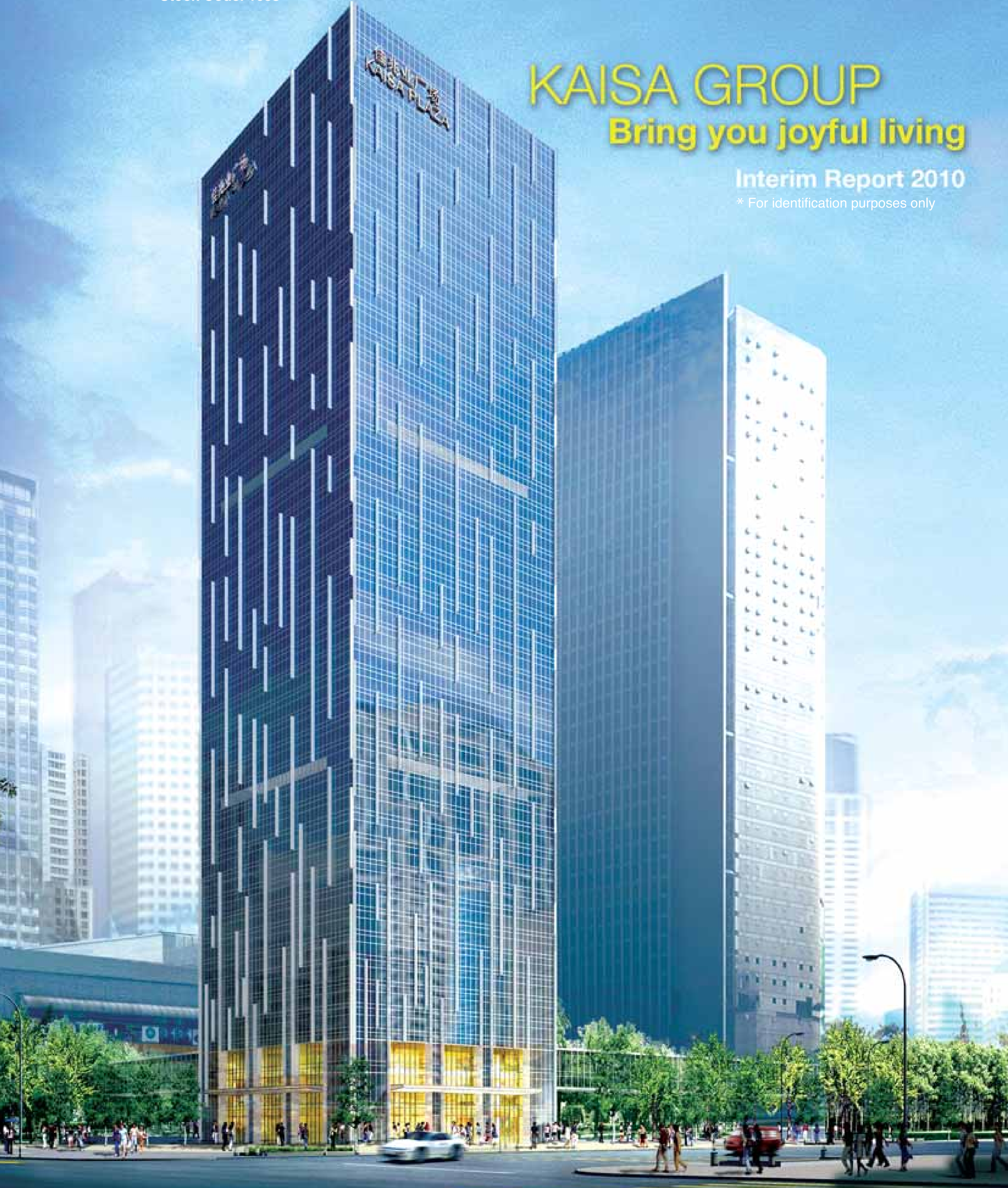
佳兆業集團控股有限公司*
KAISA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1638

KAISA GROUP
Bring you joyful living

Interim Report 2010

* For identification purposes only



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Corporate Information

Directors

Executive Directors

Mr. KWOK Ying Shing *(chairman)*
Mr. KWOK Ying Chi
Mr. SUN Yuenan
Dr. TAM Lai Ling
Dr. HUANG Chuanqi
Mr. CHEN Gengxian
Ms. JIN Jane

Independent Non-Executive Directors

Mr. RAO Yong
Mr. ZHANG Yizhao
Mr. FOK Hei Yu

Audit Committee

Mr. RAO Yong *(chairman)*
Mr. ZHANG Yizhao
Mr. FOK Hei Yu

Remuneration Committee

Mr. KWOK Ying Shing *(chairman)*
Mr. RAO Yong
Mr. ZHANG Yizhao
Mr. FOK Hei Yu

Nomination Committee

Mr. KWOK Ying Shing *(chairman)*
Mr. RAO Yong
Mr. ZHANG Yizhao
Mr. FOK Hei Yu

Authorized Representatives

Mr. KWOK Ying Shing
Mr. CHEUNG Hung Kwong

Company Secretary

Mr. CHEUNG Hung Kwong

Compliance Adviser

Somerley Limited

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters in the PRC

Room 3306, Kerry Center
Ren Min Nan Road
Luohu
Shenzhen
China

Principal Place of Business in Hong Kong

Suite 2001
20th Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited

Principal Bankers

Bank of China, Shenzhen Branch
China Construction Bank, Shenzhen Branch
Industrial and Commercial Bank of China Limited,
Shenzhen Branch

Corporate Information

Legal Advisers

As to Hong Kong law and U.S. law:
Sidley Austin

As to PRC law:
King & Wood

As to Cayman Islands law:
Conyers Dill & Pearman

Auditor

PricewaterhouseCoopers

Listing Information

Share Listing
The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 1638.HK)

Senior Notes Listing
The Company's 13.5% senior notes due 2015 are listed on The Singapore Exchange Securities Trading Limited

Website

http://www.kaisagroup.com

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 month ended 30 June 2010 (the "Period").

For the six months ended 30 June 2010, the Group's turnover and gross profits amounted to approximately RMB2,122.5 million and RMB793.1 million, representing a decrease of 14.2% and an increase of 32.2% over the corresponding period of last year respectively. Profit attributable to equity holders amounted to approximately RMB247.1 million, basic earnings per share was RMB0.05. Our net profit (excluding change in fair value on investment properties, change in fair value of financial derivatives and the corresponding deferred taxes) for the Period and the corresponding period in 2009 was RMB247.1 million and RMB173.3 million, respectively.

Business Review

In the first half of 2010, the central government introduced a new round of austerity measures with an aim to facilitate a stable and healthy development of the real estate sector in the People's Republic of China (the "PRC" or "China"). The highly volatile and unstable business operating environment poses severe challenges for property developers. While adhering to its prudent business strategies, the Group has adopted proactive measures to maintain its competitiveness and market share. Leveraging on its competitive advantages including brand reputation, projects with comprehensive amenities and well-balanced product mix, the Group managed to achieve outstanding sales performance in a number of PRC cities. According to the data complied by CREIS on property developers in Shenzhen for the first half of 2010, the Group ranked number one both in terms of GFA sold and number of units sold, affirming its leading market position in the Pearl River Delta region.

While consolidating our market position in the Pearl River Delta region, the Group also embarked on active implementation of its regional diversification business strategy and continued to increase its nationwide investment in the Yangtze River Delta, Pan-Bohai Rim and the Central China region. During the Period, the Group successfully launched its first project in the Central China region, Changsha Lake View Place. Projects including Dongjiang Haomen in Dongguan and Huizhou Kaisa Center in the Pearl River Delta were also rolled out smoothly and recorded an encouraging sales performance, further realizing the Group's nationwide expansion strategy. As at 30 June 2010, the Group had a total land bank of approximately 12.5 million square meters ("sq. m."), which is sufficient for the Group's development needs for the next five years.

Through years of exploration and practice, the Group has established a standard operation model in the redevelopment business, and enriched its experience and professionalism in the sector. At the same time, we allied with cooperation partners, such as Cheung Kong (China Investment), to jointly conduct the redevelopment projects. During the first half of the year, the Group continued to embark on its redevelopment projects with an aim to realize urban renewal and increase land supply. In January 2010, we acquired a parcel of land with a site area of approximately 322,000 sq. m located in Longgang District, Shenzhen. In accordance with the recently implemented zoning measures by the Shenzhen local authorities, we will be able to redevelop the parcel of land for commercial and residential purpose after obtaining the approval from the local government without going through a tender, auction or listing-for-sale process. As at 30 June 2010, our redevelopment projects in Shenzhen and Zhuhai have attained satisfactory progress, and the site area of redevelopment projects within the Pearl River Delta for which the Group had entered into contractual arrangements was approximately 7.3 million sq. m.

Chairman's Statement

Development Strategies

The Group will continue to adopt a flexible yet prudent policy to cope with market and policy changes, including appropriate adjustments in future development plans, product mix, sales and marketing strategies in accordance with prevailing market conditions and product demand in different markets. On 28 April 2010, as part of the Group's business strategy to expand its funding channels, the Company issued 5-year senior notes in the aggregate principal amount of US$350 million due 2015. The issuance has significantly improved the Group's debt maturity profile.

Prospect

Despite the unfavourable impact of the austerity measures that led to volatility in China's property market in the first half of the year, in the long run, we believe the consumption power and the housing demand in China will remain strong. The series of austerity measures introduced by the Central Government will not only speed up the consolidation of the industry, strengthen the market mechanism that weeds out the weak and keeps the strong, but also rationalize the healthy development of the whole industry and create a better business environment for competent developers.

Meanwhile, we will also leverage on our competitive edges on redevelopment project pipeline and brand reputation, and continue to offer value-for-money products, improve overall product quality and the standard of property management. With our diversified property portfolio, quality land reserve and sound financials, the Group is well-positioned to capture the long-term growth of the property sector, and is ready to move forward to grow on a more nationwide scale, aiming to become a leading national property developer.

Acknowledgement

Thanks to the enormous support from all of our stakeholders and the concerted efforts of all our staff members, Kaisa has been growing at a steady pace. 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, strategic business partners and customers for their trust and support. Upholding the spirit enshrined in our motto "Kaisa Group, bring you joyful living", we will keep up with our strenuous efforts and strive to achieve the best returns to our shareholders.

KWOK Ying Shing
Chairman

Hong Kong, 23 August 2010

Management Discussion and Analysis

Business Review

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

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

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

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

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

Management Discussion and Analysis

Property Development

1. **Projects Completed in the Period**

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

2. **Projects under Development**

   As at 30 June 2010, the GFA of the Group's projects under development was approximately 1,600,000 sq. m.

3. **Property Management**

   The Group also provided property management service to its own property development and managed a total floor area of approximately 3.7 million sq. m. In total, the Group provided property management service to 23,640 units.

4. **Investment Properties and Hotel Business**

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

Land Bank

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

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

Outlook

The Group anticipates a continuous correction in the PRC real estate sector in the second half of 2010. That said, the Group believes that with the sustainability of the nation's economy and the continued acceleration of the pace of urbanization, there is no fundamental change in the prospect of China's real estate industry. In the interim, the Group will focus on realizing the value from its redevelopment project pipeline, further enhancing the product quality and capitalizing its strong branding, with an aim to maximizing the returns to the shareholders 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 decreased by RMB351.2 million, or 14.2% to approximately RMB2,122.5 million in the Period from approximately RMB2,473.7 million for the corresponding period in 2009, mainly due to the sales of the inventory of completed properties and delivery of these units in the same period last year. For the Period, the revenue generated from property development, property investment and property management is approximately RMB2,009.2 million, RMB52.9 million and RMB60.4 million, respectively.

Sales of properties

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

Rental income

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

Property management service

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

Gross profit

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

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

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

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

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

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

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

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

Profit for the year

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

Liquidity, Financial and Capital Resources

Cash position

As at 30 June 2010, the carrying amount of the Group's cash and bank deposits was approximately RMB2,374.7 million (31 December 2009: RMB3,724.4 million). Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. Such guarantee deposits will be released after pre-sold properties are completed or their property ownership certificates are issued, whichever is the earlier. Additionally, as at 30 June 2010, certain of the Group's cash was deposited in certain banks respectively as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above guarantee deposits amounted to RMB358.4 million as at 30 June 2010.

Senior notes

On 28 April 2010, the Company issued senior notes due 2015 with nominal value of US$350 million (equivalent to approximately RMB2,389.2 million) at a coupon rate of 13.5% per annum (the "Senior Notes") for the purpose of, amongst others, financing existing and new property projects and for general corporate use. The Company, at its option, can redeem the Senior Notes (i) in whole, but not in part, prior to 28 April 2013 at the redemption price plus accrued and unpaid interest to the redemption date and (ii) in whole or in part, on or after 28 April 2013 and prior to maturity at the redemption prices plus accrued and unpaid interest to the redemption date.

Borrowings and charges on the Group's assets

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

Gearing ratio

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

Cost of borrowings

As at 30 June 2010, the Group's total cost of borrowings was RMB226.8 million, representing a decrease of RMB46.9 million or 17.1% for the corresponding period in 2009. The decrease was attributable to the lower average bank loan balance for the Period as compared to the corresponding period in 2009.

Foreign currency risks

The Group's property development projects are all located in the PRC and most of the related transactions are settled in Renminbi. The Company and certain of the Group's intermediate holding companies operate in Hong Kong which have recognized assets and liabilities in currencies other than RMB. As at 30 June 2010, the Group had cash balances in U.S. dollar of approximately US$128.0 million (RMB869.0 million), and HK dollar of approximately HK$46.1 million (RMB40.2 million), and the Senior Notes in U.S. dollar with a balance of US$350 million.

The Group does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Financial guarantees

As at 30 June 2010, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB3,476.0 million (As at 31 December 2009: approximately RMB2,391.9 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, we would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, and we would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; or (ii) the issuance of the property ownership certificate for the mortgaged property.

Material acquisitions and disposals of assets

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

Use of proceeds from the Global Offering

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

Employees and remuneration policy

As at 30 June 2010, the Group had a total of approximately 2,884 employees. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance.

Selected Property Project Information – As at 30 June 2010

No.	Project	Location	Type	Project phase
The Pearl River Delta region				
1	Woodland Height	Shenzhen	Residential	1-8
2	Mocha Town	Shenzhen	Residential	1-7
3	Shenzhen Kaisa Center	Shenzhen	Residential	–
4	Shenzhen Lake View Place	Shenzhen	Residential	1-5
5	Xiangrui Garden	Shenzhen	Residential	–
6	Mingcui Garden	Shenzhen	Residential	1-4
7	Jincui Garden	Shenzhen	Residential	–
8	Shangpin Garden	Shenzhen	Residential	–
9	Li Langlu Project	Shenzhen	Residential	–
10	Fenglong Center	Shenzhen	Commercial	–
11	Nan' Ao Kangbao Project	Shenzhen	Residential	–
12	Hongda Project	Shenzhen	Residential	–
13	Boji Project	Shenzhen	Residential[(3)]	–
14	Guangzhou Jinmao	Guangzhou	Commercial	–
15	Guangzhou Kaisa Plaza	Guangzhou	Commercial	–
16	Guangzhou Jiangnan Boulevard	Guangzhou	Residential	–
17	Zhongyang Haomen	Dongguan	Residential	1-4
18	Dongjiang Haomen	Dongguan	Residential	1-3
19	Yantian Project	Dongguan	Residential	–
20	Dijingwan	Dongguan	Residential	–
21	Jincheng Heights	Huizhou	Residential	1-2
22	Huizhou Kaisa Center	Huizhou	Commercial	1-3
23	Yuan Zhou Project	Huizhou	Residential	–
24	Tonghu Project	Huizhou	Residential	1-4
25	Boluo Project	Huizhou	Residential	1-6
26	Wanzhai Project	Zhuhai	Residential	–
The Chengdu – Chongqing region				
27	Shuangliu Project	Chengdu	Residential	1-6
28	Lijing Harbour	Chengdu	Residential	1-7
29	Chengdu Shangmao Garden	Chengdu	Commercial	1-2
The Pan – Bohai Rim region				
30	Shenyang Kaisa Center	Shenyang	Commercial	1-4
The Central China region				
31	Changsha Lake View Place	Changsha	Residential	1-6
The Yangtse River Delta region				
32	Jiangyin Lake View Place	Jiangying	Residential	1-3
33	Jiangyin Gushan	Jiangying	Residential	–
34	Jiangyin Zhongbu Garden	Jiangying	Residential	1-3
35	Shanghai Shanhuwan Garden	Shanghai	Residential	1-4
	Total [(1)]			

Notes:

(1) Inclusive of projects for which the Group has not yet obtained the land use rights certificates, but has entered into land grant contracts or obtained confirmation from the relevant land and resources bureau that the Group has been selected as the winner of the public listing-for-sale process.

(2) Based on our internal project plans but subject to the governmental approval.

(3) Currently held for industrial use.

Project Portfolio

Site area (sq.m.)	Total GFA (sq.m.)	Total GFA: Completed properties (sq.m.)	Total GFA: Under development (sq.m.)	Total GFA: For future development (sq.m.)	Interest attributable to us
160,514	580,135	580,135			100%
185,724	735,299	735,299			100%
5,966	98,241	98,241			100%
182,064	388,626	388,626			100%
57,984	143,796	143,796			100%
102,439	390,372	290,428	88,415	11,530	100%
9,066	79,748		79,748		100%
45,829	230,628		230,628		100%
69,941	104,910			104,910	100%
14,411	142,000			142,000	89%
73,305	44,000			44,000	100%
5,241	88,987			88,987	100%
321,824	955,472			955,472	100%
12,788	149,736	149,736			100%
7,106	117,522		117,522		100%
8,579	53,809			53,809	100%
70,938	350,272	135,925	108,739	105,608	100%
86,324	244,137		69,346	174,791	100%
54,548	208,837			208,837	80%
43,884	154,318	154,318			100%
89,998	267,995			267,995	100%
58,235	644,330		104,644	539,686	100%
20,400	61,200			61,200[2]	100%
731,487	731,487			731,487[2]	100%
1,663,969	4,326,319			4,326,319	100%
21,123	61,257			61,257	100%
182,666	767,630			767,630	100%
150,071	804,963	121,775	326,551	356,637	100%
133,269	197,420			197,420	100%
21,423	214,220			214,220	100%
673,536	950,543		212,897	737,646	100%
225,530	267,908	114,577	153,331		100%
55,206	79,382			79,382	100%
158,241	465,990			465,990	100%
104,796	149,359		59,204	90,155	100%
5,808,425	**15,250,849**	**2,912,855**	**1,604,834**	**10,733,160**	

Project Portfolio

Properties under Development

The table below sets forth certain information of our property projects or project phases under development as at 30 June 2010.

Project	Location	Project Phase	Estimated total GFA (sq.m.)
Mingcui Garden	Shenzhen	3	88,415
Jincui Garden	Shenzhen	–	79,748
Shangpin Garden	Shenzhen	–	230,628
Guangzhou Kaisa Plaza	Guangzhou	–	117,522
Guangzhou Jiangnan Boulevard	Guangzhou	–	53,809
Zhongyang Haomen	Dongguan	3	108,739
Dongjiang Haomen	Dongguan	1	69,346
Huizhou Kaisa Center	Huizhou	1	104,644
Shanghai Shanhuwan Garden	Shanghai	1	23,795
Shanghai Shanhuwan Garden	Shanghai	2	7,059
Shanghai Shanhuwan Garden	Shanghai	3	28,170
Jiangyin Lake View Place	Jiangyin	2	52,566
Jiangyin Lake View Place	Jiangyin	3	100,765
Changsha Lake View Place	Changsha	1	212,897
Lijing Harbour	Chengdu	2	119,027
Lijing Harbour	Chengdu	3	122,194
Lijing Harbour	Chengdu	4	85,330
Total			**1,604,834**

Estimated total saleable GFA (sq.m.)	Commencement time	Estimated completion time	Interests attributable to us
68,792	February 2009	2011 3rd quarter	100%
45,883	September 2008	2010 4th quarter	100%
155,231	June 2008	2010 4th quarter	100%
98,945	July 2008	2010 4th quarter	100%
39,791	June 2010	2013 3rd quarter	100%
93,973	August 2009	2012 1st quarter	100%
63,794	January 2009	2011 2nd quarter	100%
79,176	August 2009	2011 4th quarter	100%
32,540	February 2009	2010 3rd quarter	100%
4,246	January 2010	2010 3rd quarter	100%
22,675	December 2009	2011 1st quarter	100%
52,567	July 2009	2011 2nd quarter	100%
87,075	June 2010	2011 2nd quarter	100%
186,401	September 2009	2010 4th quarter	100%
47,509	May 2008	2010 4th quarter	100%
48,773	December 2009	2012 2nd quarter	100%
34,059	May 2010	2012 4th quarter	100%
1,161,430			

Project Portfolio

Properties Held for Future Development

The table below sets forth certain information of our property projects held for future development as at 30 June 2010.

Project	Location	Project Phase	Estimated total GFA (sq.m.)	Estimated completion time[1]
Mingcui Garden	Shenzhen	4	11,530	2012
Li Langlu	Shenzhen	–	104,910	2013
Fenglong Center[2]	Shenzhen	–	142,000	2014
Nan' Ao Kangbao	Shenzhen	–	44,000	2012
Boji Project	Shenzhen	–	955,472	2012
Hongda Project	Shenzhen	–	88,987	2011
Zhongyang Haomen	Dongguan	4	105,608	2013
Dongjiang Haomen	Dongguan	2-3	174,791	2012
Yantian[2]	Dongguan	1-3	208,837	2012
Yuan Zhou	Huizhou	–	61,200	2015
Jincheng Heights	Huizhou	1-2	267,995	2011
Huizhou Kaisa Center	Huizhou	2-3	539,686	2012
Tonghu	Huizhou	1-4	731,487	2013
Boluo[2]	Huizhou	1-6	4,326,319	2012
Wanzhai	Zhuhai	–	61,257	2013
Shuangliu Project	Chengdu	1-6	767,630	2012
Lijing Harbour	Chengdu	5-7	356,637	2012
Chengdu Shangmao Garden	Chengdu	1-2	197,420	2012
Changsha Lake View Place	Changsha	2-4	737,646	2011
Shanghai Shanhuwan Garden	Shanghai	4	90,155	2011
Shenyang Kaisa Center[2]	Shenyang	1-4	214,220	2013
Jiangying Gushan	Jiangying	1-3	79,382	2012
Jiangying Zongbu Garden[2]	Jiangying	1-3	465,990	2013
Total			**10,733,160**	

Notes:

(1) For projects with multiple phases, the estimated time for completing the first phase of the project.

(2) We have not obtained land use rights certificates for these projects, except for Boluo of which we have already obtained the land use rights certificate for GFA of approximately 1,023,430 sq. m. However, we have entered into land grant contracts or obtained confirmation from the relevant land and resources bureau that the Group has been selected as the winner of the public listing-for-sale process.

Share Option Schemes

The Company has adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme") on 22 November 2009.

Pre-IPO Share Option Scheme

A summary of the principal terms of the Pre-IPO Share Option Scheme is set out in Note 20(a) to the Condensed Consolidated Interim Financial Information.

Movements of the share options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2010:

				Number of share options				
Category and name of participant	**Date of grant of share options**	**Exercise price** (HK$)	**Exercise period**	**Outstanding as at 1 January 2010**	**Granted during the six months ended 30 June 2010**	**Exercised during the six months ended 30 June 2010**	**Lapsed during the six months ended 30 June 2010**	**Outstanding as at 30 June 2010**
Directors								
JIN Jane	22 November 2009	3.105	(Note 1)	1,750,000	–	–	–	1,750,000
ZHANG Yizhao	22 November 2009	3.105	(Note 1)	500,000	–	–	–	500,000
RAO Yong	22 November 2009	3.105	(Note 1)	500,000	–	–	–	500,000
FOK Hei Yu	22 November 2009	3.105	(Note 1)	750,000	–	–	–	750,000
SUN Yuenan	22 November 2009	3.105	(Note 1)	3,000,000	–	–	–	3,000,000
YE Jiansheng (Note 2)	22 November 2009	3.105	(Note 1)	2,900,000	–	–	2,900,000	–
CHEN Gengxian	22 November 2009	3.105	(Note 1)	2,850,000	–	–	–	2,850,000
Senior management and other employees (Note 3)	22 November 2009	3.105	(Note 1)	37,750,000	–	–	2,900,000	34,850,000
Total				**50,000,000**	**–**	**–**	**5,800,000**	**44,200,000**

Note 1: The share options may be exercised in the following manner: (i) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ending 31 December 2009 and ending on 9 December 2012; (ii) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ending 31 December 2010 and ending on 9 December 2012; and (iii) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ending 31 December 2011 and ending on 9 December 2012.

Note 2: Mr. YE Jiansheng resigned as an executive Director and the president of the Company with effect from 15 June 2010.

Note 3: Certain senior management and employees of the Company resigned during the six months ended 30 June 2010.

For further information of the Pre-IPO Share Option Scheme, please refer to the Prospectus.

Disclosure of Interests

Share Option Scheme

A summary of the principal terms of the Share Option Scheme is set out in Note 20(b) to the Condensed Consolidated Interim Financial Information.

Movements of the share options granted under the Share Option Scheme during the six months ended 30 June 2010:

Category and name of participant	Date of grant of share options	Exercise price (HK$)	Exercise period	Closing price of the share immediately before the share options were granted (HK$)	Number of share options: Outstanding as at 1 January 2010	Granted during the six months ended 30 June 2010	Exercised during the six months ended 30 June 2010	Lapsed during the six months ended 30 June 2010	Outstanding as at 30 June 2010
Director									
TAM Lai Ling	23 March 2010	3.105	(Note 1)	2.56	–	25,000,000 (Note 2)	–	–	25,000,000 (Note 2)
Total					**–**	**25,000,000**	**–**	**–**	**25,000,000**

Note 1: The share options may be exercised in whole or in part by Mr. Tam at any time within five years from the respective dates of vesting.

Note 2: Vesting schedule for the share options: (i) 33% of the options shall be vested six months from the date of the listing of the Company on the Stock Exchange; (ii) 33% of the options shall be vested two business days after the publication of the Company's 2010 annual report; and (iii) the remaining 34% of the options shall be vested two business days after the publication of the Company's 2011 annual report.

For further information of the Share Option Scheme, please refer to the Prospectus.

Disclosure of Interests

Directors' and Chief Executive's Interests in Shares

As at 30 June 2010, save as disclosed below, the interests and short positions of the Directors and chief executive of the Company and their associates in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; (c) or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Family interest *Note (1)*	Number of shares under option granted	Total	Approximate percentage of the issued share capital as at 30 June 2010
KWOK Ying Shing	Settlor/Beneficiary of the Kwok Family Trust	2,894,983,701	–	2,894,983,701	59.03%
KWOK Ying Chi	Settlor/Beneficiary of the Kwok Family Trust	2,894,983,701	–	2,894,983,701	59.03%
SUN Yuenan	personal	–	3,000,000 *Note (2)*	3,000,000	0.06%
TAM Lai Ling	personal	–	25,000,000 *Note (3)*	25,000,000	0.51%
CHEN Gengxian	personal	–	2,850,000 *Note (2)*	2,850,000	0.06%
JIN Jane	personal	–	1,750,000 *Note (2)*	1,750,000	0.04%
ZHANG Yizhao	personal	–	500,000 *Note (2)*	500,000	0.01%
RAO Yong	personal	–	500,000 *Note (2)*	500,000	0.01%
FOK Hei Yu	personal	–	750,000 *Note (2)*	750,000	0.02%

Notes:

(1) These interests refer to the Shares that are beneficially owned through the Kwok Family Trust, a trust established for the benefit of the Kwok family. See "Substantial Shareholders".

(2) These Shares refer to the share options that have been granted under the Pre-IPO Share Option Scheme on 22 November 2009.

(3) These Shares refer to the share options that have been granted under the Share Option Scheme on 23 March 2010.

(ii) Long positions in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares	Percentage of shareholding in the associate corporation
KWOK Ying Shing *(Note)*	Da Chang	Settlor/Beneficiary of the Kwok Family Trust	1	100%
	Da Feng	Settlor/Beneficiary of the Kwok Family Trust	1	100%
	Da Zheng	Settlor/Beneficiary of the Kwok Family Trust	1	100%
	Chang Yu	Settlor/Beneficiary of the Kwok Family Trust	1,000	100%
KWOK Ying Chi *(Note)*	Da Chang	Settlor/Beneficiary of the Kwok Family Trust	1	100%
	Da Feng	Settlor/Beneficiary of the Kwok Family Trust	1	100%
	Da Zheng	Settlor/Beneficiary of the Kwok Family Trust	1	100%
	Chang Yu	Settlor/Beneficiary of the Kwok Family Trust	1,000	100%

Note:

The entire issued share capital of each of Da Chang Investment Company Limited ("Da Chang"), Da Feng Investment Company Limited ("Da Feng") and Da Zheng Investment Company Limited ("Da Zheng") is held by Chang Yu Investment Company Limited ("Chang Yu") which is in turn wholly owned by Good Health Investments Limited (" Good Health"), which is owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited, which is acting as the trustee of the Kwok Family Trust. The Kwok Family Trust is a discretionary trust set up by Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi on 23 May 2008, the beneficiary objects of which include the immediate family members of the Kwok Family. Each of Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi is a settlor of the Kwok Family Trust and is therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng.

Save as disclosed above, none of the Directors knows of any person (not being a Director or chief executive of the Company) had or was deemed to have any interests or short positions in the shares of the Company, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. None of Directors or their spouse or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the period from 31 December 2009, up to 30 June 2010.

Disclosure of Interests

Substantial Shareholders

As at 30 June 2010, so far as the Directors are aware, persons, other than the directors or chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Type of interests	Number of shares *(Note 1)*	Approximate percentage of the issued share capital as at 30 June 2010
Da Chang	Beneficial owner	Corporation	957,404,622(L) *(Notes 2 & 24)*	19.52%(L)
Da Feng	Beneficial owner	Corporation	983,174,457(L) *(Notes 2 & 24)*	20.05%(L)
Da Zheng	Beneficial owner	Corporation	954,404,622(L) *(Notes 2 & 24)*	19.46%(L)
Chang Yu	Interest in a controlled corporation	Corporation	2,894,983,701(L) *(Notes 2 & 24)*	59.03%(L)
Good Health	Interest in a controlled corporation	Corporation	2,894,983,701(L) *(Notes 2, 3 & 24)*	59.03%(L)
Seletar Limited	Interest in a controlled corporation	Corporation	2,894,983,701(L) *(Notes 2, 3 & 24)*	59.03%(L)
Serangoon Limited	Interest in a controlled corporation	Corporation	2,894,983,701(L) *(Notes 2, 3 & 24)*	59.03%(L)
Credit Suisse Trust Limited	Interest in a controlled corporation	Corporation	2,894,983,701(L) *(Notes 4 & 24)*	59.03%(L)
KWOK Chun Wai	Settlor/Beneficiary of the Kwok Family Trust	Family Trust	2,894,983,701(L) *(Notes 4 & 24)*	59.03%(L)
KWOK Ying Shing	Settlor/Beneficiary of the Kwok Family Trust	Family Trust	2,894,983,701(L) *(Notes 4 & 24)*	59.03%(L)
KWOK Ying Chi	Settlor/Beneficiary of the Kwok Family Trust	Family Trust	2,894,983,701(L) *(Notes 4 & 24)*	59.03%(L)
TC Group Cayman Investment Holdings, LP.	Interest in a controlled corporation	Corporation	431,309,914(L) *(Notes 6, 7 & 23)*	8.79%(L)
TCG Holdings Cayman II, LP.	Interest in a controlled corporation	Corporation	431,309,914(L) *(Notes 6, 7 & 23)*	8.79%(L)
Temasek Holdings (Private) Limited	Interest in a controlled corporation	Corporation	431,309,914(L) *(Notes 5 & 23)*	8.79%(L)
Credit Suisse Group AG	Interest in a controlled corporation	Corporation	77,842,783(L) *(Note 8)*	1.59%(L)

Name of substantial shareholder	Capacity	Type of interests	Number of shares *(Note 1)*	Approximate percentage of the issued share capital as at 30 June 2010
Credit Suisse (Hong Kong) Limited	Interest in a controlled corporation	Corporation	207,000(L) *(Note 8)*	0.004%(L)
Credit Suisse (International) Holding AG	Interest in a controlled corporation	Corporation	207,000(L) *(Note 8)*	0.004%(L)
Credit Suisse AG	Interest in a controlled corporation	Corporation	77,842,783(L) *(Notes 8 & 24)*	1.59%(L)
CAGP Ltd	Interest in a controlled corporation	Corporation	172,523,965(L) *(Notes 6,9,10 & 24)*	3.52%(L)
CAGP General Partner, L.P.	Interest in a controlled corporation	Corporation	172,523,965(L) *(Notes 9,10 & 24)*	3.52%(L)
CAGP III Co-Investment L.P.	Interest in a controlled corporation	Corporation	7,347,852(L) *(Notes 9,10 & 24)*	0.15%(L)
Carlyle Asia Growth Partners III L.P.	Interest in a controlled corporation	Corporation	165,176,113(L) *(Notes 9,10 & 24)*	3.37%(L)
Carlyle Asia Real Estate GP, L.P.	Interest in a controlled corporation	Corporation	258,785,949(L) *(Notes 12,13, 24)*	5.28%(L)
Carlyle Asia Real Estate II GP, L.P.	Interest in a controlled corporation	Corporation	258,785,949(L) *(Notes 11, 12 & 24)*	5.28%(L)
Carlyle Asia Real Estate II, Ltd.	Interest in a controlled corporation	Corporation	258,785,949(L) *(Notes 11 & 24)*	5.28%(L)
Carlyle Asia Real Estate Partners, L.P.	Interest in a controlled corporation	Corporation	258,785,949(L) *(Notes 12 & 24)*	5.28%(L)
Carlyle Asia Real Estate, Ltd.	Interest in a controlled corporation	Corporation	258,785,949(L) *(Notes 12 & 24)*	5.28%(L)
Carlyle Offshore Partners II, Ltd.	Interest in a controlled corporation	Corporation	431,309,914(L) *(Notes 13 & 24)*	8.79%(L)
Credit Suisse (USA) Inc.	Interest in a controlled corporation	Corporation	77,635,783(L) *(Notes 14 & 24)*	1.59%(L)
Credit Suisse Holdings (USA), Inc.	Interest in a controlled corporation	Corporation	77,635,783(L) *(Notes 14 & 24)*	1.59%(L)
Credit Suisse Private Equity, Inc.	Interest in a controlled corporation	Corporation	77,635,783(L) *(Notes 14 & 24)*	1.59%(L)
Diversified Asian Strategies Fund	Interest in a controlled corporation	Corporation	27,638,338(L) *(Notes 15)*	0.56%(L)

Name of substantial shareholder	Capacity	Type of interests	Number of shares *(Note 1)*	Approximate percentage of the issued share capital as at 30 June 2010
DLJ Real Estate Capital IV, Inc.	Interest in a controlled corporation	Corporation	77,635,783(L) *(Notes 16 & 24)*	1.59%(L)
DLJ Real Estate Capital IV, L.P.	Interest in a controlled corporation	Corporation	77,635,783(L) *(Notes 16 & 24)*	1.59%(L)
DLJ Real Estate Capital Partners IV, L.P.	Interest in a controlled corporation	Corporation	77,635,783(L) *(Notes 16 & 24)*	1.59%(L)
Forum Asia Realty Income II, L.P.	Interest in a controlled corporation	Corporation	17,252,397(L) *(Notes 17 & 24)*	0.35%(L)
Longhill Holding Company Ltd.	Interest in a controlled corporation	Corporation	258,785,949(L) *(Notes 18 & 24)*	5.28%(L)
PMA Capital Management Limited	Interest in a controlled corporation	Corporation	77,635,783(L) *(Notes 19, 20, 21 & 24)*	1.58%(L)
PMA Credit Opportunities Fund	Interest in a controlled corporation	Corporation	77,635,783(L) *(Notes 19 & 24)*	1.58%(L)
PMA Focus Fund	Interest in a controlled corporation	Corporation	7,763,579(L) *(Notes 20 & 24)*	0.16%(L)
PMA Temple Fund	Interest in a controlled corporation	Corporation	15,216,614(L) *(Notes 21 & 24)*	0.31%(L)
RECP IV Kaisa, LLC	Interest in a controlled corporation	Corporation	3,791,570,651(L) 715,688,491(S) *(Notes 22 & 23)*	75.83%(L) 14.31%(S)

Notes:

1. The letter "L" denotes the person's long position in the shares and the letter "S" denotes the person's short position in the Shares.

2. The entire issued share capital of each of Da Chang, Da Feng and Da Zheng is held by Chang Yu which is in turn wholly-owned by Good Health.

3. Good Health is owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited.

4. Credit Suisse Trust Limited which is acting as the trustee of a discretionary trust set up by Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi on 23 May 2008 (the "Kwok Family Trust"). The beneficiary objects of the Kwok Family Trust include the immediate family members of the Kwok Family (including Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi). Each of Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi is a settlor of the Kwok Family Trust and is therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng.

5. Temasek Holdings (Private) Limited wholly owns Temasek Capital (Private) Limited. Temasek Capital (Private) Limited wholly owns Seletar Limited. Seletar Limited wholly owns Baytree Investments (Mauritius) Pte Ltd.

6. TC Group Cayman Investment Holdings, L.P., a limited partnership formed under the laws of the Cayman Islands, has a controlling interest in CAGP Ltd.

7. TCG Holdings Cayman II, L.P., a limited partnership formed under the laws of the Cayman Islands, has a controlling interest in TC Group Cayman Investment Holdings, L.P..

8. Credit Suisse Group AG is a company listed in Switzerland, ADS in New York and is the parent company of Credit Suisse AG, Credit Suisse (Hong Kong) Limited and Credit Suisse (International) Holding AG.

9. Carlyle Asia Growth Partners III L.P. is an exempted limited partnership formed under the laws of the Cayman Islands, acting by its general partner CAGP General Partner, L.P., an exempted limited partnership formed under the laws of the Cayman Islands which acts itself by its general partner CAGP, Ltd., an exempted company incorporated under the laws of the Cayman Islands, and an investment fund.

10. CAGP III Co-Investment, L.P. is an exempted limited partnership and an investment fund formed under the laws of the Cayman Islands, acting by its general partner CAGP General Partner, L.P., an exempted limited partnership formed under the laws of the Cayman Islands which acts itself by its general partner CAGP, Ltd., an exempted company incorporated under the laws of the Cayman Islands, and an investment fund.

11. Carlyle Asia Real Estate Partners II, L.P., an exempted limited partnership and an investment fund formed under the laws of the Cayman Islands, acting by its general partner Carlyle Asia Real Estate II, Ltd., an exempted company incorporated under the laws of the Cayman Islands and wholly owned by Carlyle Asia Real Estate II, GP, L.P..

12. Carlyle Asia Real Estate Partners, L.P., an exempted limited partnership and an investment fund formed under the laws of the Cayman Islands, acting by its general partner Carlyle Asia Real Estate Ltd., an exempted company incorporated under the laws of the Cayman Islands.

13. Carlyle Offshore Partners II, Ltd. wholly owns TCG Holdings Cayman II, L.P., which in turn wholly owns TC Group Cayman Investment Holdings, L.P., which wholly owns CAGP Ltd.

14. Credit Suisse Private Equity, Inc. is wholly owned by Credit Suisse (USA), Inc., which is in turn wholly owned by Credit Suisse Holdings (USA), Inc.

15. Diversified Asian Strategies Fund is an exempted limited liability company incorporated in the Cayman Islands managed by PMA Capital Management Limited.

16. DLJ Real Estate Capital Partners IV, L.P. is wholly owned by DLJ Real Estate Capital IV, L.P., which is in turn wholly owned by DLJ Real Estate Capital IV, Inc., which is in turn wholly owned by Credit Suisse Private Equity, Inc.

17. Forum Asian Realty Income II, L.P., an exempted limited partnership formed under the laws of the Cayman Islands, acting by its general partner Forum Asian Realty Income II GP Limited, an exempted limited liability company incorporated under the laws of the Cayman Islands.

18. Longhill, Ltd., an investment holding company incorporated under the laws of the Cayman Islands, an affiliated entity of Carlyle Asia Real Estate Partners, L.P. and Carlyle Asia Real Estate Partners II, L.P.

19. PMA Credit Opportunities Fund is an exempted limited liability company incorporated in the Cayman Islands managed by PMA Capital Management Limited.

20. PMA Focus Fund is an exempted limited liability company incorporated in the Cayman Islands managed by PMA Capital Management Limited.

21. PMA Temple Fund is an exempted limited liability company incorporated in the Cayman Islands managed by PMA Capital Management Limited.

22. RECP IV Kaisa, LLC, a limited liability company organized under the laws of the State of Delaware, the United States of America, is controlled by DLJ Real Estate Capital Partners IV, L.P..

23. The interests in the 3,791,570,651(L) shares and the 715,688,491(S) shares are the aggregate interests of all investors to the pre-IPO equity agreements among such investors, the Company and the Controlling Shareholders. Pursuant to such agreements, such investors are considered as parties acting in concert under Section 317 and 318 of the SFO, and pursuant to such rules all their interests in the Company (including those of their affiliates) have been counted together when calculating the interests of each such investor (and its controlling person) in the Company. For this purpose, the shares owned by Da Chang, Da Feng and Da Zheng under the trust (see Note 4 above) are also included when calculating the interests of each such investor (and its controlling person) in the Company.

24. Pursuant to the share purchase agreement dated 7 November 2007 (as amended on 21 October 2009 and further amended on 20 November 2009) between the Company, Da Chang, Da Feng, Da Zheng, and the following investors including Carlyle Asia Growth Partners III, L.P., CAGP III Co-Investment, L.P., Longhill Holding Company Ltd., Baytree Investments (Mauritius) Pte Ltd, RECP IV Kaisa, LLC, Forum Asian Realty Income II, L.P. and PMA Credit Opportunities Fund. After the expiration of the 6-month lock-up period commencing from 9 December 2009, Da Chang, Da Feng and Da Zheng have transferred an aggregate of 565,688,491 shares of HK$0.10 each in the share capital of the Company to the investors on 8 June 2010.

Independent Auditor's Review Report

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF KAISA GROUP HOLDINGS LTD.
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 26 to 52, which comprises the condensed consolidated balance sheet of Kaisa Group Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 August 2010

Condensed Consolidated Balance Sheet – Unaudited

	Note	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000 (Restated)
ASSETS			
Non-current assets			
Property and equipment	5	**103,439**	91,731
Investment properties	5	**1,578,600**	1,578,600
Land use rights	5	**18,589**	18,798
Investment in an associate		**299,874**	–
Deferred income tax assets		**94,589**	119,559
		2,095,091	1,808,688
Current assets			
Properties under development		**9,005,997**	7,379,830
Completed properties held for sale		**1,006,817**	1,013,120
Debtors, deposits and other receivables	6	**2,845,468**	2,526,713
Prepayments for proposed development projects		**1,664,588**	1,383,871
Prepaid taxes		**335,518**	142,571
Restricted cash		**406,044**	382,966
Cash and cash equivalents		**1,968,698**	3,344,453
		17,233,130	16,173,524
Total assets		**19,328,221**	17,982,212
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	7	**432,150**	440,550
Share premium	7	**3,815,214**	4,024,775
Reserves	8	**2,096,222**	2,203,702
		6,343,586	6,669,027
Non-controlling interests		**4,953**	(40,494)
Total equity		**6,348,539**	6,628,533

Condensed Consolidated Balance Sheet – Unaudited

	Note	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000 (Restated)
LIABILITIES			
Non-current liabilities			
Borrowings	9	**4,584,713**	2,812,890
Deferred income tax liabilities		**228,697**	228,701
		4,813,410	3,041,591
Current liabilities			
Advance proceeds received from customers		**4,110,652**	2,266,075
Accrued construction costs		**995,161**	1,119,549
Income tax payable		**511,538**	404,906
Borrowings	9	**1,665,700**	3,048,988
Loan with detachable warrants	10(c)	**–**	684,736
Other payables	11	**812,948**	750,357
Amount due to non-controlling interest of a subsidiary		**70,273**	37,477
		8,166,272	8,312,088
Total liabilities		**12,979,682**	11,353,679
Total equity and liabilities		**19,328,221**	17,982,212
Net current assets		**9,066,858**	7,861,436
Total assets less current liabilities		**11,161,949**	9,670,124

The notes on pages 31 to 52 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Note	For the six months ended 30 June 2010 RMB'000	2009 RMB'000
Revenue	4	**2,122,488**	2,473,732
Cost of sales	12	**(1,329,437)**	(1,874,108)
Gross profit		**793,051**	599,624
Other gains/(losses), net		**4,073**	(482)
Selling and marketing expenses	12	**(72,417)**	(70,174)
Administrative expenses	12	**(161,760)**	(99,389)
Change in fair value of investment properties	5	**–**	281,397
Change in fair value of financial derivatives	10(c)	**–**	(19,925)
Operating profit		**562,947**	691,051
Share of result from an associate		**(126)**	–
Finance income	13	**5,294**	1,792
Finance costs	13	**(64,653)**	(108,401)
Finance costs – net		**(59,359)**	(106,609)
Profit before income tax		**503,462**	584,442
Income tax expenses	14	**(256,410)**	(216,480)
Profit for the period and total comprehensive income for the period		**247,052**	367,962
Profit attributable to:			
Equity holders of the Company		**247,078**	367,972
Non-controlling interests		**(26)**	(10)
		247,052	367,962
Earnings per share for profit attributable to equity holders of the Company for the period (expressed in RMB per share)			
		RMB	RMB
Basic and diluted earnings per share	15	**0.050**	0.094

The notes on pages 31 to 52 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity — Unaudited

For the six months ended 30 June 2009 and 2010

	Capital and reserves attributable to equity holders of the Company					
	Share capital RMB'000 (note 7)	**Share premium** RMB'000 (note 7)	**Reserves** RMB'000 (note 8)	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
Balance as at 1 January 2009	1	1,490,772	1,651,180	3,141,953	(40,480)	3,101,473
Total comprehensive income for the period ended 30 June 2009	–	–	367,972	367,972	(10)	367,962
Balances as at 30 June 2009	1	1,490,772	2,019,152	3,509,925	(40,490)	3,469,435
Balance as at 1 January 2010	**440,550**	**4,024,775**	**2,203,702**	**6,669,027**	**(40,494)**	**6,628,533**
Total comprehensive income for the period ended 30 June 2010	**–**	**–**	**247,078**	**247,078**	**(26)**	**247,052**
Transactions with owners in their capacity as owners:						
Repurchase of ordinary shares	**(8,400)**	**(209,561)**	**–**	**(217,961)**	**–**	**(217,961)**
Employee share option scheme	**–**	**–**	**39,917**	**39,917**	**–**	**39,917**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**998**	**998**
Acquisition of additional interest in a subsidiary	**–**	**–**	**(394,475)**	**(394,475)**	**44,475**	**(350,000)**
Balances as at 30 June 2010	**432,150**	**3,815,214**	**2,096,222**	**6,343,586**	**4,953**	**6,348,539**

The notes on pages 31 to 52 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Cash Flow Statement — Unaudited

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Net cash generated from operating activities	**27,837**	62,373
Net cash used in investing activities	**(900,564)**	(237,860)
Net cash (used in)/generated from financing activities	**(501,535)**	231,124
Net (decrease)/increase in cash and cash equivalents	**(1,374,262)**	55,637
Cash and cash equivalents at beginning of period	**3,344,453**	679,271
Exchange adjustments	**(1,493)**	(655)
Cash and cash equivalents at end of period	**1,968,698**	734,253

The notes on pages 31 to 52 are an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 General information

Kaisa Group Holdings Ltd. (the "Company") was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law (2009 Revision) (as consolidated and revised from time to time) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is at Suite 2001, 20th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

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

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

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

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

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

3 Accounting policies

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

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

3 Accounting policies *(Continued)*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The investments in associates of the Group includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses in associates are recognised in the statement of comprehensive income.

The adoption of new/revised HKFRSs

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

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

Annual improvements to HKFRS published in May 2009

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

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

3 Accounting policies *(Continued)*

Change in accounting policy

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

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

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

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

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

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

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

3 Accounting policies *(Continued)*

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

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

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

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

4 Revenue and segment information

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

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

4 Revenue and segment information *(Continued)*

Revenue consists of the following:

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

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

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

4 Revenue and segment information *(Continued)*

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

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

4 Revenue and segment information *(Continued)*

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

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

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

	Property development RMB'000	Property consultancy services RMB'000	Property investment and agency RMB'000	Property management RMB'000	Others RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	29,073,029	–	3,831,972	1,030,766	12,569,267	(28,784,952)	17,720,082
Unallocated							262,130
Total assets							17,982,212
Segment liabilities	20,144,965	11,158	1,709,044	259,949	6,608,719	(24,560,377)	4,173,458
Unallocated							7,180,221
Total liabilities							11,353,679

Other business segments include the investment holding and inactive companies.

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

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

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

5 Property and equipment, investment properties and land use rights

	Property and equipment RMB'000	Investment properties RMB'000 (note)	Land use rights RMB'000
Six months ended 30 June 2010			
Opening net book amount at 1January 2010, as previously reported	**91,731**	**1,578,600**	**4,411,097**
Effect of adoption of change in accounting policy (note 3)	**–**	**–**	**(4,392,299)**
Opening net book amount at 1January 2010, as restated	**91,731**	**1,578,600**	**18,798**
Acquisition of subsidiaries	**20**	**–**	**–**
Additions	**22,134**	**–**	**–**
Amortisation			
– expensed in administrative expenses	**–**	**–**	**(209)**
Depreciation	**(9,715)**	**–**	**–**
Disposals	**(731)**	**–**	**–**
Closing net book amount at 30 June 2010	**103,439**	**1,578,600**	**18,589**

	Property and equipment RMB'000	Investment properties RMB'000	Land use rights RMB'000
Six months ended 30 June 2009			
Opening net book amount at 1January 2009, as previously reported	76,692	1,278,400	4,839,251
Effect of adoption of change in accounting policy (note 3)	–	–	(4,820,014)
Opening net book amount at 1January 2009, as restated	76,692	1,278,400	19,237
Acquisition of subsidiaries	4,514	–	–
Additions	17,000	–	–
Transfer			
– from land use rights and completed properties held for sale to investment properties	–	10,353	–
Amortisation			
– expensed in administrative expenses	–	–	(226)
Depreciation	(6,657)	–	–
Disposals	(699)	–	–
Change in fair value	–	281,397	–
Closing net book amount at 30 June 2009	90,850	1,570,150	19,011

5 Property and equipment, investment properties and land use rights *(Continued)*

Note: All investment properties at 30 June 2010 and 31 December 2009 were valued by Savills Valuation and Professional Services Limited, independent professional valuers. Valuations were based on either capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows, or on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market. Based on the valuation conducted by the external valuers, management considered that there is no significant net change in fair value of investment properties for the current period.

6 Debtors, deposits and other receivables

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Trade receivables (note a)	**23,852**	91,432
Other receivables (note b)	**240,713**	189,616
Prepayments (note c)	**352,645**	247,900
Land deposits (note d)	**2,028,517**	1,919,117
Prepaid interest for loan with detachable warrants	**–**	15,022
Prepaid other taxes	**199,741**	63,626
	2,845,468	2,526,713

Notes:

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

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

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

(b) Other receivables primarily consist of deposits paid for construction of property projects.

(c) Prepayments mainly represent prepayments for construction costs to third parties.

(d) Land deposits arise from the acquisition of land in various regions in the PRC. These deposits would be converted into land use rights when the rights to use the lands have been obtained.

7 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid:					
As at 1 January 2009 and 30 June 2009	10,870	1	1	1,490,772	1,490,773
As at 1 January 2010	5,000,000,000	500,000	440,550	4,024,775	4,465,325
Repurchase of ordinary shares (note)	(95,330,000)	(9,533)	(8,400)	(209,561)	(217,961)
As at 30 June 2010	4,904,670,000	490,467	432,150	3,815,214	4,247,364

Note:

During the period ended 30 June 2010, the Company repurchased 95,330,000 of its own ordinary shares, in aggregate, on the market at a total consideration of HK$247,241,280. The repurchased shares were subsequently cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

8 Reserves

	Merger reserve (note a) RMB'000	Exchange reserve RMB'000	Statutory reserves (note b) RMB'000	Share option reserve (note c) RMB'000	Revenue reserve (note d) RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2009	382	24,835	231,020	–	–	1,394,943	1,651,180
Profit for the period	–	–	–	–	–	367,972	367,972
Balance at 30 June 2009	382	24,835	231,020	–	–	1,762,915	2,019,152
Balance at 1 January 2010	382	24,835	244,278	4,651	–	1,929,556	2,203,702
Profit for the period	–	–	–	–	–	247,078	247,078
Acquisition of additional interest in a subsidiary (note d)	–	–	–	–	(394,475)	–	(394,475)
Employee share option scheme	–	–	–	39,917	–	–	39,917
Balance at 30 June 2010	382	24,835	244,278	44,568	(394,475)	2,176,634	2,096,222

8 Reserves *(Continued)*

(a) The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of subsidiaries acquired pursuant to the group reorganisation in December 2007 and the nominal value of the shares capital of the Company issued in exchange thereof.

(b) In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 10% and 5% to 10% of the profit for the year after setting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the "Statutory Reserves"), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate any percentage of profits to the Statutory Reserves.

For foreign investment enterprises, before 1 January 2006, the percentage of profits to be appropriated to the Statutory Reserves are solely determined by the board of directors of these foreign investment enterprises. After 1 January 2006, these foreign investment enterprises are not required to make any appropriations to the Statutory Reserves.

(c) Share option reserve represents value of employee services in respect of share options granted under the Pre-IPO Share Option Scheme and Share Option Scheme (note 20).

(d) During the period ended 30 June 2010, the Group acquired the remaining 45% non-controlling interest of a subsidiary for a total cash consideration of RMB350,000,000.

9 Borrowings

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Borrowings included in non-current liabilities:		
Senior Notes – secured (note a)	**2,376,199**	–
Bank borrowings – secured	**2,208,514**	2,552,890
Bank borrowings – unsecured	**–**	260,000
	4,584,713	2,812,890
Borrowings included in current liabilities:		
Bank borrowings – secured	**625,700**	1,050,500
Bank borrowings – unsecured	**1,040,000**	1,724,600
Other borrowings – secured	**–**	273,888
	1,665,700	3,048,988
Total borrowings	**6,250,413**	5,861,878

9 Borrowings *(Continued)*

Movements in borrowings are analysed as follows:

	RMB'000
Six months ended 30 June 2010	
Opening amount as at 1 January 2010	5,861,878
Additions	3,180,973
Repayments	(2,792,438)
Closing amount as at 30 June 2010	6,250,413
Six months ended 30 June 2009	
Opening amount 1 January 2009	5,191,925
Additions	1,622,624
Repayments	(1,390,000)
Closing amount as at 30 June 2009	5,424,549

Notes:

(a) Senior Notes

On 28 April 2010, the Company issued 13.5% senior notes due 2015 with an aggregated nominal value of US$350,000,000 (equivalent to approximately RMB2,389,205,000) at par value (the "Senior Notes"). The net proceeds, after deducting the direct issuance costs, amounted to approximately US$341,800,000 (equivalent to approximately RMB2,333,507,000). The Senior Notes will mature on 28 April 2015. The Company, at its option, can redeem the Senior Notes (i) in whole, but not in part, prior to 28 April 2013 at the redemption price plus accrued and unpaid interest to the redemption date and (ii) in whole or in part, on or after 28 April 2013 and prior to maturity at the redemption prices plus accrued and unpaid interest to the redemption date.

The Senior Notes are secured by the pledge of shares of the Group's subsidiaries companies incorporated outside of the PRC, and jointly and severally guarantees given by certain subsidiary companies of the Group.

9 Borrowings *(Continued)*

Notes: *(Continued)*

(a) Senior Notes *(Continued)*

The Senior Notes recognised in the balance sheet are calculated as follows:

	At 30 June 2010 RMB'000
Nominal value	2,389,205
Issue costs	(55,698)
Fair value at the date of issuance	2,333,507
Accrued interest	54,793
Exchange gain	(12,101)
Carrying amount at 30 June 2010	2,376,199

(b) At 30 June 2010, the Group's bank borrowings of RMB2,786,614,000 (31 December 2009: RMB3,588,890,000) were jointly secured by certain properties and land use rights of the Group. At 30 June 2010, RMB47,600,000 was secured by cash of the Group (31 December 2009: RMB14,500,000)

(c) Other borrowings from third parties were secured, interest-bearing at 8% and were settled during the period ended 30 June 2010.

(d) Bank borrowings are guaranteed by:

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Group companies		
– Secured	2,069,614	2,784,390
– Unsecured	730,000	1,948,488
	2,799,614	4,732,878

(e) The effective interest rates at each of the balance sheet dates were as follows:

	At 30 June 2010	At 31 December 2009
Senior Notes	14.1%	–
Bank borrowings, included in non-current liabilities	5.6%	5.7%
Bank borrowings, included in current liabilities	5.6%	5.8%
Other borrowings	–	8.0%

10 Loan with detachable warrants

(a) On 24 August 2007 (as amended and restated on 12 September 2007), the Company entered into a 36 months, USD200,000,000 term loan with detachable warrants agreements (the "Loan Plus Warrant Agreements") with a number of financial institutions.

There are two tranches of warrants, A and B, of the Loan Plus Warrant Agreements which would be converted into a certain number of shares of the Company under certain circumstances including initial public offering (the "IPO") of the Company. Also, both lenders and the Company have prepayment options in requesting for loan repayment prior to maturity date.

The net proceeds received from the Loan Plus Warrant Agreements have been split amongst a liability component, a number of financial derivatives and an equity component as follows:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 13.5% per annum to the liability component since the loan was issued. Interest of 8.8% per annum is payable semi-annually in accordance to the Loan Plus Warrant Agreements.

(ii) Financial derivatives represent tranche B warrants and prepayment options.

(iii) Equity component represents the tranche A warrants.

(b) According to the amended Loan Plus Warrant Agreements, the maturity date of the liability component was extended to 1 December 2010 and the effective interest rate was changed from 13.5% to 8.4% since 24 October 2009. Both tranches A and B warrants were converted into shares of the Company in December 2009. Certain prepayment options were expired upon the date of the IPO.

USD100,000,000 was prepaid or repaid as at 31 December 2009. The remaining USD100,000,000 balance was prepaid or repaid during the period ended 30 June 2010.

10 Loan with detachable warrants *(Continued)*

(c) The movements of the liability and derivative components of the Loan Plus Warrant Agreement are set out as below:

	Liability component RMB'000	**Derivative component** RMB'000
At 1 January 2009	1,305,546	80,522
Interest charged	90,493	–
Interest paid	(63,465)	–
Change in fair value	–	19,925
Exchange difference	1,084	67
At 30 June 2009	1,333,658	100,514
At 1 January 2010	**684,736**	**–**
Interest charged	**16,972**	**–**
Interest paid	**(18,888)**	**–**
Repayment	**(682,820)**	**–**
At 30 June 2010	**–**	**–**

11 Other payables

	At 30 June 2010 **RMB'000**	At 31 December 2009 RMB'000
Other payables and accruals	**167,371**	223,015
Purchase consideration of subsidiaries	**604,352**	338,978
Refundable deposit received for renovation contract	**–**	150,101
Other taxes payables	**41,225**	38,263
	812,948	750,357

12 Expenses by nature

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Auditor's remuneration	**2,994**	656
Advertising and other promotional costs	**50,445**	53,548
Agency fee	**10,991**	10,995
Business taxes (note)	**111,824**	123,687
Cost of completed properties sold	**1,182,919**	1,732,179
Donations	**4,538**	1,280
Legal and professional fees	**8,396**	3,217
Depreciation	**9,715**	6,657
Amortisation of land use rights	**209**	6,559
Staff costs including directors' emoluments:		
– salaries, wages and staff benefits costs	**59,626**	50,855
– share option expenses	**39,917**	–
Operating lease rental	**6,422**	5,505
Others	**75,618**	48,533
	1,563,614	2,043,671

Note:

The PRC companies comprising the Group are subject to business taxes on their revenues at the following rates:

Category	**Rate**
Sale of properties	5%
Rental income	5%
Property management	5%

13 Finance income and costs

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

14 Income tax expenses

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

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 22% and 25% (2009: 20% and 25%).

Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2010 and 2009 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

14 Income tax expenses *(Continued)*

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 condensed consolidated statement of comprehensive income as income tax.

15 Earnings per share

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

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

The calculation of basic earnings per share for the six months ended 30 June 2010 and 2009 are based on the Group's profit attributable to equity holders of RMB247,078,000 and RMB367,972,000 respectively and the weighted average of 4,951,613,481 and 3,912,127,492 shares in issue respectively. The weighted average number of ordinary shares in issue as at 30 June 2010 has taken into consideration the shares repurchased during 2010; while that as at 30 June 2009 has taken into consideration the capitalisation issue of 3,912,116,622 shares, arising from the Company's reorganisation in preparation for the listing on the Stock Exchange deemed to be issued on 1 January 2008, and original number of ordinary shares of 10,870 shares.

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

16 Dividend

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

17 Financial guarantees contracts

The Group had the following financial guarantees as at balance sheet dates:

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the property units	**3,476,044**	2,391,887

It represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees terminate upon the earlier of (i) issuance of the property ownership certificates which are generally be available within six months to one year after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

18 Commitments

Commitments for property development expenditures

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

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

19 Acquisitions

(a) Transaction with non-controlling interest

During the period ended 30 June 2010, the Group acquired an additional 45% of the issued shares of Fenglong Group Co., Ltd. for a purchase consideration of RMB350,000,000. The Group's carrying amount of the non-controlling interest in Fenglong Group Co., Ltd. on the date of acquisition was RMB44,475,000. The Group recognised a decrease in non-controlling interests of RMB44,475,000 and the excess of consideration paid over the carrying amount was recorded in the revenue reserve.

(b) Acquisitions of interests in subsidiaries

During the period ended 30 June 2010, the Group acquired 100% of the equity interest of several subsidiaries except for **廣東冠基投資有限公司** of which only 80% equity interest was being acquired from respective third parties, at a total consideration of approximately RMB994,000,000. These companies did not operate any business prior to the acquisitions. Therefore, the Group considered these would be acquisitions of assets in substance.

20 Share option

(a) Pre-IPO Share Option Scheme

Pursuant to the shareholders' resolution passed on 22 November 2009 for adoption of the Pre-IPO Share Option Scheme, options to subscribe for a total of 50,000,000 ordinary shares of the Company have been conditionally granted to 52 eligible participants including directors and selected employees of the Company. The exercise price of HK$3.105 per share under the Pre-IPO Share Option Scheme is determined at a 10% discount to the global offering price, which was HK$3.45 per share, excluding brokerage, Securities and Futures Commission transaction levy and the Hong Kong Stock Exchange trading fee.

The share options may be exercised in the following manner: (i) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ending 31 December 2009 and ending on 9 December 2012; (ii) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ending 31 December 2010 and ending on 9 December 2012; and (iii) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ending 31 December 2011 and ending on 9 December 2012. Exercise of options is conditional upon the achievement of the profit target as may be determined by the Board. The Group has no obligation to repurchase or settle the options in cash. These options will expire on or before 9 December 2012, being the expiry of the period of 36 months commencing on the date of listing of the Company.

20 Share option *(Continued)*

(a) Pre-IPO Share Option Scheme *(Continued)*

The fair value of the options granted determined using the binomial model was HK$83,870,000. The significant inputs to the model were share price of HK$3.45 at the grant date, exercise price of HK$3.105, volatility of 74%, no expected dividend yield, an expected option life of three years and an annual risk free interest rate of 0.72%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years of similar listed companies.

(b) Share Option Scheme

Pursuant to the shareholders' resolution passed on 22 November 2009, a post-IPO share option scheme ("Share Option Scheme") was conditionally adopted. Pursuant to the terms of the Share Option Scheme, the Company may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of the Group, advisers, consultants, suppliers, agents and customers of any members of the Group). The maximum number of shares which may be issued upon exercise of all options (the "Share Option") granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.

No options may be granted under the Share Option Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the options expire no later than 10 years from the relevant date of grant. The exercise price of the option under the Share Option Scheme shall be no less than the highest of (i) the official closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; (iii) the nominal value of a share of the Company.

The fair value of the options granted determined using the binomial model was HK$22,355,000. The significant inputs to the model were the closing share price of HK$2.56 at the grant date, exercise price of HK$3.105, volatility of 40%, no expected dividend yield, expected option life of five to seven years and annual risk free interest rates of 1.82% to 2.33%. The volatility measured at the standard deviation of expected share price returns is based on the analysis of the Company's share price over trading period since its listing date up to the grant date.

21 Related party transactions

(a) Name and relationship with related parties

Controlling shareholders

Mr. Kwok Chun Wai and Mr. Kwok Ying Shing

Controlled by controlling shareholders

Prime Yield Holdings Limited (泰怡集團有限公司)

The English names of certain of the companies referred to above in this note represent management's best efforts in translating the Chinese names of these companies as no English names have been registered or available.

(b) Key management compensation

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**11,073**	6,737
Retirement scheme contributions	**120**	129
Share option benefits	**22,017**	–
	33,210	6,866

Other Information

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 six months ended 30 June 2010.

Changes of Board Composition

On 8 March 2010, Dr. TAM Lai Ling ("Dr. Tam") was appointed as an executive Director and the vice-chairman of the Company for a term of 3 years. For further biographical information of Dr. Tam, please refer to the Company's announcement dated 8 March 2010.

On 15 June 2010, Dr. HUANG Chuanqi ("Dr. Huang") was appointed as an executive Director, the president and the vice-chairman of the Company for a term of 3 years and Mr. YE Jiansheng resigned as an executive Director and the President of the Company. For further biographical information of Dr. Huang, please refer to the Company's announcement dated 15 June 2010.

Change of Director's Biographical Information

Mr. FOK Hei Yu, an independent non-executive Director is currently a senior managing director of FTI Consulting, a global advisory firm to help companies protect and enhance enterprise value.

Audit Committee

The audit committee of the Company (the "Audit Committee") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all of the Independent non-executive Directors, namely Mr. RAO Yong, Mr. ZHANG Yizhao and Mr. FOK Hei Yu. Mr. RAO Yong is the chairman of the Audit Committee.

Review of Interim Results

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

Model Code for Securities Transactions

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors. Specific confirmation has been obtained from all Directors to confirm compliance with the required standard set out in the Model Code for six months ended 30 June 2010. No incident of non-compliance was noted by the Company to date, saved for the Company had not notified the Stock Exchange in advance of the commencement of the 60-days period immediately preceding the publication date of the Group's 2009 annual results, as required by Rule A.3(b), due to oversight by the Company. The Company had notified the Stock Exchange of the commencement of the 60-days subsequently on 22 January 2010. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code for six months ended 30 June 2010.

Other Information

Purchase, Sale or Redemption of the Company's Listed Securities

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

Interim Dividend

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