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## **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)**

**(1) ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
(2) FULFILMENT OF RESUMPTION CONDITIONS  
(3) RESUMPTION OF TRADING**

The board (the “**Board**”) of directors (the “**Directors**”) of Kaisa Group Holdings Ltd. (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021 together with the comparative figures for the corresponding year ended 31 December 2020.

### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Revenue</b>	4	<b>35,544,684</b>	55,770,181
Cost of sales	5	<b>(30,916,419)</b>	(39,862,713)
<b>Gross profit</b>		<b>4,628,265</b>	15,907,468
Other gains and losses, net	6	<b>(7,262,310)</b>	1,687,692
Selling and marketing costs	5	<b>(1,611,875)</b>	(2,017,284)
Administrative expenses	5	<b>(3,588,635)</b>	(3,730,287)
Net fair value (loss)/gain of investment properties		<b>(1,822,651)</b>	189,433
Net gain on disposals of subsidiaries		<b>392,360</b>	774,075
Net gain on deemed disposals of subsidiaries		–	816,560
Provision for expected credit losses	6	<b>(2,875,764)</b>	(1,352,963)

\* *For identification purposes only*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 RMB'000
<b>Operating (loss)/profit</b>		<b>(12,140,610)</b>	12,274,694
Share of results of associates		<b>(115,327)</b>	(44,756)
Share of results of joint ventures		<b>(324,699)</b>	37,595
Fair value gain of financial derivatives		<b>27,450</b>	52,838
Finance income	7	<b>689,893</b>	466,546
Finance costs	7	<b>(1,710,160)</b>	(2,284,561)
<b>Finance costs, net</b>	7	<b>(1,020,267)</b>	(1,818,015)
<b>(Loss)/Profit before income tax</b>		<b>(13,573,453)</b>	10,502,356
Income tax credit/(expenses)	8	<b>315,050</b>	(5,223,975)
<b>(Loss)/Profit for the year</b>		<b>(13,258,403)</b>	5,278,381
<b>(Loss)/Profit for the year attributable to:</b>			
Owners of the Company		<b>(12,726,728)</b>	5,447,125
Non-controlling interests		<b>(531,675)</b>	(168,744)
		<b>(13,258,403)</b>	5,278,381
		<b>RMB</b>	<b>RMB</b> (restated)
<b>(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company</b>			
– Basic	10	<b>(1.898)</b>	0.863
– Diluted	10	<b>(1.898)</b>	0.860

	<b>2021</b>	2020
<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>(Loss)/Profit for the year</b>	<b>(13,258,403)</b>	5,278,381
<b>Other comprehensive (expense)/income, including reclassification adjustments</b>		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Share of other comprehensive (expense)/income of associates	(268)	21,944
Exchange differences on translation of foreign Operations	<u>(23,562)</u>	<u>19,073</u>
<b>Other comprehensive (expense)/income for the year, including reclassification adjustments</b>	<u>(23,830)</u>	<u>41,017</u>
<b>Total comprehensive (expense)/income for the year</b>	<u><b>(13,282,233)</b></u>	<u>5,319,398</u>
<b>Total comprehensive (expense)/income for the year attributable to:</b>		
Owners of the Company	(12,758,281)	5,494,815
Non-controlling interests	<u>(523,952)</u>	<u>(175,417)</u>
	<u><b>(13,282,233)</b></u>	<u>5,319,398</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>5,245,085</b>	5,311,916
Right-of-use assets		<b>626,471</b>	536,993
Investment properties		<b>20,262,500</b>	34,524,400
Land use rights		<b>672,088</b>	720,913
Investments in associates	<i>11(a)</i>	<b>7,088,114</b>	13,817,340
Investments in joint ventures	<i>11(b)</i>	<b>12,997,981</b>	18,386,366
Financial assets at fair value through profit or loss		<b>7,912,876</b>	5,369,151
Debtors, deposits and other receivables	<i>13</i>	<b>25,000</b>	20,000
Goodwill and intangible assets	<i>12</i>	<b>1,008,724</b>	1,276,405
Long-term bank deposits		<b>700,000</b>	1,200,000
Deferred tax assets		<b>1,201,915</b>	628,380
		<b>57,740,754</b>	81,791,864
<b>Current assets</b>			
Properties under development		<b>84,981,277</b>	71,367,943
Completed properties held for sale		<b>15,951,492</b>	13,036,568
Inventories		<b>518,561</b>	416,781
Deposits for land acquisition		<b>19,391,786</b>	18,204,746
Prepayments for proposed development projects		<b>37,482,981</b>	25,004,121
Debtors, deposits and other receivables	<i>13</i>	<b>54,606,478</b>	48,468,486
Prepaid taxes		<b>658,793</b>	356,481
Restricted bank balances and cash		<b>11,110,309</b>	6,248,888
Financial assets at fair value through profit or loss		<b>3,127,408</b>	5,338,349
Short-term bank deposits		<b>1,500,000</b>	3,585,570
Cash and bank balances		<b>3,060,184</b>	36,078,762
		<b>232,389,269</b>	228,106,695
<b>Current liabilities</b>			
Contract liabilities		<b>44,788,870</b>	49,706,027
Accrued construction costs		<b>18,597,466</b>	18,593,833
Income tax payable		<b>12,819,884</b>	12,020,469
Lease liabilities		<b>134,041</b>	103,208
Borrowings	<i>14</i>	<b>104,743,370</b>	23,069,223
Other payables		<b>19,750,707</b>	24,260,845
Derivative financial instruments		–	27,450
		<b>200,834,338</b>	127,781,055

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Net current assets</b>		<b>31,554,931</b>	100,325,640
<b>Total assets less current liabilities</b>		<b>89,295,685</b>	182,117,504
<b>Non-current liabilities</b>			
Lease liabilities		<b>491,473</b>	453,240
Borrowings	<i>14</i>	<b>26,963,124</b>	98,401,736
Other payables		<b>19,350</b>	19,768
Deferred tax liabilities		<b>2,739,722</b>	4,523,386
		<b>30,213,669</b>	103,398,130
<b>Net assets</b>		<b>59,082,016</b>	78,719,374
<b>EQUITY</b>			
Share capital		<b>613,530</b>	538,942
Share premium		<b>6,376,801</b>	4,948,564
Perpetual capital securities		<b>1,350,054</b>	1,350,054
Reserves		<b>12,690,673</b>	25,496,179
<b>Equity attributable to owners of the Company</b>		<b>21,031,058</b>	32,333,739
<b>Non-controlling interests</b>		<b>38,050,958</b>	46,385,635
<b>Total equity</b>		<b>59,082,016</b>	78,719,374

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

## 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 the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company is engaged in investment holding and its subsidiaries (collectively, the “**Group**”) are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation and health care operations in the People’s Republic of China (the “**PRC**”).

The Company’s shares are 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**”), which is also the currency of the primary economic environment in which most of the group entities operate (i.e. the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand (‘000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 9 March 2023.

## 2. STATEMENT OF COMPLIANCE

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) and disclosure requirement of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including financial assets at fair value through profit or loss (“**FVTPL**”), investment properties and derivative financial instruments), which are carried at fair value.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

### 2.2 Going concern basis

For the year ended 31 December 2021, the Group incurred net loss of RMB13,258,403,000. As at 31 December 2021, the Group’s net current assets amounted to RMB31,554,931,000. As at 31 December 2021, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB200,834,338,000.

As at 31 December 2021, the Group did not repay certain bank and other borrowings of about RMB5,588,130,000 according to their scheduled repayment dates. As a result, as at 31 December 2021, bank and other borrowings with the aggregate principal amount of about RMB77,921,662,000 had become default or cross default. Subsequent to 31 December 2021, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates.

These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing and have considered the Group's cash flow projections prepared by management for a period of not less than 12 months from the date of reporting period. The following plans and measures are formulated with the objective to mitigate the liquidity pressure of the Group:

- The Company has appointed Houlihan Lokey (China) Limited as its financial adviser for its offshore debt restructuring. The Group is actively in discussions with the existing lenders on the renewal of the Group's certain borrowings. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales address upcoming financial obligations and future operating cash flow requirements whilst engaging in existing lenders;
- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to pre-sale requirements have been encouraging to increase buyer interests and stimulate demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;
- The Group will continue to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make it relatively more attractive to potential buyers and retain a higher value in current market conditions; and
- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

The Directors, taking into account the above plans and measures, are of the opinion that, they are satisfied that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2021 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in Mainland China and the uncertainties to obtain support from the Group's creditors, material uncertainties exist as to whether or not the Group will be able to achieve its plans and measures as described above.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2021.

### 3. ADOPTION OF NEW AND AMENDED HKFRSs

#### 3.1 Amended HKFRSs that are effective for annual periods beginning on or after January 2021

In the current year, the Group has applied for the first time the following amended standards and revised conceptual framework issued by HKICPA, which are relevant to the Group's operations and effective for the consolidated financial statements for the annual period beginning on 1 January 2021:

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4, and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior years have been prepared and presented.

#### 3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the following new and amended standards have been published but are not yet effective, and have not been adopted early by the Group:

		<b>Effective for the accounting period beginning on or after</b>
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKFRS 3	Reference to Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020	1 January 2022
HKFRS 17	Insurance Contracts and related amendments	1 January 2023
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023



		<b>Effective for the accounting period beginning on or after</b>
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
HK Interpretation 5 (2020)	Presentation of Financial Statement – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors anticipate that all of the applicable pronouncements will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs, interpretation and accounting guideline are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### 4. SEGMENT INFORMATION

The chief operating decision-maker (“**CODM**”) has been identified as the executive directors of the Company who are responsible for reviewing 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 single operating segment based on a measure of segment results. Fair value gain of financial derivatives, net fair value loss on financial assets at fair value through profit or loss (“**FVTPL**”), net gain/loss on repurchase of senior notes, corporate and other unallocated expenses, finance income, finance costs and income tax credit/expenses are not included in the result for each operating segment.

The CODM identified the segments based on the nature of business operations. Specifically, the CODM assessed the performance of property development, property investment, property management services, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation operation and health care operations regarded these being the reportable segments.

As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market primarily in the PRC, and over 90% of the Group’s assets are located in the PRC, no geographical segment information is presented.

Revenue for the year ended 31 December 2021 and 2020 consists of the following:

	<b>2021</b>	2020
	<b>RMB’000</b>	RMB’000
Sales of properties	<b>30,565,700</b>	51,194,413
Rental income	<b>477,254</b>	543,704
Property management services	<b>2,136,147</b>	1,349,154
Hotel and catering operations	<b>343,834</b>	263,415
Cinema, department store and cultural centre operations	<b>205,895</b>	158,185
Water-way passenger and cargo transportation	<b>591,662</b>	424,371
Health care operations	<b>530,661</b>	490,999
Other	<b>693,531</b>	1,345,940
	<b><u>35,544,684</u></b>	<u>55,770,181</u>

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2021 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	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Total RMB'000
Revenue	30,565,700	537,415	2,768,872	371,007	243,506	597,442	530,661	1,106,257	36,720,860
Less: inter-segment revenue	-	(60,161)	(632,725)	(27,173)	(37,611)	(5,780)	-	(412,726)	(1,176,176)
Revenue from external customers	<u>30,565,700</u>	<u>477,254</u>	<u>2,136,147</u>	<u>343,834</u>	<u>205,895</u>	<u>591,662</u>	<u>530,661</u>	<u>693,531</u>	<u>35,544,684</u>
Revenue from contracts with customers									
– recognised at a point in time	28,848,324	-	-	-	-	216,374	530,661	-	29,595,359
– recognised over time	1,717,376	-	2,136,147	343,834	205,895	375,288	-	693,531	5,472,071
Revenue from other sources									
– rental income	-	477,254	-	-	-	-	-	-	477,254
	<u>30,565,700</u>	<u>477,254</u>	<u>2,136,147</u>	<u>343,834</u>	<u>205,895</u>	<u>591,662</u>	<u>530,661</u>	<u>693,531</u>	<u>35,544,684</u>
Segment results before net gain on disposals of subsidiaries, net gains on deemed disposals of subsidiaries, net fair value (loss)/gain of investment properties and share of results of associates and joint ventures	(9,306,390)	305,407	(66,334)	(8,368)	(397,266)	172,232	(42,922)	1,192,887	(8,150,754)
Net gain on disposals of subsidiaries	396,243	-	-	-	-	-	110,574	(114,457)	392,360
Net fair value (loss)/gain of investment properties	-	(1,822,651)	-	-	-	-	-	-	(1,822,651)
Share of results of associates	2,865	-	1,537	-	(1)	(26,947)	1,234	(94,015)	(115,327)
Share of results of joint ventures	(372,449)	-	-	-	-	-	-	47,750	(324,699)
Segment results	(9,279,731)	(1,517,244)	(64,797)	(8,368)	(397,267)	145,285	68,886	1,032,165	(10,021,071)
Fair value gain of financial derivatives									27,450
Net fair value loss on financial assets at FVTPL									(2,046,289)
Net gain on repurchase of senior notes									2,198
Corporate and other unallocated expenses									(515,474)
Finance income									689,893
Finance costs									(1,710,160)
Finance costs, net									(1,020,267)
Loss before income tax									(13,573,453)
Income tax									315,050
Loss for the year									<u>(13,258,403)</u>

	Property development	Property investment	Property management	Hotel and catering operations	Cinema department store and cultural centre operations	Water-way passenger and cargo transportation	Health care operations	Others	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other information										
Depreciation										
– property, plant and equipment	113,294	19,697	3,197	5,269	3,961	88,152	19,363	46,063	–	298,996
– right-of-use assets	41,360	805	6,630	1,434	373	604	15,664	30,158	–	97,028
Amortisation of intangible assets	–	–	39,912	–	184,718	–	27,541	4,099	–	256,270
Depreciation of land use rights	7,837	–	–	10,412	631	–	996	–	–	19,876
Impairment loss on goodwill and intangible assets	–	–	–	–	404,191	–	–	–	–	404,191
Write-down of completed properties held for sale and properties under development										
	6,281,357	–	–	–	–	–	–	–	–	6,281,357
Provision of ECL/written off of debtors and other receivables										
	<u>1,859,946</u>	<u>1,402</u>	<u>54,949</u>	<u>1,355</u>	<u>11,311</u>	<u>5,005</u>	<u>743</u>	<u>597,310</u>	<u>–</u>	<u>2,532,021</u>

	Property development	Property investment	Property management	Hotel and catering operations	Cinema department store and cultural centre operations	Water-way passenger and cargo transportation	Health care operations	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	1,029,023,481	26,422,120	6,703,937	3,855,148	11,560,340	36,553,510	6,280,712	164,352,948	(1,007,523,165)	277,229,031
Unallocated										<u>12,900,992</u>
<b>Total assets</b>										<u>290,130,023</u>
Segment liabilities	846,722,022	4,093,868	3,613,795	3,383,717	13,710,021	19,698,759	2,240,175	139,335,537	(949,015,988)	83,781,906
Unallocated										<u>147,266,101</u>
<b>Total liabilities</b>										<u>231,048,007</u>
<b>Other information:</b>										
Capital expenditure	547,943	3,577	22,401	4,969	160,996	48,583	70,129	429,477	–	1,288,075
Net investments in associates	45,113	–	–	–	–	–	–	385,324	–	430,437
Net investments in joint ventures	<u>166,916</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>166,916</u>

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2020 is as follows:

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management <i>RMB'000</i>	Hotel and catering operations <i>RMB'000</i>	Cinema department store and cultural centre operations <i>RMB'000</i>	Water-way passenger and cargo transportation <i>RMB'000</i>	Health care operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	51,194,413	561,724	1,837,038	283,334	206,351	427,991	490,999	2,131,553	57,133,403
Less: inter-segment revenue	-	(18,020)	(487,884)	(19,919)	(48,166)	(3,620)	-	(785,613)	(1,363,222)
Revenue from external customers	<u>51,194,413</u>	<u>543,704</u>	<u>1,349,154</u>	<u>263,415</u>	<u>158,185</u>	<u>424,371</u>	<u>490,999</u>	<u>1,345,940</u>	<u>55,770,181</u>
Revenue from contracts with customers									
– recognised at a point in time	48,374,998	-	-	-	-	241,043	490,999	-	49,107,040
– recognised over time	2,819,415	-	1,349,154	263,415	158,185	183,328	-	1,345,940	6,119,437
Revenue from other sources									
– rental income	-	543,704	-	-	-	-	-	-	543,704
	<u>51,194,413</u>	<u>543,704</u>	<u>1,349,154</u>	<u>263,415</u>	<u>158,185</u>	<u>424,371</u>	<u>490,999</u>	<u>1,345,940</u>	<u>55,770,181</u>
Segment results before net gain on disposals of subsidiaries, net gains on deemed disposals of subsidiaries, net fair value (loss)/gain of investment properties and share of results of associates and joint ventures	11,510,757	211,418	(8,668)	(4,799)	(898,638)	(47,026)	67,651	704,864	11,535,559
Net gain on disposals of subsidiaries	207,911	281,751	-	-	279,016	-	-	5,397	774,075
Net gain on deemed disposals of subsidiaries	573,080	8,936	-	234,544	-	-	-	-	816,560
Net fair value (loss)/gain of investment properties	-	189,433	-	-	-	-	-	-	189,433
Share of results of associates	63,914	-	26	-	1	-	(40,781)	(67,916)	(44,756)
Share of results of joint ventures	82,515	(17,473)	(8,662)	(1,000)	-	-	-	(17,785)	37,595
Segment results	12,438,177	674,065	(17,304)	228,745	(619,621)	(47,026)	26,870	624,560	13,308,466
Fair value gain of financial derivatives									52,838
Net fair value loss on financial assets at FVTPL									(307,182)
Net gain on repurchase of senior notes									(5,403)
Corporate and other unallocated expenses									(728,348)
Finance income									466,546
Finance costs									(2,284,561)
Finance costs, net									(1,818,015)
Profit before income tax									10,502,356
Income tax									(5,223,975)
Profit for the year									<u>5,278,381</u>

	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	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Other information										
Depreciation										
– property, plant and equipment	66,298	7,248	3,791	24,029	10,239	62,638	8,317	5,809	7,718	196,087
– right-of-use assets	61,846	9,610	2,089	8,729	6,060	5,263	1,838	44,425	(7,983)	131,877
Amortisation of intangible assets	–	–	2,507	–	268,126	–	44,793	3,729	–	319,155
Depreciation of land use rights	8,515	–	–	9,891	1,224	–	737	–	–	20,367
Write-down of completed properties held for sale and properties under development	2,578,917	–	–	–	–	–	–	–	–	2,578,917
Provision of ECL/written off of debtors and other receivables	1,183,586	8,469	7,722	1,883	8,797	22,169	4,491	115,846	–	1,352,963
	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	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	862,743,144	43,746,564	7,464,778	3,909,126	10,849,454	30,103,753	9,703,569	161,868,564	(832,182,754)	298,206,198
Unallocated										11,692,361
<b>Total assets</b>										<b>309,898,559</b>
Segment liabilities	644,520,805	4,030,193	4,726,775	3,327,312	12,347,955	22,619,296	5,683,350	136,677,415	(755,128,110)	78,804,991
Unallocated										152,374,194
<b>Total liabilities</b>										<b>231,179,185</b>
<b>Other information:</b>										
Capital expenditure	153,652	1,329,052	5,897	332,053	320,667	269,568	206,408	400,843	–	3,018,140
Net investments in associates	2,738,493	–	14,700	–	–	–	–	235,406	–	2,988,599
Net investments in joint ventures	2,701,195	–	–	–	–	–	–	50,000	–	2,751,195

For the years ended 31 December 2021 and 31 December 2020, none of the Group's customer accounted for more than 10% of the Group's total revenue.

Sales between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the profit or loss.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, investments in joint ventures, investments in associates, goodwill and intangible assets, land use rights, properties under development, completed properties held for sale, inventories, debtors, deposits and other receivables, deposits for land acquisition, prepayments for proposed development projects, bank balances and cash. They exclude financial assets at FVTPL, deferred tax assets and prepaid taxes.

As at 31 December 2021, segment assets of property development segment, property management, cinema, department store and cultural centre operations, health care operations and others segment included the investments in associates accounted for using the equity method totalling approximately RMB5,245,875,000, RMB13,060,000, Nil, RMB11,283,000 and RMB1,817,896,000 (2020: RMB8,226,990,000, RMB14,726,000, RMB1,000, RMB2,159,492,000 and RMB3,416,131,000) respectively. In addition, the segment assets of property development segment, property management segment and other segment included the investments in joint ventures accounted for using the equity method totalling RMB11,449,275,000, Nil and RMB1,548,706,000 (2020: RMB18,159,688,000, RMB102,805,000 and RMB123,873,000) respectively.

Segment liabilities consist primarily of contract liabilities, accrued construction costs, operating borrowings and other payables. They exclude lease liabilities, deferred tax liabilities, income tax payable, corporate borrowings and derivative financial instruments.

## 5. EXPENSES BY NATURE

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Auditor's remunerations		
– Audit services	6,500	8,000
– Non-audit services	–	3,200
Predecessor auditor's remunerations		
– Audit services	4,980	–
– Non-audit services	5,000	–
Advertising and other promotional costs	414,813	773,812
Agency fees	620,329	763,228
Amortisation of land use rights	19,876	20,367
Amortisation of intangible assets	256,270	319,155
Cost of properties sold	26,584,407	35,874,625
Depreciation		
– property, plant and equipment	298,996	196,087
– right-of-use assets	97,028	131,877
Direct operating expenses arising from		
– property investments	252,382	217,334
– property management services	1,897,634	1,207,427
– hotel and catering operations	243,423	101,817
– cinema, department store, and cultural centre operations	127,174	948,705
– water-way passenger and cargo transportation	483,292	413,091
Donations	46,900	248,112
Legal and professional fees	490,593	605,926
Minimum lease payments under operating leases	36,246	23,097
Other taxes	183,741	473,108
Staff costs – including directors' emoluments	<u>2,412,499</u>	<u>2,316,105</u>

## 6. OTHER GAINS AND (LOSSES) – NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other gains and (losses) mainly included in the following items:		
Dividend income received from		
– listed financial assets at FVTPL	22,974	300
– unlisted financial assets at FVTPL	18,425	16,297
Forfeited customer deposits	3,943	4,887
Government subsidy income ( <i>note</i> )	165,628	153,740
Gain/(Loss) on disposals of property, plant and equipment	25,742	(6,768)
Net exchange gain	1,617,758	4,670,815
Net fair value loss on financial assets at FVTPL	(2,046,289)	(307,182)
Loss on disposal of financial assets at FVTPL	(37,937)	–
Write-down of properties under development	(6,259,505)	(1,939,983)
Write-down of completed properties held for sale	(21,852)	(638,934)
Impairment loss on goodwill and intangible assets	(404,191)	–
Net gain/(loss) on repurchase of senior notes	2,198	(5,403)
Remeasurement losses resulting from associates and joint ventures	–	(192,272)
Compensation paid	–	(145,033)
	<u>                    </u>	<u>                    </u>
Provision for ECL allowance/write-off include:		
– relating to financial assets and contract assets	(2,532,021)	(1,352,963)
– relating to financial guarantees	(343,743)	–
	<u>                    </u>	<u>                    </u>
	<u>(2,875,764)</u>	<u>(1,352,963)</u>

*Note:* The amount represents the subsidies received from local government bureaux in the PRC as an incentive for development in specific regions. There was no unfulfilled conditions and other contingencies attached to the receipt of the subsidies.

## 7. FINANCE COSTS – NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Finance income</b>		
Interest income on bank deposits	683,968	377,139
Interest income from associates	–	1,848
Interest income from loans to third parties	5,925	87,559
	<u>689,893</u>	<u>466,546</u>
<b>Finance costs</b>		
Interest expense		
– Bank borrowings	2,615,007	3,063,597
– Senior Notes	7,465,054	6,966,334
– Convertible Bonds	47,781	91,476
– Other borrowings	1,746,347	1,362,675
– Lease liabilities	18,767	41,533
	<u>11,892,956</u>	<u>11,525,615</u>
Total interest expense	11,892,956	11,525,615
Less: interest capitalised	<u>(10,182,796)</u>	<u>(9,241,054)</u>
	<u>1,710,160</u>	<u>2,284,561</u>
<b>Finance costs – net</b>	<u>(1,020,267)</u>	<u>(1,818,015)</u>



## 8. INCOME TAX (CREDIT)/EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current income tax		
– PRC enterprise income tax	803,545	3,162,104
– PRC land appreciation tax	1,206,077	2,222,657
Deferred income tax	<u>(2,324,672)</u>	<u>(160,786)</u>
	<u><b>(315,050)</b></u>	<u>5,223,975</u>

The income tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(Loss)/Profit before income tax	(13,573,453)	10,502,356
Share of results of associates and joint ventures, net	<u>440,026</u>	<u>7,161</u>
	<u><b>(13,133,427)</b></u>	<u>10,509,517</u>
Calculated at PRC enterprise income tax rate of 25% (2020: 25%)	(3,283,356)	2,627,379
Effect of different income tax rates of subsidiaries	471,602	(723,109)
Income not subject to tax	(179,917)	(52,906)
Expenses not deductible for tax purposes	82,328	88,087
Effect of tax losses/deductible temporary difference not recognised	<u>1,388,216</u>	<u>1,061,867</u>
PRC enterprise income tax	(1,521,127)	3,001,318
PRC land appreciation tax	<u>1,206,077</u>	<u>2,222,657</u>
Income tax (credit)/expenses	<u><b>(315,050)</b></u>	<u>5,223,975</u>

### Overseas income tax

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. The group companies in the British Virgin Islands (“BVI”) were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

### Hong Kong profits tax

No Hong Kong profits tax has been provided for the years ended 31 December 2021 and 2020 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

### PRC withholding income tax

According to the Corporate Income Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be received on the immediate holding companies outside the PRC where their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

### PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2020: 25%).

### 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 cost of land use rights and all property development expenditures.

## 9. DIVIDEND

### (a) Dividends attributable to the year

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
2021 dividends declared of Nil (2020: HK3.0 cents) per share	–	167,498
Proposed 2021 final dividend of Nil (2020: HK12.0 cents) per share	–	619,382
Distribution on perpetual capital securities Distribution on perpetual capital securities to the securities holders during the year ended 31 December 2021 (2020: Nil)	141,212	–

During the year ended 31 December 2021, the Company declared interim dividend of HK4.0 cents (equivalent to approximately RMB3.3 cents) (2020: HK3.0 cents (equivalent to approximately RMB2.65 cents)), the aggregate amount of interim dividend declared from share premium of the Company amounted to HK280,619,000 (equivalent to approximately RMB233,026,000) (2020: HK183,989,000 (equivalent to approximately RMB167,498,000)). After reviewing the financial position of the Company, the board of the Company has resolved that the interim dividend would not be paid.

The Board has resolved not to declare a final dividend for the year ended 31 December 2021.

### (b) Dividends attributable to the previous financial year, approved and paid during the year

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend in respect of the previous financial year, of HK12.0 cents (2020: HK10.0 cents) per share	700,509	552,089

A final dividend in respect of the year ended 31 December 2020 of HK12.0 cents (equivalent to approximately RMB10.00 cents) per share was approved at the annual general meeting on 15 June 2021 (2020: a final dividend in respect of the year ended 31 December 2019 of HK10.0 cents (equivalent to approximately RMB8.96 cents) per share). The aggregate amount of final dividend declared from share premium of the Company amounted to approximately HK841,856,000 (equivalent to approximately RMB700,509,000) (2020: HK608,687,000 (equivalent to approximately RMB552,089,000)).

## 10. (LOSS)/EARNINGS PER SHARE

### (a) Basic

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

	2021	2020 (restated)
(Loss)/Profit attributable to owners of the Company (RMB'000)	<b>(12,726,728)</b>	5,447,125
Distribution paid on perpetual capital securities (RMB'000)	<b>(141,212)</b>	–
	<b>(12,867,940)</b>	5,447,125
Weighted average number of ordinary shares in issue	<b>6,780,371,974</b>	6,310,942,116
Basic (loss)/earnings per share (RMB)	<b>(1.898)</b>	0.863

The calculation of basic (loss)/earnings per share is based on the Group's (loss)/profit attributable to owners of the Company of RMB12,867,940,000 (2020: profits of RMB5,447,125,000) and the weighted average number of 6,780,371,974 (2020: 6,310,942,116 (restated)) ordinary shares, after adjusting for the issue of shares upon exercise of share options and rights issue during the year ended 31 December 2021.

On 15 April 2021, the Company issued 876,555,528 ordinary shares, on the basis of seven rights shares for every one existing share held by the shareholders of the Company at a subscription price of HK\$2.95 per share through rights issue. The weighted average number of ordinary shares has been adjusted for the effect of the right issue for the year ended 31 December 2020.

### (b) Diluted

	2021	2020 (restated)
(Loss)/Profit attributable to owners of the Company (RMB'000)	<b>(12,867,940)</b>	5,447,125
Weighted average number of ordinary shares in issue during the year	<b>6,780,371,974</b>	6,310,942,116
Effect of issue of shares under:		
– adjustment for share option scheme	–	22,641,813
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>6,780,371,974</b>	6,333,583,929
Diluted (loss)/earnings per share (RMB)	<b>(1.898)</b>	0.860

Diluted (loss)/earnings per share for the year ended 31 December 2021 and 2020 is calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion of all dilutive potential ordinary shares (share options).

The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is 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 computation of diluted loss per share for the year ended 31 December 2021 did not assume the exercise of outstanding share options of the Company since their assumed conversion would result in a decrease in loss per share.

For year ended 31 December 2020, the number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options. The potential shares arising from the conversion of the Company's convertible bonds would increase the earnings per share attributable to owners of the Company and is not taken into account as they had an anti-dilutive effect.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### (a) Investments in associates

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of investments in associates, less accumulated impairment		
– List	1,100,551	4,204,258
– Unlist	6,248,030	9,770,984
Share of post-acquisition loss and other comprehensive loss, net of dividend received	<u>(260,467)</u>	<u>(157,902)</u>
	<u>7,088,114</u>	<u>13,817,340</u>
Fair value of listed investments	<u>658,550</u>	<u>4,490,625</u>

### (b) Investments in joint ventures

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January	18,386,366	14,092,325
Additions	81,586	89,334
Transfer from subsidiaries	–	1,662,805
Transfer to subsidiaries	(3,754,208)	(157,554)
Return of investment in joint ventures	(1,476,394)	–
Capital injection to joint ventures	85,330	2,661,861
Share of results of joint ventures	<u>(324,699)</u>	<u>37,595</u>
At 31 December	<u>12,997,981</u>	<u>18,386,366</u>

## 12. GOODWILL AND INTANGIBLE ASSETS

	Goodwill RMB'000	Contracts with sports players RMB'000	Trademarks and patent RMB'000	Customer relationship RMB'000	Technology RMB'000	Distribution network RMB'000	Other RMB'000	Total RMB'000
<b>Cost</b>								
At 1 January 2020	849,080	821,119	311,641	111,099	8,440	497,400	7,895	2,606,674
Acquisition of subsidiaries	24,378	-	-	14,690	4,232	-	-	43,300
Additions	-	304,138	8,718	-	1,186	-	-	314,042
At 31 December 2020 and 1 January 2021	<b>873,458</b>	<b>1,125,257</b>	<b>320,359</b>	<b>125,789</b>	<b>13,858</b>	<b>497,400</b>	<b>7,895</b>	<b>2,964,016</b>
Additions	-	154,017	2,247	-	-	-	-	156,264
Acquisitions of subsidiaries	216,335	-	4,643	18,000	-	-	-	238,978
Disposal of subsidiaries	(2,462)	-	-	-	-	-	-	(2,462)
At 31 December 2021	<b>1,087,331</b>	<b>1,279,274</b>	<b>327,249</b>	<b>143,789</b>	<b>13,858</b>	<b>497,400</b>	<b>7,895</b>	<b>3,356,796</b>
<b>Accumulated amortisation</b>								
At 1 January 2020	203,931	540,290	53,255	63,005	8,440	497,400	2,135	1,368,456
Amortisation	-	268,126	31,562	13,231	3,383	-	2,853	319,155
At 31 December 2020 and 1 January 2021	<b>203,931</b>	<b>808,416</b>	<b>84,817</b>	<b>76,236</b>	<b>11,823</b>	<b>497,400</b>	<b>4,988</b>	<b>1,687,611</b>
Amortisation	-	184,718	46,259	20,351	2,035	-	2,907	256,270
Impairment	118,051	286,140	-	-	-	-	-	404,191
At 31 December 2021	<b>321,982</b>	<b>1,279,274</b>	<b>131,076</b>	<b>96,587</b>	<b>13,858</b>	<b>497,400</b>	<b>7,895</b>	<b>2,348,072</b>
<b>Net carrying amounts</b>								
At 31 December 2021	<b>765,349</b>	<b>-</b>	<b>196,173</b>	<b>47,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,008,724</b>
At 31 December 2020	669,527	316,841	235,542	49,553	2,035	-	2,907	1,276,405

### 13. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

Trade debtors mainly arise from sales of properties, provision of property management services, provision of construction and design services and provision of financial services. Trade debtors are settled in accordance with the terms stipulated respectively in the property sale and purchase agreements or service agreements. The ageing analysis of trade debtors based on contractual terms as at the respective reporting dates is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 90 days	1,458,322	1,411,610
Over 90 days and within 180 days	263,364	208,915
Over 180 days and within 270 days	264,476	186,823
Over 270 days and within 365 days	82,728	55,025
Over 365 days	279,908	315,438
	<u>2,348,798</u>	<u>2,177,811</u>
Less: Provision for ECL allowances	(121,446)	(58,000)
Trade debtor – net of ECL	<u>2,227,352</u>	<u>2,119,811</u>

### 14. BORROWINGS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Borrowings included in current liabilities:		
Senior notes	74,883,812	9,673,242
Convertible bonds	–	663,398
Bank borrowings – secured	11,601,144	2,549,900
Bank borrowings – unsecured	2,049,691	3,687,274
Other borrowings – secured	5,525,299	1,934,150
Other borrowings – unsecured	10,574,643	4,452,478
Loan from a related company	108,781	108,781
	<u>104,743,370</u>	<u>23,069,223</u>
Borrowings included in non-current liabilities:		
Senior notes	–	58,650,794
Bank borrowings – secured	10,971,142	18,433,007
Bank borrowings – unsecured	3,011,970	6,901,865
Other borrowings – secured	4,605,058	8,314,733
Other borrowings – unsecured	8,374,954	6,101,337
	<u>26,963,124</u>	<u>98,401,736</u>
Total borrowings	<u>131,706,494</u>	<u>121,470,959</u>

## 15. COMMITMENTS

### (a) Commitments for property development expenditure, acquisitions of property, plant and equipment, acquisitions of subsidiaries, an associate and a joint venture

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Contracted but not provided for		
– Acquisitions of land use rights and property development activities	24,181,744	28,777,924
– Acquisitions of subsidiaries	13,000,000	107,706
– Acquisition of an associate and a joint venture	–	360,000
	<u>37,181,744</u>	<u>29,245,630</u>

### (b) Lease commitments

At the reporting date, the lease commitments for short-term leases and low-value assets leases are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Not later than one year	572	969
Later than one year and not later than five years	–	4
	<u>572</u>	<u>973</u>

### (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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	180,484	173,929
After 1 year but within 2 years	153,084	143,228
After 2 years but within 3 years	116,544	97,883
After 3 years but within 4 years	115,035	92,852
After 4 years but within 5 years	65,389	98,715
After 5 years	181,798	160,850
	<u>812,334</u>	<u>767,457</u>

## CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Kaisa Group Holdings Ltd. (“**Kaisa**” or the “**Company**”, together with its subsidiaries, the “**Group**”), I hereby present to you the annual results of the Group for the year ended 31 December 2021 (the “**Year**”) together with the comparative figures for the previous year.

## RESULTS AND DIVIDEND

During the Year, the Group’s revenue and gross profit decreased by approximately 36.3% and 70.9% to approximately RMB35,544.7 million and RMB4,628.3 million respectively, as compared to 2020. Loss for the year attributable to owners of the Company was approximately RMB12,726.7 million and basic loss per share was approximately RMB1.898 (2020: profit of approximately RMB5,447.1 million and basic earnings per share of approximately RMB0.863 (restated)).

The Board did not recommend payment of a final dividend for the year ended 31 December 2021 (2020: HK12.0 cents per share).

## BUSINESS REVIEW

### Property Market and Policies

Throughout 2021, with the sporadic outbreak of epidemic in China, the national economy presented an upward trend followed by a downward trend and demonstrated a strong resilience in general. In particular, import and export maintained steady growth and consumption remained sluggish under the impacts of the epidemic. For fixed investments, the manufacturing industry recovered steadily, but the industrial production retrenched from the high level, the prosperity of real estate dropped sharply, and the infrastructure sector remained at a low level. Despite the high growth of 8.1% in GDP, the national economy was still facing a great threefold pressure of shrinking demand, supply shock, and weakening expectations.

In terms of the property market, the Central Government continued to emphasize the principles of “housing is not for speculation and formulating city-specific policies”. “Three Red Lines” and measures of centralized management for real estate loans were implemented on the financing front, while the “two-concentration” land supply policy regarding 22 core cities was introduced on the land supply front. There has been no significant easing of regulatory measures such as market-side restrictions on purchases and sales.

Throughout 2021, the national real estate market rose first and then fell deteriorated sharply from the second half of the year. According to the figures of the National Bureau of Statistics, both investment in real estate development and sales amount of commodity housing plummeted and there were frequent debt default events of property developers.



In face of the severe market environment, property developers slowed down their investment pace, accelerated the return of capital, proactively lowered leverage, and also implemented cost-cutting measures to lower costs and enhance efficiency and elevate their operation capability at the same time. Property developers facing liquidity crisis actively conducted self-rescue by ways including disposal of assets and introduction of strategic investments.

### **Contracted Sales**

In 2021, the Group together with its joint ventures and associates recorded contracted sales of approximately RMB92,352 million.

Projects in various places were following the concept of “service satisfaction to excellence” to promote delivery with high quality. The Group delivered 41 projects with 32,000 units throughout the Year.

During the Year, the Group also had significant enhancement in product competitiveness and innovation. 35 projects were awarded over 60 accolades in different professional fields, such as architecture, interior and landscape, including Luoyang Lake View Waldorf being recognized as “Top Ten Works” of 2021 by CRIC and Chongqing Fengming Riverside winning the DNA Paris Design Awards.

### **Land Bank**

Deepening its penetration in the first-tier and major second-tier cities has always been the development strategy of the Group. Under the current industry background, the Group adopted a more prudent approach towards land acquisition from the open market and replenished its land bank through diverse channels.

In 2021, the Group together with its joint ventures and associates acquired a total of 17 parcels of land with high quality, with approximately 2.54 million sq.m. of attributable gross floor area (“GFA”), at an aggregate attributable consideration of RMB25,583 million. In terms of the attributable GFA of such newly acquired lands, those in the Greater Bay Area, Western China, Yangtze River Delta and the Pan-Bohai Ray Rim accounted for 61%, 20%, 12% and 6% of the total newly acquired lands of the Group, respectively.

As at 31 December 2021, the Group together with its joint ventures and associates had a total of 227 real estate projects in 51 cities nationwide. The Group together with its joint ventures and associates has a total land bank of approximately 29.18 million sq. m., of which approximately 17.2 million sq.m. or 59% of the Group’s total land bank are located in the Greater Bay Area. Among cities in the Greater Bay Area, Shenzhen and Guangzhou are the Group’s core markets that have been intensely developed over the years, accounting for 38% of its land bank in the Greater Bay Area.

## **Urban Renewal**

From the perspective of top-level design, policies still encourage and promote urban renewal implementation from various dimensions. The first batch of 21 pilot cities announced in the “14th Five-Year Plan” were unprecedented in terms of both city level and regional coverage. Another 59 cities began to promote city examination, including residential building density, urban renewal, etc., which laid a good foundation for future urban renewal planning in cities. According to relevant statistics, as at the end of 2021, a total of 23,000 urban renewal projects have commenced in 411 cities across China.

Urban renewal has been gradually changing from the savage disruptive demolition and reconstruction to reasonable green renewal. Shanghai, Guangzhou and Shenzhen have entered the period of deep adjustment of urban renewal as the first tier of cities, while Beijing, Chengdu, Nanjing and other cities as the second tier put more focus on policy planning, guidance and standard construction. The industry policies for short-term renewal were tightened, and the progress of project transformation would likely to be affected. In the long run, the main theme of first-tier cities releasing land space through urban renewal shall remain unchanged. The core areas of the core cities will still be having high value, but it needs a long period of time to hold firm and be prepared for the severe industry environment.

As at 31 December 2021, Kaisa still has nearly 200 urban renewal projects which were yet to be converted into land bank of the Group, covering a site area of more than 50 million sq.m.. The Group plans to replenish the land bank for urban renewal as high-quality sources of products through continuous conversion every year to release the potential value.

## **Financing**

Throughout 2021, real estate financing continued the tightening trend seen at the end of 2020 on both supply and demand sides. In the first half of the year, various regions have strengthened the compliance review of real estate financing and further emphasized the prevention of financial risks of real estate bond defaults, and the AMAC suspended the filing of real estate supply chain products by its fund subsidiaries later on. In the third quarter, the “two-concentration” for real estate loans stayed on track and the financing environment continued to tighten. Under such background, there were successively debt defaults in certain real estate enterprises, and the rating of China’s real estate industry and certain enterprises was downgraded frequently. Since the fourth quarter, in order to maintain the steady and healthy development of the real estate market, the central government, ministries and commissions, financial institutions, etc. have been releasing positive news to the public about the financing policies of real estate enterprises, and intensive policies were introduced to maintain stability, so as to rebuild the confidence of the industry.

Under such circumstances, the Group pro-actively carrying out active debt management and actively negotiated extension of financing maturity to reduce financing costs and expand financing channels. Regarding domestic financing, the Group communicated with various financial institutions to extend or restructure existing borrowings and signed agreements, leading to a decrease in financing cost as compared with that in the end of 2020. On the other hand, the Company successfully issued 5 standardised products including balance payment ABS, supply chain ABS/ABN and long-term lease corporate bonds with a subsisting balance of RMB1.876 billion at present.

### **Capital Market's Recognition**

With respect to environmental, social and corporate governance (“ESG”), Kaisa has been devoted to be sustainable in profit, along with social and environmental benefit, and enthusiastically responded to the national strategic goals of “carbon peak and carbon neutrality”. We have been actively developing green building projects to reduce the impacts in the environment. During the Year, 25 construction projects of the Group received the green building certification, with a certificated area of more than 3.69 million sq.m.. As of the end of 2021, the Group had a total of 70 projects which received the green building certification, with an aggregate certificated area of about 9.57 million sq.m..

Based on Kaisa's outstanding performance in ESG as always, the ESG rating granted by MSCI, a renowned global index compiler, to the Group remained unchanged at “BB”. Sustainalytics, an ESG rating and research company, continued to grant the Group a rating of “low risk” and the score further lowered from 18.7 in 2020 to 17.6 (a lower score indicates a higher rating), which marked a leading position among peers in the real estate industry. At the same time, the Group was also awarded with several accolades, including “Chinese Real Estate Enterprise of ESG Responsibility 2021”, “2021 Annual Social Responsibility Outstanding Contribution Enterprise”, “ESG Best Case Award for Chinese Enterprises 2021” and “2021 Social Responsibility Contribution Award”, fully reflecting the high recognition of Kaisa's ESG-relevant work by the industry.

### **PROSPECTS**

Under the combined effect of a series of factors such as global trade friction, geopolitical conflicts and high inflation in developed countries, the global economy is still under great pressure to stabilize and recover. With rather low inflation pressure and loosened monetary policies in China, the national economic growth rate shall gradually recover and rebound in the future as the impacts of the epidemic gradually weaken and various measures in stabilizing growth take effect.

Since the marginal loosening of real estate regulation and control policies at the end of 2021, various major cities across the country have loosened measures such as restrictions on sales and purchases. The central bank has lowered the mortgage interest rates and continued to stabilize the real estate market and boost the market confidence through policies such as the “Second Arrow” in supporting bond issuance by private real estate enterprises and the “16 Financial Measures” in maintaining stability of the real estate market. The real estate industry may possibly bottom out soon and recover moderately.

We believe that the real estate market in China shall remain as a large profit-making market with tens of trillions of revenues in the future. Despite the decrease in proportion accounting for GDP, the real estate market will still be an important pillar of the national economy. Meanwhile, the structural change in the industry will also give rise to new development opportunities. We will speed up our efforts in mitigating risks to get back on the right track of operation and give full play to our competitive advantages in products, services and operations and our expertises in the field of urban renewal, so as to capture market opportunities and achieve high quality and sustainable development.

### **Acknowledgement**

The Board will continue to mitigate negative impacts and implement measures to manage any risks regarding the Group’s operations and reputation, and to achieve sustainable development by enhancing the Group’s core advantages.

On behalf of the Board, I would like to take this opportunity to extend my wholehearted gratitude to all shareholders, investors, business partners and customers of the Company. We will overcome the difficulties together hand in hand to maximize the value and returns to our shareholders and investors.

**KWOK Ying Shing**  
*Chairman*

Hong Kong, 9 March 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERALL PERFORMANCE

During the year ended 31 December 2021, the Group recorded revenue of approximately RMB35,544.7 million, representing a decrease of 36.3% as compared with 2020. Loss attributable to owners of the Company amounted to approximately RMB12,726.7 million for the year ended 31 December 2021 as compared to profit attributable to owners of the Company amounted to approximately RMB5,447.1 million for the year ended 31 December 2020. Basic loss per share amounted to RMB1.898 (2020: basic earnings per share amounted to RMB0.863 (restated)).

The Board does not recommended the payment of a final dividend for the year ended 31 December 2021 (2020: HK12.0 cents per share).

### Contracted sales in 2021

In 2021, the Group together with its joint ventures and associates recorded contracted sales of approximately RMB92,352 million, representing a decrease of 13.6% from 2020. Aggregated GFA sold for the year was approximately 5,660,669 sq.m., representing a decrease of 8.2% from 2020. The table below shows the Group's contracted sales by region in 2021:

<b>Region</b>	<b>Contracted sales area (sq.m.)</b>	<b>Contracted sales amount (RMB in millions)</b>
Guangdong-Hong Kong-Macao Greater Bay Area	2,381,872	41,636
Yangtze River Delta	814,810	21,825
Central China Region	562,052	6,993
Western China Region	856,410	11,866
Pan-Bohai Bay Rim	1,045,525	10,032
<b>Total</b>	<b>5,660,669</b>	<b>92,352</b>

### Property development

#### *Projects completed in 2021*

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 together with its joint ventures and associates amounted to approximately 5.68 million sq.m..

## **Projects under development**

As at 31 December 2021, the Group together with its joint ventures and associates had 111 projects under development with an aggregate of GFA of approximately 16.5 million sq.m..

## **Property management**

The Group generated revenue from providing property management services. During the year ended 31 December 2021, the Group managed a total GFA of approximately 90.3 million sq.m.. The Group's property management is striving to deliver excellent and professional services to its customers and enhance brand and corporate image. As of 31 December 2021, the Group's property services penetrated into 58 cities nationwide, covering residential, commercial, office, tourism and large-scale stadiums.

## **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 long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 31 December 2021, the Group held 12 investment property projects, with an aggregate GFA of 1.07 million sq.m., including completed investment properties of GFA of 0.48 million sq.m. for leasing purpose.

## **Land bank**

The Group remained cautious in replenishing its land bank nationwide by making reference to the development of the Group, availability of land supply and its existing land bank. By ways such as joint development, acquisition, bidding, auction and listing as well as urban renewal, the Group seeks project resources in China's regions where economy prospers.

In 2021, the Group together with its joint ventures and associates acquired a total of 17 parcels of land or related interests. The aggregate attributable consideration for land acquisition amounted to approximately RMB25,583 million. The attributable GFA per maximum allowed plot ratio attributable to the Group was approximately 2.54 million sq.m..

As at 31 December 2021, the Group together with its joint ventures and associates had a total land bank of approximately 29.18 million sq.m., and approximately 59% of land bank was located in the Greater Bay Area, 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 (sq. m.)	Attributable		Land use
				Building Area (sq. m.)	Attributable Consideration (RMB in millions)	
January 2021	Shantou, Guangdong	100.0%	116,204	493,296	2,271	Residential and Commercial
January 2021	Huizhou, Guangdong	100.0%	40,000	104,000	262	Residential and Commercial
February 2021	Chongqing	100.0%	57,460	86,190	750	Residential
February 2021	Zhanjiang, Guangdong	100.0%	26,676	110,045	331	Residential and Commercial
February 2021	Guangzhou, Guangdong	55.0%	1,013,800	520,090	8,415	Residential and Commercial
March 2021	Chengdu, Sichuan	100.0%	50,538	101,076	1,304	Residential and Commercial
March 2021	Shenzhen, Guangdong	100.0%	24,781	187,870	1,668	Residential
April 2021	Chongqing	100.0%	62,405	93,608	1,000	Residential
April 2021	Chongqing	100.0%	31,493	78,733	920	Residential
April 2021	Shenyang, Liaoning	63.0%	130,657	164,628	1,445	Residential
May 2021	Shenzhen, Guangdong	100.0%	21,051	67,360	2,544	Residential
April 2021	Wuxi, Jiangsu	49.0%	50,732	44,969	322	Residential
June 2021	Hefei, Anhui	100.0%	147,147	259,647	2,301	Residential
June 2021	Chengdu, Sichuan	100.0%	28,912	86,737	840	Residential
June 2021	Foshan, Guangdong	40.0%	54,381	65,256	842	Residential and Commercial
July 2021	Hong Kong	100.0%	697	3,484	287	Residential
July 2021	Guiyang, Guizhou	91%	25,184	68,752	81	Residential and Commercial
<b>Total</b>			<b>1,882,118</b>	<b>2,535,741</b>	<b>25,583</b>	

## FINANCIAL REVIEW

### Revenue

The Group's revenue was primarily derived from business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cinema, department store and cultural centre operations, (vi) water-way passenger and cargo transportation, (vii) health care operations and (viii) others. Revenue decreased by 36.3% to approximately RMB35,544.7 million in 2021 from approximately RMB55,770.2 million in 2020. 86.0% of the Group's revenue was generated from the sales of properties (2020: 91.8%) and 14.0% from other segments (2020: 8.2%).

### Sales of properties

Revenue from sales of properties decreased by approximately RMB20,628.7 million, or 40.3%, to approximately RMB30,565.7 million in 2021 from approximately RMB51,194.4 million in 2020. The decrease was primarily attributable to a decrease in the total delivered GFA from approximately 3.2 million sq.m. in 2020 to approximately 2.1 million sq.m. in 2021.

### **Rental income**

Rental income decreased by approximately RMB66.5 million, or 12.2%, to approximately RMB477.3 million in 2021 from approximately RMB543.7 million in 2020.

### **Property management**

Revenue from property management services increased by approximately RMB787.0 million, or 58.3%, to approximately RMB2,136.1 million in 2021 from approximately RMB1,349.2 million in 2020. This 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 RMB80.4 million, or 30.5% to approximately RMB343.8 million in 2021 from approximately RMB263.4 million in 2020. Due to the stabilization of the epidemic as compared to 2020, the hotel industry have recovered gradually in 2021.

### **Cinema, department store and cultural centre operations**

Revenue from cinema, department store and cultural centre operations increased by approximately RMB47.7 million, or 30.2%, to approximately RMB205.9 million in 2021 from approximately RMB158.2 million in 2020. The increase was primarily due to the stabilization of the epidemic and commencement of operation of new stadiums.

### **Water-way passenger and cargo transportation**

Revenue from water-way passenger and cargo transportation increased by approximately RMB167.3 million, or 39.4%, to approximately RMB591.7 million in 2021 from approximately RMB424.4 million in 2020. The increase was primarily due to increase in both charge rates and volume of the cargo transportation as result of increase in demand for the cargo transportation service.

### **Health care operations**

Revenue from health care operations increased by approximately RMB39.7 million, or 8.1%, to approximately RMB530.7 million in 2021 from approximately RMB491.0 million in 2020.



## **Gross profit**

As a result of the foregoing, the Group's gross profit decreased by approximately RMB11,279.2 million, or 70.9%, to approximately RMB4,628.3 million in 2021 from approximately RMB15,907.5 million in 2020. The Group's gross profit margin decreased from 28.5% for the year ended 31 December 2020 to 13.0% for the year ended 31 December 2021, mainly due to the adjustments made on average selling price to accelerate the pace of the sales which subsequently affected the Group's gross profit margin and higher cost per sq.m. of property sales recognised in 2021 as compared to 2020.

## **Other gains and losses – net**

The Group had net other losses of approximately RMB7,262.3 million in 2021, as compared to net other losses of approximately RMB1,687.7 million in 2020. The Group's net other gains and losses in 2021 mainly comprised write-down of completed properties held for sale and properties under development of approximately RMB6,281.4 million, provision for expected credit loss allowance/written off of approximately RMB2,875.8 million, net fair value loss on financial assets at fair value through profit or loss of approximately RMB2,046.3 million, and offset by net exchange gain of approximately RMB1,617.8 million. The Group's net other gains and losses in 2020 mainly comprised provision for expected credit loss/written off of approximately RMB1,353.0 million, write-down of completed properties held for sale and properties under development of approximately RMB2,578.9 million and net fair value loss on financial assets at fair value through profit or loss of approximately RMB307.2 million and offset by net exchange gain of approximately RMB4,670.8 million.

## **Selling and marketing costs**

The Group's selling and marketing costs decreased by approximately RMB405.4 million, or 20.1%, to approximately RMB1,611.9 million in 2021 from approximately RMB2,017.3 million in 2020.

## **Administrative expenses**

The Group's administrative expenses decreased by approximately RMB141.7 million, or 3.8%, to approximately RMB3,588.6 million in 2021 from approximately RMB3,730.3 million in 2020.

## **Net fair value (loss)/gain of investment properties**

The Group recorded net fair value loss on investment properties of approximately RMB1,822.7 million for the year ended 31 December 2021, as compared to net fair value gain on investment properties of approximately RMB189.4 million in 2020.

## **Net gain on disposals of subsidiaries**

The Group had recorded net gain on disposals of subsidiaries of approximately RMB392.4 million in 2021 and approximately RMB774.1 million in 2020.

## **Finance costs – net**

The Group's net finance costs decreased by approximately RMB797.7 million or 43.9% to approximately RMB1,020.3 million in 2021 from RMB1,818.0 million in 2020. The decrease was mainly due to higher amount of finance costs were capitalised as compared to last year.

## **Income tax credit/(expenses)**

The Group recorded an income tax credit of approximately RMB315.1 million for the year ended 31 December 2021 as compared to an income tax expenses of approximately RMB5,224.0 million for the year ended 31 December 2020.

## **Loss/profit for the year and total comprehensive expense/income for the year**

As a result of the foregoing, the Group's loss and total comprehensive expense for the year amounted to approximately RMB13,258.4 million and approximately RMB13,282.2 million, respectively (2020: profit for the year and total comprehensive income for the year amounted to approximately RMB5,278.4 million and RMB5,319.4 million, respectively).

## **Liquidity, financial and capital resources**

### *Cash position*

As at 31 December 2021, the carrying amount of the Group's cash and bank deposits was approximately RMB16,370.5 million (31 December 2020: approximately RMB47,113.2 million), representing a decrease of 65.3% as compared to that as at 31 December 2020. Certain property development companies of the Group placed a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 31 December 2021, 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 collateral amounted to approximately RMB11,110.3 million as at 31 December 2021 (31 December 2020: approximately RMB6,248.9 million).

### *Senior notes*

During the year ended 31 December 2021, the Group issued (i) additional US\$300.0 million 10.875% senior notes due 2023 in January 2021, (ii) additional US\$200.0 million 9.95% senior notes due 2025 in January 2021, (iii) additional US\$100.0 million 9.75% senior notes due 2023 in February 2021, (iv) additional US\$200.0 million 9.75% senior notes due 2023 in April 2021, (v) US\$1,000.0 million 11.7% senior notes due 2025 in May 2021, (vi) US\$300.0 million 11.65% senior notes due 2026 in June 2021, (vii) additional US\$280.0 million 9.75% senior notes due 2023 in June 2021, (viii) US\$200.0 million 8.65% senior notes due 2022 in July 2021, (ix) US\$300.0 million 10.5% senior notes due 2022 in September 2021, and (x) additional US\$100.0 million 8.65% senior notes due 2022 in September 2021.

During the year ended 31 December 2021, the Group conducted a tender offer to repurchase 7.875% senior notes due 9 June 2021 with a principal amount of US\$59.2 million and 7.875% senior notes due 30 June 2021 with a principal amount of US\$54.2 million. In May 2021, the Group conducted a concurrent exchange and tender offer for 9.375% senior notes due 2024. The Group issued US\$1,000.0 million 11.7% senior notes due 2025 comprising US\$500.0 million of the new notes pursuant to the terms of the exchange offer and repurchased 9.375% senior notes due 2024 with a principal amount of US\$304 million as a result of the tender offer and senior note holders with principal amount of US\$500.0 million had validly tendered for the exchange and accepted pursuant to the exchange offer. All the repurchased notes were cancelled.

During the year ended 31 December 2021, the Group redeemed (i) 6.75% senior notes due February 2021 with a principal amount of US\$174.3 million, (ii) 11.75% senior notes due February 2021 with a principal amount of US\$215.8 million, (iii) 7.875% senior notes due 9 June 2021 with a principal amount of US\$240.8 million, (iv) 7.875% senior notes due 30 June 2021 with a principal amount of US\$345.9 million and (v) 10.5% convertible bonds due July 2021 with a principal amount of US\$100.0 million upon maturity.

During the year ended 31 December 2021, the Group did not make payments of principal and interest of certain senior notes when they became due, and as a result an event of default has occurred in respect of such senior notes.

#### *Rights Issue*

On 30 April 2021, the Company completed a rights issue on the basis of one ordinary rights share for every seven existing shares held on the record date of 14 April 2021 at the subscription price of HK\$2.95 per rights share (the “**Rights Issue**”). 876,552,528 Shares in total were allotted and issued by the Company to the Qualifying Shareholders (as defined in the prospectus of the Company dated 15 April 2021).

The gross proceeds raised from the Rights Issue were approximately HK\$2,586 million before expenses.

#### *Convertible bonds*

During the year ended 31 December 2021, the convertible bonds of US\$100 million (equivalent to approximately HK\$783 million) (the “**Convertible Bonds**”) matured. The Company has redeemed the Convertible Bonds in full in accordance with the terms and conditions of the Convertible Bonds.

### *Borrowings and charges on the Group's assets*

As at 31 December 2021, the Group had aggregate borrowings of approximately RMB131,706.5 million, of which approximately RMB104,743.4 million will be repayable within 1 year (including those that had become default or cross-default or contain early demand clauses), approximately RMB12,944.1 million will be repayable between 1 and 2 years, approximately RMB9,984.8 million will be repayable between 2 and 5 years, approximately RMB4,034.2 million will be repayable over 5 years.

As at 31 December 2021, the senior notes were secured by the share pledge of the Company's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed 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 2021, the Group had a leverage ratio (i.e. its net debts (total borrowings net of cash and bank balances, long-term and short-term bank deposits, and restricted cash) over total assets) of 39.8% (31 December 2020: 24.0%). The Group's net current assets decreased by 68.6% from approximately RMB100,325.6 million as at 31 December 2020 to approximately RMB31,554.9 million as at 31 December 2021, the quick ratio (cash and short-term bank deposits of RMB15,670.5 million divided by short-term borrowings of RMB104,743.4 million) decreased to 0.15 times as at 31 December 2021 from 2.0 times as at 31 December 2020, the current ratio decreased to 1.2 times as at 31 December 2021 as compared to 1.8 times as at 31 December 2020.

The net gearing ratio is calculated by dividing total borrowings (including short-term and long-term borrowings and perpetual capital securities) minus cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) by the total equity (excluding perpetual capital securities). As of 31 December 2021, the Group's borrowings (including short-term and long-term borrowings and perpetual capital securities) was RMB133,056.5 million, and cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) was RMB16,370.5 million. The total equity (excluding perpetual capital securities) was RMB57,732.0 million, so the net gearing ratio was 202.1%, which is 104.2 percentage points higher than the 97.9% as of 31 December 2020.

The cash to short-term debt ratio is cash and bank balances (excluding restricted cash and short-term bank deposits) divided by short-term borrowings. As at 31 December 2021, the Group's cash and bank balances (excluding restricted cash and short-term bank deposits) were RMB3,060.2 million, short-term borrowings were RMB104,743.4 million. Therefore, the cash to short-term debt ratio was 0.03 (31 December 2020: 1.56).

The liabilities to assets ratio after excluding contract liabilities is calculated by subtracting contract liabilities from total liabilities (including perpetual capital securities) and dividing by total assets minus contract liabilities. As of 31 December 2021, the Group's contract liabilities was RMB44,788.9 million, total liabilities (including perpetual capital securities) was RMB232,398.1 million, and total assets was RMB290,130.0 million; total liabilities (including perpetual capital securities) and total assets after excluding contract liabilities was RMB187,609.2 million and RMB245,341.2 million, respectively. Therefore, the liabilities to asset ratio after excluding contract liabilities was 76.5%, as compared with 70.3% of 31 December 2020, representing an increase by 6.2 percentage points.

#### *Cost of borrowings*

During the year ended 31 December 2021, the Group's total interest expense was approximately RMB11,893.0 million, representing an increase of approximately RMB367.3 million or 3.2% as compared to the corresponding period in 2020. The increase was primarily attributable to higher average balance of borrowings in 2021.

#### *Foreign currency risks*

The Group's property development projects are substantially 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 2021, the Group had borrowings in US dollar and HK dollar with an aggregate carrying amount of approximately RMB78,341.9 million, 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.

#### *Financial guarantees*

As at 31 December 2021, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB30,859.2 million (31 December 2020: approximately RMB27,272.6 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.

As of 31 December 2021, the financial guarantees given by the Group relating to the liabilities of the Group's joint ventures and associates mainly engaging in property development was approximately RMB11,549,138,000 and the provision as at 31 December 2021 amounted to RMB458,192,000. The proceeds of the financings were mainly applied towards property development projects of the joint ventures and associates of the Group. Based on management's best estimate, the provision for financial guarantee and the Group's exposure as at 31 December 2020 were not significant.

## **Employees and remuneration policy**

As at 31 December 2021, the Group had approximately 18,650 employees (31 December 2020: approximately 17,100 employees). The related employees' costs (including the directors' remuneration) for the year ended 31 December 2021 amounted to approximately RMB2,412.5 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 14 June 2019. Further information of share option scheme has been set out in the annual report.

## **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 2021, the Company complied with the code provisions on the Corporate Governance 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**"), except for the following deviation:

Due to other important engagements, the non-executive Director of the Company, Ms. CHEN Shaohuan, was unable to attend the annual general meeting of the Company held on 15 June 2021 and the extraordinary general meetings of the Company held on 2 July 2021 and 27 October 2021.

## **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 Audit Committee has reviewed the annual results for the year ended 31 December 2021.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is the extract of the independent auditor’s report from the external auditor of the Company:

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material Uncertainty Related to Going Concern**

We draw attention to note 2.2 to the consolidated financial statements that the Group incurred a loss attributable to owners of the Company of approximately RMB12,726,728,000 for the year ended 31 December 2021 and as of that date, the Group had net current assets of RMB31,554,931,000, and the Group’s current portion of interest-bearing bank and other borrowings amounted to RMB104,743,370,000, while its current portion of unrestricted cash bank balances and cash equivalents amounted to RMB4,560,184,000. Further, as at 31 December 2021, the Group had not repaid certain borrowings in aggregate principal amount according to their scheduled repayment dates as described in note 31 to the consolidated financial statements. These conditions along with the current situation as set forth in note 2.2, which indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company adopted 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 2021.

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**

### **Senior notes**

During the year ended 31 December 2021, the Group issued (i) additional US\$300.0 million 10.875% senior notes due 2023 in January 2021, (ii) additional US\$200.0 million 9.95% senior notes due 2025 in January 2021, (iii) additional US\$100.0 million 9.75% senior notes due 2023 in February 2021, (iv) additional US\$200.0 million 9.75% senior notes due 2023 in April 2021, (v) US\$1,000.0 million 11.7% senior notes due 2025 in May 2021, (vi) US\$300.0 million 11.65% senior notes due 2026 in June 2021, (vii) additional US\$280.0 million 9.75% senior notes due 2023 in June 2021, (viii) US\$200.0 million 8.65% senior notes due 2022 in July 2021, (ix) US\$300.0 million 10.5% senior notes due 2022 in September 2021, and (x) additional US\$100.0 million 8.65% senior notes due 2022 in September 2021.

During the year ended 31 December 2021, the Group conducted a tender offer to repurchase 7.875% senior notes due 9 June 2021 with a principal amount of US\$59.2 million and 7.875% senior notes due 30 June 2021 with a principal amount of US\$54.2 million. In May 2021, the Group conducted a concurrent exchange and tender offer for 9.375% senior notes due 2024. The Group issued US\$1,000.0 million 11.7% senior notes due 2025 comprising US\$500.0 million of the new notes pursuant to the terms of the exchange offer and repurchased 9.375% senior notes due 2024 with a principal amount of US\$304 million as a result of the tender offer and senior note holders with principal amount of US\$500.0 million had validly tendered for the exchange and accepted pursuant to the exchange offer. All the repurchased notes were cancelled.

During the year ended 31 December 2021, the Group redeemed (i) 6.75% senior notes due February 2021 with a principal amount of US\$174.3 million, (ii) 11.75% senior notes due February 2021 with a principal amount of US\$215.8 million, (iii) 7.875% senior notes due 9 June 2021 with a principal amount of US\$240.8 million, (iv) 7.875% senior notes due 30 June 2021 with a principal amount of US\$345.9 million and (v) 10.5% convertible bonds due July 2021 with a principal amount of US\$100.0 million upon maturity.

All the notes issued above are listed and traded on the Singapore Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

### **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 2021 have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Elite Partners CPA 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 Elite Partners CPA Limited on the preliminary announcement.



## **FINAL DIVIDEND**

The Directors does not recommended the payment of a final dividend for the year ended 31 December 2021(2020: HK12.0 cents).

## **PUBLICATION OF THE 2021 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The Company's Annual Report for the year ended 31 December 2021 will be published on the websites of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company at [www.kaisagroup.com](http://www.kaisagroup.com) in due course.

## **ANNUAL GENERAL MEETING**

The AGM will be held on Tuesday, 27 June 2023 and a notice convening the AGM will be published and dispatched in the manner as required by the Listing Rules on the Stock Exchange in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Tuesday, 27 June 2023, the register of members of the Company will be closed from Wednesday, 21 June 2023 to Tuesday, 27 June 2023, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 20 June 2023.

## **FULFILMENT OF RESUMPTION GUIDANCE**

Reference is made to the announcement of the Company dated 29 June 2022 in relation to the resumption guidance. The Company is pleased to announce that it has fulfilled the resumption guidance on the following basis.

Resumption guidance (a) – publish all outstanding financial results required under the Listing Rules and address any audit modifications.

Please refer to the 2021 annual results contained in this announcement and the 2022 interim results for the six months ended 30 June 2022 published on 9 March 2023.

Resumption guidance (b) – demonstrate the Company's compliance with Rule 13.24.

The Group carries out its business with a sufficient level of operations.

- (i) The Group is principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation, and health care operations.
- (ii) For the year ended 31 December 2021, the Group's revenue amounted to approximately RMB35,544.7 million.
- (iii) Please refer to the section headed "BUSINESS REVIEW" and the section headed "PROSPECTS" of this announcement.

The Group carries out its business with assets of sufficient value. As at 31 December 2021, the Group had total assets of approximately RMB290,130.0 million.

Resumption guidance (c) – inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.

Since the suspension of trading in the securities of the Company, the Company has continued to update the market on its latest developments. The Company has published updates periodically to inform the market about its latest development.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2022. Application has been made by the Company for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 10 March 2023.

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

Hong Kong, 9 March 2023

*As at the date of this announcement, the executive Directors are Mr. Kwok Ying Shing, Mr. Sun Yuenan, Mr. Mai Fan, Mr. Li Haiming and Mr. Kwok Hiu Kwan; 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.*