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 2010

FINANCIAL HIGHLIGHTS

- Total revenue increased by 66.0% to RMB7,755.9 million
- Gross profit increased by 128.1% to RMB3,010.9 million
- Gross profit margin surged 10.5 percentage points to 38.8%
- Profit attributable to equity holders amounted to RMB3,636.7 million, increased by 563.8%
- Core net profit (excluding change in fair values on investment properties and financial derivatives net of deferred tax impact) increased by 239.9% to RMB1,409.0 million
- Earnings per share amounted to RMB73.8 cents, increased by 434.8%
- Net debt gearing reduced to 30.6% as at 31 December 2010 from 42.5% as at 31 December 2009
- Contracted sales increased by 67.7% to RMB10.1 billion
- GFA sold increased by 27.2% to 875,562 sq.m.
- As at 31 December 2010, total contracted sales yet to be delivered amounted to approximately RMB4,760.0 million

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2010

	Note	As at 31 December 2010 RMB'000	As at 31 December 2009 RMB'000 (Restated)	As at 1 January 2009 RMB'000 (Restated)
ASSETS				
Non-current assets				
Property and equipment		**106,140**	91,731	76,692
Investment properties	*3*	**5,484,000**	1,578,600	1,278,400
Land use rights		**18,379**	18,798	19,237
Investment in an associate		**299,521**	–	–
Deferred income tax assets		**75,075**	119,559	91,122
		5,983,115	1,808,688	1,465,451
Current assets				
Properties under development		**10,521,175**	7,379,830	6,691,753
Completed properties held for sale		**603,321**	1,013,120	1,782,933
Debtors, deposits and other receivables	*4*	**2,482,284**	2,526,713	1,318,719
Prepayments for proposed development projects		**1,827,183**	1,383,871	1,144,409
Prepaid taxes		**135,797**	142,571	108,821
Restricted cash		**530,067**	382,966	105,836
Cash and cash equivalents		**4,339,600**	3,344,453	679,271
		20,439,427	16,173,524	11,831,742
Total assets		**26,422,542**	17,982,212	13,297,193
EQUITY				
Equity attributable to equity holders of the Company				
Share capital		**432,150**	440,550	1
Share premium		**3,815,214**	4,024,775	1,490,772
Reserves		**5,741,093**	2,203,702	1,651,180
		9,988,457	6,669,027	3,141,953
Non-controlling interests		**4,936**	(40,494)	(40,480)
Total equity		**9,993,393**	6,628,533	3,101,473

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2010

	Note	As at 31 December 2010 RMB'000	As at 31 December 2009 RMB'000 (Restated)	As at 1 January 2009 RMB'000 (Restated)
LIABILITIES				
Non-current liabilities				
Borrowings		**6,175,664**	2,812,890	2,991,925
Deferred income tax liabilities		**971,237**	228,701	156,239
		7,146,901	3,041,591	3,148,164
Current liabilities				
Advance proceeds received from customers		**4,494,353**	2,266,075	1,155,926
Accrued construction costs		**1,325,983**	1,119,549	1,144,981
Income tax payable		**866,390**	404,906	277,969
Borrowings		**1,751,708**	3,048,988	2,200,000
Loan with detachable warrants		**–**	684,736	1,305,546
Financial derivatives		**–**	–	80,522
Other payables		**806,337**	750,357	880,776
Amount due to non-controlling interest of a subsidiary		**37,477**	37,477	–
Amount due to a related party		**–**	–	1,836
		9,282,248	8,312,088	7,047,556
Total liabilities		**16,429,149**	11,353,679	10,195,720
Total equity and liabilities		**26,422,542**	17,982,212	13,297,193
Net current assets		**11,157,179**	7,861,436	4,784,186
Total assets less current liabilities		**17,140,294**	9,670,124	6,249,637

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**2010** **RMB'000**	2009 RMB'000
Revenue	5	**7,755,890**	4,672,156
Cost of sales		**(4,745,012)**	(3,352,040)
Gross profit		**3,010,878**	1,320,116
Other gains	6	**5,962**	37,201
Selling and marketing costs		**(183,308)**	(163,543)
Administrative expenses		**(411,155)**	(250,105)
Change in fair value of investment properties	3	**2,970,144**	289,847
Change in fair value of financial derivatives		**–**	(85,339)
Operating profit	7	**5,392,521**	1,148,177
Share of result from an associate		**(479)**	–
Finance income		**11,031**	9,958
Finance costs		**(56,873)**	(204,740)
Finance costs – net		**(45,842)**	(194,782)
Profit before income tax		**5,346,200**	953,395
Income tax expenses	8	**(1,709,544)**	(405,538)
Profit for the year and total comprehensive income for the year		**3,636,656**	547,857
Profit attributable to:			
Equity holders of the Company		**3,636,699**	547,871
Non-controlling interests		**(43)**	(14)
		3,636,656	547,857
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)	9		
– Basic		**0.738**	0.138
– Diluted		**0.736**	0.138

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 was engaged in investment holding and the subsidiaries of the Company were principally engaged in the property development, property investment and property management.

In preparation for the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company and its subsidiaries (collectively the "Group") underwent 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 10 March 2011.

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 ("HKFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties at fair value.

Change in accounting policy

As at 1 January 2010, the Group changed its accounting policy for land use rights held for development for sale and the accounting policy has been applied retrospectively.

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 sale were classified as prepaid operating leases 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 consolidated statement of comprehensive income.

Subsequent to the change in the 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 use rights 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 consolidated statement of comprehensive income of the Group for the comparative periods. The change resulted in a reclassification of certain items in the consolidated balance sheet is summarised as follows:

	At 31 December 2010	At 31 December 2009	At 1 January 2009
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Decrease in land use rights	**(3,524)**	(3,836)	(4,011)
Current assets			
Increase in properties held for sale	**276,429**	263,407	503,278
Increase in properties under development	**6,467,311**	4,128,892	4,316,736
Decrease in land use rights	**(6,740,216)**	(4,388,463)	(4,816,003)

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.

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Land use rights", and amortised over the lease term.

  HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and considered the leasehold land in the People's Republic of China ("PRC") remained as operating lease. As a result of the reassessment, the Group has not reclassified any leasehold land from operating lease to finance lease.

- HK Int-5 – The HKICPA issued on 29 November 2010 HK Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". This Interpretation, as a clarification of an existing standard, is effective immediately. According to the Interpretation, the classification of a term loan in accordance with paragraph 69(d) of HKAS 1 shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its balance sheet. This Interpretation did not have a material impact on the Group's financial statements.

Standards, amendments and interpretations which are not yet effective

The following new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 2011, but the Group has not early adopted them:

	Applicable for accounting period beginning on/after
HKAS 12 (amendment), 'Income taxes'	1 January 2012
HKAS 24 (revised), "Related party disclosures"	1 January 2011
HKAS 32 (amendment), 'Classification of right issues'	1 February 2010
HKFRS 9, 'Financial instruments'	1 January 2013
HK(IFRIC) – Int 14 (amendment), 'Prepayments of a minimum funding requirement'	1 January 2011
HK(IFRIC) – Int 19, 'Extinguishing financial liabilities with equity instruments'	1 July 2010
Improvements to HKFRSs 2010	1 January 2011 (unless otherwise specified)

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3 INVESTMENT PROPERTIES

	2010 *RMB'000*	2009 *RMB'000*
At beginning of year	**1,578,600**	1,278,400
Transfer from properties under development	**926,760**	–
Transfer from completed properties held for sale	**8,496**	10,353
Increase in fair value	**2,970,144**	289,847
At end of year	**5,484,000**	1,578,600

The Group obtains independent valuations from Savills Valuation and Professional Services Limited, for its investment properties at least annually. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available the directors consider information from a variety of sources including:

(i) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;

(ii) discounted cash flow projections based on reliable estimates of future cash flows;

(iii) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The Group's interests in investment properties are analysed as follows:

	2010 *RMB'000*	2009 *RMB'000*
In the PRC, held on:		
Leases of over 50 years	**764,200**	149,800
Leases of between 10 to 50 years	**4,719,800**	1,428,800
	5,484,000	1,578,600

As at 31 December 2010, the investment properties with carrying values totaling RMB2,029,700,000 (2009: RMB1,428,800,000) were pledged as collateral for the Group's borrowings.

4 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	
	2010 *RMB'000*	2009 *RMB'000*
Within 90 days	**176,077**	81,080
91-180 days	**1,056**	10,352
	177,133	91,432

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

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 and regards property development, property investment and agency and property management as the operation segments. The Board of Directors assesses the performance of the single operating segment based on a measure of profit before finance costs and income tax expenses.

The Board of Directors considers the business from services perspective only. From a 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 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:

	2010	2009
	RMB'000	*RMB'000*
Sales of properties	**7,530,783**	4,513,257
Rental income	**119,517**	100,405
Property management services	**105,590**	58,494
	7,755,890	4,672,156

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2010 is as follows:

	Property development	**Property investment and agency**	**Property management**	**Others**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue	**7,530,783**	**119,517**	**105,590**	**–**	**7,755,890**
Segment results before change in fair value of investment properties	**2,472,702**	**78,793**	**35,384**	**(164,502)**	**2,422,377**
Change in fair value of investment properties	**–**	**2,970,144**	**–**	**–**	**2,970,144**
Segment results	**2,472,702**	**3,048,937**	**35,384**	**(164,502)**	**5,392,521**
Share of result from an associate					**(479)**
Finance income					**11,031**
Finance costs					**(56,873)**
Finance costs – net					**(45,842)**
Profit before income tax					**5,346,200**
Income tax expenses					**(1,709,544)**
Profit for the year					**3,636,656**
Other information:					
Depreciation *(note 7)*	**13,841**	**1,062**	**692**	**2,686**	**18,281**
Amortisation *(note 7)*	**419**	**–**	**–**	**–**	**419**
Reversal of impairment loss on properties under development and completed properties held for sale	**155,000**	**–**	**–**	**–**	**155,000**
Capital expenditure	**22,667**	**365**	**668**	**13,121**	**36,821**

	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	**36,231,346**	**6,669,134**	**995,645**	**31,578,737**	**(49,562,713)**	**25,912,149**
Investment in an associate	**299,521**	**–**	**–**	**–**	**–**	**299,521**
Unallocated						**210,872**
Total assets						**26,422,542**
Segment liabilities	**22,707,960**	**1,238,642**	**74,404**	**21,169,512**	**(38,526,368)**	**6,664,150**
Unallocated						**9,764,999**
Total liabilities						**16,429,149**

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 *RMB'000*	Property investment and agency *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Group *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
Other information:					
Depreciation *(note 7)*	10,973	1,033	613	1,009	13,628
Amortisation *(note 7)*	10,741	–	–	–	10,741
Capital expenditure	25,003	277	365	4,153	29,798

	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	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	1,709,044	259,949	6,619,877	(24,560,377)	4,173,458
Unallocated						7,180,221
Total liabilities						11,353,679

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, 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 advanced proceeds received from customers, accrued construction costs, other payables and amount due to non-controlling interest of a subsidiary. They exclude deferred income tax liabilities, income tax payable, long-term loan with detachable warrants, borrowings and financial derivatives.

Capital expenditure comprises additions to non-current assets other than deferred income tax assets and investment in an associate that are expected to be recovered for more than one year after the balance sheet date.

6 OTHER GAINS

	2010 ***RMB'000***	2009 *RMB'000*
Forfeited customer deposits	**5,962**	2,628
Compensation from termination of proposed development projects	**–**	14,395
Investment return from primary land development	**–**	17,782
Others	**–**	2,396
	5,962	37,201

7 OPERATING PROFIT

	2010	2009
	RMB'000	*RMB'000*
Operating profit is arrived at after charging:		
Cost of completed properties sold	**4,352,621**	3,054,987
Depreciation of property and equipment	**18,281**	13,628
Amortisation of land use rights	**419**	10,741

8 INCOME TAX EXPENSES

	2010	2009
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**512,743**	217,166
– PRC land appreciation tax	**409,781**	144,347
Deferred income tax	**787,020**	44,025
	1,709,544	405,538

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year (2009: Nil). PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 22% and 25% (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 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.

	2010	2009
	RMB'000	*RMB'000*
Profit attributable to equity holders *(RMB'000)*	**3,636,699**	547,871
Weighted average number of ordinary shares in issue	**4,927,948,822**	3,977,697,890
Basic earnings per share *(RMB)*	**0.738**	0.138

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of RMB3,636,699,000 (2009: RMB547,871,000) and the weighted average of 4,927,948,822 shares in issue during the year. As for the year ended 31 December 2009, the weighted average of 3,977,697,890 shares in issue took 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 at the beginning of the earliest period reported, 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.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2010, the Company has only the convertible bonds that have dilutive potential ordinary shares. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses less the tax effect. For the year ended 31 December 2009, diluted earnings per share is the same as basic earnings per share as there was no potential dilutive ordinary share.

	2010	2009
	RMB'000	*RMB'000*
Profit attributable to equity holders *(RMB'000)*	**3,636,699**	547,871
Adjustment for finance cost on convertible bonds (after tax)	**3,645**	N/A
Profit used to determine diluted earnings per shares	**3,640,344**	547,871
Weighted average number of ordinary shares in issue	**4,927,948,822**	3,977,697,890
– Adjustment for convertible bonds	**20,383,562**	N/A
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,948,332,384**	3,977,697,890
– Diluted earnings per share *(RMB)*	**0.736**	0.138

10 CAPITAL COMMITMENTS FOR PROPERTY DEVELOPMENT EXPENDITURES

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Contracted but not provided for	**9,181,209**	4,246,961

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

11 DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2010.

CHAIRMAN 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 referred to as the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2010.

For the year ended 31 December 2010, the Group's turnover and gross profit reached approximately RMB7,755.9 million and RMB3,010.9 million, representing growth of 66.0% and 128.1% over 2009, respectively. Profit attributable to shareholders and basic earnings per share amounted to RMB3,636.7 million and RMB73.8 cents, representing an increase of 563.8% and 434.8% as compared to that of year 2009, respectively.

BUSINESS REVIEW

The year 2010 was a challenging year for the property market in China. The Central Government introduced rounds of measures aiming at curbing speculative activities and preventing a bubble in the property market through suppressing the non-end user demand and tightening of credit. Notwithstanding the above draconian measures which have inflicted considerable impact on the business environment of the real estate market, the Group, capitalizing on the robust underlying market demand and through adjusting its business strategy decisively, managed to expand its market share and achieved outstanding sales performance in a number of PRC cities. For the year 2010, the Group's contracted sales increased by RMB4.1 billion, or 67.7% to RMB10.1 billion, surpassing the RMB10 billion annual contracted sales mark. Further, according to "China Real Estate Index System ("CREIS") – Shenzhen Residential Property Sales Index" issued by China Index Academy in January 2011, the Group's contracted sales in Shenzhen ranked number two both in terms of gross floor area ("GFA") sold and number of units sold, affirming its leading market position in the Pearl River Delta region.

Building on our presence in cities with strategic economic importance, the Group continued to embark on active implementation of its geographical diversification business strategy, paving the way to become a leading national developer. 2010 was a milestone year for our expansion into the Yangtze River Delta region, the Chengdu-Chongqing region and the Central China region. We completed and delivered Shanghai Shanhuwan Garden Phase 1, Jiangyin Lake View Place Phase 1, Chengdu Lijing Harbour Phases 1 and 2, and Changsha Lake View Place Phase 1.

After many years of experience and practice, the Group has developed expertise in redevelopment and has established a standard operation procedure therein. In 2010, our Shenzhen Jincui Garden, a redevelopment project, ranked number one in terms of contracted sales amount, GFA sold and number of units sold in the Luohu District of Shenzhen. Because of our expertise in redevelopment, we attract Cheung Kong (China Investment) Enterprises Limited as our partner to jointly explore the business opportunities in Bantian District, Shenzhen. During the year, the Group continued to unlock the value of our existing redevelopment projects through securing the necessary government approvals. In October 2010, we have obtained the approval on the planned GFA of phase 1 of Zhuhai Lake View

Waldorf Garden (previously “Wanzai project”), of approximately 180,300 sq.m., from Zhuhai Government. In January 2010, we completed the acquisition of a parcel of land with a site area of approximately 322,000 sq.m. located in Longgang District, Shenzhen, and in January 2011, the Shenzhen Longgang District Government granted its approval on the urban development plan of the project, pending Shenzhen Government’s final approval. Our other redevelopment projects in Shenzhen have also attained satisfactory progress.

DEVELOPMENT STRATEGIES

The Group will continue to adopt a proactive yet prudent policy to cope with market and policy changes, including appropriate adjustments in future development plans, product mix, sales and marketing strategies in accordance with prevailing market conditions and product demand in different markets.

During the year, in response to the measures introduced by the Central Government, the Group has been focusing on an asset-turnover business model in order to capitalize the increasing consumption power and housing demand in China. Further, the Group has actively expanded its land bank as part of its effort to achieve geographical diversification and nationwide expansion to tap into second- and third-tier cities. In 2010, the Group acquired high-quality land reserves with maximum planned GFA of approximately 7.5 million sq.m. in various PRC cities with excellent development potential, including Shenzhen and Foshan in the Pearl River Delta region, Shanghai, Taicang, Changzhou and Jiangyin in the Yangtze River Delta region, Nanchong in the Chengdu-Chongqing region, Changsha and Zhuzhou in the Central China region, and Yingkou, Anshan and Huludao in the Pan-Bohai Bay Rim, with a total consideration of approximately RMB6.7 billion. As at 31 December 2010, the Group had a total of 47 projects located in 17 cities in the PRC and had a land bank with total planned GFA of approximately 20.0 million sq.m., which is sufficient to meet the Group’s development needs in the next five years.

On 28 April 2010 and 20 December 2010, as part of the Group’s business strategy to expand its funding channels, the Company issued 13.5 per cent. 5-year senior notes in the aggregate principal amount of US$350 million (“Senior Notes”), and 8 per cent. USD settled 5-year convertible bonds in the aggregate amount of RMB1.5 billion, respectively. In November 2010 and March 2011, the Group was granted a 3-year and a 5-year unsecured bank loan of USD39 million and USD60 million, respectively. On 19 January 2011, the Company has entered into a subscription agreement for an issue of RMB2.0 billion USD settled 8.5 per cent. bonds due 2014. The debt issuance in the international capital market and offshore credit facilities have not only diversified the Group’s funding channels, but also significantly improved the Group’s debt maturity profile. This will provide strong support for the Group’s long term business growth.

PROSPECT

Despite the unfavorable impact of the austerity measures that led to short-term volatility in China's property market in 2010, we believe that the consumption power and housing demand in China will remain robust in the long run. The tightening policy introduced by the Central Government will not only speed up the consolidation of the industry, strengthen the market mechanism that weeds out the weak and keeps the strong, but is conducive to the healthy development of the whole industry on a longer term and create a better business environment for competent developers. Meanwhile, we will also leverage on our competitiveness in the area of redevelopment and brand reputation, and continue to offer high quality value-for-money products to our customers. With our diversified property portfolio, quality land reserve and sound financials, the Group is well positioned to capture the long-term growth of the property sector, and is ready to grow on a nationwide scale, aiming to become a leading national property developer.

ACKNOWLEDGEMENT

Thanks to the enormous support from all of our stakeholders and the concerted efforts of all our staff members, Kaisa has been growing on a fast track. On behalf of the Board of directors of the Company, I would like to take this opportunity to express my heartfelt gratitude to all the shareholders of the Company, investors, strategic business partners and customers for their trust and support. Upholding the spirit enshrined in our motto "Kaisa, bring you joyful living", we will keep up with our strenuous efforts and strive to achieve the best returns to our shareholders.

KWOK Ying Shing
Chairman

Hong Kong, 10 March 2011

MANAGEMENT DISCUSSION & ANALYSIS

Overall Performance

During the year, the Group recorded a turnover of RMB7,755.9 million, representing an increase of 66.0% as compared to that of year 2009. Profit attributable to equity holders amounted to RMB3,636.7 million, representing an increase of 563.8% as compared to that of year 2009. Basic earnings per share was RMB73.8 cents (2009: RMB13.8 cents).

Property Development

Contracted Sales in 2010

The Group has established presence in 21 core cities within five regions in the PRC, namely the Pearl River Delta, the Yangtze River Delta, the Pan-Bohai Bay Rim, the Chengdu-Chongqing region and the Central China region. For the year 2010, notwithstanding the austerity measures introduced by the Central Government, the Group's contracted sales increased by RMB4.1 billion, or 67.7% to RMB10.1 billion, surpassing the RMB10.0 billion annual contracted sales mark. The Group's 2010 contracted sales by region are summarized as follows:

Region	**Number of projects**	**Contracted sales area**	**Contracted sales amount**
		sq. m.	*RMB million*
Pearl River Delta	12	488,974	6,968.9
Yangtze River Delta	2	142,230	1,736.2
Chengdu-Chongqing	1	180,052	990.3
Central China	1	64,306	395.2
Total	16	875,562	10,090.6

In 2010, the Group has achieved outstanding sales results in a number of major cities in the PRC:

- According to "China Real Estate Index System ("CREIS") – Shenzhen Residential Property Sales Index" issued by China Index Academy, in 2010, the Group's contracted sales in Shenzhen ranked number two both in terms of gross floor area ("GFA") sold and number of units sold.

- According to index compiled by Jiangyin Real Estate Network, Jiangyin Lake View Place, the Group's first project in Jiangyin City of the Yangtse River Delta region, ranked number one both in terms of 2010 contracted sales amount and GFA sold in Jiangyin City. Jiangyin Lake View Place was also the first property project that generated annual sales amount in excess of RMB1.0 billion in the history of Jiangyin City.

- According to index compiled by Changsha Real Estate Index Center, Changsha Lake View Place, the Group's first project in Changsha City of the Central China region, ranked number one in terms of number of units of town house sold in 2010.

The above encouraging sales results is not only an affirmation of the Group's leading market position in Shenzhen, but also recognition of the Group's brand reputation beyond Shenzhen and substantiation of the Group's ability to replicate its successful business model to regions outside of the Pearl River Delta region.

Projects Completed in 2010

In light of the recent rounds austerity measures, the Group has re-aligned its business strategy and adopted an asset-turnover business model. During the year, the GFA of newly completed projects of the Group amounted to approximately 850,553 sq. m.

Projects under Development

As at 31 December 2010, the GFA of projects under development of the Group was approximately 2.2 million sq. m.

Property Management

The Group provides property management service to its own property development and as at 31 December 2010 managed a total floor area of approximately 3.2 million sq. m. In aggregate, the Group provided property management service to approximately 32,550 units. The goal of the Group in respect of property management is "Creating Value through Service". Building on its national recognition, our property management companies will keep 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.

Investment Properties

The Group adopts a diversified business strategy, characterized by an increase in investment in investment properties during the year under review, in order to achieve a diversified business portfolio which will generate steady and reliable income, and enlarge the overall income base of the Group. We develop commercial properties such as office buildings, retail stores and car parking spaces for leasing purposes and may choose to sell the commercial properties we have developed when we believe that sales would generate a better return on investment than rental. In managing our investment property portfolio, we will take into account estimated long-term growth potential, overall market conditions and our cash flows and financial condition. As at 31 December 2010, we held an aggregate GFA of approximately 77,589 sq.m. completed investment properties for rental purpose.

Land Bank

It remains an ongoing effort of the Group to actively expand its land reserve. We believe our insight into development trends in our target regions has enabled us to acquire our land reserves at relatively low cost as our reserves consist mostly of parcels of land located in selected cities where, we believe, the value of acquired land had not been fully recognised at the time of acquisition.

During the year under review, we have leveraged on our extensive experience, in-depth local knowledge and technical expertise in managing urban redevelopment projects to take advantage of the incentives and preferential policies on promoting urbanization and redevelopment announced by the Shenzhen government in October 2009. In January 2010, we completed the acquisition of a parcel of land with a site area of approximately 321,824 sq.m. located in Longgang District, Shenzhen (the "Boji Project") and currently the site is for industrial usage. On 24 January 2011, the Shenzhen Longgang District Government granted its approval to re-zone the site for residential and commercial purposes, with an expected GFA of approximately 1,283,000 sq.m. The approval process for redevelopment will be completed once obtaining the approval from the Shenzhen Municipal Government, which is expected to be granted before April 2011.

In addition, while certain distressed assets present potential for achieving profitability at relatively low cost, this land acquisition approach requires numerous problems associated with the underlying assets to be resolved in order to unlocking their value. In May 2010, through private negotiation, we completed the acquisition of the remaining 45% interests in Fenglong Group Co., Ltd., the principal asset of which is the Fenglong Project, a then distressed asset. Subsequently in late 2010, we completed the negotiation and reached resettlement agreements with all of the original residents, and successfully procured the release of seizure on the land site previously imposed by the Shenzhen Intermediate People's Court. We had been advised by our PRC legal counsel that there is no legal impediment for obtaining the land use rights certificates of the land site. We are in the process of applying for the land use rights certificates and expect to obtain the land use rights certificates in 2011. The site is located in Futian District, the heart of the Shenzhen CBD. For the financial year ended 31 December 2010, the Group's fair value revaluation gain arising from the project amounted to approximately RMB1.76 billion.

In order to realize the asset-turnover model, the Group has two pronged strategies for land acquisition: (i) the margin focus redevelopment projects in Pearl River Delta and distressed opportunities, and (ii) the turnover focus large-scale developments in the second- and third-tier cities. During the year, we were awarded a total of 25 land parcels in government-held public tenders, auctions or listing-for-sale and acquired interests in, other than the Boji Project and the Fenglong Project, two additional land parcels through the acquisition of interest from the original land use rights owners.

The aggregate consideration for the acquisition of the interests in the above 29 parcels of land was approximately RMB6,710.9 million, with an average land cost per total planned GFA of approximately RMB894 per sq.m. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 7,505,300 sq.m., As at 31 December 2010, the Group had a total land bank of approximately 20.0 million sq.m., which is sufficient for the Group's development needs for the next five years. The above land acquisitions will help to strengthen our leading market position in the Pearl River Delta region, further diversify our development portfolio geographically and consolidate our nationwide presence. The table below set forth detailed information of these land acquisitions:

Month of Acquisition	**Location**	**Attributable interest**	**Site area**	**Attributable GFA per maximum allowed plot ratio**	**Consideration**	**Type**
		(%)	*(sq.m.)*/(No. of land parcel)	*(sq.m.)*	*(RMB in millions)*	
January 2010	Longgang District, Shenzhen City, Guangdong Province	100%	321,824/(1)	* 1,283,430	836.7	Residential and commercial
February 2010	Longgang District, Shenzhen City, Guangdong Province	100%	5,241/(1)	88,987	297.0	Residential
February 2010	Futian District, Shenzhen City, Guangdong Province	39.8%	14,411/(1)	56,552	349.8	Office and commercial
September 2010	Gushan Town, Jiangyin City, Jiangsu Province	100%	21,259/(1)	38,266	35.2	Residential
September 2010	Limin Community of Science and Education New Town, Taicang City, Jiangsu Province	100%	87,741/(1)	201,233	473.7	Residential
October 2010	Beijiao New City, Shunde District, Foshan City, Guangdong Province	100%	32,819/(1)	72,203	230.0	Residential
October 2010	Xingtan Town, Shunde District, Foshan City, Guangdong Province	100%	71,200/(1)	185,120	188.0	Residential
November 2010	Zhouzhuang Town, Jiangyin City, Jiangsu Province	100%	103,589/(2)	218,597	306.2	Residential, commercial and Hotel
November 2010	Shunqing District, Nanchong City, Sichuan Province	100%	29,541/(1)	88,623	177.3	Residential
November 2010	Yingkou City, Liaoning Province	100%	469,552/(5)	1,408,656	516.5	Residential

Month of Acquisition	Location	Attributable interest	Site area	Attributable GFA per maximum allowed plot ratio	Consideration	Type
		(%)	*(sq.m.)*/(No. of land parcel)	*(sq.m.)*	*(RMB in millions)*	
November 2010	Yingkou City, Liaoning Province	100%	249,470/(3)	873,145	598.7	Residential
November 2010	Shunqing District, Nanchong City, Sichuan Province	100%	188,246/(1)	474,261	818.9	Residential and commercial
November 2010	Xinbei District, Changzhou City, Jiangsu Province	100%	101,819/(1)	224,002	488.0	Residential
December 2010	Anshan City, Liaoning Province	100%	477,463/(4)	1,359,251	764.0	Residential and commercial
December 2010	Suizhong County, Huludao City, Liaoning Province	100%	423,265/(2)	423,265	131.0	Hotel
December 2010	Zhuzhou City, Hunan Province	100%	222,177/(3)	509,709	499.9	Residential
Total			2,819,617/(29)	7,505,300	6,710.9	

* Expected GFA after re-zoning; pending final approval by Shenzhen Municipal Government

Financial Review

Revenue

Revenue of the Group primarily comprises (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 three business segments: property development, property investment and property management.

The revenue increased by RMB3,083.7 million, or 66.0% to approximately RMB7,755.9 million in 2010 from approximately RMB4,672.2 million in 2009, primarily attributable to the increase in sales of properties in 2010. In 2010, the revenue generated from property development, property investment and property management are approximately RMB7,530.8 million, RMB119.5 million and RMB105.6 million, respectively.

Sales of properties

Our revenue from sales of properties increased by RMB3,017.5 million, or 66.9%, to RMB7,530.8 million in 2010 from RMB4,513.3 million in 2009. This increase was primarily attributable to an increase in the total delivered GFA from approximately 494,632 sq. m. in 2009 to approximately 706,701 sq. m. in 2010 because of the Group's business expansion, and an increase in the average selling price per sq. m. ("ASP") from approximately RMB9,124 in 2009 to approximately RMB10,656 in 2010. The higher ASP reflects improvement in market conditions in general and is also due to the change in product mix towards commercial properties. The property projects that contributed substantially to our revenue in 2010 were Shenzhen Shangpin Garden, Guangzhou Kaisa Plaza, Dongguan Dijingwan and Chengdu Lijing Harbour.

Rental income

Our rental income increased by RMB19.1 million, or 19.0%, to RMB119.5 million in 2010 from RMB100.4 million in 2009. This increase was primarily attributable to the increased retail space at higher rental rates.

Property management services

Our revenue from property management fees increased by RMB47.1 million, or 80.5%, to RMB105.6 million in 2010 from RMB58.5 million in 2009. This increase was primarily attributable to the additional property management fees derived from our property services for the commercial properties and the residential units delivered in 2010.

Gross profit

Our gross profit increased by RMB1,690.8 million, or 128.1%, to RMB3,010.9 million in 2010 from RMB1,320.1 million in 2009. The increase is mainly explained by the increase in contribution from property sales. Our gross profit margin increased to 38.8% from 28.3% in 2009. The substantial improvement mainly resulted from the higher ASP achieved on our sales of properties, realization of our low cost land bank, more effective cost control and improved asset-turnover.

Other gains

Other gains of RMB6.0 million in 2010 primarily comprised forfeited customer deposits. 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.

Selling and marketing costs

Our selling and marketing costs increased by RMB19.8 million, or12.1%, to RMB183.3 million in 2010 from RMB163.5 million in 2009. The increase in selling and marketing costs was primarily due to the higher agency fee as a result of the increase in contracted sales amount in 2010.

Administrative expenses

Our administrative expenses increased by RMB161.1 million, or 64.4%, to RMB411.2 million in 2010 from RMB250.1 million in 2009. This increase was primarily attributable to the non-cash share option expenses of RMB74.3 million and an increase in employee related costs as a result of the Group's business expansion since the Group's IPO in December 2009.

Change in fair value of investment properties

The increase in fair value of our investment properties was RMB289.8 million in 2009 and RMB2,970.1 million in 2010. 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 in 2009. The increase in fair value of our investment properties in 2010 was primarily attributable to addition of commercial properties in Fenglong Center, Huizhou Kaisa Center Phase 2, Shenyang Kaisa Center, Woodland Height Phase 6 and Jiangyin Zhongbu Garden into our investment portfolio in 2010.

Finance costs, net

Our net finance costs decreased by RMB149.0 million, or approximately 76.5%, to RMB45.8 million in 2010 from RMB194.8 million in 2009. The decrease was primarily attributable to the Group's strategy to adopt an asset turnover model to lower the level of completed property held for sale, resulting in a decrease in average outstanding bank debt balance in 2010 in relation to completed projects and record of a net exchange translation gain of approximately RMB40.4 million derived from the proceeds from the Senior Notes denominated in U.S. dollar that the Company issued in April 2010.

Income tax expenses

Our income tax expenses increased by RMB1,304.0 million, or approximately 321.5%, to RMB1,709.5 million in 2010 from RMB405.5 million in 2009, mainly attributable to an increase in the Group's revenue in 2010 and a deferred tax charge of approximately RMB742.5 million arising from fair value gain on investment properties. However, our effective income tax rate decreased to 32.0% in 2010 from 42.5% in 2009. The decrease was primarily explained by the fact that (i) the disposal of the Guangzhou Kaisa Plaza was transacted by way of equity transfer and therefore the disposal would not trigger PRC land appreciation tax ("LAT"); and (ii) a much higher proportion of our operating profit before taxation was contributed by the increase in fair value of our investment properties, for which no provision for LAT is required.

Profit for the year

As a result of the factors described above, our profit for the year increased by RMB3,088.8 million, or 563.8%, to RMB3,636.7 million in 2010 from RMB547.9 million in 2009. Our net profit margin was 46.9% in 2010 and 11.7% in 2009. Our net profit (excluding change in fair value on investment properties and financial derivatives, net of deferred taxes) in 2009 and 2010 was RMB414.5 million and RMB1,409.0 million, respectively, resulting in corresponding net profit margin (excluding change in fair value on investment properties and financial derivatives, net of deferred taxes) of 8.9% and 18.2% for years ended 31 December 2009 and 2010, respectively.

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2010, the carrying amount of the Group's cash and bank deposits was approximately RMB4,869.7 million (31 December 2009: RMB3,727.4 million), representing an increase of 30.6% as compared to that as at 31 December 2009.

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 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 RMB530.1 million as at 31 December 2010.

Senior notes

On 28 April 2010, the Company issued senior notes due 2015 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, may 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.

Convertible Bonds

On 20 December 2010, the Company issued RMB1,500 million (approximately US$225 million) USD Settled 8% convertible bonds due 2015 ("Convertible Bonds") for the purpose of financing the acquisition of new land bank in the PRC and the Group's real estate projects. The initial conversion price is HK$2.82 per share. The Company, at its option, can redeem the Convertible Bonds (i) at any time, in whole, but not in part, for the time being outstanding at the redemption price plus accrued and unpaid interest to the redemption date provided that prior to the giving of the necessary notice of such redemption, at least 90% in principal amount of the Convertible Bonds originally issued has already been converted, redeemed or purchased and cancelled; and (ii) in whole, but not in part, on or after 20 December 2013 and prior to maturity at the redemption prices plus accrued and unpaid interest to the redemption date, subject to certain conditions.

Borrowings and charges on the Group's assets

The Group had an aggregated borrowings as at 31 December 2010 of approximately RMB7,927.4 million, of which approximately RMB1,751.7 million will be repayable within 1 year, approximately RMB5,657.2 million will be repayable between 2 and 5 years and approximately RMB518.5 million will be repayable over 5 years. As at 31 December 2010, the Group's bank loans of approximately RMB2,808.8 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 RMB6,102.0 million. The carrying amounts of all the Group's bank loans are denominated in RMB except for the Senior Notes with a carrying value of RMB2,320.6 million and other offshore banking facilities with an aggregate balance of USD67.5 million as at 31 December 2010 which were denominated in U.S. dollars. The Senior Notes is secured by the pledge of shares of most of the Group's subsidiary companies incorporated outside of the PRC, and joint and several guarantees given by certain subsidiary companies of the Group. 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 ("PBOC"). Our interest rate risk is mainly from the floating interest rate of domestic bank loans.

Gearing

As at 31 December 2010, the Group's net debts (total borrowings net of cash and cash equivalent and restricted cash) over equity was 30.6% (31 December 2009: 42.5%). As at 31 December 2010, the Group's net current assets increased by 41.9% to RMB11,157.2 million from 2009, and the current ratio increased from 1.95 times as at 31 December 2009 to 2.20 times as at 31 December 2010.

Cost of borrowings

For the year ended 31 December 2010, the Group's total cost of borrowings was RMB522.4 million, representing a decrease of RMB28.4 million or 5.2% as compared to 2009. The decrease was primarily attributable to the lower average debt balance in 2010 as compared to that 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 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 2010, the Group had cash balances in U.S. dollar of approximately US$308.6 million (RMB2,043.9 million), and HK dollar of approximately HK$765.0 million (RMB650.9 million), and the Senior Notes in U.S. dollar with a carrying value of US$350.3 million.

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 2010, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB4,367.0 million (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, but 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 2010, the Group did not have any material acquisitions of assets.

On 26 August 2010, we entered into an equity transfer agreement to dispose of 100% equity interest of China Agriculture Technology Limited, our wholly-owned subsidiary, to Shengyu (BVI) Limited, a subsidiary of Evergrande Real Estate Group Limited, a company whose shares are listed on The Hong Kong Stock Exchange Limited. The principal underlying assets of China Agriculture Technology Limited is its indirect 100% interest in the Guangzhou Kaisa Plaza, a commercial project which comprises primarily one high-rise office building with retail space and located in the CBD in Tianhe District, Guangzhou, the PRC. The consideration of the transaction was RMB1.0 billion, and we were also reimbursed RMB900 million of project related expenditures. The transaction was completed on 20 December 2010.

Employees and Remuneration Policy

As at 31 December 2010, the Group employed a total of 3,150 employees. The total staff costs incurred was approximately RMB242.2 million for the year ended 31 December 2010. 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 share 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 2010, no share options had been exercised by the grantees or cancelled by the Company under the Pre-IPO Share Option Scheme.

The Company also 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 2010, a total of 204,750,000 share options had been granted under the Share Option Scheme to certain employees, executives and officers of the Group, and none of the share options were exercised by the grantees or cancelled by the Company.

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 2010.

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 Listing Rules throughout the year ended 31 December 2010.

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 the 12 months ended on 31 December 2010. No incident of non-compliance was noted by the Company to date, save for the Company had not notified the Stock Exchange in advance of the commencement of the 60-day 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 notified the Stock Exchange of the commencement of the 60-day period 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 the year ended 31 December 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2010, 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 for an aggregate consideration of HK$247,241,280. All the repurchased shares were subsequently cancelled. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share. 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 year ended 31 December 2010. Details of the repurchases of shares were as follows:

Month of repurchase	**Number of shares repurchased**	**Highest price per share**	**Lowest price per share**	**Aggregate purchase price**
		HK$	*HK$*	*HK$*
March 2010	62,930,000	2.64	2.47	160,122,760
April 2010	32,400,000	2.72	2.65	87,118,520
				247,241,280

PUBLICATION OF THE 2010 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report for 2010 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, 10 March 2011

As at the date of this announcement, our executive Directors are Mr. Kwok Ying Shing, Mr. Kwok Ying Chi, Mr. Sun Yuenan, Dr. Tam Lai Ling, Dr. Huang Chuangqi, Mr. Chen Gengxian and Mr. Han Zhenjie, our independent non-executive Directors are Mr. Zhang Yizhao, Mr. Rao Yong and Mr. Fok Hei Yu.