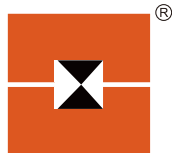


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KAISA GROUP HOLDINGS LTD.

佳兆業集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1638)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Kaisa Group Holdings Ltd. (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021.

* *For identification only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Unaudited	
		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
Revenue	3	13,431,394	30,065,363
Cost of sales	4	(11,120,590)	(20,787,373)
Gross profit		2,310,804	9,277,990
Other gains and losses, net	5	(5,682,493)	(657,362)
Selling and marketing costs	4	(156,466)	(758,717)
Administrative expenses	4	(1,376,100)	(1,445,923)
Net fair value losses of investment properties		(183,108)	(1,166,201)
Net (loss)/gain on disposals of subsidiaries		(89,616)	526,012
Net loss on deemed disposal of subsidiaries		(678,692)	–
Provision for expected credit losses	5	(644,235)	(185,676)
Operating (loss)/profit		(6,499,906)	5,590,123
Share of results of associates		(214,926)	(7,417)
Share of results of joint ventures		(252,160)	224,062
Fair value gain of financial derivatives		–	27,450
Finance income	6	211,576	431,783
Finance costs	6	(1,019,462)	(1,223,292)
Finance costs, net	6	(807,886)	(791,509)
(Loss)/Profit before income tax		(7,774,878)	5,042,709
Income tax credit/(expenses)	7	17,067	(1,963,651)
(Loss)/Profit for the period		(7,757,811)	3,079,058
(Loss)/Profit for the period attributable to:			
Owners of the Company		(7,672,565)	3,002,904
Non-controlling interests		(85,246)	76,154
		(7,757,811)	3,079,058
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company during the period (expressed in RMB per share)			
– Basic	8	(1.104)	0.468
– Diluted	8	(1.104)	0.465

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
(Loss)/Profit for the period	(7,757,811)	3,079,058
Other comprehensive income for the period, including reclassification adjustments		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange gain on translation of foreign operations	25,500	4,862
Share of other comprehensive income of associates, net of income tax	3	3,407
	<hr/>	<hr/>
Other comprehensive income for the period, including reclassification adjustments	25,503	8,269
	<hr/>	<hr/>
Total comprehensive (expense)/income for the period	(7,732,308)	3,087,327
	<hr/>	<hr/>
Total comprehensive (expense)/income for the period attributable to:		
Owners of the Company	(7,657,163)	2,988,658
Non-controlling interests	(75,145)	98,669
	<hr/>	<hr/>
	(7,732,308)	3,087,327
	<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		Unaudited 30 June 2022 <i>RMB'000</i>	Audited 31 December 2021 <i>RMB'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		4,693,932	5,245,085
Right-of-use assets		613,344	626,471
Investment properties		20,146,800	20,262,500
Land use rights		655,552	672,088
Interests in associates		25,560,202	7,088,114
Investments in joint ventures		8,028,694	12,997,981
Financial assets at fair value through profit or loss		6,358,940	7,912,876
Debtors, deposits and other receivables	10	25,000	25,000
Goodwill and intangible assets		991,517	1,008,724
Long-term bank deposits		400,156	700,000
Deferred tax assets		1,401,103	1,201,915
Total non-current assets		68,875,240	57,740,754
Current assets			
Properties under development		85,478,437	84,981,277
Completed properties held-for-sale		16,581,422	15,951,492
Inventories		570,808	518,561
Debtors, deposits and other receivables	10	56,332,510	54,606,478
Deposits for land acquisition		218,546	19,391,786
Prepayments for proposed development projects		38,046,515	37,482,981
Prepaid tax		828,268	658,793
Restricted bank balances and cash		5,661,789	11,110,309
Financial assets at fair value through profit or loss		1,330,078	3,127,408
Short-term bank deposits		1,500,000	1,500,000
Cash and bank balances		3,322,127	3,060,184
Total current assets		209,870,500	232,389,269

		Unaudited	Audited
		30 June	31 December
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
Current liabilities			
Contract liabilities		44,001,679	44,788,870
Accrued construction costs		18,008,661	18,597,466
Income tax payable		12,582,294	12,819,884
Lease liabilities		126,854	134,041
Borrowings	11	106,537,088	104,743,370
Other payables		28,987,295	19,750,707
		<u>210,243,871</u>	<u>200,834,338</u>
Total current liabilities			
		<u>(373,371)</u>	<u>31,554,931</u>
Net current (liabilities)/assets			
		<u>68,501,869</u>	<u>89,295,685</u>
Total assets less current liabilities			
Non-current liabilities			
Lease liabilities		478,204	491,473
Borrowings	11	24,953,881	26,963,124
Other payables		19,350	19,350
Deferred tax liabilities		2,763,587	2,739,722
		<u>28,215,022</u>	<u>30,213,669</u>
Total non-current liabilities			
		<u>40,286,847</u>	<u>59,082,016</u>
Net assets			
Equity			
Share capital		613,530	613,530
Share premium		6,376,801	6,376,801
Perpetual capital securities		1,350,054	1,350,054
Reserves		4,974,467	12,690,673
		<u>13,314,852</u>	<u>21,031,058</u>
Equity attributable to owners of the Company			
Non-controlling interests		<u>26,971,995</u>	<u>38,050,958</u>
		<u>40,286,847</u>	<u>59,082,016</u>
Total equity			

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 Company is engaged in investment holding and the 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, healthcare business and providing consultancy services in the People’s Republic China (the “**PRC**”).

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

This condensed consolidated financial statements is presented in Renminbi (“**RMB**”), the currency of the primary economic environment in which most of the group entities operate (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. The condensed consolidated financial statements has not been audited and was authorised for issue by the Board of Directors on 9 March 2023.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation

This condensed consolidated financial statements for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

(ii) Application of amendments to HKFRSs

The condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the accounting policies adopted in the Group’s annual financial statements for the year ended 31 December 2021, except for the adoption of following amended HKFRSs effective as of 1 January 2022.

Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

The adoption of the amended HKFRSs in the current period had no material impact on the results and financial positions for the current and prior periods have been prepared and presented.

(iii) **Going concern basis**

For the six months ended 30 June 2022, the Group incurred net loss of RMB7,757,811,000. As at 30 June 2022, the Group's net current liabilities amounted to RMB373,371,000. As at 30 June 2022, the Group's current liabilities (including those that had become default or cross-default or contain early demand clauses) were amounted to RMB210,243,871,000.

In addition, as at 30 June 2022, the Group did not repay certain bank and other borrowings of about RMB23,158,513,000 according to their scheduled repayment dates. As a result, as at 30 June 2022, bank and other borrowings with the aggregate principal amount of about RMB87,147,461,000 had become default or cross-default. Subsequent to 30 June 2022, the Group did not repay certain other bank and other borrowings according to their 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 the 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;
- 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 condensed consolidated financial statements for the six months ended 30 June 2022 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 condensed consolidated financial statements of the Group for the six months ended 30 June 2022.

3. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Company. The executive directors reviewed the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each single operating segment based on a measure of segment results. Net gain on repurchase of senior notes, net fair value losses on financial assets at fair value through profit or loss ("FVTPL"), 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, health care operations regarded these being the reportable segments. The Group grouped its financial service business under other segment which was insignificant to present as a separate segment.

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 period consists of the following:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Sales of properties	11,347,209	27,665,897
Rental income	188,560	152,300
Property management services	814,753	983,199
Hotel and catering operations	133,214	138,667
Cinema, department store and cultural centre operations	114,775	120,785
Water-way passenger and cargo transportation	232,265	215,400
Health care operations	217,157	264,706
Others	383,461	524,409
	13,431,394	30,065,363

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2022 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	11,347,209	206,033	936,557	154,639	124,672	232,265	217,157	423,744	13,642,276
Less: Inter-segment revenue	-	(17,473)	(121,804)	(21,425)	(9,897)	-	-	(40,283)	(210,882)
Revenue from external customers	<u>11,347,209</u>	<u>188,560</u>	<u>814,753</u>	<u>133,214</u>	<u>114,775</u>	<u>232,265</u>	<u>217,157</u>	<u>383,461</u>	<u>13,431,394</u>
Revenue from contracts with customers									
– recognised at a point in time	11,347,209	-	-	-	-	55,007	217,157	383,461	12,002,833
– recognised over time	-	-	814,753	133,214	114,775	177,258	-	-	1,240,001
Revenue from other sources									
– rental income	-	188,560	-	-	-	-	-	-	188,560
	<u>11,347,209</u>	<u>188,560</u>	<u>814,753</u>	<u>133,214</u>	<u>114,775</u>	<u>232,265</u>	<u>217,157</u>	<u>383,461</u>	<u>13,431,394</u>
Segment results before net fair value losses on investment properties and share of results of associates and joint ventures	247,750	335,587	63,932	7,558	(56,225)	(723,159)	(82,830)	(4,079,404)	(4,286,791)
Net fair value losses on investment properties	-	(183,108)	-	-	-	-	-	-	(183,108)
Share of results of associates	(147,073)	-	3,405	-	-	-	-	(71,257)	(214,925)
Share of results of joint ventures	(202,221)	-	-	-	-	-	-	(49,939)	(252,160)
Segment results	<u>(101,544)</u>	<u>152,479</u>	<u>67,337</u>	<u>7,558</u>	<u>(56,225)</u>	<u>(723,159)</u>	<u>(82,830)</u>	<u>(4,200,600)</u>	<u>(4,936,984)</u>
Fair value losses on financial assets at FVTPL									(1,889,747)
Corporate and other unallocated expenses									(140,261)
Finance income									211,576
Finance costs									(1,019,462)
Finance costs, net (note 6)									(807,886)
Loss before income tax									(7,774,878)
Income tax credit (note 7)									17,067
Loss for the period									<u>(7,757,811)</u>

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 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	27,665,897	169,119	1,341,788	145,162	178,391	216,170	264,706	692,155	30,673,388
Less: Inter-segment revenue	–	(16,819)	(358,589)	(6,495)	(57,606)	(770)	–	(167,746)	(608,025)
Revenue from external customers	<u>27,665,897</u>	<u>152,300</u>	<u>983,199</u>	<u>138,667</u>	<u>120,785</u>	<u>215,400</u>	<u>264,706</u>	<u>524,409</u>	<u>30,065,363</u>
Revenue from contracts with customers									
– recognised at point in time	25,948,521	–	–	–	–	99,394	264,706	524,409	26,837,030
– recognised over time	1,717,376	–	983,199	138,667	120,785	116,006	–	–	3,076,033
Revenue from other sources of HKFRS 15									
– rental income	–	152,300	–	–	–	–	–	–	152,300
	<u>27,665,897</u>	<u>152,300</u>	<u>983,199</u>	<u>138,667</u>	<u>120,785</u>	<u>215,400</u>	<u>264,706</u>	<u>524,409</u>	<u>30,065,363</u>
Segment results before net fair value losses on investment properties and share of results of associates and joint ventures	5,719,620	367,745	226,174	(6,730)	(9,905)	(20,504)	88,514	633,911	6,998,825
Net fair value losses on investment properties	–	(1,166,201)	–	–	–	–	–	–	(1,166,201)
Share of results of associates	(6,154)	–	(649)	–	–	–	–	(614)	(7,417)
Share of results of joint ventures	<u>266,941</u>	<u>(10,804)</u>	<u>(2,776)</u>	–	–	–	–	<u>(29,299)</u>	<u>224,062</u>
Segment results	5,980,407	(809,260)	222,749	(6,730)	(9,905)	(20,504)	88,514	603,998	6,049,269
Net loss of repurchases of senior notes									(2,198)
Fair value gain of financial derivatives									27,450
Corporate and other unallocated expenses									(240,303)
Finance income									431,783
Finance costs									<u>(1,223,292)</u>
Finance costs, net (note 6)									<u>(791,509)</u>
Profit before income tax									5,042,709
Income tax expenses (note 7)									<u>(1,963,651)</u>
Profit for the period									<u>3,079,058</u>

The segment assets and liabilities as at 30 June 2022 are as follows:

	Audited									
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	1,036,140,676	37,238,822	6,500,958	3,756,879	8,509,806	15,967,377	6,248,035	170,813,680	(1,016,348,882)	268,827,351
Unallocated										9,918,389
										<u>278,745,740</u>
Segment liabilities	849,101,972	1,014,068	3,299,834	3,278,003	10,633,762	16,244,767	2,273,978	154,009,155	(948,233,497)	91,622,042
Unallocated										146,836,851
										<u>238,458,893</u>

The segment assets and liabilities as at 31 December 2021 are as follows:

	Unaudited									
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Elimination RMB'000	Total 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										12,900,992
										<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										147,266,101
										<u>231,048,007</u>

For the six months ended 30 June 2022 and 2021, 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.

There is no change in the basis of segmentation or basis of measurement of segment profit or loss for the six months ended 30 June 2022.

Segment assets consist primarily of all assets excluding financial assets at FVTPL, deferred tax assets and prepaid taxes.

Segment liabilities consist primarily of all liabilities excluding deferred tax liabilities, income tax payable and corporate borrowings.

4. EXPENSES BY NATURE

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Advertising and other promotional costs	55,433	154,044
Agency fees	17,531	289,575
Amortisation of land use rights	9,972	10,830
Amortisation of intangible assets	17,207	126,770
Cost of properties sold	9,789,205	18,793,439
Depreciation		
– Property plant and equipment	191,526	149,681
– Right-of-use assets	64,087	90,681
Direct operating expenses arising from		
– Property investment	121,842	135,472
– Property management services	652,135	640,888
– Hotel and catering operations	99,413	88,734
– Cinema, department store and cultural centre operations	124,020	33,745
– Water-way passenger and cargo transportation	179,782	210,064
– Healthcare operations	99,117	111,896
Donations	123	29,361
Legal and professional fees	174,642	219,671
Minimum lease payment under operating leases (<i>note</i>)	8,641	17,133
Other taxes	45,290	156,322
Staff costs – including directors' emoluments	835,212	1,159,518

Note: According to HKFRS 16 Leases, payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

5. OTHER GAINS AND LOSSES – NET

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Dividend income from financial assets at FVTPL	16,061	23,609
Forfeited customer deposits	1,909	1,786
Government subsidy income (<i>note</i>)	62,365	125,741
Net gain on repurchase of senior notes	–	2,198
Net losses on disposals of financial assets at FVTPL	(51,840)	(31,000)
Remeasurement gains resulting from associates and joint ventures transferred to subsidiaries	–	313,066
Net fair value losses on financial assets at FVTPL	(1,889,747)	(833,022)
Net gains/(losses) on disposal of property, plant and equipment	27,700	(22,101)
Write-down of completed properties held for sale and properties under development	(4,486)	(662,438)
Impairment of goodwill	–	(118,051)
Net exchange (losses)/gains	<u>(3,867,822)</u>	<u>616,631</u>
Provision for ECL allowance/written-off include:		
– relating to financial assets and contract assets	(801,167)	(185,676)
– relating to financial guarantees	<u>156,932</u>	<u>–</u>
	<u>(644,235)</u>	<u>(185,676)</u>

Note: The amount represented the subsidies received from the local government bureau in the PRC. There was no unfulfilled conditions and other contingencies attached to the receipts of subsidies.

6. FINANCE COSTS – NET

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Finance income		
Interest income on bank deposits	211,576	410,192
Interest income from loans to third parties	<u>–</u>	<u>21,591</u>
	<u>211,576</u>	<u>431,783</u>
Finance costs		
Interest expense:		
– Bank and other borrowings	1,913,417	2,159,108
– Senior notes	3,751,846	3,700,792
– Convertible bonds	–	44,279
– Lease liabilities	<u>2,664</u>	<u>5,891</u>
Total interest expenses	5,667,927	5,910,070
Less: interests capitalised	<u>(4,648,465)</u>	<u>(4,686,778)</u>
	<u>1,019,462</u>	<u>1,223,292</u>
Finance costs – net	<u>(807,886)</u>	<u>(791,509)</u>

7. INCOME TAX (CREDIT)/EXPENSES

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	97,357	1,615,131
– PRC land appreciation tax	60,521	863,345
Deferred tax	(174,945)	(514,825)
	(17,067)	1,963,651

Income tax expenses for the six months ended 30 June 2022 and 2021 is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

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

Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2022 and 2021 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

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% (Six months ended 30 June 2021: 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 costs of land use rights and all property development expenditures.

8. (LOSS)/EARNINGS PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
(Loss)/Profit attributable to owners of the Company	(7,672,565)	3,002,904
Distribution payable/paid on perpetual capital securities	(69,701)	(77,050)
	<u>(7,742,266)</u>	<u>2,925,854</u>
	Number of shares	
	2022	2021
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>note (a)</i>)	7,015,468,487	6,253,297,382
Effect of diluted potential ordinary shares		
– Share options	<u>–</u>	<u>34,283,545</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>7,015,468,487</u>	<u>6,287,580,927</u>

Notes:

- (a) The Company's dilutive potential ordinary shares consist of share options and convertible bonds. 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 semi-annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options and conversion of convertible bonds.
- (b) The computation of diluted loss per share for the six months ended 30 June 2022 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.
- (c) For the six months ended 30 June 2021, 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.
- (d) The dilutive effect of the share options issued by the Group's listed subsidiaries, Kaisa Prosperity Holdings Limited and Kaisa Health Group Holdings Limited, were insignificant for the six months ended 30 June 2022 and 2021.

9. DIVIDENDS

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
(i) Dividends attributable to the period		
2022 interim dividends declared of nil (2021: HK4.0 cents) per share (<i>note ii</i>)	–	–
(ii) Dividends attributable to the previous financial year, approved during the period:		
Final dividend in respect of the previous financial year, during the following interim period, of nil per share (six months ended 30 June 2021: HK12.0 cents per share) (<i>note i</i>)	–	619,382
(iii) Distribution on perpetual capital securities		
Distribution on perpetual capital securities to the securities holders during the six months ended 30 June (<i>note iii</i>)	69,701	77,050

Notes:

- i) No final dividend in respect of the year ended 31 December 2021.

A final dividend in respect of the year ended 31 December 2020 of HK12.0 cents (equivalent to RMB10 cents) per share was approved at the annual general meeting on 15 June 2021). The aggregate amount of final dividend declared from share premium of the Company amounted to HK\$739,957,000 (equivalent to approximately RMB619,382,000).

- ii) No interim dividend declared for the six months ended 30 June 2022.

For the six months ended 30 June 2021, the Board recommended to declare an interim dividend of HK4.0 cents (equivalent to RMB3.3 cents) per share. The aggregate amount of interim dividend proposed to be declared from share premium of the Company amounted to HK\$280,618,000 (equivalent to approximately RMB223,503,000). Such dividend was approved by the shareholders at the extraordinary general meeting on 27 October 2021. After reviewing the financial position of the Company, the board of the Company has resolved that the interim dividend would not be paid.

- iii) In respect of the distribution payment on perpetual capital securities on 30 March 2022, the Group did not pay.

10. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

Trade debtors mainly arise from sales of properties and property management. Proceeds receivable in respect of the sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Rental income from lease of properties are generally receivable in accordance with the terms of the relevant agreements. The ageing analysis of trade debtors based on contractual terms as at the respective reporting dates is as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Within 90 days	1,206,182	1,458,322
Over 90 days but within 180 days	390,099	263,364
Over 180 days but within 270 days	165,025	264,476
Over 270 days but within 365 days	122,404	82,728
Over 365 days	380,916	279,908
	2,264,626	2,348,798
Less: provision for ECL allowances	(145,436)	(121,446)
	2,119,190	2,227,352

11. BORROWINGS

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Borrowings included in current liabilities:		
Senior notes	78,801,008	74,883,812
Bank borrowings – secured	4,504,249	11,601,144
Bank borrowings – unsecured	3,558,388	2,049,691
Other borrowings – secured	5,885,335	5,525,299
Other borrowings – unsecured	13,679,327	10,574,643
Loan from a related company	108,781	108,781
	106,537,088	104,743,370
Borrowings included in non-current liabilities:		
Bank borrowings – secured	16,438,899	10,971,142
Bank borrowings – unsecured	2,139,710	3,011,970
Other borrowings – secured	5,091,383	4,605,058
Other borrowings – unsecured	1,283,889	8,374,954
	24,953,881	26,963,124
Total borrowings	131,490,969	131,706,494

12. COMMITMENTS

(a) Commitments for acquisitions of property development expenditures, subsidiaries and a joint venture

	Unaudited 30 June 2022 <i>RMB'000</i>	Audited 31 December 2021 <i>RMB'000</i>
Contracted but not provided for		
– Acquisitions of land use rights and property development activities	20,721,819	24,181,744
– Acquisitions of subsidiaries	13,000,000	13,000,000
	33,721,819	37,181,744

(b) Operating lease commitments

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

	Unaudited 30 June 2022 <i>RMB'000</i>	Audited 31 December 2021 <i>RMB'000</i>
Not later than one year	333	572

(c) Operating lease rentals receivable

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

	Unaudited 30 June 2022 <i>RMB'000</i>	Audited 31 December 2021 <i>RMB'000</i>
Within one year	163,307	180,484
After one year and within two years	165,713	153,084
After two years and within three years	125,224	116,544
After three years and within four years	122,331	115,035
After four years and within five years	68,942	65,389
After five years	182,892	181,798
	828,409	812,334

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Kaisa Group Holdings Ltd. (“**Kaisa**” or the “**Company**”, which together with its subsidiaries is referred to as the “**Group**”), I present the results of the Group for the six months ended 30 June 2022 (the “**period**”) and the comparative figures for the corresponding period in 2021.

First of all, on behalf of the Board, I would like to take this opportunity to express our sincerest and utmost appreciation to all the shareholders of the Company, investors, business partners and other stakeholders for their patience and continued support to the Company despite the suspension of trading in the shares of the Company (the “**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 1 April 2022. For the resumption progress, please refer to the section headed “Resumption Progress” in the Report of the Directors.

RESULTS AND DIVIDEND

For the six months ended 30 June 2022, the Group’s turnover and gross profit reached approximately RMB13,431.4 million and RMB2,310.8 million, representing decrease of approximately 55.3% and 75.1% as compared to the corresponding period in 2021, respectively. Loss attributable to equity holders of the Company and basic loss per share amounted to approximately RMB7,672.6 million and RMB1.104, respectively (corresponding period in 2021: profit of approximately RMB3,002.9 million and basic earnings per share of RMB0.468).

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

BUSINESS REVIEW

Property Market and Policies

During the first half of 2022, the environment was more complicated and severe both internally and externally. As a result of escalation of Russian-Ukrainian conflicts and the consecutive interest rate hikes in the United States, the global economy fell into stagflation. A number of core cities in China have been heavily hit by the epidemic, which caused supply chain disruption, significant shocks to manufacturing industries and a sharp fall in real estate, consumption and service industries, while infrastructure and exports have become important supports. Due to the overall poor performance in China’s economy in the first half of the year, the Central Government implemented monetary policies such as cutting of required reserve ratio, interest rates and LPR as well as proactive fiscal policies such as tax refund and fee reduction, putting full efforts to stabilize growth.

In terms of the property market, given its commitment to the principle of “housing is not for speculation”, the Central Government proposed that the primary goal should be “ensuring delivery of properties, people’s livelihood and stability”, and “city-specific policies” were formulated to maintain the stability of real estate. Local relaxation policies were significantly accelerated in frequency and the strength thereof was further reinforced. Specific measures included relaxing restrictions on purchase and loans, lowering the down payment ratio, granting tax and fee remission, providing subsidies for home purchase and so forth. However, the relaxation policies in the first half of the year failed to cover the high-tier cities such as those in the first tier and strong second tier. There have been no systematic policies at the national level so far. With no significant improvement in the sales side, the performance of the industry continued to decline sharply.

In the first half of the year, both investment in real estate development and sales of commodity housing fell sharply. As the wait-and-see sentiment pervaded the market, the number of property developers plunged into liquidity crisis continued to increase. In face of severe challenges, property developers increased their promotional efforts, stepped up inventory clearance and accelerated cash collection, while at the same time optimized their organizational structure, reduced costs and enhanced efficiency to struggle through the grim industry landscape.

Resumption of Work, Production and Sales

For the six months ended 30 June 2022, the Group together with its joint ventures and associates recorded contracted sales of approximately RMB10,497 million.

In face of the changing industry landscape and the severe challenges superposed by the epidemic, the Group persisted in fulfilling its corporate responsibilities and seriously implemented the work of “ensuring people’s livelihood, property delivery and quality”, making every effort to revitalize projects and facilitate continuous resumption of local projects.

In the first half of 2022, despite the difficult industry environment, the Group still managed to strengthen its product competitiveness. More than 12 projects were presented with design awards at home and abroad such as London Design Awards, IDG Golden Creativity Award and APSD Awards in the design field including architecture, interior and landscape. In particular, we won 6 awards in the eighth selection of “CREDAWARD” which was of great influence in the industry in recent years, receiving high degree of recognition from industry peers.

Land Bank

Deepening its penetration in the first-tier and major second-tier cities has always been the development strategy of the Group. As at 30 June 2022, the Group together with its joint ventures and associates has a total of 220 real estate projects in 51 cities nationwide. The Group together with its joint ventures and associates has a total land bank of approximately 27.40 million sq. m., of which approximately 16.41 million sq.m. or 60% 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

With 23 years of experience in urban renewal, the Group has now deployed more than ten core cities and regions across the country. Of these, most of the renewal projects are located in the Greater Bay Area.

In the first half of 2022, the trend of “one city one policy” in urban renewal of the Greater Bay Area was even more obvious. Shenzhen issued the 14th five-year renewal and refurbishment plan, which specified the keynote for renewal and development in the next five years, promoted the integration development of renewal and refurbishment, while at the same time boosting project implementation, in which the second administrative levy of the renewal project was officially carried out. The approval for urban renewal projects was restarted in Guangzhou and 3 urban village renewal projects were approved in Huangpu District in one go, which was the first batch of three projects that have been officially approved since the city’s urban renewal project verification started in October 2021. Dongguan vigorously promoted the Head Goose Plan (頭雁計劃), where projects in Daluocha, Daojiao Town and Dakan, Huangjiang Town were firstly approved to complete the public tendering of the sole redevelopment entity.

From the perspective of industry entities, the intervention of state-owned enterprises in urban renewal is particularly prominent. The efforts of state-owned enterprises in the first half of the year were multi-dimensional. Not only did it make large-scale investment in the urban renewal funds, it at the same time took over the equity interest in a batch of renewal projects, and also further explored new fields such as micro renewal, renovation of old communities and inventory renovation projects. In future, they will cooperate with the government to become the major players of this track.

As at 30 June 2022, Kaisa still has 176 urban renewal projects which were yet to be concerted into land bank of the Group, covering a site area of approximately 53.94 million sq. m.. Going forward, exploring cooperation with state-owned enterprises will be an important path for the urban renewal investment and transformation of Kaisa. The Group will continue to give play to the experience and advantages accumulated in urban renewal, so as to replenish premium and low-cost land bank for the Group.

Financial Management

As at 30 June 2022, the Group’s cash and bank deposits (including bank deposits, cash and bank balances and restricted cash) amounted to RMB10.9 billion. The Group’s liabilities to assets ratio excluding receipts in advance (including contract liabilities) increased to 83.4%; net gearing ratio increased to 313.2%; and cash to short-term debt ratio (excluding restricted cash) was 0.03 times.

Financing

In the first half of 2022, policy directives were picking up steadily, with a moderate improvement in financing environment since the second quarter. Overall speaking, the financing environment in the first quarter followed the directives at the end of 2021, where various departments have launched policies favoring the recovery of the real estate industry, pursuing stability by carrying out supportive measures from various aspects such as merger-and-acquisition and rental housing. Meanwhile, financial institutions and local governments also provided relief for enterprises to prevent and resolve risks in the property market. The financing environment for real estate enterprises saw a moderate improvement accordingly.

Then the regulatory authorities released important signals to support private enterprise financing, and individual demonstrative real estate enterprises have successively issued RMB-denominated bonds, but the pressure for other real estate enterprises to receive paid-in capital was still high.

In view of this, the Group persisted in proactively making great efforts in debt management and had active discussions with subsisting institutions on financing maturity extensions and cost reductions. We also spared no efforts in revitalizing assets and retrieving capital to resolve the liquidity crisis proactively. During the period, the Group completed a number of financing maturity extensions in respect of onshore debts with continuous reductions in financing costs as compared to the end of 2021. In addition, various projects were revitalized after completing debt restructuring and have resumed work, production, and sales.

Capital Market's Recognition

In respect of environmental, social and governance (ESG), based on the outstanding performance of Kaisa in ESG area, MSCI, a world-famous index compiler, remained its ESG rating on the Group at “BB”; Sustainalytics, an ESG rating and research company, granted the Group a “low-risk” rating with a score of 17.6, reflecting high degree of recognition by international rating agencies towards the ESG-related work of Kaisa.

Since 2022, the Group has been cooperating with corporate advisers to balance the interests of all stakeholders. We have also engaged in constructive dialogue with creditors to expedite the formulation of a potential restructuring and ease the liquidity issue. The Group will remain its communication with creditors and publish its update on the restructuring progress in due course.

Strategic Co-operation

In the first half of 2022, the Group signed strategic co-operation agreements with China Merchants Shekou and China Great Wall AM in Shenzhen. Based on the principles of “long-term focus, mutual benefits, win-win co-operation, and mutual development” (著眼長遠、互惠互利、合作共贏、共同發展), the three parties formed a strategic cooperation relationship to carry out all-round co-operation by focusing on areas such as urban renewal, real estate development and commercial complex operation in the Guangdong-Hong Kong-Macau Greater Bay Area. Kaisa took the lead to embark on the “central enterprise + AMC + distressed enterprise” relief path, which was conducive to unleashing the core industrial values of Kaisa in the Guangdong-Hong Kong-Macau Greater Bay Area, facilitating the transformation of urban renewal projects, revitalizing the assets of commercial-residential projects and easing the short-term liquidity issue. As such, the operation fundamentals are expected to be stabilized and recovered soon.

Deepened Strategic Positioning

Based on its long-term penetration into the urban public service area, Kaisa further deepens its strategic positioning as an “urban public service provider”. We continue to focus on the demand for urban public services and constantly increase the comprehensive capabilities of our urban public services. With the logic of urban “servicer”, we comply with the general development trend of the state to win over more certainties for future development.

In future, Kaisa will closely embrace the national development strategy and focus on the demand for urban public services, so as to constantly increase the comprehensive capabilities of our urban public services, put the concept of sustainable development into practice and transform towards an urban service-oriented enterprise.

PROSPECTS

Looking ahead, under the combination effect of a series of factors including global trade frictions, geo-political conflicts and high inflation in developed countries, the global economy is still under great pressure to stabilize and recover. With rather low inflation pressure, loosened monetary policies, gradual weakening of epidemic impact in future and effective implementation of various measures to stabilize growth in China, the national economic growth will see gradual recovery and rebound.

Since the marginal loosening of real estate regulatory policies at the end of 2021, various major cities in China have loosened their measures on purchase restrictions and sales restrictions, while the Central Bank has lowered the mortgage interest rate. In November 2022, by means of policies such as the “Second Arrow” that encourages bond issuance by private real estate enterprises and the “16 Financial Measures” that maintains the stability of real estate market, confidence over the real estate market was further stabilized and boosted. The real estate industry is expected to bottom out and rebound soon.

We believe that the real estate market in China will still be a profit-making market with tens of trillions of revenues in future. Although the contribution to the GDP will decrease, it will remain as an important pillar of the national economy. At the same time, structural changes in the industry will also give rise to some new development opportunities. We will speed up in resolving risks and getting back on track, while giving play to our competitive edges in respect of products, services and operations to seize the opportunities in the market and realize high-quality and sustainable development.

ACKNOWLEDGEMENT

The Board will continue to mitigate the negative impact and implement measures to manage any operational and reputational risks of the Group, and realize and enhance core strengths of the Group for its sustainable development. Last but not least, the Board has been making its best efforts to the resumption of trading of the Shares of the Company as soon as reasonably practicable.

On behalf of the Board, I would like to take this opportunity to express my wholehearted gratitude to all shareholders, investors, business partners and customers of the Company. Hand-in-hand, we will tackle challenges together and endeavor 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 six months ended 30 June 2022, the Group recorded a revenue of approximately RMB13,431.4 million, representing a decrease of 55.3% as compared with approximately RMB30,065.4 million for the corresponding period in 2021. Loss for the period amounted to approximately RMB7,757.8 million as compared to profit for the period amounted to RMB3,079.1 million for the six months ended 30 June 2021. Loss attributable to owners of the Company amounted to approximately RMB7,672.6 million for the six months ended 30 June 2022 as compared to profit attributable to owners of the Company amounted to approximately RMB3,002.9 million for the six months ended 30 June 2021. Basic loss per share amounted to RMB1.104 (six months ended 30 June 2021: basic earnings per share: RMB0.468).

The Board does not recommended the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

Contracted sales in the first half of 2022

In the first half of 2022, the Group together with its joint ventures and associates recorded contracted sales of approximately RMB10,497 million. Aggregated GFA sold for the period was 579,553 sq. m.. The table below shows the contracted sales by region in the first half of 2022:

Region	Contracted sales area (sq.m.)	Contracted sales amount (RMB in millions)
Pearl River Delta	333,642	6,418
Yangtze River Delta	118,199	3,076
Central China Region	20,548	235
Western China Region	32,709	144
Pan-Bohai Bay Rim	74,455	624
Total	579,553	10,497

Property development

Projects completed in the first half of 2022

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the period, the GFA of newly completed projects of the Group together with its joint ventures and associates amounted to approximately 0.97 million sq. m..

Projects under development

As at 30 June 2022, the Group together with its joint ventures and associates had 104 projects under development with an aggregate of GFA of approximately 15.45 million sq. m..

Property management

The Group generated revenue from providing property management services. During the six months ended 30 June 2022, the Group managed a total GFA of approximately 93.0 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 at 30 June 2022, 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 30 June 2022, 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 Company, availability of land supply and its existing land bank in the regions. By ways such as joint development, acquisition and bidding, auction and listing as well as urban renewal, the Group continues to seek project resources in China's regions where economy prospers.

As at 30 June 2022, the Group together with its joint ventures and associates had a total land bank of approximately 27.40 million sq. m. and approximately 60% of land bank was located in the Greater Bay Area, which is sufficient for the Group's development needs for the next five years.

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) healthcare operations and (viii) others. Revenue decreased by 55.3% to approximately RMB13,431.4 million for the six months ended 30 June 2022 from approximately RMB30,065.4 million for the corresponding period in 2021. 84.5% of the Group's revenue was generated from the sales of properties (six months ended 30 June 2021: 92.0%) and 15.5% from other segments (six months ended 30 June 2021: 8.0%).

Sales of properties

Revenue from sales of properties decreased by approximately RMB16,318.7 million, or 59.0%, to approximately RMB11,347.2 million for the six months ended 30 June 2022 from approximately RMB27,665.9 million for the corresponding period in 2021. The decrease was primarily attributable to a decrease in the total delivered GFA to approximately 0.68 million sq. m. for the six months ended 30 June 2022 from approximately 1.44 million sq. m. for the corresponding period in 2021.

Rental income

Revenue from rental income increased by approximately RMB36.3 million, or 23.8%, to approximately RMB188.6 million for the six months ended 30 June 2022 from approximately RMB152.3 million for the corresponding period in 2021.

Property management

Revenue from property management service decreased by approximately RMB168.4 million, or 17.1%, to approximately RMB814.8 million for the six months ended 30 June 2022 from approximately RMB983.2 million for the corresponding period in 2021. The decrease was primarily due to the impact of national macro policies, market conditions in the real estate industry and COVID-19 pandemic during the period, the demand for services by property developers decreased.

Hotel and catering operations

Revenue from hotel and catering operations of the Group decreased by approximately RMB5.5 million, or 3.9% to approximately RMB133.2 million for the six months ended 30 June 2022, from approximately RMB138.7 million for the corresponding period in 2021.

Cinema, department stores and cultural centre operations

Revenue from cinema, department stores and cultural centre operations decreased by approximately RMB6.0 million, or 5.0%, to approximately RMB114.8 million for the six months ended 30 June 2022 from approximately RMB120.8 million for the corresponding period in 2021.

Water-way passenger and cargo transportation

Revenue from water-way passenger and cargo transportation increased by approximately RMB16.9 million, or 7.8% to approximately RMB232.3 million for the six months ended 30 June 2022 from approximately RMB215.4 million for the corresponding period in 2021.

Healthcare operations

Revenue from healthcare operations decreased by approximately RMB47.5 million, or 18.0%, to approximately RMB217.2 million for the six months ended 30 June 2022 from approximately RMB264.7 million for the corresponding period in 2021.

Gross profit

As a result of the foregoing, the Group's gross profit decreased by approximately RMB6,967.2 million, or 75.1%, to approximately RMB2,310.8 million for the six months ended 30 June 2022 from approximately RMB9,278.0 million for the corresponding period in 2021. The Group's gross profit margin decreased from 30.9% for the six months ended 30 June 2021 to 17.2% for the six months ended 30 June 2022, 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 for the six months ended 30 June 2022 as compared to the corresponding period in 2021.

Other gains and losses – net

The Group had net other losses of approximately RMB5,682.5 million for the six months ended 30 June 2022, as compared with approximately RMB657.4 million for the corresponding period in 2021. The Group's net other gains and losses mainly comprised net fair value loss on financial assets at fair value through profit or loss of approximately RMB1,889.7 million, and net exchange loss of approximately RMB3,867.8 million. The Group's net other gains and losses for the six months ended 30 June 2021 mainly comprised provision for write-down of completed properties held for sale and properties under development of approximately RMB662.4 million and net fair value loss on financial assets at fair value through profit or loss of approximately RMB833.0 million and offset by net exchange gain of approximately RMB616.6 million and remeasurement gains resulting from associates and joint ventures transferred to subsidiaries of approximately RMB313.1 million.

Selling and marketing costs

The Group's selling and marketing costs decreased by approximately RMB602.3 million, or 79.4%, to approximately RMB156.5 million for the six months ended 30 June 2022 from approximately RMB758.7 million for the corresponding period in 2021. The decrease in selling and marketing costs was in line with the decrease in the Group's contracted sales for the six months ended 30 June 2022.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB69.8 million, or 4.8%, to approximately RMB1,376.1 million for the six months ended 30 June 2022 from approximately RMB1,445.9 million for the corresponding period in 2021.

Net fair value losses on investment properties

The Group recorded net fair value losses on investment properties of approximately RMB183.1 million for the six months ended 30 June 2022 as compared with approximately RMB1,166.2 million for the corresponding period in 2021.

Finance costs – net

The Group's net finance costs increased by approximately RMB16.4 million, or 2.1% to approximately RMB807.9 million for the six months ended 30 June 2022 from approximately RMB791.5 million for the corresponding period in 2021.

Income tax credit/(expenses)

The Group's income tax credit amounted to approximately RMB17.1 million for the six months ended 30 June 2022 as compared to income tax expenses of approximately RMB1,963.7 million for the corresponding period in 2021.

(Loss)/profit and total comprehensive (loss)/income for the six months ended 30 June 2022

As a result of the foregoing, the Group's loss and total comprehensive loss for the six months ended 30 June 2022 amounted to approximately RMB7,757.8 million and approximately RMB7,732.3 million, respectively (six months ended 30 June 2021: profit and total comprehensive income amounted to approximately RMB3,079.1 million and RMB3,087.3 million, respectively).

Liquidity, financial and capital resources

Cash position

As at 30 June 2022, the carrying amount of the Group's cash and bank deposits was approximately RMB10,884.1 million (31 December 2021: RMB16,370.5 million), representing an decrease of 33.5% as compared to that as at 31 December 2021. 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 the completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 30 June 2022, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collaterals (i.e., balance of pre-sale escrow funds) amounted to approximately RMB5,661.8 million as at 30 June 2022 (31 December 2021: RMB11,110.3 million).

Borrowings and charges on the Group's assets

As at 30 June 2022, the Group had aggregate borrowings of approximately RMB131,491.0 million, of which approximately RMB106,537.1 million will be repayable within 1 year, approximately RMB8,190.1 million will be repayable between 1 and 2 years, approximately RMB6,329.8 million will be repayable between 2 and 5 years and approximately RMB10,434.0 million will be repayable over 5 years.

As at 30 June 2022, 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 30 June 2022, the Group has a leverage ratio (i.e. its net debts (total borrowings, net of cash and bank balances, short-term bank deposits, long-term bank deposits and restricted cash) over total assets) of 43.3% (31 December 2021: 39.8%). The Group's net current liabilities amounted to approximately RMB373.4 million as at 30 June 2022 as compared to net current assets of approximately RMB31,554.9 million as at 31 December 2021. The quick ratio (cash and bank deposits divided by short-term borrowings) decreased to 0.10 times as at 30 June 2022 from 0.15 times as at 31 December 2021, and the current ratio decreased to 1.0 times as at 30 June 2022 from 1.2 times as at 31 December 2021.

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 at 30 June 2022, the Group's borrowings (including short-term and long-term borrowings and perpetual capital securities) were RMB132,841.0 million, and cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) was RMB10,884.1 million. The total equity (excluding perpetual capital securities) was RMB38,936.8 million, so the net gearing ratio as at 30 June 2022 was 313.2%, which is 111.1 percentage points higher than the 202.1% as at 31 December 2021.

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 30 June 2022, the Group's cash and bank balances (excluding restricted cash and short-term bank deposits) were RMB3,322.1 million, short-term borrowings were RMB106,537.1 million. Therefore, the cash to short-term debt ratio was 0.03 (31 December 2021: 0.03).

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 30 June 2022, the Group's contract liabilities was RMB44,001.7 million, total liabilities (including perpetual capital securities) was RMB239,809.0 million, and total assets was RMB278,745.7 million; total liabilities (including perpetual capital securities) and total assets after excluding contract liabilities was RMB195,807.3 million and RMB234,744.0 million, respectively. Therefore, the liabilities to asset ratio after excluding contract liabilities was 83.4%, as compared with 76.5% of 31 December 2021, representing an increase by 6.9 percentage points.

Cost of borrowings

For the six months ended 30 June 2022, the Group's total cost of borrowings was RMB5,667.9 million, representing an decreased of approximately RMB242.1 million or 4.1% as compared to the corresponding period 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 30 June 2022, the Group had borrowings in US dollar and HK dollar with an aggregate carrying amount of RMB81,220.8 million, which are subject to foreign currency exposure.

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

Financial guarantees

As at 30 June 2022, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB29,886.2 million (31 December 2021: approximately RMB30,859.2 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

As of 30 June 2022, 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 RMB9,935,562,000 (31 December 2021: approximately RMB11,549,138,000) and the provision as at 30 June 2022 amounted to RMB301,260,000 (31 December 2021: approximately RMB458,192,000). The proceeds of the financings were mainly applied towards property development projects of the joint ventures and associates of the Group.

Employees and remuneration policy

As at 30 June 2022, the Group had approximately 16,870 employees (31 December 2021: approximately 18,650 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2022 amounted to approximately RMB835.2 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 a share option schemes and a subsidiary share option scheme. Further information of share option scheme has been set out in the interim 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 six months ended 30 June 2022, 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:

Code provision B2.2 provides that every director should be subject to retirement by rotation at least once every three years. As no general meeting was held during the six months ended 30 June 2022, Ms. Chen Shaohuan has not retired by rotation for more than three years. Ms. Chen Shaohuan will retire at the upcoming annual general meeting.

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 comprise the non-executive director and the 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 Group's unaudited interim results for the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS

The independent auditor of the Company, Elite Partners CPA Limited, has reviewed the unaudited interim results for the six months ended 30 June 2022 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(iii) to the condensed consolidated financial statements that the Group incurred a loss attributable to owners of the Company of approximately RMB7,672,565,000 for the six months ended 30 June 2022 and as of that date, the Group had net current liabilities of RMB373,371,000, and the Group’s current portion of interest-bearing bank and other borrowings amounted to RMB106,537,088,000, while its current portion of unrestricted cash bank balances and cash equivalents amounted to RMB3,322,127,000. Further, as at 30 June 2022, the Group had not repaid certain borrowings with the aggregate principal amount according to their scheduled repayment dates. These conditions along with the current situation as set forth in note 2(iii), 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 six months ended 30 June 2022.

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

INTERIM DIVIDEND

The Directors does not recommended the payment of an interim dividend for the six months ended 30 June 2022 (2021: nil).

PUBLICATION OF THE 2022 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Interim Report for the six months ended 30 June 2022 will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.kaisagroup.com in due course.

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.