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 2016

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2016 increased by 22.6% to approximately RMB4,997.8 million from the corresponding period in 2015

- Gross profit of approximately RMB881.0 million and a gross profit margin of 17.6% for the six months ended 30 June 2016, as compared to gross loss of approximately RMB202.0 million and a gross loss margin of 5.0% in the corresponding period in 2015

- Profit for the six months ended 30 June 2016 amounted to approximately RMB2,521.9 million, as compared to a loss of approximately RMB138.4 million in the corresponding period in 2015

- Contracted sales increased by 349% to approximately RMB13.8 billion

* *for identification purpose only*

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Unaudited Six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
Revenue	*5*	**4,997,768**	4,075,704
Cost of sales	*8*	**(4,116,807)**	(4,277,719)
Gross profit/(loss)		**880,961**	(202,015)
Other gains/(losses), net	*6*	**23,140**	(107,487)
Selling and marketing costs	*8*	**(280,616)**	(174,932)
Administrative expenses	*8*	**(570,372)**	(374,611)
Changes in fair value of investment properties		**4,573,475**	1,932,993
Changes in fair value of financial derivatives		**–**	(42,219)
Operating profit		**4,626,588**	1,031,729
Share of results from associates		**8,249**	(1,177)
Finance income		**14,841**	8,737
Finance costs		**(772,510)**	(512,113)
Finance costs, net	*7*	**(757,669)**	(503,376)
Profit before income tax		**3,877,168**	527,176
Income tax expenses	*9*	**(1,355,313)**	(665,614)
Profit/(loss) and total comprehensive income/(loss) for the period		**2,521,855**	(138,438)
Profit/(loss) for the period and total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company		**2,529,588**	(180,251)
Non-controlling interests		**(7,733)**	41,813
		2,521,855	(138,438)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the period (expressed in RMB per share)	*10*		
– Basic		**0.493**	(0.035)
– Diluted		**0.437**	(0.035)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property and equipment		**1,100,546**	760,171
Investment properties		**29,731,520**	20,738,703
Land use rights		**159,799**	162,942
Goodwill and intangible assets		**240,529**	–
Investments in associates	*12*	**972,071**	783,175
Available-for-sale financial assets		**96,903**	–
Long-term bank deposits		**1,479**	1,479
Deferred income tax assets		**32,207**	32,207
		32,335,054	22,478,677
Current assets			
Properties under development		**60,808,294**	63,861,735
Completed properties held for sale		**20,687,218**	17,663,012
Available-for-sale financial assets		**10,000**	10,000
Debtors, deposits and other receivables	*4*	**4,951,639**	5,357,835
Deposits for land acquisition		**17,596,004**	4,002,386
Prepayments for proposed development projects		**10,900,090**	10,566,950
Prepaid taxes		**692,782**	298,157
Restricted cash		**2,194,623**	969,403
Short-term bank deposits		**35,700**	13,974
Cash and cash equivalents		**6,540,331**	2,324,546
		124,416,681	105,067,998
Current liabilities			
Advance proceeds received from customers and deposits received		**22,052,085**	14,524,168
Accrued construction costs		**13,145,383**	14,591,720
Income tax payable		**3,894,892**	3,989,909
Borrowings		**25,481,145**	33,713,019
Other payables		**7,406,183**	5,287,570
Amounts due to non-controlling interests of subsidiaries		**672,449**	672,405
		72,652,137	72,778,791
Net current assets		**51,764,544**	32,289,207
Total assets less current liabilities		**84,099,598**	54,767,884

	Unaudited 30 June 2016 *RMB'000*	Audited 31 December 2015 *RMB'000*
Non-current liabilities		
Borrowings	**53,886,375**	38,405,150
Deferred income tax liabilities	**4,306,458**	3,163,089
	58,192,833	41,568,239
Net assets	**25,906,765**	13,199,645
EQUITY		
Share capital	**450,450**	450,450
Share premium	**4,253,704**	4,253,704
Reserves	**11,378,809**	8,845,390
Equity attributable to equity holders of the Company	**16,082,963**	13,549,544
Non-controlling interests	**9,823,802**	(349,899)
Total equity	**25,906,765**	13,199,645

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 AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, 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 2015, as described in the annual financial statements, except as described below:

(i) The following additional accounting policies are adopted as a result of the business combination occurred during the period:

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of intangible assets and their fair values can be measured reliability. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortization and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment loss.

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

(iii) *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 2016.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

The application of the above amended standards which are effective for the financial period beginning on 1 January 2016 did not have material financial effect to the Group.

(iv) *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 2016 that are relevant to and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers	1 January 2018
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 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 2015.

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 dates is as follows:

	Unaudited **30 June 2016** ***RMB'000***	Audited 31 December 2015 *RMB'000*
Within 90 days	**241,203**	186,102
91-180 days	**4**	7
181-270 days	**–**	98
271-365 days	**136**	187
Over 365 days	**246,931**	439,362
	488,274	625,756

Included in the Group's trade receivables balances of nil and RMB6,130,000 as at 30 June 2016 and 31 December 2015, 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:

	Unaudited **30 June 2016** ***RMB'000***	Audited 31 December 2015 *RMB'000*
Overdue within 90 days	**241,203**	179,972
Overdue within 91-180 days	**4**	7
Overdue within 181-270 days	**–**	98
Overdue within 271-365 days	**136**	187
Overdue over 365 days	**246,931**	439,362
	488,274	619,626

Receivables that were past due but not impaired primarily represented by receivables from sales of residential properties to independent third parties of which the majority of the balances were due from the 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 condensed consolidated interim financial information, the amount of RMB406,814,000 and RMB552,610,000 of the trade receivables as at 30 June 2016 and 31 December 2015, respectively, have been settled.

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, 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 risks and returns.

Revenue for the period consists of the following:

	Unaudited Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Sales of properties		
– Completed properties held for sale	**4,584,115**	3,769,436
Rental income	**123,342**	110,886
Property management services	**163,441**	121,798
Hotel and catering operations	**36,636**	30,130
Cinema, department store and cultural centre operations	**63,597**	43,454
Others	**26,637**	–
	4,997,768	4,075,704

The segment information provided to the executive directors of the Company for the reportable segments for the period ended 30 June 2016 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*	Others *RMB'000*	Total *RMB'000*
Revenue	4,584,115	128,493	269,542	38,474	64,113	26,637	5,111,374
Less: Inter-segment revenue	–	(5,151)	(106,101)	(1,838)	(516)	–	(113,606)
Revenue from external customers	4,584,115	123,342	163,441	36,636	63,597	26,637	4,997,768
Segment results before changes in fair value of investment properties and share of results from associates	90,059	59,337	59,419	(27,516)	(63,100)	10,349	128,548
Share of results from associates	8,249	–	–	–	–	–	8,249
Changes in fair value of investment properties	–	4,573,475	–	–	–	–	4,573,475
Segment results	98,308	4,632,812	59,419	(27,516)	(63,100)	10,349	4,710,272
Corporate and other unallocated expenses							(75,435)
Finance income							14,841
Finance costs							(772,510)
Finance costs – net							(757,669)
Profit before income tax							3,877,168
Income tax expenses							(1,355,313)
Profit for the period							2,521,855

	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*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other information:								
Depreciation	13,591	1,881	1,509	10,932	3,679	–	1,946	33,538
Amortisation of land use rights	1,051	–	–	934	1,158	–	–	3,143
Write-down of completed properties held for sale and properties under development	8,333	–	–	–	–	–	–	8,333

The segment information provided to the 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 assets and liabilities as at 30 June 2016 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*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment assets	**263,153,434**	**12,005,787**	**3,035,337**	**2,389,941**	**509,358**	**4,045,252**	**(129,219,266)**	**155,919,843**
Unallocated								**831,892**
Total assets								**156,751,735**
Segment liabilities	**158,666,235**	**3,783**	**1,788,508**	**1,653,991**	**574,400**	**14,534,344**	**(133,945,162)**	**43,276,099**
Unallocated								**87,568,871**
Total liabilities								**130,844,970**
Other information:								
Capital expenditure	**3,927**	**2,463,278**	**568**	**3,516**	**6,164**	**99,297**	**–**	**2,576,750**

The segment assets and liabilities as at 31 December 2015 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	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

Segment assets consist primarily of property and equipment, investment properties, investments in associates, goodwill and intangible assets, 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, 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.

6. OTHER GAINS/(LOSSES) – NET

	Unaudited Six months ended 30 June 2016 RMB'000	2015 RMB'000
Forfeited customer deposits	**3,168**	2,579
Write-down of completed properties held for sale and properties under development	**(8,333)**	(129,175)
Government subsidy income	**32,927**	26,205
Loss on disposal of property and equipment	**(100)**	(6,243)
Others	**(4,522)**	(853)
	23,140	(107,487)

7. FINANCE COSTS – NET

	Unaudited Six months ended 30 June 2016 RMB'000	2015 RMB'000
Finance income		
Interest income on bank deposits	**14,841**	8,737
Finance costs		
Interest expense:		
– Bank and other borrowings	**2,041,024**	1,983,142
– Senior Notes	**598,370**	868,110
– Convertible Bonds	**65,030**	125,873
Total interest expense	**2,704,424**	2,977,125
Less: interest capitalised *(note)*	**(2,293,167)**	(2,499,427)
	411,257	477,698
Net exchange losses	**361,253**	34,415
	772,510	512,113
Finance costs – net	**(757,669)**	(503,376)

Note: The capitalisation rate of borrowings is 12.66% (2015: 11.25%) 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 **2016** ***RMB'000***	 2015 *RMB'000*
Auditors' remuneration	**230**	230
Advertising and other promotional costs	**125,236**	82,945
Agency fee	**44,269**	11,825
Business taxes	**276,261**	253,059
Cost of properties sold	**3,632,864**	3,903,207
Donations	**16,002**	–
Legal and professional fees	**91,982**	33,722
Depreciation	**33,538**	57,501
Amortisation of land use rights	**3,143**	3,143
Staff costs – including directors' emoluments	**248,480**	221,385
Office expenses	**36,574**	24,557
Operating lease rental	**23,980**	16,064
Others	**435,236**	219,624
	4,967,795	4,827,262

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 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% (2015: 25%).

Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2016 and 2015 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	
	2016	2015
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**157,116**	169,096
– PRC land appreciation tax	**54,828**	13,270
Deferred income tax	**1,143,369**	483,248
	1,355,313	665,614

10. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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	
	2016	2015
Profit/(loss) attributable to equity holders of the Company *(RMB'000)*	**2,529,588**	(180,251)
Weighted average number of ordinary shares in issue	**5,135,427,910**	5,135,427,910
Basic earnings/(loss) per share *(RMB)*	**0.493**	(0.035)

The calculation of basic earnings/(loss) per share is based on the Group's profit attributable to equity holders of the Company of RMB2,529,588,000 (2015: loss of RMB180,251,000) and the weighted average of 5,135,427,910 (2015: 5,135,427,910) ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2016	2015
Profit/(loss) attributable to equity holders of the Company *(RMB'000)*	**2,529,588**	(180,251)
Adjustment for profit and loss effect on convertible bonds *(RMB'000)*	**5,277**	–
Profit/(loss) used to determine diluted earnings/(loss) per shares *(RMB'000)*	**2,534,865**	(180,251)

	Number of shares	
	Six months ended 30 June	
	2016	2015
Weighted average number of ordinary shares in issue	**5,135,427,910**	5,135,427,910
– Adjustment for the convertible bonds	**662,184,424**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	**5,797,612,334**	5,135,427,910
Diluted earnings/(loss) per share *(RMB)*	**0.437**	(0.035)

Diluted earnings/(loss) per share for the six months ended 30 June 2016 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).

For the six months ended 30 June 2016, 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, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as they had no dilutive effect for the period.

The diluted loss per share for the six months ended 30 June 2016 was the same as the basic loss per share as the potential ordinary shares were anti-dilutive.

11. DIVIDEND

No interim dividend has been declared by the Company for the six months ended 30 June 2016 and 2015.

12. INVESTMENTS IN ASSOCIATES

	Unaudited	Audited
	30 June	31 December
	2016	2015
	RMB'000	*RMB'000*
Investment cost	**954,909**	786,761
Acquisition of subsidiaries	**8,913**	–
Share of results from associates	**8,249**	(3,586)
	972,071	783,175

13. COMMITMENTS

(a) Commitments for property development expenditures

	Unaudited **30 June 2016** ***RMB'000***	Audited 31 December 2015 *RMB'000*
Contracted but not provided for	**25,008,858**	24,511,831

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:

	Unaudited **30 June** **2016** ***RMB'000***	Audited 31 December 2015 *RMB'000*
Not later than one year	**26,233**	22,884
Later than one year and not later than five years	**24,378**	14,301
Later than five years	**486**	648
	51,097	37,833

(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** **2016** ***RMB'000***	Audited 31 December 2015 *RMB'000*
Not later than one year	**268,895**	194,728
Later than one year and not later than five years	**1,057,242**	484,406
Later than five years	**331,144**	305,882
	1,657,281	985,016

14. EVENTS AFTER THE REPORTING DATE

1) 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 non-banking financial institutions have agreed for renewal and extension of loans and banking facilities which includes the extension of repayment terms, and the securing of 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 has cancelled the original offshore debts and issued the new indentures in accordance with the election of the offshore creditors.

2) 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 2016 together with the comparative figures for the previous corresponding period.

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 Company's Interim Report for the six months ended 30 June 2016.

RESULTS AND DIVIDEND

For the six months ended 30 June 2016, the Group recorded a turnover of approximately RMB4,997.8 million, representing an increase of 22.6% as compared to the corresponding period in 2015. The Group recorded a gross profit of approximately RMB881.0 million in the first half of 2016, as compared to a gross loss of approximately RMB202.0 million in the corresponding period of 2015. Profit attributable to equity holders of the Company and basic earnings per share were approximately RMB2,529.6 million and RMB49.3 cents, respectively, as compared to the loss attributable to equity holders of the Company of approximately RMB180.3 million and the basic loss per share of RMB3.5 cents, respectively, in the corresponding period of 2015.

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2016 (30 June 2015: nil).

BUSINESS REVIEW

During the first half of 2016, against a backdrop of much relaxed credit policies, with lowered down payments and gradual scrapping of property purchase restrictions in selected cities, the residential property market in China continued to revive. Prices rose in tandem with sales volumes in most cities. According to the figures released by the National Bureau of Statistics of China, the country sold 643.02 million sq.m. in aggregate floor area of residential properties between January and June 2016, up 27.9% from that of the same period last year. Some RMB4,868.2 billion worth in aggregate of residential units were sold during the six-month period, up 42.1% from that of the same period last year.

Taking advantage of the market revival, the Group achieved contracted sales of RMB13,817 million during the first half of 2016, up 349% from that of the same period last year with contracted gross floor area ("**GFA**") sold aggregated 1,154,885 sq.m.. The Group took advantage of the reviving market momentum and adjusted its strategies for projects without blockage restrictions to accomplish more sales that had contributed to improvements in its results and financial condition. Meanwhile, the Group continued its strenuous efforts to work closely with relevant authorities for removal of blockages of its projects.

With respect to land acquisitions, the Group stayed focused on first-and second-tier cites and provincial capitals. As at 30 June 2016, 79.0% 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 filings, 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

Looking ahead into 2017, the euphoria in the residential property market in China is expected to be tamed modestly due to carrying through of relaunch of purchasing and mortgage borrowing restrictions since the second half of 2016. Transaction volumes will see growth declined due to the high comparison base set in 2016 and the shrinking owner-occupier and investment demand due to the purchase and borrowing restrictions. Momentum for increases in prices will be subdued but will find strong support, especially those projects in first and second tier cities, as inventories have been substantially lowered after months of clearance sales in 2016.

The Group will strive to improve its profitability while facilitating stable yet coordinated development as it stays focused on its core business of property development.

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

The Group managed to achieve its record of contracted sales during the period under review. For the first half of 2016, the Group's contracted sales and the GFA sold amounted to approximately RMB13.8 billion and 1,154,885 sq.m., representing growth of 349% and 118% year-on-year, respectively. Contracted average selling price (the "**ASP**") increased by 106% year-on-year to RMB11,964 per sq.m.. The table below shows the Group's contracted sales by region in the first half of 2016:

Region	Contracted sales area	Contracted sales amount
	sq.m.	*RMB in millions*
Pearl River Delta	426,613	6,674
Yangtze River Delta	347,664	4,783
Western China Region	116,883	710
Central China Region	136,694	1,075
Pan-Bohai Bay Rim	127,031	575
Total	1,154,885	13,817

During the six months ended 30 June 2016, the Group recorded a turnover of RMB4,997.8 million, representing an increase of 22.6% as compared to the corresponding period in 2015. Profit attributable to equity holders of the Company amounted to approximately RMB2,529.6 million as compared to loss attributable to equity holders of the Company of approximately RMB180.3 million in the last corresponding period. The Group's net loss for the six months ended 30 June 2016 excluding changes in fair values of financial derivatives and of investment properties net of corresponding deferred taxes, amounted to approximately RMB908.3 million (2015: net loss of approximately RMB1,546.0 million). Basic earnings per share was RMB49.3 cents, as compared to basic loss per share of RMB3.5 cents in the last corresponding period.

Property Development

1. *Projects completed in the six months ended 30 June 2016*

   The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the six months ended 30 June 2016, the GFA of newly completed projects of the Group amounted to approximately 1.0 million sq.m..

2. *Projects under development*

   As at 30 June 2016, the Group had 31 projects under development with an aggregate of GFA of approximately 7.0 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 18.3 million sq.m.. In June 2016, Kaisa was ranked 14th in "2016 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 team 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, its cash flows and financial condition. As at 30 June 2016, 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 and rebalance its land reserve to implement the business strategy of rapid turnover model. As at 30 June 2016, the Group had a total land bank of approximately 21.85 million sq.m., which is sufficient for the Group's development needs for the next five years.

Outlook

The residential property market in 2017 is expected to be less heated as compared to that in 2016, due to the relaunch of purchasing and mortgage borrowing restrictions introduced in October 2016. The housing price in first and second tier cities will find support while the sales volume growth see decline in a near term. With this context, 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 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.

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from six business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cinema, department store and cultural centre operations and (vi) others. Revenue increased by 22.6% to approximately RMB4,997.8 million for the six months ended 30 June 2016 from approximately RMB4,075.7 million in the corresponding period in 2015. 91.7% of the Group's revenue was generated from the sales of properties (2015: 92.5%) and 8.3% from other segments (2015: 7.5%).

Sales of properties

Revenue from sales of properties increased by approximately RMB814.7 million, or 21.6%, to approximately RMB4,584.1 million for the six months ended 30 June 2016 from approximately RMB3,769.4 million for the corresponding period in 2015. The increase was primarily attributable to an increase in the total GFA delivered during the six months ended 30 June 2016.

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 RMB12.5 million, or 11.2%, to approximately RMB123.3 million for the six months ended 30 June 2016 from approximately RMB110.9 million for the corresponding period in 2015. The increase was primarily attributable to the increased rental space and higher rental rates.

Property management

Revenue from property management service increased by approximately RMB41.6 million, or 34.2%, to approximately RMB163.4 million for the six months ended 30 June 2016 from approximately RMB121.8 million for the corresponding period in 2015. 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 RMB6.5 million, or 21.6% to approximately RMB36.6 million for the six months ended 30 June 2016, from approximately RMB30.1 million for the corresponding period in 2015.

Cinema, department stores and cultural centre operations

Revenue from cinema, department stores and cultural centre operations increased by approximately RMB20.1 million, or 46.4%, to approximately RMB63.6 million for the six months ended 30 June 2016 from approximately RMB43.5 million in the corresponding period in 2015. The increase was primarily attributable to business expansion.

Gross profit/(loss)

The Group recorded a gross profit of approximately RMB881.0 million and a gross profit margin of 17.6% for the six months ended 30 June 2016 respectively, as compared to gross loss of approximately RMB202.0 million and a gross loss margin of 5.0% in the corresponding period of last year. The increase in gross profit margin was primarily attributable to the increase in ASP of property sales recognised for the six months ended 30 June 2016.

Selling and marketing costs

The Group's selling and marketing costs increased by approximately RMB105.7 million, or 60.4%, to approximately RMB280.6 million for the six months ended 30 June 2016 from approximately RMB174.9 million for the corresponding period in 2015. The increase in selling and marketing costs was in line with the increase in the contracted sales for the six months ended 30 June 2016.

Administrative expenses

The Group's administrative expenses increased by approximately RMB195.8 million, or 52.3%, to approximately RMB570.4 million for the six months ended 30 June 2016 from approximately RMB374.6 million for the corresponding period in 2015. The increase was primarily attributable to the increase in professional fees.

Changes in fair value of investment properties

The increase in fair value of the Group's investment properties was approximately RMB4,573.5 million for the six months ended 30 June 2016 and approximately RMB1,933.0 million in the corresponding period in 2015. The increase in fair value of the Group's investment properties for the six months ended 30 June 2016 was primarily contributed by increases in land values and also increases of rentals in line with the market conditions of increases in land values and rental levels of comparable properties.

Finance costs – net

The Group's net finance costs increased by approximately RMB254.3 million, or 50.5% to approximately RMB757.7 million for the six months ended 30 June 2016 from approximately RMB503.4 million for the corresponding period in 2015. The increase was mainly due to the increase in net exchange loss by RMB326.8 million. The net exchange loss 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 increased by approximately RMB689.7 million, or approximately 103.6%, to approximately RMB1,355.3 million for the six months ended 30 June 2016 from approximately RMB665.6 million for the corresponding period in 2015. The increase was primarily attributable to the significant increase in operating profit for the six months ended 30 June 2016.

Profit for the six months ended 30 June 2016

As a result of the foregoing, the Group recorded profit of approximately RMB2,521.9 million (2015: loss of approximately RMB138.4 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 2016 and the corresponding period in 2015 was approximately RMB908.3 million and approximately RMB1,546.0 million, respectively.

Liquidity, Financial and Capital Resources

Cash position

As at 30 June 2016, the carrying amount of the Group's cash and bank deposits was approximately RMB8,772.1 million (31 December 2015: approximately RMB3,309.4 million), representing an increase of 165.1% as compared to that as at 31 December 2015. 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 2016, 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 RMB2,194.6 million as at 30 June 2016 (31 December 2015: approximately RMB969.4 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 2014. 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 2016. 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 2016 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, refinancing the Group's 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 9.0% 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 2016, the Group had aggregate borrowings of approximately RMB79,367.5 million, of which approximately RMB25,481.1 million will be repayable within 1 year, approximately RMB52,816.8 million will be repayable between 2 and 5 years and approximately RMB1,069.6 million will be repayable over 5 years.

As at 30 June 2016, the Group's bank loans of approximately RMB49,263.6 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 RMB57,932.0 million. As at 30 June 2016, 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 2016, the Group has 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 45.0% (31 December 2015: 53.9%). The Group's net current assets increased by 60.3% from approximately RMB32,289.2 million as at 31 December 2015 to approximately RMB51,764.5 million as at 30 June 2016, and the current ratio increased from 1.4 times as at 31 December 2015 to 1.7 times as at 30 June 2016.

Cost of borrowings

For the six months ended 30 June 2016, the Group's total cost of borrowings (including net exchange losses) was RMB3,065.7 million, representing an increase of approximately RMB54.1 million or 1.8% as compared to the corresponding period in 2015. The increase was primarily attributable to the increase in net exchange loss in respect of the offshore loan denominated in U.S. dollar.

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 2016, the Group had cash balances denominated in US$ of approximately RMB37.2 million, and in HK$ of approximately RMB74.3 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$0.7 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, 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 2016, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB16,862.6 million (31 December 2015: approximately RMB15,105.9 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.

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

On 12 May 2016, the Group entered into an agreement 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). As the subsidiary acquired does not constitute a business, the acquisition was accounted for as acquisition of assets.

Save as disclosed above, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2016. 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 announcement.

Employees and remuneration policy

As at 30 June 2016, the Group had approximately 9,051 employees (31 December 2015: approximately 8,218 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2016 amounted to approximately RMB248.5 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 the share option scheme is available in the 2015 Annual Report of the Company.

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 2016, 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 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 2016. 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 2016. 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 2016 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 2016.

(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 2016. 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 2016 due to the suspension in trading of the Company's share. General meetings of the Company shall be arranged in due course.

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 2016; and (ii) publishing the interim report for the six months ended 30 June 2016. 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 interim report 2016. 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 2016 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 2016.

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 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2016 (30 June 2015: nil).

PUBLICATION OF THE 2016 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Interim Report for the six months ended 30 June 2016 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.