403**	1,078,291
Short-term bank deposits		**13,974**	189,860
Cash and cash equivalents		**2,324,546**	3,131,154
		105,067,998	102,467,412
Current liabilities			
Advance proceeds received from customers and deposits received		**14,524,168**	15,771,087
Accrued construction costs		**14,591,720**	14,118,865
Income tax payable		**3,989,909**	3,879,450
Borrowings		**33,713,019**	61,256,102
Financial derivatives		**–**	34,735
Other payables		**5,287,570**	3,787,568
Amounts due to non-controlling interests of subsidiaries		**672,405**	672,318
		72,778,791	99,520,125
Net current assets		**32,289,207**	2,947,287
Total assets less current liabilities		**54,767,884**	21,122,834

	2015	2014
	RMB'000	*RMB'000*
Non-current liabilities		
Borrowings	**38,405,150**	4,466,896
Deferred income tax liabilities	**3,163,089**	2,206,959
	41,568,239	6,673,855
Net assets	**13,199,645**	14,448,979
EQUITY		
Share capital	**450,450**	450,450
Share premium	**4,253,704**	4,253,704
Reserves	**8,845,390**	9,958,817
Equity attributable to equity holders of the Company	**13,549,544**	14,662,971
Non-controlling interests	**(349,899)**	(213,992)
Total equity	**13,199,645**	14,448,979

NOTES

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 year, 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**").

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 25 March 2017.

2 STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and financial liabilities (including financial derivatives) at fair value through profit or loss, which are carried at fair value.

(i) 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 year beginning on 1 January 2015:

Amendments to HKAS 19 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 year beginning on 1 January 2015 did not have material financial impact to the Group.

(ii) New Hong Kong Companies Ordinance (Cap.622)

The amendments to the Rules Governing the Listing of Securities on the Stock Exchange relating to financial information with reference to Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year and the main impact is on the presentation and disclosure of certain information in these consolidated financial statements.

(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 year 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 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 dates is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**186,102**	524,245
91-180 days	**7**	26,561
181-270 days	**98**	89,322
271-365 days	**187**	5,607
Over 365 days	**439,362**	74,596
	625,756	720,331

Included in the Group's trade receivables balances of RMB6,130,000 and nil as at 31 December 2015 and 2014, respectively, were not yet due. The balances represented receivables from sales of commercial and residential properties, properties under development/held for sale and proposed development projects from independent third parties. These receivables were repayable within one year after the completion of certain legal documents, which were expected to be settled in the next year.

Ageing of trade receivables which were past due but not impaired:

	2015	2014
	RMB'000	*RMB'000*
Overdue within 90 days	**179,972**	524,245
Overdue within 91-180 days	**7**	26,561
Overdue within 181-270 days	**98**	89,322
Overdue within 271-365 days	**187**	5,607
Overdue over 365 days	**439,362**	74,596
	619,626	720,331

Receivables that were past due but not impaired related to the balances primarily represented receivables from sales 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 the approval of these financial statements, the amounts of RMB552,610,000 and RMB685,371,000 of the trade receivables as at 31 December 2015 and 2014 have been settled, respectively.

4 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, loss arising from the Incident, 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, hotel and catering operations and cinema, department store and cultural centre operations and regarded these being the reportable segments. 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 year consists of the following:

	2015	2014
	RMB'000	*RMB'000*
Sales of properties		
– Completed properties held for sale	**10,230,515**	16,289,809
– Properties under development/held for sale and proposed development projects	**61,380**	2,713,860
Rental income	**232,180**	234,112
Property management services	**224,089**	227,525
Hotel and catering operations	**67,274**	66,115
Cinema, department store and cultural centre operations	**111,097**	68,755
	10,926,535	19,600,176

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2015 is as follows:

	Property development	**Property investment**	**Property management**	**Hotel and catering operations**	**Cinema, department store and cultural centre operations**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue	**10,291,895**	**244,450**	**450,106**	**71,403**	**113,251**	**11,171,105**
Less: inter-segment revenue	**–**	**(12,270)**	**(226,017)**	**(4,129)**	**(2,154)**	**(244,570)**
Revenue from external customers	**10,291,895**	**232,180**	**224,089**	**67,274**	**111,097**	**10,926,535**
Segment results before changes in fair values of investment properties and share of results from associates	**(1,479,395)**	**68,028**	**37,296**	**(69,933)**	**9,004**	**(1,435,000)**
Share of results from associates	**(3,586)**	**–**	**–**	**–**	**–**	**(3,586)**
Changes in fair value of investment properties	**–**	**3,824,520**	**–**	**–**	**–**	**3,824,520**
Segment results	**(1,482,981)**	**3,892,548**	**37,296**	**(69,933)**	**9,004**	**2,385,934**
Changes in fair value of financial derivatives						**(42,219)**
Corporate and other unallocated expenses						**(63,550)**
Finance income						**10,717**
Finance costs						**(2,117,161)**
Finance costs – net						**(2,106,444)**
Profit before income tax						**173,721**
Income tax expenses						**(1,428,205)**
Loss for the year						**(1,254,484)**

	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	**47,066**	**6,142**	**7,627**	**33,436**	**9,954**	**616**	**104,841**
Amortisation of land use rights	**680**	**–**	**–**	**2,195**	**3,411**	**–**	**6,286**
Write-down of completed properties held for sale and properties under development	**240,276**	**–**	**–**	**–**	**–**	**–**	**240,276**

	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	**230,715,816**	**15,261,027**	**2,202,259**	**2,402,689**	**404,888**	**(123,780,368)**	**127,206,311**
Unallocated							**340,364**
Total assets							**127,546,675**
Segment liabilities	**151,056,825**	**2,167,609**	**1,568,503**	**1,457,390**	**319,788**	**(121,498,966)**	**35,071,149**
Unallocated							**79,275,881**
Total liabilities							**114,347,030**
Other information:							
Capital expenditure	**17,570**	**661,649**	**1,236**	**2,074**	**1,289**	**–**	**683,818**

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2014 is as follows:

	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	19,003,669	265,801	530,734	80,307	72,591	19,953,102
Less: inter-segment revenue	–	(31,689)	(303,209)	(14,192)	(3,836)	(352,926)
Revenue from external customers	19,003,669	234,112	227,525	66,115	68,755	19,600,176
Segment results before changes in fair values of investment properties and share of results from associates	(693,175)	87,185	23,268	(136,750)	(68,232)	(787,704)
Share of results from associates	(634)	–	–	–	–	(634)
Changes in fair value of investment properties	–	3,626,772	–	–	–	3,626,772
Segment results	(693,809)	3,713,957	23,268	(136,750)	(68,232)	2,838,434
Changes in fair value of financial derivatives						(85,772)
Corporate and other unallocated expenses						(53,294)
Loss arising from the Incident						(482,736)
Finance income						25,039
Finance costs						(775,804)
Finance costs – net						(750,765)
Profit before income tax						1,465,867
Income tax expenses						(2,765,935)
Loss for the year						(1,300,068)

	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	32,446	4,325	4,212	33,287	16,759	9,548	100,577
Amortisation of land use rights	1,897	–	–	1,706	2,413	–	6,016
Impairment loss on property and equipment and land use rights	84,113	–	–	47,515	32,824	–	164,452
Write-down of completed properties held for sale and properties under development	1,673,218	–	–	–	–	–	1,673,218

	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 deferred income tax liabilities, financial derivatives, income tax payable and corporate borrowings.

5 OTHER LOSSES – NET

	2015 ***RMB'000***	2014 *RMB'000*
Forfeited customer deposits	**(4,480)**	(8,397)
Compensation for termination of proposed development projects	**–**	(7,037)
Impairment loss on property and equipment and land use rights *(note 1)*	**–**	164,452
Write-down of completed properties held for sale and properties under development	**240,276**	1,673,218
Government subsidy income	**(53,740)**	(60,127)
Loss on disposal of property and equipment	**6,499**	1,460
Others	**27,784**	(21,161)
	216,339	1,742,408

Notes:

1) During the year ended 31 December 2014, the Group had performed impairment assessment of the property and equipment and land use rights and as a result, the carrying amounts of the property and equipment and land use rights were written down to their recoverable amounts.

2) Loss arising from the Incident

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 on certain issues and FTI Consulting (Hong Kong) Limited ("**FTI Consulting**") had undertaken an independent investigation (the "**Investigation**"). 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. Prior year adjustments have been made in the Group's annual consolidated financial statements for the year ended 31 December 2014 in relation to the Incident (as defined in note 2.1 to the Group's consolidated financial statements for the year ended 31 December 2014) in order to reflect the findings of the Investigation. The findings of the Investigation with respect to the Incident led to the recognition of a loss arising from the Incident as a whole of RMB482,736,000 for the year ended 31 December 2014.

6 FINANCE COSTS – NET

	2015	2014
	RMB'000	*RMB'000*
Finance income		
Interest income on bank deposits	**10,717**	25,039
Finance costs		
Interest expense		
– Bank borrowings	**2,882,827**	1,902,990
– Senior Notes	**1,578,482**	1,287,219
– Convertible Bonds	**188,405**	181,716
– Other borrowings	**1,702,922**	2,356,686
Total interest expenses	**6,352,636**	5,728,611
Less: interest capitalised *(note)*	**(5,230,439)**	(4,958,714)
	1,122,197	769,897
Net exchange losses	**994,964**	5,907
	2,117,161	775,804
Finance costs – net	**(2,106,444)**	(750,765)

Note: The capitalisation rate of borrowings is 10.91% (2014: 11.28%) for the year.

7 EXPENSES BY NATURE

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

	2015	2014
	RMB'000	*RMB'000*
Auditors' remuneration	**6,127**	34,069
Advertising and other promotional costs	**347,709**	479,847
Agency fee	**51,599**	56,711
Business taxes	**624,255**	1,004,328
Cost of properties sold	**9,686,224**	15,405,307
Depreciation	**104,841**	100,577
Amortisation of land use rights	**6,286**	6,016
Donations	**10**	54,989
Legal and professional fees	**121,053**	61,110
Operating lease rental	**33,434**	36,585
Staff costs – including directors' emoluments	**517,717**	650,762
Office expenses	**55,520**	84,710
Travelling	**8,445**	18,194
Others	**645,526**	705,561
	12,208,746	18,698,766

8 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 years ended 31 December 2015 and 2014 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

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 consolidated statement of profit or loss as income tax.

	2015	2014
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**258,557**	1,407,268
– PRC land appreciation tax	**178,701**	330,276
Under/(Over)-provision in prior years		
– PRC land appreciation tax	**8,200**	(17,038)
Deferred income tax	**982,747**	1,045,429
	1,428,205	2,765,935

9 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
Loss attributable to equity holders of the Company (RMB'000)	**(1,121,577)**	(1,287,484)
Weighted average number of ordinary shares in issue	**5,135,427,910**	5,042,120,440
Basic loss per share (RMB)	**(0.218)**	(0.255)

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of RMB1,121,577,000 (2014: RMB1,287,484,000) and the weighted average number of 5,135,427,910 (2014: 5,042,120,440) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31 December 2015 and 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. The diluted loss per share for the years ended 31 December 2015 and 2014 was the same as the basic loss per share as the potential ordinary shares (convertible bonds and share options) were anti-dilutive.

10 DIVIDEND

No dividend was declared by the Company for the years ended 31 December 2015 and 2014.

A final dividend in respect of the year ended 31 December 2013 of Hong Kong dollar 15 cents per share, with a scrip dividend alternative, totalling HK$745,230,000 (equivalent to RMB591,047,000) was declared at the annual general meeting on 31 March 2014 and paid in May 2014.

11 INVESTMENTS IN ASSOCIATES

	2015	2014
	RMB'000	*RMB'000*
Investment cost	**786,761**	779,095
Share of results from associates	**(3,586)**	(634)
	783,175	778,461

12 COMMITMENTS

(a) Commitments for property development expenditures

	2015	2014
	RMB'000	*RMB'000*
Contracted but not provided for	**24,511,831**	24,462,837

Note: The amount 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:

	2015	2014
	RMB'000	*RMB'000*
Not later than one year	**22,884**	28,301
Later than one year and not later than five years	**14,301**	20,833
Later than five years	**648**	1,050
	37,833	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:

	2015	2014
	RMB'000	*RMB'000*
Not later than one year	**194,728**	170,232
Later than one year and not later than five years	**484,406**	457,244
Later than five years	**305,882**	258,317
	985,016	885,793

13 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) Subsequent 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 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 announce the annual results of the Group for the year ended 31 December 2015 together with the comparative figures for the previous corresponding year.

Once again, on behalf of the Board, I would like to take this opportunity 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 annual report of the Company for the year ended 31 December 2015.

RESULTS AND DIVIDEND

For the year ended 31 December 2015, the Group's turnover and gross profit were approximately RMB10,926.5 million and RMB343.4 million, respectively, representing decreases of approximately 44.3% and 88.0%, respectively, as compared to 2014. Loss attributable to equity holders of the Company and basic loss per share were approximately RMB1,121.6 million and RMB21.8 cents, respectively, as compared to the loss attributable to equity holders of the Company of RMB1,287.5 million and basic loss per share of RMB25.5 cents in the last year.

The Board does not recommend payment of a final dividend for the year ended 31 December 2015 (2014: nil).

BUSINESS REVIEW

The year 2015 marked the beginning of a "new normal" phase of development in Chinese economy, following three decades of robust growth. To mitigate the impact of economic slowdown and promote structural reforms, the Central Government launched a stimulus package aiming at more sustainable growth and stronger productivity. Supply-side reform measures had been stipulated to clear excessive capacity, inventory and leverage while containing costs and strengthening weak links in the economy, seeking to instill better sustainability to growth.

This package kicked-start a modest revival in activities in the real estate market in China. According to the data from the National Bureau of Statistics of China, the country saw commodity residential housing transaction volume grew 14.4% year on year to RMB8,728.1 billion. Meanwhile the total gross floor area ("**GFA**") available for sale increased 15.6% year on year. Activities were more concentrated than ever among upper-tier cities, with 30 large and medium cities accounted for nearly half of the total sales across the country. Land premiums in first and second tier cities climbed more than 30% for the year.

In response to the imminent revival yet increasingly complicated industry landscape, the Group stayed focused on its core businesses. The Group achieved RMB9.3 billion in contracted sales for the year, down 60% year on year due to blockage and restriction imposed on certain property projects by the relevant PRC 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 31 December 2015, 79.4% 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

Going forward in 2017, the residential property market in China will be less heated than it was in 2016 due to lingering impact of purchasing and mortgage borrowing restrictions introduced in the second half of 2016. There will be slower growth for transaction volumes due to the high comparison base set in 2016 and the shrinking owner-occupier and investment demand due to the purchase and borrowing restrictions. Prices will trend up slowly but will find strong support, especially in first and second tier cities, as inventories have been substantially lowered after months of clearance sales in 2016.

The Group strives to enhance its profitability. In developing its core property business, the Group will also pursue for steady, high-quality yet harmonious growth.

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 year. 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

During the year, the Group recorded a turnover of approximately RMB10,926.5 million, representing a decrease of 44.3% as compared to that of year 2014. Loss attributable to equity holders of the Company amounted to approximately RMB1,121.6 million, as compared to approximately RMB1,287.5 million for year 2014. The net loss for the year, excluding changes in fair values of investment properties and financial derivatives, net of deferred tax increased to approximately RMB4,080.7 million, representing an increase of 3.7% as compared to that of year 2014. Basic loss per share was RMB21.8 cents as compared to RMB25.5 cents in 2014.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

Contracted sales in 2015

During the year ended 31 December 2015, the Group's contracted sales amounted to approximately RMB9.3 billion, representing decline of 60% as a result of blockage and restriction imposed by the relevant government authorities on certain projects since November 2014. Aggregated GFA sold for the year was approximately 1,255,279 sq.m., representing a decrease of 49% year-on-year. Average selling price ("**ASP**") of the contracted sales decreased by 21.5% year-on-year to RMB7,372 per sq.m.. The table below shows the Group's contracted sales by region in 2015:

Region	**Contracted sales area** *(sq.m.)*	**Contracted sales amount** *(RMB in Millions)*
Pearl River Delta	263,128	3,294
Yangtze River Delta	157,986	1,908
Western China Region	350,334	1,874
Central China Region	236,767	1,128
Pan-Bohai Bay Rim	247,064	1,050
Total	**1,255,279**	**9,254**

Property development

Projects completed in 2015

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the year, the GFA of newly completed projects of the Group amounted to approximately 2.3 million sq.m..

Projects under development

As at 31 December 2015, the Group had 30 projects under development with an aggregate of GFA of approximately 6.6 million sq.m..

Property management

The Group provides property management services to properties developed by the Group. During the year under review, the Group managed a total floor area of approximately 18.2 million sq.m.. In December 2015, Kaisa was ranked 14th 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.

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 31 December 2015, the Group held an aggregate GFA of 409,795 sq.m. completed investment properties for rental purpose.

Land bank

It remains an ongoing effort of the Group to expand its land reserve to implement the business strategy of rapid turnover model. Since late 2011, the Group started to re-focus the opportunities in first and second tier cities and provincial capitals with a focus on end-user mass market, enabling the Group to be less susceptible to policy risk while achieving a more balanced property portfolio. As at 31 December 2015, the Group had a total land bank of approximately 23.09 million sq.m., which is sufficient for the Group's development needs for the next five years.

Outlook

There will be slower growth for transaction volumes in 2017 due to the impact of purchasing and mortgage borrowing restrictions introduced in October 2016, while the prices in first and second tier cities will stay at a steady level. Against such backdrop, the Group will meet the market demand with high quality products and services and strive to enhance its 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 44.3% to approximately RMB10,926.5 million in 2015 from approximately RMB19,600.2 million in 2014. 94.2% of the Group's revenue was generated from the sales of properties (2014: 97.0%) and 5.8% from other segments (2014: 3.0%).

Sales of properties

Revenue from sales of properties decreased by approximately RMB8,711.8 million, or 45.8%, to approximately RMB10,291.9 million in 2015 from approximately RMB19,003.7 million in 2014. The decrease was primarily due to decrease in the total delivered GFA from approximately 2,596,476 sq.m. in 2014 to approximately 1,132,290 sq.m. in 2015.

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

Rental income decreased by approximately RMB1.9 million, or 0.8%, to approximately RMB232.2 million in 2015 from approximately RMB234.1 million in 2014.

Property management

Revenue from property management services decreased by approximately RMB3.4 million, or 1.5%, to approximately RMB224.1 million in 2015 from approximately RMB227.5 million in 2014.

Hotel and catering operations

Revenue from hotel and catering operations of the Group increased by approximately RMB1.2 million, or 1.8% to approximately RMB67.3 million in 2015 from approximately RMB66.1 million in 2014. This 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 increased by approximately RMB42.3 million, or 61.6%, to approximately RMB111.1 million in 2015 from approximately RMB68.8 million in 2014. The increase was primarily attributable to the business expansion in this segment in 2015.

Gross profit

As a result of the foregoing, the Group's gross profit decreased by approximately RMB2,527.5 million, or 88.0%, to approximately RMB343.4 million in 2015 from approximately RMB2,870.9 million in 2014. The Group's gross profit margin decreased to 3.1% in 2015 from 14.6% in 2014. The decrease in gross profit margin was primarily attributable to higher construction cost per sq.m. of property sales recognised in 2015 as compared to 2014.

Other losses – net

The Group had net other losses of approximately RMB216.3 million in 2015, as compared to approximately RMB1,742.4 million in 2014. The Group's net other losses in 2015 mainly comprised government subsidy income of approximately RMB53.7 million, offset by write-down of completed properties held for sale and properties under development of approximately RMB240.3 million and other losses of approximately RMB27.8 million. The Group's net other losses in 2014 mainly comprised write-down of completed properties held for sale and properties under development of approximately RMB1,673.2 million and impairment loss on property and equipment and land use rights of approximately RMB164.5 million, offset by government subsidy income of RMB60.1 million.

Selling and marketing costs

The Group's selling and marketing costs decreased by approximately RMB239.1 million, or 29.9%, to approximately RMB559.4 million in 2015 from approximately RMB798.5 million in 2014. The decrease in selling and marketing costs was in line with the decrease in the Group's contracted sales for the year ended 31 December 2015.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB104.8 million, or 9.0%, to approximately RMB1,066.2 million in 2015 from approximately RMB1,171.0 million in 2014. The decrease was primarily attributable to the decrease in staff costs.

Changes in fair value of investment properties

The increase in fair value of the Group's investment properties was approximately RMB3,824.5 million in 2015 and approximately RMB3,626.8 million in 2014. The increase in fair value of the Group's investment properties in 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 forward foreign exchange contracts under into 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 changes in fair value of financial derivatives in 2014 and 2015 reflected the changes in fair value of these financial derivatives. The loss on changes in fair value of the Group's financial derivatives of approximately RMB42.2 million in 2015 was mainly attributable to the depreciation of Renminbi against the U.S. dollar during the year.

Finance costs – net

The Group's net finance costs increased by approximately RMB1,355.7 million, or 180.6%, to approximately RMB2,106.4 million in 2015, from approximately RMB750.8 million in 2014. The increase was mainly due to the increase in net exchange loss by RMB989.1 million. The net exchange loss has mainly arised from the U.S. dollar denominated offshore financing as a result of the depreciation of Renminbi against the U.S. dollar.

Income tax expenses

The Group's income tax expenses decreased by approximately RMB1,337.7 million, or approximately 48.4%, to approximately RMB1,428.2 million in 2015 from approximately RMB2,765.9 million in 2014. The decrease was primarily attributable to the decrease in operating profit in 2015.

Loss for the year and total comprehensive loss for the year

As a result of the foregoing, the Group's loss for the year and total comprehensive loss for the year amounted to approximately RMB1,254.5 million. (2014: approximately RMB1,300.1 million).

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2015, the carrying amount of the Group's cash and bank deposits was approximately RMB3,309.4 million (31 December 2014: approximately RMB4,464.0 million), representing a decrease of 25.9% 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 received at designated bank accounts as guarantee deposits for construction of the relevant properties. Such guarantee deposits will be released after pre-sold properties are completed or their property ownership certificates are issued, whichever is the earlier. Additionally, as at 31 December 2015, certain of the Group's cash was deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above guarantee deposits amounted to approximately RMB969.4 million as at 31 December 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 year ended 31 December 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 31 December 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 the Group's indebtedness and for 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 (the "**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 Group's Senior Notes 2010 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 31 December 2015, the Group had aggregate borrowings of approximately RMB72,118.2 million, of which approximately RMB33,713.0 million will be repayable within 1 year, approximately RMB37,186.0 million will be repayable between 2 and 5 years and approximately RMB1,219.2 million will be repayable over 5 years. As at 31 December 2015, the Group's bank and other borrowings of approximately RMB45,796.6 million were secured by property 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 RMB56,613.5 million. As at 31 December 2015, the Existing Senior Notes and the Convertible bonds were secured by the share pledge of certain of the Company's 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 31 December 2015, the Group had a leverage ratio (i.e. its net debts (total borrowings net of cash and cash equivalents, 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 11.0 times from approximately RMB2,947.3 million as at 31 December 2014 to approximately RMB32,289.2 million as at 31 December 2015, and the current ratio increased to 1.4 times as at 31 December 2015 as compared to 1.0 times as at 31 December 2014.

Cost of borrowings

During the year ended 31 December 2015, the Group's total cost of borrowings was approximately RMB7,347.6 million, representing an increase of approximately RMB1,613.1 million or 28.1% as compared to the corresponding period in 2014. The increase was primarily attributable to higher average debt balance during the year as compared to that 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 31 December 2015, the Group had cash and bank balances denominated in US$ of approximately RMB29.0 million, and in HK$ of approximately RMB101.3 million and the Senior Notes 2012, the Senior Notes January 2013, the Senior Notes March 2013, the Senior Notes January 2014 and the 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$919.8 million respectively, which are subject to foreign currency exposure.

The Group does not have a foreign currency hedging policy. However, the 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 31 December 2015, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB15,105.9 million (31 December 2014: approximately RMB15,337.2 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, we would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but we 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.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2015. Apart from those disclosed in this announcement, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

Employees and remuneration policy

As at 31 December 2015, the Group had approximately 8,218 employees (31 December 2014: approximately 9,846 employees). The related employees' costs (including the directors' remuneration) for the year ended 31 December 2015 amounted to approximately RMB517.7 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 would be set out in the annual report of the Company for the year ended 31 December 2015.

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. The annual results have been reviewed by the Audit Committee.

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 year ended 31 December 2015, the Company complied with the code provisions on the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 website 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 year ended 31 December 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 annual/interim results for the financial year ended 31 December 2015; and (ii) publishing the annual report for the year ended 31 December 2015. Such delay has constituted non-compliance with Rules 13.46(2)(a) and 13.49 of the Listing Rules.

(c) The Company failed to hold its annual general meeting for the year ended 31 December 2015 within the times stipulated under the Listing Rules and the articles of association of the Company. An annual general meeting will be convened in June 2017 in which the Board will cause the audited consolidated financial statements of the Group for the year ended 31 December 2015 to be laid before the Shareholders for their consideration. Circular and the notice for the annual general meeting will be dispatched as soon as reasonably practicable.

INTERNAL CONTROL

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations.

The Directors conducted a review of the overall effectiveness of the internal control system of the Group for the year ended 31 December 2015. An internal audit department has been established to perform regular financial and operational reviews and conduct audit of the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended.

During the course of audit performed by the external auditors, they reported on the weaknesses of the Group's internal control and accounting procedures which came to their attention.

Grant Thornton Advisory Services Limited ("**GT Advisory**"), an external professional adviser, was engaged by the Company in August 2016 to conduct an independent internal control review and to assist the management to improve the internal control systems of the Group. After the review conducted by GT Advisory, the Board considered that the Company's enhanced internal control system is adequate and effective to meet its Listing Rules obligations.

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 year ended 31 December 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 year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

AUDITORS' OPINION

The opinion of the Company's auditors on the consolidated financial statements of the Company for the year ended 31 December 2015 is reproduced below:

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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 year's figures and the comparative information."

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

The Company's Annual Report for the year ended 31 December 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. Zhang Yizhao, Mr. Rao Yong and Mr. Liu Xuesheng.