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 2009

FINANCIAL HIGHLIGHTS

- Total revenue surged by 50.2% to RMB4,672.2 million.
- Gross profits increased by 52.2% to RMB1,320.1 million.
- Profit attributable to equity owners amounted to RMB547.9 million, increased by 9.4%.
- Earnings per share amounted to RMB13.8 cents, increased by 7.8%.
- Net debt gearing reduced to 42.5% as of 31 December 2009 from 184% as of 31 December 2008.

* *for identification purpose only*

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	2009 RMB'000	2008 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**91,731**	76,692
Investment properties		**1,578,600**	1,278,400
Land use rights		**22,634**	23,248
Deferred income tax assets		**119,559**	91,122
		1,812,524	1,469,462
Current assets			
Land use rights		**4,388,463**	4,816,003
Properties under development		**3,250,938**	2,375,017
Completed properties held for sale		**749,713**	1,279,655
Debtors, deposits and other receivables	*3*	**2,526,713**	1,318,719
Prepayments for proposed development projects		**1,383,871**	1,144,409
Prepaid taxes		**142,571**	108,821
Restricted cash		**382,966**	105,836
Cash at bank and in hand		**3,344,453**	679,271
		16,169,688	11,827,731
Total assets		**17,982,212**	13,297,193
EQUITY			
Equity holders			
Share capital		**440,550**	1
Share premium		**4,024,775**	1,490,772
Reserves		**2,203,702**	1,651,180
		6,669,027	3,141,953
Minority interests		**(40,494)**	(40,480)
Total equity		**6,628,533**	3,101,473

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009 (CONT'D)

	Note	2009 RMB'000	2008 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**2,812,890**	2,991,925
Deferred income tax liabilities		**228,701**	156,239
		3,041,591	3,148,164
Current liabilities			
Advanced proceeds received from customers		**2,266,075**	1,155,926
Accrued construction costs		**1,119,549**	1,144,981
Income tax payable		**404,906**	277,969
Borrowings		**3,048,988**	2,200,000
Loan with detachable warrants		**684,736**	1,305,546
Financial derivatives		**–**	80,522
Other payables	*4*	**750,357**	880,776
Amount due to minority interest of a subsidiary		**37,477**	–
Amounts due to related parties		**–**	1,836
		8,312,088	7,047,556
Total liabilities		**11,353,679**	10,195,720
Total equity and liabilities		**17,982,212**	13,297,193
Net current assets		**7,857,600**	4,780,175
Total assets less current liabilities		**9,670,124**	6,249,637

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RMB'000	2008 RMB'000
Revenue	5	**4,672,156**	3,110,446
Cost of sales		**(3,352,040)**	(2,243,354)
Gross profit		**1,320,116**	867,092
Other gains/(losses), net	6	**37,201**	(116,216)
Selling and marketing costs		**(163,543)**	(151,821)
Administrative expenses		**(250,105)**	(165,721)
Change in fair value of investment properties		**289,847**	302,557
Change in fair value of financial derivatives		**(85,339)**	27,221
Operating profit	7	**1,148,177**	763,112
Finance income		**9,958**	7,243
Finance costs		**(204,740)**	(117,642)
Finance costs – net		**(194,782)**	(110,399)
Profit before income tax		**953,395**	652,713
Income tax expenses	8	**(405,538)**	(151,800)
Profit for the year and total comprehensive income for the year		**547,857**	500,913
Profit attributable to:			
Equity holders of the Company		**547,871**	500,921
Minority interests		**(14)**	(8)
		547,857	500,913
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)	9	**0.138**	0.128

NOTES

1 General Information

Kaisa Group Holdings Ltd. (the "Company") was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law (2009 Revision) (as consolidated and revised from time to time) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. During the year, the Company is engaged in investment holding and the subsidiaries of the Company were principally engaged in the property development, property investment, property management and project consultancy businesses.

In preparation for the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Company and its subsidiaries (collectively the "Group") underwent the reorganisation (the "Reorganisation"), which was completed in December 2007. Upon completion of the Reorganisation, the Company became the holding company of the Group.

The Company's shares were listed on the Stock Exchange on 9 December 2009.

These consolidated financial statements are presented in units of Renminbi ("RMB") thousand Yuan, unless otherwise stated and were approved by the Board of Directors of the Company for issue on 18 March 2010.

2 Basis of preparation and accounting policies

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial derivatives.

The Group has adopted a number of new or revised standards and interpretations which are relevant to the Group's operations and are mandatory for the financial year ended 31 December 2009.

Major new or revised standards affecting the Group include:

HKAS 1 (Revised), 'Presentation of financial statements'. The revised standard has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. In particular, the Group presents all items of income and expense recognised in the year in the consolidated statement of comprehensive income showing components of profit or loss and showing components of other comprehensive income. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. HKFRS 8 does not affect the Group's reportable segments.

'Improvements to HKFRSs' (issued in October 2008). The improvements include 35 amendments across 20 different standards that largely clarify the required accounting treatment where previous practice had varied, and have resulted in a number of changes in the Group's accounting policies.

The following new standards, amendments to standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2010 or later periods and which the Group has not early adopted.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 1 (Amendment)	First time adoption of HKFRS and HKAS 27 Consolidated and separate financial statements
HKFRS 3 (Revised)	Business Combination
HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations
HKAS 39	Financial instruments: Recognition and measurement
HK(IFRIC) 17	Distributions of non-cash assets to owners
HK(IFRIC) 18	Transfers of assets from customers
HKFRSs Amendments	Improvements to HKFRSs 2009

The Group is in the process of making an assessment on the impact of these new/revised standards, amendments and interpretations to existing standards and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

3 Debtors, deposits and other receivables

Debtors, deposits and other receivables include trade receivables, other receivables, prepayments for construction costs to third parties, prepaid interest and other taxes, and land deposits. The ageing analysis of trade receivables is as follows:

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Within 90 days	**81,080**	17,350
91–180 days *(note b)*	**10,352**	–
	91,432	17,350

Notes:

(a) Trade receivables mainly arose from sale of properties. Customers are generally granted credit terms of 1 to 3 months for property development business.

(b) The amount recoverable from the independent customers will be settled on or before 30 June 2010 in accordance with the sales and purchases agreements of the property units.

4 Other payables

Other payables mainly include deferred consideration payable for the acquisitions of subsidiaries, refundable deposit received for renovation contract and other taxes payables.

5 Revenue and segment information

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Board of Directors assesses the performance of the single operating segment based on a measure of profit after tax.

The Board of Directors considers the business from services perspective only. From a services perspective, management assesses the performance of sales of properties, project consultancy services, rental income and property management services. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the People's Republic of China ("PRC"), which is considered as one geographical location in an economic environment with similar risk and returns.

Revenue for the year consists of the following:

	2009	2008
	RMB'000	*RMB'000*
Sales of properties	**4,513,257**	2,947,371
Project consultancy services	**–**	70,320
Rental income	**100,405**	52,478
Property management services	**58,494**	40,277
	4,672,156	3,110,446

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2009 is as follows:

	Property development	**Property consultancy services**	**Property investment and agency**	**Property management**	**Others**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue	**4,513,257**	**–**	**100,405**	**58,494**	**–**	**4,672,156**
Segment results before change in fair value of investment properties and financial derivatives	**874,892**	**–**	**65,766**	**18,279**	**(15,268)**	**943,669**
Change in fair value of investment properties	**–**	**–**	**289,847**	**–**	**–**	**289,847**
Change in fair value of financial derivatives	**–**	**–**	**–**	**–**	**(85,339)**	**(85,339)**
Segment results	**874,892**	**–**	**355,613**	**18,279**	**(100,607)**	**1,148,177**
Finance income						**9,958**
Finance costs						**(204,740)**
Finance costs – net						**(194,782)**
Profit before income tax						**953,395**
Income tax expenses						**(405,538)**
Profit for the year						**547,857**

	Property development RMB'000	Property consultancy services RMB'000	Property investment and agency RMB'000	Property management RMB'000	Others RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	**29,073,029**	**–**	**3,831,972**	**1,030,766**	**12,569,267**	**(28,784,952)**	**17,720,082**
Unallocated							**262,130**
Total assets							**17,982,212**
Segment liabilities	**20,144,965**	**11,158**	**1,709,044**	**259,949**	**6,608,719**	**(24,560,377)**	**4,173,458**
Unallocated							**7,180,221**
Total liabilities							**11,353,679**
Depreciation *(note 7)*	**10,973**	**–**	**1,033**	**613**	**1,009**	**–**	**13,628**
Amortisation *(note 7)*	**10,741**	**–**	**–**	**–**	**–**	**–**	**10,741**
Capital expenditure	**293,908**	**–**	**277**	**365**	**4,153**	**–**	**298,703**

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2008 is as follows:

	Property development *RMB'000*	Property consultancy services *RMB'000*	Property investment and agency *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Group *RMB'000*
Revenue	2,947,371	70,320	52,478	40,277	–	3,110,446
Segment results before change in fair value of investment properties and financial derivatives	241,680	51,488	35,569	10,378	94,219	433,334
Change in fair value of investment properties	–	–	302,557	–	–	302,557
Change in fair value of financial derivatives	–	–	–	–	27,221	27,221
Segment results	241,680	51,488	338,126	10,378	121,440	763,112
Finance income						7,243
Finance costs						(117,642)
Finance costs – net						(110,399)
Profit before income tax						652,713
Income tax expenses						(151,800)
Profit for the year						500,913

	Property development *RMB'000*	Property consultancy services *RMB'000*	Property investment and agency *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Segment assets	23,111,264	–	2,859,652	623,666	7,557,329	(21,054,661)	13,097,250
Unallocated							199,943
Total assets							13,297,193
Segment liabilities	13,944,303	22,452	1,981,736	41,192	4,449,827	(17,255,992)	3,183,518
Unallocated							7,012,202
Total liabilities							10,195,720
Depreciation *(note 7)*	6,743	1,353	1,246	353	998	–	10,693
Amortisation *(note 7)*	4,129	–	–	–	–	–	4,129
Capital expenditure	2,426,187	1,909	868	2,202	4,597	–	2,435,763

No inter-segment transfers or transactions are entered into during the year.

Other business segments include the investment holding and inactive companies.

Segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, debtors, prepayments and other receivables, prepayments for proposed development projects, restricted cash and, cash and cash equivalents. They exclude associated companies, deferred income tax assets and prepaid taxes.

Segment liabilities consist primarily of advanced proceeds received from customers, accrued construction costs and other payables. They exclude deferred income tax liabilities, income tax payable, long-term loan with detachable warrants, borrowings and financial derivatives.

Capital expenditure comprises additions to property and equipment, land use rights and investment properties that are expected to be used for more than one year.

6 Other gains/(losses), net

	2009 ***RMB'000***	2008 *RMB'000*
Forfeited customer deposits	**2,628**	1,582
Compensation from termination of proposed development projects	**14,395**	–
Investment return from primary land development	**17,782**	–
Impairment losses *(note)*	**–**	(213,000)
Exchange gains, net	**2,396**	95,202
	37,201	(116,216)

Note:

The amount represented impairment losses on land use rights, properties under development and completed properties held for sale.

7 Operating profit

	2009	2008
	RMB'000	*RMB'000*
Operating profit is arrived at after charging:		
Cost of completed properties sold	**3,054,987**	2,097,172
Depreciation of property and equipment	**13,628**	10,693
Amortisation of land use rights	**10,741**	4,129

8 Income tax expenses

	2009	2008
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**217,166**	135,035
– PRC land appreciation tax	**144,347**	11,997
Deferred income tax	**44,025**	4,768
	405,538	151,800

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year (2008: Nil). PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 20% and 25% (2008: 18% and 25%). 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 lease charges of land use rights and all property development expenditures, which is included in the consolidated statements of comprehensive income as income tax.

9 Earnings per share

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

	2009	2008
Profit attributable to equity holders *(RMB'000)*	**547,871**	500,921
Weighted average number of ordinary shares in issue	**3,977,697,890**	3,912,127,492
Basic earnings per share *(RMB)*	**0.138**	0.128

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of RMB547,871,000 (2008: RMB500,921,000) and the weighted average of 3,977,697,890 shares in issue during the year (2008: 3,912,127,492) after taking into consideration the capitalisation issue of 3,912,116,622 shares arising from the Company's reorganisation in preparation for the listing on the Stock Exchange deemed to be issued on 1 January 2008, and the warrant shares in connection with a senior term loan facility with detachable warrants (the "Loan") of 87,872,508 shares issued on 9 December 2009.

No disclosure of diluted earnings per share for the years ended 31 December 2008 and 2009 has been made as there was no potential dilutive ordinary share outstanding throughout the accounting years presented.

10 Capital commitments for property development expenditures

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Contracted but not provided for	**4,246,961**	7,300,651

Note:

The amount represented capital commitments for land use rights, prepayments for proposed development contracts and construction contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2009, under the economic stimulus package introduced by the State Government of the PRC, the overall economic development of the nation showed signs of stabilization while its property market gradually recovered its momentum. Following the Government's direction of "expanding domestic demand, adjusting economic structures and ensuring growth", local governments further introduced favorable policies. In response to the situation, the Group leveraged on the market trend and capitalized on the market opportunities to achieve satisfactory growth.

During the year, the Group recorded a turnover of RMB4,672.2 million, representing an increase of 50.2% as compared to that of last year. Profit attributable to equity holders amounted to RMB547.9 million, representing an increase of 9.4% as compared to that of last year. Basic earnings per share was RMB0.138 (2008: RMB0.128). The Board of Directors does not recommend the payment of final dividends for the year ended 31 December 2009.

During the year under review, the Group made significant breakthrough in its business development in the following areas:

Successful Listing on the Main Board of the Stock Exchange

On 9 December 2009, the Company was listed on the Stock Exchange (Stock Code: 1638), raising gross proceeds of HK$3,450 million. This demonstrates recognition of the Group's achievement by both the international capital market and Hong Kong investors, successfully establishing a global financing platform that forms a solid foundation for the Group's future business development.

Contracted Sales amounted to a record level of RMB6,020 million, and outstanding results are achieved in three major economic regions

The Group has presence in 10 core cities within five regions in the PRC, namely the Pearl River Delta, Yangtze River Delta, Pan-Bohai Bay Rim, Chengdu-Chongqing region and Central China region, paving the way for a nationwide expansion. In 2009, with the Government stimulus packages gradually taking effect and through our four times nationwide thematic marketing campaigns, the Group achieved a total contracted sales of RMB6,020 million, representing a significant increase of 114.0% as compared to that of last year. Such efforts effectively coped with unfavorable factors such as market volatility, leading to rapid sales growth of the Group's projects.

The Group's 2009 contracted sales by region are summarized as follows:

Region	**Number of projects**	**Contracted sales area** *sq. m.*	**Contracted sales amount** *RMB million*
Pearl River Delta	9	478,708	4,660
Yangtze River Delta	2	74,684	800
Chengdu-Chongqing Region	1	134,708	560
Total	12	688,100	6,020

Stepping-up Efforts in Brand Promotion, Enhancing Brand Recognition

During the year under review, the Group maintained its continual efforts on brand promotion and successfully gained various industry honors, including "2009 Top 10 Valuable Real Estate Brand in Southern China Region" (2009年中國華南區域房地產品牌價值TOP10), "2009 Top 100 China Real Estate Enterprises-Top 10 in Operational Efficiency"(2009年中國房地產百强企業運營效率TOP10) and "2009 Top 100 China Real Estate Enterprises" (2009年中國房地產百强), as well as the awards such as "2009 Best Employer Enterprise" (2009年度中國最佳雇主企業), "2009 China Advertisement Main Great Wall Award- Best Propagation Brand"(2009中國廣告主長城獎最具傳播力品牌), "2009 Annual Brand Award of China Property Conference"(2009中國地產年會年度品牌大獎), "National First-Rank Qualification Property Management Enterprise"(國家一級資質物業管理企業) in professional fields of the industry. Such recognitions have enhanced the Group's brand reputation, paving the way to become a nationwide brand.

Forging Strategic Alliances with Sino Life Insurance and HNA Property to Enhance Capability in Project Development and Explore Financing Channels

In December 2009, the Group entered into a strategic alliance framework agreement with Sino Life Insurance to jointly explore investment opportunities in commercial properties over a period of five years. Such cooperation will take in the form of lease, sales and purchase, trust and mortgage financing, etc. This strategic alliance is the first and an important cooperation agreement of the Group after its listing, and is also a major strategic move for Sino Life Insurance following the promulgation of the amendment of the "Insurance Law of the People's Republic of China" (中華人民共和國保險法) on 1 October 2009, allowing PRC insurance companies making investment in the real estate sector.

In addition, another important strategic alliance was also established after the year under review. In March 2010, the Group entered into a strategic alliance framework agreement with HNA Property to examine the feasibility on the joint development of high-quality property projects in the PRC, including, but not limited to, investment properties such as commercial properties, offices and resort developments, and residential properties such as high-end residential properties and serviced apartments. We will also explore the possibility of cooperation in the areas of financing and commercial operation.

The formation of these alliances will enable the Group to expand its channels in respect of financing and land acquisition. It will not only enhance the Group's capability in developing and acquiring high-quality projects, but will also benefit from the synergies in the operation of commercial properties and in fund raising.

Property Development

1. *Projects Completed in 2009*

   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 gross floor area (GFA) of newly completed projects of the Group amounted to 423,000 sq. m.

2. *Projects under Development*

   For the year ended 31 December 2009, the GFA of projects under development of the Group was approximately 1,358,000 sq. m.

3. *Property Management*

   The Group also provided property management service to its own property development and managed a total floor area of approximately 2,600,000 sq. m.. In total, the Group provided property management service to 17,708 units. The goal of the Group in respect of property management is "Creating Value through Service".

Kaisa Property Management (Shenzhen) Co., Ltd., the Group's major operating entity for property management, was conferred First-Rank Qualification Property Management Enterprise by the PRC Ministry of Construction on 31 December 2009. Building on this national recognition, our property management company will keep on upgrading its management standard and service quality, and delivering professionalism in its service. Through providing satisfactory and high quality service to our customers, we will be able to further enhance brand and corporate images.

4. *Investment Properties and Hotel Business*

The Group adopts a diversified business strategy, characterized by the increase in investment in investment properties, in order to achieve a diversified business portfolio which will generate steady and reliable income, and enlarge the overall income base of the Group.

During the year, the Group's Boxi Commercial Center (柏西商都) located at the core area of Tianhe District in Guangzhou commenced operations. Located in the CBD of Guangzhou, the total GFA of the project is approximately 38,202 sq.m. and its operation is managed by the Group. The positioning of the project is high-end integrated development with financial services, entertainment, catering and department store.

During the year, the Group acquired Keyu Golden Bay Resort, a resort hotel located in Dapeng, Shenzhen. The hotel is adjacent to the well-known resort area called Jinshawan Bay. The hotel occupies a site area of 34,728 sq. m. and a GFA of 17,901 sq.m. This acquisition marked the Group's entrance into hotel operations.

Land Bank

It remains an ongoing effort of the Group to actively expand its land reserve for maintaining its competitive edge featuring low costs of land and for further consolidating its leading position in the Pearl River Delta. Further, the Group will also strive to increase its investments in Yangtze River Delta and pursue opportunities in the Pan-Bohai Bay Rim region. As of 31 December 2009, the Group had a total land bank of approximately 12,634,000 sq. m., which is sufficient for the Group's development needs for the next three to five years.

During the year, two plots of commercial and residential land in Jiangyin, with an area of 55,206 sq. m. and a total GFA of 79,382 sq. m, were added to the Group's portfolio, exemplifying the Group's strategy of expanding its presence in Yangtze River Delta economic region. The Group also successfully acquired the trophy project of "Shenyang Qingnian Avenue" with a site area of 21,422 sq.m. and a total GFA of 214,220 sq. m. This did not only highlight the establishment of the Group's presence in the Pan-Bohai Bay Rim, but also marked the start of the Group's strategic move on a nationwide scale.

Details of the Group's new land bank acquired during the year are as follows:

Region	**Project**	**Site Area** *sq. m.*	**GFA** *sq. m.*
Pearl River Delta	Dongguan Yantian	16,186	40,465
Pearl River Delta	Guangzhou Jiangnan Boulevard	8,579	53,809
Pan- Bohai Bay Rim	Shenyang Qingnian Avenue	21,422	214,220
Yangtze River Delta	Jiangyin Gushan	55,206	79,382
Yangtze River Delta	Jiangyin Zhongbu Garden	158,240	465,990
	Total	259,633	853,866

After the year under review, the Group successfully completed its acquisition of Boji Project through exercise of the option in the sales and purchase agreement. Boji Project is located in Banxuexiang Area of Longgang District in Shenzhen, occupies a site area of approximately 321,800 sq. m. and is currently held for industrial use. It is intended that the permitted use of the project will be renewed and re-zoned for commercial-and-residential use pursuant to the "Urban Renewal Plan of Shenzhen" (深圳市城市更新辦法) implemented on 1 December 2009. The project is included in the first batch of units under the Renewal Units Scheme published by Shenzhen Planning and Land Resources Committee (深圳市規劃和國土資源委員會) on 5 March 2010.

The Group also entered into sale and purchase agreements to increase its shareholding of Fenglong Group Co., Ltd. in Futian District in Shenzhen to 100%. Occupying a site area of 14,111 sq. m. with a total GFA of 142,000 sq. m, Fenglong Centre is expected to comprise a block of high-rise office building with large dining area and retail space. With a closer cooperation between Hong Kong and Shenzhen and the upcoming construction of the Hong Kong-Shenzhen Express Railway, the Group is optimistic about the prospects of commercial properties in Shenzhen and plans further consolidation of its leading position in the commercial property market in Shenzhen.

Outlook

The year 2010 is a milestone and a watershed for the Company's development, representing the end of the first decade of operations and the start of the second. Despite uncertainty in the international economy, the PRC government's stimulus measures to drive domestic demand are set to keep the momentum of sustainable economic growth of the nation, reassuring our belief that there is still ample room for extending the scale and profitability of the Group.

On the basis of the above analysis, the management of the Group will focus on the following areas in 2010:

Adhering to the Strategy on Redevelopment Projects and Securing Land Reserves in Core Regions, and Expanding Land Reserve

With its sound vision, the Group embarked on active participation in redevelopment projects in 2004 to acquire quality land resources by means of contractual arrangements. Successes were gained on Woodland Height Phase 8 and Jincui Garden projects in Shenzhen. These years of practice and exploration allow the Group to enrich its experience and professionalism in the sector and to build up its ample land bank.

The launch of policies in Guangdong Province and Shenzhen Municipality at the end of 2009 injected new energy to such redevelopment business of the Group in Guangdong Province in general, and Shenzhen in particular, providing strong and powerful policy protections. Pursuant to the first batch of bills of the Shenzhen City Redevelopment Unit Scheme – Implementation Planning 2010 (《2010年深圳市城市更新單元規劃制定計劃》) published by Shenzhen Planning and Land Resources Management Committee, Boji Industrial Area, Golden Bay Resort and Village Projects V, VI, VII and VIII in Heng Gang An Liang Keyu (寶吉工業區、金沙灣大酒店以及横崗安良五、六、七、八村項目), which are all under the Group's project list, are included within the scope of redevelopment plan.

As for Yangtze River Delta, the Group will continue to extend its presence in second-tier cities with high growth potential. In Pan Bohai Rim, Chengdu-Chongqing and Central China regions, the Group will look for development opportunities in capital cities of the respective provinces.

Strengthening the Group's Brand Name

The Group will continue to strengthen its brand reputation and step up its efforts in marketing, with focus on enhancing standardization of its sales service and improving quality of its after-sale service through better property management to further raise the brand recognition of the Group.

Accelerating Integration of Business Mode, Strengthening Commercial Operation and Expanding the Diversity of Income Source

The Group will integrate its existing commercial operation businesses to make such operations run with brand recognition and professionalism, and will proactively develop new commercial projects in first-tier cities in the PRC in pursuit of a diversified development strategies.

Strengthening Internal Operational Efficiency and Further Improve Profitability

By strengthening internal management, the Group will be able to raise its operational efficiency and further consolidate standardization of its products, implement further cost control measures and recruit professionals of high-calibre to cope with market changes and industry consolidation, and to cater for the Group's needs on strategic expansion.

Maintaining Prudent Operation, Establishing a Platform of International Financing, Sound Financial Management and Capability on Resisting Risk

The Group has always been putting emphasis on cash flow management to maintain a reasonable level of cash, striking a sensible balance between scale-oriented development and effectiveness-oriented development. The listing in Hong Kong represents a good means for the Group to diversify funding channels while enhancing the Group's reputation in the international capital market. The Group will continue to adhere to the strategy of being cash-oriented and will maintain a sound level of liquidity. By matching product rollout plans and sales progress, the Group will be able to control its stocks at an appropriate level thus raising its capability of resisting market risks.

Looking forward, the Group will closely adhere to its core values and put the Company's core competitiveness into full play. It will keep on delivering better value of construction, better living experience and services, endeavoring to implement the Company's core values of fine living, enriching life, holding an important position in the real estate industry in the PRC, and contributing to social development.

FINANCIAL REVIEW

Revenue

Revenue of the Group primarily comprises the (i) sales proceeds from the sale of properties (ii) gross recurring revenue received and receivable from investment properties and (iii) property management fee income. The revenue is primarily generated from its three business segments: property development, property investment and property management.

The revenue increased by RMB1,561.8 million, or 50.2% to approximately RMB4,672.2 million in 2009 from approximately RMB3,110.4 million in 2008, primarily attributable to the increase in sales of properties in 2009. In 2009, the revenue generated from property development, property investment and property management are approximately RMB4,513.3 million, RMB100.4 million and RMB58.5 million, respectively.

Sales of properties

Our revenue from sales of properties increased by RMB1,565.9 million, or 53.1%, to RMB4,513.3 million in 2009 from RMB2,947.4 million in 2008. This increase was primarily attributable to an increase in the total delivered GFA from approximately 303,218 sq.m. in 2008 to approximately 494,632 sq.m. in 2009, partially offset by a decrease in the average selling price per sq.m. from approximately RMB9,720 in 2008 to approximately RMB9,124 in 2009 which is in turn explained by the delivery of the project Guangzhou Jinmao in 2008, which is located in a prime location within Guangzhou's CBD and consists of a premium grade office building and retail space and with a higher average selling price. The properties that contributed substantially to our revenue in 2009 were Xiangrui Garden, Mingcui Garden Phases 1–2, Jiangyin Lake View Place Phase 1, Shenzhen Lake View Place Phases 4–5 and Zhongyang Haomen Phase 1.

Rental income

Our rental income increased by RMB47.9 million, or 91.3%, to RMB100.4 million in 2009 from RMB52.5 million in 2008. This increase was primarily attributable to the increased retail space in Guangzhou Jinmao that was leased out in 2009.

Property management services

Our revenue from property management fees increased by RMB18.2 million, or 45.2%, to RMB58.5 million in 2009 from RMB40.3 million in 2008. This increase was primarily attributable to the additional property management fees derived from our property services for the commercial properties in Guangzhou Jinmao and the residential units delivered in 2009.

Gross profit

Our gross profit increased by RMB453.0 million, or 52.5%, to RMB1,320.1 million in 2009 from RMB867.1 million in 2008. Our gross profit margin increased to 28.3% from 27.9% in 2008.

Other gains/(losses), net

We had other net gains of RMB37.2 million in 2009, as compared to other net losses of RMB116.2 million in 2008. The other gains in 2009 primarily comprised RMB32.2 million generated from compensation from termination of proposed development projects and investment return from a primary land development contract. The other net losses in 2008 were primarily due to (i) the impairment losses of RMB58.0 million and RMB155.0 million in Mingcui Garden Phase 1 and Lijing Harbor Phase 1 respectively, mainly because our pre-sales and sales of properties in these two projects had been adversely affected by the global economic slowdown in 2008, partially offset by (ii) the foreign exchange gains of RMB95.2 million in 2008, primarily derived from the proceeds from the Loan denominated in U.S. dollar that the Company borrowed in the second half of 2007.

Selling and marketing costs

Our selling and marketing costs increased by RMB11.7 million, or 7.7%, to RMB163.5 million in 2009 from RMB151.8 million in 2008. The increase in selling and marketing costs was primarily due to an increase in our advertising and other promotional costs, which were incurred in connection with our pre-sale activities for relatively larger number of our projects in 2009, as compared to 2008.

Administrative expenses

Our administrative expenses increased by RMB84.4 million, or 50.9%, to RMB250.1 million in 2009 from RMB165.7 million in 2008. This increase was primarily attributable to an increase in amortized costs of land use rights due to our increased land acquisition activities, an increase in operating rental expenses for our increased rented office premises in various regions and an increase in staff costs resulting from our business expansion.

Change in fair value of investment properties

The increase in fair value of our investment properties was RMB302.6 million in 2008 and RMB289.8 million in 2009. The increase in fair value of our investment properties in 2008 was primarily attributable to the addition of commercial properties in Guangzhou Jinmao into our investment property portfolio. The increase in fair value of our investment properties in 2009 was primarily attributable to the appreciated fair value of our investment properties in Guangzhou Jinmao and addition of commercial properties in Woodland Height Phase 4 into our investment property portfolio.

Change in fair value of financial derivatives

We had a fair value loss of RMB85.3 million of financial derivatives in 2009, compared to a fair value gain of RMB27.2 million of financial derivatives in 2008. In September 2007, we entered into a credit agreement, pursuant to which a number of financial institutions agreed to make available to us the Loan. In connection with the Loan, we issued warrants pursuant to the underlying warrant instruments on 9 December 2009. The fair value of financial derivatives reflected the fair value of the financial derivatives issued under the Loan and warrant instruments.

Finance costs, net

Our net finance costs increased by RMB84.4 million, or approximately 76.4%, to RMB194.8 million in 2009 from RMB110.4 million in 2008. The increase was primarily attributable to increases in the number of projects and average debt amounts in 2009 in relation to our increased bank borrowings used in financing our property development activities.

Income tax expenses

Our income tax expenses increased by RMB253.7 million, or approximately 167.2%, to RMB405.5 million in 2009 from RMB151.8 million in 2008. Our effective income tax rate increased to 42.5% in 2009 from 23.3% in 2008. The increase was primarily attributable to (i) the reduced foreign exchange gain of RMB1.4 million in 2009 in contrast to RMB95.2 million in 2008, which were exempted from payment of income tax under the relevant Cayman Islands laws; and (ii) an increase in LAT in 2009 primarily as a result of our increased gross profit and increased number of projects that are subject to LAT.

Profit for the year

As a result of the factors described above, our profit for the year increased by RMB46.9 million, or 9.4%, to RMB547.9 million in 2009 from RMB500.9 million in 2008. Our net profit margin was 11.7% in 2009 and 16.1% in 2008. Our net profit (excluding change in fair value on investment properties, change in fair value of financial derivatives and the corresponding deferred taxes) in 2008 and 2009 was RMB253.3 million and RMB414.5 million, respectively, resulting in corresponding net profit margin (excluding change in fair value on investment properties, change in fair value of financial derivatives and the relevant deferred taxes) of 8.1% and 8.9% for years ended 31 December 2008 and 2009, respectively.

Liquidity, financial and capital resources

Cash position

As at 31 December 2009, the carrying amount of the Group's cash and bank deposits was approximately RMB3,727.4 million (31 December 2008: RMB785.1 million), representing an increase of 374.8% as compared to that as at 31 December 2008.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. Such guarantee deposits will be released after pre-sold properties are completed or their property ownership certificates are issued, whichever is the earlier. Additionally, as at 31 December 2009, certain of the Group's cash was deposited in certain banks respectively as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above guarantee deposits amounted to RMB383.0 million as at 31 December 2009.

Borrowings and charges on the Group's assets

The Group had an aggregated borrowings as at 31 December 2009 of approximately RMB6,546.6 million, of which approximately RMB3,733.7 million will be repayable within 1 year, approximately RMB2,203.9 million will be repayable between 2 and 5 years and approximately RMB609.0 million will be repayable over 5 years.

As at 31 December 2009, the Group's bank loans of approximately RMB4,627.3 million were secured by plant and equipment, land use rights, investment properties and properties under development of the Group with total carrying values of approximately RMB5,664.4 million.

The carrying amounts of all the Group's bank loans are denominated in RMB except for the Loan with a balance of US$100 million as at 31 December 2009 which was denominated in U.S. dollars. The Loan is secured by jointly and severally guarantees given from certain subsidiary companies of the Group and the pledge of their shares.

The Group's domestic bank loans carried a floating interest rate at base lending rate of the People's Bank of China ("PBOC"). Our interest rate risk is mainly from the floating interest rate of loans. We cannot ascertain the influence upon our business or China's property industry. However, the increase in interest rates might exert pressure on the Group's financing cost.

Gearing ratio

The gearing ratio is measured by the Group's net debts (total borrowings net of cash and cash equivalent and restricted cash) over equity. As at 31 December 2009, the gearing ratio was 42.5% (31 December 2008: 184.2%). As at 31 December 2009, the Group's net current assets increased by 64.4% to RMB7,857.6 million from 2008, and the current ratio increased from 1.68 times as at 31 December 2008 to 1.95 times as at 31 December 2009.

Foreign Currency risks

The Group's property development projects are all located in the PRC and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies operate in Hong Kong which have recognized assets and liabilities in currencies other than RMB. As at 31 December 2009, the Group had a significant amount of Hong Kong dollars, which was generated from the IPO, and the Loan with a balance of US$100 million which was denominated in U.S. dollars. As the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government, the Hong Kong dollars have not yet been converted into RMB for the Group's property development projects as at 31 December 2009.

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 31 December 2009, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB2,391.9 million (2008: approximately RMB1,629 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, we would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, and we 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 mortgaged property.

Material Acquisitions and Disposals of Assets

For the year ended 31 December 2009, the Group did not have any material acquisitions and disposals of assets.

Use of proceeds from the Global Offering

The Company's shares were listed on the Stock Exchange on 9 December 2009, and the Group has raised net proceeds of approximately HK$3,209.5 million from the Global Offering. As at 31 December 2009, the Company had applied approximately HK$556.7 million for repayment of the Loan, approximately HK$502.5 million for development of existing and future projects which is in compliance with the intended use of proceeds as disclosed in the Company's prospectus dated 26 November 2009. As at 31 December 2009, a balance of approximately HK$2,150.3 million remained as bank deposits.

Employees and emolument policy

As at 31 December 2009, the Group has employed a total of 2,678 employees. The total staff costs incurred were approximately RMB121.4 million during the year ended 31 December 2009. 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 Company adopted a pre-IPO share option scheme on 22 November 2009 under which the Company granted options to eligible employees, executives or officers of the Group to subscribe for the shares of the Company (the "Pre-IPO Share Option Scheme"). As at 31 December 2009, no options had been exercised or cancelled under the Pre-IPO Share Option Scheme. The Company also conditionally adopted a share option scheme on 22 November 2009 pursuant to which the Company may grant options to the eligible participants to subscribe for the shares of the Company (the "Share Option Scheme"). As at 31 December 2009, no options had been granted under the Share Option Scheme. For further information of the Pre-IPO Share Option Scheme and the Share Option Scheme, please refer to the Company's prospectus dated 26 November 2009.

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 all of the independent non-executive Directors, namely Mr. RAO Yong, Mr. ZHANG Yizhao and Mr. FOK Hei Yu. Mr. RAO Yong is the chairman of the Audit Committee.

The annual results have been reviewed by the Audit Committee of the Company.

DIVIDENDS

The Board of Directors does not recommend the payment of any dividends for the year ended 31 December 2009.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance (the "Code") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") from the date of listing to 31 December 2009.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as the code for dealing in securities of the Company by the Directors. After specific enquiry, all directors of the Company confirmed that they have complied with the required standard of dealings set out therein from the date of listing to 31 December 2009. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PUBLICATION OF THE 2009 ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's annual report for 2009 will be published on the website of The Stock Exchange of Hong Kong Limited at *www.hkex.com.hk* and the Company's website at *www.kaisagroup.com* in due course.

On behalf of the Board
Kaisa Group Holdings Ltd.
Mr. Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 18 March 2010

As at the date of this announcement, our executive Directors are Mr. Kwok Ying Shing, Mr. Kwok Ying Chi, Mr. Sun Yuenan, Mr. Ye Jiansheng, Mr. Chen Gengxian, Mr. Tam Lai Ling and Ms. Jin Jane, our independent non-executive Directors are Mr. Zhang Yizhao, Mr. Rao Yong and Mr. Fok Hei Yu.