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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 2011

FINANCIAL HIGHLIGHTS

- Contracted Sales and GFA increased by 31.0% and 93.1%, to RMB4,489.2 million and 621,745 sq.m., respectively
- Total revenue increased by 74.7% to RMB3,707.5 million
- Gross profit increased by 56.3% to RMB1,239.3 million
- Net profit (excluding change in fair values on investment properties and the corresponding deferred taxes) increased by 129.4% to RMB566.7 million
- Profit attributable to equity owners increased by 271.3% to RMB917.4 million

* *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 2011, together with the comparative figures for the corresponding period in 2010.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 June 2011** *RMB'000*	Audited 31 December 2010 *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**114,500**	106,140
Investment properties		**6,092,400**	5,484,000
Land use rights		**17,762**	18,379
Investment in an associate		**299,377**	299,521
Deferred income tax assets		**74,045**	75,075
		6,598,084	5,983,115
Current assets			
Properties under development		**16,202,335**	10,521,175
Completed properties held for sale		**513,324**	603,321
Debtors, deposits and other receivables	*8*	**4,349,626**	2,482,284
Prepayments for proposed development projects		**1,914,770**	1,827,183
Prepaid taxes		**96,115**	135,797
Restricted cash		**609,226**	530,067
Cash and cash equivalents		**3,949,296**	4,339,600
		27,634,692	20,439,427
Total assets		**34,232,776**	26,422,542
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**432,150**	432,150
Share premium		**3,815,214**	3,815,214
Reserves		**6,692,179**	5,741,093
		10,939,543	9,988,457
Non-controlling interests		**9,298**	4,936
Total equity		**10,948,841**	9,993,393

	Unaudited 30 June 2011 *RMB'000*	Audited 31 December 2010 *RMB'000*
LIABILITIES		
Non-current liabilities		
Borrowings	**10,387,232**	6,175,664
Deferred income tax liabilities	**1,088,101**	971,237
	11,475,333	7,146,901
Current liabilities		
Advance proceeds received from customers	**5,008,265**	4,494,353
Accrued construction costs	**2,534,321**	1,325,983
Income tax payable	**618,730**	866,390
Borrowings	**2,502,976**	1,751,708
Other payables	**1,106,833**	806,337
Amount due to non-controlling interest of a subsidiary	**37,477**	37,477
	11,808,602	9,282,248
Total liabilities	**23,283,935**	16,429,149
Total equity and liabilities	**34,232,776**	26,422,542
Net current assets	**15,826,090**	11,157,179
Total assets less current liabilities	**22,424,174**	17,140,294

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**3,707,543**	2,122,488
Cost of sales		**(2,468,238)**	(1,329,437)
Gross profit		**1,239,305**	793,051
Other gains		**33,137**	4,073
Selling and marketing costs		**(115,229)**	(72,417)
Administrative expenses		**(229,793)**	(161,760)
Change in fair value of investment properties		**467,456**	–
Operating profit		**1,394,876**	562,947
Share of result from an associate		**(144)**	(126)
Finance income/(costs) – net	*4*	**7,936**	(59,359)
Profit before income tax		**1,402,668**	503,462
Income tax expenses	*5*	**(485,398)**	(256,410)
Profit for the period and total comprehensive income for the period		**917,270**	247,052
Profit attributable to:			
Equity holders of the Company		**917,434**	247,078
Non-controlling interests		**(164)**	(26)
		917,270	247,052
		RMB	*RMB*
Earnings per share for profit attributable to equity holders of the Company for the period (expressed in RMB per share)	*6*		
– Basic		**0.187**	0.050
– Diluted		**0.176**	0.050

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. During the period, 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.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Renminbi (the "RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved by the Board of Directors of the Company for issue on 17 August 2011.

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 2011 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 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, 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.

(a) The adoption of new/revised HKFRSs

In 2011, the Group adopted the new/revised accounting standard and amendment of HKFRS below, which are relevant to its operations.

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

New and amended standards, and interpretations mandatory for the first time for the financial period beginning 1 January 2011 but not currently relevant to the Group.

- HKAS 24 (Revised) 'Related Party Disclosures' is effective for annual periods beginning on or after 1 January 2011.

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010.

- Amendment to HK(IFRIC) – Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011.

- HK(IFRIC) – Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010.

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed as above and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item.

(b) Standards, amendments and interpretation 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 1 July 2011, but the Group has not early adopted them:

		Effective for the accounting period beginning on or after
HKFRS 7 (Amendment)	Disclosure – Transfer of financial assets	1 July 2011
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKFRS 9	Financial instruments	1 January 2013
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013

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 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 before finance costs and income tax expenses.

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 and regards these being the reportable segments. 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:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Sales of properties	**3,585,034**	2,009,195
Rental income	**66,286**	52,923
Property management services	**56,223**	60,370
	3,707,543	2,122,488

The segment information provided to the Board of Directors for the reportable segments for the period ended 30 June 2011 is as follows:

	Property development *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Revenue	**3,585,034**	**66,286**	**56,223**	**–**	**3,707,543**
Segment results before change in fair value of investment properties	**889,970**	**18,659**	**7,989**	**10,802**	**927,420**
Change in fair value of investment properties	**–**	**467,456**	**–**	**–**	**467,456**
Segment results	**889,970**	**486,115**	**7,989**	**10,802**	**1,394,876**
Share of result from an associate	**(144)**	**–**	**–**	**–**	**(144)**
Finance income – net					**7,936**
Profit before income tax					**1,402,668**
Income tax expenses					**(485,398)**
Profit for the period					**917,270**
Other information:					
Depreciation	**9,798**	**1,489**	**369**	**1,989**	**13,645**
Amortisation	**417**	**–**	**–**	**–**	**417**

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 *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Total *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 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
Reversal of impairment loss on properties under development and completed properties held for sale	155,000	–	–	–	155,000

The segment assets and liabilities as at 30 June 2011 are as follows:

	Property development *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment assets	**45,640,294**	**6,694,647**	**1,103,892**	**44,984,461**	**(64,660,055)**	**33,763,239**
Investment in an associate	**299,377**	**–**	**–**	**–**	**–**	**299,377**
Unallocated						**170,160**
Total assets						**34,232,776**
Segment liabilities	**27,083,028**	**1,480,139**	**151,736**	**30,330,055**	**(50,358,062)**	**8,686,896**
Unallocated						**14,597,039**
Total liabilities						**23,283,935**
Other information:						
Capital expenditure	**17,979**	**149,410**	**253**	**1,449**	**–**	**169,091**

The segment assets and liabilities as at 31 December 2010 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *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
Other information:						
Capital expenditure	22,667	365	668	13,121	–	36,821

No inter-segment transfers or transactions are entered during the periods ended 30 June 2011 and 2010.

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 investment in an associate, deferred income tax assets and prepaid taxes.

Segment liabilities consist primarily of advance 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 and borrowings.

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.

4 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Finance income:		
Interest income on bank deposits	**6,322**	5,294
Net exchange gains	**50,018**	–
	56,340	5,294
Finance costs		
Interest expense:		
– Bank borrowings	**(187,124)**	(149,559)
– Loan with detachable warrants	**–**	(16,972)
– Senior Notes	**(171,091)**	(54,793)
– Convertible Bonds	**(80,040)**	–
– Senior Secured Guaranteed Bonds	**(58,093)**	–
– Other borrowings	**–**	(5,462)
Total interest expense	**(496,348)**	(226,786)
Less: interest capitalised	**447,944**	162,133
	(48,404)	(64,653)
Finance income/(costs), net	**7,936**	(59,359)

5 INCOME TAX EXPENSES

No Hong Kong profits tax was provided for the six months ended 30 June 2011 and 2010 as the Group has no assessable profits arising in or derived from Hong Kong for the periods. PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 24% and 25% (2010: 22% 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.

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**262,862**	148,346
– PRC land appreciation tax	**104,642**	100,299
Deferred income tax	**117,894**	7,765
	485,398	256,410

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.

	Six months ended 30 June	
	2011	2010
Profit attributable to equity holders *(RMB'000)*	**917,434**	247,078
Weighted average number of ordinary shares in issue	**4,904,670,000**	4,951,613,481
Basic earnings per share *(RMB)*	**0.187**	0.050

The calculation of basic earnings per share are based on the Group's profit attributable to equity holders of RMB917,434,000 (2010: RMB247,078,000) and the weighted average of 4,904,670,000 shares in issue (2010: 4,951,613,481 shares). The weighted average number of ordinary shares in issue as at 30 June 2010 has taken into consideration the shares repurchased during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary share outstanding to assume conversion of all dilutive potential ordinary shares. For the period ended 30 June 2011, the Company has Convertible Bonds and share options 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 share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. For the period ended 30 June 2010, diluted earnings per share are the same as basic earnings per share as there was no potential dilutive ordinary shares.

	Six months ended 30 June	
	2011	2010
Profit attributable to equity holders *(RMB'000)*	**917,434**	247,078
Adjustment for finance cost on Convertible Bonds (after tax)	**60,030**	–
Profit used to determine diluted earnings per shares	**977,464**	247,078
Weighted average number of ordinary shares in issue	**4,904,670,000**	4,951,613,481
Adjustment for Convertible Bonds	**620,000,000**	–
Adjustments for share option	**42,631,022**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**5,567,301,022**	4,951,613,481
Diluted earnings per share *(RMB)*	**0.176**	0.050

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2011 and 2010.

8 DEBTORS, DEPOSITS AND OTHER RECEIVABLES

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

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

	As at	
	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
Within 90 days	**504,687**	176,077
91 – 180 days	**–**	1,056
	504,687	177,133

Note: Trade receivables mainly arose from sale of properties. Customers are generally granted credit terms of 1 to 3 months, saved for the sale of commercial properties will be settled within one year.

9 CAPITAL COMMITMENTS FOR PROPERTY DEVELOPMENT EXPENDITURES

	As at	
	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
Contracted but not provided for	**15,195,783**	9,181,209

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the interim results of Kaisa Group Holdings Ltd. ("Kaisa" or the "Company", together with its subsidiaries referred to as the "Group") for the six months ended 30 June 2011 (the "Period").

For the Period under review, the Group's turnover and gross profits amounted to approximately RMB3,707.5 million and RMB1,239.3 million, representing increases of 74.7% and 56.3% over the corresponding period of last year, respectively. Profit attributable to equity holders and net profit (excluding change in fair value on investment properties and the corresponding deferred tax) for the Period amounted to approximately RMB917.4 million and RMB566.7 million, representing increases of 271.3% and 129.4% over the corresponding period of last year, respectively. Basic earnings per share amounted to RMB0.187, representing an increase of 274.0% as compared to the corresponding period in 2010.

Business Review

In the first half of 2011, the Central Government (the "Central Government") of the People's Republic of China (the "PRC" or "China") continued its tightening policy to combat the inflationary pressure, including raising the bank's reserve ratio requirement at historical level of 21.5% and also the benchmark lending rate twice. On the property sector, with a view to curb property price, these measures included the Central Government's requirements for the local governments to set and announce a specific price target for properties to be sold in their respective cities in 2011, the increase of minimum down payment ratio for second homes from the previous 50% to 60%, and the purchase restriction for second homes in all major cities and provincial capital cities. The measures have been imposing further challenges on property developers.

Nonetheless, the Group has been able to maintain its competitiveness and market share. In March 2011, Shenzhen Municipal Government announced its 60 landmark projects in response to the Central Government's 12th Five-Year Plan. The projects are divided into 12 categories including, amongst others, infrastructure, environmental, education, urban redevelopment and signature development. Included in the 60 landmark projects are three of the Group's projects – resettlement and redevelopment projects of three old villages in Yantian and Shenzhen Kaisa City Plaza (previously known as "Boji Project"), and a trophy project in the heart of CBD – Shenzhen Kaisa Global Center (previously known as "Fenglong Project"). Leveraging its experience and brand in redevelopment projects and in realizing the potential value of distressed assets, Kaisa will be able to further solidify its leading market position in Shenzhen.

While consolidating our market position in the Pearl River Delta region, during the Period under review, the Group had also been focusing on an asset-turnover business model in order to capture the robust housing demand in China. The Group successfully launched its first projects in Foshan of the Pearl River Delta and Taicang and Changzhou of the Yangtze River Delta. Shenzhen Metro City in the Pearl River Delta region, Chengdu Lijing Harbour Phases

6 and 7, Chengdu Modern City Phase 1 and Chengdu Kaisa Monarch Residence Phase 1 in the Chengdu-Chongqing region, Jiangyin Gushan Mocha Town Phase 2, Jiangyin Kaisa Plaza Phase 2, Jiangyin Zhouzhuang Golden World Phase 1 and Shanghai Shanhuwan Garden Phase 4 in the Yangtze River Delta and Changsha Lake View Place Phase 2 in the Central region were also rolled out smoothly, further realizing the Group's nationwide expansion strategy.

In addition, 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, including sites in Zhuhai, Dongguan and Foshan in the Pearl River Delta region, Hangzhou and Jiangyin in the Yangtze River Delta region, Wuhan in the Central region, and Benxi, Anshan, Weifang and Panjin in the Pan-Bohai Bay Rim. The robust housing demand in the second- and third-tier cities are typically driven by end-users and upgraders. In the first half of 2011, the Group acquired high-quality land reserves of maximum planned GFA of approximately 3.8 million sq.m., with total consideration of approximately RMB4.8 billion. As at 30 June 2011, the Group had a total of 57 projects located in 23 cities in the PRC and had a land bank with total planned GFA of approximately 23.4 million sq.m., which is sufficient to meet the Group's development needs in the next five years.

The Group has a strong track record in urban redevelopment, and these redevelopments will alleviate the pressure on tight land supply in the highly urbanized Guangdong province. In March 2011, the Group was awarded the winning bidder in a tender for resettlement and redevelopment of three villages located in Yantian District, Shenzhen, covering an aggregate GFA of approximately 1.1 million sq.m., primarily due to Kaisa's established track record and execution capabilities in urban redevelopment. In June 2011, we were granted the approval of the urban development plans of the Shenzhen Kaisa City Plaza and Dapeng project by the Shenzhen Municipal Government, with GFA of approximately 1.3 million sq.m. and 141,000 sq.m., respectively.

Development Strategies

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

To provide further buffer for the Group for business expansion in the credit tightening environment, on 15 March 2011 and 14 June 2011, the Company issued RMB2 billion USD settled 8.5 per cent. bonds due 2014 and USD300 million 13.5 per cent. senior notes due 2015, respectively. The issuances will provide strong support for the Group's long term business growth.

Prospects

Despite the unfavorable impact arising from the tightening measures, we believe that China's inflation will be firmly under control, and in the long run China's consumption power and housing demand will continue to grow. In the second half of the year, with the potential consolidation of the property sector, we believe that there will be opportunities for land bank acquisition. Further, with the continuing improvement and expansion of the metro network, Shenzhen's public transportation has entered into a new era. In addition, the commute time between cities within and beyond the Pearl River Delta region has been significantly shortened due to successive completion of the inter-city high speed rails, including the Guangzhou-Shenzhen section. We believe, with its diversified property portfolio, quality land reserve and sound financials, Kaisa is well positioned to capture the housing demand generated from the improvement in infrastructure.

While we will continue to leverage our brand and our expertise to unlock the value of our pipeline for redevelopment projects, we will also focus on the asset-turnover business model, 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 (the "Board"), I would like to take this opportunity to express my heartfelt gratitude to all the shareholders of the Company, investors, business partners and customers for their trust and support. Upholding the spirit enshrined in our motto "Kaisa, bring you joyful living", we will make every endeavor to strive for the best returns to our shareholders.

KWOK Ying Shing
Chairman

Hong Kong, 17 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

Despite the tightening measures introduced by the PRC Central Government, the Group still achieved a record contracted sales during the Period. For the first half of 2011, the Group's contracted sales and gross floor area ("GFA") amounted to approximately RMB4,489.2 million and 621,745 sq.m., representing growth of 31% and 93% year-on-year, respectively. Contracted average sale price ("ASP") declined by 32% year-on-year to RMB7,220 per sq.m. The increase in contracted GFA and decline in contracted ASP are mainly attributable to the Group's strategy to focus on churning our landbank while achieving geographical diversification to areas outside of Shenzhen where ASPs are generally lower. For the Period under review, the Group launched an aggregate GFA of approximately 950,000 sq.m., and can launch another approximately 2.9 million sq.m. of GFA in the second half of 2011.

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	9	108,906	1,080.5
Yangtze River Delta	7	155,257	1,465.6
Chengdu-Chongqing	3	255,557	1,373.9
Central China	1	102,025	569.2
Total	20	621,745	4,489.2

During the Period, the Group recorded a turnover of RMB3,707.5 million, representing an increase of 74.7% as compared to the corresponding period in 2010. Profit attributable to equity holders amounted to RMB917.4 million, representing an increase of 271.3% as compared to the corresponding period in 2010. Our net profit for the Period, excluding change in fair values on investment properties and the corresponding deferred taxes, increases to RMB566.7 million, representing an increase of 129.4% as compared to the corresponding period in 2010. Basic earnings per share was RMB0.187, representing an increase of 274.0% as compared to the corresponding period in 2010. 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 GFA of newly completed projects of the Group amounted to approximately 438,342 sq.m.

2. *Projects under Development*

As at 30 June 2011, the Group had 25 projects under development concurrently with an aggregate of 4.6 million sq.m. of GFA.

3. *Property Management*

The Group also provided property management service to its own development and managed a total floor area of approximately 4.0 million sq.m., equivalent to 37,430 units. The goal of the Group in respect of property management is "Creating Value through Service". Building on its national recognition, our property management arm is striving to deliver excellent and professional service to our customers so as to further enhance our brand and corporate image.

4. *Investment Properties and Hotel Business*

The Group adopts a diversified business strategy, characterized by its increase in property investment. The portfolio of investment properties will generate steady and reliable income, and enlarge the overall income base of the Group. We develop commercial properties such as office buildings, retail stores and car parking spaces for leasing purpose. In managing our investment property portfolio, we will take into account of the long term growth potential, the overall market conditions, and our cash flows and financial condition. As at 30 June 2011, we held an aggregate GFA of approximately 77,014 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 the development trends in our target regions will enable us to acquire land at a price not yet reflecting the full value of the site. In order to achieve a balance in the asset-turnover model – versus profit margin scale, the Group has two pronged strategies for land acquisition: (i) the margin focus redevelopment projects and distressed opportunities in the Pearl River Delta region, and (ii) the turnover focus large-scale developments in the second- and third-tier cities.

During the Period under review, we made significant progress in the area of urban redevelopment projects. In March 2011, the Group was the winner in a very competitive auction, based on price and experience, for a resettlement and redevelopment project for three villages located in Yantian District, Shenzhen, with an aggregate GFA of approximately 1.1 million sq.m. In June 2011, the Shenzhen Municipal Government granted its approval on the development plans of our Shenzhen Kaisa City Plaza and Dapeng project, separately, with GFA of approximately 1.3 million sq.m. and 141,000 sq.m., respectively. These are very sizable projects and will certainly strengthen our leading position in urban redevelopment business, as well as geographically in the Pearl River Delta region.

In addition, for the first half of 2011, we purchased a total of 21 land parcels through government-held public tenders, auctions or listing-for-sale and another three land parcels in the secondary market through acquisition of equity interest. The aggregate consideration for the acquisition of the interests in the above 24 parcels of land was approximately RMB4,797.3 million, with an average land cost per total planned GFA of approximately RMB1,279 per sq.m. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 3.8 million sq.m. As at 30 June 2011, the Group had a total land bank of approximately 23.4 million sq.m., which is sufficient for the Group's development needs for the next five years. The above land acquisitions will serve to further diversify our development portfolio geographically and strengthen 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 2011	Zhijiang, Hangzhou City, Zhejiang Province	100%	39,376/(1)	70,877	672.0	Residential
January 2011	Shatian Town, Dongguan City, Guangdong Province	100%	239,061/(5)	525,934	352.0	Residential
January 2011	Changjing Town, Jiangyin City, Jiangsu Province	100%	93,274/(2)	141,328	162.5	Residential, commercial and office
February 2011	Mingshan District, Benxi City, Liaoning Province	100%	122,200/(2)	356,824	171.1	Residential and commercial
March 2011	Xinglongtai District, Panjin City, Liaoning Province	100%	52,812/(2)	380,092	246.4	Residential and commercial
March 2011	Ronggui Town, Foshan City, Guangdong Province	100%	197,584/(2)	493,961	1,050.2	Residential and commercial
April 2011	Doumen District, Zhuhai City, Guangdong Province	100%	192,711/(1)	256,305	517.7	Residential
April 2011	Hi-tech Zone, Anshan City, Liaoning Province	100%	308,956/(3)	926,868	649.4	Residential and commercial
May 2011	Weijiao Road, Weifang City, Shandong Province	100%	164,469/(5)	246,704	296.0	Residential
May 2011	Hongshan District, Wuhan City, Hubei Province	100%	118,750/(1)	351,760	680.0	Residential and commercial
Total			1,529,193/(24)	3,750,653	4,797.3	

Outlook

The Group is well positioned for a tightening environment in the second half of 2011. Though, for the time being, there is no sign of easing the tightening policy in China, the downgrade of the US sovereign rating and the uncertainty of the global economic outlook, some loosening of the current policy might be possible to counter the adverse impact on the economy. Nonetheless, growth of the Chinese economy is still one of the fastest globally, coupled with the long-term policy of urbanization, we remain optimistic about the prospect of China's real estate sector. Further, we expect our contracted sales will continue to pick up as we can launch another approximately 2.9 million sq.m. of GFA in the second half of 2011. In the interim, the Group will continue to focus on realizing the value from its redevelopment project pipeline and the asset-turnover business model, further enhancing the product quality and capitalizing its strong branding, with an aim to maximizing the returns to the shareholders of the Company.

Financial Review

Revenue

Revenue of the Group primarily comprises the (i) sales proceeds from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties and (iii) property management fee income. The revenue is primarily generated from its three business segments: property development, property investment and property management. The revenue increased by RMB1,585.1 million, or 74.7% to approximately RMB3,707.5 million in the Period from approximately RMB2,122.5 million for the corresponding period in 2010, mainly due to the increase in recognized property sales. For the Period, the revenue generated from property development, property investment and property management was approximately RMB3,585.0 million, RMB66.3 million and RMB56.2 million, respectively.

Sales of properties

Our revenue from sales of properties increased by RMB1,575.8 million, or 78.4%, to RMB3,585.0 million in the Period from RMB2,009.2 million for the corresponding period in 2010. The increase was primarily attributable to an increase in the total GFA delivered from approximately 258,449 sq.m. for the corresponding period in 2010 to approximately 262,211 sq.m. in the Period, and an increase in the average selling price per sq.m. from approximately RMB7,774 for the corresponding period in 2010 to approximately RMB13,670 in the Period.

Rental income

Our rental income increased by RMB13.4 million, or 25.2%, to RMB66.3 million in the Period from RMB52.9 million for the corresponding period in 2010. This increase was primarily attributable to the increased rental rates.

Property management service

Our revenue from property management service decreased by RMB4.2 million, or 7.0%, to RMB56.2 million in the Period from RMB60.4 million for the corresponding period in 2010. This decrease was primarily attributable to the reduced property management fees derived from the Guangzhou Jinmao project.

Gross profit

The Group's gross profit increased by RMB446.2 million, or 56.3%, to RMB1,239.3 million in the Period from RMB793.1 million for the corresponding period in 2010, mainly attributable to increase in property sales. The gross profit margin decreased to 33.4% from 37.4% for the corresponding period in 2010, mainly explained by the increase in cost of sales of properties (excluding business tax) per sq.m., from approximately RMB4,577 for the corresponding period in 2010 to approximately RMB8,453 in the Period, partly offset by the increase in average selling price per sq.m. from approximately RMB7,774 for the corresponding period in 2010 to approximately RMB13,670 in the Period.

Other gains/(losses), net

The Group had other net gains of RMB33.1 million in the Period, as compared to RMB4.1 million for the corresponding period in 2010. The other gains in the Period mainly comprised investment return from a infrastructure project in Huizhou of approximately RMB32.4 million.

Selling and marketing expenses

The Group's selling and marketing expenses increased by RMB42.8 million, or 59.1%, to RMB115.2 million in the Period from RMB72.4 million for the corresponding period in 2010. The increase in selling and marketing expenses was mainly explained by the Group's strategy to achieve geographical diversification, resulting in an increase in our advertising and other promotional costs incurred for our pre-sale activities of relatively larger number of our projects during the Period, as compared to the corresponding period in 2010.

Administrative expenses

The Group's administrative expenses increased by RMB68.0 million, or 42.1%, to RMB229.8 million in the Period from RMB161.8 million for the corresponding period in 2010. The increase was primarily attributable to increase in staff costs resulting from our business expansion and in operating expenses in various new cities we entered since second half of last year.

Change in fair value of investment properties

The increase in fair value of the Group's investment properties for the Period was primarily attributable to the appreciated fair value of the Group's investment properties in Shenzhen Kaisa Global Center (previously known as "Fenglong Project") and Huizhou Kaisa Center.

Finance costs

The Group's finance costs decreased by RMB16.2 million, or approximately 25.1%, to RMB48.4 million in the Period from RMB64.7 million for the corresponding period in 2010. 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 RMB229.0 million, or approximately 89.3%, to RMB485.4 million in the Period from RMB256.4 million for the corresponding period in 2010. The increase was primarily attributable to the increase in deferred tax expense arising from fair value gain on investment properties and in enterprise income tax for the Period.

Profit for the Period

As a result of the factors described above, the Group's profit for the Period increased by RMB670.2 million, or 271.3%, to RMB917.3 million in the Period from RMB247.1 million for the corresponding period in 2010. The net profit margin was 24.7% for the Period and 11.6% for the corresponding period in 2010. Our net profit (excluding change in fair value on investment properties, net of deferred tax) for the Period and the corresponding period in 2010 was RMB566.7 million and RMB247.1 million, respectively, resulting in corresponding net profit margin (excluding change in fair value on investment properties, net of deferred tax) of 15.3% and 11.6% for the Period and the corresponding period in 2010, respectively.

Liquidity, Financial and Capital Resources

Cash position

As at 30 June 2011, the carrying amount of the Group's cash and bank deposits was approximately RMB4,558.5 million (31 December 2010: RMB4,869.7 million), representing a decrease of 6.4% as compared to that as at 31 December 2010. 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 2011, 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 RMB609.2 million as at 30 June 2011.

Senior notes

On 28 April 2010, the Company issued senior notes due 2015 with nominal value of US$350 million (equivalent to approximately RMB2,265.1 million as at 30 June 2011) at a coupon rate of 13.5% per annum for the purpose of, amongst others, financing existing and new property projects and for general corporate use. On 14 June 2011, the Company issued additional 13.5% senior notes of the Company due 2015 in the aggregate principal amount of US$300 million (equivalent to approximately RMB1,941.5 million as at 30 June 2011) (the "Senior Notes") for the purpose of financing new land bank in the PRC and real estate projects.

Convertible bonds

On 20 December 2010, the Company issued RMB1.5 billion USD settled 8% convertible bonds due 2015 (the "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.

Senior bonds

On 15 March 2011, the Company issued RMB2.0 billion USD settled senior secured guaranteed bonds due 2014 at a coupon rate of 8.5% per annum (the "Bonds") for the purpose of financing new land bank in the PRC and real estate projects.

Borrowings and charges on the Group's assets

The Group had an aggregated borrowings as at 30 June 2011 of approximately RMB12,890.2 million, of which approximately RMB2,503.0 million will be repayable within 1 year, approximately RMB9,836.6 million will be repayable between 2 and 5 years and approximately RMB550.6 million will be repayable over 5 years. As at 30 June 2011, the Group's bank loans of approximately RMB4,070.8 million were secured by plant and equipment, land use rights, investment properties, properties under development and cash of the Group with total carrying values of approximately RMB8,719.2 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 RMB4,062.5 million, the Convertible Bonds with a carrying value of RMB1,256.2 million, the Bonds with a carrying value of RMB1,969.8 million and other offshore banking facilities with a carrying value of RMB821.8 million as at 30 June 2011 which were denominated in U.S. dollars. The Senior Notes, the Convertible Bonds and the Bonds are secured by the pledge of shares of certain 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 30 June 2011, the Group's net debts (total borrowings net of cash and cash equivalent and restricted cash) over equity was 76.1% (31 December 2010: 30.6%). As at 30 June 2011, the Group's net current assets increased by 41.8% to RMB15,826.1 million from 31 December 2010, and the current ratio increased from 2.2 times as at 31 December 2010 to 2.3 times as at 30 June 2011.

Cost of borrowings

For the Period under review, the Group's total cost of borrowings was RMB496.3 million, representing an increase of RMB269.6 million or 118.9% as compared to the same period last year. The increase was primarily attributable to the higher average debt balance in the Period as compared to the corresponding period in 2010.

Foreign currency risks

The Group's property development projects are all located in China 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 have recognized assets and liabilities in currencies other than RMB. As at 30 June 2011, the Group had cash balances in U.S. dollar of approximately US$333.5 million (equivalent to approximately RMB2,158.1 million), and HK dollar of approximately HK$686.4 million (equivalent to approximately RMB570.8 million), the Senior Notes in U.S. dollar with a carrying value of US$627.7 million (equivalent to approximately RMB4,062.5 million), the Convertible Bonds in U.S. dollar with a carrying value of US$194.1 million (equivalent to approximately RMB1,256.2 million), the Bonds in U.S. dollar with a carrying value of US$304.4 million (equivalent to approximately RMB1,969.8 million) and other offshore banking facilities with a carrying value of US$127.0 million (equivalent to approximately RMB821.8 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 30 June 2011, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB4,064.1 million (31 December 2010: approximately RMB4,367.0 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.

Material acquisitions and disposals of assets

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

Employees and remuneration policy

As at 30 June 2011, the Group had approximately 4,996 employees (31 December 2010: approximately 3,150 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 2011.

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 2011. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2011 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 2011. No incident of non-compliance was noted by the Company to date. 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 2011.

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

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listing securities.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2011 (2010: 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 2011 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
Kaisa Group Holdings Ltd.
KWOK Ying Shing
Chairman

Hong Kong, 17 August 2011

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 Mr. Han Zhenjie, and the independent non-executive directors of the Company are Mr. Rao Yong, Mr. Zhang Yizhao and Mr. Fok Hei Yu.