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 2019

FINANCIAL HIGHLIGHTS

- Total revenue for the year increased by 24.1% to approximately RMB48,021.7 million from 2018.
- Gross profit for the year increased by 24.3% to approximately RMB13,830.1 million and gross profit margin for the year remained unchanged at 28.8%.
- Profit for the year increased by 26.4% amounted to approximately RMB4,164.0 million.
- Profit for the year attributable to owners of the Company increased by 67.1% to approximately RMB4,594.3 million.
- Contracted sales increased by 25.8% to approximately RMB88,120 million.
- Cash and bank deposits increased by 61.3% to approximately RMB36,978.0 million as at 31 December 2019.
- The Board recommended payment of a final dividend of HK10 cents per share.

* *For identification purposes only*

The board (the "**Board**") of directors (the "**Directors**") of Kaisa Group Holdings Ltd. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019 together with the comparative figures for the corresponding year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Revenue	*3*	**48,021,685**	38,704,967
Cost of sales	*4*	**(34,191,622)**	(27,576,209)
Gross profit		**13,830,063**	11,128,758
Other gains and (losses), net		**(677,844)**	(638,696)
Net gain on disposals of subsidiaries		**245,581**	–
Net gain on deemed disposals of subsidiaries		**2,460,638**	2,912,593
Selling and marketing costs	*4*	**(1,996,166)**	(1,262,466)
Administrative expenses	*4*	**(3,350,817)**	(2,601,078)
Fair value gain of investment properties		**178,419**	212,374
Fair value loss of financial derivatives		**(82,191)**	–
Operating profit		**10,607,683**	9,751,485
Share of results of associates		**92,619**	239,913
Share of results of joint ventures		**(197,697)**	(48,726)
Finance income	*5*	**580,269**	402,511
Finance costs	*5*	**(1,615,271)**	(2,573,298)
Finance costs, net	*5*	**(1,035,002)**	(2,170,787)
Profit before income tax		**9,467,603**	7,771,885
Income tax expenses	*6*	**(5,303,595)**	(4,477,629)
Profit for the year		**4,164,008**	3,294,256
Profit/(Loss) for the year attributable to:			
Owners of the Company		**4,594,265**	2,750,206
Non-controlling interests		**(430,257)**	544,050
		4,164,008	3,294,256
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	*8*	**0.756**	0.453
– Diluted	*8*	**0.752**	0.450

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.1.

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Profit for the year		**4,164,008**	3,294,256
Other comprehensive (loss)/income, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(25,165)**	6,641
Other comprehensive (loss)/income for the year, including reclassification adjustments		**(25,165)**	6,641
Total comprehensive income for the year		**4,138,843**	3,300,897
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**4,578,816**	2,734,394
Non-controlling interests		**(439,973)**	566,503
		4,138,843	3,300,897

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment		**4,819,506**	3,055,880
Right-of-use assets		**1,358,516**	–
Investment properties		**35,309,000**	35,930,000
Land use rights		**753,493**	669,078
Investments in associates	*9(a)*	**11,918,789**	7,072,822
Investments in joint ventures	*9(b)*	**14,092,325**	8,677,152
Financial assets at fair value through profit or loss		**7,807,357**	6,567,622
Debtors, deposits and other receivables	*11*	**553,500**	1,652,852
Goodwill and intangible assets	*10*	**1,238,218**	1,105,288
Long-term bank deposits		**1,600,000**	400,000
Deferred tax assets		**864,268**	784,310
		80,314,972	65,915,004
Current assets			
Properties under development		**63,674,746**	64,764,338
Completed properties held for sale		**13,003,874**	13,130,534
Inventories		**260,302**	105,305
Deposits for land acquisition		**19,891,354**	19,445,196
Prepayments for proposed development projects		**23,782,080**	19,080,815
Debtors, deposits and other receivables	*11*	**33,461,565**	22,600,171
Prepaid taxes		**1,092,397**	1,134,324
Restricted cash		**6,016,455**	6,792,292
Financial assets at fair value through profit or loss		**43,034**	328,204
Short-term bank deposits		**2,536,724**	252,718
Cash and bank balances		**26,824,859**	15,479,139
		190,587,390	163,113,036
Current liabilities			
Contract liabilities		**39,388,659**	39,154,089
Accrued construction costs		**14,494,060**	12,599,547
Income tax payable		**10,739,849**	7,773,315
Lease liabilities		**159,694**	–
Borrowings	*12*	**31,891,998**	16,965,694
Other payables		**27,011,322**	19,917,262
Derivative financial instruments		**82,807**	–
		123,768,389	96,409,907

	Notes	**2019**	2018
		RMB'000	*RMB'000*
Net current assets		**66,819,001**	66,703,129
Total assets less current liabilities		**147,133,973**	132,618,133
Non-current liabilities			
Lease liabilities		**1,226,605**	–
Borrowings	*12*	**85,303,554**	91,800,258
Other payable		**10,248**	–
Deferred tax liabilities		**4,886,993**	4,478,563
		91,427,400	96,278,821
Net assets		**55,706,573**	36,339,312
EQUITY			
Share capital		**534,844**	533,389
Share premium		**5,546,561**	6,168,607
Reserves		**19,634,942**	14,938,114
Equity attributable to owners of the Company		**25,716,347**	21,640,110
Non-controlling interests		**29,990,226**	14,699,202
Total equity		**55,706,573**	36,339,312

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

Kaisa Group Holdings Ltd. (the "**Company**") was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands.

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

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

These consolidated financial statements are presented in Renminbi ("**RMB**"), the currency of the primary economic environment in which most of the group entities operate (the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand ('000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 31 March 2020.

2. STATEMENT OF COMPLIANCE

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

2.1 New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2019

In the current year, the Group has applied for the first time the following new and amended standards issued by HKICPA, which are relevant to the Group's operations and effective for the consolidated financial statements for the annual period beginning on 1 January 2019:

HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in an Associate or Joint Venture
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC) – Int. 23	Uncertainty over Income Tax Treatments

Other than HKFRS 16 "Leases" as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior years have been prepared and presented.

HKFRS 16 "Leases"

HKFRS 16 "Leases" replaces HKAS 17 "Leases" along with three Interpretations (HK(IFRIC) – Int. 4 "Determining whether an Arrangement contains a Lease", HK(SIC) – Int. 15 "Operating Leases – Incentives" and HK(SIC) – Int. 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current year. Prior years have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC) – Int. 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC) – Int. 4.

As a Lessee

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The discounting effects of refundable rental deposits paid included in "debtors, deposits and other receivables" at transition were considered as additional lease payments and adjusted to the cost of corresponding right-of-use assets. Besides, liabilities included in "other payables" accrued for leases of properties in which the lessors provided rent-free period were adjusted to the cost of corresponding right-of-use assets at transition.

The Group has already recognised the prepaid lease payments for leasehold land where the Group is a lessee. The application of HKFRS 16 does not have impact on these assets except for the whole balance is now presented as "Land use rights" under non-current assets.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to HKFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 5.82% per annum.

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the opening balance for lease liabilities recognised at 1 January 2019:

	RMB'000
Total operating lease commitments disclosed at 31 December 2018 *(note 13(b))*	1,152,467
Less: commitments relating to lease exempt from capitalisation:	
– short-term lease with remaining lease term ended on or before 31 December 2019	(11,378)
Operating leases liabilities before discounting	1,141,089
Less: discounting using incremental borrowing rate as at 1 January 2019	(341,922)
Total lease liabilities recognised at 1 January 2019	799,167
Classified as:	
Current lease liabilities	110,519
Non-current lease liabilities	688,648
	799,167

The remaining contractual maturities of the Group's lease liabilities at the date of transition to HKFRS 16 are as follows:

	As at 1 January 2019	
	Present value of the minimum lease payments	**Total minimum lease payments**
	RMB'000	*RMB'000*
Within 1 year	110,519	157,479
After 1 year but within 2 years	88,248	128,950
After 2 years but within 5 years	171,283	268,300
After 5 years	429,117	586,360
	688,648	983,610
	799,167	1,141,089

As a Lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for lease in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position at 1 January 2019:

	RMB'000
Increase in right-of-use assets (non-current assets)	799,167
Increase in lease liabilities (current liabilities)	(110,519)
Increase in lease liabilities (non-current liabilities)	(688,648)

2.2 Issued but not yet effective HKFRSs

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

		Effective for the accounting period beginning on or after
Amendments to HKFRS 3	Definition of a business	1 January 2020 *(note)*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Note: Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 3 "Definition of a business"

The amendments narrowed and clarified the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify that a business is considered as an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Guidance and illustrative examples are provided to help entities assess whether a substantive process has been acquired;

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;

- add an optional concentration test that permits simplified assessment of whether an acquired set of activities and assets is not a business; and

- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

Amendments to HKFRS 3 is effective for annual reporting period beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments clarify the definition of material and state that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Materiality depends on nature or magnitude of information or both.

The amendments also:

- introduce the concept of obscuring information when considering materiality and provide some examples of circumstances that may result in material information being obscured;

- clarify that materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions by replacing the threshold "could influence" with "could reasonably be expected to influence" in the definition of material; and

- clarify that materiality assessment will need to take into account of information provided to primary users of general purpose financial statements (i.e. existing and potential investors, lenders and other creditors that rely on general purpose financial statements for much of the financial information they need).

Amendments to HKAS 1 and HKAS 8 are effective for annual reporting period beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on these consolidated financial statements.

3. SEGMENT INFORMATION

The chief operating decision-maker ("**CODM**") has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each single operating segment based on a measure of segment results. Fair value loss of financial derivatives, net fair value gain/loss on financial assets at fair value through profit or loss ("**FVTPL**"), net gain on repurchase of senior notes, corporate and other unallocated expenses, finance income, finance costs and income tax expenses are not included in the result for each operating segment.

The CODM identified the segments based on the nature of business operations. Specifically, the CODM assessed the performance of property development, property investment, property management services, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation operation and regarded these being the reportable segments. The healthcare business was insignificant to present as a separate segment and grouped under other operating segments.

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

Revenue for the year ended 31 December 2019 consists of the following:

	2019	2018
	RMB'000	*RMB'000*
Sales of properties		
– Completed properties held for sale	**40,451,657**	29,766,932
– Properties under development/proposed development project	**3,396,987**	6,313,620
	43,848,644	36,080,552
Rental income	**455,728**	278,592
Property management services	**912,299**	516,221
Hotel and catering operations	**276,862**	249,932
Cinema, department store and cultural centre operations	**664,433**	491,099
Water-way passenger and cargo transportation	**869,842**	810,634
Others	**993,877**	277,937
	48,021,685	38,704,967

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2019 is as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000*	Water-way passenger and cargo transportation *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue	43,848,644	639,332	1,356,640	309,451	723,285	897,369	2,298,426	50,073,147
Less: inter-segment revenue	–	(183,604)	(444,341)	(32,589)	(58,852)	(27,527)	(1,304,549)	(2,051,462)
Revenue from external customers	43,848,644	455,728	912,299	276,862	664,433	869,842	993,877	48,021,685
Revenue from contracts with customers								
– recognised at a point in time	41,836,893	–	–	–	–	563,360	–	42,400,253
– recognised over time	2,011,751	–	912,299	276,862	664,433	306,482	993,877	5,165,704
Revenue from other sources								
– rental income	–	455,728	–	–	–	–	–	455,728
	43,848,644	455,728	912,299	276,862	664,433	869,842	993,877	48,021,685
Segment results before net gain on disposals of subsidiaries, net gain on deemed disposals of subsidiaries, fair value gain on investment properties and share of results of associates and joint ventures	7,610,242	(94,426)	212,451	(85,339)	(468,853)	193,706	(535,241)	6,832,540
Net gain on disposals of subsidiaries	245,581	–	–	–	–	–	–	245,581
Net gain on deemed disposals of subsidiaries	2,460,638	–	–	–	–	–	–	2,460,638
Fair value gain of investment properties	–	178,419	–	–	–	–	–	178,419
Share of results of associates	95,002	–	–	–	–	–	(2,383)	92,619
Share of results of joint ventures	(180,128)	–	(412)	–	–	–	(17,157)	(197,697)
Segment results	10,231,335	83,993	212,039	(85,339)	(468,853)	193,706	(554,781)	9,612,100
Fair value loss of financial derivatives								(82,191)
Net fair value gain on financial assets at FVTPL								1,380,931
Net gain on repurchase of senior notes								178,438
Corporate and other unallocated expenses								(586,673)
Finance income								580,269
Finance costs								(1,615,271)
Finance costs – net *(note 5)*								(1,035,002)
Profit before income tax								9,467,603
Income tax expenses *(note 6)*								(5,303,595)
Profit for the year								4,164,008

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Other information:									
Depreciation									
– property, plant and equipment *(note 4)*	80,056	4,463	6,582	25,110	7,106	43,055	22,992	827	189,691
– right-of-use assets *(note 4)*	52,559	6,043	2,020	7,938	11,859	4,547	97,915	–	182,881
Amortisation of intangible assets *(note 4)*	–	–	819	–	251,021	–	91,050	–	342,890
Amortisation of land use rights *(note 4)*	8,515	–	–	7,898	1,745	–	–	–	18,158
Loss on disposal of investment properties	–	193,825	–	–	–	–	–	–	193,825
Loss on disposal of deposits for land acquisitions	40,753	–	–	–	–	–	–	–	40,753
Impairment loss on interest in an associate	252,016	–	–	–	–	–	–	–	252,016
Impairment loss on goodwill	–	–	–	–	–	–	203,931	–	203,931
Impairment loss on intangible assets	–	–	–	–	–	–	473,361	–	473,361
Write-down of completed properties held for sale and properties under development	367,737	–	–	–	–	–	–	–	367,737
Written off of intangible assets	–	–	–	–	22,230	–	–	–	22,230

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	634,693,133	44,219,135	5,500,989	4,606,920	4,199,238	27,786,843	8,166,274	(468,077,226)	261,095,306
Unallocated									9,807,056
Total assets									270,902,362
Segment liabilities	486,880,843	6,447,349	3,065,795	4,199,199	5,118,559	20,494,836	4,757,522	(428,198,664)	102,765,439
Unallocated									112,430,350
Total liabilities									215,195,789
Other information:									
Capital expenditure*	5,140	1,164,626	7,339	9,198	340,681	120,785	173,770	–	1,821,539
Investments in associates	2,668,593	–	–	–	–	–	3,022,504	–	5,691,097
Investments in joint ventures *(note 9(b))*	2,326,022	–	2,520	–	–	–	60,000	–	2,388,542

* *Capital expenditure consists of additions of property, plant and equipment. investment properties, intangible assets, land use rights excluding assets from acquisitions of subsidiaries.*

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2018 is as follows:

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Total RMB'000
Revenue	36,080,552	355,253	948,587	284,014	525,184	833,696	962,829	39,990,115
Less: inter-segment revenue	–	(76,661)	(432,366)	(34,082)	(34,085)	(23,062)	(684,892)	(1,285,148)
Revenue from external customers	36,080,552	278,592	516,221	249,932	491,099	810,634	277,937	38,704,967
Revenue from contracts with customers								
– recognised at a point in time	30,586,932	–	–	–	–	516,140	–	31,103,072
– recognised over time	5,493,620	–	516,221	249,932	491,099	294,494	277,937	7,323,303
Revenue from other sources								
– rental income	–	278,592	–	–	–	–	–	278,592
	36,080,552	278,592	516,221	249,932	491,099	810,634	277,937	38,704,967
Segment results before fair value gain of investment properties, net gain on deemed disposals of subsidiaries, share of results of associates and joint ventures	7,516,709	157,920	100,144	(66,593)	(306,569)	209,450	(222,785)	7,388,276
Net gain on deemed disposals of subsidiaries	2,912,593	–	–	–	–	–	–	2,912,593
Fair value gain of investment properties	–	212,374	–	–	–	–	–	212,374
Share of results of associates	282,202	–	–	–	–	–	(42,289)	239,913
Share of results of joint ventures	(49,645)	–	–	–	–	–	919	(48,726)
Segment results	10,661,859	370,294	100,144	(66,593)	(306,569)	209,450	(264,155)	10,704,430
Net fair value loss on financial assets at FVTPL								(271,276)
Net gain on repurchase of senior note								142,745
Corporate and other unallocated expenses								(633,227)
Finance income								402,511
Finance costs								(2,573,298)
Finance costs – net *(note 5)*								(2,170,787)
Profit before income tax								7,771,885
Income tax expenses *(note 6)*								(4,477,629)
Profit for the year								3,294,256

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Other information:									
Depreciation *(note 4)*	104,536	5,119	3,880	22,838	11,476	38,955	11,400	1,466	199,670
Amortisation of intangible assets *(note 4)*	–	–	1,316	–	119,323	–	57,689	–	178,328
Amortisation of land use rights *(note 4)*	16,222	–	–	7,423	2,143	–	–	–	25,788
Loss on disposal of investment properties	–	7,102	–	–	–	–	–	–	7,102
Impairment loss on interest in an associate	–	–	–	–	–	–	658,685	–	658,685
Waiver of other payables	–	–	–	–	–	–	(406,326)	–	(406,326)
Write-down of completed properties held for sale and properties under development	220,178	–	–	–	–	–	–	–	220,178
Written off of intangible assets	–	–	–	–	7,654	–	–	–	7,654

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	426,400,365	37,780,959	4,058,636	4,290,435	2,376,480	24,518,165	1,262,151	(280,473,611)	220,213,580
Unallocated									8,814,460
Total assets									229,028,040
Segment liabilities	331,132,956	6,623,833	2,426,885	3,965,223	3,274,999	17,578,090	3,348,064	(252,153,763)	116,196,287
Unallocated									76,492,441
Total liabilities									192,688,728
Other information:									
Capital expenditure*	56,412	3,529,263	301	449	92,098	109,897	131,206	–	3,919,626
Investments in associates	1,628,382	–	–	–	–	–	596,486	–	2,224,868
Investments in joint ventures *(note 9(b))*	339,100	–	–	–	–	–	–	–	339,100

* *Capital expenditure consists of additions of property, plant and equipment, investment properties, intangible assets, land use rights excluding assets from acquisitions of subsidiaries.*

For the years ended 31 December 2019 and 31 December 2018, none of the Group's customer accounted for more than 10% of the Group's total revenue.

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

As at 31 December 2019, segment assets of property development segment and others segment included the investments in associates accounted for using the equity method totalling approximately RMB5,770,634,000 and RMB6,148,155,000 (2018: RMB3,944,592,000 and RMB3,128,230,000) respectively. In addition, the segment assets of property development segment, property management segment and other segment included the investments in joint ventures accounted for using the equity method totalling RMB14,030,585,000, RMB2,108,000 and RMB59,632,000 (2018: RMB8,670,538,000, nil and RMB6,614,000) respectively.

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

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

4. EXPENSES BY NATURE

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

	2019	2018
	RMB'000	*RMB'000*
Auditor's remunerations		
– Audit services	**7,000**	6,000
– Non-audit services	**2,800**	2,500
Advertising and other promotional costs	**655,115**	504,726
Agency fee	**644,043**	310,920
Amortisation of land use rights	**18,158**	25,788
Amortisation of intangible assets *(note 10)*	**342,890**	178,328
Bank charges	**16,092**	64,161
Cost of properties sold	**31,096,871**	25,309,550
Depreciation		
– property, plant and equipment	**189,691**	199,670
– right-of-use assets	**182,881**	–
Direct operating expenses arising from		
– investment properties	**97,561**	42,594
– property management services	**577,056**	297,161
– hotel and catering operations	**107,518**	73,514
– cinema, department store, and cultural centre operations	**564,918**	264,301
– water-way passenger and cargo transportation	**635,350**	565,156
Donations	**188,044**	81,252
Entertainment	**99,717**	101,893
Legal and professional fees	**565,220**	257,874
Office expenses	**191,717**	165,255
Minimum lease payments under operating leases *(note)*	**11,378**	57,171
Others	**943,913**	744,994
Other taxes	**465,997**	298,867
Staff costs – including directors' emoluments	**1,888,554**	1,841,222
Travelling	**46,121**	46,856
	39,538,605	31,439,753

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

5. FINANCE COSTS – NET

	2019	2018
	RMB'000	*RMB'000*
Finance income		
Interest income on bank deposits	**377,317**	208,600
Interest income from associates	**3,337**	3,535
Interest income from loans to third parties	**199,615**	190,376
	580,269	402,511
Finance costs		
Interest expense		
– Bank borrowings	**3,928,097**	3,755,861
– Senior Notes	**5,062,042**	3,007,885
– Convertible Bonds	**93,632**	–
– Other borrowings	**1,721,120**	2,253,666
– Lease liabilities	**71,678**	–
Total interest expense	**10,876,569**	9,017,412
Less: interest capitalised *(note)*	**(10,077,795)**	(7,968,385)
	798,774	1,049,027
Net exchange losses	**816,497**	1,524,271
	1,615,271	2,573,298
Finance cost – net	**(1,035,002)**	(2,170,787)

Note: The capitalisation rate of borrowings is 11.32% (2018: 13.62%) for the year.

6. INCOME TAX EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**2,466,161**	2,687,318
– PRC land appreciation tax	**2,559,899**	2,505,458
Deferred income tax	**277,535**	(715,147)
	5,303,595	4,477,629

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax. The group companies in the British Virgin Islands ("**BVI**") were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for the years ended 31 December 2019 and 2018 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

PRC withholding income tax

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

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2018: 25%).

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

7. DIVIDEND

(a) Dividends attributable to the year

	2019	2018
	RMB'000	*RMB'000*
2019 interim dividends declared of HK3.0 cents (2018: HK3.0 cents) per share	**165,961**	153,530
Proposed 2019 final dividend of HK10 cents (2018: HK9.0 cents) per share	**545,262**	478,683

An interim dividend of HK3.0 cents (equivalent to approximately RMB2.53 cents) per share during the year ended 31 December 2019 was approved at the extraordinary general meeting. The aggregate amount of interim dividend declared from share premium of the Company amounted to HK$182,495,000 (equivalent to approximately RMB165,961,000) (2018: HK$182,102,000 (equivalent to approximately RMB153,530,000)).

The Board recommended the payment of a 2019 final dividend of HK10.0 cents (equivalent to approximately RMB8.96 cents) per share, totalling HK$608,687,000 (equivalent to approximately RMB545,262,000). Such dividend is to be approved by the shareholders at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

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

	2019	2018
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, of HK9.0 cents (2018: HK11.8 cents) per share	**478,683**	603,729

A final dividend in respect of the year ended 31 December 2018 of HK9.0 cents (equivalent to approximately RMB7.89 cents) per share with a scrip dividend alternative was approved at the annual general meeting on 14 June 2019 (2018: a final dividend in respect of the year ended 31 December 2017 of HK11.8 cents (equivalent to RMB9.95 cents) per share). The aggregate amount of final dividend declared from share premium of the Company amounted to approximately HK$546,317,000 (equivalent to approximately RMB478,683,000 (2018: HK$716,082,000 (equivalent to approximately RMB603,729,000)).

8. EARNINGS PER SHARE

(a) Basic

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

	2019	2018
Profit attributable to owners of the Company *(RMB'000)*	**4,594,265**	2,750,206
Weighted average number of ordinary shares in issue	**6,079,445,127**	6,067,118,267
Basic earnings per share *(RMB)*	**0.756**	0.453

The calculation of basic earnings per share is based on the Group's profits attributable to owners of the Company of RMB4,594,265,000 (2018: RMB2,750,206,000) and the weighted average number of 6,079,445,127 (2018: 6,067,118,267) ordinary shares, after adjusting for the issue of shares on exercise of share options during the year ended 31 December 2019.

(b) Diluted

	2019	2018
	RMB	*RMB*
Profit attributable to owners of the Company *(RMB'000)*	**4,594,265**	2,750,206

	2019	2018
Weighted average number of ordinary shares in issue during the year	**6,079,445,127**	6,067,118,267
Effect of issue of shares under:		
– Adjustment for share options scheme	**29,625,471**	45,258,367
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**6,109,070,598**	6,112,376,634
Diluted earnings per share *(RMB)*	**0.752**	0.450

Diluted earnings per share for the year ended 31 December 2019 is calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion of all dilutive potential ordinary shares (share options).

The Company's dilutive potential ordinary shares consist of share options and convertible bonds. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average 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.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investments in associates

	2019	2018
	RMB'000	*RMB'000*
Cost of investments in associates, less accumulated impairment		
– Listed	**4,204,258**	2,020,256
– Unlisted	**7,594,921**	4,843,875
Share of post-acquisition profit and other comprehensive profit, net of dividend received	**119,610**	208,691
	11,918,789	7,072,822
Fair value of listed investments	**2,732,836**	1,134,144

As at 31 December 2019, the fair value of the Group's interests in associates Nam Tai Property Inc., Guangdong Kaisa Jiayun Technology Co., Ltd. and Southern Shuanglin Bio-pharmacy Co., Ltd. (previously known as Zhenxing Bio pharmaceutical & Chemical Co., Ltd.), which are listed in the New York Stock Exchange, Shenzhen Stock Exchange and Shenzhen Stock Exchange was RMB551,463,000, RMB546,313,000 and RMB1,635,060,000 (2018: RMB547,535,000, RMB586,609,000 and nil) respectively based on the market prices available on the respective stock exchanges, which is level 1 input in terms of HKFRS 13, Fair value measurement.

(b) Investments in joint ventures

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**8,677,152**	6,818,118
Additions	**12,720**	339,100
Transfer from subsidiaries	**3,224,328**	1,568,660
Capital injection to joint ventures *(note)*	**2,375,822**	–
Share of results of joint ventures	**(197,697)**	(48,726)
At 31 December	**14,092,325**	8,677,152

Note: The Group entered into an agreement with other investors to inject capital into joint venture, Guangdong Jiasheng Property Development Co., Ltd. The Group contributed RMB2,225,806,000 to this joint venture during the year ended 31 December 2019. The remaining capital injection represented the Group had injected capital of RMB150,016,000 into certain joint ventures.

10. GOODWILL AND INTANGIBLE ASSETS

	Goodwill *RMB'000*	Contracts with sports players *RMB'000*	Trademarks and patent *RMB'000*	Customer relationship *RMB'000*	Technology *RMB'000*	Distribution network *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost								
At 1 January 2018	332,379	473,258	23,600	59,700	8,440	497,400	7,895	1,402,672
Additions	–	85,024	9	–	–	–	–	85,033
Written off	–	(28,943)	–	–	–	–	–	(28,943)
At 31 December 2018 and 1 January 2019	**332,379**	**529,339**	**23,609**	**59,700**	**8,440**	**497,400**	**7,895**	**1,458,762**
Acquisition of subsidiaries	**516,701**	**–**	**288,032**	**51,399**	**–**	**–**	**–**	**856,132**
Additions	**–**	**319,210**	**–**	**–**	**–**	**–**	**–**	**319,210**
Written off	**–**	**(27,430)**	**–**	**–**	**–**	**–**	**–**	**(27,430)**
At 31 December 2019	**849,080**	**821,119**	**311,641**	**111,099**	**8,440**	**497,400**	**7,895**	**2,606,674**
Accumulated amortisation and impairment								
At 1 January 2018	–	196,435	–	–	–	–	–	196,435
Amortisation – expensed in administrative expenses *(note 4)*	–	119,323	2,126	8,408	2,344	44,811	1,316	178,328
Written off	–	(21,289)	–	–	–	–	–	(21,289)
At 31 December 2018 and 1 January 2019	**–**	**294,469**	**2,126**	**8,408**	**2,344**	**44,811**	**1,316**	**353,474**
Amortisation – expensed in administrative expenses *(note 4)*	**–**	**251,021**	**31,781**	**12,114**	**2,344**	**44,811**	**819**	**342,890**
Impairment charge for the year	**203,931**	**–**	**19,348**	**42,483**	**3,752**	**407,778**	**–**	**677,292**
Written off	**–**	**(5,200)**	**–**	**–**	**–**	**–**	**–**	**(5,200)**
At 31 December 2019	**203,931**	**540,290**	**53,255**	**63,005**	**8,440**	**497,400**	**2,135**	**1,368,456**
Net carrying amounts								
At 31 December 2019	**645,149**	**280,829**	**258,386**	**48,094**	**–**	**–**	**5,760**	**1,238,218**
At 31 December 2018	332,379	234,870	21,483	51,292	6,096	452,589	6,579	1,105,288

11. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

Trade debtors mainly arise from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade debtors based on contractual terms as at the respective reporting dates is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 90 days	**894,543**	730,411
Over 90 days and within 180 days	**37,554**	24,598
Over 181 days and within 270 days	**270,500**	50,376
Over 271 days and within 365 days	**22,999**	5,841
Over 365 days	**119,926**	221,527
	1,345,522	1,032,753
Less: allowance for impairment	**(72,472)**	(23,470)
	1,273,050	1,009,283

12. BORROWINGS

	2019	2018
	RMB'000	*RMB'000*
Borrowings included in current liabilities:		
Senior Notes	**3,663,743**	2,963,540
Bank borrowings – secured	**19,263,692**	2,893,985
Bank borrowings – unsecured	**1,167,308**	1,629,373
Other borrowings – secured	**6,492,249**	4,490,557
Other borrowings – unsecured	**1,191,225**	3,638,908
Loan from a related company	**108,781**	108,781
Loans from associates	**5,000**	1,240,550
	31,891,998	16,965,694
Borrowings included in non-current liabilities:		
Senior Notes	**52,755,120**	36,763,326
Convertible Bonds	**699,900**	–
Bank borrowings – secured	**17,243,728**	34,902,751
Bank borrowings – unsecured	**2,343,930**	6,510,020
Other borrowings – secured	**9,692,786**	12,407,961
Other borrowings – unsecured	**2,568,090**	1,216,200
	85,303,554	91,800,258
Total borrowings	**117,195,552**	108,765,952

13. COMMITMENTS

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

	2019	2018
	RMB'000	*RMB'000*
Contracted but not provided for		
– Acquisitions/construction of property, plant and equipment	**69,257**	100,178
– Acquisitions of land use rights and property development activities	**34,429,933**	35,376,964
– Acquisitions of subsidiaries	**22,598**	863,328
– Acquisition of an associate and a joint venture	**671,863**	1,878,239
	35,193,651	38,218,709

(b) Operating lease commitments

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

	2019	2018
	RMB'000	*RMB'000*
Not later than one year	**6,441**	167,967
Later than one year and not later than five years	**–**	398,140
Later than five years	**–**	586,360
	6,441	1,152,467

(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:

	2019	2018
	RMB'000	*RMB'000*
Not later than one year	**211,320**	174,899
Later than one year and not later than five years	**480,563**	532,408
Later than five years	**182,316**	227,787
	874,199	935,094

14. EVENTS AFTER REPORTING PERIOD

(i) After the outbreak of novel Coronavirus Disease 2019 ("**COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of consolidated financial statements were authorised for issue, the Group was not aware of material adverse effects on the consolidated financial statements as a result of the COVID-19 outbreak.

(ii) On 8 January 2020, the Company issued senior notes with a principal amount of US$500,000,000 (approximately RMB3,488,100,000) due 2025. The senior notes are interest-bearing at 10.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 15 January 2025.

(iii) On 15 January 2020, the Company issued senior notes with a principal amount of US$300,000,000 (approximately RMB2,092,860,000) due 2025. The senior notes are interest-bearing at 9.95% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 July 2025.

(iv) On 13 February 2020, the Company issued senior notes with a principal amount of US$400,000,000 (approximately RMB2,790,480,000) due 2021. The senior notes are interest-bearing at 6.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 18 February 2021.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Kaisa Group Holdings Ltd. ("**Kaisa**" or the"**Company**", together with its subsidiaries, the "**Group**"), I hereby present to you the annual results of the Group for the year ended 31 December 2019 (the "**Year**") together with the comparative figures for the previous year.

RESULTS AND DIVIDEND

During the Year, the Group's revenue and gross profit increased significantly by approximately 24.1% and 24.3% to approximately RMB48,021.7 million and RMB13,830.1 million respectively, as compared to 2018. Profit for the year attributable to owners of the Company and basic earnings per share increased substantially by approximately 67.1% and 66.9% to RMB4,594.3 million and RMB75.6 cents respectively, as compared to 2018. Core net profit attributable to owner of the Company (excluding net gain on repurchase of senior notes, net fair value gain of financial assets at fair value through profit or loss, net exchange losses, loss on disposal of investment properties, fair value gain of investment properties and fair value loss of financial derivatives, and net of respective deferred tax) increased by 2.7% to approximately RMB4,303.4 million in 2019 from approximately RMB4,190.3 million in 2018.

The Board recommended payment of a final dividend of HK10 cents per share for the year ended 31 December 2019 (2018: HK9.0 cents per share). Such dividend is to be approved by the shareholders at the forthcoming annual general meeting (the "**AGM**").

BUSINESS REVIEW

Property Market and Policies

In 2019, China's gross domestic product (GDP) increased by 6.1% to RMB99.0865 trillion from the previous year. The national economy maintained overall stability and made steady progress. The sales of commodity housing grew by 6.5% year on year to RMB15.9725 trillion, while the saleable area decreased slightly by 0.1% to 1,715.58 million sq.m..

During the Year, in the face of the impacts on China's economy brought by US-China trade tensions, the Chinese Government upheld its principle of "housing is for living in, not for speculation", and expressly stated that it would not use the property sector as a short-term stimulus for the economy. Under the stable policy environment, local governments also proactively regulated their respective property markets in a timely manner based on the local conditions, to ensure that local property markets are within a reasonable range.

Contracted Sales

During the Year, property market momentum in the first-tier and major second-tier cities in which the Group has established presence was robust in general. Leveraging its good reputation in the regional markets as well as its ever-enhancing product competitiveness, Kaisa satisfied the rigid demands of home buyers and upgraders with high quality products and services. For the year ended 31 December 2019, the Group's attributable contracted sales surged by 26% year on year to approximately RMB88,120 million. According to the "2019 Chinese Property Developers" jointly published by China Real Estate Information Corp ("**CRIC**") and China Real Estate Appraisal Center, the Group ranked 27th in terms of attributable contracted sales value, up by 10 places from 37th as at the end of 2018.

Benefiting from the central government's policies in respect of the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**") and the pilot demonstration area of Shenzhen, the Greater Bay Area market remained as the major contributor to the Group's sales during the Year, accounting for more than 60% of contracted sales. As a leading enterprise in the urban renewal market in the Greater Bay Area, Kaisa capitalised on its premium resources in urban renewal and supplied the Group with quality urban renewal projects, which has laid a solid foundation for the growth of its sales volume. During the Year, Kaisa's urban renewal projects such as Shenzhen Yantian City Plaza, Shenzhen Pinghu Kaisa Plaza, Shenzhen Kaisa Future City, Shenzhen Kaisa Dongmen New World and Shenzhen Bantian Kaisa City Plaza achieved satisfactory sales performance.

Land Bank

The Group continued to replenish its land bank through diversified channels. During the Year, the Group acquired a total of 30 parcels of land, with approximately 4,117,680 sq.m. of attributable gross floor area ("**GFA**"), for an aggregate attributable consideration of approximately RMB27,214 million. The figure also represented an average land cost of approximately RMB6,609 per sq.m.. In terms of the attributable GFA of such newly acquired lands, those in the Greater Bay Area, Central China and Yangtze River Delta accounted for 53%, 22% and 13% of the total newly acquired land bank of the Group, respectively. Of the newly acquired lands, those in first-tier cities accounted for 41% in terms of attributable consideration.

As of 31 December 2019, the Group had 176 real estate projects in 48 cities nationwide. The Group's land bank totaled approximately 26.8 million sq.m., of which 13.6 million sq.m are in the Greater Bay Area, accounting for 51% of the Group's overall land bank. The Group's land bank in Shenzhen and Guangzhou, which are the core markets that the Group has intensively developed over the years, accounted for 35% of its land bank in the Greater Bay Area.

It is worth noting that the Group won the bid for a parcel of land for residential use in Castle Peak Bay, Tuen Mun, Hong Kong at the beginning of this year, making the Group's first venture into Hong Kong's residential market. The land, adjacent to Hong Kong Gold Coast and Harrow International School Hong Kong with bright development prospect of infrastructure, is the first land sale launched by the HKSAR Government in 2020. The project occupied a site area of approximately 146,000 sq.ft., with a maximum permissible GFA of approximately 583,000 sq.ft., Currently, it takes a 20-minute drive from the project site to Shenzhen Bay, and a 30-minute drive to Central. After the opening of the Tuen Mun-Chek Lap Kok Link, driving from the project site to Hong Kong Airport and Hong Kong-Zhuhai-Macau Bridge will only take 15 minutes. Upgrading of transportation infrastructure in the region will enhance the interactions and synergies between the Group's businesses in different cities, further fortifying the Group's foothold in the Greater Bay Area.

Urban Renewal

With regards to urban renewal, Kaisa achieved great progress in converting urban renewal projects into land supply during the Year, successfully including six projects in Shenzhen, 1 project in Shanghai and 1 project in Huizhou into the Group's land bank. These six Shenzhen projects, located respectively in Futian, Longhua, Longgang, Bao'an and Guangming districts, enabled the Group to achieve full implementation of the urban renewal projects in all administrative divisions in Shenzhen. Urban renewal has become an important means of the Group to secure quality land resources in the first-tier and major second-tier cities.

In appreciation of Kaisa's efforts and contributions in the urban renewal sector over the years, the Group was granted "1st of TOP 10 Leading Brands of Chinese Comprehensive Real Estate Companies in 2019 – Urban Renewal" by the Development Research Center of the State Council, Real Estate Research Institute of Tsinghua University and China Index Academy in September 2019. The award is also a recognition to Kaisa's active participation in China's urbanisation through urban renewal business as well as its efforts in promoting urban industrial upgrading and enhancing the urban value.

Financing and Capital Market Management

In view of the initially loosened but subsequently tightened financing environment in 2019, the Group on one hand accelerated the collection of sales proceeds from property sales, and on the other hand, remained committed to its goal of lowering leverage that set at the beginning of the year. As at 31 December 2019, the Group's cash and bank deposits (including bank deposits, cash and bank balances and restricted cash) amounted to RMB36,978.0 million. And the Group's quick ratio (cash and bank borrowings/short-term borrowings) maintained at a satisfactory level of 1.1 times, reflecting its ample liquidity position.

In terms of onshore financing, the Group continued to expand the cooperation with regionally renowned joint-stock banks while deepening the cooperation with the existing banking partners. It also continued to explore new financing channels to improve debt structure, lower financing cost and reinforce its cashflow management. During the Year, the Group obtained approvals from the Shenzhen Stock Exchange to issue more than RMB11 billion worth of asset-backed securities ("**ABS**") and successfully issued ABS backed by income of shipping business, ABS secured by mortgage balloon payments and ABS linked to supply chain financing in an aggregate amount of RMB2.6 billion. The coupon rate of the aforesaid products ranged from 5.4% to 7.5% with a maturity of 1 to 4 years.

Regarding offshore financing, the Group was granted "B1", "B" and "B" issuer rating with a "Stable" outlook by Moody's Investor Services, Standard and Poor's Rating Services and Fitch Ratings, respectively, in May 2019. With its international credit ratings, the Group took advantage of the market conditions by swapping short-term bonds for long-term bonds in order to reduce its exposure to risks associated with short-term debts, rendering support to the rapid development of the Group. In particular, the transaction of the Group's US$400 million senior notes due 2022 issued in October 2019 under Securities Act Rule 144A was awarded "Best High-Yield Bond in 2019" by The Asset, an internationally renowned magazine. This issuance is not only the Group's first issuance of senior notes under Rule 144A since 2014, but also the first issuance of senior notes by a Chinese real estate enterprise under Rule 144A since 2015. The overwhelming response of this issuance also reflected the market's strong confidence in Kaisa. In February 2020, leveraging on the Group's prudential financial management and determination in reducing its financing cost, the Company successfully issued US$400 million 6.75% senior notes due 2021 to strengthen its capability to withstand adversity. Other than this, the Group has also established good business relations with offshore commercial banks. For example, the Group successfully obtained financial support for its newly acquired project in Tuen Mun, Hong Kong, which further strengthened the foundation for its offshore funding channels.

During the Year, the Group repurchased short-term senior notes in an aggregate amount of USD736 million through tender offer and buy back, in order to manage its debts in a proactive manner.

Prospects

Looking ahead, the outbreak of novel coronavirus is expected to exert pressure on the growth of the real estate market in the short run, the Group has made proactive preparations for adversity in light of the current conditions. Pursuant to the government policy, the Group has adjusted its project launch strategy, shifting away from centralized sales launch model. At the same time, the Group organized multiple forms of online marketing, including live streaming, proprietary sales platform wechat mini program, mobile app, and major third-party platforms to facilitate its consumers' housing transaction.

Despite short-term impacts brought by the coronavirus epidemic and volatile US-China trade relations could undermine the steady growth of China's economy, it is believed that the Chinese government will overcome the challenges facing society through a series of systematic reform as well as financial and monetary policies in the long run, and ultimately, will stabilise employment, finance, foreign trade, foreign capital, investment and expectations. At the same time, local governments will optimise their regulatory policies on certain districts, in order to stabilise the local economy and boost market confidence.

In view of the current market conditions, the Group will capture opportunities in land replenishment by prudently participating in bidding, auction and listing as well as acquisition and merger, in order to maintain solid cash flow. In the meantime, the Group will continue to strengthen its capital and budget management, optimise cost and expense management, and explore low-cost and diversified financing channels.

Acknowledgement

The steady development of the Group during the Year depended on the enormous support from the community, as well as the dedication and contribution of our staff members. On behalf of the Board, I would like to take this opportunity to extend my wholehearted gratitude to all shareholders, investors, business partners and customers of the Company for their trust and support. Kaisa Group will closely monitor the latest development of the health crisis. We believe that we can win this battle together by staying united and strong. We will also continue to work hard to fulfil or even exceed our goals so as to maximise the value and returns to our shareholders and investors.

KWOK Ying Shing
Chairman

Hong Kong, 31 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

During the year ended 31 December 2019, the Group recorded a turnover of approximately RMB48,021.7 million, representing an increase of 24.1% as compared with approximately RMB38,705.0 million in 2018. Profit for the year attributable to owners of the Company amounted to approximately RMB4,594.3 million, representing an increase of 67.1% as compared with 2018. The core net profit attributable to owners of the Company (excluding net gain on repurchases of senior notes, net fair value gain of financial assets at fair value through profit or loss, net exchange losses, loss on disposal of investment properties, fair value gain of investment properties and fair value loss of financial derivatives, and net of respective deferred tax) was amounted to approximately RMB4,303.4 million (2018: approximately RMB4,190.3 million). Basic earnings per share was amounted to RMB75.6 cents (2018: RMB45.3 cents).

The Board recommended the payment of a final dividend of HK10 cents per share. Such dividend is to be approved by the shareholders at the forthcoming annual general meeting (the "**AGM**") (2018: HK9.0 cents).

Contracted sales in 2019

In 2019, the Group's contracted sales amounted to approximately RMB88,120 million, representing an increase of 25.8% from 2018. Aggregated GFA sold for the year was 4,642,075 sq.m., representing an increase of 21.0% from 2018. Average selling price of the contracted sales in 2019 increased by 4.0% to RMB18,983 per sq.m. from RMB18,261 per sq.m. in 2018. The table below shows the Group's contracted sales by region in 2019:

Region	**Contracted sales area** *(sq.m.)*	**Contracted sales amount** *(RMB in millions)*
Pearl River Delta	1,830,981	53,641
Yangtze River Delta	427,689	7,724
Central China Region	584,395	9,226
Western China Region	614,681	5,751
Pan-Bohai Bay Rim	1,184,329	11,778
Total	**4,642,075**	**88,120**

Property development

Projects completed in 2019

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the Year, the GFA of newly completed projects of the Group amounted to approximately 3.17 million sq.m..

Projects under development

As at 31 December 2019, the Group had 81 projects under development with an aggregate of GFA of approximately 13.94 million sq.m..

Property management

The Group generated revenue from providing property management services. During the year ended 31 December 2019, the Group managed a total GFA of approximately 46.2 million sq.m.. The Group's property management is striving to deliver excellent and professional services to its customers and enhance brand and corporate image. As of 31 December 2019, the Group's property services penetrated into nearly 42 cities nationwide, covering residential, commercial, office, tourism and large-scale stadiums.

Investment properties

The Group adopts a diversified business strategy, characterised by its increase in property investment. The portfolio of investment properties will generate steady and reliable income and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 31 December 2019, the Group held 21 investment property projects, with an aggregate GFA of approximately 1.24 million sq.m., including completed investment properties of GFA of approximately 0.54 million sq.m. for leasing purpose.

Land bank

The Group remained cautious in its replenishing land bank by making reference to the availability of land supply and its existing land bank in the regions. By ways such as acquisition, bidding, auction and listing as well as urban renewal, the Group continues to seek project resources in the regions where economy prospers. The Group acquired a total of 30 parcels of land or related interests. The aggregate attributable consideration for land acquisition amounted to approximately RMB27,214 million, and the average land cost attributable to the total GFA per unit was approximately RMB6,609 per sq.m.. The total attributable GFA per maximum allowed plot ratio attributable to the Group was approximately 4,117,680 sq.m..

As at 31 December 2019, the Group had a total land bank of approximately 26.8 million sq.m. and approximately 50.7% of land bank was located in the Greater Bay Area. The current land bank is sufficient for the Group's development needs for the next five years.

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

Time of Acquisition	Location	Attributable Interest	Site Area (sq.m.)	Attributable Capacity Building Area (sq.m.)	Attributable Consideration (RMB in millions)	Type
February 2019	Suzhou, Jiangsu	100%	32,006	48,008	891	Residential
February 2019	Hangzhou, Zhejiang	50%	19,175	19,175	316	Residential
April 2019	Qingyuan, Guangdong	100%	343,749	1,183,327	4,661	Residential
April 2019	Xiangan, Hubei	70%	218,814	183,804	47	Industrial
April 2019	Dalian, Liaoning	100%	24,334	85,169	270	Residential
April 2019	Nanjing, Jiangsu	100%	65,697	144,535	940	Residential
April 2019	Nanjing, Jiangsu	51%	73,686	52,612	607	Residential
May 2019	Dongguan, Guangdong	51%	38,096	48,572	529	Residential
May 2019	Chongqing	100%	41,724	104,311	1,050	Residential
June 2019	Guangzhou, Guangdong	100%	47,626	94,960	1,485	Residential
June 2019	Foshan, Guangdong	100%	31,017	93,052	1,163	Residential
June 2019	Wuhan, Hubei	100%	56,900	142,252	538	Residential
June 2019	Shenzhen, Guangdong	70%	9,467	29,820	830	Residential
June 2019	Shanghai	90%	126,923	192,164	2,790	Residential
July 2019	Changsha, Hunan	51%	53,486	120,532	365	Residential and Commercial
July 2019	Guangzhou, Guangdong	100%	17,746	44,364	612	Residential
July 2019	Luoyang, Henan	32%	210,884	188,011	807	Residential
August 2019	Shenzhen, Guangdong	100%	9,321	46,176	790	Residential and Commercial
August 2019	Huizhou, Guangdong	33%	48,179	55,647	156	Residential
August 2019	Huizhou, Guangdong	100%	17,392	78,264	175	Residential
August 2019	Zhuhai, Guangdong	100%	74,729	129,260	434	Residential
August 2019	Chongqing	100%	126,443	252,887	946	Residential
August 2019	Shenyang, Liaoning	51%	12,874	52,524	169	Residential
October 2019	Wuhan, Hubei	100%	129,191	258,382	961	Residential
October 2019	Shenzhen, Guangdong	80%	35,239	120,656	2,223	Residential
November 2019	Shenzhen, Guangdong	100%	6,033	66,600	533	Residential and Commercial
November 2019	Huizhou, Guangdong	51%	27,820	66,768	109	Residential
November 2019	Shenzhen, Guangdong	60%	28,842	83,292	1,666	Residential and Commercial
December 2019	Hefei, Anhui	49%	111,503	98,345	837	Residential
December 2019	Shenzhen, Guangdong	70%	7,590	34,213	315	Residential
			2,046,486	**4,117,680**	**27,214**	

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cinema, department store and cultural centre operations, (vi) water-way passenger and cargo transportation and (vii) others. Revenue increased by 24.1% to approximately RMB48,021.7 million in 2019 from approximately RMB38,705.0 million in 2018. 91.3% of the Group's revenue was generated from the sales of properties (2018: 93.2%) and 8.7% from other segments (2018: 6.8%).

Sales of properties

Revenue from sales of properties increased by approximately RMB7,768.1 million, or 21.5%, to approximately RMB43,848.6 million in 2019 from approximately RMB36,080.6 million in 2018. The increase was primarily attributable to an increase in the total delivered GFA from approximately 2,096,568 sq.m. in 2018 to approximately 2,547,961 sq.m. in 2019.

Rental income

Rental income increased by approximately RMB177.1 million, or 63.6%, to approximately RMB455.7 million in 2019 from approximately RMB278.6 million in 2018. The increase was primarily due to more GFA for rental.

Property management

Revenue from property management services increased by approximately RMB396.1 million, or 76.7%, to approximately RMB912.3 million in 2019 from approximately RMB516.2 million in 2018. This increase was primarily attributable to the increased GFA under property management.

Hotel and catering operations

Revenue from hotel and catering operations of the Group increased by approximately RMB27.0 million, or 10.8% to approximately RMB276.9 million in 2019 from approximately RMB249.9 million in 2018. This increase was mainly attributable to the business expansion in this segment.

Cinema, department store and cultural centre operations

Revenue from cinema, department store and cultural centre operations increased by approximately RMB173.3 million, or 35.3%, to approximately RMB664.4 million in 2019 from approximately RMB491.1 million in 2018. The increase was primarily attributable to the business expansion in this segment.

Water-way passenger and cargo transportation

Revenue from water-way passenger and cargo transportation increased by approximately RMB59.2 million, or 7.3%, to approximately RMB869.8 million in 2019 from approximately RMB810.6 million in 2018. The increase was primarily attributable to the business expansion in this segment.

Gross profit

As a result of the foregoing, the Group's gross profit increased by approximately RMB2,701.3 million, or 24.3%, to approximately RMB13,830.1 million in 2019 from approximately RMB11,128.8 million in 2018. The Group's gross profit margin remained unchanged in 2019 at 28.8%.

Net gain on deemed disposals of subsidiaries

The Group had recorded net gain on deemed disposals of subsidiaries of approximately RMB2,460.6 million in 2019 and approximately RMB2,912.6 million in 2018.

Selling and marketing costs

The Group's selling and marketing costs increased by approximately RMB733.7 million, or 58.1%, to approximately RMB1,996.2 million in 2019 from approximately RMB1,262.5 million in 2018. The increase in selling and marketing costs was in line with the increase in the Group's contracted sales for the year ended 31 December 2019.

Administrative expenses

The Group's administrative expenses increased by approximately RMB749.7 million, or 28.8%, to approximately RMB3,350.8 million in 2019 from approximately RMB2,601.1 million in 2018. The increase was mainly due to increase in legal and professional fees, donations and amortisation of intangible assets.

Fair value gain of investment properties

The fair value gain of the Group's investment properties decreased by approximately RMB34.0 million, or 16.0%, to approximately RMB178.4 million in 2019 from approximately RMB212.4 million in 2018. The decrease was mainly due to disposal of certain investment properties during the year ended 31 December 2019.

Fair value loss of financial derivatives

The Group recorded a loss arising from the changes in fair value of financial derivatives of approximately RMB82.2 million in 2019 and nil in 2018. The fair value loss of financial derivatives in 2019 was primarily attributable to the increase in fair value of financial derivatives component of convertible bonds issued in 2019 as result of the rise in share price of the Company.

Finance costs – net

The Group's net finance costs decreased by approximately RMB1,135.8 million or 52.3%, to approximately RMB1,035.0 million in 2019 from approximately RMB2,170.8 million in 2018. The decrease was mainly due to a decrease in exchange loss arised from the U.S. dollar denominated offshore financing as a result of the less depreciation of Renminbi against the U.S. dollar in 2019 as compared with 2018.

Income tax expenses

The Group's income tax expenses increased by approximately RMB826.0 million, or approximately 18.4%, to approximately RMB5,303.6 million in 2019 from approximately RMB4,477.6 million in 2018. The increase was primarily attributable to the increase in operating profit in 2019.

Profit for the year and total comprehensive income for the year

As a result of the foregoing, the Group's profit for the year and total comprehensive income for the year amounted to approximately RMB4,164.0 million and approximately RMB4,138.8 million, respectively. (2018: profit for the year and total comprehensive income for the year amounted to approximately RMB3,294.3 million and RMB3,300.9 million, respectively).

Liquidity, financial and capital resources

Cash position

As at 31 December 2019, the carrying amount of the Group's cash and bank deposits was approximately RMB36,978.0 million (31 December 2018: approximately RMB22,924.1 million), representing an increase of 61.3% as compared to that as at 31 December 2018. Certain property development companies of the Group placed a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 31 December 2019, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collateral amounted to approximately RMB6,016.5 million as at 31 December 2019 (31 December 2018: approximately RMB6,792.3 million).

Senior notes

During the year ended 31 December 2019, the Group issued 11.75% senior notes due 2021 with a principal amount of US$400 million in February 2019; 11.25% senior notes due 2022 with a principal amount of US$350 million in April 2019; 11.5% senior notes due 2023 with a principal amount of US$400 million in May 2019; 11.25% additional senior notes due 2022 with a principal amount of US$200 million in July 2019; 11.5% additional senior notes due 2023 with a principal amount of US$300 million in July 2019; 10.875% senior notes due 2023 with a principal amount of US$300 million in July 2019; 11.95% senior notes due 2022 with a principal amount of US$400 million in October 2019; 11.95% additional senior notes due 2022 with a principal amount of US$200 million in November 2019; 11.95% senior notes due 2023 with a principal amount of US$300 million in November 2019; and 10.875% additional senior notes due 2023 with a principal amount of US$150 million in November 2019.

During the year ended 31 December 2019, the Group repaid 12.0% senior notes due 2019 in principal amount of US$138.7 million on maturity in December 2019.

During the year ended 31 December 2019, the Group made on-market repurchase of 7.25% senior notes due 2020 with a principal amount of US$250 million in June 2019; 6.1% senior notes due 2019 with a principal amount of HK$1,162 million in August 2019; and 7.875% senior notes due 2021 with a principal amount of US$175 million in November 2019. In August 2019, the Group made a tender offer to repurchase 12 % senior notes due 2019 with a principal amount of US$161.3 million. The repurchased notes were cancelled accordingly.

Details of movement is set out below:

	6.1% senior notes due 2019	**12.0% senior notes due 2019**	**7.25% senior notes due 2020**	**7.875% senior notes due 2021**	**11.75% senior notes due 2021**	**11.25% senior notes due 2022**	**8.5% senior notes due 2022**	**11.95% senior notes due 2022**	**11.5% senior notes due 2023**	**10.875% senior notes due 2023**	**11.95% senior notes due 2023**	**9.375% senior notes due 2024**
	HK$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2019	1,162,000	300,000	790,000	575,000	–	–	1,147,000	–	–	–	–	3,051,500
New Issuance	–	–	–	–	400,000	550,000	–	600,000	700,000	450,000	300,000	–
Repayment upon maturity	–	(138,700)	–	–	–	–	–	–	–	–	–	–
Repurchase and cancellation	(1,162,000)	(161,300)	(250,000)	(175,000)	–	–	–	–	–	–	–	–
As 31 December 2019	–	–	540,000	400,000	400,000	550,000	1,147,000	600,000	700,000	450,000	300,000	3,051,500

Convertible bonds

During the year ended 31 December 2019, the Group issued 10.5% convertible bonds in an aggregate principal amount of US$100 million (equivalent to approximately HK$783 million) (the "**Convertible Bonds**"). The Convertible Bonds may be converted into conversion shares pursuant to the terms and conditions of the Convertible Bonds. Based on the adjusted conversion price of HK$4.82 per share and assuming full conversion of the Convertible Bonds at the initial conversion price, the Convertible Bonds will be convertible into 162,448,132 new shares.

Borrowings and charges on the Group's assets

As at 31 December 2019, the Group had aggregate borrowings of approximately RMB117,195.6 million, of which approximately RMB31,892.0 million will be repayable within 1 year, approximately RMB26,068.5 million will be repayable between 1 and 2 years, approximately RMB56,869.6 million will be repayable between 2 and 5 years and approximately RMB2,365.5 million will be repayable over 5 years.

As at 31 December 2019, the Senior Notes were secured by the share pledge of the Company's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Company. The Group's domestic bank loans carried a floating interest rate linking up with the base lending rate of the People's Bank of China. The Group's interest rate risk is mainly from the floating interest rate of domestic bank loans.

Key financial ratios

As at 31 December 2019, the Group had a leverage ratio (i.e. its net debts (total borrowings net of cash and bank balances, long-term and short-term bank deposits, and restricted cash) over total assets) of 29.6% (31 December 2018: 37.5%). The Group's net current assets increased by 0.2% from approximately RMB66,703.1 million as at 31 December 2018 to approximately RMB66,819.0 million as at 31 December 2019, the quick ratio (cash and bank deposits divided by short-term borrowings) decreased to 1.1 times as at 31 December 2019 from 1.3 times as at 31 December 2018, and the current ratio decreased to 1.5 times as at 31 December 2019 as compared to 1.7 times as at 31 December 2018.

Cost of borrowings

During the year ended 31 December 2019, the Group's total cost of borrowings (including net exchange losses) was approximately RMB1,035.0 million, representing a decrease of approximately RMB1,135.8 million or 52.3% as compared to the corresponding period in 2018. The decrease was primarily attributable to the decrease in the net exchange losses recorded in the year.

Foreign currency risks

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies which operate in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 31 December 2019, the Group had borrowings in US$ and HK$ with an aggregate carrying amount of approximately RMB64,156.7 million, which are subject to foreign currency exposure.

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

Financial guarantees

As at 31 December 2019, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB32,816.5 million (31 December 2018: approximately RMB30,587.4 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property.

These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

Employees and remuneration policy

As at 31 December 2019, the Group had approximately 15,300 employees (31 December 2018: approximately 14,200 employees). The related employees' costs (including the directors' remuneration) for the year ended 31 December 2019 amounted to approximately RMB1,888.6 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Company adopted the share option scheme on 22 November 2009. Further information of share option scheme has been set out in the annual report.

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. The Board is of the view that, for the year ended 31 December 2019, the Company complied with the code provisions on the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviation:

Due to their other important engagements, the non-executive Director of the Company, Ms. CHEN Shaohuan, was unable to attend the annual general meeting of the Company held on 14 June 2019.

Due to their other important engagements, the non-executive Director of the Company, Ms. CHEN Shaohuan, and the independent non-executive Directors of the Company, Mr. ZHANG Yizhao and Mr. LIU Xuesheng, were unable to attend the extraordinary general meeting of the Company held on 19 November 2019.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are non-executive Director and independent non-executive Directors of the Company, namely Ms. CHEN Shaohuan, Mr. RAO Yong and Mr. ZHANG Yizhao. Mr. RAO Yong is the Chairman of the Audit Committee.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2019.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees of the Group, who are likely to be in possession of inside information of the Company.

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

During the year ended 31 December 2019, the Group made on-market repurchase of 7.25% senior notes due 2020 with a principal amount of US$250 million in June 2019; 6.1% senior notes due 2019 with a principal amount of HK$1,162 million in August 2019; and 7.875% senior notes due 2021 with a principal amount of US$175 million in November 2019. In August 2019, the Group made a tender offer to repurchase 12 % senior notes due 2019 with a principal amount of US$161.3 million. The repurchased notes were cancelled accordingly.

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

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

DIVIDEND

The Directors recommended the declaration of a final dividend at the rate of HK10 cents per share, to all persons registered as holders of shares of the Company on Monday, 29 June 2020, subject to the approval of the shareholders of the Company at the forthcoming AGM of the Company. The final dividend will be paid on or about 6 August 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Thursday, 18 June 2020, the register of members of the Company will be closed on Monday, 15 June 2020 to Thursday, 18 June 2020, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 12 June 2020.

(b) For the purpose of determining shareholders of the Company who qualify for the final dividend, the register of members of the Company will be closed on Wednesday, 24 June 2020 to Monday, 29 June 2020, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 June 2020.

ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 18 June 2020 and a notice convening the AGM will be published and dispatched in the manner as required by the Listing Rules on the Stock Exchange in due course.

PUBLICATION OF THE 2019 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Annual Report for the year ended 31 December 2019 will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.kaisagroup.com in due course.

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

Hong Kong, 31 March 2020

As at the date of this announcement, the executive Directors are Mr. Kwok Ying Shing, Mr. Sun Yuenan, Mr. Zheng Yi, Mr. Mai Fan and Mr. Weng Hao; the non-executive Director is Ms. Chen Shaohuan; and the independent non-executive directors are Mr. Rao Yong, Mr. Zhang Yizhao and Mr. Liu Xuesheng.