KAISA GROUP HOLDINGS LTD.
佳兆業集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1638)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Kaisa Group Holdings Ltd. (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 together with the comparative figures for the corresponding year ended 31 December 2022.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2023 increased by 3.0% to approximately RMB26,158.8 million from 2022.
- Gross profit for the year ended 31 December 2023 decreased by 49.9% to approximately RMB1,698.5 million and the gross profit margin for the year was 6.5%.
- Loss for the year ended 31 December 2023 increased by 51.4% to approximately RMB19,701.6 million from 2022.
- Contracted sales of the Group, together with its joint ventures and associates, for the year ended 31 December 2023 decreased by 4.9% to approximately RMB17,836 million.
- No final dividend declared for the year ended 31 December 2023.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	4	**26,158,767**	25,390,022
Cost of sales	5	**(24,460,265)**	(21,997,576)
Gross profit		**1,698,502**	3,392,446
Other gains and losses, net	6	**(7,802,732)**	(8,881,629)
Selling and marketing costs	5	**(591,952)**	(568,666)
Administrative expenses	5	**(1,901,110)**	(2,620,064)
Net fair value loss of investment properties		**(408,900)**	(232,508)
Net loss on disposals of subsidiaries		**(619,793)**	(68,721)
Net loss on deemed disposals of subsidiaries		**–**	(678,692)
Provision for expected credit losses	6	**(4,701,719)**	(1,011,958)
Operating loss		**(14,327,704)**	(10,669,792)
Share of results of associates		**(2,919,188)**	(619,919)
Share of results of joint ventures		**288,216**	(113,133)
Finance income	7	**48,751**	286,165
Finance costs	7	**(1,785,323)**	(1,795,311)
Finance costs, net	7	**(1,736,572)**	(1,509,146)
Loss before income tax		**(18,695,248)**	(12,911,990)
Income tax expenses	8	**(1,006,350)**	(99,936)
Loss for the year		**(19,701,598)**	(13,011,926)
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(19,932,153)**	(13,064,558)
Non-controlling interests		**230,555**	52,632
		(19,701,598)	(13,011,926)
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)			
– Basic	10	**(2.841)**	(1.883)
– Diluted	10	**(2.841)**	(1.883)

	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(19,701,598)**	(13,011,926)
Other comprehensive (expenses)/income, including reclassification adjustments		
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive (expenses)/income of associates	**(2,602)**	60
Reclassification of cumulative translation reserve upon disposal of a foreign operation	**9,462**	–
Exchange differences on translation of foreign operations	**17,256**	18,030
Other comprehensive income for the year, including reclassification adjustments	**24,116**	18,090
Total comprehensive expenses for the year	**(19,677,482)**	(12,993,836)
Total comprehensive (expenses)/income for the year attributable to:		
Owners of the Company	**(19,916,594)**	(13,049,239)
Non-controlling interests	**239,112**	55,403
	(19,677,482)	(12,993,836)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**5,029,514**	4,456,386
Right-of-use assets		**598,175**	574,378
Investment properties		**9,016,710**	9,452,400
Land use rights		**379,176**	395,098
Investments in associates	*11(a)*	**22,254,794**	25,155,266
Investments in joint ventures	*11(b)*	**8,450,839**	8,166,590
Financial assets at fair value through profit or loss		**4,562,844**	6,359,654
Goodwill and intangible assets	*12*	**939,729**	974,984
Debtors, deposits and other receivables		**28,608**	26,553
Deferred tax assets		**1,362,966**	1,509,410
Total non-current assets		**52,623,355**	57,070,719
Current assets			
Properties under development		**71,497,787**	91,871,852
Completed properties held-for-sale		**20,484,100**	16,465,066
Inventories		**378,757**	347,600
Debtors, deposits and other receivables		**44,486,906**	52,575,325
Deposits for land acquisition		**2,425,322**	226,434
Prepayments for proposed development projects		**36,555,406**	38,581,706
Prepaid tax		**–**	519,266
Restricted bank balances and cash		**2,406,284**	3,713,407
Financial assets at fair value through profit or loss		**967,978**	904,837
Cash and bank balances		**994,771**	2,067,642
Total current assets		**180,197,311**	207,273,135
Current liabilities			
Contract liabilities		**20,325,482**	36,629,118
Accrued construction costs		**8,695,203**	12,409,696
Income tax payable		**12,958,433**	12,569,282
Lease liabilities		**135,416**	127,418
Borrowings	*14*	**117,051,570**	109,892,414
Other payables		**46,474,111**	30,091,531
Total current liabilities		**205,640,215**	201,719,459

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Net current (liabilities)/assets		**(25,442,904)**	5,553,676
Total assets less current liabilities		**27,180,451**	62,624,395
Non-current liabilities			
Lease liabilities		**441,389**	467,704
Borrowings	*14*	**16,572,447**	24,275,535
Other payables		**5,876**	18,548
Deferred tax liabilities		**2,436,384**	2,617,644
Total non-current liabilities		**19,456,096**	27,379,431
Net assets		**7,724,355**	35,244,964
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		**(20,389,495)**	(477,548)
Equity attributable to owners of the Company		**(12,049,110)**	7,862,837
Non-controlling interests		**19,773,465**	27,382,127
Total equity		**7,724,355**	35,244,964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

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

The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is engaged in investment holding and its subsidiaries (collectively, the "**Group**") are principally engaged in property development, property investment, property management, hotel and catering operations, cultural centre operations and healthcare operations in the People's Republic of China (the "**PRC**").

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

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the currency of the primary economic environment in which most of the group entities operate (i.e. 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 consolidated financial statements have been approved for issue by the Board of Directors of the Company on 28 March 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The material accounting policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2.2 Going concern basis

For the year ended 31 December 2023, the Group incurred net loss of approximately RMB19,701,598,000. As at 31 December 2023, the Group's net current liabilities were amounted to approximately RMB25,442,904,000 and the Group's current liabilities (including those that had become default or cross-default or contain early demand clauses) were amounted to approximately RMB205,640,215,000.

In addition, as at 31 December 2023, the Group did not repay certain bank and other borrowings of approximately RMB68,475,643,000 according to their scheduled repayment dates. As a result, as at 31 December 2023, bank and other borrowings with the aggregate principal amount of approximately RMB105,641,934,000 had become default or cross-default. Subsequent to 31 December 2023, 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, The High Court of The Hong Kong Special Administrative Region has granted the application of Citicorp International Limited ("Petitioner") regarding the winding-up petition of the Company in relation to the Company's non-payment of the 10.875% notes due in 2023 issued in outstanding principal amount of USD750,000,000 and accrued interests. The hearing of the petition has been adjourned to 29 April 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 been 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 actively 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. As at the date when the consolidated financial statements were authorized for issue, no agreement has been reached;

- The Group will continue 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 changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

- The Group will continue 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

- The Group has been taking measures 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.

The management believes that the purpose of the abovementioned winding-up petition used by the creditors are to facilitate the negotiation process of a comprehensive debt extension solution with the Group. In fact, the Group has been actively communicating and maintaining constructive dialogue with the ad hoc group of bondholders and their financial advisors, with the aim of facilitating the formulation of a practicable debt extension solution for the Group's offshore debts as soon as possible. The Directors believe that the Group will be able to reach agreements with its creditors regarding the debt restructuring for the Group's existing borrowings. The Directors have considered the Group's cash flow projections prepared by the management, which cover a period of not less than 12 months from the end of the reporting period. The Directors are of the opinion that, taking into account the above mentioned plans and measures the Group will have sufficient working capital to finance its operations and to meet its financial obligations upon agreements with its creditors as and when they fall due in the foreseeable future. Accordingly, they are satisfied that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2023 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 consolidated financial statements of the Group for the year ended 31 December 2023.

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual periods beginning on or after January 2023

In the current year, the Group has applied for the first time the following new and amended standards issued by Hong Kong Institute of Certified Public Accountants, which are relevant to the Group's operations and effective for the consolidated financial statements for the annual period beginning on 1 January 2023:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

3.2 Issued but not yet effective HKFRSs

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

		Effective for the accounting period beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors anticipate that all of the applicable pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The amended HKFRSs and interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. SEGMENT INFORMATION

The chief operating decision-maker ("**CODM**") has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each single operating segment based on a measure of segment results. Net fair value loss on financial assets at FVTPL, 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, hotel and catering operations, cultural centre operations and healthcare operations and regarded these being the reportable segments.

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

Revenue for the year ended 31 December 2023 and 2022 consists of the following:

	2023	2022
	RMB'000	*RMB'000*
Sales of properties	**22,550,814**	21,277,141
Rental income	**459,841**	467,422
Property management	**1,658,208**	1,614,007
Hotel and catering operations	**339,952**	319,324
Cultural centre operations	**264,308**	241,943
Water-way passenger and cargo transportation	**–**	232,265
Healthcare operations	**590,892**	485,615
Other	**294,752**	752,305
	26,158,767	25,390,022

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2023 is as follows:

	Property development	Property investment	Property management	Hotel and catering operations	Cultural centre operations	Healthcare operations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	22,550,814	526,843	1,861,861	343,900	277,049	590,892	373,808	26,525,167
Less: inter-segment revenue	–	(67,002)	(203,653)	(3,948)	(12,741)	–	(79,056)	(366,400)
Revenue from external customers	22,550,814	459,841	1,658,208	339,952	264,308	590,892	294,752	26,158,767
Revenue from contracts with customers								
– recognised at a point in time	22,550,814	–	–	–	–	590,892	–	23,141,706
– recognised over time	–	–	1,658,208	339,952	264,308	–	294,752	2,557,220
Revenue from other sources								
– rental income	–	459,841	–	–	–	–	–	459,841
	22,550,814	459,841	1,658,208	339,952	264,308	590,892	294,752	26,158,767
Segment results before the items below:	(6,859,498)	593,883	181,201	51,203	110,297	(5,185)	(5,881,824)	(11,809,923)
Net (loss)/gain on disposals of subsidiaries	(682,895)	–	–	–	–	63,102	–	(619,793)
Net fair value loss of investment properties	–	(408,900)	–	–	–	–	–	(408,900)
Share of results of associates	(3,084,859)	–	6,963	–	–	–	158,708	(2,919,188)
Share of results of joint ventures	166,517	–	–	–	–	–	121,699	288,216
Segment results	(10,460,735)	184,983	188,164	51,203	110,297	57,917	(5,601,417)	(15,469,588)
Net fair value loss on financial assets at FVTPL								(1,294,962)
Corporate and other unallocated expenses								(194,126)
Finance income								48,751
Finance costs								(1,785,323)
Finance costs, net								(1,736,572)
Loss before income tax								(18,695,248)
Income tax expenses								(1,006,350)
Loss for the year								(19,701,598)

	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
Other information								
Depreciation								
– property, plant and equipment	**148,790**	**17,095**	**14,310**	**3,231**	**6,920**	**14,825**	**93,012**	**298,183**
– right-of-use assets	**13,503**	**–**	**160**	**–**	**–**	**6,203**	**22,231**	**42,097**
Amortisation of intangible assets	**–**	**–**	**6,034**	**–**	**–**	**28,245**	**2,976**	**37,255**
Depreciation of land use rights	**3,914**	**–**	**–**	**8,920**	**304**	**338**	**–**	**13,476**
Write-down of completed properties held for sale and properties under development	**3,275,282**	**–**	**–**	**–**	**–**	**–**	**–**	**3,275,982**
Impairment loss on prepayments for proposed development projects	**1,128,201**	**–**	**–**	**–**	**–**	**–**	**–**	**1,128,201**
Provision of ECL/written off of debtors and other receivables	**2,026,931**	**78,759**	**15,613**	**7,917**	**20,578**	**9,923**	**368,482**	**2,528,203**

	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**
Other information:									
Capital expenditure	**3,152**	**5,726**	**4,036**	**2,782**	**10,571**	**20,442**	**139,047**	**–**	**185,756**
Net investments in associates	**420,285**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**420,285**

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2022 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	21,277,141	495,181	1,870,789	340,515	268,940	232,265	485,615	1,008,749	25,979,195
Less: inter-segment revenue	–	(27,759)	(256,782)	(21,191)	(26,997)	–	–	(256,444)	(589,173)
Revenue from external customers	21,277,141	467,422	1,614,007	319,324	241,943	232,265	485,615	752,305	25,390,022
Revenue from contracts with customers									
– recognised at a point in time	21,277,141	–	–	–	–	55,007	485,615	–	21,817,763
– recognised over time	–	–	1,614,007	319,324	241,943	177,258	–	752,305	3,104,837
Revenue from other sources									
– rental income	–	467,422	–	–	–	–	–	–	467,422
	21,277,141	467,422	1,614,007	319,324	241,943	232,265	485,615	752,305	25,390,022
Segment results before the items below:	(880,088)	264,081	120,366	40,379	(100,163)	(746,690)	(230,415)	(7,540,241)	(9,072,771)
Net loss on disposals of subsidiaries	(68,721)	–	–	–	–	–	–	–	(68,721)
Net loss on deemed disposals of subsidiaries	(678,692)	–	–	–	–	–	–	–	(678,692)
Net fair value loss of investment properties	–	(232,508)	–	–	–	–	–	–	(232,508)
Share of results of associates	(588,446)	–	5,818	–	–	–		(37,291)	(619,919)
Share of results of joint ventures	(38,410)	–	–	–	–	–	–	(74,723)	(113,133)
Segment results	(2,254,357)	31,573	126,184	40,379	(100,163)	(746,690)	(230,415)	(7,652,255)	(10,785,744)
Net fair value loss on financial assets at FVTPL									(380,834)
Corporate and other unallocated expenses									(236,266)
Finance income									286,165
Finance costs									(1,795,311)
Finance costs, net									(1,509,146)
Loss before income tax									(12,911,990)
Income tax expenses									(99,936)
Loss for the year									(13,011,926)

	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	Unallocated RMB'000	Total RMB'000
Other information										
Depreciation										
– property, plant and equipment	104,741	10,177	26,281	3,811	588	72,753	23,722	48,546	–	290,619
– right-of-use assets	49,900	–	783	–	36	–	6,929	18,936	–	76,584
Amortisation of intangible assets	–	–	5,100	–	–	–	27,637	1,456	–	34,193
Depreciation of land use rights	7,342	–	–	8,920	304	–	936	–	–	17,502
Write-down of completed properties held for sale and properties under development	1,687,805	–	–	–	–	–	–	–	–	1,687,805
Provision of ECL/written off of debtors and other receivables	693,534	1,280	27,401	12,654	8,773	18,064	2,808	451,442	–	1,215,956

	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	Elimination RMB'000	Total RMB'000
Segment assets	1,016,719,551	37,100,830	6,721,907	3,759,684	11,238,689	14,910,661	4,979,334	169,703,560	(1,010,083,529)	255,050,687
Unallocated										9,293,167
Total assets										264,343,854
Segment liabilities	838,095,593	2,229,423	3,398,437	3,272,229	11,685,820	15,174,528	1,014,449	155,908,976	(951,035,439)	79,744,016
Unallocated										149,354,874
Total liabilities										229,098,890
Other information:										
Capital expenditure	90,943	–	2,115	651	–	–	31,586	68,284	–	193,579
Net investments in associates	–	4,900	–	–	–	–	–	–	–	4,900
Net investments in joint ventures	9,000	–	–	–	–	–	–	–	–	9,000

For the years ended 31 December 2023 and 31 December 2022, 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.

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

As at 31 December 2023, segment assets of property development segment, property management and others segment included the investments in associates accounted for using the equity method totalling approximately RMB20,197,345,000, RMB33,945,000 and RMB2,023,504,000 (2022: RMB22,863,856,000, RMB26,982,000 and RMB2,264,428,000) respectively. In addition, the segment assets of property development segment and other segment included the investments in joint ventures accounted for using the equity method totalling RMB6,780,803,000 and RMB1,670,036,000 (2022: RMB6,618,253,000 and RMB1,548,337,000) respectively.

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

5. EXPENSES BY NATURE

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

	2023	2022
	RMB'000	*RMB'000*
Auditor's remunerations		
– Audit services	**6,000**	6,000
– Non-audit services	**2,100**	2,000
Advertising and other promotional costs	**249,455**	252,794
Agency fee incurred for sales of properties in the PRC	**179,808**	119,887
Depreciation of land use rights	**13,476**	17,502
Amortisation of intangible assets	**37,255**	34,193
Cost of properties sold	**21,956,287**	19,457,901
Depreciation		
– property, plant and equipment	**298,183**	290,619
– right-of-use assets	**42,097**	76,584
Direct operating expenses arising from		
– investment properties	**242,074**	247,154
– property management	**1,310,306**	1,305,380
– hotel and catering operations	**216,543**	215,870
– cultural centre operations	**189,637**	261,594
– water-way passenger and cargo transportation	**–**	179,782
– healthcare operations	**296,729**	200,287
Donations	**3**	2,053
Legal and professional fees	**207,376**	252,941
Minimum lease payments under operating leases	**4,304**	10,856
Other taxes	**78,002**	46,847
Staff costs – including directors' emoluments	**1,207,867**	1,626,421

6. OTHER GAINS AND LOSSES – NET

	2023	2022
	RMB'000	*RMB'000*
Other gains and (losses) mainly included in the following items:		
Dividend income received from		
– unlisted financial assets at FVTPL	**–**	16,062
Forfeited customer deposits	**2,984**	1,955
Government subsidy income *(Note)*	**92,069**	157,954
Gain on disposals of property, plant and equipment	**167**	29,721
Net exchange loss	**(1,239,476)**	(6,809,102)
Net fair value loss on financial assets at FVTPL	**(1,294,962)**	(380,834)
Loss on disposal of financial assets at FVTPL	**(50,000)**	(9,682)
Impairment loss on prepayments for proposed development projects	**(1,128,201)**	–
Impairment loss on investments in associates	**(397,030)**	–
Impairment loss on properties, plant and equipment	**–**	(22,670)
Impairment loss on right-of-use assets	**–**	(7,898)
Write-down of properties under development and completed properties held for sale	**(3,275,982)**	(1,687,805)
(Provision)/Reversal for ECL allowance/write-off include:		
– ECL relating to financial assets and contract assets	**(2,528,203)**	(1,215,956)
– ECL relating to financial guarantees	**(2,173,516)**	203,998
	(4,701,719)	(1,011,958)

Note: The amount represents the subsidies received from local government bureaux in the PRC as an incentive for development in specific regions. There was no unfulfilled conditions and other contingencies attached to the receipt of the subsidies.

7. FINANCE COSTS – NET

	2023	2022
	RMB'000	*RMB'000*
Finance income		
Interest income on bank deposits	**48,751**	286,165
Finance costs		
Interest expense		
– Bank borrowings	**2,461,388**	2,193,325
– Senior Notes	**7,396,568**	7,100,445
– Other borrowings	**2,670,178**	2,649,105
– Lease liabilities	**2,084**	4,179
Total interest expense	**12,530,218**	11,947,054
Less: interest capitalised	**(10,744,895)**	(10,151,743)
	1,785,323	1,795,311
Finance costs – net	**(1,736,572)**	(1,509,146)

8. INCOME TAX EXPENSES

	2023 *RMB'000*	2022 *RMB'000*
Current income tax		
– PRC enterprise income tax	**243,210**	404,468
– PRC land appreciation tax	**797,956**	125,041
Deferred income tax	**(34,816)**	(429,573)
	1,006,350	99,936

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	2023 *RMB'000*	2022 *RMB'000*
Loss before income tax	**(18,695,248)**	(12,911,990)
Share of results of associates and joint ventures, net	**2,630,972**	733,052
	(16,064,276)	(12,178,938)
Calculated at PRC enterprise income tax rate of 25% (2022: 25%)	**(4,016,069)**	(3,044,735)
Effect of different income tax rates of subsidiaries	**228,516**	384,390
Income not subject to tax	**(72,328)**	(71,741)
Expenses not deductible for tax purposes	**167,827**	106,260
Effect of tax losses/deductible temporary difference not recognised	**3,900,448**	2,600,721
PRC enterprise income tax	**208,394**	(25,105)
PRC land appreciation tax	**797,956**	125,041
Income tax expenses	**1,006,350**	99,936

Overseas income tax

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

Hong Kong profits tax

No Hong Kong profits tax has been provided for the years ended 31 December 2023 and 2022 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

PRC withholding income tax

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

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2022: 25%).

PRC land appreciation tax

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

9. DIVIDEND

	2023	2022
	RMB'000	*RMB'000*
Final dividend to ordinary shareholders of the Company in respect of the previous financial year, of Nil (2022: Nil) per share	**–**	–

The Company has resolved not to declare a final dividend for the years ended 31 December 2023 and 2022.

10. LOSS PER SHARE

(a) Basic

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

	2023	2022
Loss attributable to owners of the Company *(RMB'000)*	**(19,932,153)**	(13,064,558)
Distribution on perpetual capital securities *(RMB'000)*	**–**	(148,289)
	(19,932,153)	(13,212,847)
Weighted average number of ordinary shares in issue	**7,015,468,487**	7,015,468,487
Basic loss per share *(RMB)*	**(2.841)**	(1.883)

The calculation of basic loss per share is based on the Group's loss attributable to owners of the Company of RMB19,932,153,000 (2022: loss of RMB13,212,847,000) and the weighted average number of 7,015,468,487 (2022: 7,015,468,487) ordinary shares.

(b) Diluted

	2023	2022
Loss attributable to owners of the Company *(RMB'000)*	**(19,932,153)**	(13,212,847)
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**7,015,468,487**	7,015,468,487
Diluted loss per share *(RMB)*	**(2.841)**	(1.883)

The computation of diluted loss per share for the years ended 31 December 2023 and 2022 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.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a) Investment in associates

	2023	2022
	RMB'000	*RMB'000*
Cost of investments in associates, less accumulated impairment		
– Listed	**703,521**	1,100,551
– Unlisted	**25,353,387**	24,935,039
Share of post-acquisition loss and other comprehensive loss, net of dividend received	**(3,802,114)**	(880,324)
	22,254,794	25,155,266
Fair value of listed investments	**534,142**	459,768

b) Investment in joint ventures

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**8,166,590**	12,997,981
Deemed disposal	**–**	(4,612,826)
Transfer to subsidiaries	**(3,967)**	(114,432)
Capital injection to joint venture	**–**	9,000
Share of results of joint ventures	**288,216**	(113,133)
At 31 December	**8,450,839**	8,166,590

12. GOODWILL AND INTANGIBLE ASSETS

	Goodwill *RMB'000*	Contracts with sports players *RMB'000*	Trademarks and patent *RMB'000*	Customer relationship *RMB'000*	Technology *RMB'000*	Distribution network *RMB'000*	Other *RMB'000*	Total *RMB'000*
Cost								
At 1 January 2022	1,087,331	1,279,274	327,249	143,789	13,858	497,400	7,895	3,356,796
Additions	–	–	–	–	–	–	453	453
At 31 December 2022 and 1 January 2023	**1,087,331**	**1,279,274**	**327,249**	**143,789**	**13,858**	**497,400**	**8,348**	**3,357,249**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**2,000**	**2,000**
At 31 December 2023	**1,087,331**	**1,279,274**	**327,249**	**143,789**	**13,858**	**497,400**	**10,348**	**3,359,249**
Accumulated amortisation								
At 1 January 2022	321,982	1,279,274	131,076	96,587	13,858	497,400	7,895	2,348,072
Amortisation	–	–	23,871	10,322	–	–	–	34,193
At 31 December 2022 and 1 January 2023	**321,982**	**1,279,274**	**154,947**	**106,909**	**13,858**	**497,400**	**7,895**	**2,382,265**
Amortisation	**–**	**–**	**26,008**	**10,322**	**–**	**–**	**925**	**37,255**
At 31 December 2023	**321,982**	**1,279,274**	**180,955**	**117,231**	**13,858**	**497,400**	**8,820**	**2,419,520**
Net carrying amounts								
At 31 December 2023	**765,349**	**–**	**146,294**	**26,558**	**–**	**–**	**1,528**	**939,729**
At 31 December 2022	765,349	–	172,302	36,880	–	–	453	974,984

13. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

Trade debtors mainly arise from sales of properties, provision of property management services, provision of construction and design services and provision of financial services. Trade debtors are settled in accordance with the terms stipulated respectively in the property sale and purchase agreements or service agreements. The ageing analysis of trade debtors based on contractual terms as at the respective reporting dates is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 90 days	**931,165**	1,115,564
Over 90 days and within 180 days	**253,480**	368,899
Over 180 days and within 270 days	**112,606**	118,131
Over 270 days and within 365 days	**89,121**	100,572
Over 365 days	**656,379**	358,276
	2,042,751	2,061,442
Less: Provision for ECL allowances	**(193,708)**	(126,118)
Trade debtor – net of ECL	**1,849,043**	1,935,324

14. BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Borrowings included in current liabilities:		
Senior notes	**82,049,361**	81,642,282
Bank borrowings – secured	**8,434,276**	4,305,664
Bank borrowings – unsecured	**2,471,457**	3,127,155
Other borrowings – secured	**10,815,902**	6,564,133
Other borrowings – unsecured	**13,171,793**	14,144,399
Loan from a related company	**108,781**	108,781
	117,051,570	109,892,414
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**5,456,233**	9,340,897
Bank borrowings – unsecured	**2,735,794**	3,789,520
Other borrowings – secured	**7,399,630**	10,795,118
Other borrowings – unsecured	**865,790**	350,000
Loan from the controlling shareholder of the Company	**115,000**	–
	16,572,447	24,275,535
Total borrowings	**133,624,017**	134,167,949

15. COMMITMENTS

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

	2023	2022
	RMB'000	*RMB'000*
Contracted but not provided for		
– Acquisitions of land use rights and property development activities	**12,348,756**	15,476,892
– Acquisitions of subsidiaries	**13,000,000**	13,000,000
	25,348,756	28,476,892

(b) Lease commitments

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

	2023	2022
	RMB'000	*RMB'000*
Not later than one year	**365**	365
Later than one year and not later than five years	**–**	–
	365	365

(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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**180,956**	191,992
After 1 year but within 2 years	**180,947**	162,359
After 2 years but within 3 years	**139,678**	136,148
After 3 years but within 4 years	**110,190**	114,643
After 4 years but within 5 years	**84,514**	76,433
After 5 years	**181,277**	193,946
	877,562	875,521

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Kaisa Group Holdings Ltd. ("**Kaisa**" or the "**Company**", together with its subsidiaries, the "**Group**"), I hereby present to you the annual results of the Group for the year ended 31 December 2023 together with the comparative figures for the previous year.

RESULTS AND DIVIDEND

During the year ended 31 December 2023, the Group's revenue increased by approximately 3.0% to approximately RMB26,158.8 million and the gross loss decreased by approximately 49.9% to approximately RMB1,698.5 million, as compared to 2022. Loss attributable to owners of the Company was approximately RMB19,932.2 million and basic loss per share was RMB2.841 (2022: loss of approximately RMB13,064.6 million and basic loss per share of RMB1.883).

The Board did not recommend payment of a final dividend for the year ended 31 December 2023 (2022: nil).

BUSINESS REVIEW

Property Market and Policies

In 2023, under the impacts of rising inflation, tightening monetary policies of major economies, regional security situations and geopolitical risks, the global economic recovery was faltering. Faced with the complicated and severe global macro-economic environment, China has accelerated the construction of a new development landscape and fully implemented an innovation-driven strategy to expedite the cultivation of a stable and dynamic growth momentum. Stimulated by a basket of policy measures to stabilize the economy, China's overall expected economic targets for the year have been achieved, with annual GDP growth reached 5.2%. However, against the backdrop of overlapping cyclical and structural contradictions domestically, some sectors are still facing challenges.

In the real estate sector, the central government has adjusted and optimized its policies on real estate to maintain stability with flexibility, while deploying "three major projects" including urban village redevelopment and construction of affordable housing. Owing to the fact that "significant changes are seen in the supply-demand relationship in the real estate market", governments at all levels continued to optimize their real estate policies to promote the stable operation of the real estate market. However, factors such as expectations on lower household income and property price adjustments still constrained the pace of market recovery. As the pressure faced by the primary housing market remains unchanged, the secondary housing market in key cities was outperforming the primary housing market due to lower prices. Currently, China's real estate market is showing signs of gradual stabilization.

Revitalizing Core Assets and Exploring New Paths for Development

During the year, in response to the changes and severe challenges in the real estate sector, Kaisa has taken proactive actions and strengthened its management and control as well as reduced costs, and increased efficiency, integrated resources, continued to revitalize core assets and forged a new development path of comprising "private real estate company + AMC + state-owned real estate enterprise", laying a stable foundation for the recovery of business operation.

In terms of asset revitalization, Kaisa has established collaborations with state-owned enterprises to boost market confidence and advance project construction. The Corniche Project in Shenzhen has cooperated with central state-owned and state-owned enterprises including Futian Ancheng Investment, China Great Wall Asset Management, Anju Construction, Futian Investment Holdings, and Jian'an Group etc.. Shenzhen Fengming Riverside Project has introduced a central state-owned enterprise, Sinochem Holdings to inject capital for financial support of the project and efficient project operation. Guangzhou Nansha Wonder Bay Project has partnered with China Cinda Shenzhen Branch, Shenzhen Huajian and Ping An Trust to revitalize the project.

In 2023, the Group seized the opportunity of the consumer market recovery and fully leveraged its core advantage as an "urban public service provider". Through a variety of measures covering various businesses including real estate, commercial, cultural and hotel etc., the Group planned ahead, kept pace with evolving consumer demands, enriched new consumption scenarios and new business formats and models to response with practical actions to the government's goal for boosting consumption, serving consumption needs of residences, and promoting continuous recovery in business operations.

Securing Livelihood, Ensuring Delivery, and Guaranteeing Quality

In 2023, the Group, together with its joint ventures and associates, recorded contract sales of approximately RMB17,836 million. Kaisa closely monitored market policies, kept up with market trends, implemented project-specific strategies based on project progress and launched innovative marketing packages to accelerate project de-stocking. Some of the projects on sale have received much enthusiasm by customers amidst a depressed market environment. In particular, Dongguan Le Grand Bleu project ranked TOP 1 in terms of GFA and number of units of residential properties sold online in Dongguan, while Luoyang Center Project in Henan ranked TOP 1 in terms of sales amount and GFA of commercial residential properties sold in Luoyang during the year.

Kaisa has always regarded "Securing Livelihood, Ensuring Delivery, and Guaranteeing Quality" as its primary mission. By implementing various measures to fulfill its commitment of ensuring timely delivery, Kaisa fulfilled its corporate responsibilities and preserved customer confidence. During the year, Kaisa delivered a total of 61 projects amounting to approximately 46,000 units in various cities including Shenzhen, Guangzhou, Shanghai, Hangzhou, Nanjing, Huizhou, Wuhan, Changsha and Luoyang etc., exceeding twice the total number of units delivered in 2022.

In 2023, a number of projects delivered by the Group, including Guangzhou Yuejiang Mansion, Changsha City Plaza, and Guangzhou Fengming Mountain, etc. obtained the national star level green building certification, with a total building area of approximately 1.98 million sq. m.. Kaisa always adheres to the concept of green design and is committed to controlling energy consumption to provide customers with a comfortable working and living environment while reducing the negative impact of urban development on the ecological environment and achieving sustainable social benefits.

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 31 December 2023, the Group together with its joint ventures and associates has a total of 195 real estate projects in 50 cities nationwide, with a total land bank of approximately 23.83 million sq.m., of which approximately 13.84 million sq.m. or 58% of the Group's total land bank are located in the Greater Bay Area. Among the cities in the Greater Bay Area, Shenzhen and Guangzhou are the core markets that the Group has focused on over the years, accounting for 43% of its land bank in the Greater Bay Area.

Urban Renewal

Since 2023, the redevelopment of urban villages has been the focal point of the central government. In July 2023, the State Council reviewed and approved at its executive meeting the "Guiding Opinions on Active and Steady Promotion of the Urban Villages Redevelopment 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》) (the "**Opinions**"). The Opinions points out that in mega cities, efforts shall be made to increase policy support for urban village redevelopment, actively innovate redevelopment models, and implement the responsibilities of government entities. The Opinions is of guiding significance to the current urban renewal market, guiding a new direction for future urban construction, housing development, and corporate investment, and also implying that the redevelopment of urban villages will become an important task for supercities and megacities this year.

Focusing on the Greater Bay Area, Shenzhen's urban renewal system is facing disruptive changes. The market-oriented renewal model has come to an end, and the government has led a new round of renewal. Guangzhou has launched a land preparation policy specifying that the specific preliminary works of land consolidation are delegated to the land preparation entity according to the principle of separating works of land preparation from that of land reserve. Following the land clearance, application shall be made to the land reserve authority for land reserve handover. At the same time, the government policy stipulates that land preparation entities are limited to state-owned enterprises recognized by the government. The policy further strengthened the government's coordination and management of the primary land market. Dongguan has comprehensively reformed the "single-entity implementation" model and shifted to the "open tender for implementation entities" model which abolished preliminary service providers and emphasized government coordination of preliminary work. Market entities may be confirmed as the project implementation entity through public bidding and shall complete the land consolidation of the renewal unit within a timeframe. Generally speaking, under the guidance of the government, central state-owned enterprises and state-owned enterprises have increasingly become "the major players" in the urban renewal market. In the future, expanding cooperation with state-owned enterprises and central state-owned enterprises will become an important path for the Group's urban renewal investment and conversion.

During the year, under the operating pressures, Kaisa accelerated the construction of major urban renewal projects, improved city quality, and fulfilled the property owners' expectations for their new homes. In December 2023, Kaisa Jiayuan (The Corniche), the first phase of Dongshan Community redevelopment project in Futian District, Shenzhen, successfully completed the centralized delivery of relocation housing. The demolition and reconstruction of Dongshan Community is of great significance for not only solving the livelihood problems faced by the older generation of military engineers, but also optimizing the urban environment of Futian Central District and improving city quality.

As at 31 December 2023, the Group together with its joint ventures and associates had over a hundred urban renewal projects in the Guangdong-Hong Kong-Macao Greater Bay Area which were yet to be converted into the land bank of the Group, covering a site area of around 38 million sq.m.. The Group plans to replenish the land bank with urban renewal project reserve as the source of high-quality inventory and at the same time to provide a full-process urban renewal service model, empowering industrial upgrading and practicing high-quality and sustainable development.

Financing

Throughout 2023, policy intensity was stabilized and then relaxed. Following the "major changes in the supply and demand relationship in the real estate market" in July, the policy gradually shifted to "support and lift". On the one hand, various government departments successively optimized property market policies to promote the smooth operation of the real estate market. In the second half of the year, with the roll-out of the "16 Financial Measures", "Three No Less Than", "Equal Treatment and Support of Reasonable Financing" and other measures to protect the market entities, the financing environment has continued to improve and the coverage of financial policies has increased. On the other hand, the financing aspect of the overall industry was still sluggish, and industry differentiation continued to intensify. It is necessary for private real estate enterprises to seize the recent policy window period and strive for implementing favorable benefits to improve the financing situation.

Against such backdrop, the Group took active initiatives and steadily pushed forward debt management work, becoming the first real estate company to resume trading in 2023. In terms of onshore debts, the Group has actively negotiated for financing extensions and principal and interest reductions. Financing costs have continued to decline compared with the end of 2022, and a number of core assets have been revitalized at an accelerated pace. Leveraging on its core advantages in the Greater Bay Area's land bank and urban renewal area, the Group will continue to explore innovative debt resolving models and promote onshore and offshore debt restructuring.

In terms of offshore debt management, the Group has been actively working closely with its financial and legal advisors to evaluate the current financial and operating conditions with a view to formulating a comprehensive solution that values the rights and interests of all stakeholders. Over the past year, the Company and its advisors continued to communicate and facilitate constructive negotiations with the ad hoc group of creditors and their advisors on an ongoing basis to promote the formulation of a mutually agreed debt restructuring plan. The Group will continue to maintain communication with its creditors and facilitate active and constructive dialogues to implement a holistic restructuring plan as soon as practicable, and make announcement on the latest progress of the restructuring as and when appropriate.

PROSPECTS

Looking to the future, the global economy is still facing certain pressures. The Central Financial Work Conference proposed to "enhance cross-cycle and counter-cyclical adjustments and enrich the monetary policy toolbox". It is expected that monetary policy and fiscal policy will exert further efforts to stabilize economic development. With low inflation pressure and huge policy potential, China's economy is expected to show a further rebound and positive trend as various measures to stabilize growth are implemented and take effect in the future.

From an overall industry perspective, the real estate market will still face certain pressure in 2024. If the economy improves with increasing willingness to buy homes, coupled with factors such as the redevelopment of urban villages, the scale of real estate sales may achieve a slight increase. However, new construction project and investments in China will still face downward pressure in the short term. It is expected that the "three major projects" will be the main focus of policy efforts and are expected to play an important role in stabilizing investment in 2024. They will also play a positive role in recovering sales and stabilizing expectations.

In the future, global development will still face many uncertainties and challenges. For China, 2024 is not only the 75th anniversary of the founding of the People's Republic of China, but also a critical year for the "14th Five-Year Plan". With the continuous implementation of favorable policies to support the healthy development of the private economy and real estate market, we are full of confidence in the bright future of China's economy. We will take the initiative to actively mitigation operational risks, accelerate the return to a sound and healthy development track, and leverage the comprehensive advantages of urban public service providers to seize market opportunities and achieve 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 values and returns to our shareholders and investors.

KWOK Ying Shing
Chairman

Hong Kong, 28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

During the year ended 31 December 2023, the Group recorded revenue of approximately RMB26,158.8 million, representing an increase of 3.0% as compared with 2022. Loss attributable to owners of the Company amounted to approximately RMB19,932.2 million for the year ended 31 December 2023 as compared to loss attributable to owners of the Company amounted to approximately RMB13,064.6 million for the year ended 31 December 2022. Basic loss per share amounted to RMB2.841 (2022: RMB1.883).

The Board does not recommended the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

Contracted sales in 2023

In 2023, the Group together with its joint ventures and associates recorded contracted sales of approximately RMB17,836 million, representing a decrease of 4.9% from approximately RMB18,749 million in 2022. Aggregated GFA sold for the year was approximately 1,047,671 sq.m., representing a decrease of 6.7% from approximately 1,122,423 sq.m. in 2022. The table below shows the Group's contracted sales by region in 2023:

Region	**Contracted sales area** *(sq.m.)*	**Contracted sales amount** *(RMB in millions)*
Guangdong-Hong Kong-Macao Greater Bay Area	599,766	12,804
Yangtze River Delta	159,645	2,438
Central China Region	158,921	1,680
Western China Region	103,427	545
Pan-Bohai Bay Rim	25,912	369
Total	**1,047,671**	**17,836**

Property development

Projects completed in 2023

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the Year, the GFA of newly completed projects of the Group together with its joint ventures and associates amounted to approximately 3.4 million sq.m..

Projects under development

As at 31 December 2023, the Group together with its joint ventures and associates had 69 projects under development with an aggregate of GFA of approximately 9.29 million sq.m..

Property management

The Group generated revenue from providing property management services. During the year ended 31 December 2023, the Group managed a total GFA of approximately 102.3 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 of 31 December 2023, the Group's property services penetrated into 74 cities nationwide, covering residential, commercial, office, tourism and large-scale stadiums.

Investment properties

The Group adopts a diversified business strategy, characterised by its increase in property investment. The portfolio of investment properties will generate steady and reliable income and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 31 December 2023, the Group held 9 investment property projects, with an aggregate GFA of approximately 0.41 million sq.m..

Land bank

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

As at 31 December 2023, the Group together with its joint ventures and associates had a total land bank of approximately 23.83 million sq.m., and approximately 58% 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 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 increased by 3.0% to approximately RMB26,158.8 million in 2023 from approximately RMB25,390.0 million in 2022. 86.2% of the Group's revenue was generated from the sales of properties (2022: 83.8%) and 13.8% from other segments (2022: 16.2%).

Sales of properties

Revenue from sales of properties increased by approximately RMB1,273.7 million, or 6.0%, to approximately RMB22,550.8 million in 2023 from approximately RMB21,277.1 million in 2022. The increase was attributable to higher selling prices of the GFA delivered for the year ended 31 December 2023, whereas the total GFA delivered decreased to approximately 1.2 million sq.m. for the year ended 31 December 2023 from approximately 1.4 million sq.m. for the year ended 31 December 2022.

Rental income

Rental income decreased by approximately RMB7.6 million, or 1.6%, to approximately RMB459.8 million in 2023 from approximately RMB467.4 million in 2022.

Property management

Revenue from property management services increased by approximately RMB44.2 million, or 2.7%, to approximately RMB1,658.2 million in 2023 from approximately RMB1,614.0 million in 2022. The increase was primarily attributable to the increase in the total GFA under management.

Hotel and catering operations

Revenue from hotel and catering operations of the Group increased by approximately RMB20.6 million, or 6.5% to approximately RMB340.0 million in 2023 from approximately RMB319.3 million in 2022. The increase was mainly due to the gradual recovery of the hotel and catering industry during the year.

Cultural centre operations

Revenue from cultural centre operations increased by approximately RMB22.4 million, or 9.2%, to approximately RMB264.3 million in 2023 from approximately RMB241.9 million in 2022. The increase was primarily due to an increase in utilization rate of stadiums for cultural centre operations.

Water-way passenger and cargo transportation

No revenue from water-way passenger and cargo transportation was recorded for the year ended 31 December 2023, compared to approximately RMB232.3 million for the corresponding period in 2022. It was due to the disposal of waterway passenger and cargo transportation operation in 2022.

Healthcare operations

Revenue from healthcare operations increased by approximately RMB105.3 million, or 21.7%, to approximately RMB590.9 million in 2023 from approximately RMB485.6 million in 2022. 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 RMB1,693.9 million, or 49.9%, to approximately RMB1,698.5 million in 2023 from approximately RMB3,392.4 million in 2022. The Group's gross profit margin decreased from 13.4% for the year ended 31 December 2022 to 6.5% for the year ended 31 December 2023, primarily attributable to higher costs for the properties completed and delivered to the purchasers during the year ended 31 December 2023.

Other gains and losses – net

The Group had net other losses of approximately RMB7,802.7 million in 2023, as compared to net other losses of approximately RMB8,881.6 million in 2022. The Group's net other gains and losses in 2023 mainly comprised write-down of properties under development and completed properties held for sale of approximately RMB3,276.0 million, net fair value loss on financial assets at fair value through profit or loss of approximately RMB1,295.0 million, impairment loss on prepayments for proposed development projects of approximately RMB1,128.2 million and net exchange loss of approximately RMB1,239.5 million.

Selling and marketing costs

The Group's selling and marketing costs increased by approximately RMB23.3 million, or 4.1%, to approximately RMB592.0 million in 2023 from approximately RMB568.7 million in 2022.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB719.0 million, or 27.4%, to approximately RMB1,901.1 million in 2023 from approximately RMB2,620.1 million in 2022. The decrease was mainly due to decrease in staff costs.

Net fair value loss on investment properties

The Group recorded net fair value loss on investment properties of approximately RMB408.9 million for the year ended 31 December 2023, as compared to net fair value loss on investment properties of approximately RMB232.5 million in 2022.

Finance costs – net

The Group's net finance costs increased by approximately RMB227.4 million or 15.1% to approximately RMB1,736.6 million in 2023 from approximately RMB1,509.1 million in 2022.

Income tax expenses

The Group's income tax expenses increased by approximately RMB906.4 million to approximately RMB1,006.4 million in 2023 from approximately RMB99.9 in 2022.

Loss and total comprehensive expense for the year

As a result of the foregoing, the Group's loss and total comprehensive expense for the year amounted to approximately RMB19,701.6 million and approximately RMB19,677.5 million, respectively (2022: loss and total comprehensive expense for the year amounted to approximately RMB13,011.9 million and RMB12,993.8 million, respectively).

Liquidity, financial and capital resources

Cash position

As at 31 December 2023, the carrying amount of the Group's cash and bank deposits was approximately RMB3,401.1 million (31 December 2022: approximately RMB5,781.0 million), representing a decrease of 41.2% as compared to that as at 31 December 2022. Certain property development companies of the Group placed a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 31 December 2023, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collateral amounted to approximately RMB2,406.3 million as at 31 December 2023 (31 December 2022: approximately RMB3,173.4 million).

Borrowings and charges on the Group's assets

As at 31 December 2023, the Group had aggregate borrowings of approximately RMB133,624.0 million (31 December 2022: RMB134,167.9 million), of which approximately RMB117,051.6 million (31 December 2022: RMB109,892.4 million) will be repayable on demand or within 1 year, approximately RMB1,837.3 million (31 December 2022: RMB9,957.6 million) will be repayable between 1 and 2 years, approximately RMB4,112.3 million (31 December 2022: RMB3,451.0 million) will be repayable between 2 and 5 years and approximately RMB10,622.8 million (31 December 2022: RMB10,866.9 million) will be repayable over 5 years.

As at 31 December 2023, the senior notes were secured by the share pledge of the Company's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Company. The Group's domestic bank loans carried a floating interest rate linking up with the base lending rate of the People's Bank of China. The Group's interest rate risk is mainly from the floating interest rate of domestic bank loans.

Key financial ratios

As at 31 December 2023, 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 55.9% (31 December 2022: 48.6%). The Group's net current liabilities amounted to approximately RMB25,442.9 million as at 31 December 2023 as compared to net current assets of approximately RMB5,553.7 million as at 31 December 2022. The quick ratio (cash and bank deposits divided by short-term borrowings) was 0.1 times as at 31 December 2023 (31 December 2022: 0.1 times), and the current ratio was 0.9 times as at 31 December 2023 (31 December 2022: 1.0 times).

The net gearing ratio is calculated by dividing total borrowings (including short-term and long-term borrowings and perpetual capital securities) 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 of 31 December 2023, the Group's borrowings (including short-term and long-term borrowings and perpetual capital securities) were approximately RMB134,974.1 million (31 December 2022: RMB135,518.0 million), and cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) were approximately RMB3,401.1 million (31 December 2022: RMB5,781.0 million). The total equity (excluding perpetual capital securities) was approximately RMB6,374.3 million (31 December 2022: RMB33,894.9 million). Therefore, the net gearing ratio was 2,064.1%, which is 1,681.3 percentage points higher than the 382.8% as of 31 December 2022.

The cash to short-term debt ratio is calculated by dividing cash and bank balances (excluding restricted cash and short term bank deposits) by short-term borrowings. As at 31 December 2023, the Group's cash and bank balances (excluding restricted cash and short-term bank deposits) were approximately RMB994.8 million (31 December 2022: RMB2,067.6 million), and short-term borrowings were approximately RMB117,051.6 million (31 December 2022: RMB109,892.4 million). Therefore, the cash to short-term debt ratio was 0.01 (31 December 2022: 0.02).

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 31 December 2023, the Group's contract liabilities were approximately RMB20,325.5 million (31 December 2022: RMB36,629.1 million), total liabilities (including perpetual capital securities) were approximately RMB226,446.4 million (31 December 2022: RMB230,448.9 million), and total assets were approximately RMB232,820.7 million (31 December 2022: RMB264,343.9 million). The total liabilities (including perpetual capital securities) and total assets (excluding contract liabilities) were approximately RMB206,120.9 million (31 December 2022: RMB193,819.8 million) and approximately RMB212,495.2 million (31 December 2022: RMB227,714.7 million), respectively. Therefore, the liabilities to asset ratio after excluding contract liabilities was 97.0%, compared to 85.1% of 31 December 2022, representing an increase of approximately 11.9 percentage points.

Cost of borrowings

During the year ended 31 December 2023, the Group's total interest expense was approximately RMB12,530.2 million, representing an increase of approximately RMB583.2 million or 4.9% from approximately RMB11,947.1 million in 2022.

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 31 December 2023, the Group had borrowings in US dollar and HK dollar with an aggregate carrying amount of approximately RMB84,487.6 million, which are subject to foreign currency exposure.

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

Financial guarantees

As at 31 December 2023, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB26,269.5 million (31 December 2022: approximately RMB30,592.6 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 of 31 December 2023, the financial guarantees given by the Group relating to the liabilities of the Group's joint ventures and associates and third parties were approximately RMB21,630.8 million (31 December 2022: approximately RMB23,787.5 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 31 December 2023, the Group had 16,667 employees (31 December 2022: 16,782 employees) including 12,713 employees of Kaisa Prosperity Holdings Limited (2168.HK), 893 employees of Kaisa Health Group Holdings Limited (876.HK) and 110 employees of Kaisa Capital Investment Holdings Limited (936.HK). The related employees' costs (including the directors' remuneration) for the year ended 31 December 2023 amounted to approximately RMB1,207.9 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Company adopted the share option scheme on 14 June 2019. Further information of share option scheme will be set out in the annual report.

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. The Board is of the view that, for the year ended 31 December 2023, 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 are non-executive Director and independent non-executive Directors of the Company, namely Ms. CHEN Shaohuan, Mr. RAO Yong and Mr. ZHANG Yizhao. Mr. RAO Yong is the Chairman of the Audit Committee. The Audit Committee has reviewed the annual results for the year ended 31 December 2023.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2.2 to the consolidated financial statements that the Group incurred a loss attributable to owners of the Company of approximately RMB19,932,153,000 for the year ended 31 December 2023 and as of that date, the Group had net current liabilities of RMB25,442,904,000, and the Group's current portion of interest-bearing bank and other borrowings amounted to RMB117,051,570,000, while its current portion of unrestricted cash bank balances and cash equivalents amounted to RMB994,771,000. Further, as at 31 December 2023, the Group had not repaid certain borrowings in aggregate principal amount according to their scheduled repayment dates as described in note 31 to the consolidated financial statements. These conditions along with the current situation as set forth in note 2.2, which indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 year ended 31 December 2023.

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

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

FINAL DIVIDEND

The Directors does not recommended the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

PUBLICATION OF THE 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Annual Report for the year ended 31 December 2023 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.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 25 June 2024 and a notice convening the AGM will be published and dispatched in the manner as required by the Listing Rules on the Stock Exchange in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Tuesday, 25 June 2024, the register of members of the Company will be closed from Thursday, 20 June 2024 to Tuesday, 25 June 2024, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 19 June 2024.

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

Hong Kong, 28 March 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; 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.