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KAISA GROUP HOLDINGS LTD.

佳兆業集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1638)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2021 increased by 34.8% to approximately RMB30,065.4 million from the corresponding period in 2020.
- Gross profit for the six months ended 30 June 2021 increased by 23.1% to approximately RMB9,278.0 million and the gross profit margin for the period was 30.9%.
- Profit for the six months ended 30 June 2021 increased by 30.5% to approximately RMB3,079.1 million from the corresponding period in 2020.
- Core net profit (excluding net fair value change on financial assets at fair value through profit or loss, net exchange gains/losses, net fair value change on investment properties, fair value change of financial derivatives, net gains/losses on repurchase of senior notes and net of respective deferred tax amounted to RMB3,932.2 million, representing an increase of 28.9% as compared to the corresponding period in 2020.
- Contracted sales of the Group, together with its joint ventures and associated companies, increased by 77.2% to approximately RMB63,854 million.
- As at 30 June 2021, net gearing ratio¹ decreased to 93.7%, cash to short-term debt ratio² was 1.53 and liabilities to asset ratio³ excluding receipts in advance decreased to 69.9%.
- The Board recommended payment of an interim dividend of HK4 cents per share.

Notes:

1. Net gearing ratio is calculated by dividing total borrowings (including short-term and long-term borrowings) minus cash and cash equivalents (including bank deposits, restricted cash and cash and bank balances) by total equity (excluding perpetual capital securities).
2. Cash to short-term debt ratio is calculated by dividing cash and cash equivalents (excluding restricted cash and bank deposits) by short-term borrowings.
3. Liabilities to assets ratio excluding receipts in advance is calculated by subtracting receipts in advance (including contract liabilities) from total liabilities and dividing by total assets excluding perpetual capital securities minus receipts in advance (including contract liabilities).

* *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 2021 together with the comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Unaudited	
		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	30,065,363	22,296,842
Cost of sales	4	(20,787,373)	(14,757,655)
Gross profit		9,277,990	7,539,187
Other gains and (losses), net		(317,026)	(604,954)
Selling and marketing costs	4	(758,717)	(747,636)
Administrative expenses	4	(1,445,923)	(1,267,405)
Net fair value (losses)/gains on investment properties		(1,166,201)	72,153
Operating profit		5,590,123	4,991,345
Share of results of associates		(7,417)	10,719
Share of results of joint ventures		224,062	76,168
Fair value gains of financial derivatives		27,450	62,076
Finance income	5	431,783	231,123
Finance costs	5	(1,223,292)	(612,009)
Finance costs, net	5	(791,509)	(380,886)
Profit before income tax		5,042,709	4,759,422
Income tax expenses	6	(1,963,651)	(2,400,721)
Profit for the period		3,079,058	2,358,701
Profit/(Loss) for the period attributable to:			
Owners of the Company		3,002,904	2,768,697
Non-controlling interests		76,154	(409,996)
		3,079,058	2,358,701
		RMB	RMB
			(Restated)
Earnings per share for profit attributable to owners of the Company during the period			
– Basic	7	0.468	0.445
– Diluted	7	0.465	0.444

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	3,079,058	2,358,701
Other comprehensive income/(loss) for the period, including reclassification adjustments		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange gain/(loss) on translation of foreign operations	4,862	(13,743)
Share of other comprehensive income of an associate, net of income tax	3,407	–
	<hr/>	<hr/>
Other comprehensive income/(loss) for the period, including reclassification adjustments	8,269	(13,743)
	<hr/>	<hr/>
Total comprehensive income for the period	3,087,327	2,344,958
	<hr/>	<hr/>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	2,988,658	2,770,126
Non-controlling interests	98,669	(425,168)
	<hr/>	<hr/>
	3,087,327	2,344,958
	<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Unaudited 30 June 2021 <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		5,531,381	5,311,916
Right-of-use assets		581,392	536,993
Investment properties		28,739,000	34,524,400
Land use rights		716,418	720,913
Investments in associates		12,051,412	11,657,848
Investments in joint ventures		18,175,814	18,386,366
Financial assets at fair value through profit or loss ("FVTPL")		5,256,207	5,369,151
Debtors, deposits and other receivables	9	187,922	20,000
Goodwill and intangible assets		1,376,268	1,276,405
Long-term bank deposits		1,000,000	1,200,000
Deferred tax assets		925,064	628,380
		74,540,878	79,632,372
Current assets			
Properties under development		83,474,404	71,367,943
Completed properties held for sale		16,226,342	13,036,568
Inventories		473,416	416,781
Deposits for land acquisition		18,435,768	18,204,746
Prepayments for proposed development projects		25,466,332	25,004,121
Debtors, deposits and other receivables	9	45,233,895	48,468,486
Prepaid taxes		811,131	356,481
Restricted cash		5,786,598	6,248,888
Financial assets at FVTPL		4,592,435	5,338,349
Short-term bank deposits		3,585,570	3,585,570
Cash and bank balances		38,363,726	36,078,762
		242,449,617	228,106,695
Investment in an associate held for sale	10	2,121,258	2,159,492
		244,570,875	230,266,187

		Unaudited	Audited
		30 June	31 December
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
Current liabilities			
Contract liabilities		51,545,115	49,706,027
Accrued construction costs		27,168,220	18,593,833
Income tax payable		14,086,481	12,020,469
Lease liabilities		130,599	103,208
Borrowings	11	25,017,332	23,069,223
Other payables		16,204,679	24,260,845
Derivative financial instruments		–	27,450
		<u>134,152,426</u>	<u>127,781,055</u>
Net current assets		<u>110,418,449</u>	<u>102,485,132</u>
Total assets less current liabilities		<u>184,959,327</u>	<u>182,117,504</u>
Non-current liabilities			
Lease liabilities		476,288	453,240
Borrowings	11	98,760,716	98,401,736
Other payables		32,585	19,768
Deferred tax liabilities		4,240,126	4,523,386
		<u>103,509,715</u>	<u>103,398,130</u>
Net assets		<u>81,449,612</u>	<u>78,719,374</u>
EQUITY			
Share capital		613,530	538,942
Share premium		6,457,928	4,948,564
Perpetual capital securities		1,350,054	1,350,054
Reserves		28,457,624	25,496,179
		<u>36,879,136</u>	<u>32,333,739</u>
Equity attributable to owners of the Company		<u>36,879,136</u>	<u>32,333,739</u>
Non-controlling interests		<u>44,570,476</u>	<u>46,385,635</u>
Total equity		<u>81,449,612</u>	<u>78,719,374</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months 30 June 2021

1. GENERAL INFORMATION

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

The Company is engaged in investment holding and the subsidiaries (collectively, the “**Group**”) are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation, healthcare business and providing consultancy services in the People’s Republic China (the “**PRC**”).

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

This condensed consolidated financial 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 has not been audited and was authorised for issue by the Board of Directors on 25 August 2021.

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 2021 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 (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 2020, 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 2021 have been prepared in accordance with the accounting policies adopted in the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of following amended HKFRSs effective as of 1 January 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions

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

Except as mentioned below, the application of the amended HKFRSs in the current period had no material impact on the results and financial positions for the current and prior periods have been prepared and presented.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” (“Phase 2 Amendments”)

The Phase 2 Amendments provide practical relief from certain requirements in HKFRSs. These reliefs relate to modifications of financial assets and financial liabilities (measured at amortised costs) and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark risk-free rate.

The Group initially applied Phase 2 Amendments on 1 January 2021 and applied the amendments retrospectively. However, in accordance with the exceptions permitted in Phase 2 Amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2020.

Impact on measurement of financial assets and financial liabilities

For changes in the basis for determining the contractual cash flows of financial assets and financial liabilities which are measured at amortised cost as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes such that it will not derecognise the carrying amounts of financial assets and financial liabilities and recognise an immediate gain or loss for changes solely arose from the interest rate benchmark reform, but will instead revise the effective interest rates of the financial assets and financial liabilities. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the interest rate benchmark reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately before the change).

The amendments do not have material impacts on the consolidated financial results and consolidated financial position as at 1 January 2021 and during the current period.

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 loss on repurchase of senior notes, fair value gains 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, water-way passenger and cargo transportation and healthcare business and regarded these being the reportable segments. The Group grouped its financial service business under other segment which was insignificant to present as a separate segment.

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

Revenue for the period consists of the following:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>
Sales of properties	27,665,897	20,639,268
Rental income	152,300	162,480
Property management services	983,199	554,754
Hotel and catering operations	138,667	71,567
Cinema, department store and cultural centre operations	120,785	44,483
Water-way passenger and cargo transportation	215,400	193,726
Healthcare operations	264,706	234,986
Others	524,409	395,578
	<u>30,065,363</u>	<u>22,296,842</u>

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2021 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	Healthcare operations RMB'000	Others RMB'000	Total RMB'000
Revenue	27,665,897	169,119	1,341,788	145,162	178,391	216,170	264,706	692,155	30,673,388
Less: Inter-segment revenue	-	(16,819)	(358,589)	(6,495)	(57,606)	(770)	-	(167,746)	(608,025)
Revenue from external customers	<u>27,665,897</u>	<u>152,300</u>	<u>983,199</u>	<u>138,667</u>	<u>120,785</u>	<u>215,400</u>	<u>264,706</u>	<u>524,409</u>	<u>30,065,363</u>
Timing of revenue recognition under HKFRS 15									
At a point in time	25,948,521	-	-	-	-	99,394	264,706	524,409	26,837,030
Over time	1,717,376	-	983,199	138,667	120,785	116,006	-	-	3,076,033
Revenue not in the scope of HKFRS 15	-	152,300	-	-	-	-	-	-	152,300
	<u>27,665,897</u>	<u>152,300</u>	<u>983,199</u>	<u>138,667</u>	<u>120,785</u>	<u>215,400</u>	<u>264,706</u>	<u>524,409</u>	<u>30,065,363</u>
Segment results before net fair value losses on investment properties and share of results of associates and joint ventures	5,719,620	367,745	226,174	(6,730)	(9,905)	(20,504)	88,514	633,911	6,998,825
Net fair value losses on investment properties	-	(1,166,201)	-	-	-	-	-	-	(1,166,201)
Share of results of associates	(6,154)	-	(649)	-	-	-	-	(614)	(7,417)
Share of results of joint ventures	266,941	(10,804)	(2,776)	-	-	-	-	(29,299)	224,062
Segment results	<u>5,980,407</u>	<u>(809,260)</u>	<u>222,749</u>	<u>(6,730)</u>	<u>(9,905)</u>	<u>(20,504)</u>	<u>88,514</u>	<u>603,998</u>	<u>6,049,269</u>
Net loss of repurchases of senior notes									(2,198)
Fair value gain on financial derivatives									27,450
Corporate and other unallocated expenses									(240,303)
Finance income									431,783
Finance costs									(1,223,292)
Finance costs – net (note 5)									(791,509)
Profit before income tax									5,042,709
Income tax expenses (note 6)									(1,963,651)
Profit for the period									<u>3,079,058</u>

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	Healthcare operations RMB'000	Others RMB'000	Total RMB'000
Revenue	20,639,268	169,335	767,353	79,243	78,254	195,153	234,986	660,548	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	<u>20,639,268</u>	<u>162,480</u>	<u>554,754</u>	<u>71,567</u>	<u>44,483</u>	<u>193,726</u>	<u>234,986</u>	<u>395,578</u>	<u>22,296,842</u>
Timing of revenue recognition under HKFRS 15									
At a point in time	17,899,692	-	-	-	-	94,222	234,986	395,578	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
	<u>20,639,268</u>	<u>162,480</u>	<u>554,754</u>	<u>71,567</u>	<u>44,483</u>	<u>193,726</u>	<u>234,986</u>	<u>395,578</u>	<u>22,296,842</u>
Segment results before net fair value gains on investment properties and share of results of associates and joint ventures	5,324,036	58,994	33,146	363,991	274,725	(28,607)	13,077	(918,036)	5,121,326
Net fair value gains on investment properties	-	72,153	-	-	-	-	-	-	72,153
Share of results of associates	3,954	-	-	-	-	-	16,272	(9,507)	10,719
Share of results of joint ventures	104,998	-	(1,255)	-	-	-	-	(27,575)	76,168
Segment results	<u>5,432,988</u>	<u>131,147</u>	<u>31,891</u>	<u>363,991</u>	<u>274,725</u>	<u>(28,607)</u>	<u>29,349</u>	<u>(955,118)</u>	<u>5,280,366</u>
Fair value gain on financial derivatives									62,076
Corporate and other unallocated expenses									(202,134)
Finance income									231,123
Finance costs									(612,009)
Finance costs – net (note 5)									<u>(380,886)</u>
Profit before income tax									4,759,422
Income tax expenses (note 6)									<u>(2,400,721)</u>
Profit for the period									<u>2,358,701</u>

The segment assets and liabilities as at 30 June 2021 are as follows:

	Unaudited									
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Healthcare operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	989,475,762	43,022,323	8,699,401	3,933,007	15,373,268	29,281,247	6,071,876	173,788,310	(952,269,636)	317,375,558
Unallocated										1,736,195
										<u>319,111,753</u>
Segment liabilities	821,722,799	4,603,165	5,220,008	3,367,385	17,039,739	20,475,289	2,277,410	143,456,251	(877,378,452)	140,783,594
Unallocated										96,878,547
										<u>237,662,141</u>

The segment assets and liabilities as at 31 December 2020 are as follows:

	Audited									
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Healthcare operation RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	869,372,198	43,746,564	7,464,778	3,909,126	10,849,454	30,253,266	9,763,374	165,737,692	(832,182,754)	308,913,698
Unallocated										984,861
										<u>309,898,559</u>
Segment liabilities	693,522,528	4,030,193	4,726,775	3,327,312	12,225,903	21,533,281	5,683,350	136,632,746	(755,128,110)	126,553,978
Unallocated										104,625,207
										<u>231,179,185</u>

For the six months ended 30 June 2021 and 2020, 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 2021.

Segment assets consist primarily of all assets excluding 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	
	2021	2020
	RMB'000	RMB'000
Auditor's remuneration	5,000	3,000
Advertising and other promotional costs	154,044	177,167
Agency fees	289,575	299,296
Amortisation of land use rights	10,830	10,695
Amortisation of intangible assets	126,770	105,928
Bank charges	11,580	13,297
Cost of properties sold	18,793,439	13,359,608
Depreciation		
– Property, plant and equipment	149,681	108,623
– Right-of-use assets	90,681	65,698
Direct operating expenses arising from		
– Property investment	135,472	57,032
– Property management services	640,888	456,176
– Hotel and catering operations	88,734	15,361
– Cinema, department store and cultural centre operations	33,745	60,014
– Water-way passenger and cargo transportation	210,064	179,611
– Healthcare operations	111,896	99,613
Donations	29,361	69,791
Entertainment	49,855	46,362
Legal and professional fees	219,671	227,958
Office expenses	157,370	112,922
Minimum lease payment under operating leases (<i>note</i>)	17,133	12,759
Others	331,165	483,310
Other taxes	156,322	30,135
Staff costs – including directors' emoluments	1,159,518	763,497
Travelling	19,219	14,843
	<u>22,992,013</u>	<u>16,772,696</u>

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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income on bank deposits	410,192	176,600
Interest income from associates	–	1,848
Interest income from loans to third parties	21,591	52,675
	<u>431,783</u>	<u>231,123</u>
Finance costs		
Interest expense:		
– Bank and other borrowings	2,159,108	2,369,471
– Senior Notes	3,700,792	3,431,669
– Convertible bonds	44,279	46,492
– Lease liabilities	5,891	19,883
	<u>5,910,070</u>	<u>5,867,515</u>
Total interest expenses	5,910,070	5,867,515
Less: interests capitalised	(4,686,778)	(5,255,506)
	<u>1,223,292</u>	<u>612,009</u>
Finance costs – net	<u>(791,509)</u>	<u>(380,886)</u>

6. INCOME TAX EXPENSES

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	1,615,131	2,091,570
– PRC land appreciation tax	863,345	599,257
Deferred tax	(514,825)	(290,106)
	<u>1,963,651</u>	<u>2,400,721</u>

Income tax expenses for the six months ended 30 June 2021 and 2020 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 2021 and 2020 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 2020: 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

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	
	2021	2020
	RMB'000	RMB'000
Profit attributable to owners of the Company	3,002,904	2,768,697
Distribution paid on perpetual capital securities	(77,050)	–
	<u>2,925,854</u>	<u>2,768,697</u>
	Number of shares	
	2021	2020
		(restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share <i>(note (a))</i>	6,253,297,382	6,216,858,471
Effect of diluted potential ordinary shares		
– Share options	<u>34,283,545</u>	<u>21,910,648</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>6,287,580,927</u>	<u>6,238,769,119</u>

Notes:

- (a) The weighted average number of 6,253,297,382 ordinary shares are derived from ordinary shares in issue as at 1 January 2021 after taking into account the effects of rights issue being completed during the six months ended 30 June 2021. The weighted average number of ordinary shares for the purposes of basic earnings per share for the six months ended 30 June 2020 has been adjusted for right issue that took place on 8 May 2021.
- (b) The Company's dilutive potential ordinary shares consist of share options and convertible bonds. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average semi-annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options and conversion of convertible bonds. For the six months ended 30 June 2021 and 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.
- (c) The dilutive effect of the share options issued by the Group's listed subsidiaries, Kaisa Prosperity Holdings Limited and Kaisa Capital Investment Holdings Limited, were insignificant for the six months ended 30 June 2021 and 2020.

8. DIVIDENDS

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
(i) Dividends attributable to the period		
2021 interim dividends declared of HK4.0 cents (2020: HK3.0 cents) per share	233,503	167,380
(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 HK12.0 cents per share (Six months ended 30 June 2020: HK10.0 cents per share)	619,382	545,262
(iii) Distribution on perpetual capital securities		
Distribution on perpetual capital securities to the securities holders during the six months ended 30 June 2021	77,050	–

A final dividend in respect of the year ended 31 December 2020 of HK12.0 cents (equivalent to RMB10.0 cents) per share was approved at the annual general meeting on 15 June 2021 (Six months ended 30 June 2020: a final dividend in respect of the year ended 31 December 2019 of HK10.0 cents (equivalent to RMB8.96 cents) per share was approved at the annual general meeting on 15 June 2020). The aggregate amount of final dividend declared from share premium of the Company amounted to HK\$739,957,000 (equivalent to approximately RMB619,382,000) (Six months ended 30 June 2020: HK\$608,687,000 (equivalent to approximately RMB545,262,000)).

The Board recommended to declare an interim dividend of HK4.0 cents (equivalent to RMB3.3 cents) per share for the six months ended 30 June 2021. The aggregate amount of interim dividend proposed to be declared from share premium of the Company amounted to HK\$280,618,000 (equivalent to approximately RMB233,503,000) (Six months ended 30 June 2020: HK\$183,989,000 (equivalent to approximately RMB167,498,000)). 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 sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Rental income from lease of properties are generally receivable in accordance with the terms of the relevant agreements. The ageing analysis of trade debtors based on contractual terms as at the respective reporting dates is as follows:

	Unaudited	Audited
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
Within 90 days	969,425	1,411,610
Over 90 days but within 180 days	328,619	208,915
Over 180 days but within 270 days	543,021	186,823
Over 270 days but within 365 days	130,054	55,025
Over 365 days	462,338	315,438
	2,433,457	2,177,811
Less: allowance for impairment	(143,676)	(58,000)
	2,289,781	2,119,811

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2021, a provision of RMB143,676,000 (unaudited) was made against the gross amount of trade debtors (31 December 2020: RMB58,000,000 (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.

10. INVESTMENT IN AN ASSOCIATE HELD FOR SALE

As at 30 June 2021, the Group is considering the disposal of an associate. The possible disposal may be carried via block trades, tenders and private sales. It is expected that, if materialised, the possible disposal is expected to be completed by 13 November 2021.

11. BORROWINGS

	Unaudited 30 June 2021 <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
Borrowings included in current liabilities:		
Senior Notes	14,286,348	9,673,242
Convertible Bonds	676,423	663,398
Bank borrowings – secured	3,691,989	5,885,374
Bank borrowings – unsecured	67,000	351,800
Other borrowings – secured	5,692,266	5,240,937
Other borrowings – unsecured	494,525	1,145,691
Loan from a related company	108,781	108,781
	25,017,332	23,069,223
Borrowings included in non-current liabilities:		
Senior Notes	57,418,343	58,650,794
Bank borrowings – secured	24,552,431	20,053,407
Bank borrowings – unsecured	5,811,039	5,281,464
Other borrowings – secured	4,040,200	10,817,519
Other borrowings – unsecured	6,938,703	3,598,552
	98,760,716	98,401,736
Total borrowings	123,778,048	121,470,959

12. COMMITMENTS

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

	Unaudited 30 June 2021 <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
Contracted but not provided for		
– Acquisitions of land use rights and property development activities	35,527,808	31,627,158
– Acquisitions of subsidiaries (<i>note</i>)	13,000,000	107,706
– Acquisition of a joint venture	360,000	360,000
	48,887,808	32,094,864

Note: On 25 March 2021, the Company entered into agreement with Acme Victory Investments Limited, Ascending Power Investments Limited and Beijing Chengyi Haotai Investment Management Co., Ltd. as vendors and Mr. Kwok Ying Shing as guarantor in relation to the acquisitions of Hong Da Development & Investment Holding Co., Ltd., Logic Capital Limited and Beijing Yaohui Real Estate Co., Ltd. at a consideration of RMB13,000,000,000 in cash. The transaction was approved by the shareholders of the Company in the extraordinary general meeting on 2 July 2021. Further details of the acquisition can be found in the announcements of the Company dated 27 March 2021 and 27 May 2021.

(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 2021 <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
Not later than one year	427	969
Later than one year and not later than five years	46	4
	473	973

As at 30 June 2021, 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 lease 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 2021 <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
Within one year	208,504	173,929
After one year and within two years	203,517	143,228
After two years and within three years	157,583	97,883
After three years and within four years	142,872	92,852
After four years and within five years	112,872	98,715
After five years	196,784	160,850
	1,022,132	767,457

The Group leases its investment properties under operating lease arrangements which run for an initial period of one to twenty-one (unaudited) (31 December 2020: 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.

13. EVENT AFTER REPORTING PERIOD

On 15 July 2021, the Company issued 8.65% senior notes due 2022 (the “**New 2022 Notes**”) in the principal amount of US\$200,000,000 (equivalent to approximately RMB1,292,020,000) at 100% of the face value. The New 2022 Notes is interest-bearing at 8.65% per annum which is payable semi-annually in arrears. The maturity date is 22 July 2022.

On 16 July 2021, the 10.5% convertible bond matured, the Group repaid the outstanding 10.5% convertible bond in the principal amount of US\$100,000,000 (equivalent to approximately RMB646,010,000).

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 2021 (the “**period**”) and the comparative figures for the corresponding period in 2020.

RESULTS AND DIVIDEND

For the period under review, the Group’s revenue rose by approximately 34.8% to approximately RMB30,065.4 million from the corresponding period in 2020 and gross profit increased by approximately 23.1% year-on-year to approximately RMB9,278.0 million as compared with the corresponding period of 2020. Profit for the period increased by 30.5% to approximately RMB3,079.1 million. Profit attributable to owners of the Company for the period increased by about 8.5% to approximately RMB3,002.9 million from the corresponding period in 2020. Basic earnings per share increased by approximately 5.2% to RMB46.8 cents.

During the period, core net profit (excluding net fair value change on financial assets at fair value through profit or loss, net exchange gains/losses, net fair value change on investment properties, fair value change of financial derivatives, net gains/losses on repurchase of senior notes and net of respective deferred tax) increased by 28.9% from the corresponding period in 2020 to approximately RMB3,932.2 million from approximately RMB3,051.4 million in the corresponding period of 2020.

The Board recommended payment of an interim dividend of HK4 cents per share for the six months ended 30 June 2021 (30 June 2020: 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

With epidemic prevention and control becoming regular, China’s economy continued to recover stably and demonstrated strong resilience. Under the collective effects of many factors such as favorable policies, structural recovery and export expansion, the national economy growth showed a steady yet stronger and progressive momentum. The current actual economic growth rate basically returned to the approximate level of the potential growth rate while the utilisation rates of the production capacity of all industries have already resumed to the ordinary level.

In terms of the property market, the Central Government upheld its commitment to the principles of “housing is not for speculation and formulating city-specific policies” while precisely taking control measures to realise its long-term regulatory goal of stabilising land and housing prices and expectation. Following the implementation of the “Three Red Lines” new regulation on financing and the policy of centralised management for real estate loans, the “two-concentration” land supply policy regarding 22 core cities has been introduced, which further enhanced the enforcement of the regulatory policy and formed a long-term mechanism for the development of the property market industry to prevent financial risks. Currently, the regulatory effect has significant influence in some of the cities.

In the first half of 2021, the national property market extended the development trend in general as at the end of the previous year. According to the figures of the National Bureau of Statistics, the overall sales and R&D investment of the current property industry maintained an upward trend.

Under the backdrop of the long-term mechanism for development, property developers on one hand accelerated the return of capital by improving the structure of investment and financing, proactively implementing further deleveraging and lowering financial leverage; and on the other hand, strengthened their management to lower costs and enhance efficiency, elevate their operation capability, and accelerate the exploration and development of the upstream and downstream of the industry chain, as well as diversified and innovative business.

Contracted Sales

The Group's total attributable contracted sales grew by 77.2% from the corresponding period in 2020 to approximately RMB63,854 million for the six months ended 30 June 2021. According to the "Chinese Property Developers' Rankings by Sales from January to June of 2021" jointly published by China Real Estate Information Corporation ("CRIC") and China Real Estate Appraisal Centre, the Group ranked 23rd in terms of attributable contracted sales with continuous growth in ranking.

During the period, the Group established the digital marketing department and focused on digital marketing to boost sales and facilitate destocking. We built a new multi-channel media network comprising platforms like TikTok and WeChat Channels, and frequently interacted with main stream youthful customers through short videos and live streaming, so as to convey the ideal living style of Kaisa and the highlights of our products and precisely explore loyal customers. We have also launched the "Kaisa Group JD Flagship Properties" and a brand new WeChat mini-programme "Kaisa-your new house (置業佳)" to provide customers with more convenient online house viewing and purchasing services. In the first half of 2021, the online transaction volume of the Group grew by 124% from the corresponding period in 2020.

The Group is always committed to providing high-quality living products through product innovation, research and development, self-evolution and launch of new products, in striving to improve living environment and create a happy life. During the period, the Group received 15 international and domestic design awards, including the Berlin Design Awards and Red Dot Design Awards in recognition of more than 11 projects in terms of designs of the interior, garden, commercial building, hotel building, etc. New products like Nanjing Kaisa Riverview Mansion, Hangzhou Kaisa Aurora, Chongqing Kaisa Skyline Residence, Huizhou Kaisa Yuebanwan, and Luoyang Kaisa Lake View Waldorf received overwhelming market responses after launching.

Land Bank

Deepening its penetration in the first-tier and major second-tier cities has always been the development strategy of the Group. To realise quality growth under the current industry background, during the period, the Group adopted a more prudent approach towards land acquisition from the open market and replenished its land bank through diverse channels.

In the first half of 2021, the Group acquired a total of 15 parcels of land with high quality, with approximately 2.46 million sq.m. of attributable gross floor area (“GFA”), at an aggregate attributable consideration of RMB25,215 million. In terms of the attributable GFA of such newly acquired lands, those in the Greater Bay Area, Western China and Yangtze River Delta accounted for 63%, 18% and 12% of the total newly acquired lands of the Group, respectively.

As at 30 June 2021, the Group has a total of 233 real estate projects in 51 cities nationwide. The Group’s land bank totaled approximately 31.1 million sq. m., of which approximately 19.23 million sq.m. or 61.8% of the Group’s total land bank are located in the Greater Bay Area. Among cities in the Greater Bay Area, Shenzhen and Guangzhou are the Group’s core markets that have been intensely developed over the years, accounting for 35.3% of its land bank in the Greater Bay Area.

Urban Renewal

Kaisa has entered the field of urban renewal since its establishment. Since taking root in Shenzhen, Kaisa has deeply cultivated in the Greater Bay Area and expanded to the whole country. With 22 years of experience in urban renewal, the Group has now deployed more than ten core cities and regions across the country, consolidating its position as a leading enterprise in the industry. During the period, the Group successfully converted 3 urban renewal projects in Shenzhen, Guangzhou and Zhanjiang with GFA and saleable resources of approximately 1.125 million sq.m. which amounted to RMB72.7 billion. In terms of attributable consideration of newly acquired land in 2021, land supply from urban renewal accounted for approximately 41.3% of the Group’s total land supply in the first half of this year. Urban renewal has become an important channel for the Company to replenish high-quality and low-cost land bank.

At the “Two Sessions” 2021, urban renewal has been included in the Government Work Report for the first time. The National 14th Five-Year Plan explicitly states the implementation of action plan for urban renewal. Urban renewal has gradually become the main vehicle for “investment promotion and consumption enhancement” which will provide a wider track and more opportunities.

In the Greater Bay Area, Guangdong Province’s Three Old Management Measures revitalised construction land and expanded high-quality incremental supply at the legislative level. The Regulations on Shenzhen Urban Renewal (深圳城市更新條例) were officially implemented to solve difficulties of demolition by legislation and accelerate the speed of conversion. Foshan issued an urgent implementation policy for demolition and redevelopment of old villages to speed up urban village reconstruction projects. The implementation of the Head Goose Plan (頭雁計劃) in Dongguan has opened up a green channel for the conversion of pilot and city-industry integration renewal projects.

For places other than the Greater Bay Area, Shanghai supported the redevelopment of the unused land in five new towns to facilitate the renewal of the entire city. Cities such as Beijing, Xiamen, Jinan, Xuzhou, Fuzhou, Suzhou, Tianjin and Chongqing have embarked on urban renewal. As one of the strategic goals of the new concept of urban development in China, urban renewal has been fully implemented since 2021, which is an important guiding value for the investment and conversion of our nationwide urban renewal deployment.

As at 30 June 2021, there were still more than 213 urban renewal projects which have yet to be converted into land bank of the Group, covering a site area of approximately 53.7 million sq.m.. There were 15 new projects in the first half of this year, many of which were located in the Greater Bay Area, further consolidating the Group's leading position in the Greater Bay Area. The Group plans to replenish the land bank for urban renewal as high-quality sources of products, through efficient and stable conversion every year to promote the high-quality development of the Group. In addition, the Group's urban renewal team will also continue to identify suitable cities across the country, explore more models for urban renewal as well as seek more development opportunities.

Financing

In the first half of 2021, real estate financing continued the tightening trend seen at the end of last year on both supply and demand sides. Various regions have strengthened the compliance review of real estate financing and further emphasised the prevention of financial risks of real estate bond defaults. Affected by a series of regulatory policies such as channel reduction and curb on housing speculation, the AMAC suspended the filing of real estate supply chain products by its fund subsidiaries. On the whole, the implementation of the combined regulatory control has gradually encouraged real estate enterprises to deleverage and reshaped the competitive landscape of the industry.

Under such circumstances, the Group continued to expand financing channels, reduced financing costs and carried out active debt management. During the period, onshore financing cost of the Group decreased as compared with that in the end of 2020. In addition to maintaining a good cooperative relationship with traditional financing channels, the Company successfully issued a total of RMB1.837 billion standardised products including balance payment ABS, supply chain ABS/ABN and long-term lease corporate bonds. The amount of issuance increased by 186% as compared with the same period last year.

Regarding offshore financing, the Group proactively implemented a series of debt management measures in the first half of 2021, including the completion of the exchange and tender offer for the US\$3 billion senior notes due in June 2024 and issuance of US\$500 million senior notes due in November 2025, successfully and effectively lowering its financing barriers, optimising the yield curve of bonds as well as marking the largest exchange and new issuance transaction in China's real estate sector in recent years. At the same time, the Company successfully completed the first rights issue in recent years which received active support from its shareholders and raised more than HK\$2.5 billion, which once again proved the Company's determination to optimise the overall debt structure. In order to increase the Company's liquidity, the Company issued four additional tranches of US dollar senior notes in the first half of this year and repaid US\$1.9 billion of senior notes throughout the period via cash tender offer and repurchase from the secondary market, demonstrating its commitment in active debt management.

Following the issuance of two tranches of sustainable US\$ senior notes in 2020, the Company also successfully issued another tranche of 5-year sustainable US\$ bond in the first half of this year. This did not only help extend the overall debt maturity, but also reduced the pressure of short-term repayment. This also reflected the Company's commitment to promoting green and socially meaningful projects, with contribution to the sustainable development of environmental, social and corporate governance.

Financial Management

During the period, on the basis of maintaining the existing refined management of the real estate operation, the Group improved the management refinement and the construction of the information system. With the strong support from the IT systems such as the dynamic value system, the refined real estate management system, the operation cockpit, as at 30 June 2021, the operating efficiency of the entire group had been greatly improved. As compared to the same period in 2020, the time efficiency from land acquisition to the opening of display sites and to the launch of real estate projects increased by 16% and 23%, respectively.

Meanwhile, the Group uses financial indicators to drive business, improve the Company's results, control financial risks and achieve value creation. In terms of profits, the Group coordinated the goals of reducing costs and increasing efficiency for the entire group, explored internal potential, and sought efficiency from the management. In terms of cash flow, the Company implemented the principles of "determining expenditure by revenue, expenses after generating revenue, and surplus of revenues over expenses" to enhance the capital management ability and the income-generating capacity of each business unit, strictly control the scale of liabilities, and optimise the capital structure. As at 30 June 2021, the Group's cash and bank deposits (including bank deposits, cash and bank balances and restricted cash) amounted to RMB48.7 billion. The Group's liabilities to assets ratio excluding receipts in advance (including contract liabilities) decreased to 69.9%; net gearing ratio dropped to 93.7%; and cash to short-term debt ratio (excluding restricted cash) remained stable at 1.53 times, reflecting the Group's solid liquidity position.

Capital Market's Recognition

Kaisa has been receiving high recognition for its performance in the capital market. As at 30 June 2021, the Company has been successively included in Hang Seng Composite Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng Composite LargeCap & MidCap Index, Hang Seng Stock Connect Greater Bay Area Index and Hang Seng Large-Mid Cap (Investable) Index, which help Kaisa become the investment target of more index funds. During the period, Kaisa was again awarded the China Property Award of Supreme Excellence (優質中國房地產企業大獎) 2021 by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited. The Company's overall performance was highly recognised by the industry again.

With respect to the environmental, social and corporate governance (“ESG”) aspect, the Group issued the 2020 Sustainability Report during the period. This was the first time for Kaisa to issue a separate sustainability report, which aims to reflect more comprehensively and objectively Kaisa’s achievements and progress made on the path of sustainable development in the past year. Based on Kaisa’s outstanding performance in ESG, MSCI, a renowned global index compiler, granted the Group an ESG rating of “BB”. Sustainalytics, an ESG rating and research company, also granted the Group a “low risk” score of 18.7, which marks a leading position in the real estate industry.

In terms of ratings, both the Group and Kaisa (Shenzhen) were granted issuer ratings of “AA+” respectively by CCXI, China Lianhe and Dagong Global domestically. International rating agencies such as Moody’s Investor Services, Standard and Poor’s Rating Services and Fitch Ratings also granted the Group’s issuer credit ratings of “B1”, “B” and “B” with a “Stable” outlook respectively.

In terms of research reports, the Group has received unanimous optimism from a number of major banks including Citibank, HSBC, Haitong Securities, Guosen Securities, Ping An Securities and so on. The attention from the capital market continues to increase. As at 30 June 2021, the Group’s shareholding ratio in Southbound Trading was increased to 10.5%, reflecting the recognition of the Company’s investment value by mainland investment institutions.

PROSPECTS

Looking into the future, under the combined effect of a series of factors such as global value chain adjustments, carbon emissions peak and carbon neutrality, we expect that the world’s major economies will convert from a recession into a weak recovery trend. China’s annual inflation is controllable with more cautious monetary policy operations. Its economy will gradually recover steadily.

2021 is the first year of China’s “14th Five-Year Plan” and also the 100th anniversary of the founding of the Communist Party of China. China will embark on a new journey of building a modernised socialist country in an all-round way. The road to China’s great revival would not be halted. According to the “14th Five-Year Plan for National Economic and Social Development and the Long Range Objectives through the Year 2035 of the People’s Republic of China” (“《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》”), the Central Government adheres to the positioning of “houses are for living in, not for speculation” and implements a long-term mechanism for the stable and healthy development of the real estate market to promote the balanced development of real estate and the real economy, which facilitates the reduction of industry risks and the optimisation of the competitive landscape of the industry.

The Company accurately grasps the development cycle of the real estate industry. On the investment side, the Group prioritises the acceleration for the conversion of existing urban renewal projects into the market, in order to contribute to the Company's development with high-quality projects with high profitability, enhance the contribution to the performance from renewal projects. Meanwhile, we will implement prudent land acquisition strategies through cooperative development to realise complementary strengths, lower investment risks and reduce land expenditures. On the sales end, the Company will continue to strengthen the collection of sales proceeds and boost sales through online and offline collaborative sales activities. On the operation end, the Company will further raise its operating standards, continue to perform well in product research and development as well as cost control, strengthen technological innovation, and enhance product price premium capabilities. On the financing end, the Company will strive to actively expand its financing channels, improve maturity profile and reduce financing costs.

We remain positive and optimistic about the medium and long-term development of China's real estate industry for the reasons that firstly, the urbanisation progress will bring in the benefits of increased housing demand from new population every year. Secondly, the upgrade in consumption and launch of the three-child policy will continue to create upgraded consumption demand. Thirdly, as Kaisa is deepening its presence in the Greater Bay Area, it will continue to enjoy the policy benefits in the Greater Bay Area and the pilot demonstration area of Shenzhen. As a leader in the urban renewal sector, the Company will gain more sufficient strategic development advantages and strike a balance in both scale and profitability to develop steadily.

ACKNOWLEDGEMENT

The steady development of the Group during the period 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. The Group will closely monitor the latest development of the health crisis. 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, 25 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the six months ended 30 June 2021, the Group recorded a revenue of approximately RMB30,065.4 million, representing an increase of 34.8% as compared with approximately RMB22,296.8 million for the corresponding period in 2020. Profit for the period increased by 30.5% to approximately RMB3,079.1 million from approximately RMB2,358.7 million for the corresponding period of last year. Profit for the period attributable to owners of the Company amounted to approximately RMB3,002.9 million, representing an increase of 8.5% from approximately RMB2,768.7 million for the corresponding period of last year. The core net profit (excluding net fair value change on financial assets at fair value through profit or loss, net exchange losses, net fair value change on investment properties, fair value change on financial derivatives and net of respective deferred tax) increased by 28.9% to approximately RMB3,932.2 million from approximately RMB3,051.4 million for the corresponding period of last year. Basic earnings per share amounted to RMB46.8 cents (six months ended 30 June 2020: RMB44.5 cents (restated)).

The Board recommended the payment of an interim dividend of HK4 cents per share for the six months ended 30 June 2021 (six months ended 30 June 2020: 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 2021

In the first half of 2021, the Group's contracted sales amounted to approximately RMB63,854 million, representing an increase of 77.2% from the first half of 2020. Aggregated GFA sold for the period was 3,805,882 sq. m., representing an increase of 79.6% from the first half of 2020. Average selling price of the contracted sales in the first half of 2021 was RMB16,778 per sq. m. (first half of 2020: RMB17,004 per sq. m.). The table below shows the Group's contracted sales by region in the first half of 2021:

Region	Contracted sales area (sq.m.)	Contracted sales amount (RMB in millions)
Pearl River Delta	1,620,001	30,885
Yangtze River Delta	545,803	14,422
Central China Region	286,067	2,490
Western China Region	590,879	7,750
Pan-Bohai Bay Rim	763,132	8,307
Total	3,805,882	63,854

Property development

Projects completed in the first half of 2021

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 1.5 million sq. m..

Projects under development

As at 30 June 2021, the Group had 115 projects under development with an aggregate of GFA of approximately 18.6 million sq. m..

Property management

The Group generated revenue from providing property management services. During the six months ended 30 June 2021, the Group managed a total GFA of approximately 86.3 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 2021, the Group's property services penetrated into 53 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 2021, the Group held 17 investment property projects, with an aggregate GFA of 1.01 million sq. m., including completed investment properties of GFA of 0.50 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 2021, the Group acquired a total of 15 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 RMB25,215 million. The total attributable GFA per maximum allowed plot ratio attributable to the Group was approximately 2.46 million sq. m..

As at 30 June 2021, the Group had a total land bank of approximately 31.15 million sq. m. and approximately 61.8% 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	Attributable			Land use
			Site Area (sq. m.)	Building Area (sq. m.)	Attributable Consideration (RMB in millions)	
January 2021	Shantou, Guangdong	100.0%	116,204	493,296	2,271	Residential and Commercial
January 2021	Huizhou, Guangdong	100.0%	40,000	104,000	262	Residential and Commercial
February 2021	Chongqing	100.0%	57,460	86,190	750	Residential
February 2021	Zhanjiang, Guangdong	100.0%	26,676	110,045	331	Residential and Commercial
February 2021	Guangzhou, Guangdong	55.0%	1,013,800	520,090	8,415	Residential and Commercial
March 2021	Chengdu, Sichuan	100.0%	50,538	101,076	1,304	Residential and Commercial
March 2021	Shenzhen, Guangdong	100.0%	24,781	187,870	1,668	Residential
April 2021	Chongqing	100.0%	62,405	93,608	1,000	Residential
April 2021	Chongqing	100.0%	31,493	78,733	920	Residential
April 2021	Shenyang, Liaoning	63.0%	130,657	164,628	1,445	Residential
May 2021	Shenzhen, Guangdong	100.0%	21,051	67,360	2,544	Residential
April 2021	Wuxi, Jiangsu	49.0%	50,732	44,969	322	Residential
June 2021	Hefei, Anhui	100.0%	147,147	259,647	2,301	Residential
June 2021	Chengdu, Sichuan	100.0%	28,912	86,737	840	Residential
June 2021	Foshan, Guangdong	40.0%	54,381	65,256	842	Residential and Commercial
Total			<u>1,856,237</u>	<u>2,463,505</u>	<u>25,215</u>	

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cinema, department store and cultural centre operations, (vi) water-way passenger and cargo transportation, (vii) healthcare operations and (viii) others. Revenue increased by 34.8% to approximately RMB30,065.4 million for the six months ended 30 June 2021 from approximately RMB22,296.8 million for the corresponding period in 2020. 92.0% of the Group's revenue was generated from the sales of properties (six months ended 30 June 2020: 92.6%) and 8.0% from other segments (six months ended 30 June 2020: 7.4%).

Sales of properties

Revenue from sales of properties increased by approximately RMB7,026.6 million, or 34.0%, to approximately RMB27,665.9 million for the six months ended 30 June 2021 from approximately RMB20,639.3 million for the corresponding period in 2020. The increase was primarily attributable to an increase in the total delivered GFA to approximately 1.4 million sq.m. for the six months ended 30 June 2021 from approximately 1.1 million sq.m. for the corresponding period in 2020.

Rental income

Revenue from rental income decreased by approximately RMB10.2 million, or 6.3%, to approximately RMB152.3 million for the six months ended 30 June 2021 from approximately RMB162.5 million for the corresponding period in 2020.

Property management

Revenue from property management service increased by approximately RMB428.4 million, or 77.2%, to approximately RMB983.2 million for the six months ended 30 June 2021 from approximately RMB554.8 million for the corresponding period in 2020. 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 increased by approximately RMB67.1 million, or 93.7% to approximately RMB138.7 million for the six months ended 30 June 2021, from approximately RMB71.6 million for the corresponding period in 2020. The hotel and catering operations continued to recover from the impact of the COVID-19 during the first half of 2021.

Cinema, department stores and cultural centre operations

Revenue from cinema, department stores and cultural centre operations increased by approximately RMB76.3 million, or 171.5%, to approximately RMB120.8 million for the six months ended 30 June 2021 from approximately RMB44.5 million for the corresponding period in 2020. The cinema, department stores and culture centre operations continued to recover from the impact of the COVID-19 during the first half of 2021.

Water-way passenger and cargo transportation

Revenue from water-way passenger and cargo transportation increased by approximately RMB21.7 million, or 11.2% to approximately RMB215.4 million for the six months ended 30 June 2021 from approximately RMB193.7 million for the corresponding period in 2020.

Healthcare operations

Revenue from healthcare operations increased by approximately RMB29.7 million, or 12.6%, to approximately RMB264.7 million for the six months ended 30 June 2021 from approximately RMB235.0 million for the corresponding period in 2020.

Gross profit

The Group recorded a gross profit of approximately RMB9,278.0 million and a gross profit margin of 30.9% for the six months ended 30 June 2021 respectively, as compared to gross profit of approximately RMB7,539.2 million and a gross profit margin of 33.8% for the corresponding period in 2020.

Selling and marketing costs

The Group's selling and marketing costs increased by approximately RMB11.1 million, or 1.5%, to approximately RMB758.7 million for the six months ended 30 June 2021 from approximately RMB747.6 million for the corresponding period in 2020.

Administrative expenses

The Group's administrative expenses increased by approximately RMB178.5 million, or 14.1%, to approximately RMB1,445.9 million for the six months ended 30 June 2021 from approximately RMB1,267.4 million for the corresponding period in 2020. The increase was mainly due to increase in staff costs.

Net fair value (losses)/gains on investment properties

The Group recorded net fair value losses on investment properties of approximately RMB1,166.2 million for the six months ended 30 June 2021, as compared to net fair value gains on investment properties of approximately RMB72.2 million for the corresponding period in 2020.

Finance costs – net

The Group's net finance costs increased by approximately RMB410.6 million, or 107.8% to approximately RMB791.5 million for the six months ended 30 June 2021 from approximately RMB380.9 million for the corresponding period in 2020. The increase was mainly due to the relative decrease in the amount of capitalised financing costs compared to the corresponding period in 2020.

Income tax expenses

The Group's income tax expenses decreased by approximately RMB437.0 million, or approximately 18.2%, to approximately RMB1,963.7 million for the six months ended 30 June 2021 from approximately RMB2,400.7 million for the corresponding period in 2020.

Profit and total comprehensive income for the six months ended 30 June 2021

As a result of the foregoing, the Group's profit and total comprehensive income for the six months ended 30 June 2021 amounted to approximately RMB3,079.1 million and approximately RMB3,087.3 million, respectively (six months ended 30 June 2020: profit and total comprehensive income amounted to approximately RMB2,358.7 million and RMB2,345.0 million, respectively).

Liquidity, financial and capital resources

Cash position

As at 30 June 2021, the carrying amount of the Group's cash and bank deposits was approximately RMB48,735.9 million (31 December 2020: RMB47,113.2 million), representing an increase of 3.4% as compared to that as at 31 December 2020. 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 2021, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collaterals (i.e., balance of pre-sale escrow funds) amounted to approximately RMB5,786.6 million as at 30 June 2021 (31 December 2020: RMB6,248.9 million).

Senior notes

During the six months ended 30 June 2021, the Group issued (i) additional US\$300 million 10.875% senior notes due 2023 in January 2021, (ii) additional US\$200 million 9.95% senior notes due 2025 in January 2021, (iii) additional US\$100 million 9.75% senior notes due 2023 in February 2021, (iv) additional US\$200 million 9.75% senior notes due 2023 in April 2021, (v) US\$1,000 million 11.7% senior notes due 2025 in May 2021, (vi) US\$300 million 11.65% senior notes due 2026 in June 2021 and (vii) additional US\$280 million 9.75% senior notes due 2023 in June 2021.

During the six months ended 30 June 2021, the Group conducted a tender offer to repurchase 7.875% senior notes due 9 June 2021 with a principal amount of US\$59.2 million and 7.875% senior notes due 30 June 2021 with a principal amount of US\$54.2 million. In May 2021, the Group conducted a concurrent exchange and tender offer for 9.375% senior notes due 2024. The Group issued US\$1,000.0 million 11.7% senior notes due 2025 comprising US\$500 million of the new notes pursuant to the terms of the exchange offer, and repurchased 9.375% senior notes due 2024 with a principal amount of US\$304 million as a result of the tender offer. All the repurchased notes were cancelled.

During the six months ended 30 June 2021, the Group redeemed (i) 6.75% senior notes due February 2021 with a principal amount of US\$174.3 million, (ii) 11.75% senior notes due February 2021 with a principal amount of US\$215.8 million, (iii) 7.875% senior notes due 9 June 2021 with a principal amount of US\$240.8 million and (iv) 7.875% senior notes due 30 June 2021 with a principal amount of US\$345.9 million upon maturity.

Rights Issue

In order to raise capital for the Group while broadening its Shareholder and capital base, and to raise additional capital for the purpose to finance the Group's long term growth which would enhance its financial position without increasing finance costs.

On 30 April 2021, the Company completed a rights issue on the basis of one ordinary rights share for every seven existing shares held on the record date of 14 April 2021 at the subscription price of HK\$2.95 per rights share (the "**Rights Issue**"). 876,552,528 Shares in total were allotted and issued by the Company to the Qualifying Shareholders (as defined in the prospectus of the Company dated 15 April 2021 (the "**Prospectus**"), among which, pursuant to the irrevocable undertakings, Da Chang Investment Company Limited (大昌投資有限公司), Da Feng Investment Company Limited (大豐投資有限公司) and Da Zheng Investment Company Limited (大正投資有限公司) (each a substantial shareholder of the Company) have subscribed for 342,023,447 rights shares provisionally allotted to it.

The gross proceeds raised from the Rights Issue were approximately HK\$2,586 million before expenses. The net proceeds raised from the Rights Issue were approximately HK\$2,148 million, equivalent to a net subscription price per rights share of approximately HK\$2.450. The closing price of HK\$3.573 per Share was quoted on the Stock Exchange on 26 March 2021, being the date of announcement of the Rights Issue.

As disclosed in the Prospectus, the Company intended to use the net proceeds from the Rights Issue to fund a portion of the consideration for the potential acquisition of a real estate project in Beijing, the PRC, namely, 耀輝國際城項目 (Yaohui International City Project) for a consideration of RMB13,000,000,000 (the “**Potential Acquisition**”).

As at 30 June 2021, the net proceeds raised from the Rights Issue remain unutilized, and the net proceeds are expected to be utilized as intended before 31 December 2021.

Convertible bonds

As at 30 June 2021, 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\$4.31 per share and assuming full conversion of the Convertible Bonds at the adjusted conversion price, convertible into 181,670,534 new shares.

Borrowings and charges on the Group’s assets

As at 30 June 2021, the Group had aggregate borrowings of approximately RMB123,778.0 million, of which approximately RMB25,017.3 million will be repayable within 1 year, approximately RMB28,318.0 million will be repayable between 1 and 2 years, approximately RMB68,095.0 million will be repayable between 2 and 5 years and approximately RMB2,347.7 million will be repayable over 5 years.

As at 30 June 2021, 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 2021, 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 23.5% (31 December 2020: 24.0%). The Group’s net current assets increased by 7.7% from approximately RMB102,485.1 million as at 31 December 2020 to approximately RMB110,418.4 million as at 30 June 2021. The quick ratio (cash and bank deposits divided by short-term borrowings) decreased to 1.9 times as at 30 June 2021 from 2.0 times as at 31 December 2020, and the current ratio remained stable at 1.8 times as at 30 June 2021.

The net gearing ratio is calculated by dividing total borrowings (including short-term and long-term borrowings) minus cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) by the total equity (excluding perpetual capital securities). As at 30 June 2021, the Group's borrowings (including short-term and long-term borrowings) were RMB123,778.0 million, and cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) was RMB48,735.9 million. The total equity (excluding perpetual capital securities) was RMB80,099.6 million, so the net gearing ratio as at 30 June 2021 was 93.7%, which is 2.4 percentage points lower than the 96.1% as at 31 December 2020.

The cash to short-term debt ratio is cash and bank balances (excluding restricted cash and short-term bank deposits) divided by short-term borrowings. As at 30 June 2021, the Group's cash and bank balances (excluding restricted cash and short-term bank deposits) were RMB38,363.7 million, short-term borrowings were RMB25,017.3 million. Therefore, the cash to short-term debt ratio was 1.53.

The liabilities to assets ratio after excluding receipts in advance is calculated by subtracting receipts in advance (including contract liabilities) from total liabilities and dividing by total assets excluding perpetual capital securities minus receipts in advance (including contract liabilities). As at 30 June 2021, the Group's receipts in advance (including contract liabilities) was RMB51,545.1 million, total liabilities was RMB237,662.1 million, and total assets was RMB319,111.8 million; total liabilities and total assets after excluding perpetual capital securities minus receipts in advance was RMB186,117.0 million and RMB266,216.6 million, respectively. Therefore, the liabilities to asset ratio after excluding receipts in advance was 69.9%, as compared with 70.1% of 31 December 2020, representing a decrease by 0.2 percentage points.

Cost of borrowings

For the six months ended 30 June 2021, the Group's total cost of borrowings was RMB5,910.1 million, representing an increase of approximately RMB42.6 million or 0.7% as compared to the corresponding period in 2020. The increase was primarily attributable to the increase in the average borrowing balance.

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 2021, the Group had borrowings in US dollar and HK dollar with an aggregate carrying amount of RMB4,584.5 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 2021, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB32,996.1 million (31 December 2020: RMB27,272.6 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage. As at 30 June 2021, the Group had provided guarantees in respect of certain bank loans of approximately RMB4,930.0 million for its joint ventures and associates.

Employees and remuneration policy

As at 30 June 2021, the Group had approximately 16,500 employees (31 December 2020: approximately 17,100 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2021 amounted to approximately RMB1,159.5 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 schemes and a subsidiary share option scheme. Details of the share option schemes are set out in this report.

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. The Board is of the view that, for the six months ended 30 June 2021, 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 engagements, the non-executive Director of the Company, Ms. CHEN Shaohuan was unable to attend the annual general meeting and extraordinary general meeting of the Company held on 15 June 2021 and 2 July 2021 respectively.

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2021. 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 2021 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 2021.

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 in the section headed "Liquidity, financial and capital resources" above, during the six months ended 30 June 2021, 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 HK4 cents per share for the six months ended 30 June 2021 (30 June 2020: 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 17 December 2021 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 3 December 2021.

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, 1 December 2021 to Friday, 3 December 2021, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 30 November 2021.

PUBLICATION OF THE 2021 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Interim Report for the six months ended 30 June 2021 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, 25 August 2021

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.