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 2011

FINANCIAL HIGHLIGHTS

- Total revenue increased by 39.7% to RMB10,834.7 million
- Gross profit increased by 7.4% to RMB3,233.5 million
- Profit attributable to equity holders amounted to RMB1,901.0 million, a decrease of 47.7%, mainly due to less contribution from revaluation gain of investment property
- Net profit excluding change in fair values on investment properties, net of deferred tax increased by 11.8% to RMB1,574.7 million
- Contracted sales increased by 51.5% to RMB15.3 billion
- GFA sold increased by 148.7% to 2,177,447 sq.m.
- As at 31 December 2011, total contracted sales yet to be delivered amounted to approximately RMB9.4 billion

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

		As at 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**148,725**	106,140
Investment properties		**6,375,100**	5,484,000
Land use rights		**20,603**	18,379
Investment in an associate		**298,979**	299,521
Deferred income tax assets		**105,601**	75,075
		6,949,008	5,983,115
Current assets			
Properties under development		**22,159,585**	10,521,175
Completed properties held for sale		**1,342,662**	603,321
Debtors, deposits and other receivables	*3*	**3,697,460**	2,482,284
Prepayments for proposed development projects		**2,915,684**	1,827,183
Prepaid taxes		**153,891**	135,797
Restricted cash		**541,030**	530,067
Cash and cash equivalents		**3,945,389**	4,339,600
		34,755,701	20,439,427
Total assets		**41,704,709**	26,422,542
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**432,210**	432,150
Share premium		**3,816,563**	3,815,214
Reserves		**7,692,893**	5,741,093
		11,941,666	9,988,457
Non-controlling interests		**7,786**	4,936
Total equity		**11,949,452**	9,993,393

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2011

	Note	As at 31 December 2011 RMB'000	2010 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**11,577,305**	6,175,664
Deferred income tax liabilities		**1,079,415**	971,237
		12,656,720	7,146,901
Current liabilities			
Advance proceeds received from customers		**7,241,863**	4,494,353
Accrued construction costs		**5,274,097**	1,325,983
Income tax payable		**989,100**	866,390
Borrowings		**2,067,186**	1,751,708
Other payables	4	**1,522,814**	806,337
Amount due to non-controlling interest of a subsidiary		**3,477**	37,477
		17,098,537	9,282,248
Total liabilities		**29,755,257**	16,429,149
Total equity and liabilities		**41,704,709**	26,422,542
Net current assets		**17,657,164**	11,157,179
Total assets less current liabilities		**24,606,172**	17,140,294

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RMB'000	2010 RMB'000
Revenue	5	**10,834,726**	7,755,890
Cost of sales		**(7,601,182)**	(4,745,012)
Gross profit		**3,233,544**	3,010,878
Other gains	6	**43,309**	5,962
Selling and marketing costs		**(404,841)**	(183,308)
Administrative expenses		**(565,048)**	(411,155)
Change in fair value of investment properties		**432,712**	2,970,144
Operating profit	7	**2,739,676**	5,392,521
Share of result from an associate		**(542)**	(479)
Finance income/(costs) – net	8	**85,834**	(45,842)
Profit before income tax		**2,824,968**	5,346,200
Income tax expenses	9	**(925,690)**	(1,709,544)
Profit and total comprehensive income for the year		**1,899,278**	3,636,656
Profit attributable to:			
Equity holders of the Company		**1,900,954**	3,636,699
Non-controlling interests		**(1,676)**	(43)
		1,899,278	3,636,656
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)	10		
– Basic		**0.388**	0.738
– Diluted		**0.372**	0.736

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.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements were approved by the Board of Directors of the Company for issue on 19 March 2012.

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.

The adoption of new/revised HKFRSs

(a) New and amended standards adopted by the Group

- HKAS 24 (Revised), "Related Party Disclosures"
- Improvement to HKFRSs 2010

The adoption of the above revised standards, amendments and interpretations had no material financial impact on the consolidated financial statements of the Group.

(b) *Standards, amendments and interpretations which are not yet effective*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2012, but the Group has not early adopted them:

	Applicable for accounting periods beginning on/after
Amendments to HKAS 1 (revised), 'Presentation of financial statements – presentation of items of other comprehensive income'	1 July 2012
HKAS 19 (2011), 'Employee benefits'	1 January 2013
HKAS 27 (2011), 'Separate financial statements'	1 January 2013
HKAS 28 (2011), 'Investments in associates and joint ventures	1 January 2013
HKAS 32 (amendment), 'Offsetting financial assets and financial liabilities'	1 January 2014
HKFRS 7 (amendment), 'Disclosures – Transfers of financial assets'	1 July 2011
HKFRS 7 (amendment), 'Disclosures – offsetting financial assets and financial liabilities'	1 January 2013
HKFRS 9, 'Financial instruments'	1 January 2015
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 measurement'	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 DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2011	2010
	RMB'000	*RMB'000*
Trade receivables *(note)*	**842,679**	177,133
Other receivables	**258,897**	74,981
Other deposits	**189,731**	241,751
Prepayments	**90,533**	246,996
Deposits for land acquisitions	**2,121,917**	1,585,759
Prepaid other taxes	**193,703**	155,664
	3,697,460	2,482,284

Note: Trade receivables mainly arose from sale of properties. Generally, no credit terms are granted to customers. The ageing analysis of trade receivables of the Group by due date is as follows:

	2011	2010
	RMB'000	*RMB'000*
Not yet due *(note i)*	**375,900**	–
Within 90 days *(note ii)*	**466,779**	176,077
91–180 days	**–**	1,056
	842,679	177,133

(i) As at 31 December 2011, the balance represented receivables from sales of commercial properties and property under development from independent third parties to be settled before the end of 2012.

(ii) The Group considered the above receivables were past due but not impaired as majority of the balances are due from customers in the process of applying mortgage loans. These relate to a number of independent customers for whom there is no recent history of default. Subsequent to 31 December 2011 and up to the date of this report, trade receivables of RMB195,957,000 have been settled.

4 OTHER PAYABLES

Other payables mainly include deferred consideration payable for the acquisitions of subsidiaries, other deposits, payables and accruals and other tax payables.

5 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 ("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:

	2011	2010
	RMB'000	*RMB'000*
Sales of properties		
– Completed properties held for sale	**10,065,614**	5,630,783
– Properties under development	**510,000**	1,900,000
Rental income	**151,024**	119,517
Property management services	**108,088**	105,590
	10,834,726	7,755,890

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2011 is as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue	**10,575,614**	**151,024**	**108,088**	**–**	**10,834,726**
Segment results before change in fair value of investment properties	**2,857,963**	**23,382**	**17,850**	**(592,231)**	**2,306,964**
Change in fair value of investment properties	**–**	**432,712**	**–**	**–**	**432,712**
Segment results	**2,857,963**	**456,094**	**17,850**	**(592,231)**	**2,739,676**
Share of result from an associate	**(542)**	**–**	**–**	**–**	**(542)**
Finance income – net					**85,834**
Profit before income tax					**2,824,968**
Income tax expenses					**(925,690)**
Profit for the year					**1,899,278**
Other information:					
Depreciation	**16,600**	**3,325**	**3,135**	**7,149**	**30,209**
Amortisation of land use right *(note 8)*	**791**	**–**	**–**	**–**	**791**

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment assets	**60,837,718**	**6,941,867**	**1,253,851**	**48,748,768**	**(76,635,966)**	**41,146,238**
Investment in an associate	**298,979**	**–**	**–**	**–**	**–**	**298,979**
Unallocated						**259,492**
Total assets						**41,704,709**
Segment liabilities	**37,640,296**	**2,345,156**	**305,219**	**33,145,451**	**(59,393,871)**	**14,042,251**
Unallocated						**15,713,006**
Total liabilities						**29,755,257**
Other information:						
Capital expenditure	**31,174**	**488,828**	**11,634**	**15,612**	**–**	**547,248**

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 *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Total *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)	–	–	–	(479)
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	13,841	1,062	692	2,686	18,281
Amortisation	419	–	–	–	419
Reversal of impairment loss on properties under development and completed properties held for sales	155,000	–	–	–	155,000

	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 years ended 31 December 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.

6 OTHER GAINS

	2011	2010
	RMB'000	*RMB'000*
Forfeited customer deposits	**2,181**	5,962
Investment return from an infrastructure project	**32,375**	–
Others	**8,753**	–
	43,309	5,962

7 OPERATING PROFIT

Operating profit is arrived at after charging:

	2011	2010
	RMB'000	*RMB'000*
Cost of completed properties sold	**6,933,997**	4,352,621
Depreciation of property and equipment	**30,209**	18,281
Amortisation of land use rights	**791**	419

8 FINANCE INCOME/(COSTS) – NET

	2011 *RMB'000*	2010 *RMB'000*
Interest income on bank deposits	**20,959**	11,031
Interest expense:		
– Bank borrowings	**488,174**	281,555
– Loan with detachable warrants	**–**	16,972
– Senior Notes	**470,280**	213,533
– Convertible Bonds	**162,721**	4,860
– Senior Secured Guaranteed Bonds	**158,387**	–
– Other borrowings	**–**	5,461
Total interest expense	**1,279,562**	522,381
Less: interest capitalised *(note)*	**(1,210,275)**	(425,063)
	69,287	97,318
Net exchange gains	**134,162**	40,445
Finance income/(costs), net	**85,834**	(45,842)

Note: The capitalisation rate of borrowings is 8.87% (2010: 5.33%) for the year.

9 INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

PRC enterprise income tax

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%).

Hong Kong profits tax

No Hong Kong profits tax was provided for the years ended 31 December 2011 and 2010 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of comprehensive income as income tax.

	2011	2010
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**632,084**	512,743
– PRC land appreciation tax	**271,870**	409,781
Overprovision in prior years		
– PRC land appreciation tax	**(55,916)**	–
Deferred income tax	**77,652**	787,020
	925,690	1,709,544

10 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.

	2011	2010
Profit attributable to equity holders (RMB'000)	**1,900,954**	3,636,699
Weighted average number of ordinary shares in issue	**4,904,936,959**	4,927,948,822
Basic earnings per share (RMB)	**0.388**	0.738

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of RMB1,900,954,000 (2010: RMB3,636,699,000) and the weighted average of 4,904,936,959 shares (2010: 4,927,948,822 shares) in issue during the year. The weighted average number of ordinary shares in issue as at 31 December 2010 has taken into consideration the shares repurchased during the year.

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 year ended 31 December 2011, the Company has the 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.

	2011	2010
Profit attributable to equity holders (RMB'000)	**1,900,954**	3,636,699
Adjustment for finance cost on Convertible Bonds	**162,721**	4,860
Profit used to determine diluted earnings per shares (RMB'000)	**2,063,675**	3,641,559
Weighted average number of ordinary shares in issue	**4,904,936,959**	4,927,948,822
Adjustment for Convertible Bonds	**620,000,000**	20,383,562
Adjustment for share options	**23,825,339**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**5,548,762,298**	4,948,332,384
– Diluted earnings per share (RMB)	**0.372**	0.736

11 COMMITMENTS

(a) Commitments for property development expenditures

	2011	2010
	RMB'000	*RMB'000*
Contracted but not provided for	**18,395,255**	9,181,209

Note:

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

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2011	2010
	RMB'000	*RMB'000*
Not later than one year	**30,857**	13,808
Later than one year and not later than five years	**27,088**	10,095
	57,945	23,903

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	2011	2010
	RMB'000	*RMB'000*
Not later than one year	**94,820**	100,143
Later than one year and not later than five years	**248,328**	339,691
Later than five years	**178,170**	286,266
	521,318	726,100

12 DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2011 and 2010.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Kaisa Group Holdings Ltd. ("Kaisa" or the "Company", together with its subsidiaries referred to as the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2011.

For the year ended 31 December 2011, the Group's turnover and gross profit reached approximately RMB10,834.7 million and RMB3,233.5 million, representing growth of 39.7% and 7.4% over those of 2010, respectively. Profit attributable to shareholders and basic earnings per share amounted to RMB1,901.0 million and RMB38.8 cents, representing a decrease of 47.7% and 47.4% as compared to those of 2010, respectively.

BUSINESS REVIEW

In 2011, the Central Government (the "Central Government") of the People's Republic of China (the "PRC" or "China") continued its tightening policy to tackle the inflationary pressure, including raising the reserve ratio requirement for banks to historical level of 21.5% and also raising the benchmark lending rates three consecutive times. On the property sector, the Central Government continued to introduce an array of austerity measures to curb the housing price, including the local governments to set and announce a specific annual price increase target for new flats in their respective cities, the increase of minimum down payment ratio for second homes from the previous 50% to 60%, the introduction of purchase restriction for second homes in all major cities, provincial capital cities and certain lower tier cities, and the imposition of a price cap for new flats in some cities. The Central Government also reiterated its commitments to building more public housing. These measures have been imposing severe challenges on property developers. As a result, first-tier cities and affluent second-tier cities recorded a decline in housing price, as well as in transaction volume, such trend was more prominent in the fourth quarter of 2011. Further, the deteriorated credit environment caused by the eurozone sovereign debt crisis, and monetary tightening in the PRC, including the prolonged lag in mortgage disbursements from local banks and limited availability of construction loans, exacerbated property developers' liquidity and funding cost.

Despite the challenging operating environment, the Group successfully executed asset-turnover business model to capture the robust mass market housing demand. The Group achieved RMB15.3 billion of contracted sales, representing an increase of 51.5% year-on-year. In January 2012, Kaisa was ranked 12th in terms of gross floor area ("GFA") sold according to "Top 50 Real Estate Enterprise Property Developers by Sales in 2011" jointly compiled and issued by China Real Estate Information Corporation (NASDAQ:CRIC; "CRIC") and China Real Estate Appraisal Center, and was ranked number two both in terms of GFA sold and number of units sold in Chengdu according to statistics compiled by CRIC.

In addition, the Group continued to expand its land bank as part of its efforts 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, Changsha and Wuhan in the Central China region, and Benxi, Anshan, Weifang, Huludao, Liaoyang 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 2011, the Group acquired high-quality land reserves of maximum planned GFA of approximately 4.9 million sq.m., with total consideration of approximately RMB5.9 billion. As at 31 December 2011, the Group had a total of 59 projects located in 24 cities in the PRC and had a land bank with total planned GFA of approximately 23.7 million sq.m., which is sufficient to meet the Group's development needs in the next five years.

The Group has been able to maintain its competitiveness and consolidate its market position in the Pearl River Delta region. 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 commercial project Shenzhen Kaisa Global Center (previously known as "Fenglong Project") in the heart of Shenzhen's CBD. 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 position in Shenzhen.

We have made significant progress in redevelopment projects. In March 2011, primarily due to Kaisa's established track record and execution capabilities in urban redevelopment, the Group was the winning bidder in a tender for resettlement and redevelopment of three villages located in Yantian District, Shenzhen, with an aggregate GFA of approximately 1.1 million sq.m.. 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 AND FINANCING 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's business expansion in the credit tightening environment, on 15 March 2011 and 14 June 2011, the Company successfully issued RMB2 billion USD settled 8.5% bonds due 2014 and USD300 million 13.5% senior notes due 2015, respectively. In 2011, the Group was also granted unsecured bank loans in Hong Kong with an aggregate amount of approximately USD117.5 million. The above financing arrangements affirmed the Group's capability to secure the required funding by leveraging the capital market in order to support its long term business growth.

INVESTOR RELATIONS

The Company strives to achieve a high standard of corporate governance and is devoted to maintaining a timely and effective communication with its shareholders and investors through various means, including the distribution of interim and annual reports, press releases and monthly newsletters, as well as the published announcements, so as to keep shareholders and investors well informed of the Group's latest information including development strategies, sales performance, operation management and financial condition. In the mean time, the Group also strives to maintain an appropriate degree of corporate transparency, while strengthening the relationship with investors through a variety of investor relations activities and collection of constructive opinions from the public.

PROSPECTS

Despite the unfavorable impact arising from the eurozone debt crisis and global economic uncertainty, the Chinese economy remains resilient and reported steady GDP growth for 2011. The austerity measures are gradually taking positive effect on the economy as the latest CPI figures are showing good sign of control of inflation. Further, there are signs of stabilization of measures in the property sector, including banks extending favorable mortgage rate to first time home buyers in early 2012 and prompt disbursement of mortgage financing. The two cuts in reserve requirement ratio since November 2011 may also improve the overall liquidity gradually. Nonetheless, we believe in the long run, the property sector will continue to benefit from increase in domestic consumption as well as the end-user demand driven by urbanization.

With the continuing improvement and expansion of the metro network, Shenzhen's public transportation has entered into a new era. Moreover, 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. The Group has approximately 10.5 million sq.m. of GFA in the Pearl River Delta, Kaisa is therefore 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 cautiously implement 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 ardent efforts of all our staff members who have made invaluable contributions during the year, Kaisa has been growing on a steady pace. On behalf of the Board, I would like to take this opportunity to express my wholehearted 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 maximise values and generate greatest returns for our shareholders and investors.

KWOK Ying Shing
Chairman

Hong Kong, 19 March 2012

MANAGEMENT DISCUSSION & ANALYSIS

OVERALL PERFORMANCE

During the year, the Group recorded a turnover of RMB10,834.7 million, representing an increase of 39.7% as compared to that of year 2010. Profit attributable to equity holders amounted to RMB1,901.0 million, representing a decrease of 47.7% as compared to that of year 2010. Our net profit for the year, excluding change in fair values on investment properties and the corresponding deferred taxes, increase to RMB1,574.7 million, representing an increase of 11.8% as compared to that of year 2010. Basic earnings per share was RMB38.8 cents (2010: RMB73.8 cents).

Property Development

Contracted Sales in 2011

As at 31 December 2011, the Group has established presence in 24 core cities within five regions in the PRC, namely the Pearl River Delta, the Yangtze River Delta, the Pan-Bohai Bay Rim, the Western China region and the Central China region. The table below shows the Group's 2011 contracted sales by region:

Region	**Number of projects**	**Contracted sales area**	**Contracted sales amount**
		sq. m.	*RMB million*
Pearl River Delta	18	333,903	4,115
Yangtze River Delta	8	393,536	3,899
Western China Region	5	859,471	4,368
Central China Region	2	341,262	1,748
Pan-Bohai Bay Rim	5	249,275	1,159
Total	38	2,177,447	15,289

In spite of the tightening measures introduced by the PRC Central Government, the Group still achieved its record annual contracted sales. For the year under review, the Group's contracted sales and GFA sold amounted to approximately RMB15,289.1 million and 2,177,447 sq.m., representing growth of 51.5% and 148.7% year-on-year, respectively. Contracted average selling price ("ASP") declined by 38.8% year-on-year to RMB7,022 per sq.m. The increase in GFA but decline in ASP is 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. In 2011, the Group launched an aggregate GFA of approximately 2,840,979 sq.m.

In 2011, the Group achieved outstanding sales results in a number of major cities in the PRC:

- According to "Top 50 Real Estate Enterprise Property Developers by Sales in 2011" jointly compiled and issued by China Real Estate Information Corporation ("CRIC") and China Real Estate Appraisal Center, Kaisa was ranked 12th nationwide in terms of GFA sold.

- According to statistics compiled by CRIC, Kaisa was ranked number two both in terms of GFA sold and number of units sold in Chengdu.

- According to China Real Estate Index System ("CREIS"), our project Changsha Lake View Place was ranked number three and two in terms of GFA sold and number of units sold in Changsha, respectively.

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

Projects Completed in 2011

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the year 2011, the GFA of newly completed projects of the Group amounted to approximately 1.6 million sq.m.

Projects under Development

As at 31 December 2011, the GFA of projects under development of the Group was approximately 6.9 million sq.m

Property Management

The Group also provided property management service to its own property development and managed a total floor area of approximately 5.2 million sq.m. In total, the Group provided property management service to 46,456 units. In 2011, Kaisa was awarded one of the "Outstanding Brand of Chinese Property Management 2011" jointly issued by the Enterprise Research Institute of Development Research Centre of the State Council of China, the Institute of Real Estate Studies of Tsinghua University and the China Index Academy. 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.

Investment Properties

The Group adopts a diversified business strategy, characterized by its increase in investment in investment properties. 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 building, retail store and carpark for leasing purposes. In managing our investment property portfolio, we will take into account the estimated long term growth potential, the overall market conditions and our cash flows and financial condition. As at 31 December 2011, we held an aggregate GFA of approximately 75,559 sq.m. completed investment properties for rental purpose.

Land Bank

It remains an ongoing effort of the Group to 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. The table below shows the Group's landbank by cities:

City/Region	GFA	Properties under development	Properties held for future development	Completed properties held for sale	% Total GFA
	sq.m.'000	*sq.m.'000*	*sq.m.'000*	*sq.m.'000*	
Pearl River Delta	**10,453**	**2,394**	**7,993**	**66**	**44.1%**
Greater Shenzhen	8,765	1,329	7,370	66	37.0%
– Shenzhen	1,508	15	1,469	24	6.4%
– Huizhou	5,981	878	5,102	1	25.2%
– Dongguan	1,276	436	799	41	5.4%
Guangzhou	57	57	–	–	0.2%
Foshan	824	668	156	–	3.5%
Zhuhai	807	340	467	–	3.4%
Western China Region	**2,158**	**1,664**	**402**	**92**	**9.1%**
Chengdu	1,567	1,182	293	92	6.6%
Nanchong	591	482	109	–	2.5%
Pan-Bohai Bay Rim	**7,343**	**943**	**6,400**	**–**	**30.9%**
Shenyang	292	–	292	–	1.2%
Yingkou	2,282	581	1,701	–	9.6%
Anshan	2,363	116	2,247	–	10.0%
Benxi	357	132	225	–	1.5%
Panjin	380	–	380	–	1.6%
Huludao	1,165	114	1,051	–	4.9%
Weifang	247	–	247	–	1.0%
Liaoyang	257	–	257	–	1.1%
Central China Region	**2,350**	**805**	**1,529**	**16**	**10.0%**
Changsha	1,512	458	1,040	14	6.4%
Zhuzhou	486	347	137	2	2.1%
Wuhan	352	–	352	–	1.5%
Yangtze River Delta	**1,388**	**1,127**	**147**	**114**	**5.9%**
Jiangyin	842	671	76	95	3.6%
Changzhou	256	256	–	–	1.1%
Shanghai	19	–	–	19	0.1%
Taicang	200	200	–	–	0.8%
Hangzhou	71	–	71	–	0.3%
Total	**23,692**	**6,933**	**16,471**	**288**	**100.0%**

During the year 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, during the year under review, we purchased a total of 32 land parcels through government-held public tenders, auctions or listing-for-sale and another 3 land parcels in the secondary market through acquisition of equity interest. The aggregate consideration for the acquisition of the interests in the above 35 parcels of land was approximately RMB5,949.8 million, with an average land cost per total planned GFA of approximately RMB1,208.5 per sq.m. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 4.9 million sq.m. As at 31 December 2011, the Group had a total land bank of approximately 23.7 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 District, 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

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)*	
July 2011	Gongchangling District, Liaoyang City, Liaoning Province	100%	372,427/(1)	256,975	184.4	Commercial
July 2011	Suizhong County, Huludao City, Liaoning Province	100%	430,508/(7)	742,028	323.1	Residential and commercial
August 2011	Tiexi District, Anshan City, Liaoning Province	100%	9,783/(2)	76,200	180.0	Commercial
August 2011	Nancheng District, Dongguan City, Guangdong Province	100%	65,020/(1)	97,530	465	Residential and commercial
Total			2,406,931/(35)	4,923,386	5,949.8	

Outlook

Though, for the time being, there is no sign of easing the tighteining policy in China, given the downgrade of the US soverign debt rating, the eurozone debt crisis and the uncertainty of the global economic outlook, some loosening of the current credit policy in China might be possible to counter the adverse impact on the economy. Moreover, 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 prospects of China's real estate sector. In the interim, the Group will continue to focus on realizing 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 (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 RMB3,078.8 million, or 39.7% to approximately RMB10,834.7 million in 2011 from approximately RMB7,755.9 million in 2010, primarily attributable to an increase in sales of properties in 2010. In 2011, the revenue generated from property development, property investment and property management are approximately RMB10,575.6 million, RMB151.0 million and RMB108.1 million, respectively.

Sales of properties

Our revenue from sales of properties increased by RMB3,044.8 million, or 40.4%, to RMB10,575.6 million in 2011 from RMB7,530.8 million in 2010. This increase was primarily attributable to an increase in the total delivered GFA from approximately 706,701 sq.m. in 2010 to approximately 1,178,108 sq.m. in 2011, partly offset by a decrease in average selling price per sq.m. ("ASP") from approximately RMB10,656 in 2010 to approximately RMB8,977 in 2011 which is in turn explained by the Group's geographical diversification to areas outside of first tier cities where ASPs are generally lower. The property projects that contributed substantially to our revenue in 2011 were Shenzhen Jincui Garden, Shenzhen Mingcui Garden, Shenzhen Metro City, Jiangyin Lake View Place, Changsha Lake View Place, Huizhou Kaisa Plaza and Chengdu Lijing Harbour.

Rental income

Our rental income increased by RMB31.5 million, or 26.4%, to RMB151.0 million in 2011 from RMB119.5 million in 2010. This increase was primarily attributable to an increase in GFA of our retail spaces, rented out at higher rental rates.

Property management services

Our revenue from property management fees remained fairly stable, and increased slightly by RMB2.5 million, or 2.4%, to RMB108.1 million in 2011 from RMB105.6 million in 2010.

Cost of sales

Our cost of sales increased by RMB2,856.2 million, or 60.2%, to RMB7,601.2 million in 2011 from RMB4,745.0 million in 2010. This increase was in line with the increase in the total GFA delivered.

Gross profit

As a result of the above, our gross profit increased by RMB222.6 million, or 7.4%, to RMB3,233.5 million in 2011 from RMB3,010.9 million in 2010. The increase is mainly explained by the increase in contribution from property sales. Our gross profit margin decreased to 29.8% from 38.8% in 2010. The decrease in gross profit margin was primarily attributable to (i) our lower average selling price per sq.m. recognized in 2011 as compared to 2010 and (ii) our enbloc sale of Guangzhou Kaisa Plaza in 2010. We had a gross profit margin of 51.8% from the enbloc sale of Guangzhou Kaisa Plaza, which contributed to the higher profit margin in 2010. In 2011, land cost, construction cost and capitalized interest represented approximately 15.5% (2010: 13.0%), 45.4% (2010: 39.2%) and 4.7% (2010: 5.6%) of our recognised sales of properties, respectively.

Other gains

The Group had other net gains of RMB43.3 million in 2011, as compared to RMB6.0 million in 2010. The other gains recorded in 2011 mainly comprised investment return from an infrastructure project in Huizhou of approximately RMB32.4 million.

Selling and marketing costs

Our selling and marketing costs increased by RMB221.5 million, or 120.9%, to RMB404.8 million in 2011 from RMB183.3 million in 2010. The increase in selling and marketing costs was mainly explained by the group's strategy to achieve geographical diversification, resulting in an increase in our advertising, staff and other promotional costs incurred for our pre-sale activities of relatively larger number of our projects during the year, as compared to that in 2010, as well as the higher agency fee as a result of the increase in contracted sales amount in 2011.

Administrative expenses

Our administrative expenses increased by RMB153.8 million, or 37.4%, to RMB565.0 million in 2011 from RMB411.2 million in 2010. This 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 2010.

Change in fair value of investment properties

The increase in fair value of our investment properties was RMB2,970.1 million in 2010 and RMB432.7 million in 2011. The increase in fair value of our investment properties in 2010 was primarily attributable to addition of commercial properties including Shenzhen Kaisa Global Center, Huizhou Kaisa Center Phase 2, Shenyang Kaisa Center, Woodland Height Phase 6 and Jiangyin Kaisa Plaza into our investment portfolio in 2010. The increase in fair value of our investment properties in 2011 was primarily attributable to the appreciated fair value of our investment properties in Shenzhen Kaisa Global Center, Huizhou Kaisa Center Phase 2 and Shenzhen Kaisa Center.

Finance income

Our finance income increased by RMB103.6 million, or approximately 201.2% to RMB155.1 million in 2011 from RMB51.5 million in 2010. The increase was primarily due to net exchange gains arising from the U.S. dollar denominated offshore financing as a result of appreciation of the Renminbi against the U.S. dollar in 2011.

Finance costs

The Group's finance costs decreased by RMB28.0 million, or approximately 28.8%, to RMB69.3 million in 2011 from RMB97.3 million in 2010. The decrease was primarily attributable to a decrease in average outstanding bank debt balance in 2011 in relation to completed projects.

Income tax expenses

Our income tax expenses decreased by RMB783.8 million, or approximately 45.8%, to RMB925.7 million in 2011 from RMB1,709.5 million in 2010, mainly attributable to decrease in the deferred tax charge arising from fair value gain on investment properties. Our effective income tax rate increased to 32.8% in 2011 from 32.0% in 2010. The increase was primarily explained by the fact that a much lower proportion of our operating profit before taxation was derived from the increase in fair value of our investment properties, for which no provision for land appreciation tax ("LAT") is required.

Profit for the year

As a result of the factors described above, our profit for the year decreased by RMB1,737.4 million, or 47.8%, to RMB1,899.3 million in 2011 from RMB3,636.7 million in 2010. Our net profit margin was 17.5% in 2011 and 46.9% in 2010. Our net profit (excluding change in fair value on investment properties, net of deferred taxes) in 2010 and 2011 was RMB1,409.0 million and RMB1,574.7 million, respectively, resulting in corresponding net profit margin (excluding change in fair value on investment properties, net of deferred taxes) of 18.2% and 14.5% for years ended 31 December 2010 and 2011, respectively.

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2011, the carrying amount of the Group's cash and bank deposits was approximately RMB4,486.4 million (31 December 2010: RMB4,869.7 million), representing a decrease of 7.9% 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 31 December 2011, certain of the Group's cash was deposited in certain banks 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 approximately RMB541.0 million as at 31 December 2011.

Senior notes

On 28 April 2010, the Company issued senior notes due 2015 with nominal value of US$350 million at a coupon rate of 13.5% per annum for the purpose of debt prepayment, financing property projects and general corporate use. On 14 June 2011, the Company issued additional 13.5% senior notes due 2015 in the aggregate principal amount of US$300 million (collectively, 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 aggregate borrowings as at 31 December 2011 of approximately RMB13,644.5 million, of which approximately RMB2,067.2 million will be repayable within 1 year, approximately RMB11,030.1 million will be repayable between 2 and 5 years and approximately RMB547.2 million will be repayable over 5 years. As at 31 December 2011, the Group's bank loans of approximately RMB5,036.2 million were secured by plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale and cash of the Group with total carrying values of approximately RMB11,539.7 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 RMB3,995.0 million, the Convertible Bonds with a carrying value of RMB1,277.9 million, the Bonds with a carrying value of RMB1,983.2 million and other offshore banking facilities with a carrying value of RMB986.1 million as at 31 December 2011 which were denominated in USD. The Senior Notes, the Convertible Bonds and the Bonds are secured by the pledge of certain shares 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 2011, the Group's net debts (total borrowings net of cash and cash equivalent and restricted cash) over equity was 76.6% (31 December 2010: 30.6%). The Group's net current assets increased by 58.3% from RMB11,157.2 million as at 31 December 2010 to RMB17,657.2 million as at 31 December 2011, and the current ratio decreased from 2.2 times as at 31 December 2010 to 2.0 times as at 31 December 2011.

Cost of borrowings

For the year under review, the Group's total cost of borrowings was RMB1,279.6 million, representing an increase of RMB757.2 million or 144.9% as compared to the same period last year. The increase was primarily attributable to the higher average debt balance and interest rate in the year 2011 as compared to that in the previous year.

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 31 December 2011, the Group had cash balances in USD of approximately US$62.4 million, and HK dollar of approximately HK$479.1 million, the Senior Notes in USD with a carrying value of US$634.0 million and other offshore banking facilities with a carrying value of US$156.5 million which are subject to foreign currency exposure. 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 2011, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB3,679.3 million (31 December 2010: approximately RMB4,367.0 million). The decrease was mainly explained by a lower proportion of our sales proceeds being obtained through mortgage loans in 2011 as compared to 2010. 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 mortgage property and the completion of the de-registration of the mortgage.

Material acquisitions and disposals of assets

During the year under review, the Group did not have any material acquisitions and disposals of assets.

Employees and remuneration policy

As at 31 December 2011, the Group had approximately 6,633 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.

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 2011.

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 2011.

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 year ended 31 December 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 the year ended 31 December 2011.

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

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listing securities.

PUBLICATION OF THE 2011 ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report for 2011 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, 19 March 2012

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, Mr. Chen Gengxian, Mr. Han Zhenjie and Mr. Jin Zhigang, and our independent non-executive Directors are Mr. Zhang Yizhao, Mr. Rao Yong and Mr. Fok Hei Yu.