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 2020

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2020 increased by 10.9% to approximately RMB22,296.8 million from the corresponding period in 2019.
- Gross profit for the six months ended 30 June 2020 increased by 12.4% to approximately RMB7,539.2 million whereas the gross profit margin for the period increased by 0.4 percentage points to 33.8% from the corresponding period in 2019.
- Profit for the six months ended 30 June 2020 amounted to approximately RMB2,358.7 million.
- Profit attributable to owners of the Company for the six months ended 30 June 2020 amounted to approximately RMB2,768.7 million.
- Core net profit attributable to owners of the Company (excluding net fair value loss on financial assets at fair value through profit or loss, net exchange losses, net fair value gain on investment properties, fair value gain on financial derivatives and net of respective deferred tax) amounted to RMB3,461.3 million, representing an increase of 25.7% as compared to the corresponding period in 2019.
- Contracted sales of the Group, together with its joint ventures and associated companies, increased by 3.9% to approximately RMB36,032 million.
- The Board recommended payment of an interim dividend of HK3 cents per share.

* *for identification purpose only*

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Kaisa Group Holdings Ltd. (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2020 together with the comparative figures for the corresponding period in 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Unaudited	
		Six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**22,296,842**	20,105,995
Cost of sales	*4*	**(14,757,655)**	(13,398,448)
Gross profit		**7,539,187**	6,707,547
Other losses, net		**(246,933)**	(314,136)
Net provisional gains on deemed disposals of subsidiaries		**325,873**	979,449
Selling and marketing costs	*4*	**(747,636)**	(730,644)
Administrative expenses	*4*	**(1,267,405)**	(1,323,494)
Net fair value gains on investment properties		**72,153**	390,345
Operating profit		**5,675,239**	5,709,067
Share of results of associates		**10,719**	(63,182)
Share of results of joint ventures		**76,168**	(122)
Fair value gain of financial derivatives		**62,076**	–
Finance income	*5*	**231,123**	224,226
Finance costs	*5*	**(1,295,903)**	(577,865)
Finance costs, net	*5*	**(1,064,780)**	(353,639)
Profit before income tax		**4,759,422**	5,292,124
Income tax expenses	*6*	**(2,400,721)**	(2,514,984)
Profit for the period		**2,358,701**	2,777,140
Profit/(Loss) for the period attributable to:			
Owners of the Company		**2,768,697**	2,837,222
Non-controlling interests		**(409,996)**	(60,082)
		2,358,701	2,777,140
Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB per share)			
– Basic	*7*	**0.456**	0.467
– Diluted	*7*	**0.455**	0.459

		Unaudited Six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Profit for the period		**2,358,701**	2,777,140
Other comprehensive loss for the period, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
Exchange loss on translation of foreign operations		**(13,743)**	(31,692)
Other comprehensive loss for the period, including reclassification adjustments		**(13,743)**	(31,692)
Total comprehensive income for the period		**2,344,958**	2,745,448
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**2,770,126**	2,822,823
Non-controlling interests		**(425,168)**	(77,375)
		2,344,958	2,745,448

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Notes	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Non-current assets			
Property, plant and equipment		**4,495,096**	4,819,506
Right-of-use assets		**560,172**	1,358,516
Investment properties		**35,960,300**	35,309,000
Land use rights		**730,195**	753,493
Investments in associates		**11,702,796**	11,918,789
Investments in joint ventures		**15,502,178**	14,092,325
Financial assets at fair value through profit or loss		**7,381,767**	7,807,357
Debtors, deposits and other receivables	*9*	**–**	553,500
Goodwill and intangible assets		**1,238,521**	1,238,218
Long-term bank deposits		**1,200,000**	1,600,000
Deferred tax assets		**1,093,338**	864,268
		79,864,363	80,314,972
Current assets			
Properties under development		**66,583,596**	63,674,746
Completed properties held for sale		**13,693,233**	13,003,874
Inventories		**294,318**	260,302
Deposits for land acquisition		**19,539,639**	19,891,354
Prepayments for proposed development projects		**30,072,551**	23,782,080
Debtors, deposits and other receivables	*9*	**40,803,365**	33,461,565
Prepaid taxes		**821,395**	1,092,397
Restricted cash		**5,561,782**	6,016,455
Financial assets at fair value through profit or loss		**1,484,387**	43,034
Short-term bank deposits		**1,649,947**	2,536,724
Cash and bank balances		**32,062,136**	26,824,859
		212,566,349	190,587,390
Current liabilities			
Contract liabilities		**47,282,258**	39,388,659
Accrued construction costs		**15,729,722**	14,494,060
Income tax payable		**12,226,583**	10,739,849
Lease liabilities		**111,787**	159,694
Borrowings	*10*	**31,576,493**	31,891,998
Other payables		**27,847,399**	27,011,322
Derivative financial instruments		**21,670**	82,807
		134,795,912	123,768,389

	Notes	**Unaudited 30 June 2020** *RMB'000*	Audited 31 December 2019 *RMB'000*
Net current assets		**77,770,437**	66,819,001
Total assets less current liabilities		**157,634,800**	147,133,973
Non-current liabilities			
Lease liabilities		**465,423**	1,226,605
Borrowings	*10*	**90,082,596**	85,303,554
Other payables		**10,040**	10,248
Deferred tax liabilities		**4,825,233**	4,886,993
		95,383,292	91,427,400
Net assets		**62,251,508**	55,706,573
EQUITY			
Share capital		**536,789**	534,844
Share premium		**5,057,307**	5,546,561
Reserves		**22,770,386**	19,634,942
Equity attributable to owners of the Company		**28,364,482**	25,716,347
Non-controlling interests		**33,887,026**	29,990,226
Total equity		**62,251,508**	55,706,573

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months 30 June 2020

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

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

This condensed consolidated financial information is presented in Renminbi ("**RMB**"), the currency of the primary economic environment in which most of the group entities operate (the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand ('000), unless otherwise stated. The condensed consolidated financial information was authorised for issue by the Board of Directors on 27 August 2020.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation

This condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

(ii) Application of amendments to HKFRSs

The condensed consolidated financial information for the six months ended 30 June 2020 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of following amended HKFRSs effective as of 1 January 2020. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the amended HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in this condensed consolidated financial information.

3. REVENUE AND SEGMENT INFORMATION

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

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

Revenue for the period consists of the following:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Sales of properties	**20,639,268**	18,501,739
Rental income	**162,480**	194,669
Property management services	**554,754**	375,043
Hotel and catering operations	**71,567**	100,048
Cinema, department store and cultural centre operations	**44,483**	139,546
Water-way passenger and cargo transportation	**193,726**	393,230
Others	**630,564**	401,720
	22,296,842	20,105,995

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2020 is as follows:

	Unaudited							
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000*	Water-way passenger and cargo transportation *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue	20,639,268	169,335	767,353	79,243	78,254	195,153	895,534	22,824,140
Less: Inter-segment revenue	–	(6,855)	(212,599)	(7,676)	(33,771)	(1,427)	(264,970)	(527,298)
Revenue from external customers	20,639,268	162,480	554,754	71,567	44,483	193,726	630,564	22,296,842
Timing of revenue recognition under HKFRS 15								
At a point in time	17,899,692	–	–	–	–	94,222	630,564	18,624,478
Over time	2,739,576	–	554,754	71,567	44,483	99,504	–	3,509,884
Revenue not in the scope of HKFRS 15	–	162,480	–	–	–	–	–	162,480
	20,639,268	162,480	554,754	71,567	44,483	193,726	630,564	22,296,842
Segment results before net provisional gains on deemed disposals of subsidiaries, net fair value gains on investment properties, share of results of associates and joint ventures	5,232,707	58,994	33,146	129,447	274,725	(28,607)	(27,832)	5,672,580
Net provisional gain on deemed disposals of subsidiaries	91,329	–	–	234,544	–	–	–	325,873
Net fair value gains on investment properties	–	72,153	–	–	–	–	–	72,153
Share of results of associates	3,954	–	–	–	–	–	6,765	10,719
Share of results of joint ventures	104,998	–	(1,255)	–	–	–	(27,575)	76,168
Segment results	5,432,988	131,147	31,891	363,991	274,725	(28,607)	(48,642)	6,157,493
Net fair value loss on financial assets at FVTPL								(201,861)
Gain on disposals of financial assets at FVTPL								8,628
Fair value gain on financial derivatives								62,076
Corporate and other unallocated expenses								(202,134)
Finance income								231,123
Finance costs								(1,295,903)
Finance costs – net *(note 5)*								(1,064,780)
Profit before income tax								4,759,422
Income tax expenses *(note 6)*								(2,400,721)
Profit for the period								2,358,701

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2019 is as follows:

	Unaudited							
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000*	Water-way passenger and cargo transportation *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue	18,501,739	261,620	586,887	110,751	175,116	405,555	612,669	20,654,337
Less: Inter-segment revenue	–	(66,951)	(211,844)	(10,703)	(35,570)	(12,325)	(210,949)	(548,342)
Revenue from external customers	18,501,739	194,669	375,043	100,048	139,546	393,230	401,720	20,105,995
Timing of revenue recognition under HKFRS 15								
At a point in time	17,985,653	–	–	–	–	266,180	401,720	18,653,553
Over time	516,086	–	375,043	100,048	139,546	127,050	–	1,257,773
Revenue not in the scope of HKFRS 15	–	194,669	–	–	–	–	–	194,669
	18,501,739	194,669	375,043	100,048	139,546	393,230	401,720	20,105,995
Segment results before provisional gains on deemed disposals of subsidiaries, fair value gains on investment properties and share of results of associates and joint ventures	5,013,338	(216,555)	89,912	(44,516)	(396,957)	115,068	(177,996)	4,382,294
Provisional gain on deemed disposals of subsidiaries	979,449	–	–	–	–	–	–	979,449
Fair value gains on investment properties	–	390,345	–	–	–	–	–	390,345
Share of results of associates	(54,056)	–	–	–	–	–	(9,126)	(63,182)
Share of results of joint ventures	10,164	–	–	–	–	–	(10,286)	(122)
Segment results	5,948,895	173,790	89,912	(44,516)	(396,957)	115,068	(197,408)	5,688,784
Net fair value loss on financial assets at FVTPL								(33,809)
Net loss on repurchase of senior notes								(63,477)
Net gain on disposals of financial assets at FVTPL								241,915
Corporate and other unallocated expenses								(187,650)
Finance income								224,226
Finance costs								(577,865)
Finance costs – net *(note 5)*								(353,639)
Profit before income tax								5,292,124
Income tax expenses *(note 6)*								(2,514,984)
Profit for the period								2,777,140

The segment assets and liabilities as at 30 June 2020 are as follows:

	Unaudited								
	Property development *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Hotel and catering operations** *RMB'000*	**Cinema, department store and cultural centre operations** *RMB'000*	**Water-way passenger and cargo transportation** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment assets	**746,799,925**	**47,380,007**	**8,599,544**	**3,860,875**	**8,446,596**	**27,830,257**	**8,312,019**	**(569,579,398)**	**281,649,825**
Unallocated									**10,780,887**
									292,430,712
Segment liabilities	**665,012,039**	**7,966,642**	**5,666,300**	**3,301,451**	**9,138,426**	**19,128,008**	**5,316,191**	**(522,082,119)**	**193,446,938**
Unallocated									**36,732,266**
									230,179,204

The segment assets and liabilities as at 31 December 2019 are as follows:

	Unaudited								
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel and catering operations *RMB'000*	Cinema, department store and cultural centre operations *RMB'000*	Water-way passenger and cargo transportation *RMB'000*	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
									270,902,362
Segment liabilities	559,964,657	8,273,196	2,740,966	4,104,471	5,077,836	19,126,219	5,085,521	(426,293,166)	178,079,700
Unallocated									37,116,089
									215,195,789

For the six months ended 30 June 2020 and 2019, none of the Group's customer accounted for more than 10% of the Group's total revenue.

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

There is no change in the basis of segmentation or basis of measurement of segment profit or loss for the six months ended 30 June 2020.

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

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

4. EXPENSES BY NATURE

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

	Unaudited Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Auditor's remuneration	**3,000**	2,500
Advertising and other promotional costs	**177,167**	275,101
Agency fee	**299,296**	246,628
Amortisation of land use rights	**10,695**	9,079
Amortisation of intangible assets	**105,928**	139,371
Bank charges	**13,297**	27,175
Cost of properties sold	**13,359,608**	12,027,806
Depreciation		
– Property, plant and equipment	**108,623**	130,202
– Right-of-use assets	**65,698**	72,097
Direct operating expenses arising from		
– Property investment	**57,032**	128,637
– Property management services	**456,176**	227,953
– Hotel and catering operations	**15,361**	24,098
– Cinema, department store and cultural centre operations	**60,014**	96,233
– Water-way passenger and cargo transportation	**179,611**	280,746
Donations	**69,791**	154,960
Entertainment	**46,362**	43,118
Legal and professional fees	**227,958**	141,572
Office expenses	**112,922**	67,413
Minimum lease payments under operating leases *(note)*	**12,759**	–
Others	**582,923**	375,693
Other taxes	**30,135**	111,131
Staff costs – including directors' emoluments	**763,497**	852,470
Travelling	**14,843**	18,603
	16,772,696	15,452,586

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

	Unaudited Six months ended 30 June 2020 *RMB'000*	2019 *RMB'000*
Finance income		
Interest income on bank deposits	**176,600**	100,943
Interest income from associates	**1,848**	3,337
Interest income from loans to third parties	**52,675**	119,946
	231,123	224,226
Finance costs		
Interest expense:		
– Bank and other borrowings	**2,369,471**	2,591,497
– Senior Notes	**3,431,669**	2,273,703
– Convertible bonds	**46,492**	39,608
– Lease liabilities	**19,883**	33,824
Total interest expenses	**5,867,515**	4,938,632
Less: interests capitalised	**(5,255,506)**	(4,472,214)
	612,009	466,418
Net exchange losses	**683,894**	111,447
	1,295,903	577,865
Finance costs – net	**(1,064,780)**	(353,639)

6. INCOME TAX EXPENSES

	Unaudited Six months ended 30 June 2020 *RMB'000*	2019 *RMB'000*
Current income tax		
– PRC enterprise income tax	**2,091,570**	1,219,125
– PRC land appreciation tax	**599,257**	1,344,731
Deferred tax	**(290,106)**	(48,872)
	2,400,721	2,514,984

Income tax expense for the six months ended 30 June 2020 and 2019 is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

Overseas income tax

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

Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2020 and 2019 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

PRC withholding income tax

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

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (Six months ended 30 June 2019: 25%).

PRC land appreciation tax

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

7. EARNINGS PER SHARE

(a) Basic

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

	Unaudited Six months ended 30 June	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	**2,768,697**	2,837,222
Weighted average number of ordinary shares in issue	**6,067,118,267**	6,074,558,089
Basic earnings per share (RMB)	**0.456**	0.467

The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company of RMB2,768,697,000 (unaudited) (Six months ended 30 June 2019: RMB2,837,222,000 (unaudited)) and the weighted average number of 6,067,118,267 (Six months ended 30 June 2019: 6,074,558,089) ordinary shares, after adjusting for the issue of shares on exercise of share options during the period.

(b) Diluted

	Unaudited Six months ended 30 June	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	**2,768,697**	2,837,222
Effect of dilutive potential ordinary shares:		
– Interest on convertible bonds (RMB'000)	**–**	39,650
	2,768,697	2,876,872
Weighted average number of ordinary shares in issue	**6,067,118,267**	6,074,558,089
Effect of issue of shares under:		
– Adjustment for share options scheme	**21,910,648**	34,001,363
– Adjustment for convertible bonds	**–**	156,600,000
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**6,089,028,915**	6,265,159,452
Diluted earnings per share (RMB)	**0.455**	0.459

Diluted earnings per share for the six months ended 30 June 2020 is calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion or exercise of all dilutive potential ordinary shares.

The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average semi-annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options and conversion of convertible bonds. For the six months ended 30 June 2020, the potential shares arising from the conversion of the Company's convertible bonds would increase the earnings per share attributable to owners of the Company and is not taken into account as they had an anti-dilutive effects.

8. DIVIDENDS

		Unaudited Six months ended 30 June	
		2020	2019
		RMB'000	*RMB'000*
(i)	**Dividends attributable to the period**		
	2020 interim dividends declared of HK$0.03 (2019: HK$0.03) per share	**167,380**	165,961
(ii)	**Dividends attributable to the previous financial year, approved during the period:**		
	Final dividend in respect of the previous financial year, approved during the following interim period, of HK$0.10 (Six months ended 30 June 2019: HK$0.09) per share	**545,262**	478,683

A final dividend in respect of the year ended 31 December 2019 of HK10 cents (equivalent to RMB8.96 cents) per share was approved at the annual general meeting on 15 June 2020 (Six months ended 30 June 2019: a final dividend in respect of the year ended 31 December 2018 of HK9.0 cents (equivalent to RMB7.89 cents) per share with a scrip dividend alternative was approved at the annual general meeting on 14 June 2019). The aggregate amount of final dividend declared from share premium of the Company amounted to HK$608,687,000 (equivalent to approximately RMB545,262,000). (Six months ended 30 June 2019: HK$546,317,000 (equivalent to approximately RMB478,683,000).

The Board recommended to declare an interim dividend of HK3.0 cents (equivalent to RMB2.74 cents) per share for the six months ended 30 June 2020. The aggregate amount of interim dividend proposed to be declared from share premium of the Company amounted to HK$183,249,000 (equivalent to approximately RMB167,380,000) (Six months ended 30 June 2019: HK$182,495,000 (equivalent to approximately RMB165,961,000)). Such dividend is to be approved by the shareholders at the forthcoming extraordinary general meeting. The condensed consolidated financial information does not reflect this dividend payable.

9. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

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

	Unaudited 30 June 2020	Audited 31 December 2019
	RMB'000	*RMB'000*
Within 90 days	**483,909**	894,543
Over 90 days but within 180 days	**55,452**	37,554
Over 180 days but within 270 days	**105,500**	270,500
Over 270 days but within 365 days	**38,643**	22,999
Over 365 days	**180,046**	119,926
	863,550	1,345,522
Less: allowance for impairment	**(70,930)**	(72,472)
	792,620	1,273,050

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2020, a provision of RMB70,930,000 (unaudited) was made against the gross amount of trade debtors (31 December 2019: RMB72,472,000 (audited)).

Generally, no credit terms were granted to the customers of residential properties. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers.

As at 31 December 2019, there was trade debtors of RMB247,885,000 (audited) were due over 180 days and within 270 days. The balances mainly represented receivables from sales of commercial and residential properties and properties under development to independent third parties.

10. BORROWINGS

	Unaudited 30 June 2020 *RMB'000*	Audited 31 December 2019 *RMB'000*
Borrowings included in current liabilities:		
Senior Notes	**10,479,858**	3,663,743
Bank borrowings – secured	**4,775,337**	19,263,692
Bank borrowings – unsecured	**1,921,639**	1,167,308
Other borrowings – secured	**11,052,020**	6,492,249
Other borrowings – unsecured	**3,238,858**	1,191,225
Loan from a related company	**108,781**	108,781
Loans from associates	**–**	5,000
	31,576,493	31,891,998
Borrowings included in non-current liabilities:		
Senior Notes	**53,975,250**	52,755,120
Convertible Bonds	**719,785**	699,900
Bank borrowings – secured	**25,695,080**	17,243,728
Bank borrowings – unsecured	**4,074,637**	2,343,930
Other borrowings – secured	**4,007,854**	9,692,786
Other borrowings – unsecured	**1,609,990**	2,568,090
	90,082,596	85,303,554
Total borrowings	**121,659,089**	117,195,552

11. COMMITMENTS

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

	Unaudited 30 June 2020 *RMB'000*	Audited 31 December 2019 *RMB'000*
Contracted but not provided for		
– Acquisitions/construction of property, plant and equipment	**126,190**	69,257
– Acquisition of land use rights and property development activities	**31,069,983**	34,429,933
– Acquisitions of subsidiaries	**2,684,122**	2,660,912
– Acquisition of a joint venture	**560,000**	560,000
– Acquisition of an associate	**–**	111,863
	34,440,295	37,831,965

(b) Operating lease commitments

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

	Unaudited 30 June 2020 *RMB'000*	Audited 31 December 2019 *RMB'000*
Not later than one year	**2,903**	6,441

As at 30 June 2020, the Group leases staff quarters, offices and items of office equipment with a lease period of twelve months, which are qualified to be accounted for under short-term lease and leases of low-value assets exemption under HKFRS 16.

(c) Operating lease rentals receivable

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

	Unaudited 30 June 2020 *RMB'000*	Audited 31 December 2019 *RMB'000*
Within one year	**182,056**	211,320
After one year and within two years	**157,563**	182,619
After two years and within three years	**96,945**	135,328
After three years and within four years	**69,333**	93,231
After four years and within five years	**108,887**	69,385
After five years	**143,556**	182,316
	758,340	874,199

The Group leases its investment properties under operating lease arrangements which run for an initial period of one to twenty-one (unaudited) (31 December 2019: one to twenty-one (audited)) years, with an option to renew the lease and renegotiated the terms at the expiry date or at the dates as mutually agreed between the Group and the respective tenants. The terms of the leases generally also require the tenants to pay security deposits.

12. EVENTS AFTER REPORTING PERIOD

On 8 July 2020, the Company issued (i) 9.75% senior notes due 2023 with a principal amount of US$400,000,000 (equivalent to approximately RMB2,831,800,000) at 99.266% of the face value and (ii) 11.25% senior notes due 2025 with a principal amount of US$300,000,000 (equivalent to approximately RMB2,123,850,000) at 99.266% of the face value. The New 2023 Notes and New 2025 Notes are interest-bearing at 9.75% and 11.25% per annum respectively which is payable semi-annually in arrears. The maturity date of the New 2023 Notes and New 2025 Notes is 28 September 2023 and 16 April 2025 respectively.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Kaisa Group Holdings Ltd. ("**Kaisa**" or the "**Company**", which together with its subsidiaries is referred to as the "**Group**"), I present the results of the Group for the six months ended 30 June 2020 (the "**period**") and the comparative figures for the previous corresponding period.

RESULTS AND DIVIDEND

For the period under review, the Group's turnover rose by approximately 10.9% year on year to approximately RMB22,296.8 million and gross profit increased by approximately 12.4% year-on-year to approximately RMB7,539.2 million as compared with the corresponding period of 2019. Profit attributable to owners of the Company for the period decreased by about 2.4% year-on-year to approximately RMB2,768.7 million. Basic earnings per share decreased by approximately 2.4% to RMB45.6 cents. Core net profit attributable to owners of the Company (excluding net fair value loss on financial assets at fair value through profit or loss, net exchange losses, net fair value gain on investment properties, fair value gain on financial derivatives, and net of respective deferred tax) increased by 25.7% year-on-year to approximately RMB3,461.3 million from approximately RMB2,753.2 million in the corresponding period of 2019.

The Board recommended payment of an interim dividend of HK3 cents per share for the six months ended 30 June 2020 (30 June 2019: HK3 cents per share). The proposed dividend is subject to approval by the shareholders at the forthcoming extraordinary general meeting.

BUSINESS REVIEW

Property Market and Policies

In the first half of 2020, under the impact of novel coronavirus epidemic, the global economy experienced the worst recession since the Great Depression. Various countries have adopted their respective series of measures including lockdown on a city or even a country in order to curb the spread of the epidemic. As a result, global import and export business showed a marked decline. As a major importer and exporter, China could not remain unscathed from the negative effects of the epidemic in the context of economic globalisation. In the first quarter, the national economy faced stagnation and the real economy was badly hit. The domestic economy staged a gradual recovery since the start of second quarter, as the Central Government strongly supported enterprises to resume work and production and resolved their funding issues with monetary and financial policies. According to the National Bureau of Statistics of China, the gross floor area sold for commodity properties decreased by 8.4% year on year to 694.04 million sq. m. in the first half of 2020 while the sales value of commodity properties decreased by 5.4% year on year to RMB6.6895 trillion, with the decline narrowed by 3.9 percentage points and 5.2 percentage points as compared with those from January to May this year respectively.

Against this backdrop, in order to fully release domestic consumption potential, the Central Government not only proposed to promote a new type of urbanization and promulgated new measures regarding devolution of authority of examination and approval in land use, but also encouraged the acceleration of urban renewal, contributing to the property industry in the mid to long term. The People's Bank of China has cut the required reserve ratio thrice during the period so as to maintain the liquidity of the real economy at a reasonable and sufficient level. Local governments adopted city-specific policies to support the property industry from both demand and supply sides. On one hand, the local governments relieved pressure of enterprises in the aspect of land transfer by eliminating certain limitations on land transfer, increasing quality land supply, allowing deferment of land payments or payments by installments and extending the completion date; on the other hand, from the perspective of demand side, the governments adhered to the major regulatory principles of "restrictions on purchase" and "restrictions on loans" and stimulated market demand by loosening restrictions on settlement policy, lowering threshold for introduction of talents as well as increasing subsidy for property purchase with an aim to maintain steady development in the property market as a whole.

Contracted Sales

During the period, in the face of abrupt novel coronavirus epidemic, the Group proactively made use of various online marketing channels including online live streaming and proprietary sales platforms – a Wechat application "Kaisa-your dream house (築夢佳)" and a mobile application "Kaisa-your new house (置業佳)" and collaborated with various major property sales platforms to accelerate destocking to the fullest extent through both online and offline channels and VR house viewing. With gradual resumption of production and work throughout China, market demand rebounded steadily. The Group has highly emphasized on the enhancement of product quality and customer services, thus winning the trust and hearts of consumers.

Contracted sales attributable to the Group grew by 3.9% year on year to approximately RMB36,032 million for the six months ended 30 June 2020. According to the "Chinese Property Developers' Rankings by Sales from January to June of 2020" jointly published by China Real Estate Information Corporation ("**CRIC**") and China Real Estate Appraisal Center, the Group ranked 27th in terms of attributable contracted sales, ranking the top among the top 100 property developers.

In terms of the contracted sales, approximately 60% was derived from the Guangdong-Hong Kong-Macau Greater Bay Area (the "**Greater Bay Area**"). In particular, Shenzhen, as one of the key markets for the Group's sales, has benefitted from the favourable policies such as the Greater Bay Area Initiative, the Shenzhen pilot demonstration area, Shenzhen metropolis circle, where transactions in the new property and secondary property markets have been active since the second quarter of the year.

During the period, various urban renewal projects of the Group achieved satisfactory sales results, of which Kaisa City Plaza in Yantian, ranked number one in terms of transaction volume in Shenzhen in the first half of the year. Among other cities in the Greater Bay Area, Guangzhou Future City and Huizhou Riverbank New Town ranked the first in terms of sales in the respective city; a number of projects located in the Yangtze River Delta such as Shanghai Kaisa Mansion No. 8, Nanjing Kaisa Yuefeng and Zhangjiagang Fengming Riverside ranked top 5 in the respective districts in terms of sales.

Land Bank

During the period, the Group continued to replenish its land bank through diversified channels. In light of the robust development in the Greater Bay Area and excellent reputation built up by the Group as a result of intensive development in that regional market, it established presence in the core cities in the Greater Bay Area such as Hong Kong, Shenzhen and Guangzhou during the period by adding various quality lands to capture the benefits brought about by market development.

In the first half of 2020, the Group acquired a total of 23 parcels of land, with approximately 2.8 million sq. m. of attributable gross floor area ("**GFA**"), for an aggregate attributable consideration of RMB22,208 million, which translated to an average land cost of over RMB7,896 per sq. m.. In terms of the attributable GFA of such newly acquired lands, those in the Greater Bay Area, Central China and Western China accounted for 74%, 10% and 10% of the total newly acquired lands of the Group, respectively.

As of 30 June 2020, the Group has 195 real estate projects in 48 cities nationwide. The Group's land bank totaled approximately 26.8 million sq. m., of which approximately 14.0 million sq. m. or 52.2% of the Group's total land bank are in the Greater Bay Area. The Group's land bank in Shenzhen and Guangzhou, where are the core markets that the Group has intensively developed over the years, accounted for 41.1% of its land bank in the Greater Bay Area.

Urban Renewal

With regards to urban renewal, as a leading enterprise focusing on the urban renewal market in the Greater Bay Area, the Group still owns urban renewal projects covering large areas which are yet to be included in land bank of the Company. These projects are substantially located in the core cities in the Greater Bay Area such as Shenzhen and Guangzhou. The Group plans to replenish quality land resources for the Company's sales through stable conversion of such urban renewal projects every year.

During the first half of the year, despite the adverse impact brought by the COVID-19 epidemic, the Group successfully converted 1 urban renewal project located in Sai Wan, Hong Kong, 2 projects located in Nanshan District and Luohu District in Shenzhen respectively, and 2 projects located in Zengcheng District and Nansha District in Guangzhou respectively. These projects provided the Group with an aggregate GFA of over 811,000 sq. m., with aggregate saleable resources amounting to approximately RMB27 billion. In terms of the attributable consideration for land acquisition in the first half of 2020, land supply from urban renewal accounted for approximately 23.9% of overall land supply of the Group. Urban renewal has become an important means of the Group to secure projects in the first-tier cities where land resources are scarce.

It is worth noting that the Group succeeded in converting an urban renewal project located in Eastern Street, Sai Wan, Hong Kong during the period. Currently, the project is at the stage of demolition on site. This is the Group's first urban renewal project in Hong Kong, which is expected to provide the Group with a valuable opportunity in acquiring prime land plots in Hong Kong and enriching its urban renewal experience in the Greater Bay Area.

With Kaisa's outstanding performance in the urban renewal segment, in March this year, the Group was honoured as the top 1 among "2020 China's Outstanding Real Estate Enterprises on Urban Renewal" at the Research Results Announcement Conference of China's Top 100 Real Estate Enterprises for 2020 organized by China Index Academy and China Real Estate Top 10 Research.

Financing and Capital Market Management

In the first half of 2020, given that the real economy was hit by COVID-19 epidemic, the People's Bank of China implemented active monetary policies such as reduction in the required reserve ratio and the lending rate to maintain liquidity at a reasonable and sufficient level. During the period, onshore financing cost of the Group decreased as compared with that in the end of 2019. Meanwhile, the Group continued to explore new financing channels to improve debt structure and lower financing cost. In April and July this year, the Group issued two asset-backed securities ("**ABS**") projects, one being secured by mortgage balloon payments and another linked to supply chain financing respectively in an aggregate amount of RMB1.2 billion, with the coupon rates of the aforesaid products ranged from 7% to 7.5%.

Moreover, in July this year, the Group was granted issuer ratings of "AA+" with a "Stable" outlook respectively by CCXI and United Credit Ratings domestically, laying a solid foundation for the Group's further expansion of its domestic financing channels.

During the period, Moody's Investors Service, Standard & Poor's Rating Services and Fitch Ratings also reaffirmed Kaisa's issuer ratings of "B1", "B" and "B" with "Stable" outlook respectively. In view of the fluctuations in the offshore Chinese-issued US dollar bonds market in the first half of the year, the Group adopted forward-looking strategies to take advantage of the offshore financing market by issuing bonds including two tranches of senior notes due 2025 to raise funds for corporate development, strengthening its resilience to withstand adversity and increasing the flexibility in use of funds. Regarding offshore bank financing channels, leveraging the two plots of residential land acquired in Hong Kong, the Company has established good business relationship with major commercial banks.

During the period, the Group redeemed short-term senior notes in an aggregate amount of US$27 million through buyback, in order to manage its liability in a proactive manner.

As at 30 June 2020, the Group's cash and bank deposits (including bank deposits, cash and bank balances and restricted cash) amounted to RMB40,473.9 million. The Group's quick ratio (cash and bank deposits divided by short-term borrowings) remained at 1.2 times, reflecting the Group's solid liquidity position.

Benefitted from its cash flow management and prolonged deleveraging measures, the Group ranked the 8th among "2020 TOP 10 Hong Kong-listed Chinese Real Estate Enterprises in terms of Financial Stability" (2020 中國大陸在港上市房地產公司財務穩健性 TOP10) in the period. The award was granted by China Index Academy and China Real Estate Top 10 Research.

In the first half of the year, the Group was included in Hang Seng Large-Mid Cap Value Tilt Index, which will be conductive to its goal of being included in more index funds and will increase the trading liquidity of the Group's shares, thereby further enhancing the investment value of the Group. With the trust and support from investors, in March and July this year, the Group was awarded as "New Fortune Best IR of Hong Kong-Listed Companies" (新財富最佳IR 港股公司) and "Honored Company of 2020 All-Asia Executive Team" (2020 年亞洲區公司管理團隊) organized by Institutional Investor respectively, reflecting the recognition for its investor relations efforts by the capital market.

CORPORATE SOCIAL RESPONSIBILITY

In the first half of 2020, to perform its social responsibility as a corporate citizen, the Group donated RMB10 million to support prevention and control of the COVID-19 epidemic. It also took various actions such as donating protective suits, alcohol and vegetables to tide over the hardship together with the society. At the same time, as a pioneer enterprise in Guangdong taking part in targeted poverty alleviation, Kaisa has made an aggregate donation of RMB513 million for the sole purpose of poverty alleviation in Guangdong Province since 2017. The donation amount ranked the top among enterprises in Guangdong for the past four years. During the period, the Group was honoured as an "Outstanding Contributing and Caring Enterprise" in the event of the 10th anniversary of "Guangdong Poverty Relief Day" (廣東省扶貧濟困日活動 10 週年突出貢獻愛心企業) by Leading Group for Poverty Relief in Guangdong Province.

Meanwhile, as one of early movers in urban renewal business in Shenzhen, Kaisa operated urban renewal projects to build a number of public ancillary facilities including social housing, primary and secondary schools and kindergartens. These projects not only provided valuable land resources to urban development but also achieved a win-win situation among the stakeholders.

PROSPECTS

Looking ahead, the volatility of the COVID-19 epidemic around the world and Sino-US frictions will add uncertainties to China's economic development, yet the Central Government proposed "stability on the six fronts" which aimed at stabilising employment, financial market, external trade, both foreign and domestic investment and expectations, and "maintaining security in the six areas", which referred to job security, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains and the normal functioning of operation of primary-level governments, all of which are anticipated to remain as the key goals throughout the year.

Meanwhile, at the conference of Central Political Bureau of the Communist Party of China (CPC) held on 30 July 2020, the Central Government reiterated its commitment to principle that houses are built to be inhabited, not for speculation, in order to promote the steady and healthy development of property market. It is believed that the Central Government will persist in refraining from using property market as a means to stimulate economy in the short term whereas stabilization of both land prices and housing prices and management of market expectations and city-specific policies shall be continued, under which differentiated regulatory measures shall be adopted to the property market in different parts of China in a scientific, precise and timely manner, ensuring steady and sound development of the property market.

Against this backdrop, the Group will continue to respect the market and customers' requirements to produce quality products which satisfy our customers. In addition, the Group will pay close attention to investment opportunities in prosperous cities located in the Greater Bay Area, Yangtze River Delta, Central China, Western China and Pan-Bohai Bay Rim, in order to achieve quick turnover, high profitability and sizable development.

At present, China's property market is in the transition period from a growing market to a saturated market, urban renewal will undoubtedly become a new growth driver for urban development. Targeted at a trillion-worth urban renewal market, with our forward-looking layout and intensive development of urban renewal markets in first-tier and second-tier core cities including Shenzhen, Guangzhou and Shanghai, the Group accumulated abundant quality project resources, laying a solid foundation for sales growth in the future. At the same time, the Group also strictly follows policy direction and proactively implements the three-driver core strategy, namely Property + Urban Renewal + Industry, focusing on the property development as a major business, while seeking new drivers of profit growth with synergized development of a diversity of industries.

This year, we celebrate 40-year anniversary of establishment of Shenzhen Special Economic Zone. Shenzhen has been assigned important missions and goals according to national strategies such as the Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area (《粵港澳大灣區發展規劃綱要》) and the Opinions of Building Shenzhen as a Pilot Demonstration Zone for Socialism with Chinese Characteristics (關於支持深圳建設中國特色社會主義先行示範區的意見), it is expected that the overall property market in Shenzhen would maintain stable growth in the long term. Meanwhile, the Shenzhen government accelerated urban renewal to implement the strategy for stabilizing land supply through multiple channels. Building its business around urban renewal in Shenzhen, Kaisa undoubtedly sees this as a golden opportunity. To this end, the Group will continue to push forward the implementation of key urban renewal projects in Shenzhen as well as to seize investment opportunities in other core cities in the Greater Bay Area.

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 period hinged on the enormous support from the community and our staffs' dedication and contribution. On behalf of the Board, I would like to take this opportunity to express my wholehearted gratitude to all shareholders, investors, business partners and customers of the Company for their trust and support. The Group will pay close attention to the epidemic development. Also, we will 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, 27 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the six months ended 30 June 2020, the Group recorded a turnover of approximately RMB22,296.8 million, representing an increase of 10.9% as compared with approximately RMB20,106.0 million for the corresponding period in 2019. Profit for the period attributable to owners of the Company amounted to approximately RMB2,768.7 million, representing a year-on-year decrease of 2.4%. The core net profit attributable to owners of the Company, (excluding net fair value loss on financial assets at fair value through profit or loss, net exchange losses, net fair value gain on investment properties, fair value gain on financial derivatives and net of respective deferred tax) increased by 25.7% to approximately RMB3,461.3 million from the same period last year. Basic earnings per share amounted to RMB45.6 cents (six months ended 30 June 2019: RMB46.7 cents).

The Board recommended the payment of an interim dividend of HK3 cents per share for the six months ended 30 June 2020 (six months ended 30 June 2019: HK3 cents per share). Such dividend is to be approved by the shareholders at the forthcoming extraordinary general meeting.

Contracted sales in the first half of 2020

In the first half of 2020, the Group's contracted sales amounted to approximately RMB36,032 million, representing an increase of 3.9% from the first half of 2019. Aggregated GFA sold for the period was 2,119,033 sq. m., representing an increase of 8.0% from the first half of 2019. Average selling price of the contracted sales in the first half of 2020 was RMB17,004 per sq. m. (first half of 2019: RMB17,686 per sq. m.). The table below shows the Group's contracted sales by region in the first half of 2020:

Region	**Contracted sales area** *(sq.m.)*	**Contracted sales amount** *(RMB in millions)*
Pearl River Delta	908,855	20,577
Yangtze River Delta	278,510	5,974
Central China Region	120,686	1,277
Western China Region	316,268	3,838
Pan-Bohai Bay Rim	494,714	4,366
Total	2,119,033	36,032

Property development

Projects completed in the first half of 2020

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 0.95 million sq. m..

Projects under development

As at 30 June 2020, the Group had 94 projects under development with an aggregate of GFA of approximately 14.8 million sq. m..

Property management

The Group generated revenue from providing property management services. During the six months ended 30 June 2020, the Group managed a total GFA of approximately 48.8 million sq. m.. The Group's property management is striving to deliver excellent and professional services to its customers and enhance brand and corporate image. As at 30 June 2020, the Group's property services penetrated into 44 cities nationwide, covering residential, commercial, office, tourism and large-scale stadiums.

Investment properties

The Group adopts a diversified business strategy, characterised by its increase in property investment. The portfolio of investment properties will generate steady and reliable income and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 30 June 2020, the Group held 21 investment property projects, with an aggregate GFA of 1.36 million sq. m., including completed investment properties of GFA of 0.63 million sq. m. for leasing purpose.

Land bank

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

In the first half of 2020, the Group acquired a total of 23 parcels of land or related interests through diversified channels such as public bidding, M&A and urban renewal. The aggregate attributable consideration for land acquisition amounted to approximately RMB22,208 million, and the average land cost attributable to the total GFA per unit was approximately RMB7,896 per sq. m.. The total attributable GFA per maximum allowed plot ratio attributable to the Group was approximately 2.8 million sq. m..

As at 30 June 2020, the Group had a total land bank of nearly 26.8 million sq. m. and approximately 52.2% of land bank was located in the Greater Bay Area, which is sufficient for the Group's development needs for the next five years.

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

Time of Acquisition	Location	Attributable Interest	Site Area	Attributable Capacity Building Area	Attributable Consideration	Type
			(sq. m.)	*(sq. m.)*	*(RMB in millions)*	
January 2020	Hangzhou, Zhejiang	51%	49,166	55,164	457.6	Residential
February 2020	Changsha, Hunan	49%	126,529	228,252	774.9	Residential and commercial
March 2020	Shijiazhuang, Hebei	100%	88,649	106,379	73.1	Residential
March 2020	Dongguan, Guangdong	34%	69,524	70,914	837.4	Residential
March 2020	Dongguan, Guangdong	24%	33,763	26,465	169.3	Residential and commercial
March 2020	Zhongshan, Guangdong	100%	33,000	83,000	727.1	Residential
March 2020	Chengdu, Sichuan	55%	45,635	50,160	489.4	Residential and commercial
May 2020	Foshan, Guangdong	51%	62,406	90,990	1,027.7	Residential and commercial
May 2020	Changsha, Hunan	65%	34,300	57,879	319.0	Residential and commercial
May 2020	Guangzhou, Guangdong	100%	113,401	340,204	2,923.0	Residential
May 2020	Dongguan, Guangdong	49%	22,451	33,002	374.9	Residential
June 2020	Huizhou, Guangdong	55%	110,871	189,035	1,080.8	Residential and commercial
June 2020	Dongguan, Guangdong	51%	27,600	42,177	359.8	Residential
June 2020	Jieyang, Guangdong	100%	159,004	461,727	494.0	Residential and commercial
June 2020	Chongqing	100%	116,773	175,160	1,325.0	Residential
June 2020	Dongguan, Guangdong	51%	60,512	77,153	1,335.0	Residential
June 2020	Chengdu, Sichuan	100%	39,588	59,382	947.1	Residential
June 2020	Guangzhou, Guangdong	80%	102,392	262,123	2,114.3	Residential and commercial
June 2020	Shenzhen, Guangdong	51%	5,427	17,054	217.2	Industrial
June 2020	Shenzhen, Guangdong	26%	7,241	13,780	635.6	Residential
June 2020	Guangzhou, Guangdong	80%	243,200	314,960	1,840.0	Residential and commercial
Onshore Sub-total			**1,551,432**	**2,754,960**	**18,522.2**	
January 2020	New Territories, Hong Kong	100%	13,538	54,152	3,185.0	Residential
May 2020	Hong Kong Island, Hong Kong	100%	365	3,258	500.5	Residential
Offshore Sub-Total			**13,903**	**57,410**	**3,685.5**	
Total			**1,565,335**	**2,812,370**	**22,207.7**	

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 10.9% to approximately RMB22,296.8 million for the six months ended 30 June 2020 from approximately RMB20,106.0 million for the corresponding period in 2019. 92.6% of the Group's revenue was generated from the sales of properties (2019: 92.0%) and 7.4% from other segments (2019: 8.0%).

Sales of properties

Revenue from sales of properties increased by approximately RMB2,137.5 million, or 11.6%, to approximately RMB20,639.3 million for the six months ended 30 June 2020 from approximately RMB18,501.7 million for the corresponding period in 2019. The increase was primarily attributable to an increase in the average selling price of the GFA delivered for the six months ended 30 June 2020.

Rental income

Revenue from rental income decreased by approximately RMB32.2 million, or 16.5%, to approximately RMB162.5 million for the six months ended 30 June 2020 from approximately RMB194.7 million for the corresponding period in 2019. The decrease was primarily due to the outbreak of the COVID-19 pandemic.

Property management

Revenue from property management service increased by approximately RMB179.7 million, or 47.9%, to approximately RMB554.8 million for the six months ended 30 June 2020 from approximately RMB375.0 million for the corresponding period in 2019. The increase was primarily attributable to the increased GFA under property management.

Hotel and catering operations

Revenue from hotel and catering operations of the Group decreased by approximately RMB28.5 million, or 28.5% to approximately RMB71.6 million for the six months ended 30 June 2020, from approximately RMB100.0 million for the corresponding period in 2019. The hotel and catering operations have been affected by the outbreak of the COVID-19 pandemic.

Cinema, department stores and cultural centre operations

Revenue from cinema, department stores and cultural centre operations decreased by approximately RMB95.1 million, or 68.1%, to approximately RMB44.5 million for the six months ended 30 June 2020 from approximately RMB139.5 million for the corresponding period in 2019. The cinema, department stores and culture centre operations have been affected by the outbreak of the COVID-19 pandemic.

Water-way passenger and cargo transportation

Revenue from water-way passenger and cargo transportation decreased by approximately RMB199.5 million, or 50.7% to approximately RMB193.7 million for the six months ended 30 June 2020 from approximately RMB393.2 million for the corresponding period in 2019. The water-way passenger and cargo transportation have been affected by the outbreak of the COVID-19 pandemic.

Gross profit

The Group recorded a gross profit of approximately RMB7,539.2 million and a gross profit margin of 33.8% for the six months ended 30 June 2020 respectively, as compared to gross profit of approximately RMB6,707.5 million and a gross profit margin of 33.4% in the corresponding period of last year. The increase in gross profit margin was primarily attributable to a higher level of selling price attained in general for the properties completed and delivered to the purchasers during the six months ended 30 June 2020.

Gain on deemed disposals of subsidiaries

The Group had recorded gain on deemed disposals of subsidiaries of approximately RMB325.9 million for the six months ended 30 June 2020 and approximately RMB979.4 million for the corresponding period in 2019.

Selling and marketing costs

The Group's selling and marketing costs increased by approximately RMB17.0 million, or 2.3%, to approximately RMB747.6 million for the six months ended 30 June 2020 from approximately RMB730.6 million for the corresponding period in 2019.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB56.1 million, or 4.2%, to approximately RMB1,267.4 million for the six months ended 30 June 2020 from approximately RMB1,323.5 million for the corresponding period in 2019. The decrease was primarily attributable to the strict control over the administrative expenses of the Group.

Net fair value gains on investment properties

The net fair value gains on the Group's investment properties decreased by approximately RMB318.2 million or 81.5% to approximately RMB72.2 million for the six months ended 30 June 2020 from RMB390.3 million for the corresponding period in 2019, which was in line with the prevailing market conditions.

Finance costs – net

The Group's net finance costs increased by approximately RMB711.1 million, or 201.1% to approximately RMB1,064.8 million for the six months ended 30 June 2020 from approximately RMB353.6 million for the corresponding period in 2019. The increase was mainly due to the increase in exchange losses to RMB683.9 million from RMB111.4 million for the corresponding period in 2019. The exchange loss mainly arised from the U.S. dollar denominated offshore financing as a result of the depreciation of Renminbi against the U.S. dollar.

Income tax expenses

The Group's income tax expenses decreased by approximately RMB114.3 million, or approximately 4.5%, to approximately RMB2,400.7 million for the six months ended 30 June 2020 from approximately RMB2,515.0 million for the corresponding period in 2019.

Profit and total comprehensive income for the six months ended 30 June 2020

As a result of the foregoing, the Group's profit and total comprehensive income for the six months ended 30 June 2020 amounted to approximately RMB2,358.7 million and approximately RMB2,345.0 million, respectively (six months ended 30 June 2019: profit and total comprehensive income amounted to approximately RMB2,777.1 million and RMB2,745.4 million, respectively).

Liquidity, financial and capital resources

Cash position

As at 30 June 2020, the carrying amount of the Group's cash and bank deposits was approximately RMB40,473.9 million (31 December 2019: RMB36,978.0 million), representing an increase of 9.5% as compared to that as at 31 December 2019. Certain property development companies of the Group placed a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after the completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 30 June 2020, 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 RMB5,561.8 million as at 30 June 2020 (31 December 2019: RMB6,016.5 million).

Senior notes

During the six months ended 30 June 2020, the Group issued US$500 million 10.5% senior notes due 2025 and US$300 million 9.95% senior notes due 2025 in January 2020; US$400 million 6.75% senior notes due 2021 in February 2020; and US$300 million 7.875% senior notes due 2021 in June 2020.

During the six months ended 30 June 2020, the Group made on-market repurchase of 7.25% senior notes due 2020 with a principal amount of US$27 million in June 2020. The repurchased notes were cancelled accordingly.

During the six months ended 30 June 2020, the Group repaid 7.25% senior notes due 2020 with a principal amount of US$513.0 million upon maturity in June 2020.

Details of movement is set out below:

	7.25% senior notes due 2020	6.75% senior notes due 2021	7.875% senior notes due 2021	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	10.5% senior notes due 2025	9.95% senior notes due 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2020	540,000	–	400,000	–	400,000	550,000	1,147,000	600,000	700,000	450,000	300,000	3,051,500	–	–
New issuance	–	400,000	–	300,000	–	–	–	–	–	–	–	–	500,000	300,000
Repayment upon maturity	(513,000)	–	–	–	–	–	–	–	–	–	–	–	–	–
Repurchase and cancellation	(27,000)	–	–	–	–	–	–	–	–	–	–	–	–	–
At 30 June 2020	–	400,000	400,000	300,000	400,000	550,000	1,147,000	600,000	700,000	450,000	300,000	3,051,500	500,000	300,000

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

Convertible bonds

As at 30 June 2020, the Group had 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$4.66 per share and assuming full conversion of the Convertible Bonds at the adjusted conversion price, the Convertible Bonds will be convertible into 168,025,751 new shares.

Borrowings and charges on the Group's assets

As at 30 June 2020, the Group had aggregate borrowings of approximately RMB121,659.1 million, of which approximately RMB31,576.5 million will be repayable within 1 year, approximately RMB32,520.4 million will be repayable between 1 and 2 years, approximately RMB54,188.2 million will be repayable between 2 and 5 years and approximately RMB3,374.0 million will be repayable over 5 years.

As at 30 June 2020, the senior notes were secured by the share pledge of the Company's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Company. The Group's domestic bank loans carried a floating interest rate linking up with the base lending rate of the People's Bank of China. The Group's interest rate risk is mainly from the floating interest rate of domestic bank loans.

Key financial ratios

As at 30 June 2020, the Group has a leverage ratio (i.e. its net debts (total borrowings, net of cash and bank balances, short-term bank deposits, long-term bank deposits and restricted cash) over total assets) of 27.8% (31 December 2019: 29.6%). The Group's net current assets increased by 16.4% from approximately RMB66,819.0 million as at 31 December 2019 to approximately RMB77,770.4 million as at 30 June 2020. The quick ratio (cash and bank deposits divided by short-term borrowings) increased to 1.2 times as at 30 June 2020 from as at 1.1 times as at 31 December 2019, and the current ratio increased to 1.6 times as at 30 June 2020 from 1.5 times as at 31 December 2019.

Cost of borrowings

For the six months ended 30 June 2020, the Group's total cost of borrowings (including net exchange losses) was RMB1,295.9 million, representing an increase of approximately RMB718.0 million or 124.3% as compared to the corresponding period in 2019. The increase was primarily attributable to the increase in the net exchange losses recorded in the current period.

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 30 June 2020, the Group had borrowings in US dollar and HK dollar with an aggregate carrying amount of RMB69,309.6 million, which are subject to foreign currency exposure.

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

Financial guarantees

As at 30 June 2020, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB33,994.8 million (31 December 2019: RMB32,816.5 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 30 June 2020, the Group had approximately 16,000 employees (31 December 2019: approximately 15,300 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2020 amounted to approximately RMB763.5 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Company adopted a share option scheme on 14 June 2019 (the "**Share Option Scheme**"). Details of the Share Option Scheme are set out in the circular of the Company dated 29 April 2019.

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. The Board is of the view that, for the six months ended 30 June 2020, the Company complied with the code provisions on the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviation:

Code provision A.6.7 provides that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Due to other important engagement, 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 annual general meeting of the Company held on 15 June 2020.

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.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's interim report 2020. In addition, the independent auditor of the Company, Grant Thornton Hong Kong Limited, has reviewed the unaudited interim results for the six months ended 30 June 2020 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.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2020.

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

Save as disclosed above, during the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board recommended the payment of an interim dividend (the "**Interim Dividend**") of HK3 cents per share for the six months ended 30 June 2020 (30 June 2019: HK3 cents), subject to the approval of the shareholders at the forthcoming extraordinary general meeting of the Company.

The Interim Dividend will be paid on or about 18 December 2020 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 4 December 2020.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who qualify for the Interim Dividend, the register of members of the Company will be closed from Wednesday, 2 December 2020 to Friday, 4 December 2020, both days inclusive. In order to qualify for the Interim 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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 1 December 2020.

PUBLICATION OF THE 2020 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Interim Report for the six months ended 30 June 2020 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, 27 August 2020

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