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 2024

The board (the "**Board**") of directors (the "**Directors**") of Kaisa Group Holdings Ltd. (the "**Company**") announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023.

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2024 decreased by 60.0% to approximately RMB5,428.6 million from the corresponding period in 2023.
- Gross profit for the six months ended 30 June 2024 decreased by 75.0% to approximately RMB744.3 million and the gross profit margin for the period was 13.7%.
- Loss for the six months ended 30 June 2024 increased by 36.3% to approximately RMB8,993.9 million from the corresponding period in 2023.
- Contracted sales of the Group, together with its joint ventures and associated companies for the six months ended 30 June 2024, decreased by 70.8% to approximately RMB3,556 million.
- No interim dividend declared for the six months ended 30 June 2024.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2024

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**5,428,581**	13,564,598
Cost of sales	*4*	**(4,684,268)**	(10,591,702)
Gross profit		**744,313**	2,972,896
Other gains and losses, net	*5*	**(3,293,358)**	(4,035,137)
Selling and marketing costs	*4*	**(243,989)**	(358,580)
Administrative expenses	*4*	**(710,042)**	(789,639)
Net fair value losses on investment properties		**(489,190)**	(124,000)
Net gain on disposals of subsidiaries		**–**	17,804
Provision for expected credit losses	*5*	**(2,670,274)**	(2,484,578)
Operating loss		**(6,662,540)**	(4,801,234)
Share of results of associates		**(1,517,311)**	(516,837)
Share of results of joint ventures		**52,023**	324,984
Finance income	*6*	**5,945**	42,021
Finance costs	*6*	**(945,126)**	(981,837)
Finance costs, net	*6*	**(939,181)**	(939,816)
Loss before income tax		**(9,067,009)**	(5,932,903)
Income tax credit/(expense)	*7*	**73,097**	(667,597)
Loss for the period		**(8,993,912)**	(6,600,500)
(Loss)/Profit for the period attributable to:			
Owners of the Company		**(9,115,416)**	(6,973,892)
Non-controlling interests		**121,504**	373,392
		(8,993,912)	(6,600,500)
Loss per share for loss attributable to owners of the Company during the period (expressed in RMB per share)			
– Basic	*8*	**(1.299)**	(0.994)
– Diluted	*8*	**(1.299)**	(0.994)

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Loss for the period		**(8,993,912)**	(6,600,500)
Other comprehensive (expense)/income for the period, including reclassification adjustments			
Items that may be reclassified subsequently to profit or loss			
Exchange (loss)/gain on translation of foreign operations		**(5,462)**	29,769
Share of other comprehensive income/(expense) of associates, net of income tax		**1,280**	(2,602)
Other comprehensive (expense)/income for the period, including reclassification adjustments		**(4,182)**	27,167
Total comprehensive expense for the period		**(8,998,094)**	(6,573,333)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(9,116,605)**	(6,959,617)
Non-controlling interests		**118,511**	386,284
		(8,998,094)	(6,573,333)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2024

	Notes	**Unaudited 30 June 2024 RMB'000**	Audited 31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment		**4,566,649**	5,029,514
Right-of-use assets		**603,005**	598,175
Investment properties		**8,188,870**	9,016,710
Land use rights		**371,538**	379,176
Interests in associates		**16,384,473**	22,254,794
Interests in joint ventures		**8,463,211**	8,450,839
Financial assets at fair value through profit or loss		**1,626,560**	4,562,844
Goodwill and intangible assets		**923,613**	939,729
Debtors, deposits and other receivables	*10*	**8,981**	28,608
Deferred tax assets		**1,361,475**	1,362,966
Total non-current assets		**42,498,375**	52,623,355
Current assets			
Properties under development		**73,202,829**	71,497,787
Completed properties held-for-sale		**21,571,257**	20,484,100
Inventories		**370,572**	378,757
Debtors, deposits and other receivables	*10*	**43,445,949**	44,486,906
Deposits for land acquisition		**2,453,814**	2,425,322
Prepayments for proposed development projects		**37,282,725**	36,555,406
Prepaid tax		**133,210**	–
Restricted bank balances and cash		**2,005,376**	2,406,284
Financial assets at fair value through profit or loss		**872,074**	967,978
Cash and bank balances		**745,654**	994,771
Total current assets		**182,083,460**	180,197,311
Current liabilities			
Contract liabilities		**18,790,671**	20,325,482
Accrued construction costs		**9,490,777**	8,695,203
Income tax payable		**13,008,830**	12,958,433
Lease liabilities		**144,444**	135,416
Borrowings	*11*	**117,604,095**	117,051,570
Other payables		**53,997,083**	46,474,111
Total current liabilities		**213,035,900**	205,640,215
Net current liabilities		**(30,952,440)**	(25,442,904)
Total assets less current liabilities		**11,545,935**	27,180,451

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Non-current liabilities			
Lease liabilities		**425,900**	441,389
Borrowings	*11*	**17,474,332**	16,572,447
Other payables		**4,810**	5,876
Deferred tax liabilities		**2,228,991**	2,436,384
Total non-current liabilities		**20,134,033**	19,456,096
Net (liabilities)/assets		**(8,588,098)**	7,724,355
Equity			
Share capital		**613,530**	613,530
Share premium		**6,376,801**	6,376,801
Perpetual capital securities		**1,350,054**	1,350,054
Reserves		**(29,504,461)**	(20,389,495)
Equity attributable to owners of the Company		**(21,164,076)**	(12,049,110)
Non-controlling interests		**12,575,978**	19,773,465
Total (deficit)/equity		**(8,588,098)**	7,724,355

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 Act, 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, cultural centre operations and healthcare operations in the People's Republic of China (the "**PRC**").

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

These unaudited condensed consolidated interim financial statements are presented in Renminbi ("**RMB**"), the currency of the primary economic environment in which most of the group entities operate (the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand ('000), unless otherwise stated. The condensed consolidated financial statements have not been audited and were authorised for issue by the Board of Directors on 29 August 2024.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 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 statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023, 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 interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of following amended HKFRSs effective as of 1 January 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The adoption 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.

The Group has not early adopted any other standards, interpretation or amendments that have been issued but are not yet effective.

(iii) Going concern basis

For the six months ended 30 June 2024, the Group incurred net loss of approximately RMB8,993,912,000. As at 30 June 2024, the Group's net current liabilities amounted to approximately RMB30,952,440,000 and the Group's current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to approximately RMB213,035,900,000.

In addition, as at 30 June 2024, the Group did not repay certain bank and other borrowings of approximately RMB90,050,329,000 according to their scheduled repayment dates. As a result, as at 30 June 2024, bank and other borrowings with the aggregate principal amount of approximately RMB111,430,886,000 had become default or cross-default. Subsequent to 30 June 2024, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates.

Moreover, as disclosed in the Company's announcement dated 8 March 2024, Citicorp International Limited ("**Petitioner**") has applied to the High Court of the Hong Kong Special Administrative Region for the winding-up of the Company in relation to the Company's non-payment of the 10.875% notes due in 2023 issued with the outstanding principal amount of USD750,000,000 and accrued interests (the "**Petition**"). The hearing of the Petition has been adjourned a few times, with the latest being adjourned to 9 September 2024, as disclosed in the Company's announcement dated 12 August 2024.

These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing. The following plans and measures are formulated with the objective to mitigate the liquidity pressure of the Group:

- The Company has been working with its financial advisor, Houlihan Lokey (China) Limited, and legal advisor, Sidley Austin, to assess its current financial and operational conditions with a view to formulating a comprehensive solution that respects the rights of all stakeholders and unlocks the inherent value of the Group's business and assets as the onshore operating environment recovers over time. In this regard, the Company has been communicating and constructively engaging with certain holders of the senior notes and other debts issued by the Group and their financial advisors, and legal advisors, to facilitate the formulation of a consensual and holistic restructuring proposal for the Group's debts. The Company, as disclosed in the Company's announcement dated 20 August 2024 (the "**Announcement**"), entered into a restructuring support agreement (the "**RSA**") on 20 August 2024 with the Ad Hoc Group of creditors (the "**AHG**") which, in the view of the Directors, represents significant progress on the restructuring of the Group's offshore indebtedness (the "**Restructuring**"). The AHG represented over 34% and over 36% of the aggregate outstanding principal amount of the Kaisa In-Scope Debt and the Rui Jing In-Scope Debt (both as defined in the Announcement) as of 30 June 2024. The Restructuring is intended to (i) provide the Company with a long-term, sustainable capital structure; (ii) allow adequate financial flexibility and sufficient runway to stabilize the business; and (iii) protect the rights and interests, and maximize value, for all stakeholders.

In addition to the RSA, which signifies significant progress being made on the Restructuring, the Group will continue to perform the followings:

a) To implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group will also continue to actively adjust sales and pre-sale activities to better respond to the changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

b) To seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make it relatively more attractive to potential buyers and retain a higher value in current market conditions; and

c) To control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

Despite the RSA, the Petition had not been withdrawn by the Petitioner as of the date when the condensed consolidated interim financial statements for the six months ended 30 June 2024 had been authorised for issue. The management believes that the purpose of the Petition used by the Petitioner is to facilitate the negotiation process until the completion of the Restructuring. As explained above, for the past few years, the Group has been actively communicating and maintaining constructive dialogue with the AHG and their financial advisors, which resulted in the entering into of the RSA in August 2024.

As explained in the Announcement, the Company hopes to start the relevant legal procedures concerning the Restructuring as soon as possible.

The Directors are of the opinion that, on the assumption that the above mentioned plans and measures can be successfully implemented as scheduled, the Group will have sufficient financial resources to finance its operations and to meet its financial obligations upon agreements with its creditors as and when they fall due within the following twelve months from 30 June 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial statements for the six months ended 30 June 2024 on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the followings:

(a) the successful renewal of it debts including bank and other borrowings and senior notes;

(b) the successful and timely implementation of the plans to accelerate the pre-sale and sale of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and control capital expenditure so as to generate adequate net cash inflows; and

(c) the successful disposal of assets when needed.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024.

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 losses on financial assets at FVTPL, corporate and other unallocated expenses, finance income, finance costs and income tax credit/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, cultural centre operations, healthcare operations 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	
	2024	2023
	RMB'000	*RMB'000*
Sales of properties	**3,691,046**	11,727,659
Rental income	**207,262**	197,456
Property management services	**826,372**	827,538
Hotel and catering operations	**116,633**	159,884
Cultural centre operations	**82,884**	84,634
Healthcare operations	**348,183**	314,281
Others	**156,201**	253,146
	5,428,581	13,564,598

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2024 is as follows:

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cultural centre operations RMB'000	Healthcare operations RMB'000	Others RMB'000	Total RMB'000
Revenue	3,691,046	266,661	940,371	118,784	95,546	348,183	158,053	5,618,644
Less: Inter-segment revenue	–	(59,399)	(113,999)	(2,151)	(12,662)	–	(1,852)	(190,063)
Revenue from external customers	3,691,046	207,262	826,372	116,633	82,884	348,183	156,201	5,428,581
Timing of revenue recognition under HKFRS 15								
At a point in time	3,691,046	–	–	–	–	348,183	156,201	4,195,430
Over time	–	–	826,372	116,633	82,884	–	–	1,025,889
Revenue from other sources of HKFRS 15	–	207,262	–	–	–	–	–	207,262
	3,691,046	207,262	826,372	116,633	82,884	348,183	156,201	5,428,581
Segment results before net fair value losses on investment properties and share of results of associates and joint ventures	(5,227,019)	101,731	141,424	6,238	(103,497)	23,141	(951,504)	(6,009,486)
Net fair value losses on investment properties	–	(489,190)	–	–	–	–	–	(489,190)
Share of results of associates	(1,478,863)	–	3,772	–	–	–	(42,220)	(1,517,311)
Share of results of joint ventures	57,137	–	–	–	–	–	(5,114)	52,023
Segment results	(6,648,745)	(387,459)	145,196	6,238	(103,497)	23,141	(998,838)	(7,963,964)
Net fair value losses on financial assets at FVTPL								(73,888)
Corporate and other unallocated expenses								(89,976)
Finance income								5,945
Finance costs								(945,126)
Finance costs, net *(note 6)*								(939,181)
Loss before income tax								(9,067,009)
Income tax credit *(note 7)*								73,097
Loss for the period								(8,993,912)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2023 is as follows:

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Healthcare operations RMB'000	Others RMB'000	Total RMB'000
Revenue	11,727,659	224,406	935,230	161,740	101,731	–	314,281	289,058	13,754,105
Less: Inter-segment revenue	–	(26,950)	(107,692)	(1,856)	(17,097)	–	–	(35,912)	(189,507)
Revenue from external customers	11,727,659	197,456	827,538	159,884	84,634	–	314,281	253,146	13,564,598
Timing of revenue recognition under HKFRS 15									
At a point in time	11,727,659	–	–	–	–	–	314,281	253,146	12,295,086
Over time	–	–	827,538	159,884	84,634	–	–	–	1,072,056
Revenue from other sources of HKFRS 15	–	197,456	–	–	–	–	–	–	197,456
	11,727,659	197,456	827,538	159,884	84,634	–	314,281	253,146	13,564,598
Segment results before net fair value losses on investment properties and share of results of associates and joint ventures	(1,486,193)	99,494	126,070	21,384	(60,033)	(530)	102,483	(3,123,411)	(4,320,736)
Net fair value losses on investment properties	–	(124,000)	–	–	–	–	–	–	(124,000)
Share of results of associates	(401,422)	–	(4,179)	–	–	–	–	(111,236)	(516,837)
Share of results of joint ventures	190,927	–	–	–	–	–	–	134,057	324,984
Segment results	(1,696,688)	(24,506)	121,891	21,384	(60,033)	(530)	102,483	(3,100,590)	(4,636,589)
Net fair value losses on financial assets at FVTPL									(262,369)
Corporate and other unallocated expenses									(94,129)
Finance income									42,021
Finance costs									(981,837)
Finance costs, net *(note 6)*									(939,816)
Loss before income tax									(5,932,903)
Income tax expense *(note 7)*									(667,597)
Loss for the period									(6,600,500)

The segment assets and liabilities as at 30 June 2024 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cultural centre operations RMB'000	Healthcare operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	**953,020,043**	**34,763,474**	**7,673,693**	**3,742,607**	**9,693,413**	**4,732,730**	**172,902,283**	**(965,752,730)**	**220,775,513**
Unallocated									**3,806,322**
									224,581,835
Segment liabilities	**807,451,677**	**2,472,228**	**3,851,243**	**3,293,774**	**11,110,434**	**3,954,033**	**164,847,797**	**(914,127,501)**	**82,853,685**
Unallocated									**150,316,248**
									233,169,933

The segment assets and liabilities as at 31 December 2023 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cultural centre operations RMB'000	Healthcare operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	957,755,020	37,214,630	7,377,524	3,740,927	9,723,261	4,688,673	174,113,543	(968,686,700)	225,926,878
Unallocated									6,893,788
Total assets									232,820,666
Segment liabilities	799,651,573	1,847,654	3,720,573	3,282,597	10,970,974	761,958	165,334,170	(909,492,025)	76,077,474
Unallocated									149,018,837
Total liabilities									225,096,311

For the six months ended 30 June 2024 and 2023, 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 2024.

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, and corporate borrowings.

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	
	2024	2023
	RMB'000	*RMB'000*
Advertising and other promotional costs	**112,695**	133,371
Agency fees	**60,231**	149,588
Amortisation of land use rights	**6,738**	6,738
Amortisation of intangible assets	**17,300**	18,086
Cost of properties sold	**3,507,579**	9,312,469
Depreciation		
– Property plant and equipment	**144,800**	175,142
– Right-of-use assets	**32,823**	30,184
Direct operating expenses arising from		
– Property investment	**93,543**	93,679
– Property management services	**606,056**	617,432
– Hotel and catering operations	**89,193**	103,247
– Cultural centre operations	**63,643**	199,182
– Healthcare operations	**194,731**	156,977
Donations	**450**	3
Legal and professional fees	**86,433**	104,168
Minimum lease payment under operating leases	**205**	531
Other taxes	**28,427**	63,021
Staff costs – including directors' emoluments	**446,356**	456,458

5. OTHER GAINS AND LOSSES – NET

	Unaudited Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Dividend income from financial assets at FVTPL	**–**	–
Forfeited customer deposits	**4,574**	2,504
Government subsidy income *(note)*	**8,768**	86,045
Net losses on disposals of financial assets at FVTPL	**–**	(50,000)
Net fair value losses on financial assets at FVTPL	**(73,888)**	(262,369)
Net (loss)/gain on disposal of property, plant and equipment	**(813,454)**	167
Write-down of completed properties held for sale and properties under development	**(1,590,613)**	(376,346)
Impairment loss on investment in an associate	**(288,124)**	–
Net exchange losses	**(452,396)**	(3,057,450)
(Provision)/Reversal for ECL allowance/written-off include:		
– relating to financial assets and contract assets	**(2,734,238)**	(605,305)
– relating to financial guarantees	**63,964**	(1,879,273)
	(2,670,274)	(2,484,578)

Note: The amount represented the subsidies received from the local government bureau in the PRC. There was no unfulfilled conditions and other contingencies attached to the receipts of subsidies.

6. FINANCE COSTS – NET

	Unaudited Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Finance income		
Interest income on bank deposits	**5,945**	42,021
Finance costs		
Interest expense:		
– Bank and other borrowings	**2,251,398**	2,013,463
– Senior Notes	**4,331,127**	4,216,531
– Lease liabilities	**1,016**	4,257
Total interest expenses	**6,583,541**	6,234,251
Less: interests capitalised	**(5,638,415)**	(5,252,414)
	945,126	981,837
Finance costs – net	**(939,181)**	(939,816)

7. INCOME TAX (CREDIT)/EXPENSE

	Unaudited Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**48,312**	184,818
– PRC land appreciation tax	**84,693**	585,506
Deferred tax	**(206,102)**	(102,727)
	(73,097)	667,597

Income tax expenses for the six months ended 30 June 2024 and 2023 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 Act 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 2024 and 2023 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 2023: 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.

8. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss 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	
	2024	2023
	RMB'000	*RMB'000*
Loss attributable to owners of the Company	**(9,115,416)**	(6,973,892)

	Number of shares	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic loss per share	**7,015,468,487**	7,015,468,487

Notes:

(a) The computation of diluted loss per share for the six months ended 30 June 2024 and 2023 did not assume the exercise of outstanding share options of the Company since their assumed conversion would result in a decrease in loss per share.

(b) The dilutive effect of the share options issued by the Group's listed subsidiaries, Kaisa Prosperity Holdings Limited and Kaisa Health Group Holdings Limited, were insignificant for the six months ended 30 June 2024 and 2023.

9. DIVIDENDS

No interim dividend have been declared for the six months ended 30 June 2024 and 2023.

10. 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 30 June 2024	Audited 31 December 2023
	RMB'000	*RMB'000*
Within 90 days	**841,210**	931,165
Over 90 days but within 180 days	**284,485**	253,480
Over 180 days but within 270 days	**132,207**	112,606
Over 270 days but within 365 days	**111,511**	89,121
Over 365 days	**680,424**	656,379
	2,049,837	2,042,751
Less: allowance for impairment	**(476,084)**	(193,708)
	1,573,753	1,849,043

11. BORROWINGS

	Unaudited 30 June 2024 *RMB'000*	Audited 31 December 2023 *RMB'000*
Borrowings included in current liabilities:		
Senior Notes	**82,560,236**	82,049,361
Bank borrowings – secured	**9,286,588**	8,434,276
Bank borrowings – unsecured	**2,895,208**	2,471,457
Other borrowings – secured	**11,218,588**	10,815,902
Other borrowings – unsecured	**11,419,694**	13,171,793
Loan from a related company	**108,781**	108,781
Loan from the controlling shareholder of the Company – unsecured	**115,000**	–
	117,604,095	117,051,570
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**5,772,037**	5,456,233
Bank borrowings – unsecured	**2,729,318**	2,735,794
Other borrowings – secured	**8,187,281**	7,399,630
Other borrowings – unsecured	**785,696**	865,790
Loan from the controlling shareholder of the Company – unsecured	**–**	115,000
	17,474,332	16,572,447
Total borrowings	**135,078,427**	133,624,017

12. COMMITMENTS

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

	Unaudited 30 June 2024 *RMB'000*	Audited 31 December 2023 *RMB'000*
Contracted but not provided for		
– Acquisitions of land use rights and property development activities	**12,103,079**	12,348,756
– Acquisitions of subsidiaries *(note)*	**13,000,000**	13,000,000
	25,103,079	25,348,756

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 2024 *RMB'000*	Audited 31 December 2023 *RMB'000*
Not later than one year	**348**	365

As at 30 June 2024, 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 2024 *RMB'000*	Audited 31 December 2023 *RMB'000*
Within one year	**189,752**	180,956
After one year and within two years	**178,426**	180,947
After two years and within three years	**145,303**	139,678
After three years and within four years	**110,607**	110,190
After four years and within five years	**86,835**	84,514
After five years	**192,130**	181,277
	903,053	877,562

The Group leases its investment properties under operating lease arrangements which run for an initial period of one to twenty (unaudited) (31 December 2023: one to twenty (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. EVENTS AFTER REPORTING PERIOD

On 20 August 2024, the Company entered into the RSA with the AHG representing creditors over 34% of the aggregate outstanding principal amount of the Kaisa In-Scope Debt and over 36% of the aggregate outstanding principal amount of the Rui Jing In-Scope Debt, respectively. For details, please refer to the Company's announcement dated 20 August 2024.

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 2024 (the "**period**") and the comparative figures for the corresponding period in 2023.

RESULTS AND DIVIDEND

For the six months ended 30 June 2024, the Group's turnover and gross profit were approximately RMB5,428.6 million and RMB744.3 million, representing decreases of approximately 60.0% and 75.0% as compared to the corresponding period in 2023, respectively. Loss attributable to equity holders of the Company and basic loss per share amounted to approximately RMB9,115.4 million and RMB1.299, respectively (corresponding period in 2023: loss of approximately RMB6,973.9 million and basic loss per share of RMB0.994).

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

BUSINESS REVIEW

Property Market and Policies

In the first half of 2024, the complexity and uncertainty of the external environment increased, and the deepening of domestic structural adjustment posed challenges, but the release of the effects of macro-policies, the increase in overseas demand, and the accelerated development of new productive forces formed effective support. The macro economy was generally stable, with GDP in the PRC amounting to RMB61.7 trillion in the first half of the year, representing a year-on-year growth of 5.0%. CPI rose by 0.1% year-on-year, and the surveyed urban unemployment rate averaged 5.1%, representing a year-on-year decrease of 0.2 percentage points. The development quality and transformation upgrade progressed steadily, and the trend of industrial transformation towards "new" and "green" became more obvious. On the whole, during the first half of the year, the national economy continued to restore the positive momentum, and the economic operation was generally stable, making progress amidst stability.

In respect of the property market, since the beginning of the year, relaxation has been the keynote in real estate policies, but the industry as a whole continued to face great downward pressure. In the first quarter of the year, under the guidance of the spirit of the Central Government and the National People's Congress and Chinese People's Political Consultative Conference, the direction of real estate policies became clearer and formed a joint force while remaining loosen. The market continued to bottom out, and certain data from certain regions and cities showed signs of improvement. In the second quarter, the persistent effects of policies such as abolishing the lower limit of loan interest rates and lowering the down payment ratio, promoted the release of demand. Following the implementation of a number of policies, secondary housing transactions in some core cities have started to show improvement, but the overall new housing market has not improved significantly, and it still takes time for the policy to take effect.

Securing Livelihood, Ensuring Delivery, and Guaranteeing Quality

For the six months ended 30 June 2024, the Group, together with its joint ventures and associates, recorded contract sales of approximately RMB3,556 million.

Kaisa closely followed changes brought by new policies and based on market trends, implemented city-specific policies and one strategy for one property project, while adopting flexible marketing strategies and making greater efforts in project sales. At the same time, Kaisa promoted the sale of precipitated assets such as parking spaces and shops, and the operation of asset leasing to effectively revitalize funds to guarantee delivery and operation.

During the period, Kaisa fulfilled its responsibilities, overcame difficulties, and resolutely implemented the work of "securing livelihood, ensuring delivery, and guaranteeing quality. Half a year before delivery, the customer service team led the formation of a working group for project delivery, formulated an overall project delivery plan. We ensured construction quality from the perspective of customers, and carried out several rounds of simulated inspection and risk investigation with engineering teams to strictly control delivery quality. One-stop occupancy services were provided to property owners at the delivery sites, and property owners were accompanied by a professional home inspector throughout the one-on-one inspection and acceptance process. In the first half of 2024, the Group delivered total GFA of approximately 280,000 sq.m. in 12 projects in various cities including Shenzhen, Beijing, Chongqing, Xuzhou, Jieyang and Zhongshan etc., vigorously promoting the work of ensuring delivery.

Stepping into the new competition cycle, Kaisa has always insisted on putting products as its first priority, designing and building high-quality and high-standard products based on customers' needs. During the first half of the year, various projects delivered by the Group, including Shenzhen Jiayuan, Shenzhen Kaisa Sky-high Summit, Beijing Xishan Palace and Taizhou Royal Mansion etc., amounting to a total GFA of more than 192,000 sq.m., met the nationally certified 2-star green building standard. Adhering to the concept of green design, Kaisa is committed to achieving sustainable social efficiency by controlling the energy consumption of buildings to provide customers with comfortable working and living environment while minimizing the negative impacts of urban development on the ecological environment.

Land Bank

Deepening its penetration in the first-tier and major second-tier cities has always been the development strategy of the Group. As at 30 June 2024, the Group has a total of 186 real estate projects in 50 cities nationwide, with a total land bank of approximately 23.30 million sq.m., of which approximately 13.64 million sq.m. or 59% 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 43% of its land bank in the Greater Bay Area.

Urban Renewal

To respond to the Guiding Opinions on the Active and Steady Promotion of Urban Village Transformation in Supercities and Megacities (《關於在超大特大城市積極穩步推進城中村改造的指導意見》) issued by the State Council, Shenzhen officially issued the Implementation Opinions on Proactively and Steadily Pushing Forward the Transformation of Urban Villages to Achieve High-Quality Development (《關於積極穩步推進城中村改造實現高質量發展的實施意見》), which clarified that future urban village transformation will take a new path of transformation featured by government-led and the separation of the first and second levels. Land will be reserved by means of vacant land, and the land transferee determined by public means such as transfer based on comprehensive evaluation or design plans. The land in urban village reconstruction projects under the category of demolishment for reconstruction has to be reserved by means of vacant land, and subsequently the land transferee can be determined by public means such as transfer based on comprehensive evaluation or design plans, and development and construction shall be carried out by the land transferee. Under the model of land preparation, central and state-owned enterprises play a key role in urban village transformation, while private enterprises mainly focus on providing whole process services for central and state-owned enterprises.

On the other hand, the government is also conducting research on proposals to steadily promote historical projects. The "Consultation Draft on Certain Measures for Promoting Urban Renewal Work in a Steady and Orderly Manner" (《關於穩妥有序推進城市更新工作的若干措施》的徵求意見稿) mainly focuses on the difficulties of project advancement, and proposes to provide support from the aspects of planning indicators, preferential tax policies and financial support. At the same time, support in areas such as approval process and taxation is also provided for relief projects that introduce "a bona fide third party" for contracting.

With 25 years of experience in urban renewal, the Group has engaged in more than ten core cities and regions across the country. Of these, most of the renewal projects are located in the Greater Bay Area. As at 30 June 2024, the Group together with its joint ventures and associates had over a hundred urban renewal projects in the Greater Bay Area which were yet to be converted into land bank of the Group, covering a site area of approximately 38 million sq.m.. The Group plans to replenish the land bank for urban renewal as high-quality sources of product through continual transformation each year and at the same time to provide a full-process renewal service model, empowering industrial upgrading and practicing high-quality and sustainable development.

Financial Management

As at 30 June 2024, the Group's cash and bank deposits (including bank deposits, cash and bank balances and restricted cash) amounted to approximately RMB2,751.0 million. The Group's liabilities to assets ratio excluding receipts in advance (including contract liabilities) decreased to 104.8%; and cash to short-term debt ratio (excluding restricted cash) was 0.01.

Financing

In the first half of 2024, at the financing level, regulatory policies have continued to relax. Local governments have introduced a range of favorable measures, including "reducing the down payment ratio", "lowering loan interest rates", "recognising houses, not loans", "new regulations on operating property loans", and "establishing an urban real estate financing coordination mechanism". These measures collectively convey a positive signal of policy support for financing of real estate enterprises. City-specific policies were implemented to optimize regulation of the real estate industry, lower costs of housing mortgage, actively promote work on guaranteed delivery, and promote the stable and healthy development of the real estate market. However, the industrial risks have not yet been fully resolved, and financial institutions still have a relatively weak expectation on real estate enterprises, especially private real estate enterprises. The substantive beneficiaries of the favorable financing policies are limited, and the recovery of confidence in the real estate market is expected to take some time. The market is currently still in an adjustment period and is still in a sluggish state. The stabilization and recovery of the market and the prevention of debt risk of housing enterprises still need to be consolidated by policies.

Against such backdrop, the Group persisted in proactively making great efforts in debt management, and looked for additional financing to provide itself with liquidity support. At the same time, the Group actively negotiated for financing extensions and interest rate cuts. Financing costs have continued to decline compared with the end of 2023. The Group continued to actively introduce cooperations and realized revitalization. Based on the existing experience of project revitalization, the Group will further promote the implementation of cooperative revitalization plans for various projects during the year. The Group will continue to explore practical development paths. Relying on the abundant land bank in the Greater Bay Area and the core advantages in the field of urban renewal, and leveraging positive signals of policy financing, the Group will continue to promote the acceleration of revitalization of core assets and onshore and offshore debt restructuring.

In terms of offshore debt restructuring, the Group with its financial and legal advisors have been actively engaging with the Ad Hoc Group (the "**AHG**") and its advisors on the formulation of a mutually agreed holistic debt restructuring plan over the past years. On 20 August 2024, the Company had entered into a restructuring support agreement (the "**RSA**") with the AHG which is a notable milestone regarding the restructuring of the Group's offshore indebtedness (the "**Restructuring**"). The contemplated Restructuring is intended to (i) provide the Company with a long-term, sustainable capital structure; (ii) allow adequate financial flexibility and sufficient runway to stabilize the business; and (iii) protect the rights and interests, and maximize value, for all stakeholders. Broad-based support is required to facilitate a successful Restructuring. The Group will continue to maintain active and constructive dialogues with its creditors to facilitate and implement the Restructuring as soon as practicable, and make announcement on the latest progress of the Restructuring as and when appropriate.

PROSPECTS

Looking ahead, the global economy may continue to show recovery. Central banks of various countries are actively making deployments for the downward trend of interest rates, and a global trend of interest rate cuts has started which is expected to support the economic growth. More than a dozen countries have held or will soon hold key elections, and uncertainty related to trade policy will be intensified. More potential policies that could affect the trade outlook and economic activities may be launched. In the second half of the year, it is expected that China's economy will remain stable on the whole, but the domestic economy will face the issues of insufficient short-term demand, weak expectations and challenges of medium- and long-term structural transformation, and the pressure on maintaining stable economy growth while preventing risks still exists. In respect of the property market, under an environment of relaxing policy, the real estate market is seeking recovery from the downturn, and it is expected that the downward trend of the primary property market will slow down in the second half of the year. However, as residents' income expectations and expectation of falling house prices have not been significantly improved, the national real estate market is still facing adjustment pressure, and the primary property market is still in a stage of bottoming out.

In the future, we will take active initiatives to mitigate operating risks, return to the right track of healthy development, adhere to the business strategy of profit and cash flow as the core, and actively explore a new model of light-asset, high-quality and sustainable development.

ACKNOWLEDGEMENT

The Board will continue to mitigate negative impacts and implement measures to manage any risks regarding the Group's operations and reputation, and enhance the Group's core advantages to achieve sustainable development.

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. We will overcome the difficulties together hand in hand to maximize the value and returns to our shareholders and investors.

KWOK Ying Shing
Chairman

Hong Kong, 29 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the six months ended 30 June 2024, the Group recorded revenue of approximately RMB5,428.6 million, representing a decrease of 60.0% as compared with approximately RMB13,564.6 million for the corresponding period in 2023. Loss for the period amounted to approximately RMB8,993.9 million as compared to loss of RMB6,600.5 million for the six months ended 30 June 2023. Loss for the period attributable to owners of the Company amounted to approximately RMB9,115.4 million as compared to loss of approximately RMB6,973.9 million for the six months ended 30 June 2023. Basic loss per share amounted to RMB1.299 (six months ended 30 June 2023: loss of RMB0.994).

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

Contracted sales in the first half of 2024

In the first half of 2024, the Group together with its joint ventures and associates recorded contracted sales of approximately RMB3,556 million. Aggregated GFA sold for the period was 329,915 sq. m.. The table below shows the contracted sales by region in the first half of 2024:

Region	**Contracted sales area** *(sq.m.)*	**Contracted sales amount** *(RMB in millions)*
Greater Bay Area	188,683	2,386
Yangtze River Delta	37,407	266
Central China	54,560	444
Western China	17,963	92
Pan-Bohai Bay Rim	31,302	368
Total	**329,915**	**3,556**

Property development

Projects completed in the first half of 2024

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the six months ended 30 June 2024, the GFA of newly completed projects of the Group together with its joint ventures and associates amounted to approximately 1.2 million sq. m..

Projects under development

As at 30 June 2024, the Group together with its joint ventures and associates had 65 projects under development with an aggregate of GFA of approximately 7.9 million sq. m..

Property management

The Group generated revenue from providing property management services. During the six months ended 30 June 2024, the Group managed a total GFA of approximately 104.5 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 2024, the Group's property services penetrated into 77 cities nationwide, covering residential, commercial, office, tourism and large-scale stadiums.

Investment properties

The Group adopts a diversified business strategy. 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 2024, the Group held 9 investment property projects, with an aggregate GFA of approximately 0.39 million sq. m..

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.

As at 30 June 2024, the Group together with its joint ventures and associates had a total land bank of approximately 23.30 million sq. m. and approximately 59% of land bank was located in the Greater Bay Area, which is sufficient for the Group's development needs for the next five years.

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from the following business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cultural centre operations, (vi) healthcare operations and (vii) others. Revenue for the six months ended 30 June 2024 decreased by 60.0% to approximately RMB5,428.6 million from approximately RMB13,564.6 million for the corresponding period in 2023. 68.0% of the Group's revenue was generated from the sales of properties (six months ended 30 June 2023: 86.5%) and 32.0% from other segments (six months ended 30 June 2023: 13.5%).

Sales of properties

Revenue from sales of properties decreased by approximately RMB8,036.7 million, or 68.5%, to approximately RMB3,691.0 million for the six months ended 30 June 2024 from approximately RMB11,727.7 million for the corresponding period in 2023. The decrease was attributable to the decrease in total delivered GFA to approximately 0.28 million sq. m. for the six months ended 30 June 2024 from approximately 0.54 million sq. m. for the corresponding period in 2023 and the drop in the selling price of the GFA delivered for the six months ended 30 June 2024.

Rental income

Revenue from rental income increased by approximately RMB9.8 million, or 5.0%, to approximately RMB207.3 million for the six months ended 30 June 2024 from approximately RMB197.5 million for the corresponding period in 2023.

Property management

Revenue from property management service decreased by approximately RMB1.1 million, or 0.1%, to approximately RMB826.4 million for the six months ended 30 June 2024 from approximately RMB827.5 million for the corresponding period in 2023.

Hotel and catering operations

Revenue from hotel and catering operations of the Group decreased by approximately RMB43.3 million, or 27.1% to approximately RMB116.6 million for the six months ended 30 June 2024, from approximately RMB159.9 million for the corresponding period in 2023. The decrease was due to lower hotel occupancy in the first half of the year.

Cultural centre operations

Revenue from cultural centre operations decreased by approximately RMB1.7 million, or 2.0%, to approximately RMB82.9 million for the six months ended 30 June 2024 from approximately RMB84.6 million for the corresponding period in 2023.

Healthcare operations

Revenue from healthcare operations increased by approximately RMB33.9 million, or 10.8%, to approximately RMB348.2 million for the six months ended 30 June 2024 from approximately RMB314.3 million for the corresponding period in 2023. The increase was mainly due to an increase in sales in healthcare operations as a result of an increase in demand.

Gross profit

As a result of the foregoing, the Group's gross profit decreased by approximately RMB2,228.6 million, or 75.0%, to approximately RMB744.3 million for the six months ended 30 June 2024 from approximately RMB2,972.9 million for the corresponding period in 2023. The Group's gross profit margin decreased from 21.9% for the six months ended 30 June 2023 to 13.7% for the six months ended 30 June 2024, primarily attributable to a decrease in selling price attained in general for the properties completed and delivered to the purchasers during the six months ended 30 June 2024.

Other gains and losses – net

The Group had net other losses of approximately RMB3,293.4 million for the six months ended 30 June 2024, as compared with approximately RMB4,035.1 million for the corresponding period in 2023. The Group's net other gains and losses for the six months ended 30 June 2024 mainly comprised the write-down of completed properties held for sale and properties under development of approximately RMB1,590.6 million, net exchange losses of approximately RMB452.4 million and net loss on disposal of property, plant and equipment of approximately RMB813.5 million. The Group's net other gains and losses for the six months ended 30 June 2023 mainly comprised net fair value losses on financial assets at FVTPL of approximately RMB262.4 million, write-down of completed properties held for sale and properties under development of approximately RMB376.3 million and net exchange losses of approximately RMB3,057.5 million.

Selling and marketing costs

The Group's selling and marketing costs decreased by approximately RMB114.6 million, or 32.0%, to approximately RMB244.0 million for the six months ended 30 June 2024 from approximately RMB358.6 million for the corresponding period in 2023. The decrease in selling and marketing costs was in line with the decrease in the Group's contracted sales for the six months ended 30 June 2024.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB79.6 million, or 10.1%, to approximately RMB710.0 million for the six months ended 30 June 2024 from approximately RMB789.6 million for the corresponding period in 2023. The decrease was mainly due to decrease in depreciation and other taxes.

Net fair value losses on investment properties

The Group's net fair value losses on investment properties increased by approximately RMB365.2 million, or 294.5%, to approximately RMB489.2 million for the six months ended 30 June 2024 from approximately RMB124.0 million for the corresponding period in 2023.

Finance costs – net

The Group's net finance costs decreased by approximately RMB0.6 million, or 0.1% to approximately RMB939.2 million for the six months ended 30 June 2024 from approximately RMB939.8 million for the corresponding period in 2023.

Income tax credit/expense

The Group's income tax credit amounted to approximately RMB73.1 million for the six months ended 30 June 2024 as compared to income tax expense of approximately RMB667.6 million for the corresponding period in 2023.

Loss and total comprehensive expense for the six months ended 30 June 2024

As a result of the foregoing, the Group's loss and total comprehensive expense for the six months ended 30 June 2024 amounted to approximately RMB8,993.9 million and approximately RMB8,998.1 million, respectively (six months ended 30 June 2023: loss and total comprehensive expense amounted to approximately RMB6,600.5 million and RMB6,573.3 million, respectively).

Liquidity, financial and capital resources

Cash position

As at 30 June 2024, the carrying amount of the Group's cash and bank deposits (including restricted bank balances and cash) was approximately RMB2,751.0 million (31 December 2023: RMB3,401.1 million), representing a decrease of 19.1% as compared to that as at 31 December 2023. 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 2024, 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 RMB2,005.4 million as at 30 June 2024 (31 December 2023: RMB2,406.3 million).

Borrowings and charges on the Group's assets

As at 30 June 2024, the Group had aggregate borrowings of approximately RMB135,078.4 million (31 December 2023: RMB133,624.0 million), of which approximately RMB117,604.1 million (31 December 2023: RMB117,051.6 million) will be repayable on demand or within 1 year, approximately RMB3,128.3 million (31 December 2023: RMB1,837.3 million) will be repayable between 1 and 2 years, approximately RMB11,061.2 million (31 December 2023: RMB4,112.3 million) will be repayable between 2 and 5 years and approximately RMB3,284.8 million (31 December 2023: RMB10,622.8 million) will be repayable over 5 years.

As at 30 June 2024, 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 2024, the Group has a leverage ratio (i.e. its net debts (total borrowings, net of cash and bank balances, restricted bank balances and cash) over total assets) of 58.9% (31 December 2023: 55.9%). The Group's net current liabilities amounted to approximately RMB30,952.4 million as at 30 June 2024 as compared to net current liabilities of approximately RMB25,442.9 million as at 31 December 2023. The quick ratio (cash and bank balances divided by short-term borrowings) was 0.1 times as at 30 June 2024 (31 December 2023: 0.1 times), and the current ratio was 0.9 times as at 30 June 2024 (31 December 2023: 0.9 times).

The cash to short-term debt ratio is calculated by dividing cash and bank balances (excluding restricted bank balances and cash) by short-term borrowings. As at 30 June 2024, the Group's cash and bank balances (excluding restricted bank balances and cash) were approximately RMB745.7 million (31 December 2023: RMB994.8 million), and short-term borrowings were approximately RMB117,604.1 million (31 December 2023: RMB117,051.6 million). Therefore, the cash to short-term debt ratio was 0.01 (31 December 2023: 0.01).

The liabilities to assets ratio, after excluding contract liabilities, is calculated by subtracting contract liabilities from total liabilities (including perpetual capital securities) and dividing by total assets minus contract liabilities. As of 30 June 2024, the Group's contract liabilities were approximately RMB18,790.7 million (31 December 2023: RMB20,325.5 million), total liabilities (including perpetual capital securities) were approximately RMB234,520.0 million (31 December 2023: RMB226,446.4 million), and total assets were approximately RMB224,581.8 million (31 December 2023: RMB232,820.7 million). The total liabilities (including perpetual capital securities but excluding contract liabilities) and total assets (excluding contract liabilities), were approximately RMB215,729.3 million (31 December 2023: RMB206,120.9 million) and approximately RMB205,791.2 million (31 December 2023: RMB212,495.2 million), respectively. Therefore, the liabilities to asset ratio after excluding contract liabilities was 104.8%, compared to 97.0% of 31 December 2023, representing an increase of approximately 7.8 percentage points.

Cost of borrowings

For the six months ended 30 June 2024, the Group's total interest expenses were approximately RMB6,583.5 million, representing an increase of approximately RMB349.2 million or 5.6% as compared with approximately RMB6,234.3 million for the corresponding period in 2023.

Foreign currency risks

The Group's property development projects are substantially 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 2024, the Group had borrowings in US dollar and HK dollar with an aggregate carrying amount of approximately RMB85,004.2 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 2024, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB25,150.2 million (31 December 2023: RMB26,269.5 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.

As of 30 June 2024, the financial guarantees given by the Group relating to the liabilities of the Group's joint ventures and associates and third parties were approximately RMB20,797.5 (31 December 2023: RMB21,730.8 million). The proceeds of the financings were mainly applied towards property development projects of the joint ventures and associates of the Group.

Employees and remuneration policy

As at 30 June 2024, the Group had 16,036 employees (31 December 2023: 16,667 employees) including 12,440 employees of Kaisa Prosperity Holdings Limited (2168.HK), 890 employees of Kaisa Health Group Holdings Limited (876.HK) and 105 employees of Kaisa Capital Investment Holdings Limited (936.HK). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2024 amounted to approximately RMB446.4 million (six months ended 30 June 2023: RMB456.5 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. Further information of share option scheme will be set out in the interim 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 2024, the Company complied with the code provisions on the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee comprise the independent non-executive directors of the Company, namely, Mr. RAO Yong, Mr. ZHANG Yizhao and Mr. Liu Xuesheng. Mr. RAO Yong is the Chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix C3 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 2024.

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

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

PUBLICATION OF THE 2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Interim Report for the six months ended 30 June 2024 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, 29 August 2024

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; and the independent non-executive Directors are Mr. Rao Yong, Mr. Zhang Yizhao and Mr. Liu Xuesheng.