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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1638)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

FINANCIAL HIGHLIGHTS

- Contracted sales increased by 41.2% to RMB3,426.2 million.
- Total revenue decreased by 14.2% to RMB2,122.5 million.
- Gross profit increased by 32.2% to RMB793.1 million.
- Gross profit margin surged 13.1 percentage points to 37.4%.
- Net profit (excluding change in fair values on investment properties and financial derivatives and the corresponding deferred taxes) increased by 42.6% to RMB247.1 million.
- Profit attributable to equity owners amounted to RMB247.1 million, decreased by 32.9%.
- As at 30 June 2010, bank debts due within the next twelve months represented 26.6% of total debts, as compared to 57.0% as of 31 December 2009.

* *for identification purpose only*

INTERIM RESULTS

The board of directors (the "Board") of Kaisa Group Holdings Ltd. ("Kaisa") or (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2010, together with the comparative figures for the corresponding period in 2009.

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	Note	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000* (Restated)
ASSETS			
Non-current assets			
Property and equipment		**103,439**	91,731
Investment properties		**1,578,600**	1,578,600
Land use rights		**18,589**	18,798
Investment in an associate		**299,874**	–
Deferred income tax assets		**94,589**	119,559
		2,095,091	1,808,688
Current assets			
Properties under development		**9,005,997**	7,379,830
Completed properties held for sale		**1,006,817**	1,013,120
Debtors, deposits and other receivables	*8*	**2,845,468**	2,526,713
Prepayments for proposed development projects		**1,664,588**	1,383,871
Prepaid taxes		**335,518**	142,571
Restricted cash		**406,044**	382,966
Cash and cash equivalents		**1,968,698**	3,344,453
		17,233,130	16,173,524
Total assets		**19,328,221**	17,982,212
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**432,150**	440,550
Share premium		**3,815,214**	4,024,775
Reserves		**2,096,222**	2,203,702
		6,343,586	6,669,027
Non-controlling interests		**4,953**	(40,494)
Total equity		**6,348,539**	6,628,533

	At **30 June 2010** ***RMB'000***	At 31 December 2009 *RMB'000* (Restated)
LIABILITIES		
Non-current liabilities		
Borrowings	**4,584,713**	2,812,890
Deferred income tax liabilities	**228,697**	228,701
	4,813,410	3,041,591
Current liabilities		
Advance proceeds received from customers	**4,110,652**	2,266,075
Accrued construction costs	**995,161**	1,119,549
Income tax payable	**511,538**	404,906
Borrowings	**1,665,700**	3,048,988
Loan with detachable warrants	**–**	684,736
Other payables	**812,948**	750,357
Amount due to non-controlling interest of a subsidiary	**70,273**	37,477
	8,166,272	8,312,088
Total liabilities	**12,979,682**	11,353,679
Total equity and liabilities	**19,328,221**	17,982,212
Net current assets	**9,066,858**	7,861,436
Total assets less current liabilities	**11,161,949**	9,670,124

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

		For the six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**2,122,488**	2,473,732
Cost of sales		**(1,329,437)**	(1,874,108)
Gross profit		**793,051**	599,624
Other gains/(losses), net		**4,073**	(482)
Selling and marketing expenses		**(72,417)**	(70,174)
Administrative expenses		**(161,760)**	(99,389)
Change in fair value of investment properties		**–**	281,397
Change in fair value of financial derivatives		**–**	(19,925)
Operating profit		**562,947**	691,051
Share of result from an associate		**(126)**	–
Finance income	*4*	**5,294**	1,792
Finance costs	*4*	**(64,653)**	(108,401)
Finance costs – net		**(59,359)**	(106,609)
Profit before income tax		**503,462**	584,442
Income tax expenses	*5*	**(256,410)**	(216,480)
Profit for the period and total comprehensive income for the period		**247,052**	367,962
Profit attributable to:			
Equity holders of the Company		**247,078**	367,972
Non-controlling interests		**(26)**	(10)
		247,052	367,962
Earnings per share for profit attributable to equity holders of the Company for the period (expressed in RMB per share)			
		RMB	*RMB*
Basic and diluted earnings per share	*6*	**0.050**	0.094

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 its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is at Suite 2001, 20th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The Company is principally engaged in investment holding and its subsidiaries are principally engaged in the property development, property investment and property management.

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 December 2009.

This condensed consolidated interim financial information is presented in thousand units of Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 23 August 2010.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with HKAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The adoption of new/revised HKFRSs

In 2010, the Group adopted the new/revised accounting standards, amendments and interpretations of HKFRSs below, which are relevant to its operations.

HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of Assets
HKFRS 3 (Revised)	Business Combinations
HKFRS 8 (Amendment)	Operating Segments
HK(IFRIC) - Int 17	Distributions on Non-cash Assets to Owners
HK(IFRIC) - Int 18	Transfers of Assets from Customers

Annual improvements to HKFRS published in May 2009

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 36 (Amendment)	Impairment of Assets
HKAS 39 (Amendment)	Financial instruments: Recognition and Measurement
HKFRS 2 (Amendment)	Share-based payments
HKFRS 8 (Amendment)	Operating Segments

The Group has assessed the impact of the adoption of these revised standards, amendments and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the condensed consolidated interim financial information, except for HKAS 17 stated below.

Change in accounting policy

As at 1 January 2010, the Group changed its accounting policy for land use rights which is held for development for sales.

Land use rights which are held for development for sales meet the definition of both inventories under HKAS 2 "Inventories" and leasehold land under HKAS 17 "Leases".

Previously, land use rights which are held for development for sales were classified as prepaid operating lease and payments were amortised on a straight line basis over the period of the lease in accordance with HKAS 17. Amortisation of leasehold land during the development phase was capitalised as part of the construction cost of the property. Amortisation charges incurred prior to development and following completion of the property were recognised in the condensed consolidated statement of comprehensive income.

Subsequent to the change in accounting policy, land use rights relating to property held for development for sale are classified as inventories in accordance with HKAS 2 and measured at the lower of cost and net realisable value.

Management believes that the new classification of land use rights as inventories results in a more relevant presentation of the financial position of the Group, and of its performance for the year. The revised treatment reflects the management's intention on the use of the land and results in a presentation consistent with the industry practice.

Since development commenced almost immediately after land use rights were obtained, and a large majority of completed properties were sold in the same period in which the respective properties were completed, substantially all amortisation charges have been capitalised in prior years. Accordingly, the change in accounting policy has no material impact to the condensed consolidated statement of comprehensive income of the Group for the comparative periods. The change resulted in a reclassification of certain items in the condensed consolidated balance sheet is summarised follows:

	At 31 December 2009	At 1 January 2009
	RMB'000	*RMB'000*
Non-current assets		
Decrease in land use rights	**(3,836)**	(4,011)
Current assets		
Increase in properties held for sale	**263,407**	503,278
Increase in properties under development	**4,128,892**	4,316,736
Decrease in land use rights	**(4,388,463)**	(4,816,003)

Standards, amendments and interpretations to existing standards that are not yet effective

		Effective for accounting periods beginning on or after
New/revised standards, interpretations and amendments		
HKAS 24 (Revised)	Related Parties Disclosures	1 January 2011
HKAS 39 (Amendment)	Financial instruments: Recognition and Measurement	1 July 2010
HKFRS 9	Financial instruments	1 January 2013
HK(IFRIC) - Int 14 (Amendment)	Prepayment of a Minimum Funding Requirement	1 January 2011

		Effective for accounting periods beginning on or after
Annual improvement to HKFRS published in May 2010		
HKAS 1	Presentation of Financial Statements	1 January 2011
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 January 2011
HKAS 34	Interim Financial Reporting	1 January 2011
HKFRS 3 (Revised)	Business Combination	1 July 2010
HKFRS 7	Financial Instruments: Disclosure	1 January 2011

The Group has not early adopted the above new/revised standards, amendments and interpretations, which are relevant to its operations and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the condensed consolidated interim financial information will result.

3 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 services perspective, management assesses the performance of sales of properties, 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 (the "PRC"), which is considered as one geographical location in an economic environment with similar risk and returns.

Revenue consists of the following:

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Sales of properties	**2,009,195**	2,404,762
Rental income	**52,923**	42,727
Property management services	**60,370**	26,243
	2,122,488	2,473,732

The segment information provided to the Board of Directors for the reportable segments for the period ended 30 June 2010 is as follows:

	Property development *RMB'000*	Property investment and agency *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Group *RMB'000*
Revenue	**2,009,195**	**52,923**	**60,370**	**–**	**2,122,488**
Segment results	**523,614**	**30,333**	**23,147**	**(14,147)**	**562,947**
Share of result from an associate					**(126)**
Finance income					**5,294**
Finance costs					**(64,653)**
Finance costs – net					**(59,359)**
Profit before income tax					**503,462**
Income tax expenses					**(256,410)**
Profit for the period					**247,052**
Other information:					
Depreciation	**8,045**	**543**	**176**	**951**	**9,715**
Amortisation	**209**	**–**	**–**	**–**	**209**
Capital expenditure	**11,142**	**227**	**407**	**10,378**	**22,154**
Reversal of impairment loss on properties under development and completed properties held for sale	**155,000**	**–**	**–**	**–**	**155,000**

The segment information provided to the Board of Directors for the reportable segments for the period ended 30 June 2009 is as follows:

	Property development *RMB'000*	Property investment and agency *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Group *RMB'000*
Revenue	2,404,762	42,727	26,243	–	2,473,732
Segment results before change in fair value of investment properties and financial derivatives	400,269	33,115	6,506	(10,311)	429,579
Change in fair value of investment properties	–	281,397	–	–	281,397
Change in fair value of financial derivatives	–	–	–	(19,925)	(19,925)
Segment results	400,269	314,512	6,506	(30,236)	691,051
Finance income					1,792
Finance costs					(108,401)
Finance costs – net					(106,609)
Profit before income tax					584,442
Income tax expenses					(216,480)
Profit for the period					367,962
Other information:					
Depreciation	2,487	665	3,000	505	6,657
Amortisation	6,559	–	–	–	6,559
Capital expenditure	21,220	86	208	–	21,514

The segment assets and liabilities as at 30 June 2010 are as follows:

	Property development ***RMB'000***	**Property investment and agency** ***RMB'000***	**Property management** ***RMB'000***	**Others** ***RMB'000***	**Elimination** ***RMB'000***	**Group** ***RMB'000***
Segment assets	37,068,253	3,764,920	1,135,329	21,284,860	(44,355,248)	18,898,114
Unallocated						430,107
Total assets						19,328,221
Segment liabilities	27,298,070	1,952,618	283,758	13,584,995	(37,130,407)	5,989,034
Unallocated						6,990,648
Total liabilities						12,979,682

The segment assets and liabilities as at 31 December 2009 are as follows:

	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

Other business segments include the investment holding and inactive companies.

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

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

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

4 FINANCE COSTS / INCOME

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Interest expenses		
– Bank borrowings	**149,559**	172,329
– Loan with detachable warrants	**16,972**	90,493
– Senior Notes	**54,793**	–
– Other borrowings	**5,462**	10,923
Total interest expense	**226,786**	273,745
Less: interest capitalised	**(162,133)**	(165,344)
Finance costs	**64,653**	108,401
Finance income:		
Interest income on bank deposits	**5,294**	1,792

5 INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the period ended 30 June 2010 (2009: Nil). PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 22% and 25% (30 June 2009: 20% 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 condensed consolidated statement of comprehensive income as income tax.

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**148,346**	90,849
– PRC land appreciation tax	**100,299**	60,306
Deferred income tax	**7,765**	65,325
	256,410	216,480

6 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 period.

	For the six months ended 30 June	
	2010	2009
Profit attributable to equity holders *(RMB'000)*	**247,078**	367,972
Weighted average number of ordinary shares in issue	**4,951,613,481**	3,912,127,492
Basic earnings per share *(RMB)*	**0.050**	0.094

The calculation of basic earnings per share for the six months ended 30 June 2010 and 2009 are based on the Group's profit attributable to equity holders of RMB247,078,000 and RMB367,972,000 respectively and the weighted average of 4,951,613,481 and 3,912,127,492 shares in issue respectively. The weighted average number of ordinary shares in issue as at 30 June 2010 has taken into consideration the shares repurchased during 2010; while that as at 30 June 2009 has taken 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 original number of ordinary shares of 10,870 shares.

Diluted earnings per share for the six months ended 30 June 2010 and 2009 are the same as basic earnings per share for the periods ended 30 June 2010 and 2009 as there was no potential dilutive ordinary share outstanding throughout the accounting periods presented.

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2010 and 2009.

8 DEBTORS, DEPOSITS AND OTHER RECEIVABLES

Debtors, deposits and other receivables include trade receivables, other receivables, prepayments for construction costs to third party, prepaid interest and other taxes, and land deposits.

The ageing analysis of trade receivables of the Group is as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Within 90 days	**23,852**	81,080
91–180 days	**–**	10,352
	23,852	91,432

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

9 CAPITAL COMMITMENTS FOR PROPERTY DEVELOPMENT EXPENDITURES

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Contracted but not provided for	**4,057,187**	4,246,961

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The first half of the year has been full of challenges to the PRC property sector. The Central Government introduced a new round of austerity measures, including increase in mortgage rate and down payment, imposing additional requirements and restricting the availability of mortgage lending, and reintroduction of a 5.5% tax on the sales within five years of purchase, with an aim to curb the overheating real estate market. Since the implementation in the second quarter of 2010, the measures are gradually taking effect, as reflected in the significant decline in the transaction volume and also in the property price in major PRC cities.

Despite the tightening measures introduced by the PRC Central Government, the Group's contracted sales hit a record high during the six month period ended 30 June 2010 (the "Period"). The Group achieved a 41.2% year-on-year increase in contracted sales to RMB3,426.2 million for the Period, with contracted area sold of approximately 321,960 sq. m. Additionally, according to the data complied by CREIS on the Shenzhen property market for the first half of 2010, the Group ranked number one both in terms of GFA sold and number of units sold, affirming our leading market position in Shenzhen.

The Group's contracted sales for the Period by region are summarized as follows:

Region	**Number of projects**	**Contracted sales area**	**Contracted sales amount**
		sq. m.	*RMB in Millions*
Pearl River Delta	13	215,112	2,588.1
Yangtze River Delta	2	42,553	474.1
Chengdu-Chongqing Region	1	46,252	257.6
Central China Region	1	18,043	106.4
Total	**17**	**321,960**	**3,426.2**

During the Period, the Group recorded a turnover of RMB2,122.5 million, representing a decrease of 14.2% as compared to the corresponding period in 2009. Profit attributable to equity holders amounted to RMB247.1 million, representing a decrease of 32.9% as compared to the corresponding period in 2009. However, excluding change in fair values on investment properties and financial derivatives and the corresponding deferred taxes, our net profit for the Period increase to RMB247.1 million, representing an increase of 42.6% as compared to the corresponding period in 2009. Basic earnings per share was RMB0.05, representing a decrease of 46.8% for the corresponding period in 2009. The Board does not recommend the payment of interim dividends for the Period.

Property Development

1. *Projects Completed in the Period*

   The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the Period, the gross floor area (GFA) of newly completed projects of the Group amounted to approximately 276,000 sq. m.

2. *Projects under Development*

   As of 30 June 2010, the GFA of the Group's projects under development was approximately 1,630,000 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 3.7 million sq. m. In total, the Group provided property management service to 23,640 units.

4. *Investment Properties and Hotel Business*

   The Group adopts a diversified business strategy, characterized by its 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.

Land Bank

It remains an ongoing effort of the Group to undertake appropriate expansion and to further consolidate its leading position in the Pearl River Delta. As of 30 June 2010, the Group had a total land bank of approximately 12.5 million sq. m. which is sufficient for the Group's development needs for the next five years. Details of the Group's new land bank acquired during the Period are as follows:

Region	**Project**	**Site Area**	**GFA**
		sq. m.	*sq. m*
Shenzhen	Boji project	321,824	955,472
Shenzhen	Yongda project	5,241	88,987
Total		**327,065**	**1,044,459**

Outlook

The Group anticipates a continuous correction in the PRC real estate sector in the second half of 2010. That said, the Group believe that with the sustainability of the nation's economy and the continued acceleration of the pace of urbanization, there is no fundamental change in the prospect of China's real estate industry. In the interim, the Group will focus on realizing the value from its redevelopment project pipeline, further enhancing the product quality and capitalizing its strong branding, with an aim to maximizing the returns to the shareholders.

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 decreased by RMB351.2 million, or 14.2% to approximately RMB2,122.5 million in the Period from approximately RMB2,473.7 million for the corresponding period in 2009, mainly due to the sales of the inventory of completed properties and delivery of these units in the same period last year. For the Period, the revenue generated from property development, property investment and property management is approximately RMB2,009.2 million, RMB52.9 million and RMB60.4 million, respectively.

Sales of properties

Our revenue from sales of properties decreased by RMB395.6 million, or 16.4%, to RMB2,009.2 million in the Period from RMB2,404.8 million for the corresponding period in 2009. This decrease was primarily attributable to a decrease in the total GFA delivered from approximately 276,442 sq. m. for the corresponding period in 2009 to approximately 258,449 sq. m. in the Period, while the average selling price per sq. m. decreased from approximately RMB8,699 for the corresponding period in 2009 to approximately RMB7,774 in the Period. The decline in average selling price was mainly due to the delivery of properties in Dongguan Dijingwan and Chengdu Lijing Harbour.

Rental income

Our rental income increased by RMB10.2 million, or 23.9%, to RMB52.9 million in the Period from RMB42.7 million for the corresponding period in 2009. This increase was primarily attributable to the increased retail space at higher rental rates.

Property management service

Our revenue from property management service increased by RMB34.2 million, or 130.5%, to RMB60.4 million in the Period from RMB26.2 million for the corresponding period in 2009. This increase was primarily attributable to the additional property management fees derived from the provision of property management for the commercial properties and the residential units delivered in the Period as compared to the corresponding period in 2009.

Gross profit

The Group's gross profit increased by RMB193.5 million, or 32.2%, to RMB793.1 million in the Period from RMB599.6 million for the corresponding period in 2009. The gross profit margin increased to 37.4% from 24.3% for the corresponding period in 2009, which is mainly explained by the reduction in cost of sales of properties per sq. m., from approximately RMB6,266 sq. m. for the corresponding period in 2009 to approximately RMB4,577 sq. m. in the Period, partly offset by the reduction in average selling price per sq. m. from approximately RMB8,699 for the corresponding period in 2009 to approximately RMB7,774 in the Period.

Other gains/(losses), net

The Group had other net gains of RMB4.1 million in the Period, as compared to other net losses of RMB0.5 million for the corresponding period in 2009. The other gains in the Period mainly comprised exchange gain of approximately RMB1.3 million.

Selling and marketing expenses

The Group's selling and marketing expenses increased by RMB2.2 million, or 3.2%, to RMB72.4 million in the Period from RMB70.2 million for the corresponding period in 2009. The selling and marketing expenses remain fairly stable when compared with the corresponding period in 2009.

Administrative expenses

The Group's administrative expenses increased by RMB62.4million, or 62.8%, to RMB161.8 million in the Period from RMB99.4 million for the corresponding period in 2009. This increase was primarily attributable to the non-cash share option expenses of RMB39.9 million and an increase in employee related costs since the Group's IPO.

Change in fair value of investment properties

There was no change in fair value of the Group's investment properties for the Period. The increase in fair value of the Group's investment properties for the corresponding period in 2009 was primarily attributable to the appreciated fair value of the Group's investment properties in Guangzhou Jinmao and addition of commercial properties in Woodland Height Phase 4 into the Group's investment property portfolio.

Change in fair value of financial derivatives

There was no change in fair value of financial derivatives for the Period. The Group had a fair value loss of RMB19.9 million of financial derivatives in the six month period ended 30 June 2009. In September 2007, the Group entered into a credit agreement, pursuant to which a number of financial institutions agreed to make available to us a loan with detachable warrants (the "Loan"). In connection with the Loan, the Group 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. The abovementioned warrants were fully converted into the Company's shares in December 2009.

Finance costs, net

The Group net finance costs decreased by RMB47.3 million, or approximately 44.3%, to RMB59.4 million in the Period from RMB106.6 million for the corresponding period in 2009. The decrease was primarily attributable to decrease in average outstanding bank debt balance in the Period in relation to completed projects.

Income tax expenses

The Group income tax expenses increased by RMB39.9 million, or approximately 18.4%, to RMB256.4 million in the Period from RMB216.5 million for the corresponding period in 2009. The increase was primarily attributable to increase in land appreciation tax ("LAT") and increase in applicable average enterprises income tax rate for projects delivered in the Period.

Profit for the year

As a result of the factors described above, the Group's profit for the year decreased by RMB120.9 million, or 32.9%, to RMB247.1 million in the Period from RMB368.0 million for the corresponding period in 2009. The net profit margin was 11.6% in the Period and 14.9% for the corresponding period in 2009. Our net profit (excluding change in fair value on investment properties, change in fair value of financial derivatives and the corresponding deferred taxes) for the Period and the corresponding period in 2009 was RMB247.1 million and RMB173.3 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 11.6% and 7.0% for the Period and the corresponding period in 2009, respectively.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2010, the carrying amount of the Group's cash and bank deposits was approximately RMB2,374.7 million (31 December 2009: RMB3,724.4 million). 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 30 June 2010, 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 RMB358.4 million as at 30 June 2010.

Senior notes

On 28 April 2010, the Company issued 5-year senior notes with nominal value of US$350 million (equivalent to approximately RMB2,389.2 million) at a coupon rate of 13.5% per annum (the "Senior Notes") for the purpose of, amongst others, financing existing and new property projects and for general corporate use. The Company, at its option, can redeem the Senior Notes (i) in whole, but not in part, prior to 28 April 2013 at the redemption price plus accrued and unpaid interest to the redemption date and (ii) in whole or in part, on or after 28 April 2013 and prior to maturity at the redemption prices plus accrued and unpaid interest to the redemption date.

Borrowings and charges on the Group's assets

The Group had aggregated borrowings as at 30 June 2010 of approximately RMB6,250.4 million, of which approximately RMB1,665.7 million will be repayable within 1 year, approximately RMB3,997.0 million will be repayable between 2 and 5 years and approximately RMB587.7 million will be repayable over 5 years. As at 30 June 2010, the Group's bank loans of approximately RMB2,834.2 million were secured by cash, plant and equipment, land use rights, investment properties and properties under development of the Group with total carrying values of approximately RMB5,557.9 million. All of the Group's bank loans are denominated in RMB except for the Senior Notes with a balance of US$350 million as at 30 June 2010 which was denominated in U.S. dollars. The Senior Notes is secured by the pledge of shares of the Group's subsidiary companies incorporated outside of the PRC, and jointly and severally guarantees given from certain subsidiary companies of the Group. 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.

Gearing ratio

As at 30 June 2010, the Group's net debts (total borrowings net of cash and cash equivalent and restricted cash) over equity was 61.0% (31 December 2009: 42.5%). As at 30 June 2010, the Group's net current assets increased by 15.3% to RMB9,066.9 million from 31 December 2009, and the current ratio increased from 1.9 times as at 31 December 2009 to 2.1 times as at 30 June 2010, mainly attributable to reduction in balance of current portion of offshore and onshore bank borrowings from RMB3,459.8 million as at 31 December 2009 to RMB1,665.7 million as at 30 June 2010.

Cost of borrowings

As at 30 June 2010, the Group's total cost of borrowings was RMB226.8 million, representing a decrease of RMB46.9 million or 17.1% for the corresponding period in 2009. The decrease was attributable to the lower average bank loan balance for the Period as compared to the corresponding period in 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 Renminbi. 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 30 June 2010, the Group had cash balances in U.S. dollar of approximately US$128.0 million (RMB869.0 million), and HK dollar of approximately HK$46.1 million (RMB40.2 million), and the Senior Notes in U.S. dollar with a balance of US$350 million.

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 30 June 2010, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB3,476.0 million (As at 31 December 2009: approximately RMB2,391.9 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; or (ii) the issuance of the property ownership certificate for the mortgaged property.

Material acquisitions and disposals of assets

During the Period, the Group did not have any material acquisitions and disposals of assets.

Use of proceeds from the Global Offering

The Group's shares commenced trading on the Stock Exchange on 9 December 2009, and the Group raised net proceeds of approximately HK$3,209.5 million from the Global Offering. As at 30 June 2010, the Group had applied approximately HK$620.0 million for repayment of the Loan, approximately HK$2,217.5 million for development of existing and future projects and the rest for general corporate purpose, which is in compliance with the intended use of proceeds as disclosed in the Company's prospectus dated 26 November 2009 (the "Prospectus").

Employees and remuneration policy

As at 30 June 2010, the Group had a total of approximately 2,884 employees. 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.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2010.

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.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's unaudited consolidated interim results for the six months ended 30 June 2010. In addition, the independent auditors of the Company, PricewaterhouseCoopers, have reviewed the unaudited interim results for the six months ended 30 June 2010 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors. Specific confirmation has been obtained from all Directors to confirm compliance with the required standard set out in the Model Code for six months ended 30 June 2010. No incident of non-compliance was noted by the Company to date, saved for the Company had not notified the Stock Exchange in advance of the commencement of the 60-days period immediately preceding the publication date of the Group's 2009 annual results, as required by Rule A.3(b), due to oversight by the Company. The Company had notified the Stock Exchange of the commencement of the 60-days subsequently on 22 January 2010. 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 for six months ended 30 June 2010.

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

During the Period, the Company had repurchased from the market a total of 95,330,000 shares of the Company at price per share ranging from HK$2.47 to HK$2.72 at an aggregate consideration of HK$247,241,280. All the repurchased Shares were subsequently cancelled. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2010 (2009: Nil)

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.kaisagroup.com) and the Stock Exchange (www.hkexnews.hk). An interim report of the Company for the six months ended 30 June 2010 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

By Order of Board of
Kaisa Group Holdings Ltd.
Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 23 August 2010

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