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 2014

FINANCIAL HIGHLIGHTS

- Total revenue for the year increased by 0.4% to approximately RMB19,600.2 million from 2013
- Gross profit and gross profit margin for the year decreased by 54.9% and 18.0 percentage points from 2013 (as restated) to approximately RMB2,870.9 million and 14.6% respectively
- Loss for the year amounted to approximately RMB1,300.1 million, as compared to profit of approximately RMB2,191.1 million in 2013 (as restated)
- Contracted sales for the year decreased by 3% to approximately RMB23.1 billion

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000 (restated)
Revenue	4	**19,600,176**	19,523,056
Cost of sales	7	**(16,729,262)**	(13,152,594)
Gross profit		**2,870,914**	6,370,462
Other losses, net	5	**(1,742,408)**	(428,681)
Selling and marketing costs	7	**(798,518)**	(861,877)
Administrative expenses	7	**(1,170,986)**	(952,013)
Changes in fair value of investment properties		**3,626,772**	728,712
Changes in fair value of financial derivatives		**(85,772)**	51,450
Loss arising from the Incident	2.1(a)	**(482,736)**	–
Operating profit		**2,217,266**	4,908,053
Share of results from associates		**(634)**	–
Finance income		**25,039**	317,519
Finance costs		**(775,804)**	(741,303)
Finance costs, net	6	**(750,765)**	(423,784)
Profit before income tax		**1,465,867**	4,484,269
Income tax expenses	8	**(2,765,935)**	(2,293,213)
(Loss)/profit and total comprehensive (loss)/income for the year		**(1,300,068)**	2,191,056
(Loss)/profit for the year and total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company		**(1,287,484)**	2,174,639
Non-controlling interests		**(12,584)**	16,417
		(1,300,068)	2,191,056
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the year (expressed in RMB per share)	9		
– Basic		**(0.255)**	0.442
– Diluted		**(0.255)**	0.391

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	At 31 December 2014 RMB'000	2013 RMB'000 (restated)	At 1 January 2013 RMB'000 (restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property and equipment		**848,179**	579,528	307,948
Investment properties		**16,256,160**	9,595,200	7,539,500
Land use rights		**169,228**	165,342	60,485
Investments in associates	*11*	**778,461**	–	–
Long-term bank deposits		**64,695**	–	–
Deferred income tax assets		**58,824**	197,560	208,941
		18,175,547	10,537,630	8,116,874
Current assets				
Properties under development		**69,335,835**	46,416,918	32,193,551
Completed properties held for sale		**11,320,631**	6,192,231	3,174,683
Available-for-sale financial assets		**56,823**	–	–
Other assets	*12*	**–**	3,358,856	129,570
Debtors, deposits and other receivables	*3*	**3,697,214**	3,270,459	2,472,289
Deposits for land acquisition		**3,776,684**	9,662,066	3,462,425
Prepayments for proposed development projects		**9,617,786**	4,025,563	3,608,772
Prepaid taxes		**262,507**	197,760	191,806
Financial derivatives		**627**	51,450	–
Restricted cash		**1,078,291**	1,676,463	669,784
Short-term bank deposits		**189,860**	263,723	–
Cash and cash equivalents		**3,131,154**	6,765,970	4,682,502
		102,467,412	81,881,459	50,585,382
Current liabilities				
Advance proceeds received from customers and deposits received		**15,771,087**	13,844,861	10,446,568
Accrued construction costs		**14,118,865**	8,020,540	5,414,517
Income tax payable		**3,879,450**	2,817,056	1,480,732
Borrowings		**61,256,102**	45,446,443	21,849,610
Financial derivatives		**34,735**	–	59,084
Other payables		**3,787,568**	2,661,171	1,771,684
Amounts due to non-controlling interests of subsidiaries		**672,318**	70,793	451,899
		99,520,125	72,860,864	41,474,094
Net current assets		**2,947,287**	9,020,595	9,111,288
Total assets less current liabilities		**21,122,834**	19,558,225	17,228,162

	At 31 December 2014 *RMB'000*	2013 *RMB'000* (restated)	At 1 January 2013 *RMB'000* (restated)
Non-current liabilities			
Borrowings	**4,466,896**	1,913,250	2,018,296
Deferred income tax liabilities	**2,206,959**	1,300,266	1,143,247
	6,673,855	3,213,516	3,161,543
Net assets	**14,448,979**	16,344,709	14,066,619
EQUITY			
Share capital	**450,450**	434,139	432,246
Share premium	**4,253,704**	3,861,789	3,817,526
Reserves	**9,958,817**	11,969,010	9,772,806
Equity attributable to equity holders of the Company	**14,662,971**	16,264,938	14,022,578
Non-controlling interests	**(213,992)**	79,771	44,041
Total equity	**14,448,979**	16,344,709	14,066,619

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 BASIS OF PREPARATION

2.1 Basis of preparation

(a) The Incident

As described in details in the announcement of the Company dated 29 April 2015, the Company has established the Independent Committee of the Board of Directors, consisting of two independent non-executive directors of the Company (the "**Independent Committee**") and the Independent Committee has engaged Messrs. Lam & Co. as the legal advisors to the Independent Committee and FTI Consulting (Hong Kong) Limited ("**FTI Consulting**"), as an independent investigation consultant, to undertake an independent investigation (the "**Investigation**") on certain issues. FTI Consulting issued a report in relation to its findings on the Investigation to Messrs. Lam & Co. on 7 October 2016. Key findings of the Investigation have been published by the Company on 19 December 2016 (the "**Key Findings Announcement**").

According to the findings of the Investigation in relation to Audit Issues 1, 2, 3 and 5 as described in the report issued by the FTI Consulting (collectively referred to as the "**Incident**"), FTI Consulting has identified: (1) certain former employees of the Group (the "**Former Employees**") attempted to obscure the existence of certain borrowing agreements (the "**Uncovered Borrowings**") through an elaborate scheme which involved (i) the creation of fictitious agreements and documents; (ii) substantial improper and unauthorised payments; (iii) the use of fund remittance agents to disguise the true purpose of the improper and unauthorised payments; (iv) incorrect accounting treatment of the payments and the outstanding liability in the Group's accounting records; and (v) collusion between multiple parties, including the Former Employees, suppliers, fund remittance agents and certain other third parties; (2) certain payment transactions, which have been approved by a number of the Former Employees were found to have no clear business purpose and certain receipt transactions by the Group were either not properly authorised or had no identifiable business purpose; and (3) the Group acquired the equity interests in 19 project companies during the financial year of 2014 for a total purported consideration of approximately RMB8.1 billion, while none of these transactions was properly authorised and approved. FTI Consulting has been unable to find any payments (or other types of consideration) made by the Group for the acquisition of any of these 19 project companies. Written confirmations were obtained from representatives of the sellers of the 19 project companies that there was no outstanding consideration due from the Company or any subsidiaries of the Group as at 31 December 2014. Subsequent to the end of reporting period, the Directors of the Company have authorised these 19 acquisition transactions.

In the preparation of the consolidated financial statements for the year ended 31 December 2014, the Directors of the Company have taken into account all the findings of the Investigation and are satisfied that appropriate adjustments have been made to the consolidated financial statements, including the prior year adjustments described below, to correct and present the significant accounting errors in relation to the Incident.

The findings of the Investigation relating to the Incident led to the recognition of a loss arising from the Incident as a whole of RMB482,736,000 which was recognised in the consolidated profit or loss for the year ended 31 December 2014 as the Directors of the Company are of the opinion that this is the earliest practicable period to recognise the loss having taken into account the findings of the Investigation relating to the Incident.

(b) *Going concern basis*

As of 31 December 2014, the Group had short-term bank deposits and cash and cash equivalents of RMB3,321,014,000 in aggregate and outstanding interest-bearing borrowings of RMB61,256,102,000 which were classified as current liabilities.

The Directors of the Company have taken steps to improve the Group's liquidity and solvency position. Based on the management's estimation of the future cash flows of the Group and taking into account the subsequent events described below, the Directors of the Company are confident that the Group is able to generate sufficient funds to meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements of the Group have been prepared on a going concern basis.

(a) As at 31 December 2014, there were different types of restrictions imposed by the government authorities and/or the courts in the People's Republic of China (the "**PRC**") on the Group's 39 property projects, as described as Audit Issue 6 in the report issued by FTI Consulting. These restrictions have been fully released and no longer have any impact of the Group's ability to sell and lease out properties during its normal course of business, except for 2 projects which remained partially restricted with the aggregate carrying amount of RMB501,296,000 as at 31 December 2014;

(b) 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 (collectively referred to as the "**Onshore Debt Restructuring**") have been completed. Most of the banks and financial institutions have been agreed for renewal and extension of loans and banking facilities which includes the extension of repayment terms, securing new loans and facilities for re-financing, etc;

(c) The offshore debt restructuring, including the restructuring of the existing Senior Notes, the convertible bonds and the other offshore facilities, was completed on 21 July 2016 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;

(d) The subsequent sales of properties in the normal course of business of the Group up to the date of this announcement; and

(e) A projection of the future sales of properties in the normal course of business of the Group.

(c) *Prior year adjustments*

The effects of the prior year adjustments to reflect the findings of the Investigation in relation to the Incident are set out below.

The effects of the prior year adjustments as a result of the Incident on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013 are as follows:

	As previously reported *RMB'000*	Prior year adjustments *RMB'000*	*Notes*	As restated *RMB'000*
Cost of sales	(12,923,218)	(229,376)	*(2c)*	(13,152,594)
Other losses, net	(84,291)	(344,390)	*(3)*	(428,681)
Finance costs	(643,478)	(97,825)	*(2d)*	(741,303)
Profit attributable to:				
Equity holders of the Company	2,857,449	(682,810)		2,174,639
Non-controlling interests	5,198	11,219	*(1)*	16,417
	2,862,647	(671,591)		2,191,056
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)				
– Basic	0.581			0.442
– Diluted	0.534			0.391

The effects of the prior year adjustments as a result of the Incident on the consolidated statement of financial position as at 31 December 2013 are as follows:

	As previously reported *RMB'000*	Prior year adjustments *RMB'000*	*Notes*	As restated *RMB'000*
ASSETS				
Properties under development	45,168,917	1,592,391	*(2a)*	46,416,918
		(344,390)	*(3)*	
Completed properties held for sale	6,134,899	57,332	*(2b)*	6,192,231
Other assets	–	3,358,856	*(7)*	3,358,856
Debtors, deposits and other receivables	3,323,539	(29,890)	*(2f)*	3,270,459
		(450,000)	*(4)*	
		426,810	*(5)*	
LIABILITIES				
Advance proceeds received from customers and deposits received	29,638,940	(15,794,079)	*(1)*	13,844,861
Borrowings – current	4,023,758	1,120,537	*(1)*	45,446,443
		40,302,148	*(6)*	
Other payables	1,977,465	31,487	*(1)*	2,661,171
		225,409	*(2e)*	
		426,810	*(5)*	
Borrowings – non-current	18,200,998	24,014,400	*(1)*	1,913,250
		(40,302,148)	*(6)*	
EQUITY				
Reserves attributable to equity holders of the Company	13,001,645	(339,025)	*(1)*	11,969,010
		(349,220)	*(2c), (2d)*	
		(344,390)	*(3)*	
Non-controlling interests	4,460,591	(4,380,820)	*(1)*	79,771

The effects of the prior year adjustments as a result of the Incident on the consolidated statement of financial position as at 1 January 2013 are as follows:

	As previously reported *RMB'000*	Prior year adjustments *RMB'000*	*Notes*	As restated *RMB'000*
ASSETS				
Properties under development	31,670,226	287,325	*(2a)*	32,193,551
		236,000	*(5)*	
Completed properties held for sale	3,169,518	5,165	*(2b)*	3,174,683
Other assets	–	129,570	*(7)*	129,570
Debtors, deposits and other receivables	2,380,689	(8,400)	*(2f)*	2,472,289
		100,000	*(5)*	
LIABILITIES				
Advance proceeds received from customers and deposits received	17,243,847	(6,797,279)	*(1)*	10,446,568
Borrowings – current	3,150,338	8,224,210	*(1)*	21,849,610
		10,239,062	*(6)*	
		236,000	*(5)*	
Financial derivatives – current	–	59,084	*(6)*	59,084
Other payables	1,697,391	(45,386)	*(1)*	1,771,684
		19,679	*(2e)*	
		100,000	*(5)*	
Borrowings – non-current	12,257,358	(10,239,062)	*(6)*	2,018,296
Financial derivatives – non-current	59,084	(59,084)	*(6)*	–
EQUITY				
Reserves attributable to equity holders of the Company	10,100,417	(305,592)	*(1)*	9,772,806
		(22,019)	*(2c), (2d)*	
Non-controlling interests	703,994	(659,953)	*(1)*	44,041

Notes:

(1) As at 31 December 2013 and 1 January 2013, interest-bearing borrowings in relation to the Uncovered Borrowings amounting to approximately RMB25,134,937,000 and RMB8,224,210,000, respectively, were wrongly recorded or were not recorded. Hence, the following reclassifications/adjustments were made to reflect the interest-bearing borrowings.

	31 December 2013 ***RMB'000***	1 January 2013 *RMB'000*
Decrease in advance proceeds received from customers and deposits received	**15,794,079**	6,797,279
Decrease in capital reserve	**323,667**	301,452
Decrease in non-controlling interests	**4,380,820**	659,953
(Increase)/decrease in other payables	**(31,487)**	45,386
Decrease in retained earnings	**15,358**	4,140
Total	**20,482,437**	7,808,210

Also, the loss attributable to non-controlling interests of RMB11,219,000 due to incorrect classification of some of the Uncovered Borrowings in prior periods have been reclassified to profit attributable to equity holders of the Company.

(2) The interest arising from the Uncovered Borrowings for the years ended 31 December 2013 and 2012 amounted to RMB1,976,924,000 and RMB314,509,000, respectively. The following adjustments were made to reflect these interests:

(a) capitalised in properties under development of RMB1,592,391,000 and RMB287,325,000 as at 31 December 2013 and 1 January 2013 respectively;

(b) capitalised in completed properties held for sale of RMB57,332,000 and RMB5,165,000 as at 31 December 2013 and 1 January 2013 respectively;

(c) recognised as part of cost of sales of RMB229,376,000 and RMB2,340,000 when the related properties were sold during the years ended 31 December 2013 and 2012 respectively;

(d) recognised as finance cost of RMB97,825,000 and RMB19,679,000 for the years ended 31 December 2013 and 2012 respectively;

(e) recognised as interest payables of RMB225,409,000 and RMB19,679,000 as at 31 December 2013 and 1 January 2013 respectively; and

(f) adjustments were also made to reclassify interests paid of RMB29,890,000 and RMB8,400,000 from other receivables to properties under development as at 31 December 2013 and 1 January 2013 respectively.

(3) Adjustment to recognise impairment on properties under development and completed properties held for sale of about RMB344,390,000 for the year ended 31 December 2013 after interest costs being capitalised to the related properties.

As explained in sub-paragraph (2) above, certain interest costs arising from the Uncovered Borrowings were directly attributable to the construction of the Group's property development projects and hence were capitalised as part of construction costs. At the end of each reporting periods, the management of the Company assessed the recoverability of the revised carrying amounts of properties under development and completed properties held for sales by reference to the net realisable values of these properties. When the revised carrying amounts of the properties (after taking into account the revisions caused by capitalisation of interest costs on the Uncovered Borrowings) were determined to have exceeded their estimated net realisable values, additional impairment loss had been recognised accordingly.

(4) To reclassify prepayments with no clear business propose from debtors, deposits and other receivables.

(5) Adjustments to correct errors mainly including (i) certain borrowings of RMB236,000,000 wrongly netted-off against properties under development; and (ii) debit balances included in other payables of RMB426,810,000 and RMB100,000,000 which should be included in debtors, deposits and other receivables as at 31 December 2013 and 1 January 2013, respectively.

(6) Adjustments to reclassify certain borrowings of RMB40,302,148,000 as at 31 December 2013 and RMB10,239,062,000 as at 1 January 2013 and the related financial derivatives of RMB59,084,000 as at 1 January 2013 from non-current liabilities to current liabilities due to the adjustments to record the Uncovered Borrowings causing the debt covenants of the relevant loan agreements to be breached.

(7) Adjustments to reflect the net payments and receipts with no clear business purpose. The loss eventually uncovered from the transactions as described above was RMB482,736,000.

2.2 Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with the 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 new and amended standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014:

Amendments to HKAS 32: Offsetting Financial Assets and Financial Liabilities

Amendments to HKAS 36: Recoverable Amount Disclosures for Non-Financial Assets

Amendments to HKAS 39: Novation of Derivatives and Continuation of Hedge Accounting

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011): Investment Entities

HK(IFRIC)-Int 21 Levies

The application of the above new and amended standards which are effective for the financial year beginning on 1 January 2014 did not have material financial impact to the Group.

(ii) 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 2014 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 2010 – 2012 Cycle	1 July 2014
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011 – 2013 Cycle	1 July 2014
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:

	At 31 December		At 1 January
	2014	2013	2013
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	**524,245**	988,272	199,815
91–180 days	**26,561**	24,618	18,235
181–270 days	**89,322**	15,422	614,810
271–365 days	**5,607**	684,672	–
Over 365 days	**74,596**	50,798	463,162
	720,331	1,763,782	1,296,022

Included in the Group's trade receivables balances of Nil, RMB683,870,000 and RMB1,070,450,000 as at 31 December 2014, 2013 and 1 January 2013, 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:

	At 31 December		At 1 January
	2014	2013	2013
	RMB'000	*RMB'000*	*RMB'000*
Overdue within 90 days	**524,245**	988,272	199,815
Overdue within 91–180 days	**26,561**	24,618	18,235
Overdue within 181–270 days	**89,322**	15,422	160
Overdue within 271–365 days	**5,607**	802	–
Overdue over 365 days	**74,596**	50,798	7,362
	720,331	1,079,912	225,572

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 RMB685,371,000 and RMB1,762,871,000 of the trade receivables as at 31 December 2014 and 2013 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 and hotel and catering operations and regarded these being the reportable segments. In preparing the segment information for the year ended 31 December 2014, the executive directors of the Company considered that the business relating to cinema, department store and cultural centre operations that were commenced in 2013 as a separate reportable segment. Accordingly, the comparative information has been re-presented to achieve the consistent presentation. No geographical segment analysis is presented as the majority of the assets and operations of the Group were located in the 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:

	2014 ***RMB'000***	2013 *RMB'000*
Sales of properties		
– Completed properties held for sale	**16,289,809**	15,196,535
– Properties under development/held for sale and proposed development projects	**2,713,860**	3,893,750
Rental income	**234,112**	178,575
Property management services	**227,525**	166,010
Hotel and catering operations	**66,115**	50,156
Cinema, department store and cultural centre operations	**68,755**	38,030
	19,600,176	19,523,056

The segment information provided to the current 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

The segment information provided to the current executive directors of the Company for the reportable segments for the year ended 31 December 2013 is as follows:

	Property development *RMB'000* (restated)	Property investment *RMB'000* (restated)	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000* (restated)	Total *RMB'000* (restated)
Revenue	19,090,285	203,119	494,117	50,156	38,030	19,875,707
Less: Inter-segment revenue	–	(24,544)	(328,107)	–	–	(352,651)
Revenue from external customers	19,090,285	178,575	166,010	50,156	38,030	19,523,056
Segment results before changes in fair value of investment properties	4,269,103	45,060	22,437	(33,885)	(30,520)	4,272,195
Changes in fair value of investment properties	–	728,712	–	–	–	728,712
Segment results	4,269,103	773,772	22,437	(33,885)	(30,520)	5,000,907
Changes in fair value of financial derivatives						51,450
Corporate and other unallocated expenses						(144,304)
Finance income						317,519
Finance costs						(741,303)
Finance costs – net						(423,784)
Profit before income tax						4,484,269
Income tax expenses						(2,293,213)
Profit for the year						2,191,056

	Property development RMB'000 (restated)	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Unallocated RMB'000	Total RMB'000 (restated)
Other information:							
Depreciation	40,419	3,935	3,557	12,825	–	7,811	68,547
Amortisation of land use rights	3,742	–	–	1,480	–	–	5,222
Write-down of completed properties held for sale and properties under development	550,734	–	–	–	–	–	550,734

	Property development RMB'000 (restated)	Property investment RMB'000 (restated)	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000 (restated)	Elimination RMB'000 (restated)	Total RMB'000 (restated)
Segment assets	159,845,935	10,420,310	2,514,776	222,412	156,559	(84,546,529)	88,613,463
Unallocated							3,805,626
Total assets							92,419,089
Segment liabilities	108,745,573	3,360,968	1,518,295	154,690	191,023	(83,319,683)	30,650,866
Unallocated							45,423,514
Total liabilities							76,074,380
Other information:							
Capital expenditure	306,551	1,370,443	7,610	20,529	20,520	–	1,725,653
Unallocated							829
							1,726,482

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, other 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

	2014	2013
	RMB'000	*RMB'000*
		(restated)
Forfeited customer deposits	**(8,397)**	(5,618)
Compensation for termination of proposed development projects	**(7,037)**	(64,905)
Impairment loss on property and equipment and land use rights *(note)*	**164,452**	–
Write-down of completed properties held for sale and properties under development	**1,673,218**	550,734
Government subsidy income	**(60,127)**	(49,933)
Loss on disposal of property and equipment	**1,460**	–
Others	**(21,161)**	(1,597)
	1,742,408	428,681

Note:

During the year ended 31 December 2014, the Group has 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.

6 FINANCE COSTS – NET

	2014	2013
	RMB'000	*RMB'000*
		(restated)
Finance income		
Interest income on bank deposits	**25,039**	37,570
Net exchange gains	**–**	279,949
	25,039	317,519
Finance costs		
Interest expense		
– Bank borrowings	**1,902,990**	823,082
– Senior Notes	**1,287,219**	1,070,684
– Convertible Bonds	**181,716**	174,588
– Senior Secured Guaranteed Bonds	**–**	4,991
– Exchangeable Term Loan	**–**	3,256
– Other borrowings	**2,356,686**	1,753,955
Early redemption premium of debts	**–**	521,042
Total interest expenses	**5,728,611**	4,351,598
Less: interest capitalised *(note)*	**(4,958,714)**	(3,610,295)
	769,897	741,303
Net exchange losses	**5,907**	–
	775,804	741,303
Finance costs – net	**(750,765)**	(423,784)

Note: The capitalisation rate of borrowings is 11.28% (2013: 11.06% (as restated)) for the year.

7 EXPENSES BY NATURE

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

	2014	2013
	RMB'000	*RMB'000*
		(restated)
Auditors' remuneration	**34,069**	4,793
Advertising and other promotional costs	**479,847**	576,735
Agency fee	**56,711**	49,342
Business taxes	**1,004,328**	902,424
Cost of properties sold	**15,405,307**	12,038,475
Depreciation	**100,577**	68,547
Amortisation of land use rights	**6,016**	5,222
Donations	**54,989**	55,607
Legal and professional fees	**61,110**	48,115
Operating lease rental	**36,585**	30,193
Staff costs – including directors' emoluments	**650,762**	574,994
Office expenses	**84,710**	120,872
Travelling	**18,194**	24,279
Others	**705,561**	466,886
	18,698,766	14,966,484

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% (2013: 25%).

Hong Kong profits tax

No Hong Kong profits tax was provided for the years ended 31 December 2014 and 2013 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.

	2014	2013
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**1,407,268**	1,671,698
– PRC land appreciation tax	**330,276**	453,404
Overprovision in prior years		
– PRC land appreciation tax	**(17,038)**	(289)
Deferred income tax	**1,045,429**	168,400
	2,765,935	2,293,213

9 (LOSS)/EARNINGS PER SHARE

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

	2014	2013 (restated)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	**(1,287,484)**	2,174,639
Weighted average number of ordinary shares in issue	**5,042,120,440**	4,916,125,011
Basic (loss)/earnings per share (RMB)	**(0.255)**	0.442

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to equity holders of the Company of RMB1,287,484,000 (2013: profit of RMB2,174,639,000 (restated)) and the weighted average number of 5,042,120,440 (2013: 4,916,125,011) ordinary shares in issue during the year.

	2014 *RMB'000*	2013 *RMB'000* (restated)
(Loss)/profit attributable to equity holders of the Company	**(1,287,484)**	2,174,639
Adjustment for profit and loss effect of convertible bonds	**–**	26,998
(Loss)/profit used to determine diluted (loss)/earnings per share	**(1,287,484)**	2,201,637

	Number of Shares	
	2014	**2013**
Weighted average number of ordinary shares in issue	**5,042,120,440**	4,916,125,011
– Adjustment for convertible bonds	**–**	619,917,333
– Adjustment for share options	**–**	97,543,200
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**5,042,120,440**	5,633,585,544
Diluted (loss)/earnings per share (RMB)	**(0.255)**	0.391

Diluted earnings per share for the year ended 31 December 2013 was calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion or exercise of all dilutive potential ordinary shares (convertible bonds and share options).

The diluted loss per share for the year ended 31 December 2014 was the same as the basic loss per share as the potential ordinary shares were anti-dilutive.

For the year ended 31 December 2013, the convertible bonds were assumed to have been converted into ordinary shares of the Company, and the net profit was adjusted to eliminate the profit and loss effect of the convertible bonds. For the share options, a calculation was made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise in full of the share options.

10 DIVIDEND

No dividend was declared by the Company for the year ended 31 December 2014.

A final dividend in respect of the year ended 31 December 2013 of Hong Kong dollars 15 cents per share, with a scrip dividend alternative, totalling HK$745,230,000 (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

	2014	2013
	RMB'000	*RMB'000*
Investment cost	**779,095**	–
Share of results from associates	**(634)**	–
	778,461	–

12 OTHER ASSETS

Other assets in the consolidated statement of financial position represent the balance, as at the end of the reporting period, of net cash amounts paid out of the Group under the Incident that were in excess of the amounts accounted for payments/repayments of interest and principals of the Uncovered Borrowings and the acquisitions of 19 project companies.

13 COMMITMENTS

(a) Commitments for property development expenditures

	2014	2013
	RMB'000	*RMB'000*
Contracted but not provided for	**24,462,837**	21,504,675

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:

	2014	2013
	RMB'000	*RMB'000*
Not later than one year	**28,301**	26,119
Later than one year and not later than five years	**20,833**	17,127
Later than five years	**1,050**	1,297
	50,184	44,543

(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:

	2014	2013
	RMB'000	*RMB'000*
Not later than one year	**170,232**	144,122
Later than one year and not later than five years	**457,244**	323,723
Later than five years	**258,317**	242,796
	885,793	710,641

14 EVENTS AFTER THE REPORTING DATE

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).

On 21 July 2016, the Group cancelled the Original Offshore Debts and issued the new indentures in accordance with the election of the Offshore Creditors (note 2.1(b)).

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 2014 together with the restated comparative figures for the previous corresponding year.

First of all, 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 2014.

RESULTS AND DIVIDEND

For the year ended 31 December 2014, the Group’s turnover and gross profit reached approximately RMB19,600.2 million and RMB2,870.9 million, respectively, representing increase of approximately 0.4% and decrease of approximately 54.9% as compared to 2013, respectively. Loss attributable to equity holders of the Company and basic loss per share amounted to approximately RMB1,287.5 million and RMB25.5 cents, respectively (2013: Profit of approximately RMB2,174.6 million and basic earnings per share RMB44.2 cents).

The Board does not recommend payment of a final dividend for the year ended 31 December 2014 (2013: HK$15 cents per share).

BUSINESS REVIEW

In 2014, the property market in the PRC experienced a correction after an earlier raising, with sales area and amount of commodity properties falling 7.6% and 6.3% respectively, reversing the previous trend of ongoing growth. According to the statistics on the property market released by the National Bureau of Statistics in December 2014, out of 70 large and medium-sized cities, 68 cities reported year-on-year declines in property prices. The market led a suppressed trend in general, with widening increases among cities, and showed more optimism in first-tier cities and regional centres in terms of transaction volumes.

For the year ended 31 December 2014, the Group’s strategy of returning to first and second tier cities proved to be successful, boosting the Group’s capability to contain impact from market fluctuations. However, due to the fact that the processing and filing of the sale and purchase agreements for certain property projects in Shenzhen in the second half of the year were blocked (the “**Blockage**”), the Group’s contracted sales amounted to approximately RMB23.1 billion, representing a decline of 3% year-on-year. According to the *Top 50 Real Estate Enterprise Property Developers by Sales* jointly compiled and released by China Real Estate Information Corporation and China Real Estate Appraisal Center, Kaisa ranked 22nd in terms of sales amount in 2014, up three notches from 2013.

In 2014, the Group launched a total of 10 new projects in the following regions, namely Chengdu Kaisa City Plaza, Chengdu Kaisa Leading Town and Chongqing Kaisa Bright Harbour in southwestern China; Hangzhou Puyu Court, Hangzhou Kaisa Monarch Residence and Shanghai Kaisa City Plaza in the Yangtze River Delta; Huizhou Kaisa Mansion No. 1 and Guangzhou Kaisa Plaza in Pearl River Delta; and Changsha Kaisa Times Square and Wuhan Kaisa Mansion No. 1 in Central China, extending its geographical presence in different regions of the PRC further.

With respect to land acquisitions, the Group maintained its focus on first and second tier cities and provincial capitals. In 2014, through auctions and open sale, cooperative development and acquisitions, the Group acquired 10 land parcels or related interests at a total consideration of RMB12,539 million, within which, it established its presence in Nanjing and Suzhou for the first time, further diversifying its land bank portfolio. After three years of ongoing adjustments, the Group had achieved further optimisation in its land reserve. As at 31 December 2014, 79.2% of the Group's land bank was located in first and second tier cities. The ongoing optimisation of the structure of the Group's land bank can secure more high-quality resources required for the Group's expansion, boosting the Group's profitability and its ability against cyclical fluctuations of the industry.

Despite the Blockage towards the end of the year, the Group's Shenzhen operation managed to achieve contracted sales amount of RMB8.7 billion, representing approximately 38% of the Group's total contracted sales amount for the year. Shenzhen Kaisa City Plaza, Shenzhen Kaisa Yuefeng Garden and Shenzhen Kaisa Qianhai Plaza reported strong sales. According to the statistics compiled by ShenzhenHome (www.szhome.com), in 2014, Shenzhen Kaisa City Plaza ranked No. 1 and No. 2 respectively among individually launched projects in Shenzhen market, in terms of sales area and sales amount. In 2014, the Group ranked No. 2 in Shenzhen market in terms of sales amount, maintaining its solid market position.

INVESTOR RELATIONS

The Company is devoted to maintaining timely and effective communication with its shareholders and investors through various means. In addition to the regulatory filings and announcements, through monthly newsletters, communications with media, investor conferences, site visits and road shows, the Group strives to keep shareholders and investors well informed of its latest developments including business strategies, sales performances, operation and financial condition. The Group values inputs from investors, bond holders and shareholders, and through various channels to gather their views.

PROSPECTS

It's expected the adjustment measures on the real estate sector exacted earlier will take effect further in 2017 to ensure steady and healthy development of the country's property market as a whole. Markets in first-tier and key second-tier cities are expected to enter into a phase of correction, yet the net influx of population into these cities will sustain shortages in supply of high quality land plots for residential use. The Group stays optimistic about property markets in first and second tier cities and believes that pressure for inventory clearance in third and fourth tier cities will be gradually alleviated in the process of urbanisation development. There will be limited room envisaged for the sustaining easing monetary policies.

Against such backdrop, the Group will adjust its launching schedule and pace of sales according to the market policies and sentiments in different regions and meet the market demand through high quality products and services.

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. Last but not least, the Board has been making its best efforts to the resumption of trading of the Shares of the Company as soon as reasonably practicable.

On behalf of the Board, I would like to take this opportunity to express my wholehearted gratitude to all the shareholders of the Company, investors, business partners and customers. Hand-in-hand, we will tackle challenges together and endeavor to maximise value and returns for our shareholders and investors.

KWOK Ying Shing
Chairman

Hong Kong, 25 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group recorded a turnover of approximately RMB19,600.2 million, representing an increase of 0.4% as compared to that of year 2013. Loss attributable to equity holders of the Company amounted to approximately RMB1,287.5 million (2013: Profit of approximately RMB2,174.6 million). Other than the loss of approximately RMB482.7 million which was related to the Incident, the operations and the other profit and loss items of the Group have not been affected by the Incident. The Group's net loss for the year, excluding early redemption premium of debts and changes in fair values of investment properties and financial derivatives, net of deferred tax decreased to approximately RMB3,934.4 million, representing a decrease of 286.1% as compared to that of year 2013. Basic loss per share was RMB25.5 cents (2013: Basic earnings per shares of RMB44.2 cents).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: HK$15 cents per share).

Contracted sales in 2014

During the year ended 31 December 2014, the Group's contracted sales amounted to approximately RMB23,127 million, representing a decline of 3% year-on-year. Aggregated gross floor area ("**GFA**") sold for the year was approximately 2,461,978 sq.m., representing a decrease of 0.5% year-on-year. Average selling price ("**ASP**") of our contracted sales decreased by 4% year-on-year to RMB9,394 per sq.m.. The table below shows the Group's contracted sales by region in 2014:

Region	**Contracted sales area** *(sq.m.)*	**Contracted sales amount** *(RMB in Millions)*
Pearl River Delta	755,342	12,046
Yangtze River Delta	371,268	3,484
Western China Region	524,365	2,954
Central China Region	417,716	2,654
Pan-Bohai Bay Rim	393,287	1,989
Total	2,461,978	23,127

Property development

Projects completed in 2014

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 4.5 million sq.m..

Projects under development

As at 31 December 2014, the Group had 38 projects under development with an aggregate of GFA of approximately 8.1 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 17.7 million sq.m.. 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 2014, 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 an emphasis on end-user mass market, enabling the Group to be less susceptible to policy risk while achieving a more balanced property portfolio. In 2014, we purchased a total of 10 land parcels or related interests through auctions and open sale, cooperative development and acquisitions. The aggregate consideration for the land acquisitions was RMB12,539.4 million, with an average land cost per total planned GFA of approximately RMB6,319 per sq.m.. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 1,984,276 sq.m.. As at 31 December 2014, the Group had a total land bank of approximately 23.4 million sq.m., which is sufficient for the Group's development needs for the next five years.

The table below sets forth detailed information of these land acquisitions:

Time of Acquisition	Location	Attributable Interest	Site Area	Attributable GFA	Consideration	Type
			(sq.m.)	*(sq.m.)*	*(RMB in millions)*	
January 2014	Huizhou	100%	167,000	288,700	142.4	Residential
January 2014	Suzhou	100%	59,628	155,035	500.0	Residential
January 2014	Suzhou	100%	33,234	93,055	740.0	Residential
January 2014	Nanjing	100%	109,832	302,037	4,379.6	Residential
January 2014	Shenzhen	51%	49,582	205,700	2,245.2	Commercial and Residential
February 2014	Chengdu	100%	57,837	248,500	570.3	Residential
April 2014	Shenzhen	51%	869,838	516,030	2,754.0	Complex
April 2014	Changsha	100%	3,855	13,107	41.9	Residential
May 2014	Anshan	100%	3,208	8,020	11.0	Residential
August 2014	Shanghai	100%	90,642	154,092	1,155.0	Residential
Total			1,444,656	1,984,276	12,539.4	

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 increased by 0.4% to approximately RMB19,600.2 million in 2014 from approximately RMB19,523.1 million in 2013. 97.0% of the Group's revenue was generated from the sales of properties (2013: 97.8%) and 3.0% from other segments (2013: 2.2%).

Sales of properties

Revenue from sales of properties decreased by approximately RMB86.6 million, or 0.5%, to approximately RMB19,003.7 million in 2014 from approximately RMB19,090.3 million in 2013, whereas the total delivered GFA increased from approximately 2,577,534 sq.m. in 2013 to approximately 2,596,476 sq.m. in 2014.

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 increased by approximately RMB55.5 million, or 31.1%, to approximately RMB234.1 million in 2014 from approximately RMB178.6 million in 2013. This increase was primarily attributable to increased rental space and higher rental rates.

Property management

Revenue from property management services increased by approximately RMB61.5 million, or 37.1%, to approximately RMB227.5 million in 2014 from approximately RMB166.0 million in 2013. This increase was primarily attributable to additional property management fee derived from the Group's property management services for the commercial properties and the residential units delivered in 2014.

Hotel and catering operations

Revenue from hotel and catering operations of the Group increased by approximately RMB15.9 million, or 31.8% to approximately RMB66.1 million in 2014 from approximately RMB50.2 million in 2013. This increase was mainly attributable to the Group's 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 RMB30.8 million, or 80.8%, to approximately RMB68.8 million in 2014 from approximately RMB38.0 million in 2013. The increase was primarily attributable to the business expansion in this segment in 2014.

Gross profit

As a result of the foregoing, the Group's gross profit decreased by approximately RMB3,499.5 million, or 54.9%, to approximately RMB2,870.9 million in 2014 from approximately RMB6,370.5 million in 2013. The Group's gross profit margin decreased to 14.6% in 2014 from 32.6% in 2013.

The decrease in gross profit margin was mainly resulted by the decrease in selling price per square meter of the completed properties held for sale in 2014 despite increase in cost of the properties sold per square meter caused mainly by higher construction cost per square meter. The significant drop in the transaction volume of the bulk sales in 2014 compared to 2013 also contributed to the decrease in gross profit margin in 2014 as the bulk sales of project properties in 2013 had much higher gross profit margins than that of commodity properties.

Other losses – net

The Group had net other losses of approximately RMB1,742.4 million in 2014, as compared to net other losses of approximately RMB428.7 million in 2013. 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. The Group's net other losses in 2013 mainly comprised the write-down of completed properties held for sale and properties under development of approximately RMB550.7 million, offset by compensation for termination of proposed development projects of approximately RMB64.9 million and government subsidy income on cultural projects operated by the Group with an aggregate amount of approximately RMB49.9 million.

The amounts of write-down of the completed properties held for sale and properties under development in 2014 and 2013 were determined based on the Company's accounting policy for write-down of inventories of properties as disclosed in the Company's previous years' annual reports. The significant increase in write-down in 2014 was contributed by the corrections experienced in the property markets in the PRC in 2014 evidenced by decreases in the contracted selling prices of the properties in 2014 and subsequently in 2015 and 2016. Furthermore, the Group had significantly more completed properties held for sale as at 31 December 2014 which were represented by unsold units of properties located in 3rd and 4th tier cities in the PRC. Such properties were more adversely affected by the PRC property market corrections than properties located in 1st and 2nd tier cities.

Selling and marketing costs

The Group's selling and marketing costs decreased by approximately RMB63.4 million, or 7.4%, to approximately RMB798.5 million in 2014 from approximately RMB861.9 million in 2013. 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 2014.

Administrative expenses

The Group's administrative expenses increased by approximately RMB219.0 million, or 23.0%, to approximately RMB1,171.0 million in 2014 from approximately RMB952.0 million in 2013. The increase was primarily attributable to the increase in staff costs and auditor's remuneration.

Changes in fair value of investment properties

The increase in fair value of the Group's investment properties was approximately RMB728.7 million in 2013 and approximately RMB3,626.8 million in 2014. The increase in fair value of the Group's investment properties in 2014 was primarily contributed by transfer of properties held for sale into investment properties and also attributable to the increases of rentals in line with the market conditions of general increase in rental level of comparable properties.

Changes in fair value of financial derivatives

The Group has entered into forward foreign exchange contracts under the 2012 ISDA Master Agreement with The Hongkong and Shanghai Banking Corporation Limited, as the swap counterparty, to manage the Group's foreign exchange rate risk arising from the issuance of the Senior Notes April 2013. The changes in fair value of financial derivatives in 2013 and 2014 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 RMB85.8 million in 2014 was mainly attributable to the depreciation of Renminbi against the U.S. dollar during the year.

Loss arising from the Incident

The Group recorded a loss of approximately RMB482.7 million arising from the Incident as a whole in 2014 as a result of the findings of the Investigation described in note 2.1 to the consolidated financial statements for the year ended 31 December 2014.

Finance costs – net

The Group's net finance costs increased by approximately RMB327.0 million to approximately RMB750.8 million in 2014 from approximately RMB423.8 million in 2013. The increase was primarily attributable to net exchange loss of approximately RMB5.9 million recorded in 2014, whereas net exchange gain of approximately RMB279.9 million was recorded in 2013. The net exchange gain in 2013 mainly arises from the U.S. dollar denominated offshore financing as a result of the appreciation of Renminbi against the U.S. dollar.

Income tax expenses

The Group's income tax expenses increased by approximately RMB472.7 million, or approximately 20.6%, to approximately RMB2,765.9 million in 2014 from approximately RMB2,293.2 million in 2013. The increase was primarily attributable to the increase in deferred tax as a result of the increase in fair value of investment properties.

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 RMB1,300.1 million. (2013: Profit and total comprehensive income of approximately RMB2,191.1 million).

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2014, the carrying amount of the Group's cash and bank deposits was approximately RMB4,464.0 million (31 December 2013: approximately RMB8,706.2 million), representing a decrease of 48.7% as compared to that as at 31 December 2013. 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 2014, 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 RMB1,078.3 million as at 31 December 2014 (2013: approximately RMB1,676.5 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 for the year ended 31 December 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 2014. 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 2014 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 Senior Notes March 2013 and general corporate use.

(e) Senior notes due 2019

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

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

Borrowings and charges on the Group's assets

As at 31 December 2014, the Group had aggregate borrowings of approximately RMB65,723.0 million, of which approximately RMB61,256.1 million will be repayable within 1 year, approximately RMB3,807.0 million will be repayable between 2 and 5 years and approximately RMB659.9 million will be repayable over 5 years. As at 31 December 2014, the Group's bank loans of approximately RMB38,786.5 million were secured by plant and equipment, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB44,160.0 million. As at 31 December 2014, 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 31 December 2014, 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 50.8% (31 December 2013: 41.8%). The Group's net current assets decreased by 67.3% from approximately RMB9,020.6 million as at 31 December 2013 to approximately RMB2,947.3 million as at 31 December 2014, and the current ratio decreased from 1.1 times as at 31 December 2013 to 1.0 times as at 31 December 2014.

Cost of borrowings

During the year ended 31 December 2014, the Group's total cost of borrowings was approximately RMB5,734.5 million, representing an increase of approximately RMB1,662.9 million or 40.8% as compared to the corresponding period in 2013. The increase was primarily attributable to higher average debt balance during the year as compared to that in 2013.

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 2014, the Group had cash and bank balances denominated in US$ of approximately RMB332.9 million and in HK$ of approximately RMB54.0 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$935.0 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 2014, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to the Group's customers amounting to approximately RMB15,337.2 million (31 December 2013: approximately RMB9,856.7 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

There were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2014. 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 2014, the Group had approximately 9,846 employees (31 December 2013: approximately 10,570 employees). The related employees' costs (including the directors' remuneration) for the year ended 31 December 2014 amounted to approximately RMB650.8 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 Group 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 2014.

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 2014, 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 E.1.2 provides that the chairman of the Board should attend the annual general meeting. Neither Mr. SUN Yuenan nor Ms. CHEN Shaohuan attended the annual general meeting held on 31 March 2014 as they had other prior business engagements.

(b) Code Provision A.3.2 provides that an issuer should maintain on its website and on the Stock 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 2014, 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 2014; and (ii) publishing the annual report for the year ended 31 December 2014. 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 2014 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 2014 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 2014. 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 2014.

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 for the Senior Notes January 2014 and Senior Notes June 2014, during the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRIOR YEAR ADJUSTMENTS

The Company made certain prior year adjustments to the consolidated financial statements of the Company for the year ended 31 December 2013 and before in view of the Incident. Please refer to Note 2 to the consolidated financial statements of the Company for further details.

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 2014 have been agreed by the Group's auditors, 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 2014 is reproduced below:

"**Basis for disclaimer of opinion**

As described in note 2.1(a) to the consolidated financial statements, the Company has established an Independent Committee of the Board of Directors and the Independent Committee has engaged Messrs. Lam & Co. as the legal advisors to the Independent Committee and FTI Consulting (Hong Kong) Limited ("**FTI Consulting**"), as an independent investigation consultant, to undertake an independent investigation (the "**Investigation**") on certain issues ("**Incident**").

The findings of the Investigation led to the recognition of a loss arising from the Incident (as detailed in note 2.1(a)) of RMB482,736,000 (the "**Loss arising from the Incident**") which was recognised in consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 as the directors of the Company are of the opinion that this is the earliest practicable period to recognise the loss having taken into account the findings of the Investigation.

Due to the irregular nature of the Incident, we are unable to obtain sufficient assurance to ascertain the nature and commercial substance of the underlying transactions leading to the Loss arising from the Incident; and as to whether the nature of these underlying transactions involved in the Incident was properly disclosed in the consolidated financial statements for the year ended 31 December 2014.

Any adjustments that might have been found necessary in respect of the Incident would affect the disclosure of the Loss arising from the Incident in the Group's consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2014 and the other assets in the consolidated statements of financial position as at 1 January 2014 and 2013 and the categorisation of the related cash flows in the consolidated statements of cash flows for the years ended 31 December 2014 and 2013.

Disclaimer of opinion

Because of the significance of the possible effects of the matters described in the Basis for Disclaimer of Opinion on the adequacy of disclosure of the nature of the Loss arising from the Incident and the categorisation of cash flows arising from the Incident, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Group's loss and cash flows for the year ended 31 December 2014. Accordingly, we do not express an opinion on whether the consolidated financial statements give a true and fair view of the Group's loss and cash flows for the year ended 31 December 2014.

Unqualified opinion on the financial position

In our opinion, the Company's and the Group's statements of financial position give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 in accordance with the Hong Kong Financial Reporting Standards.

In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

PUBLICATION OF THE 2014 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's 2014 Annual Report 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.