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 2014

FINANCIAL HIGHLIGHTS

- Gross profit increased by 7.1% to RMB2,736.6 million
- Gross profit margin increased by 3.9 percentage points to 40.3%
- Core net profit (excluding one-off prepayment expenses of offshore debts, exchange difference, imputed interest income, change in fair value of investment properties and financial derivatives net of tax impact) and core net profit margin increased by 5.8% and 1.4 percentage points to RMB1,156.1 million and 17.0%, respectively
- Profit attributable to equity holders of the Company increased by 29.7% to RMB1,328.7 million and net profit increased by 34.1% to RMB1,346.5 million, respectively
- Contracted sales and average selling price increased by 1.3% and 28.1%, to RMB11,164.7 million and RMB11,856 per sq.m., respectively

* *for identification purpose only*

INTERIM RESULTS

The board of directors (the "**Board**") of Kaisa Group Holdings Ltd. ("**Kaisa**" or the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2014, together with the comparative figures for the corresponding period in 2013.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 June 2014** *RMB'000*	Audited 31 December 2013 *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**1,003,480**	579,528
Investment properties		**10,460,400**	9,595,200
Land use rights		**195,727**	165,342
Deferred income tax assets		**236,065**	197,560
		11,895,672	10,537,630
Current assets			
Properties under development		**58,410,653**	45,168,917
Completed properties held for sale		**5,849,515**	6,134,899
Debtors, deposits and other receivables	*3*	**3,408,311**	3,323,539
Deposits for land acquisition		**10,530,359**	9,662,066
Prepayments for proposed development projects		**4,143,718**	4,025,563
Prepaid taxes		**308,735**	197,760
Financial derivatives		**–**	51,450
Restricted cash		**1,527,784**	1,676,463
Short-term bank deposits		**178,453**	263,723
Cash and cash equivalents		**9,384,761**	6,765,970
		93,742,289	77,270,350
Total assets		**105,637,961**	87,807,980
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**444,496**	434,139
Share premium		**4,119,136**	3,861,789
Reserves		**13,720,323**	13,001,645
		18,283,955	17,297,573
Perpetual capital instruments		**1,000,000**	–
Non-controlling interests		**6,474,653**	4,460,591
Total equity		**25,758,608**	21,758,164

	Note	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**23,765,787**	18,200,998
Amount due to non-controlling interests of a subsidiary		**2,838,972**	–
Deferred income tax liabilities		**1,336,894**	1,300,266
		27,941,653	19,501,264
Current liabilities			
Advance proceeds received from customers		**20,080,813**	16,369,710
Advance deposits received		**11,041,359**	13,269,230
Accrued construction costs		**7,991,424**	8,020,540
Income tax payable		**3,318,157**	2,817,056
Borrowings		**6,007,740**	4,023,758
Financial derivatives		**11,886**	–
Other payables and deposits		**3,383,723**	1,977,465
Amounts due to non-controlling interests of subsidiaries		**102,598**	70,793
		51,937,700	46,548,552
Total liabilities		**79,879,353**	66,049,816
Total equity and liabilities		**105,637,961**	87,807,980
Net current assets		**41,804,589**	30,721,798
Total assets less current liabilities		**53,700,261**	41,259,428

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**6,792,523**	7,016,075
Cost of sales		**(4,055,930)**	(4,460,576)
Gross profit		**2,736,593**	2,555,499
Other gains – net		**18,814**	2,004
Selling and marketing costs		**(417,061)**	(356,698)
Administrative expenses		**(414,368)**	(406,170)
Change in fair value of investment properties		**232,414**	363,910
Change in fair value of financial derivatives		**(63,807)**	(6,908)
Operating profit		**2,092,585**	2,151,637
Finance income		**168,537**	179,547
Finance costs		**(140,012)**	(566,958)
Finance income/(costs) – net	*5*	**28,525**	(387,411)
Profit before income tax		**2,121,110**	1,764,226
Income tax expenses	*6*	**(774,624)**	(759,818)
Profit and total comprehensive income for the period		**1,346,486**	1,004,408
Profit attributable to:			
Equity holders of the Company		**1,328,655**	1,024,624
Non-controlling interests		**17,831**	(20,216)
		1,346,486	1,004,408
Earnings per share for profit attributable to equity holders of the Company for the period (expressed in RMB per share)			
– Basic	*7*	**0.267**	0.209
– Diluted	*7*	**0.246**	0.197

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The condensed consolidated interim financial information is presented in Renminbi ("**RMB**"), unless otherwise stated. The condensed consolidated interim financial information was approved by the Board of Directors of the Company for issue on 20 August 2014.

The condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

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

(b) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation are also mandatory for the Group's financial year beginning on 1 January 2014.

HKFRS 10, 12 and HKAS 27 (Amendments)	Consolidation for Investment entities
HKAS 32 (Amendment)	Financial instruments: Presentation on asset and liability offsetting
HKAS 36 (Amendment)	Impairment of assets on recoverable amount disclosures
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement – Novation of derivatives
HK(IFRIC) 21	Levies

The application of the above new or revised HKFRS has had no material effect on the Group's results and financial position.

(c) New standards, amendments to standards and interpretation that have been issued but are not effective

The following new standards, amendments to standards and interpretation have been issued but are not yet effective for the financial year beginning on 1 January 2014 and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 11 (Amendment)	Joint arrangements – Acquisition of an interest in a joint operation	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKAS 19 (Amendment)	Employee Benefits – Defined benefits plans	1 July 2014
HKAS 16 and 38 (Amendment)	Property, Plant and Equipment and Intangible Assets on depreciation and amortization	1 January 2016
HKFRS (Amendments)	Annual improvement 2012 and 2013	1 July 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, other deposits, prepayment for construction costs to third parties 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:

	Unaudited	Audited
	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
Not yet due *(note i)*	**315,620**	683,870
Within 90 days *(note i and ii)*	**365,224**	1,038,882
91–180 days *(note ii)*	**177,996**	31,679
181–270 days *(note ii)*	**3,583**	9,351
271–365 days *(note ii)*	**797**	–
	863,220	1,763,782

Notes:

(i) As at 30 June 2014 and 31 December 2013, the balance of RMB345,620,000 and RMB683,870,000 represented receivables from sales of commercial and residential properties, properties under development and proposed development projects to independent third parties. These receivables are repayable within one year after the completion of certain legal documents, which are expected to be settled during 2014 and 2015.

(ii) As at 30 June 2014, the balance primarily represented receivables from sale 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 according to the repayment schedules. 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 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, property management services, hotel and catering operations and other businesses including department store, cinema and cultural centre operations 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 period consists of the following:

	Unaudited Six months ended 30 June 2014 *RMB'000*	2013 *RMB'000*
Turnover		
Sales of properties		
– Completed properties held for sale	**4,119,905**	4,113,348
– Properties under development and proposed development projects	**2,420,581**	2,720,540
Rental income	**94,240**	75,584
Property management services	**83,937**	70,514
Hotel and catering operations	**27,252**	23,856
Other businesses	**46,608**	12,233
	6,792,523	7,016,075

The segment information provided to the executive directors for the reportable segments for the period ended 30 June 2014 is as follows:

	Unaudited					
	Property development *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Hotel and catering** *RMB'000*	**Other businesses** *RMB'000*	**Total** *RMB'000*
Revenue	**6,540,486**	**107,319**	**223,790**	**27,252**	**46,608**	**6,945,455**
Less: Inter-segment revenue	**–**	**(13,079)**	**(139,853)**	**–**	**–**	**(152,932)**
Revenue from external customers	**6,540,486**	**94,240**	**83,937**	**27,252**	**46,608**	**6,792,523**
Segment results before changes in fair value of investment properties and financial derivatives	**1,921,556**	**47,008**	**4,682**	**(31,307)**	**(17,961)**	**1,923,978**
Change in fair value of investment properties	**–**	**232,414**	**–**	**–**	**–**	**232,414**
Change in fair value of financial derivatives	**–**	**–**	**–**	**–**	**(63,807)**	**(63,807)**
Segment results	**1,921,556**	**279,422**	**4,682**	**(31,307)**	**(81,768)**	**2,092,585**
Finance income						**168,537**
Finance costs						**(140,012)**
Finance income – net *(note 5)*						**28,525**
Profit before income tax						**2,121,110**
Income tax expenses *(note 6)*						**(774,624)**
Profit for the period						**1,346,486**
Other information:						
Depreciation	**16,891**	**1,947**	**2,013**	**8,875**	**10,594**	**40,320**
Amortisation of land use rights	**976**	**–**	**–**	**773**	**1,135**	**2,884**
Write-down of completed properties held for sale	**19,763**	**–**	**–**	**–**	**–**	**19,763**

The segment information provided to the executive directors for the reportable segments for the period ended 30 June 2013 is as follows:

	Unaudited					
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering *RMB'000*	Other businesses *RMB'000*	Total *RMB'000*
Revenue	6,833,888	83,740	156,621	23,856	12,233	7,110,338
Less: Inter-segment revenue	–	(8,156)	(86,107)	–	–	(94,263)
Revenue from external customers	6,833,888	75,584	70,514	23,856	12,233	7,016,075
Segment results before changes in fair value of investment properties and financial derivatives	1,812,808	34,545	3,003	(15,556)	(40,165)	1,794,635
Change in fair value of investment properties	–	363,910	–	–	–	363,910
Change in fair value of financial derivatives	–	–	–	–	(6,908)	(6,908)
Segment results	1,812,808	398,455	3,003	(15,556)	(47,073)	2,151,637
Finance income						179,547
Finance costs						(566,958)
Finance costs – net *(note 5)*						(387,411)
Profit before income tax						1,764,226
Income tax expenses *(note 6)*						(759,818)
Profit for the period						1,004,408
Other information:						
Depreciation	14,835	1,089	1,949	6,032	6,484	30,389
Amortisation of land use rights	495	–	–	740	956	2,191
Write-down of completed properties held for sale	46,567	–	–	–	–	46,567

The segment assets and liabilities as at 30 June 2014 are as follows:

	Unaudited						
	Property development *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Hotel and catering** *RMB'000*	**Other businesses** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment assets	**214,021,686**	**11,547,442**	**2,694,837**	**614,653**	**46,031,794**	**(169,817,251)**	**105,093,161**
Unallocated							**544,800**
Total assets							**105,637,961**
Segment liabilities	**175,396,706**	**4,345,007**	**1,528,994**	**229,234**	**19,569,248**	**(144,000,310)**	**57,068,879**
Unallocated							**22,810,474**
Total liabilities							**79,879,353**
Other information:							
Capital expenditure	**2,793**	**713,364**	**2,429**	**51,660**	**33,506**	**–**	**803,752**

The segment assets and liabilities as at 31 December 2013 are as follows:

	Audited						
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering *RMB'000*	Other businesses *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment assets	158,331,734	10,420,311	2,514,776	222,412	43,150,360	(127,278,383)	87,361,210
Unallocated							446,770
Total assets							87,807,980
Segment liabilities	123,855,947	3,360,969	1,518,295	154,690	20,705,307	(103,833,970)	45,761,238
Unallocated							20,288,578
Total liabilities							66,049,816
Other information:							
Capital expenditure	37,886	1,370,494	7,610	20,529	289,963	–	1,726,482

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Other businesses segment includes department store, cinema, cultural centre operations, 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 deferred income tax assets, financial derivatives and prepaid taxes.

Segment liabilities consist primarily of advance proceeds received from customers, advance deposits received, accrued construction costs, other payables and deposits and amounts due to non – controlling interests of subsidiaries. They exclude financial derivatives, 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 INCOME/(COSTS) – NET

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Finance income		
Interest income on bank deposits	**9,509**	12,840
Imputed interest income on an amount due to non-controlling interests	**159,028**	–
Net exchange gains	**–**	166,707
	168,537	179,547
Finance costs		
Interest expense:		
– Bank and other borrowings	**(474,144)**	(435,686)
– Senior notes	**(558,465)**	(582,303)
– Convertible bonds	**(89,158)**	(85,737)
– Senior secured guaranteed bonds	**–**	(4,991)
– Exchangeable term loan	**–**	(3,256)
Early redemption premium of debts *(note)*	**–**	(521,042)
Total interest expense	**(1,121,767)**	(1,633,015)
Less: interest capitalised	**1,060,913**	1,066,057
	(60,854)	(566,958)
Net exchange losses	**(79,158)**	–
	(140,012)	(566,958)
Finance income/(costs) – net	**28,525**	(387,411)

Note:

During the period ended 30 June 2013, the Company repaid and redeemed certain of its borrowing where the premium paid for such redemption amounting to RMB521,042,000 was recognized in finance costs.

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.

Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2014 and 2013 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2013: 25%).

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% (2013: 30% to 60%) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the condensed consolidated statement of comprehensive income as income tax.

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**668,764**	785,822
– PRC land appreciation tax	**107,737**	16,985
Deferred income tax	**(1,877)**	(42,989)
	774,624	759,818

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 period.

	Unaudited Six months ended 30 June	
	2014	2013
Profit attributable to equity holders *(RMB'000)*	**1,328,655**	1,024,624
Weighted average number of ordinary shares in issue	**4,973,700,779**	4,909,832,669
Basic earnings per share *(RMB)*	**0.267**	0.209

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of RMB1,328,655,000 (2013: RMB1,024,624,000) and the weighted average of 4,973,700,779 (2013: 4,909,832,669) shares in issue during the period.

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 period ended 30 June 2014, the Company has the convertible bonds and share options (2013: the convertible bonds and share options) 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 done to determine the number of shares that could have been acquired at fair value (determined as the average periodic market share price of the Company's shares) based on the monetary value of the subscription rights attached to 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.

	Unaudited Six months ended 30 June	
	2014	2013
Profit attributable to equity holders *(RMB'000)*	**1,328,655**	1,024,624
Adjustment for finance cost on convertible bonds *(RMB'000)*	**73,984**	85,737
Profit used to determine diluted earnings per shares *(RMB'000)*	**1,402,639**	1,110,361
Weighted average number of ordinary shares in issue	**4,973,700,779**	4,909,832,669
Adjustment for the convertible bonds	**639,172,341**	620,000,000
Adjustment for share options	**84,735,226**	116,385,795
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**5,697,608,346**	5,646,218,464
Diluted earnings per share *(RMB)*	**0.246**	0.197

8 DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2014 and 2013.

9 COMMITMENTS

Commitments for property development expenditures

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
Contracted but not provided for	**25,022,748**	21,504,675

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

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 interim results of the Group for the six months period ended 30 June 2014 (the "**Period**").

For the Period under review, the Group's turnover and gross profit reached approximately RMB6,792.5 million and RMB2,736.6 million, representing a decrease of approximately 3.2% and an increase of 7.1% over the corresponding period of last year, respectively. Profit attributable to shareholders and basic earnings per share amounted to approximately RMB1,328.7 million and RMB26.7 cents, representing an increase of approximately 29.7% and 27.8% as compared to the corresponding period of last year, respectively.

Business Review

In the first half of 2014, the Central Government (the "**Central Government**") of the People's Republic of China (the "**PRC**" or "**China**") continued to maintain a stable macro environment while allowing flexibilities in some policies to boost the economy. The on-going monetary tightening in the real estate sector has caused increase in mortgage rate, cooling down of land market and deterioration in market sentiment; as a result, the national property sales and the transaction volume in the primary residential market recorded a decline of approximately 6.7% and 6.0% year-on-year, respectively, according to data compiled by National Bureau of Statistics of the People's Republic of China.

During the Period under review, the Group maintained its focus on mass market housing and achieved approximately RMB11.2 billion of contracted sales, representing an increase of 1.3% year-on-year. Kaisa was ranked 19th in terms of sales according to "Top 50 Real Estate Enterprise Property Developers by Sales in first half of 2014" 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 and gross floor area ("**GFA**") sold in the Shenzhen primary residential market for the Period under review according to the statistics compiled by ShenzhenHome (www.szhome.com), a testimony of our leadership in the Pearl River Delta.

The Group successfully launched Shanghai Kaisa City Plaza in the Yangtze River Delta and Shenzhen Qianhai Plaza in the Pearl River Delta, further solidifying the Group's nationwide presence. On a rolling-twelve-month basis, Kaisa managed to achieve a sell-through rate of 60% as at 30 June 2014.

With respect to land acquisitions, we maintain our principal focus on end-user market in upper-tier cities. For the Period under review, the Group entered into various agreements for land purchase for a total consideration of RMB9.0 billion, with 98.4% located in tier-one cities and provincial capitals. Our continuous efforts to achieve a more balanced land bank portfolio provide us, in terms of book cost, approximately 78.5% of our land bank in upper-tier cities as at 30 June 2014, as compared to 69.6% as at 31 December 2013. The above land acquisitions will not only allow the Group to accumulate sufficient saleable resources to support its business expansion, but also consolidate its market leadership in upper-tier cities.

For the Period under review, our urban redevelopment projects contributed significantly to the Group's contracted sales. 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 GFA sold in the Shenzhen primary residential market in the first half of 2014 according to statistics compiled by ShenzhenHome (www.szhome.com). Significant progress has been made in our other urban redevelopment projects in Shenzhen. In March 2014, we have secured approximately 450,246 sq.m. of land bank from our Shenzhen Yantian project. In July 2014, we secured government approval as the developer for the redevelopment of Shenzhen Futian Donshan Project, with current GFA of approximately 120,000 sq.m.. The realization of urban redevelopment project pipeline will provide the Group with considerable saleable resources to sustain its growth in the medium term and enhance its profitability going forward. In addition, the new implementation details on the procurement of urban redevelopment in Shenzhen effective during the Period under review will also mean expedition in approval process going forward.

Development and Financing Strategies

The Group has been taking a proactive approach in managing its liabilities and debt profile. In May 2014, Standard & Poor's Ratings Services ("**S&P**") and Moody's Investors Service ("**Moody's**") raised their long-term corporate credit rating on Kaisa to 'BB-' and "Ba3", respectively, both with stable outlook. Despite challenging operating environment, the upgrade by S&P and Moody's are recognitions of the Group's proactive liability management efforts and marked improvement in its execution capability, and will enhance the Group's ability to tap the international capital markets at lower cost of funding.

On 13 January and 6 June 2014, the Company successfully issued US$250 million 8.875% senior notes due 2018 and US$400 million 9% senior notes due 2019, respectively, to refinance existing indebtedness, to finance its property projects and for general corporate purposes, including liquidity accumulation. Both transactions received overwhelming interest from international financial institutions with more than nine times over-subscription. In June 2014, we successfully obtained consent from our note holders to modify and amend some provisions contained in certain of our outstanding senior notes. Such modifications and amendments will enable the Group to pursue business opportunities that may not otherwise be available, to better suit its business needs and bring the terms of our existing senior notes in line with the current practice.

Investor Relations

The Company strives to achieve a high standard of corporate governance and high degree of corporate transparency, and is devoted 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 conference, site visits and reverse road show, 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.

Prospects

One of the key messages from the "60 Structural Reform Guidelines" promulgated in November 2013 is market forces will play an ever-greater role in Chinese economy. Against the backdrop of the mismatch of investment in the past and the deeply-rooted issues within the state – owned enterprises, as well as the uncertainty of the external economic environment, we believe there will be less policy headwinds in the real estate sector in order to maintain certain robustness of the overall economy. In fact, some local governments have taken steps in reviving their local economy, including the gradual relaxation of home purchase restrictions, the removal of price cap on new housing and annual housing price control target, and the more extensive use of housing provident funds for the purpose of lowering mortgage rate. The central bank also required the commercial banks to have prompt release mortgage financing for first time home buyers. With the above, we believe the sentiment of the market will gradually improve in the second half of 2014.

For the Period under review, largely attributable to the land sales in connection with the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone ("**Qianhai**"), the Shenzhen municipal government has generated approximately RMB41.8 billion of land revenues, a record over the last 10 years, according to data compiled by China Real Estate Index System ("**CREIS**"). The establishment of Qianhai will certainly elevate Shenzhen's position in the global stage. In the coming years, the Shenzhen municipal government will embark on massive investment to upgrade its infrastructure, and to improve its business and commercial facilities, to realize such goal. Certainly, such initiatives will spill-over to the development of the Pearl River Delta. Capitalizing its leading market position and project pipeline on urban redevelopment projects in Shenzhen, and over 10 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 competitiveness.

Acknowledgement

Thanks to the enormous support from all of our stakeholders and the ardent efforts of all our staff members who have made in valuable contributions during the Period, 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 August 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

Despite the tightened monetary measures, the Group still managed to achieve its record of contracted sales during the Period under review. For the first half of 2014, the Group's contracted sales and the GFA sold amounted to approximately RMB11.2 billion and 941,707 sq.m., representing growth of 1.3% and decline of 20.9% year-on-year, respectively. Contracted average selling price (the "**ASP**") increased by 28.1% year-on-year to RMB11,856 per sq.m. For the Period under review, the Group launched an aggregate GFA of approximately 1.0 million sq.m., and planned to launch up to another approximately 2.7 million sq.m. of GFA in the second half of 2014. According to "Top 50 Real Estate Enterprise Property Developers by Sales in the first half of 2014" compiled and issued by China Real Estate Information Corporation, Kaisa was ranked 19th nationwide in terms of contracted sales amount, affirming the Group's market position and brand reputation. The table below shows the Group's contracted sales by region in the first half of 2014:

Region	**Number of projects**	**Contracted sales area**	**Contracted sales amount**
		sq.m.	*RMB in millions*
Pearl River Delta	20	340,948	6,314.3
Yangtze River Delta	11	100,747	1,232.6
Western China Region	7	141,196	1,029.6
Central China Region	4	142,365	949.0
Pan-Bohai Bay Rim	11	216,451	1,639.2
Total	53	941,707	11,164.7

During the Period, the Group recorded a turnover of RMB6,792.5 million, representing a decrease of 3.2% as compared to the corresponding period in 2013. Profit attributable to equity holders amounted to RMB1,328.7 million, representing an increase of 29.7% as compared to the corresponding period in 2013. The Group's net profit for the Period excluding one-off prepayment expenses of offshore debts, exchange difference, imputed interest income, change in fair values of financial derivatives and of investment properties net of corresponding deferred taxes, amounted to RMB1,156.1 million, representing an increase of 5.8% as compared to the corresponding period in 2013. Basic earnings per share was RMB26.7 cents, representing an increase of 27.8% as compared to the corresponding period in 2013.

Property Development

1. *Projects completed in the Period*

   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 amounted to approximately 0.9 million sq.m..

2. *Projects under development*

   As at 30 June 2014, the Group had 41 projects under development concurrently, with an aggregate of GFA of approximately 8.6 million sq.m..

3. *Property management*

   The Group also provides property management service to its own development. During the Period under review, the Group managed a total floor area of approximately 11.4 million sq.m., equivalent to 89,164 units. In June 2014, Kaisa was ranked 19th in "2014 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.

4. *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 30 June 2014, the Group held an aggregate GFA of 213,409 sq.m. completed investment properties for rental purpose.

Land Bank

It remains an ongoing effort of the Group to expand and rebalance its land reserve to implement the business strategy of rapid turnover model. For the first half of 2014, we purchased a total of 16 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 RMB9,011.9 million, with an average land cost per total planned GFA of approximately RMB6,686 per sq.m. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 1.7 million sq.m. In terms of acquisition cost, 98.4% of the land bank is located in tier-one and tier-two cities. As at 30 June 2014, the Group had a total land bank of approximately 23.6 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:

Month of acquisition	Location	Attributable interest	Site area	Attributable GFA per maximum allowed plot ratio	Consideration	Type
		(%)	*(sq.m.)/(No. of land parcel)*	*(sq.m.)*	*(RMB in millions)*	
January 2014	Huizhou	100%	169,331(4)	295,754	142.4	Residential
January 2014	Suzhou	51%	33,234 (1)	47,458	369.2	Residential
January 2014	Suzhou	51%	59,629(1)	79,068	241.3	Residential and commercial
January 2014	Nanjing	96%	109,832(1)	289,956	4,204.4	Residential
February 2014	Chengdu	100%	57,837(1)	245,806	570.0	Residential
March 2014	Shenzhen	100%	128,902(5)	450,246	57.4	Residential and commercial
April 2014	Shenzhen	51%	429,560(1)	229,495	2,754.0	Commercial
June 2014	Shenzhen	51%	49,582(2)	104,903	673.2	Residential and commercial
Total			**1,037,907(16)**	**1,742,686**	**9,011.9**	

Outlook

We believe that the operating environment will continue to be challenging in the second half of 2014, as it is expected that onshore liquidity condition will remain tight and mortgage interest rate will stay high. Nonetheless, over the last few years, the Group has put up substantial capital into land acquisition to pre-fund 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, properties under development and proposed development projects, (ii) gross recurring revenue received and receivable from investment properties and (iii) property management fee income. The revenue is primarily generated from its five business segments: property development, property investment, property management, hotel and catering operations and other businesses. The revenue decreased by RMB223.6 million, or 3.2%, to approximately RMB6,792.5 million in the Period from approximately RMB7,016.1 million for the corresponding period in 2013, mainly attributable to the decrease in recognized property sales. For the Period, the revenue generated from property development, property investment, property management, hotel and catering operations and other businesses was approximately RMB6,540.5 million, RMB94.2 million, RMB83.9 million and RMB27.3 million and RMB46.6 million, respectively.

Sales of properties

Revenue from sales of properties decreased by RMB293.4 million, or 4.3%, to RMB6,540.5 million in the Period from RMB6,833.9 million for the corresponding period in 2013. The decrease was primarily attributable to a decrease in the sales of properties under development and proposed development projects.

Rental income

Revenue from rental income increased by RMB18.6 million, or 24.6%, to RMB94.2 million in the Period from RMB75.6 million for the corresponding period in 2013. The increase was primarily attributable to the increased rental space and higher rental rates.

Property management service

Revenue from property management service increased by RMB13.4 million, or 19.0%, to RMB83.9 million in the Period from RMB70.5 million for the corresponding period in 2013. This increase was primarily attributable to the increased GFA under property management.

Hotel and catering operations

Revenue from the hotel and catering operations of the Group increased by approximately RMB3.4 million, or 14.2% to RMB27.3 million in the Period, from RMB23.9 million for the corresponding period in 2013. Such increase was mainly attributable to our business expansion in the Pearl River Delta.

Other Businesses

Revenue from other businesses increased by RMB34.4 million, or 282.0%, to RMB46.6 million in the Period from RMB12.2 million for the corresponding period in 2013. The increase was primarily attributable to the business expansion in department store, cinema and cultural centre operations.

Gross profit

The Group's gross profit increased by RMB181.1 million, or 7.1%, to RMB2,736.6 million in the Period from RMB2,555.5 million for the corresponding period in 2013, mainly attributable to the increase in contribution from recognized property sales. The gross profit margin increased to 40.3% from 36.4% for the corresponding period in 2013, mainly attributable to sales transactions of properties under development and proposed development projects and the increase in ASP of property sales recognized in the Period.

Selling and marketing costs

The Group's selling and marketing costs increased by RMB60.4 million, or 16.9%, to RMB417.1 million in the Period from RMB356.7 million for the corresponding period in 2013. The increase in selling and marketing costs was mainly attributable to more advertising and promotional expenses incurred amid the challenging operating environment.

Administrative expenses

The Group's administrative expenses increased by RMB8.2 million, or 2.0%, to RMB414.4 million in the Period from RMB406.2 million for the corresponding period in 2013. The increase was primarily attributable to the increase in depreciation and operating expenses resulting from the Group's business expansion.

Change in fair value of investment properties

The change in fair value of the Group's investment properties for the Period was primarily attributable to the addition of commercial space of Shenzhen Yantian project into our investment property portfolio. The change in fair value in the corresponding period in 2013 was mainly explained by the appreciated value of the Group's investment properties in Shenzhen Kaisa Global Center, Guangzhou Jinmao and Huizhou Kaisa Centre Phase 2.

Change in fair value of financial derivatives

On April 19, 2013, we entered into the 2012 ISDA Master Agreement with The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**"), as the swap counterparty, to manage our foreign exchange rate risk arising from the issuance of the Renminbi denominated April 2013 Notes ("**2013 HSBC Swap**"). The value of the liability component of the 2013 HSBC Swap was approximately RMB6.9 million as of 30 June 2013 and a fair value loss of RMB6.9 million was reflected upon initial recognition from the change in fair value of the financial derivative component of the 2013 HSBC Swap for the six months ended 30 June 2013. The decrease in fair value of our financial derivatives of RMB63.8 million in the first half of 2014 was mainly attributable to the depreciation of Renminbi against the U.S. dollar during the Period.

Finance income/(costs) – net

The Group's net finance income increased by RMB415.9 million to RMB28.5 million in the Period from the net finance costs of RMB387.4 million for the corresponding period in 2013. The increase was primarily attributable to the one-off prepayment expenses of the Group's offshore debts, of RMB521.0 million, recorded in the corresponding period in 2013.

Income tax expenses

The Group income tax expenses increased by RMB14.8 million, or approximately 1.9%, to RMB774.6 million in the Period from RMB759.8 million for the corresponding period in 2013. The increase was primarily attributable to the significant decrease in the finance costs, despite the slight drop in operating profit for the Period.

Profit for the Period

As a result of the foregoing, the Group's profit for the Period increased by RMB342.1 million, or 34.1%, to RMB1,346.5 million in the Period from RMB1,004.4 million for the corresponding period in 2013. The net profit margin was 19.8% for the Period and 14.3% for the corresponding period in 2013. The Group's net profit excluding one-off prepayment expenses of offshore debts, exchange difference, imputed interest income, change in fair value of finance derivatives and investment properties, net of deferred tax for the Period and the corresponding period in 2013 was RMB1,156.1 million and RMB1,092.7 million, respectively, resulting in corresponding net profit margin excluding one-off prepayment expenses of offshore debts, exchange difference, imputed interest income, change in fair value of financial derivatives and investment properties, net of deferred tax of 17.0% and 15.6% for the Period and the corresponding period in 2013, respectively.

Liquidity, Financial and Capital Resources

Cash position

As at 30 June 2014, the carrying amount of the Group's cash and bank deposits was approximately RMB11,091.0 million (31 December 2013: RMB8,706.2 million), representing an increase of 27.4% as compared to that as at 31 December 2013. Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds 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 2014, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collaterals amounted to approximately RMB1,527.8 million as at 30 June 2014.

Perpetual capital instruments

During the period ended 30 June 2014, the Group successfully issued perpetual capital instruments in the aggregate amount of RMB1.0 billion for the purpose of financing its real estate projects in the PRC.

Convertible bonds

On 20 December 2010, the Company issued RMB1.5 billion US$ settled 8% convertible bonds due 2015 (the "**Convertible Bonds**") for the purpose of financing the acquisition of new land bank in the PRC and the Group's real estate projects. The initial conversion price is HK$2.82 per share. The conversion price was adjusted downward to HK$2.64 per share following the payment of a final dividend during the Period.

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 property projects and refinancing our indebtedness and 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 in the aggregate amount of US$120 million and RMB2.0 billion US$ settled 8.5% senior secured guaranteed bonds due 2014 and general corporate use.

Senior notes due 2018

On 19 March 2013, the Company issued US$550 million 8.875% senior notes due 2018 for the purpose of partially refinancing our US$ 13.5% senior notes due 2015, refinancing our existing and new property projects ("**Senior Notes 2010**") and general corporate use. On 13 January 2014, the Company issued additional 8.875% senior notes due 2018 in the principal amount of US$250 million (collectively, the "**Senior Notes March 2013**") for the purpose of funding our existing and new property projects, refinancing our indebtedness and 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 fully refinancing our Senior Notes 2010 and general corporate use.

Senior notes due 2019

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

Borrowings and charges on the Group's assets

As at 30 June 2014, the Group had aggregate borrowings of approximately RMB29,773.5 million, of which approximately RMB6,007.7 million will be repayable within 1 year, approximately RMB19,036.0 million will be repayable between 2 and 5 years and approximately RMB4,729.8 million will be repayable over 5 years.

As at 30 June 2014, the Group's bank loans of approximately RMB7,626.1 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 RMB22,155.2 million. The Senior Notes 2012, Senior Notes January 2013, Senior Notes March 2013, Senior Notes April 2013, Senior Notes June 2014 and the Convertible Bonds 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 subsidiaries 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 30 June 2014, the Group's net debts (total borrowings, net of cash and cash equivalent, short-term bank deposits and restricted cash) over total equity was 72.5% (31 December 2013: 62.1%). The Group's net current assets increased by 36.1% from RMB30,721.8 million as at 31 December 2013 to RMB41,804.6 million as at 30 June 2014, and the current ratio increased from 1.7 times as at 31 December 2013 to 1.8 times as at 30 June 2014.

Cost of borrowings

For the Period under review, the Group's total cost of borrowings was RMB1,121.8 million, representing a decrease of RMB511.2 million or 31.3% as compared to the corresponding period in 2013. The decrease was primarily attributable to the one-off prepayment expenses of the Group's offshore debts of RMB521.0 million recorded in the corresponding period in 2013.

Foreign currency risks

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies operate in Hong Kong have recognized assets and liabilities in currencies other than RMB. As at 30 June 2014, the Group had cash balances denominated in US$ of approximately RMB2,192.5 million, and in HK dollar of approximately RMB33.3 million, the Senior Notes 2012, Senior Notes January 2013, Senior Notes March 2013 and Senior Notes June 2014 in US$ with an aggregate outstanding principal amount of US$1,950.0 million, and other offshore banking facilities denominated in US$ and HK$, of US$159.5 million and HK$1,030.0 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 30 June 2014, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB12,758.7 million (31 December 2013: approximately RMB9,856.7 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.

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

On 9 April 2014, 佳兆業集團(深圳)有限公司 (Kaisa Group (Shenzhen) Co., Ltd.*) ("**Kaisa Shenzhen**") and 生命人壽保險股份有限公司 (Sino Life Insurance Co., Ltd*) ("**Sino Life**") jointly and successfully bid for a parcel of land situated at G16301-0701, Xiasha Village, Dapeng Road, Dapeng New District, Shenzhen, the PRC (the "**Land**") and received the bid confirmation notice (成交確認書) from 深圳市規劃和國土資源委員會 (Shenzhen City Planning and Land Resources Commission*). The consideration for the acquisition of the Land is RMB5,400,000,000. The consideration will be funded by Kaisa Shenzhen and Sino Life to the joint venture company, which will be established by them for the purpose of holding and developing the Land, in proportion to their respective effective interests in such joint venture company by way of equity or other forms of financing to be agreed. Details of the above transactions are set out in the announcement of the Company dated 10 April 2014.

Save as disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the six months ended 30 June 2014. Apart from those disclosed in this announcement, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Employees and remuneration policy

As at 30 June 2014, the Group had approximately 9,480 employees (31 December 2013: approximately 10,570 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2014 amounted to approximately RMB225.5 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. Further, the Company adopted the share option scheme on 22 November 2009. Further information of the share option scheme is available in the 2013 Annual Report of the Company.

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. For the six months ended 30 June 2014, the Board is of the view that, the Company has complied with the code provisions on the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CHANGES OF BOARD COMPOSITION AND UPDATED INFORMATION REGARDING THE DIRECTORS

Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors. Upon the appointment of Ms. Chen Shaohuan as a non-executive director of the Company on 26 December 2013, the Board comprised of 10 directors including six executive directors, one non-executive director and three independent non-executive directors. As a result, the number of independent non-executive directors of the Company fell below one-third of the Board as required under Rule 3.10A of the Listing Rules for the period from 26 December 2013 to 3 April 2014. Upon the resignation of Mr. Chen Gengxian as an executive director on 4 April 2014, the Company has been in compliance with Rule 3.10A of the Listing Rules since then.

Saved for disclosed above, there was no change to any of the information required to be disclosed pursuant to (e) and (g) of Rule 13.51(2) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are 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.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's unaudited consolidated interim results for the six months ended 30 June 2014. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2014 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.

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. The Company made specific enquiry of all Directors who confirmed that they have complied with the Model Code during the six months ended 30 June 2014.

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 six months ended 30 June 2014.

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

Save as disclosed in this announcement, during the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listing securities.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2014 (30 June 2013: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.kaisagroup.com) and the Stock Exchange (www.hkexnews.hk). An interim report of the Company for the six months ended 30 June 2014 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

By Order of Board
Kaisa Group Holdings Ltd.
KWOK Ying Shing
Chairman

Hong Kong, 20 August 2014

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