KAISA GROUP HOLDINGS LTD.
佳兆業集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1638)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- Total revenue increased by 63.3% to RMB19,523.1 million
- Gross profit and gross profit margin increased by 69.9% and 1.3 percentage points to RMB6,599.8 million and 33.8%, respectively
- Profit for the year increased by 35.3% to RMB2,862.6 million
- Core net profits (excluding early redemption premium of debts, change in fair value of investment properties and financial derivatives net of deferred tax) increased by 65.3% to RMB2,785.7 million
- Net debt gearing reduced by 4.7 percentage points to 62.1% as at 31 December 2013
- Contracted sales increased by 37.9% to RMB23.9 billion
- As at 31 December 2013, total contracted sales yet to be delivered amounted to approximately RMB19.4 billion
- The Board recommends the payment of final dividend of Hong Kong dollars 15 cents per share for the year ended 31 December 2013

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**579,528**	307,948
Investment properties		**9,595,200**	7,539,500
Land use rights		**165,342**	60,485
Deferred income tax assets		**197,560**	208,941
		10,537,630	8,116,874
Current assets			
Properties under development		**45,168,917**	31,670,226
Completed properties held for sale		**6,134,899**	3,169,518
Debtors, deposits and other receivables	3	**3,323,539**	2,380,689
Deposits for land acquisition		**9,662,066**	3,462,425
Prepayments for proposed development projects		**4,025,563**	3,608,772
Prepaid taxes		**197,760**	191,806
Financial derivatives		**51,450**	–
Restricted cash		**1,676,463**	669,784
Short-term bank deposits		**263,723**	–
Cash and cash equivalents		**6,765,970**	4,682,502
		77,270,350	49,835,722
Total assets		**87,807,980**	57,952,596
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**434,139**	432,246
Share premium		**3,861,789**	3,817,526
Reserves			
– Proposed final dividend	8	**581,338**	–
– Others		**12,420,307**	10,100,417
		17,297,573	14,350,189
Non-controlling interests		**4,460,591**	703,994
Total equity		**21,758,164**	15,054,183

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2013

	Note	**As at 31 December** **2013** *RMB'000*	2012 *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**18,200,998**	12,257,358
Financial derivatives		**–**	59,084
Deferred income tax liabilities		**1,300,266**	1,143,247
		19,501,264	13,459,689
Current liabilities			
Advance proceeds received from customers and deposits received		**29,638,940**	17,243,847
Accrued construction costs		**8,020,540**	5,414,517
Income tax payable		**2,817,056**	1,480,732
Borrowings		**4,023,758**	3,150,338
Other payables		**1,977,465**	1,697,391
Amounts due to non-controlling interests of subsidiaries		**70,793**	451,899
		46,548,552	29,438,724
Total liabilities		**66,049,816**	42,898,413
Total equity and liabilities		**87,807,980**	57,952,596
Net current assets		**30,721,798**	20,396,998
Total assets less current liabilities		**41,259,428**	28,513,872

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	**2013** **RMB'000**	2012 RMB'000
Revenue	4	**19,523,056**	11,955,020
Cost of sales		**(12,923,218)**	(8,069,591)
Gross profit		**6,599,838**	3,885,429
Other (losses)/gains – net		**(84,291)**	226,051
Selling and marketing costs		**(861,877)**	(578,325)
Administrative expenses		**(952,013)**	(818,386)
Change in fair value of investment properties		**728,712**	501,075
Change in fair value of financial derivatives		**51,450**	54,710
Operating profit		**5,481,819**	3,270,554
Share of result from an associate		**–**	(462)
Finance income		**317,519**	37,811
Finance costs		**(643,478)**	(38,501)
Finance costs – net	5	**(325,959)**	(690)
Profit before income tax		**5,155,860**	3,269,402
Income tax expenses	6	**(2,293,213)**	(1,153,225)
Profit and total comprehensive income for the year		**2,862,647**	2,116,177
Profit attributable to:			
Equity holders of the Company		**2,857,449**	2,072,219
Non-controlling interests		**5,198**	43,958
		2,862,647	2,116,177
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic	7	**0.581**	0.422
– Diluted	7	**0.534**	0.406
Dividend	8	**581,338**	–

NOTES

1 GENERAL INFORMATION

Kaisa Group Holdings Ltd. (the "Company") was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law (2009 Revision) (as consolidated and revised from time to time) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. During the year, the Company was engaged in investment holding and the subsidiaries of the Company were principally engaged in property development, property investment, property management, and hotel and catering operations.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 20 February 2014.

2 BASIS OF PREPARATION

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

(i) New and amended standards adopted by and relevant to the Group

Amendment to HKFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

HKFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

HKFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

HKFRS 13, 'Fair value measurement', which aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and generally accepted accounting principles in the United States of America, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

There are no other amended standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the Group.

(ii) New standards, amendments to standards and interpretation that have been issued but were not yet effective

The following new or revised standards, amendments and interpretations have been issued but were not effective for the financial year beginning on 1 January 2013 and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures	1 January 2015
Amendments to HKFRS 10, 12 and HKAS 27 (2011)	Investment entities	1 January 2014
HK(IFRIC) 21	Levies	1 January 2014

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3 DEBTORS, DEPOSITS AND OTHER RECEIVABLES

Debtors, deposits and other receivables include trade receivables, other receivables, prepayment for construction costs to third party and prepaid other taxes.

Trade receivables mainly arose from sale of properties. The ageing analysis of trade receivables of the Group by due date is as follows:

	2013	2012
	RMB'000	*RMB'000*
Not yet due *(note i)*	**683,870**	1,070,450
Within 90 days *(note ii)*	**1,038,882**	182,748
91–180 days *(note ii)*	**31,679**	42,824
181 –270 *(note ii)*	**9,351**	–
	1,763,782	1,296,022

(i) As at 31 December 2013 and 2012, the balance represented receivables from sales of commercial and residential properties, properties under development/held for sale and proposed development projects from independent third parties. These receivables are repayable within one year after the completion of certain legal documents, which is expected to be settled during 2014.

(ii) As at 31 December 2013, the balance primarily represented receivables from sales of residential properties to independent third parties. Generally, no credit terms are granted to these customers. The Group considered the above receivables were past due but not impaired as majority of the balances are due from customers in the process of applying mortgage loans or repaid in accordance to the repayment schedule. These relate to a number of independent customers for whom there is no recent history of default.

4 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The executive directors assess the performance of the single operating segment based on a measure of profit before share of result from an associate, finance income, finance costs and income tax expenses.

The executive directors consider the business from services perspective only. From services perspective, management assesses the performance of sales of properties, rental income, hotel and catering operations and property management services and regards these being the reportable segments. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the People's Republic of China (the "PRC"), which is considered as one geographical location in an economic environment with similar risk and returns.

Revenue for the year consists of the following:

	2013 ***RMB'000***	2012 *RMB'000*
Turnover		
Sales of properties		
– Completed properties held for sale	**15,196,535**	9,528,507
– Properties under development/held for sale and proposed development projects	**3,893,750**	2,069,370
Rental income	**216,605**	169,561
Property management services	**166,010**	137,180
Hotel and catering operations	**50,156**	50,402
	19,523,056	11,955,020

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2013 is as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue	**19,090,285**	**241,149**	**494,117**	**50,156**	**–**	**19,875,707**
Less: Inter-segment revenue	**–**	**(24,544)**	**(328,107)**	**–**	**–**	**(352,651)**
Revenue from external customers	**19,090,285**	**216,605**	**166,010**	**50,156**	**–**	**19,523,056**
Segment results before changes in fair values of investment properties and financial derivatives	**4,842,869**	**14,540**	**22,437**	**(33,885)**	**(144,304)**	**4,701,657**
Changes in fair values of investment properties	**–**	**728,712**	**–**	**–**	**–**	**728,712**
Change in fair value of financial derivatives	**–**	**–**	**–**	**–**	**51,450**	**51,450**
Segment results	**4,842,869**	**743,252**	**22,437**	**(33,885)**	**(92,854)**	**5,481,819**
Finance income						**317,519**
Finance costs						**(643,478)**
Finance costs – net						**(325,959)**
Profit before income tax						**5,155,860**
Income tax expenses						**(2,293,213)**
Profit for the year						**2,862,647**
Other information:						
Depreciation	**40,419**	**3,935**	**3,557**	**12,825**	**7,811**	**68,547**
Amortisation of land use rights	**3,742**	**–**	**–**	**1,480**	**–**	**5,222**
Write down of completed properties held for sale and provisions for properties under development	**206,344**	**–**	**–**	**–**	**–**	**206,344**

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment assets	**158,593,682**	**10,576,869**	**2,514,776**	**222,412**	**42,731,854**	**(127,278,383)**	**87,361,210**
Unallocated							**446,770**
Total assets							**87,807,980**
Segment liabilities	**123,855,947**	**3,551,991**	**1,518,295**	**154,690**	**20,514,285**	**(103,833,970)**	**45,761,238**
Unallocated							**20,288,578**
Total liabilities							**66,049,816**
Other information:							
Capital expenditure	**306,551**	**1,390,963**	**7,610**	**20,529**	**829**	**–**	**1,726,482**

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2012 is as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue	11,597,877	182,843	474,314	50,402	–	12,305,436
Less: Inter-segment revenue	–	(13,282)	(337,134)	–	–	(350,416)
Revenue from external customers	11,597,877	169,561	137,180	50,402	–	11,955,020
Segment results before changes in fair values of investment properties and financial derivatives	2,893,682	1,819	22,211	(31,838)	(171,105)	2,714,769
Change in fair value of investment properties	–	501,075	–	–	–	501,075
Change in fair value of financial derivatives	–	54,710	–	–	–	54,710
Segment results	2,893,682	557,604	22,211	(31,838)	(171,105)	3,270,554
Share of result from an associate	(462)	–	–	–	–	(462)
Finance income						37,811
Finance costs						(38,501)
Finance costs – net						(690)
Profit before income tax						3,269,402
Income tax expenses						(1,153,225)
Profit for the year						2,116,177
Other information:						
Depreciation	25,671	3,094	1,064	6,402	5,711	41,942
Amortisation of land use rights	852	–	–	652	–	1,504
Write down of completed properties held for sale and provisions for properties under development	41,210	–	–	–	–	41,210

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment assets	91,944,113	8,754,775	1,825,485	182,753	55,698,761	(100,854,038)	57,551,849
Unallocated							400,747
Total assets							57,952,596
Segment liabilities	63,297,796	3,385,844	923,284	111,307	37,174,026	(80,025,519)	24,866,738
Unallocated							18,031,675
Total liabilities							42,898,413
Other information:							
Capital expenditure	31,043	540,319	4,055	23,616	5,488	–	604,521

No inter-company transfers are entered during the year ended 31 December 2013 and 2012.

Other business segments include the investment holding and inactive companies.

Segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, debtors, deposits and other receivables, deposits for land acquisition, prepayments for proposed development projects, restricted cash, short-term bank deposits and cash and cash equivalents. They exclude financial derivatives, deferred income tax assets and prepaid taxes.

Segment liabilities consist primarily of advance proceeds received from customers and deposits received, accrued construction costs, financial derivatives, other payables and amounts due to non- controlling interests of subsidiaries. They exclude deferred income tax liabilities, income tax payable and corporate borrowings.

Capital expenditure comprises additions to non-current assets other than deferred income tax assets that are expected to be recovered for more than one year after the balance sheet date.

5 FINANCE COSTS – NET

	2013 *RMB'000*	2012 *RMB'000*
Finance income:		
Interest income on bank deposits	**37,570**	21,964
Net exchange gains	**279,949**	15,847
	317,519	37,811
Finance costs:		
Interest expenses:		
– Bank borrowings	**823,082**	521,352
– Senior Notes	**1,070,684**	662,218
– Convertible Bonds	**174,588**	168,737
– Senior Secured Guaranteed Bonds	**4,991**	201,619
– Exchangeable Term Loan	**3,256**	87,804
– Other borrowings	**12,415**	–
Early redemption premium of debts	**521,042**	–
Total interest expense	**2,610,058**	1,641,730
Less: interest capitalised	**(1,966,580)**	(1,603,229)
	643,478	38,501
Finance costs – net	**(325,959)**	(690)

6 INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2012: 25%).

Hong Kong profits tax

No Hong Kong profits tax was provided for the years ended 31 December 2013 and 2012 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of comprehensive income as income tax.

	2013	2012
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**1,671,698**	974,782
– PRC land appreciation tax	**453,404**	224,718
Overprovision in prior years		
– PRC land appreciation tax	**(289)**	(6,767)
Deferred income tax	**168,400**	(39,508)
	2,293,213	1,153,225

7 EARNINGS PER SHARE

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

	2013	2012
Profit attributable to equity holders (RMB'000)	**2,857,449**	2,072,219
Weighted average number of ordinary shares in issue	**4,916,125,011**	4,905,400,683
Basic earnings per share (RMB)	**0.581**	0.422

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of RMB2,857,449,000 (2012: RMB2,072,219,000) and the weighted average of 4,916,125,011 shares (2012: 4,905,400,683 shares) in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary share outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2013, the Company has the Convertible Bonds and share options (2012: the Company has the Convertible Bonds) that have dilutive potential ordinary shares. The Convertible Bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses less the tax effect. 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 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.

	2013	2012
Profit attributable to equity holders (RMB'000)	**2,857,449**	2,072,219
Adjustment for finance cost on Convertible Bonds (RMB'000)	**149,065**	168,737
Profit used to determine diluted earnings per share (RMB'000)	**3,006,514**	2,240,956
Weighted average number of ordinary shares in issue	**4,916,125,011**	4,905,400,683
– Adjustment for Convertible Bonds	**619,917,333**	620,000,000
– Adjustment for share options *(Note)*	**97,543,200**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**5,633,585,544**	5,525,400,683
Diluted earnings per share (RMB)	**0.534**	0.406

Note: For the year ended 31 December 2012, the share options are anti-dilutive.

8 DIVIDEND

A dividend in respect of the year ended 31 December 2013 of Hong Kong dollars 15 cents per share, amounting to a total dividend of HK$739,427,000, is to be proposed at the annual general meeting on 31 March 2014. These financial statements do not reflect this dividend payable.

	2013	2012
	RMB'000	*RMB'000*
Proposed final dividend of Hong Kong dollars 15 cents (2012: nil) per ordinary share	**581,338**	–

9 CAPITAL COMMITMENTS FOR PROPERTY DEVELOPMENT EXPENDITURES

(a) Commitments for property development expenditures

	2013	2012
	RMB'000	*RMB'000*
Contracted but not provided for	**21,504,675**	20,922,726

Note:

The amount represented capital commitments for land use rights, prepayments for proposed development contracts and construction contracts.

(b) Operating lease commitments

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

	2013	2012
	RMB'000	*RMB'000*
Not later than one year	**26,119**	30,926
Later than one year and not later than five years	**17,127**	14,796
Later than five years	**1,297**	–
	44,543	45,722

(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:

	2013	2012
	RMB'000	*RMB'000*
Not later than one year	**144,122**	141,392
Later than one year and not later than five years	**323,723**	361,690
Later than five years	**242,796**	321,631
	710,641	824,713

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Kaisa Group Holdings Ltd. (the "Company", together with its subsidiaries referred to as the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2013.

RESULTS AND DIVIDEND

For the year ended 31 December 2013, the Group's turnover and gross profit reached approximately RMB19,523.1 million and RMB6,599.8 million, representing an increase of approximately 63.3% and 69.9% over those of 2012, respectively. Profit attributable to shareholders and basic earnings per share amounted to approximately RMB2,857.4 million and RMB58.1 cents, representing an increase of approximately 37.9% and 37.7% as compared to those of 2012, respectively.

The Board recommends the payment of final dividend of Hong Kong dollars 15 cents per share for the year ended 31 December 2013.

BUSINESS REVIEW

In 2013, the PRC property market continued to be overshadowed by the tightening stance of the Central Government (the "Central Government") of the PRC; however, largely due to the release of the pend-up demand, the average home price and the transaction volume in the primary residential market recorded an approximately 7.7% and 17.3% increase year-on- year, respectively, according to data compiled by China Real Estate Index System ("CREIS"), with the increase of tier-one cities' housing price tops the list.

During the year ended 31 December 2013, the Group continued its focus on mass market housing and successfully executed a rapid asset-turnover business model to capture such demand. The Group achieved approximately RMB23.9 billion of contracted sales, representing an increase of 37.9% year-on-year. Kaisa was ranked 25th in terms of sales according to "Top 50 Real Estate Enterprise Property Developers by Sales in 2013" jointly compiled and issued by China Real Estate Information Corporation (NASDAQ: CRIC; "CRIC") and China Real Estate Appraisal Center. In addition, Kaisa was ranked number one in terms of sales, gross floor area ("GFA") and number of units sold in the Shenzhen primary residential market in 2013 according to the statistics compiled by ShenzhenHome (www.szhome.com), further solidifying our leading market position in the Pearl River Delta.

The Group successfully launched Chengdu Kaisa Mansion No. 8, and Chongqing Kaisa Plaza in Western Region, Hangzhou Jade Dragon Court, Shanghai Xiangyi Garden (also known as "Shanghai Kaisa Mansion No. 8"), Shanghai Shangpin Garden (also known as "Shanghai Kaisa Mansion No. 1") and Taizhou Kaisa Mansion No. 1 in the Yangtze River Delta, Shenzhen Dapeng Kaisa Peninsula Resort, Shenzhen Kaisa Yuefeng Garden, Dongguan Oasis Town and Zhuhai Lake View Waldorf in the Pearl River Delta, Changsha Kaisa Times Square in Central China, and Dalian Kaisa Center, Qingdao Kaisa Lake View Place, Dandong Kaisa Mansion No. 1 and Weifang Kaisa Golden World in Pan-Bohai Bay Rim, further solidifying the Group's nationwide presence.

The land market in upper-tier cities has rebounded strongly over the last two years. With respect to land acquisitions, since late 2011, the Group has begun to refocus on the opportunities in tier-one cities and provincial capitals. In 2012 and 2013, the Group entered into various agreements for land purchase for a total consideration of RMB4.5 billion and RMB14.1 billion, respectively, with 92.3% located in upper-tier cities. As a result of our efforts to achieve a more balanced land bank portfolio, approximately 63% of our land bank was located in upper-tier cities as at 31 December 2013, as compared to 24.4% as at end of 2012. The above land acquisitions have enabled the Group to accumulate additional saleable resources to support its business expansion. We plan to launch phase one of most of the above projects in the next two years.

For the year under review, our projects in Shenzhen contributed to approximately 30% of the Group's contracted sales, thanks to the outstanding performance achieved through our urban redevelopment projects. Shenzhen Kaisa City Plaza, the largest residential and commercial complex and urban redevelopment project ever undertaken in Shenzhen, was ranked number one in terms of sales, GFA sold and number of units sold in the Shenzhen primary residential market in 2013 according to statistics compiled by ShenzhenHome (www.szhome.com). Further, in June 2013, we launched the Shenzhen Dapeng Kaisa Peninsula Resort with 96.2% of the units less than 80 sq.m. in size in order to capture the end – user demand. Significant progress has been made in our other urban redevelopment projects in Shenzhen and Guangzhou. In May 2013, we acquired two land parcels in the Baiyun District of Guangzhou with a total consideration of RMB2,666.4 million. Such land acquisitions will not only enable the Group to achieve synergy with our existing urban redevelopment projects located in the same district, but also further enhance our brand, and most importantly, allow the Group to further strengthen the sustainability of its business model focusing on urban redevelopment in the Pearl River Delta. The above projects, together with our urban redevelopment project pipeline, will also provide the Group with considerable saleable resources to sustain its growth in the medium term and improve its profitability going forward.

DEVELOPMENT AND FINANCING STRATEGIES

The Group will continue to adopt a flexible yet prudent policy to cope with market and policy changes, including making appropriate adjustments in future development plans, product mix, capital structure, sales and marketing strategies in accordance with the prevailing market conditions and the latest policies. We have been taking a proactive approach in managing our liabilities since the second half of 2012. Taking advantage of the liquidity in the capital market, on 8 January 2013, the Company successfully issued US$500 million 10.25% senior notes due 2020 to refinance the exchangeable term loan and the senior bonds due in 2014 with an aggregate principal amount of approximately RMB2.8 billion. On 19 March 2013, the Company successfully issued US$550 million 8.875% senior notes due 2018 to partially refinance the senior notes due 2015, with an outstanding principal amount of US$648 million, and for general corporate use. On 22 April 2013, the Company successfully issued RMB1.8 billion 6.875% senior notes due 2016 to refinance the remaining balance of the senior notes due 2015. All of the above three transactions received overwhelming interest from international financial institutions and were over-subscribed by more than 10 times. Moreover, we also managed to obtain unsecured offshore funding in the form of medium-term loan with HSBC and ICBC Asia. Through these transactions, we managed to extend our debt maturity profile and reduce our funding cost substantially. The successful refinancing of our offshore debts has also granted the Company with more flexibility for its business expansion.

INVESTOR RELATIONS

The Company strives to achieve a high standard of corporate governance and high degree of corporate transparency, and is committed to maintaining a timely and effective communication with its shareholders and investors through various means. In addition to the regulatory filings and announcements, through monthly newsletters, communication with media, investor conferences, site visits and road shows, the Group strives to keep shareholders and investors well informed of its latest development including business strategies, sales performance, operation and financial condition. The Group values input from investors, bond holders and shareholders, and through various channels to collect their views. We are pleased that our efforts are recognized, and Kaisa was named the "Best Mid Cap" in China and was ranked 8th in the category of the "Best investor relations" in China by Finance Asia with the top seven being the large state-owned enterprises.

PROSPECTS

After a record-breaking year for Asian bond issuance in 2012, the optimism in the global financial market in the first quarter of 2013 was sharply reversed towards the end of the second quarter due to the speculation on the earlier-than-expected ending of the quantitative easing program in the United States. The market recovered somewhat in the second half but was still not as robust as in the first half. We always take the view that it is difficult to predict the best market as the market nowadays is much more volatile. In hindsight, we believe our approach to undertake the liability management exercise earlier on pays off, and thus the Group is not subject to refinancing risk in 2014 and 2015. The Group will continue to monitor the market with a view to further improving our capital structure and reduce cost of funding to meet its expansion needs.

With the new administration, the Central Government has revealed its new direction on policy towards the real estate sector, among others, through the issuance of the "60 Structural Reform Guidelines" (the "Guidelines") after the Third Plenary Session in November 2013. The policy is shifting towards a market oriented approach, instead of high-handed administrative measures. Although some of the initiatives might have short-term impact, including the acceleration of the implementation of property tax, overall these initiatives are conducive to the long-term development of the sector, such as land reform, Hukou reform, urbanization and relaxation of one-child policy.

With Qianhai of Shenzhen being designated as a new financial service hub of China with preferential policies, Shenzhen has entered into a new epoch of its history. Capitalizing its project pipeline on urban redevelopment projects in Shenzhen, and over 9 million sq.m. of land bank in the Pearl River Delta, the Group is well positioned to capture the housing demand generated from the new opportunities arising. While we will continue to leverage our brand and our expertise to unlock the value of our pipeline for redevelopment projects, we will continue to implement the asset turnover business model to seize the opportunities in the growing end-user mass market driven by urbanization, aiming to maintain our leadership.

ACKNOWLEDGEMENT

Thanks to the enormous support from all of our stakeholders and the ardent efforts of all our staff members who have made valuable contributions during the year, the Group has been growing at a steady pace. On behalf of the Board, I would like to take this opportunity to express my wholehearted gratitude to all the shareholders of the Company, investors, business partners and customers for their trust and support. Upholding the spirit enshrined in our motto "Kaisa, bring you joyful living", we will make every endeavor to maximize values and generate the greatest returns for our shareholders and investors.

KWOK Ying Shing
Chairman

Hong Kong, 20 February 2014

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

During the year, the Group recorded a turnover of RMB19,523.1 million, representing an increase of 63.3% as compared to that of year 2012. Profit attributable to equity holders amounted to RMB2,857.4 million, representing an increase of 37.9% as compared to that of year 2012. Our net profit for the year, excluding early redemption premium of debts and change in fair values of investment properties and financial derivatives, net of deferred tax increase to RMB2,785.7 million, representing an increase of 65.3% as compared to that of year 2012. Basic earnings per share was RMB58.1 cents (2012: RMB42.2 cents).

The Board recommends the payment of the final dividends of Hong Kong dollars 15 cents per share for the year ended 31 December 2013.

Contracted Sales in 2013

During the year ended 31 December 2013, the Group's contracted sales amounted to approximately RMB23.9 billion, representing growth of 37.9%. Aggregated GFA sold for the year was approximately 2,450,829 sq.m., representing a decrease of 4.9% year-on-year. Average selling price per sq.m. ("**ASP**") of our contracted sales increased by 45.0% year-on-year to RMB9,760 per sq.m. The table below shows the Group's contracted sales by region in 2013:

Region	**Number of projects**	**Contracted sales area**	**Contracted sales amount**
		sq.m.	*RMB in Millions*
Pearl River Delta	19	825,087	11,663.7
Yangtze River Delta	12	274,881	3,127.2
Chengdu-Chongqing Region	7	494,100	3,478.5
Central China Region	4	425,012	2,830.2
Pan-Bohai Bay Rim	11	431,749	2,821.0
Total	53	2,450,829	23,920.6

In 2013, the Group achieved outstanding sales in a number of major cities in the PRC:

- According to "Top 50 Real Estate Enterprise Property Developers by Sales in 2013" jointly compiled and issued by China Real Estate Information Corporation ("CRIC") and China Real Estate Appraisal Center, Kaisa was ranked 25th nationwide in terms of GFA sold.

- According to statistics compiled by ShenzhenHome (www.szhome.com), Kaisa was ranked number one in terms of sales, gross floor area ("GFA") and number of units sold in the Shenzhen primary residential market in 2013, while Shenzhen Kaisa City Plaza was ranked number one in terms of sales, GFA sold and number of units sold in terms of individual project.

- According to statistics compiled by China Real Estate Index System ("CREIS"), Wuhan Golden World was ranked number two in terms of number of units sold and number three in terms of GFA sold.

- According to statistics compiled by CREIS, Kaisa was ranked number two in terms of sales, GFA sold and number of units sold in Nanchong, Sichuan Province.

The above encouraging sales results are not only an affirmation of the Group's market position in the Pearl River Delta, but also a demonstration of the Group's ability to replicate its successful business model to regions outside of the Pearl River Delta region.

Property Development

Projects completed in 2013

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 under review, the GFA of newly completed projects of the Group amounted to approximately 2.9 million sq.m.

Projects under development

As at 31 December 2013, the Group had 40 projects under development concurrently with an aggregate of GFA of approximately 8.4 million sq.m.

Property management

The Group also provides property management service to its own development. During the year under review, the Group managed a total floor area of approximately 10.5 million sq.m., equivalent to 79,828 units. In June 2013, Kaisa was ranked 15th in "2013 China Top 100 Property Management Companies" jointly compiled by China Index Research Institute and China Real Estate Top 10 Research Team. Building on its national recognition, the Group's property management arm is striving to deliver excellent and professional service to its customers so as to further enhance its brand and corporate image.

Investment properties

The Group adopts a diversified business strategy, characterized by its increase in property investment. The portfolio of investment properties will generate steady and reliable income, and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account the long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 31 December 2013, the Group held an aggregate GFA of 185,327 sq.m. completed investment properties for rental purpose.

Land Bank

It remains an ongoing effort of the Group to expand its land reserve to implement the business strategy of rapid turnover model. Since late 2011, the Group started to re-focus the opportunities in tier-one cities and provincial capitals with a focus on end-user mass market, enabling the Group to be less susceptible to policy risk while achieving a more balanced property portfolio. In 2013, we purchased a total of 32 land parcels or related interests through private negotiation and government held public tenders, auctions or listing-for-sale. The aggregate consideration for the land acquisitions was approximately RMB14,127.8 million, with an average land cost per total planned GFA of approximately RMB4,539 per sq.m. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 3,112,272 sq.m. In terms of purchase consideration, approximately 92.3% of the land bank is located in tier-one and tier-two cities. As at 31 December 2013, the Group had a total land bank of approximately 23.3 million sq.m., which is sufficient for the Group's development needs for the next five years.

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

Time of Acquisition	Location	Attributable Interest	Site Area	No. of Land Parcels	Attributable GFA	Consideration	Type
			(sq.m.)		*(sq.m.)*	*(RMB in millions)*	
February 2013	Hangzhou	100%	36,595	1	73,190	466.0	Residential
February 2013	Qingdao	100%	206,879	3	273,420	370.8	Residential
February 2013	Nanchong	100%	67,942	1	156,267	305.7	Residential and Commercial
March 2013	Dongguan	100%	33,910	1	84,775	450.1	Residential and Commercial
April 2013	Chengdu	100%	51,256	1	143,516	509.5	Residential and Commercial
April 2013	Wuhan	100%	40,390	1	116,323	439.0	Residential and Commercial
May 2013	Guangzhou	100%	65,627	1	72,966	1,867.7	Residential
May 2013	Shenzhen	11.5%	14,411	1	16,306	405.0	Commercial
May 2013	Shanghai	100%	11,088	1	49,896	1,505.0	Commercial
May 2013	Hangzhou	100%	74,779	1	142,080	1,004.2	Residential and Commercial
May 2013	Guangzhou	100%	19,671	1	35,479	798.7	Residential
June 2013	Shanghai	100%	48,387	1	82,741	525.8	Residential
August 2013	Huludao	100%	148,222	3	295,000	222.4	Residential
September 2013	Shanghai	100%	72,735	1	78,554	515.0	Residential
October 2013	Chongqing	100%	303,029	6	711,967	1,293.4	Residential
October 2013	Chongqing	100%	21,300	1	21,300	32.5	Industrial
November 2013	Changsha	100%	143,212	3	340,418	1,089.4	Residential
December 2013	Guangzhou	51%	190,742	1	217,174	2,211.9	Residential and Commercial
December 2013	Huludao	100%	77,037	3	200,900	115.7	Residential and Commercial
Total			1,627,212	32	3,112,272	14,127.8	

Outlook

Though the overall policy stance on the property sector is expected to remain tight in the near term, the Central Government has pledged to support demand driven by first time home owners. Nonetheless, given the policy of urbanization in granting urban "Hukou" on settling in medium-sized cities and relaxation of one-child policy, we remain optimistic about the prospect of China's real estate sector. Over the last two years, the Group has put up substantial capital into land acquisition, with 78% located in upper-tier cities, and have pre-funded properties under development which, we believe, will enable the Group to support its future business expansion and capture any business opportunities arising. In addition, the Group continues to focus on realizing the value from its redevelopment project pipeline, while remaining committed to delivering a rapid asset-turnover business model, further enhancing the product quality and capitalizing its branding, with an aim to maximizing returns to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

Revenue of the Group primarily comprises the (i) sales proceeds from the sale of properties including completed properties held for sale and properties under development, (ii) gross recurring revenue received and receivable from investment properties and (iii) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, property management, and hotel and catering. The revenue increased by RMB7,568.1 million, or 63.3%, to approximately RMB19,523.1 million in 2013 from approximately RMB11,955.0 million in 2012, mainly attributable to the increase in recognized property sales. During the year, the revenue generated from property development, property investment, property management, and hotel and catering was approximately RMB19,090.3 million, RMB216.6 million, RMB166.0 million and RMB50.2 million, respectively.

Sales of properties

Our revenue from sales of properties increased by RMB7,492.4 million, or 64.6%, to RMB19,090.3 million in 2013 from RMB11,597.9 million in 2012. This increase was primarily due to increases in the total delivered GFA from approximately 1,648,128 sq.m. in 2012 to approximately 2,562,359 sq.m. in 2013.

Rental income

Our rental income increased by RMB47.0 million, or 27.7%, to RMB216.6 million in 2013 from RMB169.6 million in 2012. This increase was primarily attributable to additional rental space from a shopping mall located in Anshan city.

Property management services

Our revenue from property management services increased by RMB28.8 million, or 21.0%, to RMB166.0 million in 2013 from RMB137.2 million in 2012. This increase was primarily attributable to additional property management fee derived from our property services for the commercial properties and the residential units delivered in 2013.

Cost of sales

Our cost of sales increased by RMB4,853.6 million, or 60.1%, to RMB12,923.2 million in 2013 from RMB8,069.6 million in 2012. This increase was primarily attributable to an increase in the total GFA delivered.

Gross profit

As a result of the above, our gross profit increased by RMB2,714.4 million, or 69.9%, to RMB6,599.8 million in 2013 from RMB3,885.4 million in 2012. Our gross profit margin increased to 33.8% in 2013 from 32.5% in 2012. The increase in gross profit margin was primarily attributable to the higher ASP, partly offset by higher construction cost per sq.m. of property sales recognized in 2013 as compared to 2012.

Other (losses)/gains – net

We had net other losses of RMB84.3 million in 2013, as compared to net other gains of RMB226.1 million in 2012. Our net other losses in 2013 mainly comprised the compensation for termination of proposed development projects of RMB64.9 million and government subsidy income on cultural projects operated by us with an aggregate amount of RMB49.9 million, offset by write down of completed properties held for sale and properties under development of RMB206.3 million. Our net other gains in 2012 mainly comprised the gain on disposal of our interest in an associate of RMB242.9 million.

Selling and marketing costs

Our selling and marketing costs increased by RMB283.6 million, or 49.0%, to RMB861.9 million in 2013 from RMB578.3 million in 2012. The increase in selling and marketing costs was in line with the increase in our contracted sales.

Administrative expenses

Our administrative expenses increased by RMB133.6 million, or 16.3%, to RMB952.0 million in 2013 from RMB818.4 million in 2012. The increase was primarily attributable to the increase in staff costs and operating expenses resulting from our business expansion.

Change in fair value of investment properties

The increase in fair value of our investment properties was RMB501.1 million in 2012 and RMB728.7 million in 2013. The increase in fair value of our investment properties in 2012 was primarily attributable to the appreciation in fair value of our investment properties in Huizhou Kaisa Center Phase 2 and Shenyang Kaisa Center. The increase in fair value of our investment properties in 2013 was primarily attributable to the increase in fair value of our investments properties in Huizhou Kaisa Center Phase 2 and acquisition of additional equity interest in Shenzhen Kaisa Global Center.

Change in fair value of financial derivatives

The changes in fair value of financial derivatives in 2012 and 2013 primarily reflected the changes in fair value of the financial derivative component of the PAG Loan and the 2013 HSBC Swap, respectively.

Finance costs – net

Our net finance costs significantly increased by RMB325.3 million, or 464.7 times, to RMB326.0 million in 2013 from RMB0.7 million in 2012. The increase was primarily attributable to the early redemption premium of offshore debts of RMB521.0 million, partially offset by a reduction of net exchange gain by RMB279.9 million. The net exchange gain mainly arises from the U.S. dollar denominated offshore financing as a result of the appreciation of Renminbi against the U.S. dollar.

Income tax expenses

Our income tax expenses increased by RMB1,140.0 million, or approximately 98.9%, to RMB2,293.2 million in 2013 from RMB1,153.2 million in 2012. The increase was primarily attributable to the increase in operating profit in 2013. Our effective tax rate increased to 44.5% in 2013 from 35.3% in 2012, primarily due to early redemption premium of offshore debts recognized in 2013, which are non-tax deductible.

Profit for the year and total comprehensive income for the year

As a result of the effect of the factors described above, our profit for the year and total comprehensive income for the year increased by RMB746.4 million, or 35.3%, to RMB2,862.6 million in 2013 from RMB2,116.2 million in 2012. Our net profit margin was 14.7% in 2013 and 17.7% in 2012. Our net profit margin (excluding early redemption premium of offshore debts, changes in fair value on investment properties and financial derivatives and net of deferred tax) was 14.3% in 2013 and 14.1% in 2012.

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2013, the carrying amount of the Group's cash and bank deposits was approximately RMB8,706.2 million (31 December 2012: RMB5,352.3 million), representing an increase of 62.7% as compared to that as at 31 December 2012. Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. Such guarantee deposits will be released after pre-sold properties are completed or their property ownership certificates are issued, whichever is the earlier. Additionally, as at 31 December 2013, certain of the Group's cash was deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above guarantee deposits amounted to approximately RMB1,676.5 million as at 31 December 2013.

Senior notes

On 28 April 2010, the Company issued US$350 million 13.5% senior notes due 2015 for the purpose of debt prepayment, financing property projects and general corporate use. On 14 June 2011, the Company issued additional US$300 million 13.5% senior notes due 2015 (collectively, the "**Senior Notes**") for the purpose of financing new land bank in the PRC and real estate projects. The outstanding Senior Notes were fully redeemed in April 2013.

Convertible bonds

On 20 December 2010, the Company issued RMB1.5 billion USD settled 8% convertible bonds due 2015 (the "**Convertible Bonds**") for the purpose of financing the acquisition of new land bank in the PRC and the Group's real estate projects. The initial conversion price is HK$2.82 per share. According to the terms and conditions, the holders of the Convertible Bonds have the right to exercise a put option to redeem the Convertible Bonds on 20 December 2013, and such rights lapsed on 19 November 2013. The Company received the put notice in the aggregate amount of RMB200,000 and the underlying convertible bonds were redeemed in December 2013.

Senior bonds

On 15 March 2011, the Company issued RMB2.0 billion USD settled 8.5% senior secured guaranteed bonds due 2014 (the "**Bonds**") for the purpose of financing new land bank in the PRC and real estate projects. The Bonds were fully redeemed in January 2013.

Exchangeable term loan

To refinance the Group's trust loans and to finance the Group's property projects, on 23 May 2012, the Company entered into a facility agreement with PA International Opportunity VI Limited, as the lender, for an exchangeable term loan in the aggregate principal amount of US$120.0 million at an annual interest rate of 13.5% with a tenor of 27 months (the "**Exchangeable Term Loan**"), and a call option deed with the lender as the grantee. Upon exercise of the call option, the lender will become a minority shareholder of Fenglong Group Co. Ltd., currently a wholly owned subsidiary of the Group. The Exchangeable Term Loan was fully prepaid in January 2013.

Senior notes due 2017

On 18 September 2012, the Company issued US$250 million 12.875% senior notes due 2017 (the "**Senior Notes 2012**") for the purpose of funding our existing and new property projects and refinancing our existing indebtedness and for general corporate use.

Senior notes due 2020

On 8 January 2013, the Company issued US$500 million 10.25% senior notes due 2020 (the "**Senior Notes January 2013**") for the purpose of refinancing our Exchangeable Term Loan and Bonds and for general corporate use.

Senior notes due 2018

On 19 March 2013, the Company issued US$550 million 8.875% senior notes due 2018 (the "**Senior Notes March 2013**") for the purpose of partial refinancing our Senior Notes and for general corporate use.

Senior notes due 2016

On 22 April 2013, the Company issued RMB1.8 billion 6.875% senior notes due 2016 (the "**Senior Notes April 2013**") for the purpose of refinancing the remaining balance of our Senior Notes and for general corporate use.

Borrowings and charges on the Group's assets

As at 31 December 2013, the Group had aggregate borrowings of approximately RMB22,224.8 million, of which approximately RMB4,023.8 million will be repayable within 1 year, approximately RMB13,416.0 million will be repayable between 2 and 5 years and approximately RMB4,785.0 million will be repayable over 5 years. As at 31 December 2013, the Group's bank loans of approximately RMB5,662.3 million were secured by plant and equipment, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB13,683.8 million. The Group's offshore bank and other financing with an aggregate carrying value of RMB13,538.0 million are secured by the share pledge of certain of the Group's subsidiaries incorporated outside of the PRC, and joint and several guarantees given by certain subsidiary companies of the Group. 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. Our interest rate risk is mainly from the floating interest rate of domestic bank loans.

Gearing

As at 31 December 2013, the Group's net debts (total borrowings net of cash and cash equivalents, short-term bank deposits and restricted cash) over total equity was 62.1% (31 December 2012: 66.8%). The Group's net current assets increased by 50.6% from RMB20,397.0 million as at 31 December 2012 to RMB30,721.8 million as at 31 December 2013, and the current ratio remained the same at 1.7 times as at 31 December 2013 as compared to that as at 31 December 2012.

Cost of borrowings

During the year, the Group's total cost of borrowings was RMB2,610.1 million, representing an increase of RMB968.3 million or 59.0% as compared to the corresponding period in 2012. The increase was primarily attributable to the early redemption premium of the Group's offshore debts of RMB521.0 million recorded in 2013 and the higher average debt balance during the year as compared to that in 2012.

Foreign currency risks

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies operate in Hong Kong have recognized assets and liabilities in currencies other than RMB. As at 31 December 2013, the Group had cash and bank balances denominated in US$ of approximately RMB296.1 million, and in HK dollar of approximately RMB23.3 million, the Senior Notes 2012, Senior Notes January 2013 and Senior Notes March 2013 in USD with an aggregate outstanding principal amount of US$1,300.0 million, and other offshore banking facilities denominated in US$ and HK$, of US$290.1 million and HK$650.0 million respectively, which are subject to foreign currency exposure.

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

On 22 April 2013, in connection with the Senior Notes April 2013, the Company entered into an arrangement with an offshore bank to manage the our currency and interest rate risk by using Renminbi-to-U.S. dollar currency swaps and have converted borrowings of RMB1.8 billion to approximately US$291.0 million through currency swap.

Financial guarantees

As at 31 December 2013, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB9,856.7 million (31 December 2012: approximately RMB6,786.2 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, we would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but we would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

Material acquisitions and disposals of assets

During the year ended 31 December 2013, the Group did not have any material acquisitions and disposals of assets.

Employees and remuneration policy

As at 31 December 2013, the Group had approximately 10,570 employees (31 December 2012: approximately 8,656 employees). 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.

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 all of the independent non-executive directors of the Company, namely Mr. RAO Yong, Mr. ZHANG Yizhao and Mr. FOK Hei Yu. Mr. RAO Yong is the Chairman of the Audit Committee. The annual results have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. The Board is of the view that, for the year ended 31 December 2013, the Company has 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**"), save for the deviation which is explained below.

Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors. Upon the appointment of Ms. Chen Shaohuan on 26 December 2013 as a non-executive director of the Company, the Board comprises 10 directors including six executive directors, one non-executive director and three independent non-executive directors. Accordingly, the number of independent non-executive directors of the Company has fallen below the one-third of the Board as required under Rule 3.10A of the Listing Rules. The Company, after reasonable endeavors, has not been able to identify a suitable candidate to act as an independent non-executive director of the Company. The Company will take appropriate measures to meet the requirement under Rule 3.10A of the Listing Rules as soon as practicable and will make further announcement(s) as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Specific confirmation has been obtained from all Directors to confirm compliance with the required standard set out in the Model Code for the year ended 31 December 2013. No incident of non-compliance was noted by the Company to date. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code for the year ended 31 December 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listing securities.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of Hong Kong dollars 15 cents (2012: Nil) per share for the year ended 31 December 2013 to shareholders (the "**Shareholders**") whose names appear on the register of members of the Company on 3 April 2014, with the Shareholders being given an option to elect to receive such proposed final dividend all in new shares or partly in new shares and partly in cash (the "**Scrip Dividend Scheme**").

The Scrip Dividend Scheme is subject to (1) the approval of the proposed final dividend at the annual general meeting of the Company ("**AGM**") to be held on 31 March 2014; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Shareholders on or around 11 April 2014. It is expected that the final dividend warrants and certificates for the new Shares will be dispatched to Shareholders on or around 16 May 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 26 March to Monday, 31 March 2014, both days inclusive, during which period no transfer of Shares will be registered in order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM. All duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 188 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 25 March 2014.

Subject to the approval of Shareholders at the AGM, the proposed final dividend will be payable to shareholders whose names appears on the register of members of the Company on Thursday, 3 April 2014. The register of members will be closed from Friday, 4 April to Tuesday, 8 April 2014, during that day no transfer of Shares will be registered in order to determine the identity of the shareholders who are qualified for the proposal final dividend. All duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 188 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 3 April 2014.

PUBLICATION OF THE 2013 ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report for 2013 will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company's website at www.kaisagroup.com in due course.

On behalf of the Board
Kaisa Group Holdings Ltd.
Mr. Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 20 February 2014

As at the date of this announcement, our executive directors are Mr. Kwok Ying Shing, Mr. Kwok Ying Chi, Mr. Sun Yuenan, Dr. Tam Lai Ling, Mr. Chen Gengxian and Mr. Jin Zhigang; the non-executive director of the Company is Ms. Chen Shaohuan; and our independent non-executive directors are Mr. Zhang Yizhao, Mr. Rao Yong and Mr. Fok Hei Yu.