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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)

AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS HIGHLIGHTS

- Total revenue for the year ended 31 December 2024 decreased by approximately 3.3% to approximately RMB1,735.4 million from approximately RMB1,794.3 million for the year ended 31 December 2023.
- Gross profit for the year ended 31 December 2024 decreased by approximately 7.7% to approximately RMB444.5 million from approximately RMB481.3 million for the year ended 31 December 2023.
- Profit for the year ended 31 December 2024 was approximately RMB25.6 million as compared to a loss of approximately RMB437.6 million for the year ended 31 December 2023.
- Profit attributable to owners of the Company for the year ended 31 December 2024 was approximately RMB14.6 million as compared to a loss of approximately RMB450.0 million for the year ended 31 December 2023.
- As at 31 December 2024, the total contracted GFA and the total GFA under management amounted to approximately 129.1 million sq.m. and 102.7 million sq.m. respectively, representing a decrease of approximately 2.3% and an increase of approximately 0.4%, respectively, as compared to approximately 132.1 million sq.m. and 102.3 million sq.m. as at 31 December 2023 respectively.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces the audited annual consolidated financial results of the Group for the year ended 31 December 2024 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	1,735,427	1,794,267
Direct operating expenses		<u>(1,290,941)</u>	<u>(1,312,920)</u>
Gross profit		444,486	481,347
Other income, gains and losses, net	6	(7,022)	(370)
Selling and marketing expenses		(10,854)	(12,590)
Administrative expenses		(171,250)	(189,859)
Impairment of financial assets and contract assets		(116,649)	(698,562)
Operating profit/(loss)		138,711	(420,034)
Change in fair value on financial assets at fair value through profit or loss		(89,825)	(143,425)
Impairment loss on investment in an associate		–	(24,070)
Impairment loss on goodwill	13	(24,378)	–
Share of results of associates		16,573	6,306
Finance cost	7	(326)	(673)
Profit/(Loss) before income tax	8	40,755	(581,896)
Income tax (expense)/credit	9	(15,192)	144,312
Profit/(Loss) for the year		25,563	(437,584)
Profit/(Loss) attributable to:			
Owners of the Company		14,576	(449,984)
Non-controlling interests		10,987	12,400
		25,563	(437,584)
Earnings/(Loss) per share attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	10	0.09	(2.92)

	2024	2023
	RMB'000	RMB'000
Profit/(Loss) for the year	25,563	(437,584)
Other comprehensive expenses, net of tax		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Fair value loss on financial assets at fair value through other comprehensive income, net of tax	–	(11,250)
Other comprehensive expenses for the year	–	(11,250)
Total comprehensive income/(expenses) for the year	25,563	(448,834)
Total comprehensive income/(expenses) for the year attributable to:		
Owners of the Company	14,576	(461,234)
Non-controlling interests	10,987	12,400
	25,563	(448,834)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		19,464	19,250
Right-of-use assets	12	164,031	184,041
Intangible assets		20,482	25,969
Goodwill	13	136,450	160,828
Financial assets	14	94,481	184,306
Investments in associates		42,597	34,292
Other receivables	15	3,649	8,495
Deferred tax assets		361,484	309,865
		<u>842,638</u>	<u>927,046</u>
Current assets			
Trade receivables	15	455,570	393,552
Other receivables	15	84,164	66,670
Payments on behalf of residents		135,873	95,107
Contract assets		54,835	52,460
Amounts due from related parties		8,562	6,697
Restricted cash		7,062	450
Cash and cash equivalents		243,300	286,774
		<u>989,366</u>	<u>901,710</u>
Current liabilities			
Trade payables	16	206,574	194,032
Other payables	16	329,500	359,556
Contract liabilities		233,890	221,268
Amounts due to related parties		2,620	4,081
Lease liabilities		3,149	5,636
Income tax payable		86,598	81,857
		<u>862,331</u>	<u>866,430</u>
Net current assets		<u>127,035</u>	<u>35,280</u>
Total assets less current liabilities		<u>969,673</u>	<u>962,326</u>

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current liabilities			
Other payables	16	4,433	5,876
Lease liabilities		1,080	6,425
Deferred tax liabilities		9,020	10,492
		<u>14,533</u>	<u>22,793</u>
Net assets		<u>955,140</u>	<u>939,533</u>
EQUITY			
Share capital		1,361	1,361
Reserves		872,684	867,561
		<u>874,045</u>	<u>868,922</u>
Equity attributable to owners of the Company		874,045	868,922
Non-controlling interests		81,095	70,611
		<u>955,140</u>	<u>939,533</u>
Total equity		<u>955,140</u>	<u>939,533</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION

Kaisa Prosperity Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 October 2017 as an exempted company with limited liability under the Companies Law.

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 consider that 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 acts as an investment holding company. The Company and its subsidiaries (together, the “**Group**”) engage in the provision of property management services, which includes management of properties, maintenance and repair of buildings and ancillary facilities, community security management, car-park management, equipment installation, and property consulting services.

All values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. APPLICATION OF NEW AND AMENDMENT TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendment to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the application of the amendments to HKFRSs is not expected to have material impact to the Group's consolidated financial statements in the future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements* (“**HKFRS 18**”), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements* (“**HKAS 1**”). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Statement of Cash Flows* (“**HKFRS 7**”). Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 is expected to affect the presentation of the statement of profit or loss and disclosures in the future consolidated financial statements but is not expected to have material impact on the Group's consolidated financial positions and performance. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's future consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost except for certain financial instruments that are measured at fair value. The measurement bases are fully described in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SEGMENT INFORMATION

(a) Operating segment information

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

For the years ended 31 December 2024 and 31 December 2023, the Group mainly engaged in the provision of property management services, value-added services to property owners and value-added services to non-property owners (e.g. property developers) 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. Accordingly, no operating segment information regarding the Group’s revenue, reported results, total assets and total liabilities was presented.

(b) Geographical segment information

The major operating entities of the Group are domiciled in the PRC. Accordingly, all the Group’s revenue were derived in the PRC for the years ended 31 December 2024 and 31 December 2023.

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

(c) Information about major customers

For the year ended 31 December 2024, revenue from Kaisa Holdings and its subsidiaries (the “**Kaisa Group**”) and its associates and joint ventures contributed 11% (2023: 15%) of the Group’s revenue. Other than the transactions with Kaisa Group and its associates and joint ventures, the Group had a large number of customers and none of whom contributed 10% or more of the Group’s revenue for the years ended 31 December 2024 and 31 December 2023.

5. REVENUE

Revenue represents the amount received and receivable for goods sold and services provided by the Group to outside customers, less discounts, returns and value added tax or other sales taxes.

Revenue mainly comprises of:

- (a) Property management services – provision of property management services to property projects mainly located in Guangdong, Hong Kong, Macau Bay Area, Yangtze River Delta, Bohai Economic Rim, Western China and Central China.
- (b) Value-added services to property owners – provision of community added services to property owners.
- (c) Value-added services to non-property owners – services including: (i) provision of pre-delivery services, such as construction sites management services and display units and property sales venues management services; (ii) consulting services to other property management companies; and (iii) smart solution services.

Disaggregation of revenue from contracts with customers

- (i) The Group derives revenue from the transfer of goods and services by categorise of major product lines and business.

	2024		2023	
	Revenue	Direct operating expenses	Revenue	Direct operating expenses
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>				
Property management services	1,389,375	1,091,244	1,338,099	1,031,662
Value-added services to property owners	162,139	61,899	176,065	76,205
Value-added services to non-property owners*	183,913	137,798	280,103	205,053
	<u>1,735,427</u>	<u>1,290,941</u>	<u>1,794,267</u>	<u>1,312,920</u>

* The amounts include pre-delivery and consulting services and smart solution services.

- (ii) The Group derives revenue from the transfer of goods and services by timing of revenue recognition

	2024	2023
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>		
– Over time	1,708,096	1,751,380
– At a point in time	27,331	42,887
	<u>1,735,427</u>	<u>1,794,267</u>

- (iii) The Group derives revenue from the transfer of goods and services by geographical markets

Information about the Group derives revenue from the transfer of goods and services by geographical markets is set out in note 4(b).

6. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Unconditional government subsidy income	4,299	8,044
Gains/(Losses) on disposals of property, plant and equipment	68	(666)
Written off of trade and other receivables and payment on behalf of residents	(10,239)	(6,424)
Exchange gains and losses, net	(35)	81
Others	(1,115)	(1,405)
	(7,022)	(370)

7. FINANCE COST

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Finance expenses		
Interest expense of lease liabilities	326	673

8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax has been arrived at after charging (crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Staff cost, including directors' remuneration		
Wages, salaries and other benefits	709,649	724,474
– Equity-settled share-based payment expenses	–	369
– Performance bonus	–	–
– Contributions to defined contribution retirement schemes	81,513	81,129
	791,162	805,972
Amount charged to:		
– Direct operating expenses	658,716	660,671
– Administrative expenses	132,446	145,301
	791,162	805,972
Amortisation and depreciation on:		
– Property, plant and equipment	7,359	5,271
– Right-of-use assets	18,340	19,117
– Intangible assets	5,487	5,487
	31,186	29,875
Impairment of financial assets and contract assets comprises:		
– Trade receivables	94,897	621,414
– Other receivables	2,458	2,847
– Payments on behalf of residents	14,787	6,563
– Contract assets	4,507	67,738
	116,649	698,562
Others:		
Auditor's remunerations	1,500	1,600
Direct operating expenses	1,290,941	1,312,920
Short-term leases with lease term less than 12 months	14,182	20,171
Loss on termination of leases	1,196	22
Change in fair value on financial assets at fair value through profit or loss	89,825	143,425

9. INCOME TAX EXPENSE/(CREDIT)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current income tax		
– PRC Enterprise Income Tax	68,183	77,349
Deferred tax	<u>(52,991)</u>	<u>(221,661)</u>
	<u>15,192</u>	<u>(144,312)</u>

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.

Hong Kong Profits Tax

Under the Hong Kong two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits during the years ended 31 December 2024 and 31 December 2023.

No Hong Kong Profits Tax has been provided for the years ended 31 December 2024 and 2023 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

PRC Enterprise 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 成都市佳兆業物業管理有限公司 (Kaisa Property Management (Chengdu) Co., Ltd.), 重慶市佳兆業物業管理有限公司 (Kaisa Property Management (Chongqing) Co., Ltd.) and 柳州佳兆業物業管理有限公司 (Kaisa Property Management (Liuzhou) Co., Ltd.) are calculated at 15% of the estimated assessable profits for both years ended 31 December 2024 and 2023. Those companies are qualified as the company under the development strategy of the PRC's western region and are able to enjoy a preferential income tax rate of 15%.

深圳市佳科智能科技有限公司 (Shenzhen Jiake Intelligence Technology Co., Ltd.) has obtained the certificate of “High and New Technology Enterprise” (“HNTe”) with effective from 15 November 2023 and was registered with the local tax authority to be eligible for a concessionary tax rate of 15% for three years from 2023 to 2025.

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 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 years ended 31 December 2024 and 2023.

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Profit/(Loss) for the year attributable to owners of the Company	<u>14,576</u>	<u>(449,984)</u>
Number of shares		
	2024 <i>(number of shares ’000)</i>	2023
Weighted average number of ordinary shares in issue during the year	<u>154,110</u>	<u>154,110</u>

The diluted earnings (loss) per share for the years ended 31 December 2024 and 31 December 2023 does not assume the exercise of the Company’s share options because the exercise price of those share options was higher than the average market price for shares. Therefore, the diluted earnings (loss) per share is the same as basic earnings (loss) per share for the years ended 31 December 2024 and 31 December 2023.

11. DIVIDEND

No dividends were paid, declared or proposed for the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting periods.

12. RIGHT-OF-USE ASSETS

	Leased assets for owners- occupied purpose <i>RMB'000</i>	Leased assets for provision of properties management services <i>RMB'000</i> <i>(Note)</i>	Total <i>RMB'000</i>
As at 1 January 2023	13,899	186,667	200,566
Additions	5,264	–	5,264
Termination of leases	(2,672)	–	(2,672)
Depreciation	(5,784)	(13,333)	(19,117)
	<hr/>	<hr/>	<hr/>
As at 31 December 2023 and at 1 January 2024	10,707	173,334	184,041
Additions	4,589	–	4,589
Termination of leases	(6,259)	–	(6,259)
Depreciation	(5,006)	(13,334)	(18,340)
	<hr/>	<hr/>	<hr/>
As at 31 December 2024	4,031	160,000	164,031

Note: Pursuant to certain leasing agreements entered into by a subsidiary of the Group with a number of independent third parties during the year ended 31 December 2021, the Group was granted the rights to use certain non-residential properties in the PRC for 15 years commencing from 1 January 2022, including but not limited to the right to provide property management services and sublease the non-residential properties for rental income. The leasing agreements were non-cancellable and the Group had paid total considerations of RMB200,000,000 and no further obligation to pay for the use of the leased assets. These right-of-use assets are carried at costs less impairment loss, if any.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

13. GOODWILL

The Group's goodwill is mainly attributable to the following CGUs which are mainly engaged in providing property management services:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Goodwill attributable to the following CGUs:		
– Jiaxing Dashu Property Management Company Limited and its subsidiary	18,980	18,980
– Jiangsu Hengyuan Property Management Company Limited and its subsidiaries	23,864	23,864
– Ningbo Langtong Property Service Company Limited and its subsidiary (“Ningbo Langtong”)	–	24,378
– Zhejiang Ruiyuan Property Management Co., Ltd. and its subsidiary	93,606	93,606
	<hr/>	<hr/>
	136,450	160,828

Ningbo Langtong is principally engaged in the provision of property management services to industrial and commercial properties located mainly in Ningbo City, Zhejiang Province. In view of severe competition in commercial property management service sector, Ningbo Langtong started to incur loss in current year. After the management of the Company assessed the recoverable amount of Ningbo Langtong, the management decided to fully impair the goodwill attributable to Ningbo Langtong for the year ended 31 December 2024 which is amounted to RMB24,378,000 (2023: Nil).

However, based on the result of the assessment, the management of the Company determined that the recoverable amounts of other cash generating units that are principally engaged in providing property management service to residential property sector are higher than their respective carrying amounts and thus, no impairment loss was recognised for the year ended 31 December 2024 (2023: Nil).

14. FINANCIAL ASSETS

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Financial assets at fair value through other comprehensive income (“FVTOCI”)	<i>(a)</i>		
– Interest in unlisted entity		–	–
Financial assets at fair value through profit or loss (“FVTPL”)	<i>(b)</i>		
– Contractual rights on Properties		<u>94,481</u>	<u>184,306</u>
		<u>94,481</u>	<u>184,306</u>

Notes:

(a) Financial assets at fair value through other comprehensive income – Interest in unlisted entity

The amount represents an investment in equity shares in an unlisted entity established in the PRC, which is mainly engaged in provision of internet insurance services of car industry in the PRC. This investment is not held for trading, instead, it is held for long-term strategic purposes. The directors have elected to designate this investment as equity instrument at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

In view of the unexpected slow recovery of the PRC economy in prior years, with reference to a valuation conducted by an independent professional valuer, a fair value loss of RMB15,000,000 was recognised and the amount has been charged to the other comprehensive income in prior year.

(b) Financial assets at fair value through profit or loss – Contractual rights on Properties

The amount represents consideration paid for an exclusive right to sell certain non-residential properties in the PRC (the “**Properties**”) for a five-year period since December 2021. Pursuant to the relevant contractual arrangements, a subsidiary of the Company is entitled to 70% of the excess of the selling price over the agreed minimum price with the counterparties to the contractual arrangements. The subsidiary also has the right to receive rental income arising from the Properties before the Properties are sold. The amount paid by the Group in prior years is refundable in case of any shortfall as stipulated in details in the related contractual arrangements.

The directors of the Company considered that the operations under the abovementioned exclusive right namely, the provision of sale services, form part of the Group's ordinary course of business. Since the contractual arrangements give the Group a contractual right to receive cash which are variable as described above, the asset is considered as a financial asset at fair value through profit or loss.

In view of the unexpected slow recovery of the PRC economy in the current year, with reference to a valuation conducted by an independent professional valuer, a further fair value loss of approximately RMB89,825,000 (2023: RMB143,425,000) was recognised in the profit or loss during the year ended 31 December 2024.

15. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Trade receivables	<i>(a)</i>		
– Third parties		527,222	426,310
– Related parties		916,636	860,633
		1,443,858	1,286,943
Less: loss allowance for trade receivables		(988,288)	(893,391)
		455,570	393,552
Other receivables			
Other deposits		21,793	23,538
Prepayments		23,578	19,060
Payments on behalf of staff		15,654	15,076
Payments on behalf of residents under lump-sum basis		27,225	21,018
Others		9,745	4,197
		97,995	82,889
Less: Allowances	<i>(b)</i>	(10,182)	(7,724)
Total other receivables		87,813	75,165
Analysed as:			
– Current		84,164	66,670
– Non-current		3,649	8,495
		87,813	75,165

Notes:

(a) Trade receivables

Trade receivables from property management services are trade receivables due for payment upon the issuance of demand notes. Value-added services to non-property owners are receivable in accordance with the terms of the relevant service agreements, and the Group normally allows an average credit period ranged from 0 days to 90 days to its customers.

The ageing analysis of the trade receivables before loss allowances as at 31 December 2024 and 31 December 2023 based on the invoice date is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 180 days	455,227	495,049
181-365 days	214,781	196,907
1-2 years	286,923	302,794
2-3 years	218,876	261,294
Over 3 years	268,051	30,899
	<u>1,443,858</u>	<u>1,286,943</u>

The movements in the impairment of trade-receivables are as follows:

	Third parties <i>RMB'000</i>	Related parties <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	43,023	228,954	271,977
Recognised during the year	<u>13,403</u>	<u>608,011</u>	<u>621,414</u>
As at 31 December 2023 and 1 January 2024	56,426	836,965	893,391
Recognised during the year	<u>40,433</u>	<u>54,464</u>	<u>94,897</u>
As at 31 December 2024	<u>96,859</u>	<u>891,429</u>	<u>988,288</u>

(b) Other receivables

The movements in the impairment of other receivables are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other receivables		
As at 1 January	7,724	4,877
Recognised during the year	<u>2,458</u>	<u>2,847</u>
As at 31 December	<u>10,182</u>	<u>7,724</u>

(c) Others

All of the Group's trade and other receivables as at 31 December 2024 are denominated in RMB (2023: all RMB).

16. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables		
– Third parties	201,604	180,002
– Related parties	4,970	14,030
	<u>206,574</u>	<u>194,032</u>
Other payables		
Consideration payables for acquisition of subsidiaries	5,400	16,171
Accrued staff costs	86,040	87,264
Other tax payables	7,550	8,843
Deposits received	86,802	83,217
Receipt on behalf of residents	120,244	138,557
Others payables and accruals	27,897	31,380
	<u>333,933</u>	<u>365,432</u>
Total other payables		
	<u>333,933</u>	<u>365,432</u>
Analysed as:		
– Current	329,500	359,556
– Non-current	4,433	5,876
	<u>333,933</u>	<u>365,432</u>

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 2024 and 31 December 2023 are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 90 days	101,798	96,456
91-180 days	41,644	39,497
181-270 days	18,502	16,921
271-365 days	13,506	12,019
Over 365 days	31,124	29,139
	<u>206,574</u>	<u>194,032</u>

17. LEASE COMMITMENTS

The Group as lessee

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year	<u>3,507</u>	<u>1,272</u>

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

As at 31 December 2024, the Group had committed to leases for staff quarters and offices in which the leases had not yet commenced. The total future cash outflows for these leases amounting to nil (2023: nil) in aggregate which are included in the table above.

The Group as lessor

At 31 December 2024 and 31 December 2023, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of buildings as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year	1,442	2,142
In the second to fifth years	<u>1,652</u>	<u>1,350</u>
	<u>3,094</u>	<u>3,492</u>

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.

CHAIRMAN’S STATEMENT

BUSINESS REVIEW AND PROSPECTS

In 2024, in the face of a complex and severe situation marked by intensifying external pressures, insufficient domestic demand, and mounting difficulties, all regions and authorities pragmatically implemented the decisions and arrangements of the Central Committee of the Communist Party of China and the State Council, adhering to the general principle of pursuing progress while maintaining stability, and accelerating the establishment of a new development paradigm. In particular, a package of incremental policies was promptly rolled out, boosting market confidence and driving a significant economic rebound. According to preliminary statistics, the gross domestic product of China amounted to RMB134,908.4 billion in 2024, representing a year-on-year increase of 5.0%. The national economy was generally stable while progressing steadily, with new progress being made in high-quality development.

2024 was a “policy-intensive year” for the real estate industry. The central government and relevant authorities repeatedly emphasized the importance of the real estate industry and at the beginning of 2024, ascertained the policy direction for the real estate market of stabilizing the market, preventing risks and promoting transformation. On 30 April 2024, the meeting of the Political Bureau of the Central Committee of the Communist Party of China reset the tone towards the real estate market, with policies focusing on “Stabilizing the market” and “Destocking”. On 26 September 2024, the meeting of the Political Bureau of the Central Committee of the Communist Party of China further clarified the need to halt the decline of and stabilize the real estate market, calling for strict control over the increase in housing supply, optimization of existing stock, and improvement of quality with regard to commercial housing construction. The meeting also called for making adjustments to policies of home purchase restriction and reducing interest rates on existing mortgages. Subsequently, multiple relevant government departments and local authorities rolled out favorable policies in land use, fiscal taxation, and finance, which included abolishing restrictions on purchase, sales and pricing, and the classification criteria distinguishing standard from non-standard residential properties. The favorable policies also included lowering interest rates on housing provident fund loans, reducing down payment ratios for mortgages, lowering interest rates on existing loans, and lowering tax rates for home replacements, forming a coordinated policy effort. The real estate industry is now undergoing positive changes.

The development of the real estate industry, as an upstream industry, has a profound impact on the property management industry. In 2024, although favorable policies for the real estate industry were frequently introduced, the real estate development market still continued to contract gradually. Key indicators including the amount of investment in real estate development, floor area of new construction, completed floor area, and floor area sold of commercial properties continued to decline significantly year-on-year, and the growth potential in scale of property management enterprises faced challenges. Furthermore, “high-quality development” has become a consensus in the property management industry. Property management companies proactively abandoned projects with low collection rates, high management costs, and limited growth potential to improve the quality of their projects under management.

Despite the challenges, the property management industry has also ushered in new development guidance and opportunities. The “Guidance Catalogue for Industrial Structure Adjustment (2024 Edition)” (《產業結構調整指導目錄(2024年本)》) which was issued by the National Development and Reform Commission officially came into effect on 1 February 2024. Property services have been included in the “Encouraged Category – Commercial Services Industry”, and after this update, the positioning of property services is officially categorized from “Encouraged Category – Other Services” to “Encouraged Category – Commercial Services Industry”, which not only reflects the continuous support from national policies on the property management industry, but also explicitly includes non-residential properties in the category of encouraged development for the first time. In August 2024, the State Council issued the Opinions on Promoting High-Quality Development of Service Consumption (《關於促進服務消費高質量發展的意見》), encouraging property service companies to collaborate with companies engaged in elderly care, childcare, catering and housekeeping, so as to develop a “property services + lifestyle services” model, providing guidance for the property management industry to cultivate new growth points in service consumption field.

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

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

Looking back at 2024, the industry landscape underwent transformative shifts, with market uncertainties intensifying. In the face of a complex and challenging macroeconomic environment and industry challenges, Kaisa Prosperity consistently embraced market changes with an open mindset and expansive strategic foresight, capitalized on market trends, and effectively tackled various challenges, while innovating service models and demonstrating exceptional resilience and intelligence. Simultaneously, Kaisa Prosperity pursued new growth drivers and breakthroughs, broadened future operational strategies, deeply explored customer needs, and was committed to delivering differentiated and high-quality services to customers. The Group maintained stable management scale through the dual-wheel drive of “Organic growth + Independent expansion”, with the GFA under management reaching approximately 102.7 million square meters as at 31 December 2024, establishing presence in 77 cities in 20 provinces with 728 projects under management. The Group for the first time established presence in Jiangxi Province and entered the market in Ji’an and Ganzhou.

Through unremitting efforts, the Group was highly recognized by various sectors of the society and was awarded 2024 Top 100 Property Management Companies in China, 2024 China Leading Property Management Companies in Terms of Characteristic Services – Diversified Smart Businesses, 2024 Property Service Companies with Excellent Performance, 2024 Property Service Companies with Excellent Performance in Terms of Innovative Capability, 2024 China Top 100 Property Service Companies in Terms of Service Capability, 2024 China Top 20 Residential Property Service Companies, 2024 Leading Property Service Companies in Terms of Service Quality, 2024 Leading Company of China in Property Service Satisfaction and 2024 Leading Property Service Companies in Terms of ESG Sustainability, 2024 Top 100 Property Service Companies in Terms of Service Capability in Guangdong-Hong Kong-Macao Greater Bay Area and 2024 Top 20 Residential Property Service Companies in Terms of Service Capability in Guangdong-Hong Kong-Macao Greater Bay Area.

FINANCIAL SUMMARY

For the year ended 31 December 2024, the Group's revenue decreased by approximately RMB58.8 million to RMB1,735.4 million, representing a decrease of approximately 3.3% as compared with that of the corresponding period in 2023. In particular, revenue from property management services amounted to RMB1,389.4 million; revenue from value-added services to property owners amounted to RMB162.1 million; and revenue from value-added services to non-property owners amounted to RMB183.9 million.

For the year ended 31 December 2024, the Group's gross profit decreased by approximately 7.7% to approximately RMB444.5 million from approximately RMB481.3 million for the year ended 31 December 2023.

For the year ended 31 December 2024, the Group's profit was approximately RMB25.6 million as compared with the loss of approximately RMB437.6 million for the year ended 31 December 2023.

For the year ended 31 December 2024, the Group's profit attributable to owners of the Company was approximately RMB14.6 million as compared to a loss of approximately RMB450.0 million for the year ended 31 December 2023.

ENRICHMENT OF SERVICE PORTFOLIOS AND ENHANCEMENT OF SERVICE QUALITY

During the Reporting Period, the Group continued to focus on the three pillars of “experience, efficiency, and decision-making” to develop an “empathetic + intelligent” technology-based service system, upgraded core business brands and strengthened the foundation of brand value. We continued to upgrade the contents of service systems including “Service Standards for 10 Scenarios” (十大場景服務標準), “Service Standards for Three Windows” (三個窗口服務標準), “Comprehensive Kaisa Prosperity Service Series 1+3+5 Service Standards Manual” (全佳服系列1+3+5服務標準手冊) and “Star-rated Service Standards” (星級服務標準). Our property service portfolios covered 9 property types, namely residential, commercial, office buildings, recreational stadium, schools, high-end sales offices, hospitals, urban public buildings and cultural tourism.

In respect of the foundational service quality and service experience, the Group took “Strengthening Foundation, Reducing Cost and Increasing Revenue” as the main principles to maintain service quality while strictly control risks and bring new experience. The Group launched special campaigns such as “Jiarun Campaign” (佳潤行動) and “Jiafen Campaign” (佳分行動) to improve its customer services. The Group also launched a series of quality enhancing campaigns, such as “Spring Breeze in Kaisa 2.0” (春風沐佳2.0), “Construction with Sincerity 2.0” (精誠築佳2.0), “Rejuvenating with Quality” (品質煥新), “the Most Beautiful Garden” (最美園林), “the Most Beautiful Lobby” (最美大堂), “Management Open Day” (管理開放日), “Demonstration Window” (示範窗口) for projects under management, centering on the “walking trails” and “driveways”. We comprehensively enhanced customer experience by focusing on upgrading the park environment, quality renovation, service innovation and optimization, and emotional value fulfillment.

In respect of technological operation, we continued to iterate and optimize the “K Service+” intelligent service control platform to realize refined management of equipment and facilities as well as efficient and convenient services. On management side, we enriched elevator management functions and realized the “three-in-one” closed-loop management of elevators covering accounts, maintenance and repair, and enhanced the safety standard of elevator operation. On customer side, we optimized the online service functions and completed the development of Alipay mini program so that customers can experience more efficient and convenient services.

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

In respect of community building, through the creation of community cultural systems including the “Prosperity Convention” (美好公約), “Firefly Program” (螢火蟲計劃), “Kaisa’s Neighbors” (佳鄰佳親), “Child Friendly Community” (兒童友好社區), “Pet Friendly Community” (寵物友好社區) and “Starry Shining Community (閃亮紅星特色社區), Kaisa Prosperity actively organized community cultural activities, and advocated the concept of providing fun for the children and security for the elderly, and harmony between people and pets (幼有所樂, 老有所頤, 人寵和諧). Kaisa Prosperity took practical actions to care for the elderly and provide convenience for pet-owning families, and build a community service system with Kaisa Prosperity’s own distinctive characteristics, thereby building a beautiful community with harmonious neighborhood, and enhancing the happiness of property owners.

In respect of building a safe and secured community, Kaisa Prosperity deployed a large number of personnel to launch three special campaigns namely “100 Days of Safety without Accident” (百日安全無事故), “No Accident in Summer Production” (夏季安全生產無事故) and “Keep Ringing the Alarm Bell” (警鐘長鳴), and effectively improved the professional skills and risk prevention and handling ability of employees regarding fire safety, as well as the fire safety awareness and emergency evacuation abilities of property owners and residents. We effectively investigated and eliminated the relevant risks and hazards, and safeguarded the lives and properties of property owners and residents.

With love for residents and love for life, the Group has launched social responsibility special campaigns in cities including Shenzhen, Guangzhou, Huizhou, Jiangyin and Huludao, and equipped some projects with AED equipment and CPR first-aid, and assisted customers to complete multiple emergency rescues through conducting operational trainings and emergency drills with employees as well as improving contingent rescue plans to reduce unnatural deaths in the service space.

In respect of energy conservation and emission reduction, we continued to implement the system and standards including the Guidelines on Management and Control of Energy Saving (《能源節能管控操作指引》) and the Assessment Method for Control of Energy Consumption (《能耗管控情況考核辦法》). By adopting a multi-pronged approach underpinning “management + technology + policy” as well as energy management and diversified cooperation, the Group significantly reduced energy consumption throughout the year with the utilization of algorithmic control system and energy-saving renovation technologies for public area lighting, water pumps and atomized micro-sprinkler systems for greening irrigation etc. and refined daily green operation management.

FOCUSING ON COMMUNITY LIVING AND ASSET MANAGEMENT AND ENHANCING OPERATIONAL SERVICE CAPABILITIES

Kaisa Prosperity continued to enhance digital capabilities by resource concentration and business vertical development, achieving quality and efficiency enhancement. While sustaining traditional businesses including community space operation, Kaisa Prosperity focused on community living and asset management and continued to enhance operational service capability, and by capitalizing on proximity-based service advantages, achieved counter-cyclical growth for some businesses.

Focusing on existing projects, Kaisa Prosperity intensively explored demand for local lifestyle services including community group buying, delivery service, house rental and sales and home renovation and refurbishment. Our housekeeping services achieved a project coverage rate of 100%, and we further enhanced profitability and customer satisfaction through regional self-operated pilot programs. Through our flagship store + platform empowerment model, we innovatively launched house rental and sales as well as partial renovation businesses, reducing cost while maintaining stable revenue growth.

Combining community living scenarios and user needs, we integrated community venues and resources, vigorously expanded services such as community healthcare, community tourism and community pet care, gradually building up the community healthcare and housekeeping brand and service system of Kaisa Prosperity. We actively explored incremental market-oriented operational models, focusing on enhancing the capability of providing accessible, affordable, and sustainable quality medical services for community residents.

K Series Living platform strengthened whole-staff marketing and operational capabilities while enhancing user reach and conversion rate on consumer side, with an annual registered user number and monthly active rate both achieving substantial growth. The offline exhibition halls of K Series Living platform has been extended to 11 cities, including Shenzhen, Guangzhou, Shanghai, Suzhou, Chengdu, Chongqing, Foshan, Huizhou, Dongguan, Zhuhai and Changsha, realizing the integration and further upgrade of property services and value-added services.

Kaisa Prosperity will continue to leverage its inherent advantages and synergize ecosystem resources to align service chains with segmented customer groups. We developed and refined value-added service products tailored to local conditions, progressively advancing the transformation of value-added services to property owners towards professionalization, independence, and market orientation.

OUTLOOK

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

2025 is the final year for the “14th Five-Year” Plan and is also the most crucial year. Kaisa Prosperity is poised to confront the challenges of the industry, and continue to enhance service quality and provide excellent services for property owners and residents. At the same time, we will closely follow the guidelines of national policies, and actively and boldly explore new business areas and strive to realize a new growth curve. We will continue to consolidate our fundamentals and sharpen our increments, make our best efforts to achieve all-round and high-quality development, and draw up a magnificent blueprint for “Serving Beautiful China”.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

PROPERTY MANAGEMENT SERVICES

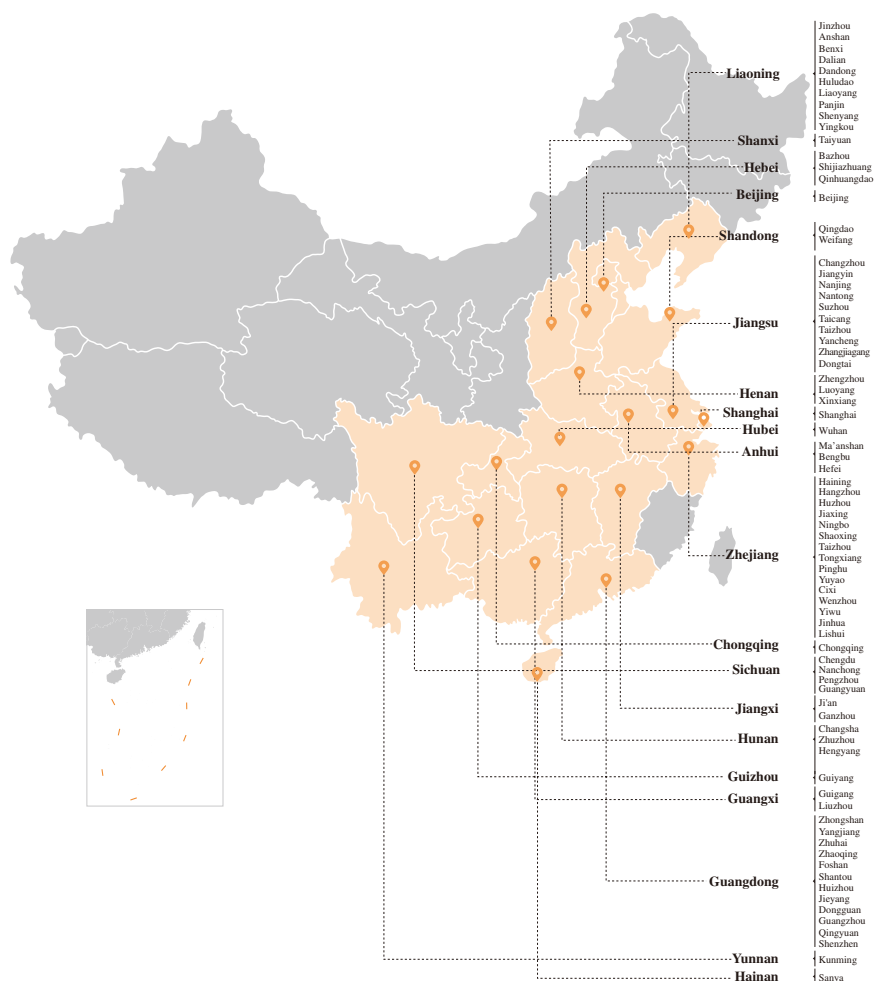
As of 31 December 2024, the Group's property management services covered 77 cities across 20 provinces, municipalities and autonomous regions in China, with a total GFA under management reaching 102.7 million sq.m. and a total of 728 managed properties projects, comprising 339 residential communities and 389 non-residential properties, showing strong momentum in market expansion and diversified property portfolio. We focused on public urban services and moved towards holistic management services.

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

	As of 31 December	
	2024	2023
Contracted GFA ('000 sq.m.)	129,067	132,103
GFA under management ('000 sq.m.)	102,697	102,294
Number of managed property projects	728	720

Geographic Coverage

The map below illustrates the geographic coverage of our managed properties as of 31 December 2024:



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

	As of 31 December			
	2024		2023	
	GFA under management (<i>'000 sq.m.</i>)	Number of projects	GFA under management (<i>'000 sq.m.</i>)	Number of projects
Guangdong-Hong Kong-Macau Bay Area	22,810	138	22,769	141
Yangtze River Delta	58,542	481	58,797	474
Bohai Economic Rim	5,522	38	5,937	38
Western China	9,526	42	9,127	41
Central China	6,297	29	5,664	26
Total	102,697	728	102,294	720

The Group continued to expand its business through organic growth and independent third party market development.

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

	2024		2023	
	GFA under management ('000 sq.m.)	Number of projects	GFA under management ('000 sq.m.)	Number of projects
As of 1 January	102,294	720	94,518	673
New engagement	8,466	104	18,625	152
Termination	(8,063)	(96)	(10,849)	(105)
As of 31 December	<u>102,697</u>	<u>728</u>	<u>102,294</u>	<u>720</u>

Types of Properties Managed

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

	Year ended/as of 31 December									
	2024					2023				
	Revenue (RMB'000)	GFA under management %	('000 sq.m.)	Number of projects %	Number of projects	Revenue (RMB'000)	GFA under management %	('000 sq.m.)	Number of projects %	Number of projects
Residential communities	784,727	56.5	61,644	60.0	339	677,493	50.6	60,259	58.9	342
Non-residential properties	604,648	43.5	41,053	40.0	389	660,606	49.4	42,035	41.1	378
Total	<u>1,389,375</u>	<u>100.0</u>	<u>102,697</u>	<u>100.0</u>	<u>728</u>	<u>1,338,099</u>	<u>100.0</u>	<u>102,294</u>	<u>100.0</u>	<u>720</u>

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 property projects by revenue model for the years/as of the dates indicated:

	Year ended/as of 31 December									
	2024					2023				
	Revenue (RMB'000)	GFA under management %	('000 sq.m.)	Number of projects %	Number of projects	Revenue (RMB'000)	GFA under management %	('000 sq.m.)	Number of projects %	Number of projects
Property management services (lump-sum basis)	1,332,398	95.9	79,198	77.1	618	1,283,536	95.9	77,276	75.5	610
Property management services (commission basis)	56,977	4.1	23,499	22.9	110	54,563	4.1	25,018	24.5	110
Total	<u>1,389,375</u>	<u>100.0</u>	<u>102,697</u>	<u>100.0</u>	<u>728</u>	<u>1,338,099</u>	<u>100.0</u>	<u>102,294</u>	<u>100.0</u>	<u>720</u>

It is important to note that for projects on 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 projects on 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 property projects by type of developers for the years/as of the dates indicated:

	Year ended/as of 31 December									
	2024					2023				
	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	610,788	44.0	43,791	42.6	224	527,982	39.5	41,891	41.0	213
Properties developed by independent third-party property developers	778,587	56.0	58,906	57.4	504	810,117	60.5	60,403	59.0	507
Total	1,389,375	100.0	102,697	100.0	728	1,338,099	100.0	102,294	100.0	720

In 2024, the total revenue of property management services was approximately RMB1,389.4 million, representing an increase of approximately 3.8% period to period. With a reasonable layout of the property industry, the Group has been able to undertake engagement of a wide range of property projects and provide competitive services and products. The overall development of property management services of the Group is promising.

VALUE-ADDED SERVICES TO PROPERTY OWNERS

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

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

As at 31 December 2024, Kaisa Prosperity has been opened eleven stores under the name of “K Series Living Exhibition Hall” (小K生活展示館) and at present, covers 11 cities including Guangzhou, Shenzhen, Shanghai, Chengdu, Chongqing, Dongguan, Foshan, Huizhou, Suzhou, Zhuhai and Changsha. Catering to the immediate needs of customers and focusing on user experience, we strive to create accurate professional value-added services. Kaisa Prosperity is accelerating the exploration of a community neighborhood living service circle. Through business integration and development, we have realized a comprehensive upgrade of product system and comprehensively enhanced community space operation and service capability. Kaisa Prosperity’s neighborhood service ecology, with K Series Living Exhibition Hall and K Series Living platform as the carrier, gathered national and local advantageous supply chain resources, and created a “1+N” service system through a “One Strategy for One City” approach, focusing on local living needs such as community group buying, delivery service, house renovation, house rental and sales, community leisure, catering and cultural tourism. At the same time, Kaisa Prosperity has independently developed information technology tools such as community sharing platforms and service ordering platforms to make local life more carefree, comfortable and secure.

In 2024, the total revenue of value-added services to property owners was approximately RMB162.1 million, representing a decrease of approximately 7.9% period to period. Such decrease was primarily due to the market environment of downturn in resident consumption and intensifying industry competition.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

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

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

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

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

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

In 2024, the total revenue of value-added services to non-property owners was approximately RMB183.9 million, representing a decrease of approximately 34.3% period to period. Such decrease was primarily due to the impact of national macro policies, market conditions in the real estate industry during the period, where the demand for relevant services by real estate developers decreased.

Save for the above mentioned, there have been no material changes in the business development activities of the Group in 2024.

FINANCIAL REVIEW

Revenue

The Group derived revenue from: (i) property management services; (ii) value-added services to property owners; and (iii) value-added services to non-property owners. Revenue decreased by approximately 3.3% from approximately RMB1,794.3 million in 2023 to approximately RMB1,735.4 million in 2024.

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

	Year ended 31 December					
	2024		2023		Changes	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	1,389,375	80.1	1,338,099	74.6	51,276	3.8
Value-added services to property owners	162,139	9.3	176,065	9.8	(13,926)	(7.9)
Value-added services to non-property owners	183,913	10.6	280,103	15.6	(96,190)	(34.3)
Total	<u>1,735,427</u>	<u>100.0</u>	<u>1,794,267</u>	<u>100.0</u>	<u>(58,840)</u>	<u>(3.3)</u>

- 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 such revenue increased by approximately 3.8% from approximately RMB1,338.1 million in 2023 to approximately RMB1,389.4 million in 2024. Such increase was primarily attributable to the increase in the total GFA under management resulting from the business expansion through organic growth and independent third-party market development.

- Revenue from value-added services to property owners, which primarily include income generated from the car parking, space leasing, retailing, house leasing and sales, housing decoration and renovation and other value-added services through both offline and online channels, decreased by approximately 7.9% from approximately RMB176.1 million in 2023 to approximately RMB162.1 million in 2024. Such decrease was primarily due to the market environment of downturn in resident consumption and intensifying industry competition.
- Revenue from value-added services to non-property owners, which primarily include fees for construction sites management, display units and property sales venues management and consulting services and installation and maintenance services, decreased by approximately 34.3% from approximately RMB280.1 million in 2023 to approximately RMB183.9 million in 2024. Such decrease was primarily due to the impact of national macro policies, market conditions in the real estate industry during the period, where the demand for relevant services by real estate developers decreased.

Direct Operating Expenses

The direct operating expenses of the Group primarily comprises staff costs, subcontracting costs, construction costs, carpark leasing expenses, utility expenses, office expenses, community cultural expenses, other taxes and others. The direct operating expenses decreased by approximately RMB22.0 million from approximately RMB1,312.9 million in 2023 to approximately RMB1,290.9 million in 2024.

Gross Profit and Gross Profit Margin

The overall gross profit of the Group decreased by approximately 7.7% from approximately RMB481.3 million in 2023 to approximately RMB444.5 million in 2024. The overall gross profit margin of the Group decreased by approximately 1.2 percentage points from approximately 26.8% in 2023 to approximately 25.6% in 2024. The table below sets forth the Group's gross profit and gross profit margin by business segment for the periods indicated:

	Year ended 31 December				Changes	
	2024		2023			
	Gross Profit RMB'000	Margin %	Gross Profit RMB'000	Margin %	Amount RMB'000	%
Property management services	298,131	21.5	306,437	22.9	(8,306)	(2.7)
– Lump-sum basis	241,154	18.1	251,874	19.6	(10,720)	(4.3)
– Commission basis	56,977	100.0	54,563	100.0	2,414	4.4
Value-added services to property owners	100,240	61.8	99,860	56.7	380	0.4
Value-added services to non-property owners	46,115	25.1	75,050	26.8	(28,935)	(38.6)
Total	444,486	25.6	481,347	26.8	(36,861)	(7.7)

1) *Property management services*

Gross profit margin of the Group's property management services dropped by approximately 1.4 percentage points from approximately 22.9% in 2023 to approximately 21.5% in 2024. The decrease was primarily due to the increase of staff costs and subcontracting costs to improve our service quality and enhance customer experience and satisfaction.

2) *Value-added services to property owners*

Gross profit margin of the Group's value-added services to property owners increased by approximately 5.1 percentage points from approximately 56.7% in 2023 to approximately 61.8% in 2024. The increase was mainly due to the proportion of revenue contributed by projects with lower gross profit margin decreased during the year.

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

Gross profit margin of the Group's value-added services to non-property owners dropped by approximately 1.7 percentage points from approximately 26.8% in 2023 to approximately 25.1% in 2024. The decrease was primarily due to an increase in revenue contributed by certain value-added services which have a lower gross profit margins.

Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by approximately 13.5% from approximately RMB12.6 million in 2023 to approximately RMB10.9 million in 2024.

Administrative Expenses

Administrative expenses of the Group decreased by approximately 9.8% from approximately RMB189.9 million in 2023 to approximately RMB171.3 million in 2024. The decrease was primarily attributable to the decrease in staff costs as a result of optimizing organizational structure to improve operational efficiency.

Provision for Loss Allowance on Financial Assets and Contract Assets

Provision for loss allowance on financial assets and contract assets of the Group decreased by approximately 83.3% from approximately RMB698.6 million in 2023 to approximately RMB116.6 million in 2024. The decrease was mainly attributable to the fact that substantial provision for loss allowance on trade receivables had been recognised in 2023.

Change in Fair Value on Financial Assets at Fair Value Through Profit or Loss

During the year ended 31 December 2024, the Group recorded a fair value loss on financial assets at fair value through profit or loss of approximately RMB89.8 million as compared to approximately RMB143.4 million in 2023. The decrease in fair value on financial assets at fair value through profit or loss was mainly due to the unexpected slow recovery of the PRC economy in the current year.

Impairment Loss on Goodwill

During the year ended 31 December 2024, the Group recognised an impairment loss on goodwill attributable to a subsidiary engaged in providing property management services to industrial and commercial properties of approximately RMB24.4 million as compared to nil for 2023.

Income Tax (Expense)/Credit

The Group recorded an income tax expenses of approximately RMB15.2 million in 2024 as compared to the income tax credit of approximately RMB144.3 million in 2023 due to increase in profit before income tax.

Profit/(Loss) for the Year

The Group's profit for the year amounted to approximately RMB25.6 million as compared to a loss of approximately RMB437.6 million for the year ended 31 December 2023.

Liquidity, Capital Structure and Financial Resources

As of 31 December 2024, the Group's cash and bank balances were approximately RMB243.3 million, represented a decrease of approximately RMB43.5 million from approximately RMB286.8 million as of 31 December 2023.

As of 31 December 2024, the net current assets of the Group was approximately RMB127.0 million (31 December 2023: approximately RMB35.3 million). As of 31 December 2024, the Group's current ratio (current assets/current liabilities) was approximately 1.15 (31 December 2023: approximately 1.04).

As of 31 December 2024 and 31 December 2023, the Group did not have any other loans or borrowings.

Treasury Policy

The Directors of the Company will continue to follow a prudent policy in managing the Group's cash and cash equivalents and maintain a strong and healthy liquidity position to ensure that the Group is well-positioned to capture future growth opportunities.

Goodwill

As of 31 December 2024, the Group recorded goodwill of approximately RMB136.5 million (31 December 2023: approximately RMB160.8 million). The decrease was due to impairment loss on goodwill amounting to RMB24.4 million was recognised during the year.

Right-of-Use Assets

As of 31 December 2024, the Group recorded right-of-use assets of approximately RMB164.0 million (31 December 2023: approximately RMB184.0 million) which are mainly used by the Group to provide property management services and sublease the non-residential properties for rental income.

Trade and Other Receivables

Trade receivables mainly arise from property management fees, value-added services fees to non-property owners. Trade receivables of the Group increased by approximately RMB62.0 million from approximately RMB393.6 million as of 31 December 2023 to approximately RMB455.6 million as of 31 December 2024, primarily due to our business expansion of property management services and the slow down of recovery of receivables because of the slow recovery of the PRC economy in the current year.

Other receivables mainly consist of deposits, prepayments, payments on behalf of staff and payments on behalf of residents under lump-sum basis. Other receivables of the Group slightly increased by approximately RMB12.6 million from approximately RMB75.2 million as of 31 December 2023 to approximately RMB87.8 million as of 31 December 2024.

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 increased by approximately RMB40.8 million from approximately RMB95.1 million as of 31 December 2023 to approximately RMB135.9 million as of 31 December 2024, primarily due to the slowdown of collection of such payments.

Trade and Other Payables

Trade payables mainly represent the obligations to pay suppliers for procurements in the ordinary course of business. The balances of trade payables of the Group increased by approximately RMB12.6 million from approximately RMB194.0 million as of 31 December 2023 to approximately RMB206.6 million as of 31 December 2024.

Other payables mainly consist of accrued staff costs, deposits received, consideration payables for acquisition of subsidiaries and receipt on behalf of residents. The accrued staff costs relate to the employees' salary and related expenditure. The deposits received primarily relate to the deposits the Group received from property owners in the managed properties charged on a lump-sum basis for any additional repairs and maintenance expense the Group might incur due to their property decoration. Receipt on behalf of residents relates to the remaining property management fees the Group received in the managed properties charged on a commission basis and the Group managed such fees collectively in its headquarters. The balances of other payables of the Group decreased by approximately RMB31.5 million from approximately RMB365.4 million as of 31 December 2023 to approximately RMB333.9 million as of 31 December 2024.

Capital Commitments

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

Pledge of Assets

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

Material Acquisitions and Disposals of Assets

The Group did not have any material acquisitions or disposals of assets during the year ended 31 December 2024.

Gearing Ratio

Gearing ratio is calculated by dividing the total interest-bearing borrowings by total equity at the end of the respective period. The gearing ratio of the Group was nil as of 31 December 2023 and 2024.

Contingent Liabilities

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

Foreign Exchange Risk

The Group primarily conducts its business in the PRC and in Renminbi. As of 31 December 2024, cash and bank balances denominated in Hong Kong dollar and United States Dollar was approximately RMB0.86 million (31 December 2023: RMB4.0 million), which are subject to foreign exchange exposure.

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

Employees and Benefits Policies

As of 31 December 2024, the Group had 12,013 employees (31 December 2023: 12,713 employees). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. The Group regularly reviews 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

Save as disclosed in this announcement, there were no other significant subsequent events up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and complied with all the applicable code provisions during the Reporting Period.

AUDIT COMMITTEE

The 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 audited consolidated annual results of the Company for the reporting year had been reviewed by the Audit Committee, which consists 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 C3 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries with 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 2024.

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. There was no non-compliance of the guidelines noticed by the Board during the Reporting Period.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

DIVIDEND

The Directors do not recommend the payment of a final dividend for 2024 (2023: nil).

SCOPE OF WORK OF THE AUDITORS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Group's auditor, SFAI (HK) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by SFAI (HK) CPA 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 SFAI (HK) CPA Limited on this announcement.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Thursday, 19 June 2025, the register of members of the Company will be closed on Monday, 16 June 2025 to Thursday, 19 June 2025, 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 Friday, 13 June 2025.

ANNUAL GENERAL MEETING

The AGM will be held on 19 June 2025 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
Kwok Ying Shing
Chairman

Hong Kong, 25 March 2025

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

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