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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

- Total revenue for the year ended 31 December 2019 increased by approximately 40.9% to approximately RMB1,261.9 million from approximately RMB895.8 million for the year ended 31 December 2018.

- Gross profit for the year ended 31 December 2019 increased by approximately 36.6% to approximately RMB378.4 million from approximately RMB277.0 million for the year ended 31 December 2018 and gross profit margin for the year ended 31 December 2019 remained stable at approximately 30.0% compared with that of approximately 30.9% for the year ended 31 December 2018.

- Profit attributable to owners of the Company for the year ended 31 December 2019 increased by 203.0% to approximately RMB163.9 million from approximately RMB54.1 million for the year ended 31 December 2018.

- The adjusted profit (excluding non-recurring items and share-based compensation) increased by approximately 61.5% to approximately RMB170.7 million for the year ended 31 December 2019 from approximately RMB105.7 million for the year ended 31 December 2018.

- As of 31 December 2019, cash and cash equivalents were approximately RMB753.9 million (2018: RMB708.1 million).

- The Board recommended payment of a final dividend of HK52.0 cents per share in respect of the year ended 31 December 2019 (2018: HK18.0 cents per share).

The board (the "**Board**") of directors (the "**Directors**") of Kaisa Prosperity Holdings Limited ("**Kaisa Prosperity**" or the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Revenue	*4*	**1,261,909**	895,768
Direct operating expenses		**(883,498)**	(618,730)
Gross profit		**378,411**	277,038
Selling and marketing expenses		**(9,172)**	(5,160)
Administrative expenses		**(155,850)**	(152,188)
Other losses, net	*5*	**(4,241)**	(7,880)
Operating profit		**209,148**	111,810
Fair value loss on financial assets at fair value through profit or loss		**(2,089)**	–
Finance income/(expenses), net	*6*	**3,235**	(1,175)
Profit before income tax	*7*	**210,294**	110,635
Income tax expenses	*8*	**(43,225)**	(57,125)
Profit and total comprehensive income for the year		**167,069**	53,510
Profit and total comprehensive income attributable to:			
Owners of the Company		**163,898**	54,056
Non-controlling interests		**3,171**	(546)
		167,069	53,510
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic	*9(a)*	**1.17**	0.50
Diluted	*9(b)*	**1.17**	0.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**18,746**	7,920
Intangible assets	*11*	**29,514**	6,579
Goodwill	*11*	**48,378**	5,534
Right-of-use assets		**4,242**	–
Financial assets at fair value through profit or loss		**34,404**	–
Other receivables	*12*	**135**	133
Deferred tax assets		**5,298**	3,153
		140,717	23,319
Current assets			
Trade receivables	*12*	**257,850**	181,218
Other receivables	*12*	**51,412**	59,347
Payments on behalf of residents		**31,151**	40,440
Contract assets		**55,991**	40,576
Amounts due from related parties		**1,008**	689
Restricted cash		**1,510**	617
Cash and cash equivalents		**753,945**	708,055
		1,152,867	1,030,942
Current liabilities			
Trade payables	*13*	**181,562**	115,249
Other payables	*13*	**269,033**	204,836
Contract liabilities		**74,004**	41,087
Amounts due to related parties		**1,277**	556
Dividend payable		**–**	128,000
Lease liabilities		**3,004**	–
Income tax payable		**49,966**	33,237
		578,846	522,965
Net current assets		**574,021**	507,977
Total assets less current liabilities		**714,738**	531,296

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Non-current liabilities			
Other payables	*13*	**13,274**	3,981
Lease liabilities		**1,238**	–
Deferred tax liabilities		**11,378**	21,145
		25,890	25,126
Net assets		**688,848**	506,170
EQUITY			
Share capital		**1,232**	1,232
Reserves		**663,234**	505,502
Equity attributable to owners of the Company		**664,466**	506,734
Non-controlling interests		**24,382**	(564)
Total equity		**688,848**	506,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. CORPORATE INFORMATION

Kaisa Prosperity Holdings Limited (formerly known as Kaisa Property Holdings Limited) (the "**Company**") was incorporated in the Cayman Islands on 13 October 2017 as an exempted company with limited liability under the Companies Law. 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 shares 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**") as the Company's ultimate holding company, a company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange.

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

The consolidated financial statements for the year ended 31 December 2019 were approved for issue by the board of directors on 26 March 2020.

2. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the accounting principles generally accepted in Hong Kong.

The financial statements also comply with the applicable disclosures requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss which is stated at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2019:

HKFRS 16	Leases
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior years have been prepared and presented.

HKFRS 16 "Leases"

HKFRS 16 replaces HKAS 17 "Leases" ("HKAS 17") along with three Interpretations (HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC) Int-15 "Operating Leases-Incentives" and HK(SIC) Int-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current year. Prior year has not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use assets for operating leases in existence at the date of initial application of HKFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 4.75% per annum.

As a lessee

The following table is a reconciliation of total operating lease commitments at 31 December 2018 to the opening balance for lease liabilities recognised at 1 January 2019:

	RMB'000
Total operating lease commitments disclosed at 31 December 2018	7,681
Less: commitments relating to lease exempt from capitalisation:	
Short-term leases with remaining lease term ending on or before 31 December 2019	(5,740)
Operating leases liabilities before discounting	1,941
Less: discounting using incremental borrowing rate as at 1 January 2019	(86)
Total lease liabilities recognised at 1 January 2019	1,855
Classified as:	
Current lease liabilities	1,377
Non-current lease liabilities	478
	1,855

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position at 1 January 2019:

	RMB'000
Increase in right-of-use assets (non-current asset)	1,855
Increase in lease liabilities (current liabilities)	(1,377)
Increase in lease liabilities (non-current liabilities)	(478)

As a lessor

Upon initial application of HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16. Comparative information is not restated.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of a Business[2]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

4.1 Revenue

(a) Revenue mainly comprises of proceeds from provision of property management services, pre-delivery and consulting services, community value-added services and smart solution services. An analysis of the Group's revenue for the years ended 31 December 2019 and 2018 are as follows:

	2019		2018	
	Revenue	**Direct operating expenses**	Revenue	Direct operating expenses
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Revenue from customers and recognised over time				
Property management services	**559,555**	**406,599**	375,937	251,880
Pre-delivery and consulting services	**467,469**	**333,245**	355,599	253,021
Community value-added services	**121,481**	**64,305**	81,672	52,533
Smart solution services	**113,404**	**79,349**	82,560	61,296
	1,261,909	**883,498**	895,768	618,730

For the year ended 31 December 2019, revenue from Kaisa Holdings and its subsidiaries (the "**Kaisa Group**") contributed 44% (2018: 50%) of the Group's revenue. Other than the transactions with Kaisa Group, none of the other transactions contributed 10% or more of the Group's revenue for the years ended 31 December 2019 and 2018.

(b) ***Unsatisfied performance obligations***

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 31 December 2019 and 2018 are as follows:

	2019	2018
	RMB'000	*RMB'000*
Within one year	**90,449**	50,841
More than one year	**46,322**	24,408
	136,771	75,249

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 constraint.

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 Group.

For the years ended 31 December 2019 and 2018, the Group engaged mainly in the provision of property management services, pre-delivery and consulting services, community value-added services and smart solution services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources allocations. 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 from the PRC for the years ended 31 December 2019 and 2018.

As at 31 December 2019, except for the financial assets at fair value through profit or loss, most of the non-current assets were located in the PRC.

5. OTHER LOSSES, NET

	2019	2018
	RMB'000	*RMB'000*
Unconditional government subsidy income	**4,356**	1,727
Net losses on disposal of property, plant and equipment	**(345)**	(51)
Provision for loss allowance	**(4,831)**	(4,235)
Trade and other receivables and payment on behalf of residents written off as uncollectible	**(6,538)**	(1,593)
Dividend received from unlisted managed fund	**978**	–
Exchange gains/(losses), net	**1,859**	(3,465)
Others	**280**	(263)
	(4,241)	(7,880)

6. FINANCE INCOME/(EXPENSES), NET

	2019	2018
	RMB'000	*RMB'000*
Finance income		
Interest income from loans to third parties	**3,376**	–
Interest income from amount due from a fellow subsidiary of Kaisa Holdings	**–**	12,723
	3,376	12,723
Finance expenses		
Interest expense of lease liabilities	**(141)**	–
Interest expense of other borrowings	**–**	(13,898)
	(141)	(13,898)
Finance income/(expenses), net	**3,235**	(1,175)

7. PROFIT BEFORE INCOME TAX

	2019 *RMB'000*	2018 *RMB'000*
Profit before income tax has been arrived at after charging:		
Staff costs – including directors' emoluments		
– Included in direct operating expenses	**440,172**	342,874
– Included in administrative expenses	**110,166**	96,259
Cost in relation to smart solution services	**78,821**	60,853
Lease charges		
– Land and buildings held under operating lease	**–**	48,273
– Short term leases as at initial application of HKFRS 16	**43,786**	–
Total lease charges	**43,786**	48,273
Other taxes	**5,870**	4,809
Business entertainment expenses	**3,633**	2,456
Depreciation		
– Property, plant and equipment	**4,706**	2,830
– Right-of-use assets	**3,822**	–
Amortisation of intangible assets *(note 11)*	**2,352**	1,316
Legal and professional fees	**3,190**	4,014
Listing expenses	**–**	30,182
Office expenses	**14,770**	9,519
Fair value losses on financial assets at FVTPL	**2,089**	–
Provision for loss allowance		
– Trade receivables	**2,972**	3,168
– Deposits, other receivables and payments on behalf of residents (excluding prepayments)	**1,859**	1,067
Trade and other receivables and payment of behalf of residents written off as uncollectible	**6,538**	1,593
Travelling	**4,321**	4,037

8. INCOME TAX EXPENSES

	2019 *RMB'000*	2018 *RMB'000*
Current income tax		
– PRC Corporate Income Tax	**41,028**	38,834
Deferred tax		
– PRC Corporate Income Tax	**2,197**	18,291
	43,225	57,125

PRC Corporate Income Tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in the PRC is 25%. Provision for the PRC Corporate Income Tax for Kaisa Property Management (Chengdu) Co., Ltd.* (成都市佳兆業物業管理有限公司), Kaisa Property Management (Chongqing) Co., Ltd.* ("重慶市佳兆業物業管理有限公司") and Kaisa Property Management (Liuzhou) Co., Ltd.* ("柳州佳兆業物業管理有限公司") are calculated at 15% of the estimated assessable profits for both years ended 31 December 2019 and 2018. These companies have been qualified as companies under the development strategy of the PRC's western region and are able to enjoy the preferential income tax rate of 15%.

Shenzhen Jiake Intelligent Engineering Co., Ltd.* (深圳市佳科智能工程有限公司) has obtained the certificate of "High and New Technology Enterprise" ("**HNTE**") in December 2017, and it is subject to a reduced preferential enterprise income tax rate of 15% for a 3-year period from 2017 to 2019.

For certain group entities engaged in property management services (the "**PM Entities**"), pursuant to relevant local tax regulations in the PRC, the Group has elected to file consolidated tax return for the PM Entities incorporating assessable profit and tax losses attributable to the PM Entities as well as certain communities which are managed by the PM Entities under commission basis. As a result of such arrangement, the Group is able to temporarily utilise tax losses of loss making communities, resulting in deferral of payment of certain provision.

PRC Withholding Income Tax

According to the new Corporate Income Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be received on the immediate holding companies outside the PRC where their PRC subsidiaries declare dividend of profits earned after 1 January 2008. A lower 5% withholding tax rate can be applied to the immediate holding company of the PRC subsidiaries, which is incorporated in Hong Kong, according to the tax treaty arrangements between the PRC and Hong Kong.

The Company's subsidiary, Profit Victor Investments (Hong Kong) Limited), is able to apply for the 5% withholding tax rate during the year ended 31 December 2019.

Hong Kong profit tax

Hong Kong profit tax has not been provided as the Hong Kong incorporated company within the Group has no estimate assessable profits in Hong Kong for the years ended 31 December 2019 and 2018.

Overseas income tax

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

The group companies incorporated in the BVI were under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

* English translations are for identification purposes only. The English names of the group companies incorporated in the PRC represent the best efforts by the management of the Group in translation of their Chinese names as they do not have official names in English.

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue for the years ended 31 December 2019 and 2018.

	2019	2018
Total profit attributable to owners of the Company *(in RMB'000)*	**163,898**	54,056
Weighted average number of ordinary share in issue	**140,000,000**	107,049,277
Basic earnings per share (note) *(in RMB)*	**1.17**	0.50

Note: The earnings per share as presented above is calculated using the weighted average number of ordinary share of 140,000,000 and 107,049,277 shares for the years ended 31 December 2019 and 2018 respectively.

(b) Diluted earnings per share

	2019	2018
	RMB'000	*RMB'000*
Weighted average number of ordinary shares in issue during the year	**140,000,000**	107,049,277
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 per share	**140,000,000**	107,049,277
Diluted earnings per share *(in RMB)*	**1.17**	0.50

Note:

The computation of diluted earnings per share for the year does not assume the conversion of the Company's outstanding share options granted on 19 July 2019. The adjusted exercise price of share options aforesaid is higher than the average market price of the shares for the period from the date of grant to 31 December 2019 which is regarded as anti-dilutive. During the years ended 31 December 2019 and 2018, the diluted earnings per share equalled to the basic earnings per share as there were no dilutive potential ordinary shares in issue.

10. DIVIDEND

	2019	2018
	RMB'000	*RMB'000*
Proposed final dividend *(note (a) and (b))*	**65,200**	22,168
Dividends to the then shareholders *(note (c))*	**–**	128,000

(a) A final dividend in respect of the year ended 31 December 2019 of HK52.00 cents (equivalent to approximately RMB46.60 cents) per share was proposed at the Board meeting on 26 March 2020, totalling approximately HK$72,800,000 (equivalent to approximately RMB65,200,000) and was declared from share premium by the Company at the Board meeting held on 26 March 2020.

(b) A final dividend in respect of the year ended 31 December 2018 of HK18.00 cents (equivalent to approximately RMB15.83 cents) per share was proposed at the Board meeting on 25 March 2019, totalling approximately HK$25,200,000 (equivalent to approximately RMB22,168,000) and was declared from retained earnings by the Company at the Board Meeting held on 25 March 2019 and approved by the shareholders at the Annual General Meeting held on 18 June 2019.

(c) During the year ended 31 December 2018, the Company declared dividends of RMB128,000,000 to the shareholders before the Reorganisation was completed. The dividend was distributed out of the company's retained earnings for the year ended 31 December 2018.

11. GOODWILL AND INTANGIBLE ASSETS

	Goodwill			Intangible assets			
	Property management services segment	Community value-added services segment	Sub-total	Mobile application	Customer relationships	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
As at 1 January and 31 December 2018	–	5,534	5,534	7,895	–	7,895	13,429
Acquisitions of subsidiaries *(note 14)*	42,844	–	42,844	–	25,287	25,287	68,131
As at 31 December 2019	**42,844**	**5,534**	**48,378**	**7,895**	**25,287**	**33,182**	**81,560**
Accumulated amortisation							
As at 1 January 2018	–	–	–	–	–	–	–
Amortisation	–	–	–	1,316	–	1,316	1,316
As at 31 December 2018 and 1 January 2019	–	–	–	1,316	–	1,316	1,316
Amortisation	–	–	–	1,316	1,036	2,352	2,352
As at 31 December 2019	**–**	**–**	**–**	**2,632**	**1,036**	**3,668**	**3,668**
Net book amount							
As at 31 December 2019	**42,844**	**5,534**	**48,378**	**5,263**	**24,251**	**29,514**	**77,892**
As at 31 December 2018	–	5,534	5,534	6,579	–	6,579	12,113

On 30 April 2019, the Group acquired 60% of the equity interests in Jiaxing Dashu Property Management Company Limited* (嘉興大樹物業管理有限公司) ("**Jiaxing Dashu**") and its subsidiary (together the "**Jiaxing Dashu Group**") at a total consideration of RMB36,580,000. Total identifiable net assets of Jiaxing Dashu Group contributed to the Group amounted to RMB29,333,000, including identified customer relationships of RMB12,287,000.

On 31 October 2019, the Group acquired 51% of the equity interests in Jiangsu Hengyuan Property Management Company Limited* (江蘇恒源物業管理有限公司) ("**Jiangsu Hengyuan**") and its subsidiaries (together, the "**Jiangsu Hengyuan Group**") at a total consideration of RMB34,160,000. Total identifiable net assets of Jiangsu Hengyuan Group contributed to the Group amounted to RMB20,188,000, including identified customer relationships of RMB13,000,000.

The excess of the consideration paid over the fair value of the identifiable net assets acquired is recorded as goodwill.

* English translations are for identification purposes only. The English names of the group companies incorporated in the PRC represent the best efforts by the management of the Group in translation of their Chinese names as they do not have official names in English.

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables		
– from third parties	**127,968**	62,039
– from related parties	**144,176**	126,802
	272,144	188,841
Less: loss allowance for trade receivables	**(14,294)**	(7,623)
	257,850	181,218
Other receivables		
Other deposits	**12,178**	4,164
Deposit for acquisition of an investment	**–**	44,000
Prepayments	**6,594**	1,118
Loan to a third party *(note c)*	**15,193**	–
Payments on behalf of staff	**7,781**	6,280
Payments on behalf of residents under lump-sum basis	**10,236**	5,295
Others	**2,335**	695
Less: loss allowance for other receivables	**(2,770)**	(2,072)
Total other receivables	**51,547**	59,480
Less: other receivables under non-current portion	**(135)**	(133)
Current portion	**51,412**	59,347

Notes:

(a) Except for loan to a third party, all of the Group's trade and other receivables are denominated in RMB. The directors consider that the fair values of trade and other receivables under current portion are not materially different from their carrying amounts because these balances have short maturity periods upon their inception.

(b) Property management services income is received in accordance with the terms of the relevant service agreements and due for payment upon the issuance of demand note. Income for pre-delivery and consulting services and smart solution services are received in accordance with the terms of the relevant service agreements. The Group normally allows an average credit period ranged from 15 days to 90 days to its customers.

(c) Loan to a third party is unsecured, interest-bearing at 12% per annum and repayable on 26 June 2020.

The ageing analysis of the trade receivables before loss allowances as at 31 December 2019 and 2018 based on the invoice date is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 180 days	**221,160**	167,881
181-365 days	**21,642**	7,456
1-2 years	**17,587**	6,213
2-3 years	**5,146**	2,857
Over 3 years	**6,609**	4,434
	272,144	188,841

The Group applies the simplified approach to provide for expected credit losses ("**ECL**") of trade receivables prescribed by HKFRS 9. As at 31 December 2019, a provision of RMB14,294,000 (2018: RMB7,623,000) was made against the gross amount of trade receivables and a provision of RMB2,770,000 (2018: RMB2,072,000) was made against the gross amount of other receivables, respectively.

13. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables		
– from third parties	**140,712**	86,549
– from related parties	**40,850**	28,700
	181,562	115,249
Other payables		
Consideration payables for acquisition of a subsidiary	**27,328**	–
Accrued listing expenses	**–**	12,414
Accrued staff costs	**93,471**	68,798
Other tax payables	**1,324**	7,083
Deposits received	**54,116**	36,416
Receipt on behalf of residents	**68,032**	62,998
Other payables and accruals	**38,036**	21,108
Total other payables	**282,307**	208,817
Less: non-current portion		
Other payables	**(3,026)**	(3,981)
Consideration payables for acquisition of a subsidiary	**(10,248)**	–
Total other payables under non-current portion	**(13,274)**	(3,981)
Current portion	**269,033**	204,836

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 as at 31 December 2019 and 2018 were as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 90 days	**124,092**	77,185
91-180 days	**22,316**	26,159
181-270 days	**11,015**	7,371
271-365 days	**7,370**	3,493
Over 365 days	**16,769**	1,041
	181,562	115,249

14. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisition of the Jiaxing Dashu Group

On 30 April 2019, the Group acquired 60% equity interest in the Jiaxing Dashu Group at total consideration of RMB36,580,000. The Jiaxing Dashu Group is principally engaged in the business of property management including residential communities, offices and commercial buildings, government facilities and other non-residential projects. Goodwill of RMB18,980,000 arose from expected future development of Jiaxing Dashu Group's business and improvement on market coverage.

The following table summarises the consideration paid for the Jiaxing Dashu Group, and the fair value of assets and liabilities assumed at the acquisition date.

	2019
	RMB'000
Debtors, deposits and other receivables	**36,158**
Property, plant and equipment	**5,334**
Deferred tax assets	**681**
Intangible assets	**12,287**
Cash and bank balances	**16,896**
Trade and other payables	**(30,110)**
Deferred tax liabilities	**(3,071)**
Contract liabilities	**(7,873)**
Income tax payables	**(969)**
Total identifiable net assets at fair value	**29,333**
Less: non-controlling interest	**(11,733)**
	17,600
Goodwill	**18,980**
Identifiable net assets acquired	**36,580**
Purchase consideration settled in cash	**36,580**
Cash and bank balances in subsidiaries acquired	**(16,896)**
Cash outflow on acquisition of a subsidiary	**19,684**

(i) Intangible assets of customer relationship of RMB12,287,000 in relation to the acquisition of Jiaxing Dashu Group has been recognised by the Group.

(b) Acquisition of the Jiangsu Hengyuan Group

On 31 October 2019, the Group acquired 51% equity interest in the Jiangsu Hengyuan Group at total consideration of approximately RMB34,160,000. The Jiangsu Hengyuan Group is principally engaged in the business of property management including residential communities, office and commercial buildings, government facilities and other non-residential projects. Goodwill of RMB23,864,000 arose from expected future development of Jiangsu Hengyuan Group's business and improvement on market coverage.

The following table summarises the consideration paid for the Jiangsu Hengyuan Group, and the fair value of assets and liabilities assumed at the acquisition date.

	2019
	RMB'000
Debtors, deposits and other receivables	**20,765**
Property, plant and equipment	**4,991**
Deferred tax assets	**249**
Intangible assets	**13,000**
Cash and bank balances	**2,346**
Trade and other payables	**(15,879)**
Deferred tax liabilities	**(3,250)**
Contract liabilities	**(1,936)**
Income tax payables	**(98)**
Total identifiable net assets at fair value	**20,188**
Less: non-controlling interest	**(9,892)**
	10,296
Goodwill	**23,864**
Identifiable net assets acquired	**34,160**
Consideration transferred	**34,160**
Consideration payable	**(27,328)**
Purchase consideration settled in cash	**6,832**
Cash and bank balances in subsidiaries acquired	**(2,346)**
Cash outflow on acquisition of a subsidiary	**4,486**

(i) Intangible assets of customer relationship of RMB13,000,000 in relation to the acquisition of Jiangsu Hengyuan Group has been recognised by the Group.

(ii) The consideration for the acquisition of approximately RMB34,160,000 is subjected to downward adjustment of certain performance targets of the Jiangsu Hengyuan Group. With reference to the Company's announcement on 31 October 2019 and supplemental announcement on 14 November 2019, the Group may, at its discretion, terminate the agreement or re-negotiate for a lower consideration with the vendors. However, the directors of the Company consider that the probability of not meeting these performance target is low.

15. LEASE COMMITMENTS

The Group as lessee

At the reporting date, the lease commitments for short-term leases (2018: total future minimum lease payments payable by the Group under non-cancellable operating leases) are as follows:

	2019	2018
	RMB'000	*RMB'000*
Buildings:		
Within one year	**2,595**	6,074
In the second to fifth years	**–**	1,607
	2,595	7,681

As at 31 December 2019, the Group leased properties under operating leases, which are qualified to be accounted for under short term lease exemption under HKFRS 16. The lease run for an initial period of one year, 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 landlords/lessors. None of the leases include contingent rentals.

As at 31 December 2018, the Group leased a number of offices under operating leases. 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 as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

The Group as lessor

As at 31 December 2019 and 2018, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of buildings as follows:

	2019	2018
	RMB'000	*RMB'000*
Buildings:		
Within one year	**779**	308
In the second to fifth years	**51**	396
	830	704

The lease 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

During the year ended 31 December 2019 (the "**Year**"), the global economy and trade environment underwent a distinct slowdown with a slowing growth in major developed economies and greater downward pressure faced by the emerging economies. The higher perceived risks in the international financial market gradually weakened investors' confidence. Nevertheless, the property management market saw a rapid development in the Year. Driven by policies, consumption and technologies, property management enterprises expedited their business development to expand their service scopes and explore new business formats. The capital markets have provided strong support in the Year to many property management enterprises and the market value of the property management industry was redefined accordingly.

During the Year, Kaisa Prosperity expanded its business scale by way of internal organic growth and external mergers and acquisitions, as well as cooperation and partnership. Since its listing and as witnessed by its shareholders and potential investors, the Group has put in place an effective and transparent governance system, building a solid business foundation for a long-term development. In the face of the new landscape in the property management industry in the future, we are well-prepared for the opportunities and challenges ahead.

Financial Highlights

Benefitting from the long-term cooperation between the Group and its controlling shareholder, Kaisa Group Holdings Ltd. (together with its subsidiaries, collectively referred to as the "**Kaisa Group**"), and the acquisitions in relation to the property management portfolio in the Yangtze River Delta Region, the Group's revenue increased by approximately RMB366.1 million to RMB1,261.9 million in 2019, representing an increase of approximately 40.9% as compared with that in 2018. In particular, income from property management services amounted to RMB559.6 million; income from pre-delivery and consulting services amounted to RMB467.5 million; income from community value-added services amounted to RMB121.5 million; and income from smart solution services amounted to RMB113.4 million.

Driven by the increase in revenue, the profit attributable to owners of the Company for the year ended 31 December 2019 amounted to approximately RMB163.9 million, representing an increase of 203.0% as compared to same in 2018 (2018: RMB54.1 million). The adjusted profit (excluding non-recurring items and share-based compensation) for the year ended 31 December 2019 increased by 61.5% to approximately RMB170.7 million from approximately RMB105.7 million for the year ended 31 December 2018. Basic earnings per share amounted to RMB1.17, representing an increase of approximately 134.0% from that in 2018.

Healthy Profitability and Multi-Dimensional Business Expansion

Under the background of dramatic growth in the number of property services enterprises, extensive diversification of geographic location and active industry integration, the financial performance of a property services enterprise is hugely influenced by the expansion of its management scale. On top of enhancing its comprehensive strengths, improving service standards and sustaining the satisfaction of property owners, the Group took a proactive approach to expand its management scale in a multi-dimensional way. Equity cooperative acquisitions and controlling shareholder's continuous supply of the development projects for management are the two core pillars supporting the Group's expansion of management scale.

The Group actively expanded its market coverage and achieved leap-forward development in its business scale during the Year. The Group aim to continue providing excellent services in the future by leveraging on our brand value and professional management capability, in order to further enhance its own ability to acquire projects. In the first year after its listing, the Group achieved its expansion target by way of equity cooperation with property management enterprises in the Yangtze River Delta Region through two equity acquisitions. In April 2019, the Group completed the acquisition of 60% equity interest in Jiaxing Dashu Property Management Company Limited* (嘉興大樹物業管理有限公司) ("**Jiaxing Dashu**"). In October 2019, the Group completed the acquisition of 51% equity interest in Jiangsu Hengyuan Property Management Company Limited* (江蘇恒源物業管理有限公司) ("**Jiangsu Hengyuan**"). In 2019, the Group's total GFA under management by way of equity acquisition increased by more than 16.3 million sq.m., broadening its coverage in the Yangtze River Delta Region in accordance with its long-term development strategy of business expansion in the developed coastal areas.

In addition, benefitting from the stable supply of the GFA under management from the controlling shareholder, the Group's income from pre-delivery and consulting services amounted to approximately RMB467.5 million, representing an increase of 31.5% as compared with that in the same period last year. As approximately 87.8% of income from pre-delivery and consulting services was derived from Kaisa Group, the rapid growth of Kaisa Group is expected to provide premium project resources for the Group. It is expected that this income stream will be stable and sustainable and is the foundation for the Group's future development.

Bringing "Prosperity" by Fostering Industry Standardization

While focusing on expansion, the Group has always stayed firm to its mission and dedicated to maintaining its service quality and enhancing its brand image. We believe that only by combining management scale with service quality can the Group achieve a healthy development.

* *For identification purpose only*

To better demonstrate the Group's endless efforts in offering diversified and modern services to customers, in July 2019, the company name was changed from "Kaisa Property Holdings Limited" to "Kaisa Prosperity Holdings Limited". In addition to traditional property management business, the Group has included a wide range of customized household intelligent services and transformed itself from a traditional property management services company to a modern comprehensive provider of community lifestyle intelligent property management services, highlighting the Group's future development direction and a fabulous vision.

At the same time, in response to China Property Management Institute's call for the "2019 Standard Construction Year", the Group held the first Summit Forum of Stadium Property Management in Shenzhen in June 2019, with a view to better analyzing the development trend of the stadium property management market, taking lead in setting a high industry standard, and promoting professionalism and standardization of the stadium property management industry. Stadium, with a large site area and comprehensive content, is an integrated mega property serving more than one single function. From the successful operation of Shenzhen Universiade Sports Centre, the Group accumulated operational experience in serving international events such as China Super League and successfully participated in the drafting of the National Stadium Property Management Standard to establish the industry benchmark. Our ability to coordinate and facilitate the establishment and implementation of industry standards brings us a great sense of fulfillment and strengthens our sense of social responsibility.

Investing for the Future and Forward-Looking Application of Intelligent Technologies

The year of 2019 marked the tenth year of the Group's development of its smart business. The past decade was not only an important period for the China's all-round high-speed development of intelligent industry, but also an important ten-year milestone for Shenzhen Jiake Intelligent Engineering Co., Ltd.* (深圳市佳科智能工程有限公司) ("**Jiake Intelligent**"), a smart solution service provider under the Group, to be well-prepared to forge ahead. Jiake Intelligent was transformed from an internal functional unit to an established market player and from a contractor holding the National Electronic and Intelligent Engineering Professional Contracting Qualification to a smart city construction provider engaging in the research and development and application of new technologies such as Internet of Things, cloud computing, big data and Internet+. The Group will work with Jiake Intelligent to capture the development direction of property management industry in a timely manner, and will actively participate in the exploration of smart cities projects.

During the Year, Jiake Intelligent took an active initiative to undertake municipal projects in Chengdu, and explored into the new sector of intelligent projects of municipal public transport hub. It entered into strategic cooperation with a number of the top 100 property developers in China, jointly innovating touch-free access technologies under different scenarios. The Group implemented automated license plate recognition parking system in the Year and gradually implemented its strategy of intelligent engineering business development. During the Year, income from smart solution services amounted to approximately RMB113.4 million, representing a year-on-year increase of approximately 37.4%. The Company believes that a forward-looking application of intelligent technologies in the future will create greater value and business opportunities for the Group.

* *For identification purpose only*

In addition, the Group's community value-added services provided property owners with convenient services and an ideal living environment through online and offline home delivery and commercial services. During the Year, income from community value-added services amounted to approximately RMB121.5 million, representing a significant increase of 48.7% as compared to that in the corresponding period in 2018.

Outlook

Under the impacts of the Coronavirus Disease 2019 ("**COVID-19**"), the Group is of the view that we, as a property management enterprise, shall bear the responsibilities and obligations to ensure that relevant safety measures are properly implemented. Supported by the government's favourable policies and having a strong sense of social responsibility, we will continue to provide quality management solutions with our professional capability as always by optimizing our own property management services.

To strengthen our own competitiveness and enhance market value, the Group is constantly exploring new development trend of the industry and government policy with the aim to create higher value for the property management industry. Looking forward, the Group will continue to maintain a sound and healthy development mode as usual, and gradually push ahead with third-party business and equity cooperation based on our key development needs and plan. Set against a background of spectacular performance of the industry, we have confidence in capturing opportunities and bringing a fruitful return to our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As one of the leading comprehensive property management service providers in China, the Group focuses on mid- to high-end properties, in particular the quality projects in the Guangdong-Hong Kong-Macau Bay Area and Yangtze River Delta with enormous potential for economic growth. The Group has been providing property management services for 20 years since 1999, and since then has established a strong footprint in the Guangdong-Hong Kong-Macau Bay Area, 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 four main business lines, namely, property management services, pre-delivery and consulting services, community value-added services and smart solution services, 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 31 December 2019, the Group's property management services covered 42 cities across 13 provinces, municipalities and autonomous regions in China, with a total GFA under management reaching 46.2 million sq.m. and a total of 304 managed properties, comprising 164 residential communities and 140 non-residential properties.

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

	As of 31 December	
	2019	2018
Contracted GFA *('000 sq.m.)*	**53,800**	32,190
GFA under management *('000 sq.m.)*	**46,207**	26,869
Number of managed properties	**304**	132

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 31 December			
	2019		2018	
	GFA *('000 sq.m.)*	**Number of projects**	GFA *('000 sq.m.)*	Number of projects
Guangdong-Hong Kong-Macau Bay Area	**12,391**	**63**	10,951	58
Yangtze River Delta	**20,940**	**190**	4,023	30
Bohai Economic Rim	**3,776**	**22**	3,314	18
Western China	**5,978**	**18**	5,310	15
Central China	**3,122**	**11**	3,271	11
Total	**46,207**	**304**	26,869	132

The Group continued to expand its business through obtaining new service engagements and acquisitions of other property management companies.

In April 2019, the Group completed the acquisition of Jiaxing Dashu and its subsidiary, Jiaxing Rongshu Hotel Management Co., Ltd.* (嘉興市融樹酒店管理有限公司) ("**Rongshu Hotel**"). On the acquisition date, Jiaxing Dashu and Rongshu Hotel had a total of 78 projects under management, amounting to GFA under management of approximately 7.9 million sq.m..

In October 2019, the Group completed the acquisition of Jiangsu Hengyuan. On the acquisition date, Jiangsu Hengyuan comprised 12 residential communities and 63 non-residential projects, with a total GFA under management reaching approximately 1.3 million sq.m. and 7.1 million sq.m. respectively.

* *For identification purpose only*

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

	2019		2018	
	GFA under management *('000 sq.m.)*	**Number of projects**	GFA under management *('000 sq.m.)*	Number of projects
As of 1 January	**26,869**	**132**	24,008	119
New engagement	**3,790**	**30**	3,072	16
Acquisition	**16,300**	**153**	–	–
Termination	**(752)**	**(11)**	(211)	(3)
As of 31 December	**46,207**	**304**	26,869	132

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, arenas and stadiums, government buildings, public facilities and industrial parks. Regarding the property management services, the Group adopted two revenue models under which property management fees are charged on 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 managed to cover the expenses incurred in connection with providing property management services.

The table below sets forth the breakdown of (i) the property management services revenue, (ii) the total GFA under management, and (iii) the number of managed properties by type of properties for the years/as of the dates indicated:

	Year ended/as of 31 December									
	2019					2018				
	Revenue *(RMB'000)*	**%**	**GFA under management *('000 sq.m.)***	**%**	**Number of projects**	Revenue *(RMB'000)*	%	GFA under management *('000 sq.m.)*	%	Number of projects
Residential communities	**296,051**	**52.9**	**33,785**	**73.1**	**164**	203,130	54.0	23,888	88.9	105
Non-residential properties	**263,504**	**47.1**	**12,422**	**26.9**	**140**	172,807	46.0	2,981	11.1	27
Total	**559,555**	**100.0**	**46,207**	**100.0**	**304**	375,937	100.0	26,869	100.0	132

The table below sets forth the breakdown of (i) the property management services revenue, (ii) the total GFA under management, and (iii) the number of managed properties projects by revenue model for the years/as of the dates indicated:

	Year ended/as of 31 December									
	2019					2018				
	Revenue *(RMB'000)*	**%**	**GFA under management** *('000 sq.m.)*	**%**	**Number of projects**	Revenue *(RMB'000)*	%	GFA under management *('000 sq.m.)*	%	Number of projects
Property management services (lump-sum basis)	**515,100**	**92.1**	**27,195**	**58.9**	**202**	336,970	89.6	9,795	36.5	65
Property management services (commission basis)	**44,455**	**7.9**	**19,012**	**41.1**	**102**	38,967	10.4	17,074	63.5	67
Total	**559,555**	**100.0**	**46,207**	**100.0**	**304**	375,937	100.0	26,869	100.0	132

It is important to note that for 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 table below sets forth the breakdowns of (i) the property management services revenue, (ii) the total GFA under management, and (iii) the number of managed properties projects by type of developers for the years/as of the dates indicated:

	Year ended/as of 31 December									
	2019					2018				
	Revenue *(RMB'000)*	**%**	**GFA under management** *('000 sq.m.)*	**%**	**Number of projects**	Revenue *(RMB'000)*	%	GFA under management *('000 sq.m.)*	%	Number of projects
Properties developed by the Kaisa Group	**335,842**	**60.0**	**24,754**	**53.6**	**100**	285,865	76.0	22,595	84.1	89
Properties developed by independent third-party property developers	**223,713**	**40.0**	**21,453**	**46.4**	**204**	90,072	24.0	4,274	15.9	43
Total	**559,555**	**100.0**	**46,207**	**100.0**	**304**	375,937	100.0	26,869	100.0	132

PRE-DELIVERY AND CONSULTING SERVICES

Leveraging on the Group's property management expertise, the Group offered a wide range of pre-delivery and consulting services to address the issues arising during each major stage of a property development project. The Group deployed onsite staff to provide security, cleaning, concierge and maintenance services to property developers for property construction sites, pre-sale display units and property sales venues at the early stages of a property development project. Meanwhile, it also provided consulting services to other property management companies with respect to the management of properties.

In 2019, the Group's revenue generated from providing pre-delivery and consulting services amounted to approximately RMB467.5 million, which accounted for approximately 37.0% of the total revenue for the Year, representing an increase of approximately 31.5% as compared to approximately RMB355.6 million in 2018. In particular, approximately RMB410.4 million was generated from the provision of services to Kaisa Group, which accounted for approximately 87.8% of the total pre-delivery and consulting services revenue for the Year, representing an increase of approximately 23.0% as compared to approximately RMB333.6 million in 2018. Due to the enhanced market reputation and business influence accumulated by the Group over the years, the number of projects from independent third parties for pre-delivery and consulting services increased steadily from 33 as of 31 December 2018 to 55 as of 31 December 2019.

Service Types

Pre-delivery Services

Pre-delivery services include the following categories:

- **Construction sites management services.** The Group provided primarily security services and to a less extent management services, such as cleaning and maintenance services, for the construction sites of property development projects. During the early stages of projects, the Group deployed security staff to the construction sites to guard and maintain order at the sites and assigned cleaning staff to the construction sites to keep them clean and maintain the environment of the construction sites. The Group charged a fixed fee which is payable by the property developers in installments over the course of the service contracts; and

- **Display units and property sales venues management services.** The Group deployed personnel onsite to assist property developers with their property marketing and selling activities. When the property developers market their property development projects, they typically set up display units to showcase their properties to potential buyers. Given the high foot traffic at the display units and the needs to secure, manage and maintain the display units, the property developers usually engage property management service providers to provide these specialised services. The Group also assisted property developers with responding to general enquiries at front desk and maintaining order at property sales venues. The Group assigned dedicated and experienced teams to these work sites to address customers' needs and is paid for a fixed service fee in return.

Consulting Services

As an experienced property management company, the Group provided general daily property management consulting services to other property management companies. Consulting services are a cooperation model in which the Group assists other property management companies in achieving growth and building their reputations by implementing the Group's management philosophy and successful operation models in their businesses. Through providing consulting services, the Group is able to expand into new markets and demonstrate its services quality and capabilities to wider audiences.

COMMUNITY VALUE-ADDED SERVICES

The Group positions its community value-added services as an "expert of asset operation and butler for better life", focusing on the service needs from "human, housing, automobile and finance". For the year ended 31 December 2019, the Group's income from community value-added services amounted to approximately RMB121.5 million, representing a year-on-year increase of 48.7% as compared with that in 2018. Gross profits amounted to approximately RMB57.2 million, representing a year-on-year increase of 96.2% as compared with that in 2018.

Spatial Resources Leasing and Car Parking

Through optimizing the use of spatial resources from the current projects under management, reducing idle resources, pricing based on market conditions for leasing and exploring new resources channels, coupled with the newly-added community spatial resources from newly delivered projects and mergers and acquisitions, rental income of spatial resources, excluding car park spaces, amounted to RMB22.0 million for the year ended 31 December 2019, representing a year-on-year growth of 81.9% as compared with that in 2018. The Group will continue to maintain strict control on spatial resources, and will adopt a market-oriented operational approach towards newly-added resources, in order to strike a proper balance between property management quality and spatial resources businesses.

In terms of leasing of car park spaces, benefitting from the increase in the utilization rate of car park spaces, the income from leasing car parking spaces amounted to approximately RMB52.1 million for the Year, representing a year-on-year increase of 5.5% as compared with that in 2018.

Housing Rental and Sales

The Group has been actively exploring housing rental and sales business in 2019. The total number of stores, micro-stores and community receptions reached 70, representing an increase of 32% from that in 2018. The Group focused on penetrating into Shenzhen, Guangzhou and Chengdu and gave priority to providing services for the quality projects under its management. The Group's housing rental and sales business mainly included first- and second-hand housing rental and sales and housing bank services, boosting demands for house purchase and leasing in the community and neighborhood while integrating the parent group's advantages in information resources of the remaining apartments in stock. For the year ended 31 December 2019, the Group's annual commission income amounted to approximately RMB17.0 million, representing a growth of approximately 34.9% as compared with that in 2018.

Decoration and Renovation

Decoration and renovation services aim to provide ready-to-move-in services for new property owners and lessees. Focusing on offline services, we gradually integrated online services to establish a one-stop purchasing platform for decoration and renovation services. In 2019, income from decoration and renovation services recorded a steady growth and preliminarily reflected a promising prospect.

Community Wealth

Through the cooperation with professional financial institutions such as banks and wealth management companies, we launched a wealth management product namely, "Property Treasure (物業寶)" to increase the synergy of our basic property services and provide a convenient tool for the community residents to invest their idle capital. Despite the fact that the internet finance industry experienced certain fluctuations in 2019, the Group sustained a sales amount of approximately RMB620 million of community wealth management products, representing an increase of 55% as compared with that in 2018. Benefitting from a higher commission ratio, in 2019, the commission income increased by nearly 2.7 times over that in 2018, indicating a strong demand for community wealth management.

Community Education

Community education is an important extension to community services. In 2019, the Group employed different business models in establishing presence of this business segment in Nanjing, Wuhan and Changsha, and launched "Kaisa Classroom (佳學堂)", a brand of community education and extra-curricular training. After numerous attempts, Kaisa Classroom will mainly focus on community child care with educational guidance, developing interest and training specialty and summer camp as auxiliary services, which will become one of the Group's major businesses under community value-added services.

New Retail and Other Community Services

In 2019, the Group actively explored market opportunities in community retail and services, emphasizing the nature of community services and welfares. The Group not only launched group-buying activities, themed tours and home delivery services, but also organized the first nationwide group-buying of hairy crabs from Yangcheng Lake, which became the first commodity to reach a sales amount of more than million dollars and achieved satisfactory results. The Group will gradually establish a community consumption eco-system and a "K Series (小K)" service system with diversified services, with a view to providing residents with a better living environment.

SMART SOLUTION SERVICES

With the goal of building smart homes and smart communities, the Group provided smart solution services to property developers through collaboration with qualified third-party contractors and the Group's smart solution service provider, Jiake Intelligent, which specialises in the provision of electronic smart solution services. The smart solution services provided by the Group primarily include automation and other hardware and equipment installation services and sales of automation products. As of 31 December 2019, the Group rendered its smart solution services to 678 residential communities and 58 non-residential properties.

The Group provided smart solution services to third-party property developers in accordance with their requirements. Through providing smart solution services, the Group is able to diversify its revenue sources and develop business relationships with property developers who have engaged or may subsequently engage the Group to provide property management services when the property under development are delivered. Such services generally involve the procurement, design, installation and maintenance of devices such as building automation systems, passenger flow statistics systems, security monitoring systems, visual intercom systems, wireless intercommunication systems, intelligent parking systems and smart card application systems for use in high-end office buildings, commercial complexes, hotels and residential properties.

As of 31 December 2019, the Group had 217 smart solution service contracts in progress or to be commenced with a total contract value of approximately RMB149.3 million. In particular, the Zhanjiang Rongsheng Central Plaza Complex Project signed in March 2019, with a contract value of approximately RMB9.3 million, commenced construction in June 2019; and the Chengdu International Trade City Public Transport Hub Project signed in June 2019 is the Group's first smart transportation project granted by the government, with a contract value of approximately RMB11.5 million, which is expected to commence construction in July 2020.

In addition, the Group signed an intelligent strategic cooperation agreement with Shenzhen Galaxy Real Estate Development Co., Ltd.(深圳市星河房地產開發有限公司) in June 2019, making us a strategic supplier with six of the top 100 real estate enterprises in China. The aforesaid cooperation agreement is expected to provide the Group with stable income stream in the future.

Furthermore, in 2019, Jiake Intelligent independently developed three major series of products and total solutions of touch-free access, whole-house intelligent network and smart home system, and obtained 11 certificates of computer software copyright in relation to its touch-free and faces recognition access control systems, building Jiake Intelligent as a brand of innovation. In 2020, Jiake Intelligent will focus on the new construction market, the urban renewal market and the consumer market to achieve the annual sales target of ten million renminbi dollars.

FINANCIAL REVIEW

Revenue

The Group derived its revenue from: (i) property management services; (ii) pre-delivery and consulting services; (iii) community value-added services; and (iv) smart solution services. Revenue increased by approximately 40.9% from approximately RMB895.8 million in 2018 to approximately RMB1,261.9 million in 2019.

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

	Year ended 31 December					
	2019		2018		Changes	
	RMB'000	**%**	*RMB'000*	%	*RMB'000*	%
Property management services	**559,555**	**44.3**	375,937	42.0	183,618	48.8
Pre-delivery and consulting services	**467,469**	**37.1**	355,599	39.7	111,870	31.5
Community value-added services	**121,481**	**9.6**	81,672	9.1	39,809	48.7
Smart solution services	**113,404**	**9.0**	82,560	9.2	30,844	37.4
Total	**1,261,909**	**100.0**	895,768	100.0	366,141	40.9

- 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, and the revenue increased by approximately 48.8% from approximately RMB375.9 million in 2018 to approximately RMB559.6 million in 2019. Such increase was primarily attributable to the increase in the total GFA under management resulting from the business expansion through organic growth and acquisition of third-party property management companies.

- Revenue from pre-delivery and consulting services, which primarily include fees for construction sites management, display units and property sales venues management and consulting services, and the revenue increased by approximately 31.5% from approximately RMB355.6 million in 2018 to approximately RMB467.5 million in 2019. Such increase was primarily attributable to the existing customers' continued rolling out of new property projects and the Group's efforts to engage more with independent third-party property developers.

- Revenue from community value-added services, which primarily include fees generated from the car parking, space leasing, software development service and value-added services through both offline and online channels, increased by approximately 48.7% from approximately RMB81.7 million in 2018 to approximately RMB121.5 million in 2019. Such increase was primarily due to the growth in revenue of the Group's spatial resources leasing and housing rental and sale services and the growth of the software development service, resulting from the increase in the number of the properties under management that in turn led to a larger customer base and business development.

- Revenue from smart solution services, which primarily include fees for installation and maintenance services, increased by approximately 37.4% from approximately RMB82.6 million in 2018 to approximately RMB113.4 million in 2019. Such increase was primarily due to an increase in the number of projects, mainly driven by the Group's continued efforts in exploring new customers.

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 42.8% from approximately RMB618.7 million in 2018 to approximately RMB883.5 million in 2019. Such increase was primarily attributable to our business expansion through organic growth and acquisition of third-party property management companies in 2019.

Gross Profit and Gross Profit Margin

The overall gross profit of the Group increased by approximately 36.6% from approximately RMB277.0 million in 2018 to approximately RMB378.4 million in 2019. The overall gross profit margin of the Group remained at a stable level of approximately 30.0% in 2019 as compared to approximately 30.9% in 2018. The table below sets forth the Group's gross profit and gross profit margin by business segment for the years indicated:

	Year ended 31 December					
	2019		2018		Changes	
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin	Amount	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	**152,956**	**27.3**	124,057	33.0	28,899	23.3
– Lump-sum basis	**108,501**	**21.1**	85,090	25.3	23,411	27.5
– Commission basis	**44,455**	**100.0**	38,967	100.0	5,488	14.1
Pre-delivery and consulting services	**134,224**	**28.7**	102,578	28.8	31,646	30.9
Community value-added services	**57,176**	**47.1**	29,139	35.7	28,037	96.2
Smart solution services	**34,055**	**30.0**	21,264	25.8	12,791	60.2
Total	**378,411**	**30.0**	277,038	30.9	101,373	36.6

1) Property management services

Gross profit margin of the Group's property management services dropped by approximately 5.7 percentage points from approximately 33.0% in 2018 to approximately 27.3% in 2019. The decrease was primarily due to an increase in (i) the portion of the property management service charged under lump-sum basis with a lower profit margin as compared to those charged under commission basis and (ii) the staff costs and subcontracting costs to improve our service quality and enhance customer experience and satisfaction.

2) *Pre-delivery and consulting services*

Gross profit margin of the Group's pre-delivery and consulting services remained relatively stable at 28.7% in 2019, as compared to 28.8% in 2018.

3) *Community value-added services*

Gross profit margin of the Group's community value-added services rose by approximately 11.4 percentage points from approximately 35.7% in 2018 to approximately 47.1% in 2019. The increase was primarily due to an increase in the proportion of our spatial resources leasing and the software development services, which have higher gross profit margins than the other community value-added services.

4) *Smart solution services*

Gross profit margin of the Group's smart solution services increased by approximately 4.2 percentage points from approximately 25.8% in 2018 to approximately 30.0% in 2019. The increase was primarily due to the increase in number of contracts which carry different gross profit margins.

Selling and Marketing Expenses

Selling and marketing expenses of the Group increased by approximately 76.9% from approximately RMB5.2 million in 2018 to approximately RMB9.2 million in 2019, and the increase was due to the increase in Group's market expansion effort.

Administrative Expenses

Administrative expenses of the Group increased by approximately 2.4% from approximately RMB152.2 million in 2018 to approximately RMB155.9 million in 2019, primarily due to the recognition of a share option expense of approximately RMB14.7 million arising from the grant of share option and the increase in staff costs resulted from the expansion of the business scale of the Group in 2019, partially offset by the absence of the non-recurring listing expenses of approximately RMB30.2 million in 2018.

Income Tax Expenses

Income tax expenses of the Group decreased by approximately 24.3% from approximately RMB57.1 million in 2018 to approximately RMB43.2 million in 2019, primarily due to (i) the withholding income tax expense arising from the declaration of special dividend of RMB22.0 million in 2018; and (ii) the return of a portion of such tax expense of approximately RMB11.0 million due to tax incentive entitled in 2019.

Profit and Total Comprehensive Income for the Year

Profit and total comprehensive income for the Year of the Group increased by approximately 212.2% from approximately RMB53.5 million in 2018 to approximately RMB167.1 million in 2019, primarily due to the business expansion in 2019, as well as the absence of non-recurring listing expenses of approximately RMB30.2 million incurred in the year ended 31 December 2018 and the return of approximately RMB11.0 million withholding income tax arising from the declaration of special dividend in the year ended 31 December 2018 due to tax incentive entitled in the Year.

Adjusted profit for the Year

Adjusted profit is defined as profit and total comprehensive income for the year before the costs of the Group's initial public offering, the withholding income tax recognized/returned arising from the declaration of special dividend in 2018 and the share-based compensation charged to the statement of profit or loss. As these cost items are either non-recurring in nature or share-based compensation, the Company believes that separate analysis of the impacts of these cost items adds clarity to the constituent parts of the Group's results of operations and provides additional useful information for investors to assess the operating performance of the Group's business. This is an unaudited non-HKFRS financial measure which may be defined differently from similar terms used by other companies.

The adjusted profit for the Year increased by 61.5% to approximately RMB170.7 million from approximately RMB105.7 million for the year ended 31 December 2018. The reconciliation of the adjusted profit for the Year are set out as below:

	For the year ended		
	2019	2018	Change
	RMB'000	*RMB'000*	%
Profit and total comprehensive income for the year	**167,069**	53,510	212.2%
Listing expenses *(Note 1)*	**–**	30,182	
Withholding income tax/(Return of withholding income tax) *(Note 2)*	**(11,000)**	22,000	
Share option expense *(Note 3)*	**14,650**	–	
Adjusted profit for the Year	**170,719**	105,692	61.5%

Note 1: No further listing expense was incurred during the year ended 31 December 2019 (2018: RMB30.2 million).

Note 2: The withholding income tax expense of RMB22.0 million recorded in the year ended 31 December 2018 arising from the declaration of special dividend and the return of a portion of such tax expense due to tax incentive entitled in the year ended 31 December 2019.

Note 3: The share option expense arising from the grant of share option on 19 July 2019.

Liquidity, Capital Structure and Financial Resources

As of 31 December 2019, the Group's cash and bank balances were approximately RMB753.9 million, represented an increase of approximately RMB45.8 million from approximately RMB708.1 million as of 31 December 2018.

The Group's financial situation remained stable. The net current assets of the Group remained at a stable level of approximately RMB574.0 million as of 31 December 2019, as compared to approximately RMB508.0 million as of 31 December 2018. As of 31 December 2019, the Group's current ratio (current assets/current liabilities) was approximately 1.99 (31 December 2018: approximately 1.97).

Goodwill

As of 31 December 2019, the Group recorded goodwill of approximately RMB48.4 million, as a result of the acquisition of Shenzhen Qijia Internet Technology Co., Limited* (深圳市齊家互聯網科技有限公司) ("**Qijia Technology**"), Jiaxing Dashu and Jiangsu Hengyuan on 28 December 2017, 30 April 2019 and 31 October 2019, respectively. 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 Year.

Trade and Other Receivables

Trade receivables mainly arise from property management fees, pre-delivery and consulting service fees and smart solution service fees. Trade receivables of the Group increased by approximately RMB76.7 million from approximately RMB181.2 million as of 31 December 2018 to approximately RMB257.9 million as of 31 December 2019, primarily due to (i) the increase in trade receivables from property management services as a result of the increase in the total GFA under management; (ii) the increase in trade receivables from pre-delivery and consulting service fees primarily due to an increase in the number of projects; and (iii) the increase in trade receivables from smart solution services resulting from its engineering business expansion.

Other receivables mainly consist of deposits, prepayments, payments on behalf of staff and payments on behalf of residents under lump-sum basis. Total other receivables of the Group decreased by approximately RMB7.9 million from approximately RMB59.3 million as of 31 December 2018 to approximately RMB51.4 million as of 31 December 2019, primarily due to the refund of the deposit paid for a proposed acquisition.

* *For identification purpose only*

Payments on behalf of Residents

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 decreased by approximately RMB9.2 million from approximately RMB40.4 million as of 31 December 2018 to approximately RMB31.2 million as of 31 December 2019, primarily due to (i) the Group's limitation of new payment made for the residential communities under commission basis; and (ii) the acceleration 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. The remaining balances of trade payables of the Group increased by approximately RMB66.4 million from approximately RMB115.2 million as of 31 December 2018 to approximately RMB181.6 million as of 31 December 2019, primarily due to our business expansion.

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 and the Group managed such fees collectively in its headquarters. The remaining balances of other payables and accruals of the Group increased by approximately RMB64.2 million from approximately RMB204.8 million as of 31 December 2018 to approximately RMB269.0 million as of 31 December 2019, primarily due to our business expansion and the increase of the consideration payable for the acquisition of Jiangsu Hengyuan.

Proceeds from the Listing

The Company was listed on the Main Board of the Stock Exchange on 6 December 2018 (the "**Listing Date**") and issued 35,000,000 new shares. After deducting the underwriting fees and relevant expenses, net proceeds from the listing (the "**Net Proceeds**") amounted to approximately HK$262.1 million (equivalent to approximately RMB230.7 million). As of 31 December 2019, the Group utilised approximately RMB96.9 million of the Net Proceeds from the Listing in accordance with the purposes set out in the prospectus dated 26 November 2018 (the "**Prospectus**"). The Directors expect that the unused Net Proceeds will be applied in the manner consistent with that detailed in the Prospectus and as set forth below:

During the period from the Listing Date to 31 December 2019, the Net Proceeds had been utilised as follows:

Intended use of Net Proceeds as stated in the Prospectus	Planned use of proceeds *RMB in million*	Actual use of proceeds up to 31 December 2019 *RMB in million*	Unutilised amount as at 31 December 2019 *RMB in million*
Acquire or invest in other property management companies	**115.3**	**43.4**	**71.9**
Acquire or invest in companies engaged in property management related business	**46.1**	**–**	**46.1**
Promote the K Life mobile APP and the community value-added products and services	**23.1**	**18.3**	**4.8**
Develop management digitalization service specialization	**23.1**	**12.1**	**11.0**
General working capital	**23.1**	**23.1**	**–**
	230.7	**96.9**	**133.8**

The unutilised Net Proceeds have been placed as bank balances/time deposits with licensed banks in Hong Kong as at the date of this announcement.

Asset Charges

As of 31 December 2019, none of the assets of the Group were pledged (31 December 2018: nil).

Gearing Ratio

Gearing ratio is calculated by dividing the total interest-bearing borrowings by total equity at the end of the respective year. The gearing ratio of the Group was nil as of 31 December 2019 (31 December 2018: nil).

Contingent Liabilities

As of 31 December 2019, the Group did not have any contingent liabilities (31 December 2018: nil).

Foreign Exchange Risk

The Group primarily conducts its business in the PRC and in Renminbi. Cash and bank balances, the loan to a third party borrower and financial assets at fair value through profit or loss denominated in Hong Kong dollars were approximately RMB148.9 million, RMB15.2 million and RMB34.4 million, respectively, as of 31 December 2019 and thus were subject to foreign exchange risk.

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 31 December 2019, the Group had 8,137 employees (31 December 2018: 5,279 employees). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. The Group regularly reviews compensation policies and programs, and will make necessary adjustments in order to be in line with remuneration levels in the industry norm. In addition to basic salaries, employees may be granted with discretionary bonus and cash awards 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

(i) On 6 March 2020, a wholly owned subsidiary of Kaisa Holdings, namely Shenzhen Chunyu Information Consulting Co., Ltd* (深圳市春榆信息諮詢有限公司) entered into a capital injection agreement with the Company in relation to the capital injection of RMB8,327,000 to Qijia Technology by Kaisa Holdings. Following the completion of the capital injection, the equity interest in Qijia Technology held by the Group will decrease from approximately 92.26% to approximately 45.20%. Qijia Technology will cease to be a subsidiary of the Company and its results will no longer be consolidated into the consolidated financial statements of the Group. The capital injection constitutes a deemed disposal for the Company under Rule 14.29 of the Listing Rules.

* *For identification purpose only*

(ii) Following the outbreak of Coronavirus Disease 2019 (the "**COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc. In light of the negative impact brought upon by the COVID-19 outbreak, it may lead to increase of costs incurred by additional hygiene and epidemic prevention requirements when rendering property management services, as well as decrease of revenue from value-added services and smart solution services due to various level of restrictions and controls over property development activities and community activities. The Group is not yet able to quantify the aforesaid impact due to the COVID-19 outbreak. However, the Group will pay close attention to the development of the COVID-19 outbreak and its impact and will continue to perform relevant assessments and take proactive measures as appropriate.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance. An internal corporate governance policy was adopted by the Board aiming at providing greater transparency, quality of disclosure as well as more effective risk and internal control. The execution and enforcement of the Company's corporate governance system is monitored by the Board with regular assessments. The Company believes that its commitment to high-standard practices will translate into long-term value and ultimately maximise returns to shareholders. The Company's management pledges to build long-term interests for shareholders via, for example, conducting business in a socially responsible and professional manner. The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

During the year ended 31 December 2019, the Company complied with all the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the below deviation:

According to paragraph A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules, the role of the chairman and chief executive officer of the Company should be separate and should not be performed by the same individual.

Mr. Liao Chuanqiang is the chairman of the Board. Under the leadership of Mr. Liao, our Board works efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committee, and there are three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The annual results of the Company for the Year had been reviewed by the Audit Committee, which consist of three independent non-executive Directors of the Company, namely Mr. LIU Hongbai, Ms. MA Xiumin and Mr.CHEN Bin, with Mr. CHEN Bin as the Chairman of the Audit Committee.

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 10 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 year ended 31 December 2019.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by 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 year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of this preliminary announcement of the Group's results for the Year have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this announcement.

DIVIDENDS

Taking into account the Group's business development needs and shareholders' investment return, at the Board meeting held on 26 March 2020, the Directors proposed to declare a final dividend of HK52.0 cents per share for 2019 (2018: HK18.0 cents per share) to all persons registered as holders of shares of the Company on Thursday, 25 June 2020. Subject to the approval of the Shareholders of the Company at the forthcoming annual general meeting (the "**AGM**"), the dividend will be paid on or about Thursday, 16 July 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(i) For the purpose of determining shareholders of the Company who are entitled to attend and vote at the AGM to be held on Tuesday, 16 June 2020, the register of members of the Company will be closed on Thursday, 11 June 2020 to Tuesday, 16 June 2020, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 10 June 2020; and

(ii) For the purpose of determining shareholders of the Company who qualify for the final dividend, the register of members of the Company will be closed on Monday, 22 June 2020 to Thursday, 25 June 2020, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 19 June 2020.

ANNUAL GENERAL MEETING

The AGM will be held on 16 June 2020 and a notice convening the AGM will be published and dispatched in the manner as required by the Listing Rules on the Stock Exchange in due course.

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

The annual report of the Company for the Year will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.jzywy.com in due course.

By order of the Board
Kaisa Prosperity Holdings Limited
LIAO Chuanqiang
Chairman

Hong Kong, 26 March 2020

As at the date of this announcement, the executive Directors are Mr. LIAO Chuanqiang, Ms. GUO Li, Mr. WENG Hao and Mr. WU Jianxin; 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.*