**Kaisa Prosperity Holdings Limited**
**佳兆業美好集團有限公司**
*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 2168)**

# ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

## INTERIM RESULTS HIGHLIGHTS

- Total revenue for the six months ended 30 June 2024 increased by approximately 2.0% to approximately RMB898.0 million from approximately RMB880.0 million for the six months ended 30 June 2023.
- Gross profit for the six months ended 30 June 2024 increased by approximately 4.1% to approximately RMB255.4 million from approximately RMB245.3 million for the six months ended 30 June 2023.
- Profit and total comprehensive income for the six months ended 30 June 2024 was approximately RMB50.7 million, compared with loss and total comprehensive expense of approximately RMB96.9 million for the six months ended 30 June 2023.
- As at 30 June 2024, the total contracted GFA of property management and the total GFA under management amounted to approximately 132.3 million sq.m. and 104.5 million sq.m., representing an increase of approximately 0.2% and an increase of approximately 2.2%, respectively, as compared to approximately 132.1 million sq.m. and 102.3 million sq.m. as at 31 December 2023.

The board (the "**Board**") of directors (the "**Directors**") of Kaisa Prosperity Holdings Limited (the "**Company**" or "**Kaisa Prosperity**") announced the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2023.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

| | | **(Unaudited)** | |
|---|---|---|---|
| | | **Six months ended 30 June** | |
| | | **2024** | 2023 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| **Revenue** | *4* | **897,997** | 880,008 |
| Direct operating expenses | | **(642,570)** | (634,689) |
| **Gross profit** | | **255,427** | 245,319 |
| Selling and marketing expenses | | **(4,475)** | (5,242) |
| Administrative expenses | | **(89,259)** | (99,158) |
| Provision for loss allowance on financial assets | | **(58,014)** | (263,360) |
| Other gains, net | *5* | **808** | 4,185 |
| **Operating profit/(loss)** | | **104,487** | (118,256) |
| Fair value loss on financial assets at fair value through profit or loss | | **(42,706)** | (15,079) |
| Share of results of associates | | **3,829** | 3,634 |
| Finance cost, net | | **(192)** | (179) |
| **Profit/(Loss) before income tax** | *6* | **65,418** | (129,880) |
| Income tax (expense)/credit | *7* | **(14,714)** | 32,950 |
| **Profit/(Loss) and total comprehensive income/ (expense) for the period** | | **50,704** | (96,930) |
| **Profit/(Loss) and total comprehensive income/ (expense) for the period attributable to:** | | | |
| Owners of the Company | | **44,346** | (101,410) |
| Non-controlling interests | | **6,358** | 4,480 |
| | | **50,704** | (96,930) |
| **Earnings/(Loss) per share attributable to owners of the Company (expressed in RMB)** | | | |
| Basic | *8(a)* | **0.29** | (0.66) |
| Diluted | *8(b)* | **0.29** | (0.66) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2024*

| | Notes | **(Unaudited) As at 30 June 2024** *RMB'000* | (Audited) As at 31 December 2023 *RMB'000* |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *10* | **19,446** | 19,250 |
| Intangible assets | | **23,225** | 25,969 |
| Goodwill | | **160,828** | 160,828 |
| Right-of-use assets | | **173,518** | 184,041 |
| Financial assets | *11* | **141,600** | 184,306 |
| Investment in associates | | **33,054** | 34,292 |
| Other receivables | *12* | **8,981** | 8,495 |
| Deferred tax assets | | **335,045** | 309,865 |
| | | **895,697** | 927,046 |
| **Current assets** | | | |
| Trade receivables | *12* | **469,000** | 393,552 |
| Other receivables | *12* | **71,440** | 66,670 |
| Payments on behalf of residents | | **110,748** | 95,107 |
| Contract assets | | **53,885** | 52,460 |
| Amounts due from related parties | | **7,899** | 6,697 |
| Restricted cash | | **1,348** | 450 |
| Cash and cash equivalents | | **238,660** | 286,774 |
| | | **952,980** | 901,710 |
| **Current liabilities** | | | |
| Trade payables | *13* | **201,857** | 194,032 |
| Other payables | *13* | **315,185** | 359,556 |
| Contract liabilities | | **235,256** | 221,268 |
| Amounts due to related parties | | **5,803** | 4,081 |
| Lease liabilities | | **4,901** | 5,636 |
| Income tax payable | | **80,559** | 81,857 |
| | | **843,561** | 866,430 |
| **Net current assets** | | **109,419** | 35,280 |
| **Total assets less current liabilities** | | **1,005,116** | 962,326 |

| | Note | (Unaudited) As at 30 June 2024 RMB'000 | (Audited) As at 31 December 2023 RMB'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Other payables | *13* | **4,810** | 5,876 |
| Lease liabilities | | **2,159** | 6,425 |
| Deferred tax liabilities | | **9,781** | 10,492 |
| | | **16,750** | 22,793 |
| **Net assets** | | **988,366** | 939,533 |
| **EQUITY** | | | |
| Share capital | | **1,361** | 1,361 |
| Reserves | | **906,339** | 867,561 |
| **Equity attributable to owners of the Company** | | **907,700** | 868,922 |
| Non-controlling interests | | **80,666** | 70,611 |
| **Total equity** | | **988,366** | 939,533 |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

### 1. CORPORATE INFORMATION

Kaisa Prosperity Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 13 October 2017 as an exempted company with limited liability under the Companies Act. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 507, Block A, Kaisa Center, 66 Nanyuan Road, Futian, Shenzhen, the People's Republic of China (the "**PRC**"). The Company's share were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 December 2018.

The Company's immediate holding company is Ye Chang Investment Company Limited ("**Ye Chang Investment**"), an investment company incorporated in the British Virgin Islands ("**BVI**"), whereas the directors of the Company regard Kaisa Group Holdings Ltd. ("**Kaisa Holdings**"), a company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange as the Company's ultimate holding company.

The Company and its subsidiaries (together, the "**Group**") engage in the provision of property management services, which includes management of properties, maintenance and repair of buildings and ancillary facilities, community security management, car-park management, equipment installation, and property consulting services.

The unaudited condensed consolidated interim financial information is presented in Renminbi ("**RMB**"), unless otherwise stated, and was authorised for issue by the Board of Directors on 23 August 2024.

### 2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

## 3. APPLICATION OF AMENDMENTS TO HKFRSs

**Amendments to HKFRSs that are mandatorily effective for annual periods beginning or after 1 January 2024**

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of the following amendments to HKFRSs which are effective as of 1 January 2024. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

| | |
|---|---|
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangement |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current liabilities with covenants |
| Amendments to HKFRS 16 | Lease liability in a sale and leaseback |

The adoption of the amendments to HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

## 4. REVENUE AND SEGMENT INFORMATION

### 4.1 Revenue

*(a)* Revenue mainly comprises of proceeds from provision of property management services, value-added services to property owners and value-added services to non-property owners. The management of the Company has represented the type of services to concur with its current business strategy. Value-added services to property owners mainly focus on providing service for individual property owners and institutional property owner and residents. Value-added services to non-property owners mainly focus on property developers, which included: (i) construction sites management services; (ii) display units and property sales venues management services; (iii) property management consulting services; and (iv) smart solution services.

An analysis of the Group's revenue for the six months ended 30 June 2024 and 2023 are as follows:

| | **(Unaudited) Six months ended 30 June** | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | **Revenue** *RMB'000* | **Direct operating expenses** *RMB'000* | Revenue *RMB'000* (Represented) | Direct operating expenses *RMB'000* (Represented) |
| **Type of services** | | | | |
| Property management services | **707,257** | **536,245** | 648,910 | 493,891 |
| Value-added services to property owners | **84,843** | **29,973** | 92,952 | 43,897 |
| Value-added services to non-property owners | **105,897** | **76,352** | 138,146 | 96,901 |
| | **897,997** | **642,570** | 880,008 | 634,689 |

| | **(Unaudited) Six months ended 30 June** | |
|---|---|---|
| | **2024** *RMB'000* | 2023 *RMB'000* |
| **Timing of revenue recognition** | | |
| Over time | **884,627** | 853,570 |
| At point in time | **13,370** | 26,438 |
| | **897,997** | 880,008 |

For the six months ended 30 June 2024, revenue from Kaisa Holdings and its subsidiaries (the "**Kaisa Group**"), its joint ventures and associates contributed to approximately 12.2% (30 June 2023: 14.0%) of the Group's revenue. Other than the transactions with Kaisa Group, its joint ventures and associates, the Group had a large number of customers and none of whom contributed to 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023, respectively.

*(b)* *Unsatisfied performance obligations*

For property management services and pre-delivery and consulting services for value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

For value-added services to property owners, they are rendered in a short period of time and there is no unsatisfied performance obligation at the end of the period.

For smart solution services, being value-added services to non-property owners, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 30 June 2024 and 31 December 2023 are as follows:

| | **(Unaudited) As at 30 June 2024** | (Audited) As at 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within one year | **89,564** | 97,482 |
| More than one year | **85,466** | 94,920 |
| | **175,030** | 192,402 |

These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraints.

## 4.2 Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

For the six months ended 30 June 2024 and 2023, the Group engaged mainly in the provision of property management services, value-added services to property owners and value-added services to non-property owners in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources allocation. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, all the Group's revenue were derived in the PRC for the six months ended 30 June 2024 and 2023.

As at 30 June 2024 and 31 December 2023, all of the non-current assets were located in the PRC.

## 5. OTHER GAINS, NET

| | (Unaudited) Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Unconditional government subsidy income | **1,315** | 2,791 |
| Net gains/(losses) on disposal of property, plant and equipment | **37** | (670) |
| (Written-off of)/recovery of written-off of uncollectible receivables | **(627)** | 1,523 |
| Exchange (losses)/gains, net | **(10)** | 872 |
| Others | **93** | (331) |
| | **808** | 4,185 |

## 6. PROFIT/(LOSS) BEFORE INCOME TAX

| | (Unaudited) Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Profit/(loss) before income tax has been arrived at after charging/(crediting): | | |
| Amortisation of intangible assets | **2,744** | 2,744 |
| Auditor's remuneration | **544** | 555 |
| Depreciation | | |
| – Property, plant and equipment | **2,929** | 2,597 |
| – Right-of-use assets | **9,265** | 9,575 |
| Lease charges on short term leases | **7,074** | 14,230 |
| Provision for loss allowance | | |
| – Trade receivables | **45,167** | 243,546 |
| – Deposits, other receivables and payments on behalf of residents (excluding prepayments) | **9,808** | 4,497 |
| – Contract assets | **3,039** | 15,317 |
| Staff costs – including directors' emoluments | | |
| – Wages, salaries, bonus and other benefits | **362,468** | 353,378 |
| – Contributions to retirement benefit scheme | **40,624** | 33,868 |
| – Equity-settled share-based payment expenses | **–** | 1,090 |
| Total staff costs | **403,092** | 388,336 |
| Written-off of/(recovery of written-off of) uncollectible receivables | **627** | (1,523) |

7. **INCOME TAX EXPENSE/(CREDIT)**

| | (Unaudited) Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Current income tax** | | |
| PRC Corporate Income Tax | **40,605** | 37,346 |
| **Deferred tax credit** | | |
| Origination and reversal of temporary differences | **(25,891)** | (70,296) |
| | **14,714** | (32,950) |

8. **EARNINGS/(LOSS) PER SHARE**

(a) **Basic earnings/(loss) per share**

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue for the six months ended 30 June 2024 and 2023.

| | (Unaudited) Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| Profit/(loss) for the period attributable to owners of the Company *(in RMB'000)* | **44,346** | (101,410) |
| Weighted average number of ordinary share in issue | **154,110,000** | 154,110,000 |
| Basic earnings/(loss) per share *(in RMB)* | **0.29** | (0.66) |

(b) **Diluted earnings/(loss) per share**

| | (Unaudited) Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| Weighted average number of ordinary share in issue | **154,110,000** | 154,110,000 |
| Effect of issue of shares under adjustment for share option scheme *(note)* | **–** | – |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share | **154,110,000** | 154,110,000 |
| Diluted earnings/(loss) per share *(in RMB)* | **0.29** | (0.66) |

*Note:* The computation of diluted earnings per share for the six months ended 30 June 2024 does not assume the conversion of the Company's outstanding share options granted on 19 July 2019 because the average market price of the share is lower than the adjusted exercise price of those share option.

The computation of diluted loss per share for the six months ended 30 June 2023 did not assume the exercise of outstanding share options of the Company since their assumed conversion would result in a decrease in loss per share.

## 9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group has an addition of items of property, plant and equipment with a cost of RMB3,880,000 (30 June 2023: RMB996,000).

Items of property, plant and equipment with a net book value of RMB755,000 (30 June 2023: RMB1,753,000) were disposed of during the six months ended 30 June 2024, resulting in a gain on disposal of RMB37,000 (30 June 2023: loss on disposal of RMB670,000).

## 11. FINANCIAL ASSETS

| | **Financial assets at fair value through profit or loss**<br>*RMB'000* |
|---|---|
| **At 30 June 2024 (Unaudited)** | |
| **Non-current** | |
| Other financial assets *(Note (a))* | **141,600** |
| At 31 December 2023 (Audited) | |
| Non-current | |
| Other financial assets *(Note (a))* | 184,306 |

*Note:*

(a) The amount represents consideration paid for an exclusive right to sell certain non-residential properties in the PRC (the "**Properties**") for a five-year period since December 2021. Pursuant to the relevant contractual arrangements, a subsidiary of the Company is entitled to 70% of the excess of the selling price over the agreed minimum price with the counterparties to the contractual arrangements. The subsidiary also has the right to receive rental income arising from the Properties before the Properties are sold. The Directors of the Company considered that the operations under the abovementioned exclusive right namely, the provision of sale services, form part of the Group's ordinary course of business.

The amount paid by the Group in prior years is refundable in case of any shortfall as stipulated in details in the related contractual arrangements.

Since the contractual arrangements give the Group a contractual right to receive cash which are variable as described above, the asset is considered as a financial asset at fair value through profit or loss. A fair value loss of approximately RMB42,706,000 has been recognised during the six months ended 30 June 2024 (30 June 2023: approximately RMB15,079,000). The fair value measurement is classified as level 3. There have been no changes in the valuation methodologies in arriving at the fair value.

## 12. TRADE AND OTHER RECEIVABLES

| | **(Unaudited) As at 30 June 2024** *RMB'000* | (Audited) As at 31 December 2023 *RMB'000* |
|---|---|---|
| **Trade receivables** | | |
| – Third parties | **506,233** | 426,310 |
| – Related parties | **901,325** | 860,633 |
| | **1,407,558** | 1,286,943 |
| Less: loss allowance for trade receivables | **(938,558)** | (893,391) |
| | **469,000** | 393,552 |
| **Other receivables** | | |
| Other deposits | **22,449** | 23,538 |
| Prepayments | **19,048** | 19,060 |
| Payments on behalf of staff | **14,763** | 15,076 |
| Payments on behalf of residents under lump-sum basis | **29,177** | 21,018 |
| Others | **6,127** | 4,197 |
| Less: loss allowance for other receivables | **(11,143)** | (7,724) |
| Total other receivables | **80,421** | 75,165 |
| Less: other receivables under non-current portion | **(8,981)** | (8,495) |
| Current portion | **71,440** | 66,670 |

*Notes:*

(a) Property management services income is recognised in accordance with the terms of the relevant service agreements and due for payment upon the issuance of demand note. Value-added services to non-property owners are recognised in accordance with the terms of the relevant service agreements, and the Group normally allows an average credit period ranging from 0 days to 90 days to its customers.

(b) The ageing analysis of the trade receivables before loss allowances based on the invoice date is as follows:

| | **(Unaudited) As at 30 June 2024** *RMB'000* | (Audited) As at 31 December 2023 *RMB'000* |
|---|---|---|
| Within 180 days | **508,681** | 495,049 |
| 181-365 days | **232,768** | 196,907 |
| 1-2 years | **254,119** | 302,794 |
| 2-3 years | **341,011** | 261,294 |
| Over 3 years | **70,979** | 30,899 |
| | **1,407,558** | 1,286,943 |

## 13. TRADE AND OTHER PAYABLES

| | **(Unaudited) As at 30 June 2024** *RMB'000* | (Audited) As at 31 December 2023 *RMB'000* |
|---|---|---|
| **Trade payables** | | |
| – Third parties | **190,633** | 180,002 |
| – Related parties | **11,224** | 14,030 |
| | **201,857** | 194,032 |
| **Other payables** | | |
| Consideration payables for acquisition of subsidiaries in prior years | **5,400** | 16,171 |
| Accrued staff costs | **84,650** | 87,264 |
| Other tax payables | **7,355** | 8,843 |
| Deposits received | **85,930** | 83,217 |
| Receipt on behalf of residents | **112,470** | 138,557 |
| Others payables and accruals | **24,190** | 31,380 |
| Total other payables | **319,995** | 365,432 |
| Less: non-current portion | | |
| Other payables | **(4,810)** | (5,876) |
| **Current portion** | **315,185** | 359,556 |

Included in trade payables were amounts due to the Group's suppliers. The outstanding balances were trading in nature and credit periods ranging from 30-180 days were granted.

Based on the invoice dates, the ageing analysis of the trade payables is as follows:

| | **(Unaudited) As at 30 June 2024** *RMB'000* | (Audited) As at 31 December 2023 *RMB'000* |
|---|---|---|
| Within 90 days | **88,302** | 96,456 |
| 91-180 days | **41,451** | 39,497 |
| 181-270 days | **28,428** | 16,921 |
| 271-365 days | **13,569** | 12,019 |
| Over 365 days | **30,107** | 29,139 |
| | **201,857** | 194,032 |

## 14. LEASE COMMITMENTS

**The Group as lessee**

At the reporting date, the lease commitments for short-term leases are as follows:

| | **(Unaudited) As at 30 June 2024** ***RMB'000*** | (Audited) As at 31 December 2023 *RMB'000* |
|---|---|---|
| Within one year | **3,111** | 1,272 |

As at 30 June 2024 and 31 December 2023, the Group leases staff quarters and offices with a lease period of one to twelve months.

**The Group as lessor**

At the reporting date, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of buildings as follows:

| | **(Unaudited) As at 30 June 2024** ***RMB'000*** | (Audited) As at 31 December 2023 *RMB'000* |
|---|---|---|
| Within one year | **7,478** | 2,142 |
| In the second to fifth years | **3,968** | 1,350 |
| | **11,446** | 3,492 |

The leases run for an initial period of one to five years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates mutually agreed between the Group and respective tenants. None of the leases include contingent rentals.

## BUSINESS REVIEW AND PROSPECTS

In the first half of 2024, under the strong leadership of the Central Committee of the Communist Party of China with General Secretary Xi Jinping at the core, all regions and authorities pragmatically implemented the decisions and arrangements of the Central Committee of the Communist Party of China and the State Council by adhering to the principle of striving for progress while maintaining stability, promoting stabilization with progress, and building the new before discarding the old, and effectively implemented various macro policies. According to preliminary statistics, the gross domestic product of China in the first half of 2024 amounted to RMB61,683.6 billion, representing a year-on-year increase of 5.0%. The national economy was generally stable while progressing steadily, with new drivers of growth gaining pace and new progress being made in high-quality development.

In the first half of 2024, the central government and relevant authorities repeatedly emphasized the importance of the real estate industry, and at the beginning of the year, ascertained its policy direction for the real estate market of stabilizing the market, preventing risks and promoting transformation. On 30 April 2024, the meeting of the Political Bureau of the Central Committee of the Communist Party of China further reset the tone towards the real estate market, with policies focusing on "Stabilizing the market" and "Destocking". At the local level, in the first half of 2024, the strength of policy optimization in different regions increased. On 17 May 2024, the People's Bank of China issued a number of notices to remove the lower limit of mortgage interest rates at the national level, lower the down payment ratio of mortgage loans and provident fund loan interest rates, and launch the relending loan facility for affordable housing. After the launch of these new policies, many regions promptly implemented the reduction of down payment ratio, abolished the lower limit of commercial loan interest rates, and reduced the provident fund loan interest rates, which significantly boosted the market sentiment and unleashed the demand for home purchase.

In the first half of 2024, although favorable policies for the real estate industry were frequently introduced, the real estate development market still continued to contract gradually, and the amount of investment in real estate development, floor area of new construction and sales area of commercial properties continued to decline significantly year-on-year, and the growth potential in scale of property management enterprises faced challenges.

The development of the real estate industry has a profound impact on the property management industry, as it is the upstream of the property management industry. Despite the challenges, the property management industry has also ushered in new development opportunities. On 27 December 2023, the National Development and Reform Commission issued the "Guidance Catalogue for Industrial Structure Adjustment (2024 Edition)" (《產業結構調整指導目錄（2024年本）》), which came into effect on 1 February 2024. Property management services have been included in the "Encouraged Category – Commercial Services Industry", and after this update, the positioning of property management services is officially categorized from "Encouraged Category – Other Services" to "Encouraged Category – Commercial Services Industry", which not only reflects the continuous support from national policies on the property management industry, but also explicitly includes non-residential properties in the category of encouraged development for the first time. The central government has also issued relevant policies and encouraged property management service companies to extend to sectors such as elderly care, childcare, housekeeping, community meals and courier pick-up and delivery, and encouraged property management service companies to lead a green lifestyle and realize energy-saving operation of system equipment through the use of the Internet of Things, the Internet, big data and other scientific and technological means, so as to conserve resources, protect the environment, reduce pollution and lower the intensity of carbon emissions.

The development model of the property management industry of "Stock + Increment" and features such as light assets and abundant cash flow remained in place. Although the "Incremental portion" was growing at a slower rate, the overall trend is still growing. This indicates that the fundamentals of the property management industry remain solid even when the pace of development in the real estate market decelerates.

As one of the leading comprehensive urban service providers in China, Kaisa Prosperity has always taken "Prosperity is underway" (美好正在發生) as its guide and implemented the service concept of "With all one's heart and mind" (用心力•全心意) to integrate the pursuit of quality into the entire process of property management, and refined various aspects of property management in a more scientific and effective manner by means of intelligent technology. To ensure the long-term stability of our operations, we have established the quality approach of "sincerity, rigour, pragmatism and efficiency as well as continuous improvement" (至臻至誠，嚴謹規範，務實高效，持續改進) to continuously improve the quality of our services, which has gained the trust and recognition of our customers, and the value of our brand has also gradually gained recognition from the market.

In the first half of 2024, in the face of a complex and severe macroeconomic situation, Kaisa Prosperity implemented the business approach of "Improving quality and efficiency, being practical and dedicated". Through the dual-wheel drive of "Organic growth + Independent expansion", its management scale has steadily increased, with the GFA under management increasing to approximately 104.5 million square meters, establishing presence in 77 cities in 21 provinces with 732 projects under management. The Group for the first time established presence in Jiangxi Province and entered the market in Ji'an and Ganzhou, with its business territory continuing to expand.

Through unremitting efforts, the Group was awarded 2024 Top 100 Property Service Companies in China, 2024 China Leading Property Management Companies in Terms of Characteristic Services – Diversified Smart Businesses, 2024 Property Service Companies with Excellent Performance, 2024 Property Service Companies with Excellent Performance in Terms of Innovative Capability, 2024 China Top 100 Property Service Companies in Terms of Service Capability, 2024 China Top 20 Residential Property Service Companies, 2024 Leading Property Service Companies in Terms of Service Quality, 2024 Leading Company of China in Property Service Satisfaction and 2024 Leading Property Service Companies in Terms of ESG Sustainability.

We are well-prepared for the significant changes in the economic environment and the new pattern of development of the property management industry, and will continue to uphold the development vision of "Serving Beautiful China" to embrace the opportunities and challenges of the future.

## FINANCIAL SUMMARY

For the six months ended 30 June 2024, the Group's revenue increased by approximately RMB18.0 million to RMB898.0 million, representing an increase of approximately 2.0% as compared with the corresponding period in 2023. In particular, revenue from property management services amounted to RMB707.3 million; revenue from value-added services to property owners amounted to RMB84.8 million; and revenue from value-added services to non-property owners amounted to RMB105.9 million.

For the six months ended 30 June 2024, the Group's gross profit increased by approximately 4.1% to approximately RMB255.4 million from approximately RMB245.3 million for the six months ended 30 June 2023.

For the six months ended 30 June 2024, the Group's profit and total comprehensive income was approximately RMB50.7 million as compared with the loss and total comprehensive expense of approximately RMB96.9 million of the corresponding period in 2023.

## ENRICHMENT OF SERVICE PORTFOLIOS AND MAINTENANCE OF FOUNDATIONAL SERVICES

During the Reporting Period, the Group continued to focus on the "Whole portfolio and Whole cycle" (全業態、全周期) high-quality service scenarios, and vertically extended the depth of research on services and horizontally expanded the breadth of services. As we had been constantly enriching our property portfolios, we made new upgrades and released new service system contents such as the "Kaisa Prosperity Service Five-star "1+3+5", Ten Scenarios, Three Windows Standardization Manual" (《佳服五星"1+3+5"、十大場景、三個窗口標準化手冊》). Our property service portfolios covered 9 property types, namely residential, commercial and office buildings, recreational stadium, schools, high-end sales offices, hospitals, urban public buildings and cultural tourism.

In 2024, with the community culture service slogan of "Enjoy a Prosperity FUN Life" (樂享美好生活FUN), we provided wonderful community cultural experience and based on the four major service systems of FUN Life, FUN Neighborhood, FUN Charity, FUN Sharing (樂活 FUN, 樂鄰FUN, 樂善FUN, 樂享FUN), organized community cultural activities such as "Kaisa's Neighbors" (佳鄰•佳親), provided five major kinds of free services and ten kinds of convenient services, launched the charitable Firefly Program, advocated "Guided by party building – Red property" (黨建引領•紅色物業") to create a community culture brand with the Group's unique characteristics.

In respect of community building and community cultural activities, through the creation of service systems including the "Prosperity Convention" (美好公約), "Firefly Program" (螢火蟲計劃), "Kaisa's Neighbors" (佳鄰佳親) and "Starry Shining Community" (閃亮紅星特色社區), Kaisa Prosperity actively carried out community cultural activities, and advocated the concept of providing fun for the children and security for the elderly and awakening the passion of the youth (幼有所樂，老有所頤，青年有熱愛). Kaisa Prosperity took practical actions to care for the elderly and care about the growth of teenagers and build a community service system with Kaisa Prosperity's own distinctive characteristics, thereby building a beautiful community with harmonious neighborhood, and enhancing the happiness of property owners.

In respect of the foundational service quality and service experience, the Group took "Strengthening Foundation, Reducing Cost and Increasing Revenue" as the main operation principles to maintain service quality while strictly control risks and bring new experience. The Group launched special campaigns such as "Jiarun Campaign" (佳潤行動) and "Jiafen Campaign" (佳分行動) to improve its customer services. The Group also launched a series of quality enhancing campaigns, such as "Spring Breeze in Kaisa 2.0" (春風沐佳2.0), "Construction with Sincerity 2.0" (精誠築佳2.0), "Rejuvenating with Quality" (品質煥新) and "the Most Beautiful Garden" (最美園林) for projects under management, centering on the "walking trails" and "driveways". We maintained and beautified the landscaping of the community, renovated, repaired and upgraded the equipment and facilities of the community, carried out comprehensive check-ups of old communities aged more than 10 years, and streamlined and optimized customer key contact positions and corresponding service standards, so as to continuously improve the living environment and customer experience.

In respect of building a safe and secured community, Kaisa Prosperity launched special campaigns such as "Training in Spring" (春季練兵), "100 Days of Safety" (百日安全) and"Project Offensive and Defensive Battle" (項目攻防戰). Through firefighting and emergency drills, the campaigns effectively improved the professional skills and risk prevention and handling ability of employees regarding fire safety and the fire safety awareness and emergency avoidance ability of property owners and residents. We continued to undertake a "3+2+1" patrol mode, adopting an intelligent patrol mode and using two-wheeled electric scooters to carry out on-site patrols in the community. By leveraging a technology-empowered "eagle eye system", service personnel can realise on-site connection through the mobile phone at any time. To ensure safety at night, we established a city patrol team, equipped with police electromobile, shoulder flash lights, reflective vests for patrolling, to safeguard the safety of property owners and residents.

With love for residents and love for life, Kaisa Prosperity has equipped some projects in Shenzhen, Guangzhou, Huizhou, Jiangyin and Huludao with AED first-aid equipment, and assisted customers to complete multiple emergency rescues through conducting operational trainings and emergency drills with employees as well as improving contingent rescue plans to reduce unnatural deaths in the service space. In respect of technological operation, we continued to iterate and optimize the "K Service Technological Product Operation and Control" platform, enriching the functions of the elevator management module, realizing the "three-in-one" closed-loop management of elevators covering accounts, maintenance and repair, and enhancing the safety standard of elevator operation. We optimized daily quality inspections and enhanced inspection efficiency to help improve quality etc.

In respect of energy conservation and emission reduction, in 2024, Kaisa Prosperity continued to implement the system and standards including the Guidelines on Management and Control of Energy Saving (《能源節能管控操作指引》) and the Assessment Method for Control of Energy Consumption (《能耗管控情況考核辦法》). By adopting a multi-pronged approach underpinning "management + technology + policy"as well as energy trusteeship and diversified cooperation, the Group utilized energy-saving renovation technologies with regard to lighting, water pumps, air conditioners and atomized micro-spray for greening irrigation etc. and refined daily green operation management.

**EXPLORATION OF CONVENIENT LIVING AND CREATION OF A NEIGHBORHOOD LIVING SERVICE CIRCLE**

Kaisa Prosperity insists on creating sustainable value-added businesses with good foundational services as the fulcrum. Focusing on the operation of community assets, we carried out diversified value-added services to continuously meet the local living needs of property owners. We actively developed community space, community retailing, community beauty home, community rental and sale, and recreation and home management services, providing high-quality products and attentive services to realize the upgrade of the supporting facilities and operations of the community living space.

As at 30 June 2024, Kaisa Prosperity opened six stores under the name of "K Series Living Exhibition Hall" (小K生活展示館). At present, the offline experience hall covers 9 cities including Guangzhou, Shenzhen, Shanghai, Chengdu, Chongqing, Dongguan, Foshan, Huizhou and Zhuhai. Catering to the immediate needs of customers and focusing on user experience, we strive to create accurate professional value-added services. Kaisa Prosperity is accelerating the exploration of a community neighborhood living service circle. Through business integration and development, we have realized a comprehensive upgrade of product system and comprehensively enhanced community space operation and service capability.

Kaisa Prosperity's neighborhood service ecology, with K Series Living Exhibition Hall and K Series Living platform as the carrier, gathered national and local advantageous supply chain resources, and created a 1+N service system through a "One Strategy for One City" approach, focusing on local living needs such as community group buying, delivery service, house renovation, house rental and sales, community leisure, catering and cultural tourism. At the same time, Kaisa Prosperity has independently developed information technology tools such as community sharing platforms and service ordering platforms to make local life more carefree, comfortable and secure.

With China entering the aging society, the "9073" elderly care pattern has been formed, i.e 90% of the elderly living at home and being cared for by family members, 7% of the elderly receiving community elderly care through professional community services, and 3% of the elderly living in elderly care institutions. In order to enable the elderly to maintain independence and self-reliance in a familiar environment, while getting the necessary care and support, Kaisa Prosperity focused on the development of community healthcare and housekeeping business and by leveraging the advantages of community space and users and combining local policy support and convenience services, undertook pilot incubation of the "Property service + Elderly care" service model to build a "friendly Kaisa community for all ages".

Value-added services to property owners, as a key support point for the Company to break through growth and profit bottlenecks, have become increasingly important. Kaisa Prosperity has actively explored and continuously leveraged its "Last mile" advantage, enriching its product categories while continuing to integrate and develop to create a neighborhood living service circle.

## OUTLOOK

As an industry that derives from the real estate development business, the property management industry has the exclusive characteristics of "Rigid demand + Long cycle" and is also the most frequent contact point for customers. Property management almost penetrates into the entire aftersales market of the real estate industry, which is of great development potential.

Kaisa Prosperity is poised to confront the challenges of the industry, closely align with national policies, and explore and nurture opportunities for business transformation and upgrading, while continuously taking quality services and quality expansion as the anchor to promote the orderly, quality and steady expansion of its management scale. We will continuously extend and broaden the value-added service chain to create a second growth curve and continuously optimize brand influence. We will continue to consolidate our fundamentals and sharpen our increments, so as to achieve all-round and high-quality development with continuous efforts.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

As one of the leading comprehensive property management service providers in China, the Group specializes in providing comprehensive urban integrated services to mid-to-high-end properties and focuses on the metropolitan cluster regions that are supported by the national macro-strategic policies and have high economic development vitality. The Group has been providing property management services for more than 25 years since 1999, and since then has established a strong footprint in the Guangdong-Hong Kong-Macau Bay Area, Yangtze River Delta, Bohai Economic Rim, Western and Central China with enormous potential for economic growth, covering a wide range of properties and providing property owners and residents with tailored quality services through the one-stop service platform to enhance their quality of life and satisfaction.

The Group's three main business lines, namely, property management services, value-added services to property owners and value-added services to non-property owners, form an integrated service spectrum encompassing the upstream and downstream segments and covering the entire value chain of property management.

## PROPERTY MANAGEMENT SERVICES

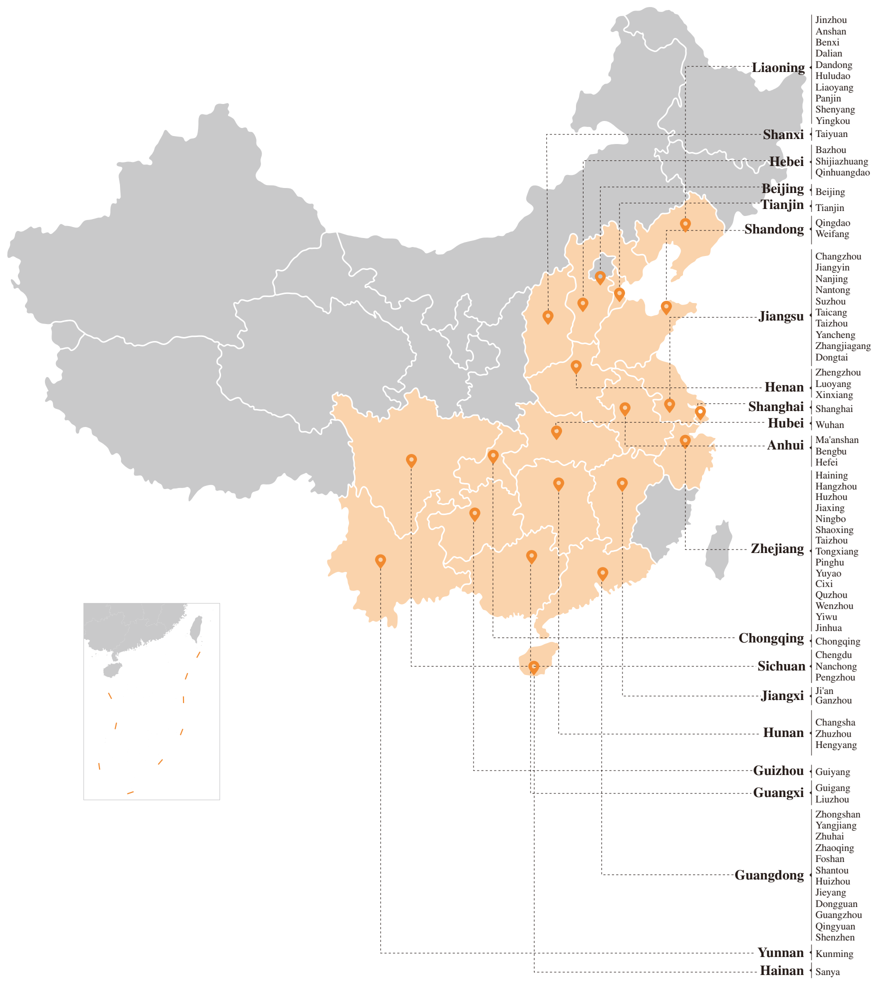
As of 30 June 2024, the Group's property management services covered 77 cities across 21 provinces, municipalities and autonomous regions in China, with a total GFA under management reaching 104.5 million sq.m. and a total of 732 managed properties, comprising 336 residential communities and 396 non-residential properties, showing strong momentum in market expansion and diversified property portfolio. We aim to accelerate development of public urban services and transform into a holistic management services provider.

The table below sets forth (i) the contracted GFA, (ii) the GFA under management, and (iii) the number of managed properties of the Group, as of the dates indicated:

| | **As of 30 June 2024** | **As of 31 December 2023** |
|---|---|---|
| Contracted GFA *('000 sq.m.)* | 132,320 | 132,103 |
| GFA under management *('000 sq.m.)* | 104,533 | 102,294 |
| Number of managed properties | 732 | 720 |

## Geographic Coverage

The map below illustrates the geographic coverage of our managed properties as of 30 June 2024:




The table below sets forth the breakdowns of (i) the total GFA under management, and (ii) the number of managed properties by geographic region as of the dates indicated:

| | **As of 30 June 2024** | | As of 31 December 2023 | |
|---|---|---|---|---|
| | **GFA under management** ***('000 sq.m.)*** | **Number of properties** | GFA under management *('000 sq.m.)* | Number of properties |
| Guangdong-Hong Kong-Macau Bay Area | **24,052** | **146** | 22,769 | 141 |
| Yangtze River Delta | **59,371** | **475** | 58,797 | 474 |
| Bohai Economic Rim | **5,798** | **39** | 5,937 | 38 |
| Western China | **9,505** | **44** | 9,127 | 41 |
| Central China | **5,807** | **28** | 5,664 | 26 |
| **Total** | **104,533** | **732** | 102,294 | 720 |

Set out below are the changes in (i) the total GFA under management and (ii) the number of managed properties of the Group as of the indicated date:

| | **As of 30 June 2024** | | As of 31 December 2023 | |
|---|---|---|---|---|
| | **GFA under management** ***('000 sq.m.)*** | **Number of properties** | GFA under management *('000 sq.m.)* | Number of properties |
| As of 1 January | **102,294** | **720** | 94,518 | 673 |
| New engagement | **4,910** | **53** | 18,625 | 152 |
| Termination | **(2,671)** | **(41)** | (10,849) | (105) |
| **Total** | **104,533** | **732** | 102,294 | 720 |

**Types of Properties Managed**

The Group managed a diversified portfolio of properties covering mid-to-high-end residential communities and non-residential properties, including commercial properties, office buildings, hospitals, schools, arenas and stadiums, government buildings, public facilities and industrial parks and culture and tourism facilities etc.. Starting from Guangxi, Handan, Yancheng, Yangzhou and Jiaxing, we expanded the cooperation with government platforms and our urban services business. Regarding the property management services, the Group adopted two revenue models under which property management fees are charged on either a lump-sum basis or commission basis. For lump-sum basis, the Group recorded all the fees as revenue and all the expenses incurred in connection with providing the property management services as cost of services. For commission basis, the Group essentially acted as the agent of the property owners and therefore records only a pre-determined percentage of the property management fees or cost of services as set out in the property management service contracts as revenue. By adopting these two revenue models, the Group recovered the expenses incurred in connection with providing property management services.

The table below sets forth the breakdowns of (i) the total GFA under management, and (ii) the number of managed properties by type of properties of the Group as of the dates indicated:

| | **As of 30 June 2024** | | | As of 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | **GFA under management** ***('000 sq.m.)*** | **Percentage %** | **Number of properties** | GFA under management *('000 sq.m.)* | Percentage % | Number of properties |
| Residential communities | **60,717** | **58.1** | **336** | 60,259 | 58.9 | 342 |
| Non-residential properties | **43,816** | **41.9** | **396** | 42,035 | 41.1 | 378 |
| **Total** | **104,533** | **100.0** | **732** | 102,294 | 100.0 | 720 |

The table below sets forth the breakdowns of (i) the total GFA under management; and (ii) the number of managed properties by revenue models of the Group as of the dates indicated:

| | **As of 30 June 2024** | | | As of 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | **GFA under management** ***('000 sq.m.)*** | **Percentage** **%** | **Number of properties** | GFA under management *('000 sq.m.)* | Percentage % | Number of properties |
| Property management services (lump-sum basis) | **80,807** | **77.3** | **620** | 77,276 | 75.5 | 610 |
| Property management services (commission basis) | **23,726** | **22.7** | **112** | 25,018 | 24.5 | 110 |
| **Total** | **104,533** | **100.0** | **732** | 102,294 | 100.0 | 720 |

It is important to note that under a commission basis, the Group recorded only a pre-determined percentage, typically 10%, of the property management fees or cost of services as set out in the property management service contracts as revenue, while all the property management fees are recorded as revenue under lump-sum basis.

The properties under the Group's management comprise of properties developed by Kaisa Group, together with its joint ventures and associates and independent third-party property developers. During the six months ended 30 June 2024, the Group won all the public tenders with respect to properties developed by the Kaisa Group for which the Group bid, and continued to explore the properties developed by independent third-party property developers. We further increased the expansion efforts towards independent third-party property developers in the first half of 2024. As of 30 June 2024, the Group managed approximately 61.6 million sq.m. of GFA of properties developed by independent third-party property developers, representing an increase of approximately 2.0% from approximately 60.4 million sq.m. as of 31 December 2023. With a reasonable layout of the property industry, the Group has been able to undertake engagement of a wide range of property projects and provide competitive services and products. The overall development of property management services of the Group is promising.

The table below sets forth the breakdowns of (i) the total GFA under management, and (ii) the number of managed properties by type of property developers of the Group as of the dates indicated:

| | **As of 30 June 2024** | | | As of 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | **GFA under management** ***('000 sq.m.)*** | **Percentage** **%** | **Number of properties** | GFA under management *('000 sq.m.)* | Percentage % | Number of properties |
| Properties developed by the Kaisa Group, together with its joint ventures and associates | **42,971** | **41.1** | **216** | 41,891 | 41.0 | 213 |
| Properties developed by independent third-party property developers | **61,562** | **58.9** | **516** | 60,403 | 59.0 | 507 |
| **Total** | **104,533** | **100.0** | **732** | 102,294 | 100.0 | 720 |

## VALUE-ADDED SERVICES TO PROPERTY OWNERS

As an extension of its property management services, the Group's value-added services to property owners aim to address the life style and daily needs of the property owners (including individual property owners and institutional property owners) and residents, provide various products and services, improve customer satisfaction, and provide a more healthy and convenient life style for the property owners and residents.

The Group provides diversified products and services to the property owners and residents through K Series Living to meet their ever-changing daily needs. As a value-added service brand under the Group, K Series Living has been adhering to the service concept of "Fast, High-quality, Value-added and Colorful life" since its launch, covering various business types such as residential and commercial buildings, office buildings, stadiums, and public facilities. After continuous optimization and development, K Series Living currently can be mainly divided into four major segments: (1) K-Space (小K空間), (2) K-Retail (小K零售), (3) K-Lease & Sale (小K租售), and (4) K-Decoration (小K美居). K-Retail has been further refined and divided into various sub-unit product series: (a) K-Commercial and Office Buildings (小K商寫), (b) K-Charging (小K充電), (c) K-Choice Goods (小K優選), (d) K-Group Buying (小K團購), (e) K-Delivery (小K到家) and (f) K-Cultural Tourism (小K文旅). By leveraging the advantages of integrated fundamental property services, diversified supply chains and distributed mini warehouse, we continued to improve our value-added service capabilities, provide high-quality products and convenient services, and build a standardized and full-lifecycle service and product system.

As at 30 June 2024, Kaisa Prosperity opened six stores under the name of "K Series Living Exhibition Hall" (小K生活展示館). At present, the offline experience hall covers 9 cities including Guangzhou, Shenzhen, Shanghai, Chengdu, Chongqing, Dongguan, Foshan, Huizhou and Zhuhai. Catering to the immediate needs of customers and focusing on user experience, we strive to create accurate professional value-added services. Kaisa Prosperity is accelerating the exploration of a community neighborhood living service circle. Through business integration and development, we have realized a comprehensive upgrade of product system and comprehensively enhanced community space operation and service capability.

Kaisa Prosperity's neighborhood service ecology, with K Series Living Exhibition Hall and K Series Living platform as the carrier, gathered national and local advantageous supply chain resources, and created a "1+N" service system through a "One Strategy for One City" approach, focusing on local living needs such as community group buying, delivery service, house renovation, house rental and sales, community leisure, catering and cultural tourism. At the same time, Kaisa Prosperity has independently developed information technology tools such as community sharing platforms and service ordering platforms to make local life more carefree, comfortable and secure.

During the six months ended 30 June 2024, the total revenue of value-added services to property owners was approximately RMB84.8 million, representing a decrease of approximately 8.7% period to period. Such decrease was primarily due to the market environment of downturn in resident consumption and intensifying industry competition.

## VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

Leveraging on the Group's relevant expertise, the Group provides a wide range of value-added services to non-property owners (mainly property developers), which include: (i) construction sites management services; (ii) display units and property sales venues management services; (iii) property management consulting services; and (iv) smart solution services, etc..

**Construction sites management services.** The Group provided primarily security services and to a lesser extent management services, such as cleaning and maintenance services, for the construction sites of property development projects.

**Display units and property sales venues management services.** The Group deployed personnel onsite to assist property developers with their property marketing and selling activities. The Group also assisted property developers with responding to general enquiries at front desks and maintaining order at property sales venues.

**Consulting Services.** The Group provided general daily property management consulting services to other property management companies.

**Smart solution services.** The Group provided comprehensive integrated solution including design, self-developed products, engineering construction and operation and maintenance services to different kinds of property developers.

During the six months ended 30 June 2024, the total revenue of value-added services to non-property owners was approximately RMB105.9 million, representing a decrease of approximately 23.3% period to period. Such decrease was primarily due to the impact of national macro policies, market conditions in the real estate industry during the period, where the demand for relevant services by real estate developers decreased.

Save for the above mentioned, during the six months ended 30 June 2024, there have been no material changes in the business development activities of the Group.

## FINANCIAL REVIEW

### Revenue

The Group derived its revenue from: (i) property management services; (ii) value-added services to property owners; and (iii) value-added services to non-property owners. The management of the Company has represented the type of services to concur with its current business strategic. Value-added services to property owners mainly focus on providing service for individual property owners and institutional property owner and residents. Value-added services to non-property owners mainly focus on property developers, which included: (i) construction sites management services; (ii) display units and property sales venues management services; (iii) property management consulting services; and (iv) smart solution services. Revenue increased by approximately 2.0% from approximately RMB880.0 million for the six months ended 30 June 2023 to approximately RMB898.0 million for the six months ended 30 June 2024.

The revenue contribution by each business segment of the Group for the periods indicated is set forth in the table below:

| | (Unaudited) Six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | Changes | |
| | ***RMB'000*** | **%** | *RMB'000* (Represented) | % (Represented) | *RMB'000* | % |
| Property management services | **707,257** | **78.8** | 648,910 | 73.7 | 58,347 | 9.0 |
| Value-added services to property owners | **84,843** | **9.4** | 92,952 | 10.6 | (8,109) | (8.7) |
| Value-added services to non-property owners | **105,897** | **11.8** | 138,146 | 15.7 | (32,249) | (23.3) |
| Total | **897,997** | **100.0** | 880,008 | 100.0 | 17,989 | 2.0 |

Revenue from property management services, which primarily include property management fees for providing security, cleaning and gardening and property repair and maintenance services to residential communities, commercial properties and public facilities, increased by approximately 9.0% from approximately RMB648.9 million for the six months ended 30 June 2023 to approximately RMB707.3 million for the six months ended 30 June 2024. Such increase was primarily attributable to the increase in the total GFA under management resulting from the business expansion.

Revenue from value-added services to property owners, which primarily include income generated from the car parking, space leasing, retailing, house leasing and sales, housing decoration and renovation and other value-added services through both offline and online channels, decreased by approximately 8.7% from approximately RMB93.0 million for the six months ended 30 June 2023 to approximately RMB84.8 million for the six months ended 30 June 2024. Such decrease was primarily due to the market environment of downturn in resident consumption and intensifying industry competition.

Revenue from value-added services to non-property owners, which primarily include fees for construction sites management, display units and property sales venues management and consulting services and installation and maintenance services, decreased by approximately 23.3% from approximately RMB138.1 million for the six months ended 30 June 2023 to approximately RMB105.9 million for the six months ended 30 June 2024. Such decrease was primarily due to the impact of national macro policies, market conditions in the real estate industry during the period, where the demand for relevant services by real estate developers decreased.

### Direct operating expenses

The direct operating expenses of the Group primarily comprises staff costs, subcontracting costs, construction costs, carpark leasing expenses, utility expenses, office expenses, community cultural expenses, other taxes and others. The direct operating expenses increased by approximately 1.2% from approximately RMB634.7 million for the six months ended 30 June 2023 to approximately RMB642.6 million for the six months ended 30 June 2024. Such increase was primarily attributable to the increase in the total GFA under management resulting from the business expansion of property management service.

### Gross Profit and Gross Profit Margin

The overall gross profit of the Group increased by approximately 4.1% from approximately RMB245.3 million for the six months ended 30 June 2023 to approximately RMB255.4 million for the six months ended 30 June 2024. The overall gross profit margin of the Group increased by approximately 0.5 percentage points from approximately 27.9% for the six months ended 30 June 2023 to approximately 28.4% for the six months ended 30 June 2024. The table below sets forth the Group's gross profit and gross profit margin by business segment for the periods indicated:

| | **(Unaudited) Six months ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | Changes | |
| | **Gross Profit** *RMB'000* | **Gross Profit Margin** % | Gross Profit *RMB'000* (Represented) | Gross Profit Margin % (Represented) | Amount *RMB'000* | % |
| Property management services | **171,012** | **24.2** | 155,019 | 23.9 | 15,993 | 10.3 |
| – Lump-sum basis | **143,640** | **21.1** | 128,594 | 20.7 | 15,046 | 11.7 |
| – Commission basis | **27,372** | **100.0** | 26,425 | 100.0 | 947 | 3.6 |
| Value-added services to property owners | **54,870** | **64.7** | 49,055 | 52.8 | 5,815 | 11.9 |
| Value-added services to non-property owners | **29,545** | **27.9** | 41,245 | 29.9 | (11,700) | (28.4) |
| Total | **255,427** | **28.4** | 245,319 | 27.9 | 10,108 | 4.1 |

1) *Property management services*

Gross profit margin of the Group's property management services increased by approximately 0.3 percentage points from approximately 23.9% for the six months ended 30 June 2023 to approximately 24.2% for the six months ended 30 June 2024. The increase was primarily due to the various cost saving initiatives implemented by the Group to proactively manage the Group's costs on property management services.

2) *Value-added services to property owners*

Gross profit margin of the Group's value-added services to property owners increased by approximately 11.9 percentage points from approximately 52.8% for the six months ended 30 June 2023 to approximately 64.7% for the six months ended 30 June 2024. The increase was primarily due to the increase in the proportion of revenue contribution from some value-added services which have higher gross profit margin.

3) *Value-added services to non-property owners*

Gross profit margin of the Group's value-added services to non-property owners decreased by approximately 2.0 percentage points from approximately 29.9% for the six months ended 30 June 2023 to approximately 27.9% for the six months ended 30 June 2024. The decrease was primarily due to the proportion of revenue contributed from projects with higher gross profit margins decreased.

**Selling and Marketing Expenses**

Selling and marketing expenses of the Group decreased by approximately 13.5% from approximately RMB5.2 million for the six months ended 30 June 2023 to approximately RMB4.5 million for the six months ended 30 June 2024. The decrease was primarily due to less marketing activities conducted for the six months ended 30 June 2024.

**Administrative Expenses**

Administrative expenses of the Group decreased by approximately 10.0% from approximately RMB99.2 million for the six months ended 30 June 2023 to approximately RMB89.3 million for the six months ended 30 June 2024.

**Income Tax (expense)/credit**

The Group recorded an income tax expense of approximately RMB14.7 million for the six months ended 30 June 2024 as compared to the income tax credit of approximately RMB33.0 million for the six months ended 30 June 2023 as the Group has generated profit for the current Reporting Period.

**Profit/(Loss) and Total Comprehensive Income/(Expense) for the Period**

The Group's profit and total comprehensive income for the six months ended 30 June 2024 amounted to approximately RMB50.7 million as compared to a loss and total comprehensive expense of approximately RMB96.9 million for the six months ended 30 June 2023. The improvement in performance was mainly attributable to the substantial reduction in the provision for loss allowance on trade receivables from related parties during the six months ended 30 June 2024, as compared to that for the corresponding period in 2023.

**Liquidity, Capital Structure and Financial Resources**

As of 30 June 2024, the Group's cash and cash equivalents was approximately RMB238.7 million, represented a decrease of approximately RMB48.1 million from approximately RMB286.8 million as of 31 December 2023, primarily due to the slow recovery of trade receivables and settlement of consideration payable related to acquisition of subsidiaries made in prior years.

As of 30 June 2024, the net current assets of the Group was approximately RMB109.4 million (31 December 2023: approximately RMB35.3 million). As of 30 June 2024, the Group's current ratio (current assets/current liabilities) was approximately 1.13 (31 December 2023: approximately 1.04).

As of 30 June 2024, the Group did not have any other loans or borrowings (31 December 2023: nil).

**Goodwill**

As of 30 June 2024, the Group recorded goodwill of approximately RMB160.8 million (31 December 2023: RMB160.8 million), as a result of the completion of the acquisitions of Jiaxing Dashu Property Management Company Limited* (嘉興大樹物業管理有限公司) and Jiangsu Hengyuan Property Management Company Limited* (江蘇恒源物業管理有限公司) in 2019, Ningbo Langtong Property Management Company Limited* (寧波朗通物業服務有限公司) in 2020 and Zhejiang Ruiyuan Property Management Company Limited* (浙江瑞源物業管理有限公司) in 2021. According to the impairment assessment made by the management of the Company, there was no indication of any impairment of goodwill and hence no impairment provision is required for the six months ended 30 June 2024.

**Right-of-Use Assets**

As of 30 June 2024, the Group recorded right-of-use assets of approximately RMB173.5 million (31 December 2023: RMB184.0 million) which are mainly used by the Group to provide property management services and sublease the non-residential properties for rental income.

**Trade and Other Receivables**

Trade receivables mainly arise from property management fees and value-added services fees to non-property owners. Trade receivables of the Group increased by approximately RMB75.4 million from approximately RMB393.6 million as of 31 December 2023 to approximately RMB469.0 million as of 30 June 2024, primarily due to (i) the increase in trade receivables from property management services as a result of the expansion of the total GFA under management; and (ii) the slow recovery of trade receivables from real estate developers due to the impact of national macro policies, market conditions in the real estate industry.

Other receivables mainly consist of deposits, prepayments, payments on behalf of staff and payments on behalf of residents under lump-sum basis. Other receivables of the Group increased slightly by approximately RMB5.2 million from approximately RMB75.2 million as of 31 December 2023 to approximately RMB80.4 million as of 30 June 2024. Such increase was primarily attributable to the increase in the total GFA under management resulting from business expansion.

**Payments on behalf of Residents Under Commission Basis**

The Group made payments on behalf of residents of the managed residential communities under commission basis. Payments on behalf of residents represent working capital expenditures paid by the Group on behalf of the residential communities. The Group's payments on behalf of residents under commission basis increased by approximately RMB15.6 million from approximately RMB95.1 million as of 31 December 2023 to approximately RMB110.7 million as of 30 June 2024, primarily due to the slowdown of collection of such payments.

**Trade and Other Payables**

Trade payables mainly represent the obligations to pay suppliers for procurements in the ordinary course of business. Trade payables of the Group slightly increased by approximately RMB7.9 million from approximately RMB194.0 million as of 31 December 2023 to approximately RMB201.9 million as of 30 June 2024, primarily due to the expansion of the GFA under management of the Group and increase in the scale of subcontracting to independent third-party service providers.

Other payables mainly consist of accrued staff costs, deposits received and receipt on behalf of residents. The accrued staff costs relate to the employees' salary and related expenditure. The deposits received primarily relate to the deposits the Group received from property owners in the managed properties charged on a lump-sum basis for any additional repairs and maintenance expense the Group might incur due to their property decoration. Receipt on behalf of residents relates to the remaining property management fees the Group received in the managed properties charged on a commission basis and the Group managed such fees collectively in its headquarters. Other payables of the Group decreased by approximately RMB45.4 million from approximately RMB365.4 million as of 31 December 2023 to approximately RMB320.0 million as of 30 June 2024 primarily due to settlement of consideration payables for acquisition of subsidiaries and receipt on behalf of residents.

**Capital Commitments**

As of 30 June 2024, the Group did not have any material capital commitment (31 December 2023: nil).

**Pledge of Assets**

As of 30 June 2024, none of the assets of the Group were pledged (31 December 2023: nil).

**Material Acquisitions and Disposals of Assets**

The Group did not have any material acquisitions or disposals of assets for the six months ended 30 June 2024 (2023: nil).

**Gearing Ratio**

Gearing ratio is calculated by dividing the total interest-bearing borrowings by total equity at the end of the respective period/year. The gearing ratio of the Group was nil and nil as of 30 June 2024 and 31 December 2023 respectively, as there were no interest-bearing borrowings.

**Contingent Liabilities**

As of 30 June 2024, the Group did not have any contingent liabilities (31 December 2023: nil).

**Foreign Exchange Risk**

The Group primarily conducts its business in the PRC and in Renminbi. As of 30 June 2024, cash and cash equivalents denominated in Hong Kong dollar ("**HKD**") and United States Dollar ("**USD**") were approximately RMB0.8 million, which are subject to foreign exchange exposure.

The Group currently does not hedge its foreign exchange risk, but continuously monitors its foreign exchange exposure. The management will consider hedging the foreign exchange exposure where there is a material impact on the Group.

**Employees and Benefits Policies**

As of 30 June 2024, the Group had 12,440 employees (31 December 2023: 12,713 employees). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. The Group regularly reviews its compensation policies and programs, and will make necessary adjustments in order to align with remuneration levels to the industry norm. In addition to basic salaries, employees may be granted with discretionary bonus based on individual performance. The Group offers training to its employees so as to enable them to acquire basic skills to perform their duties and to upgrade or improve their production techniques. Furthermore, on 18 June 2019, the Company adopted a share option scheme (the "**Share Option Scheme**"). Details of the Share Option Scheme are set out in the circular of the Company dated 29 April 2019.

**Subsequent events**

There were no other significant subsequent events since the end of the reporting period up to the date of this announcement.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders of the Company (the "**Shareholders**"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and complied with all the applicable code provisions during the six months ended 30 June 2024.

## REVIEW OF INTERIM RESULTS

The Company has established an audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors, in accordance with the requirements under Rule 3.21 and 3.22 of the Listing Rules.

The Audit Committee has reviewed the accounting policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024, and discussed matters related to auditing, risk management, internal control with the management team.

## COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2024.

The Company has also established written guidelines on no less exacting terms than the Model Code for the relevant employees of the Group, who are likely to be in possession of inside information of the Company.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2024 (30 June 2023: nil).

## PUBLICATION OF THE 2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report for the six months ended 30 June 2024 will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.jzywy.com in due course.

## APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our Shareholders, customers, bankers and other business partners for their trust and support.

By Order of the Board
**Kaisa Prosperity Holdings Limited**
**Kwok Ying Shing**
*Chairman*

Hong Kong, 23 August 2024

*As at the date of this announcement, the executive Directors are Mr. Kwok Ying Shing, Mr. Liao Chuanqiang, Mr. Li Haiming, Mr. Kwok Hiu Kwan, Mr. Zhao Jianhua and Ms. Mou Zhaohui; and the independent non-executive Directors are Mr. Liu Hongbai, Ms. Ma Xiumin and Mr. Chen Bin.*

* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese names shall prevail.*