

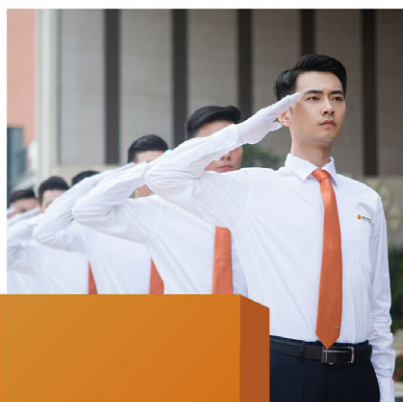


佳兆業美好集團有限公司

KAISA PROSPERITY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2168



Interim Report
中期報告
2019

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. LIAO Chuanqiang (*Chairman*)
Ms. GUO Li
Mr. WENG Hao (appointed on 21 February 2019)
Mr. WU Jianxin (appointed on 21 February 2019)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LIU Hongbai
Ms. MA Xiumin
Mr. CHEN Bin

AUDIT COMMITTEE

Mr. CHEN Bin (*Chairman*)
Ms. MA Xiumin
Mr. LIU Hongbai

REMUNERATION COMMITTEE

Mr. LIU Hongbai (*Chairman*)
Mr. LIAO Chuanqiang
Ms. MA Xiumin
Mr. CHEN Bin

NOMINATION COMMITTEE

Mr. LIAO Chuanqiang (*Chairman*)
Mr. LIU Hongbai
Ms. MA Xiumin
Mr. CHEN Bin

AUTHORISED REPRESENTATIVES

Mr. LIAO Chuanqiang
Mr. LEE Lung Piu (resigned on 12 March 2019)
Mr. YU Kwok Leung (appointed on 12 March 2019)

COMPANY SECRETARY

Mr. LEE Lung Piu (resigned on 12 March 2019)
Mr. YU Kwok Leung (appointed on 12 March 2019)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
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Cayman Islands

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PRC

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Causeway Bay
Hong Kong

COMPLIANCE ADVISER

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Hong Kong

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG SHARE REGISTRAR

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Wanchai, Hong Kong

PRINCIPAL BANKERS

Huaxia Bank, Nanyuan Branch
China Merchants Bank, Tianhe Branch
Industrial and Commercial Bank of China, Youyi Branch
Industrial and Commercial Bank of China, Huizhou Branch

LEGAL ADVISERS

As to Hong Kong law:

Sidley Austin

As to PRC law:

King & Wood Mallesons

As to Cayman Islands law:

Conyers Dill & Pearman

AUDITOR

Grant Thornton Hong Kong Limited

STOCK CODE

2168. HK

COMPANY'S WEBSITE

<http://www.jzywy.com>

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Kaisa Prosperity Holdings Limited ("**Kaisa Prosperity**" or the "**Company**", together with its subsidiaries, the "**Group**"), I hereby present to you the unaudited consolidated results of the Group for the six months ended 30 June 2019.

In the first half of 2019, against the backdrop of continuous and stable growth in the consumption of national residential services, property investment and upgrading of urban public ancillary services, the property management industry is on the superhighway of rapid development. By taking advantage of such market opportunities, the Company continued to make use of its comprehensive strengths in providing full-scale services. Since its successful listing on the Main Board of The Stock Exchange of Hong Kong Limited at the end of 2018, the Group has adopted an active and progressive approach to operate based on its development roadmap. These efforts have rewarded the Company with growth and allowed it to gather momentum for development.

BUSINESS REVIEW

For the six months ended 30 June 2019, the Group's revenue was approximately RMB558.4 million, representing an increase of approximately 35.4% as compared with the revenue for the first half of 2018. The Group recorded a net profit of approximately RMB91.6 million, representing an increase of approximately 45.4% as compared with its adjusted net profit (excluding listing expenses and deferred tax expense arising from the declaration of special dividend) in the first half of 2018. As of 30 June 2019, the Group's aggregate contracted gross floor area ("**GFA**") under management amounted to approximately 36.3 million sq.m., representing an increase of approximately 34.9% as compared to that as at the end of 2018. There was a total of 218 projects under management (31 December 2018: 132 projects), of which 124 projects were developed by independent third-party property developers, accounting for approximately 56.9% of the total, for offering quality property management services to approximately 240,000 property owners.

ABUNDANT REVENUE STREAM FOR PRE-DELIVERY AND CONSULTING SERVICES

As of 30 June 2019, the Company's controlling shareholder, Kaisa Group Holdings Ltd. and its subsidiaries (collectively referred to as the "**Kaisa Group**"), had a total land bank of more than 20 million sq.m.. Benefiting from the rapid expansion of the Kaisa Group, the Group's revenue of pre-delivery and consulting services was approximately RMB216.8 million for the six months ended 30 June 2019, representing an increase of approximately 31.9% as compared to that in the corresponding period of 2018. Considering approximately 90% of the pre-delivery and consulting services are derived from the services provided to the Kaisa Group, it's expected that the Group's revenue from pre-delivery and consulting services would be sustainable.

STEADY EXPANSION OF MANAGEMENT SCALE

Apart from continuous and stable supply from the Kaisa Group in terms of GFA under management, the Group actively expanded its coverage to penetrate into the vibrant and core economic zones such as the Guangdong-Hong Kong-Macau Bay Area, the Yangtze River Delta Economic Rim, the Bohai Economic Rim, the Chengdu and Chongqing Economic Rim in China. Positioned as a "leading provider of China's urban public services", the Group rode on the major trend of upgraded urban ancillary services to actively develop and diversify its property management services.

For the first half of 2019, the Group obtained an aggregate GFA under management of approximately 9.6 million sq.m.. Except for the GFA newly engaged with the Kaisa Group and the independent third-party property developers, the Group completed the acquisition of equity interests in Jiaxing Dashu Property Management Company Limited* (嘉興大樹物業管理有限公司) ("**Jiaxing Dashu**"). This represents another milestone at cooperation in respect of equity interest between the Group and regional leading enterprises, and a means of enhancing management scale at a faster pace. Meanwhile, we actively explored standardized construction on venue management, in order to enhance industrial standardized level and maintain a leading position within the venue management industry, thereby laying a sound foundation for development of the Group's arenas and stadiums management business in the future. Despite the fact that the market has higher standards and expectations for the Group, the Group is proud of the results it achieved in the first half of 2019 and will strive to perfect its national layout in the second half of 2019.

RAPID DEVELOPMENT OF SMART SOLUTION SERVICES

Shenzhen Jiake Intelligence Engineering Co., Ltd.* (深圳市佳科智能工程有限公司) ("**Jiake Intelligence**"), a smart solution service provider under the Group, conducted research about smart community establishment and actively sought strategic cooperation with the top 100 property management companies in China. It also actively participated in the exploration of smart cities. As of 30 June 2019, Jiake Intelligence has entered into strategic cooperation with six of the top 100 property management companies in China, and undertook the first urban municipal smart engineering project in the first half of 2019. This shows that the Group's smart solution services gained recognition from the government and relevant authorities. For the first half of 2019, revenue from smart solution services amounted to approximately RMB51.5 million, representing a year-on-year increase of approximately 60.9%; the aggregate amount of contracts signed in the first half of 2019 amounted to approximately RMB89.2 million, representing a year-on-year increase of approximately 149.0%. Given the substantial increase in the value amount of new contracts signed, the Group expects that there would be a continuous growth of revenue in the future.

TECHNOLOGY EMPOWERS COMMUNITY MANAGEMENT

The Group continues to upgrade community information technology and has built a smart community management system comprising a central information control centre, the K Service platform and a smart security system. The Group uses technology to empower community management, lower costs and raise efficiency, and provide a safe, convenient and comfortable working and living environment to improve customer satisfaction. Chengdu Lijing Harbour* (成都麗晶港) community managed by the Group has been upgraded with a smart security system, which connects to the public security system on a real-time basis, in order to greatly enhance security in the community. This system gained recognition from relevant government authorities at all levels, and the "mode of Lijing Harbour" has become a benchmark in China's property management industry.

DIVERSIFIED COMMUNITY VALUE-ADDED SERVICES

The Group is committed to optimizing the quality of life of communities and attaining a sense of well-being. Focusing on "people, housing, automobiles and finance", the Group provided property owners and tenants with diversified services and products through online and offline channels, meeting the needs of residents in the pursuit of a better lifestyle. In the first half of 2019, the Group made an in-depth and active exploration into community rental and sales, home decoration, community finance services and new retail. Benefiting from the ever-expanding diversity and coverage of products and services, income from community value-added services for the six months ended 30 June 2019 amounted to approximately RMB56.4 million, representing a significant increase of approximately 47.7% as compared to the corresponding period in 2018.

OUTLOOK

The Company successfully held the first Summit Forum on Property Management of Stadiums* (體育場館物業管理高峰論壇) on 28 June 2019, where it officially announced the change of its name to Kaisa Prosperity Holdings Limited. The change from "Property" to "Prosperity" represents the Group's commitments on "serving for a beautiful China", enhancing its capabilities for providing diversified services and strengthening and upgrading its operating services, with a view to creating a better and healthy lifestyle for its customers.

Since the listing, the Company has received recognition from the market and shareholders, as evidenced by the continual rising of its market capitalization and share price. We appreciate that this is a recognition of our approach to embrace China's urbanization and consumption upgrade. China's urbanization will remain as the main pillar for a period of time in the future as people are more demanding on high-quality community services such as property management, public services and commercial services. In this regard, we highly emphasize market opportunities brought by the upgrading of ancillary services in the city, efficiency improvement brought by information and intellectual technologies and better experience and services brought by in-depth operations in the communities.

The Group will grasp opportunities in core city clusters and in most of the core cities in China by maintaining quality growth and prioritizing mid- and high-end residential, commercial, office and institutional buildings. While sustaining its leading position in the stadium management industry, it will focus on expanding industry parks, venues, government office buildings and ancillary facilities, and enhance its capabilities for providing diversified services, in order to become China's leading provider for urban public property management services.

Adopting a technology-led approach, the Group established an intelligent engineering design institute for improving its competitiveness in research and development and smart products. In the long term, the Group hopes to position Jiake Intelligence as an integrated solution service provider for design, construction and research and development of smart technology by leveraging technological empowerment, pushing forward with information and smart technology upgrades in communities, and taking active roles in the construction of smart cities.

Positioned as an "expert of asset operation and butler for better lifestyle" to deepen community operation, we will focus on community consumption, diversifying our products and services, and connecting online and offline services to satisfy demands from property owners and tenants to pursue a better lifestyle, while incubating our professional service brands, namely housing rental and sale services, home decoration and renovation services and community education.

CONCLUSION

2019 will be a year for Kaisa Prosperity to consolidate its foundation and prepare for further advancement. We will remain open minded and keep abreast of the latest trends, in order to be well prepared for diversified and speedy development.

BUSINESS REVIEW

As one of the leading comprehensive property management service providers in China, the Group focuses on mid- to high-end properties, particularly 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

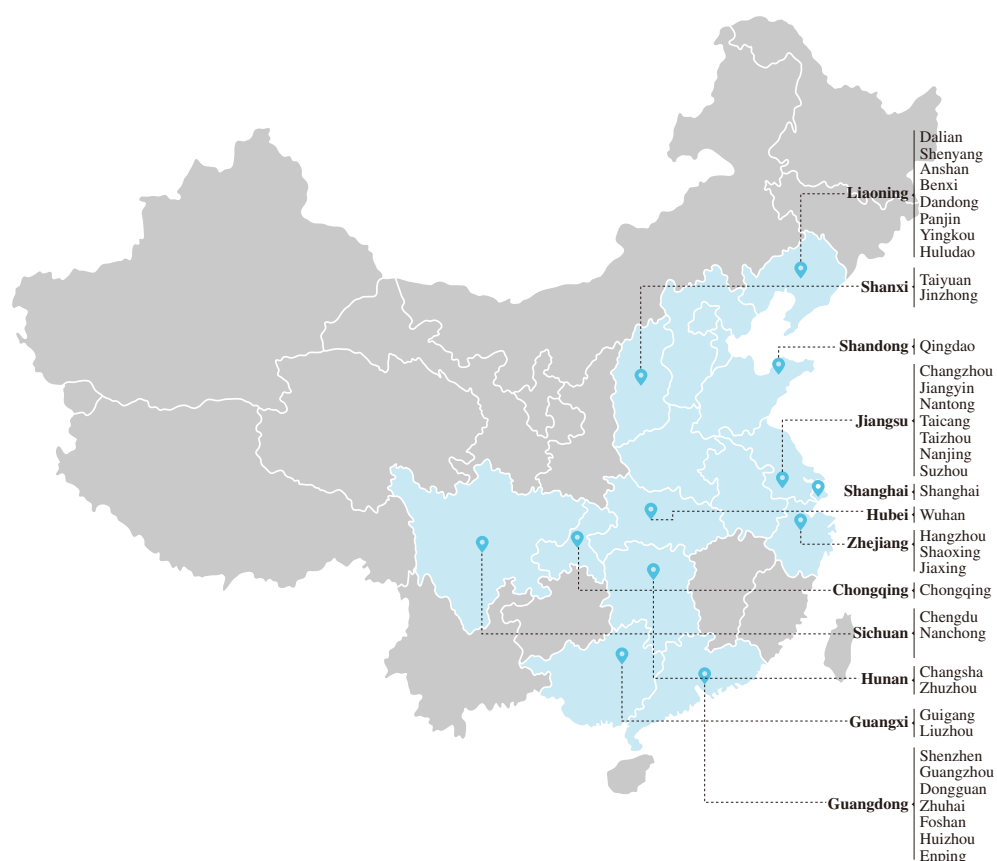
As of 30 June 2019, the Group's property management services covered 37 cities across 12 provinces, municipalities and autonomous regions in China, with a total GFA under management reaching 36.3 million sq.m. and a total of 218 managed properties, comprising 149 residential communities and 69 non-residential 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 30 June 2019	As of 31 December 2018
Contracted GFA ('000 sq.m.)	41,423	32,190
GFA under management ('000 sq.m.)	36,340	26,869
Number of managed properties	218	132

Geographic Coverage

The map below illustrates the geographic coverage of our managed properties as of 30 June 2019:



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

	As of 30 June 2019		As of 31 December 2018	
	GFA ('000 sq.m.)	Number of properties	GFA ('000 sq.m.)	Number of properties
Guangdong-Hong Kong-Macau Bay Area	11,709	60	10,951	58
Yangtze River Delta	12,162	110	4,023	30
Bohai Economic Rim	3,620	20	3,314	18
Western China	5,578	17	5,310	15
Central China	3,271	11	3,271	11
Total	36,340	218	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. (“**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 7.8 million sq.m.. Set out below are the changes in the total GFA and number of properties under management of the Group as of the indicated date:

	As of 30 June 2019		As of 31 December 2018	
	GFA under management ('000 sq.m.)	Number of properties	GFA under management ('000 sq.m.)	Number of properties
As of 1 January	26,869	132	24,008	119
New engagement	1,724	12	3,072	16
Acquisition	7,839	78	-	-
Termination	(92)	(4)	(211)	(3)
Total	36,340	218	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 covered the expenses incurred in connection with providing property management services.

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

	As of 30 June 2019			As of 31 December 2018		
	GFA under management ('000 sq.m.)	Percentage %	Number of properties	GFA under management ('000 sq.m.)	Percentage %	Number of properties
Residential communities	31,720	87.3	149	23,888	88.9	105
Non-residential properties	4,620	12.7	69	2,981	11.1	27
Total	36,340	100.0	218	26,869	100.0	132

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

	As of 30 June 2019			As of 31 December 2018		
	GFA under management ('000 sq.m.)	Percentage %	Number of properties	GFA under management ('000 sq.m.)	Percentage %	Number of properties
Property management services (lump-sum basis)	17,771	48.9	117	9,795	36.5	65
Property management services (commission basis)	18,569	51.1	101	17,074	63.5	67
Total	36,340	100.0	218	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.

Nature of the Property Developers Served

The properties under the Group's management were mainly developed by Kaisa Group, while the rest were developed by independent third-party property developers. During the six months ended 30 June 2019, the Group won all the public tenders with respect to properties developed by the Kaisa Group for which the Group bid. Meanwhile, the Group increased cooperation with independent third-party property developers in 2019. The Group's GFA under management from properties developed by independent third-party property developers increased by approximately 190.7% from approximately 4.3 million sq.m. as of 31 December 2018 to approximately 12.5 million sq.m. as of 30 June 2019, and the number of projects also increased from 43 as of 31 December 2018 to 124 as of 30 June 2019, respectively.

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

	As of 30 June 2019			As of 31 December 2018		
	GFA under management ('000 sq.m.)	Percentage %	Number of properties	GFA under management ('000 sq.m.)	Percentage %	Number of properties
Properties developed by the Kaisa Group	23,847	65.6	94	22,595	84.1	89
Properties developed by independent third-party property developers	12,493	34.4	124	4,274	15.9	43
Total	36,340	100.0	218	26,869	100.0	132

PRE-DELIVERY AND CONSULTING SERVICES

Leveraging the Group's property management expertise, the Group offered a wide range of pre-delivery and consulting services to address issues that arise during each major stage of property development projects. 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 during the early stages of property development projects. It also provided consulting services to other property management companies with respect to property management.

For the six months ended 30 June 2019, revenue generated from providing pre-delivery and consulting services amounted to approximately RMB216.8 million, accounting for approximately 38.8% of the Group's total revenue for the six months ended 30 June 2019, representing an increase of approximately 31.9% as compared to approximately RMB164.3 million for the six months ended 30 June 2018. In particular, approximately RMB193.9 million was generated from the Kaisa Group, accounting for approximately 89.4% of the total pre-delivery and consulting services revenue for the six months ended 30 June 2019, representing an increase of approximately 22.4% as compared to approximately RMB158.4 million for the six months ended 30 June 2018. Due to the market reputation and business influence accumulated by the Group over the years, the number of projects from independent third-party property developers for pre-delivery and consulting services increased from 33 as of 31 December 2018 to 38 as of 30 June 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 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 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 need 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 desks 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 through 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 service 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 “human, housing, automobile and finance”, the Group is mainly engaged in housing rental and sale, decoration and renovation, community education, space leasing, car parking, community finance, community service and new retail and other services such as software development service. The diversified products and services provided through online and offline channels enhanced the living quality of property owners and tenants by providing them with convenient and better experience. Meanwhile, the Group aims to progressively gain deep penetration into the professional service sector to incubate its independent business brands.

Housing Rental and Sale

Given that six more new branches are under preparation for opening, the total number of branches, micro-stores and community receptions are expected to reach nearly 60 at the end of this year, covering prime cities such as Shenzhen, Guangzhou, Chengdu, Changsha, Wuhan and Hangzhou. Commission income in the first half of 2019 amounted to approximately RMB6.9 million, generating a profit of approximately RMB1.9 million. In the second half of the year, the Group will focus on the agency business of first- and second-hand housing, long- and short-term leasing and sales of car parking space. Through market-oriented operation, the Group enhanced its human resources management, optimised its network distribution, expanded its business scale and improved efficiency per capita.

Decoration and Renovation

Integrating products and resources such as software and hardware, electrical appliances, furniture and customisation, the Group intends to offer one-stop decoration and renovation services for property owners. The Group provides ready-to-move-in services for property owners of new housing units and customised decoration and renovation services for property owners of existing housing units. In the first half of 2019, the Group made preliminary progress in developing a talent pool and system establishment, and will launch the trial run of ready-to-move-in and renovation services in the second half of the year.

Community education

Summer camps, featured education and K12 extra-curricular education have been rolled out in the communities. In the first half of 2019, the Group organised a summer camp involving participants from all around the country, and set up community education centers. It planned to launch 8-10 new education centers by the end of 2019 to further enhance the cooperation in community training and education, creating better atmosphere for community training and education.

Space leasing and Car parking

Through optimising the operation of spatial resources, reducing idle resources, increasing rental prices and exploring new spatial resources, the Group achieved a year-on-year increase of space leasing income by nearly 20% from the first half of 2018, attaining profits of approximately RMB8.2 million in the first half of 2019. The Group leased the car parking spaces developed by the Kaisa Group, which improved the operation of spatial operation of car parking spaces and increased the utilisation rate of car parking spaces. The income from leasing car parking spaces amounted to approximately RMB25.4 million in the first half of 2019, representing a year-on-year increase of approximately 2% from the first half of 2018.

Community finance

The Group entered into and implemented strategic cooperation with professional wealth management companies. With relatively high revenue and low risk as its major consideration, the Group promoted wealth management products across the whole country. In the first half of 2019, the Group successfully promoted the sale of wealth management products of approximately RMB200.0 million, representing a year-on-year increase of approximately 127% from the first half of 2018. These products satisfied the wealth management needs from property owners and residents and realized asset appreciation. Looking into the second half of 2019, the Group will spare no efforts in promoting wealth management products by making reference to community conditions, and launch innovative products which integrate bill payment and consumption, while expanding business cooperation in credit loans, insurance and securities to enrich its financial products and functions, and establish a comprehensive one-stop community financial system.

Community services and New retail

Focusing on perfecting community consumption, the Group mainly addressed the needs of household services and consumption in the community. The services offered by the online integrated service platforms, including Online K household service (小K到家), Fresh Food Calendar (生鮮爆款日曆) and Group-buy, provided premium but affordable services and products for the community, which in turn will improve the living quality of residents. At the same time, the online function of K Life platform will be gradually improved by seeking cooperation with add-value service platform and UnionPay, in order to link online and offline services and integrate community finance products for creating new consumption environment and experience.

Software development service

The Group's subsidiary, Shenzhen Qijia Internet Technology Co. Limited* (深圳市齊家互聯網科技有限公司) ("Qijia Technology") provides software development service. During the six months ended 30 June 2019, Qijia Technology has entered into software development contracts with a total contract amount of approximately RMB14.4 million and achieved the revenue of approximately RMB8.7 million for the same period. Though the major customer of the software development service was the Kaisa Group, the Group is actively exploring opportunities and integrating resources to expand its customer base to independent third-party customers.

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 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. As of 30 June 2019, the Group rendered its smart solution services to 583 residential communities and 55 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 properties 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 30 June 2019, the Group had 155 smart solution service contracts in progress or to be commenced with a total contract value of approximately RMB133.5 million. In particular, the Zhanjiang Rongsheng Central Plaza Complex Project signed in March 2019, with a contract value of RMB9.3 million, commenced construction in June 2019. The Bus Hub Station Project of Chengdu International Trade Center signed in June 2019 is the Group's first government intelligent transportation project with a contract value of approximately RMB11.5 million, which is expected to commence construction in October 2019.

Furthermore, the Group signed smart strategic cooperation agreements 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, and has become a strategic supplier of six of the top 100 real estate enterprises in China. The strategic cooperation agreements signed during the six months ended 30 June 2019 are expected to bring new revenue sources to the Group in the near future.

FINANCIAL REVIEW

Revenue

The Group derived 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 35.4% from approximately RMB412.3 million for the six months ended 30 June 2018 to approximately RMB558.4 million for the six months ended 30 June 2019.

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

	Six months ended 30 June					
	2019		2018		Changes	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management services	233,623	41.9	177,721	43.1	55,902	31.5
Pre-delivery and consulting services	216,796	38.8	164,345	39.8	52,451	31.9
Community value-added services	56,441	10.1	38,221	9.3	18,220	47.7
Smart solution services	51,530	9.2	32,037	7.8	19,493	60.9
Total	558,390	100.0	412,324	100.0	146,066	35.4

- Revenue from property management services, which primarily include property management fees for providing security, cleaning and gardening and property repair and maintenance services to residential communities, commercial properties and public facilities, increased by approximately 31.5% from approximately RMB177.7 million for the six months ended 30 June 2018 to approximately RMB233.6 million for the six months ended 30 June 2019. Such increase was primarily attributable to the increase in the total GFA under management resulting from business expansion through organic growth, the acquisition of a third-party property management company as well as an increase in average property management fee rates.
- 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, increased by approximately 31.9% from approximately RMB164.3 million for the six months ended 30 June 2018 to approximately RMB216.8 million for the six months ended 30 June 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 47.7% from approximately RMB38.2 million for the six months ended 30 June 2018 to approximately RMB56.4 million for the six months ended 30 June 2019. Such increase was primarily due to the new software development service and the growth in the Group's space leasing and housing rental and sale services, resulting from the increase in the number of the properties under management that in turn led to a larger customer base.
- Revenue from smart solution services, which primarily include fees for installation and maintenance services, increased by approximately 60.9% from approximately RMB32.0 million for the six months ended 30 June 2018 to approximately RMB51.5 million for the six months ended 30 June 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.

Cost of Services

The cost of services of the Group primarily comprises staff costs, subcontracting costs, construction costs, car park leasing expenses, utility expenses, office expenses, community cultural and marketing expenses and taxes. The Group's cost of services increased by approximately 35.2% from approximately RMB271.5 million for the six months ended 30 June 2018 to approximately RMB367.1 million for the six months ended 30 June 2019. Such increase was substantially in line with the growth rate of the revenue, as the Group experienced parallel cost increases from its business expansion.

Gross Profit and Gross Profit Margin

The overall gross profit of the Group increased by approximately 35.8% from approximately RMB140.9 million for the six months ended 30 June 2018 to approximately RMB191.3 million for the six months ended 30 June 2019. The overall gross profit margin of the Group remained at a stable level of approximately 34.3% for the six months ended 30 June 2019 as compared to approximately 34.2% for the six months ended 30 June 2018. The table below sets forth the Group's gross profit and gross profit margin by business segment for the periods indicated:

	Six months ended 30 June					
	2019		2018		Changes	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %	Amount RMB'000	%
Property management services	79,637	34.1	66,044	37.2	13,593	20.6
– Lump-sum basis	59,650	27.9	48,197	30.1	11,453	23.8
– Commission basis	19,987	100.0	17,847	100.0	2,140	12.0
Pre-delivery and consulting services	72,884	33.6	55,701	33.9	17,183	30.8
Community value-added services	24,583	43.6	10,547	27.6	14,036	133.1
Smart solution services	14,182	27.5	8,571	26.8	5,611	65.5
Total	191,286	34.3	140,863	34.2	50,423	35.8

1) *Property management services*

Gross profit margin of the Group's property management services dropped by approximately 3.1 percentage points from approximately 37.2% for the six months ended 30 June 2018 to approximately 34.1% for the six months ended 30 June 2019. The decrease was primarily due to an increase in (i) the portion of the property management service charged over 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 33.6% for the six months ended 30 June 2019, as compared to 33.9% for the six months ended 30 June 2018.

3) *Community value-added services*

Gross profit margin of the Group's community value-added services rose by approximately 16.0 percentage points from approximately 27.6% for the six months ended 30 June 2018 to approximately 43.6% for the six months ended 30 June 2019. The increase was primarily due to an increase in the amount of our space 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 0.7 percentage points from approximately 26.8% for the six months ended 30 June 2018 to approximately 27.5% for the six months ended 30 June 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 100.0% from approximately RMB1.8 million for the six months ended 30 June 2018 to approximately RMB3.6 million for the six months ended 30 June 2019 and the increase was due to the Group's market expansion effort.

Administrative Expenses

Administrative expenses of the Group decreased by approximately 11.5% from approximately RMB72.0 million for the six months ended 30 June 2018 to approximately RMB63.7 million for the six months ended 30 June 2019, primarily due to the recognition of listing expenses of approximately RMB18.0 million for the six months ended 30 June 2018, partially offset by the increase in staff costs resulted from the expansion of the business scale of the Group for the six months ended 30 June 2019.

Income Tax Expenses

Income tax expenses of the Group decreased by approximately 36.0% from approximately RMB42.5 million for the six months ended 30 June 2018 to approximately RMB27.2 million for the six months ended 30 June 2019, primarily due to the accrued withholding tax of approximately RMB22.0 million for the six months ended 30 June 2018, partially offset by the increase of income tax expenses arising from the rise of profit before income tax for the six months ended 30 June 2019.

Profit and Total Comprehensive Income for the period

Profit and total comprehensive income for the period of the Group increased by approximately 298.3% from approximately RMB23.0 million for the six months ended 30 June 2018 to approximately RMB91.6 million for the six months ended 30 June 2019, primarily due to the business expansion for the six months ended 30 June 2019, as well as the listing expenses of approximately RMB18.0 million and the withholding tax of approximately RMB22.0 million accrued for the six months ended 30 June 2018, lowering the profit for such period.

Liquidity, Capital Structure and Financial Resources

As of 30 June 2019, the Group's cash and bank balances were approximately RMB519.4 million, represented a decrease of approximately RMB188.7 million from approximately RMB708.1 million as of 31 December 2018.

The Group's financial situation remained stable. The remaining balance of net current assets of the Group remained at a stable level of approximately RMB496.5 million as of 30 June 2019, as compared to approximately RMB508.0 million as of 31 December 2018. As of 30 June 2019, the Group's current ratio (current assets/current liabilities) was approximately 2.12 (31 December 2018: approximately 1.97).

As of 30 June 2019, the Group did not have any other loans or borrowings except a loan to a third party.

Goodwill

As of 30 June 2019, the Group recorded goodwill of approximately RMB24.5 million, as a result of the acquisition of Qijia Technology and Jiaying Dashu and Rongshu Hotel on 28 December 2017 and 30 April 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 six months ended 30 June 2019.

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 RMB36.6 million from approximately RMB54.4 million as of 31 December 2018 to approximately RMB91.0 million as of 30 June 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; and (ii) the increase in trade receivables from smart solution services resulting from its engineering business expansion.

Other receivables mainly consist of deposits, payments on behalf of staff and payments on behalf of residents under lump-sum basis. Total other receivables and prepayments of the Group increased by approximately RMB21.8 million from approximately RMB59.3 million as of 31 December 2018 to approximately RMB81.1 million as of 30 June 2019, primarily due to a loan to a third party borrower and collection of the refundable deposit paid for a proposed acquisition.

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 RMB7.7 million from approximately RMB40.4 million as of 31 December 2018 to approximately RMB32.7 million as of 30 June 2019, primarily due to (i) the Group's limitation of new payment to the residential communities under commission basis; and (ii) the acceleration of collection of such payments.

Amounts due from Related Parties

Amounts due from related parties of the Group increased by approximately RMB41.2 million from approximately RMB127.5 million as of 31 December 2018 to approximately RMB168.7 million as of 30 June 2019, primarily due to the expansion of our business with related parties.

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 remained at a stable level of approximately RMB86.1 million as of 30 June 2019, as compared to approximately RMB86.5 million as of 31 December 2018.

Other payables and accruals mainly consist of accrued staff costs, deposits received and receipt on behalf of residents. The accrued staff costs relate to the employees' salary and related expenditure. The deposits received primarily relate to the deposits the Group received from property owners in the managed properties charged on a lump-sum basis for any additional repairs and maintenance expense the Group might incur due to their property decoration. Receipt on behalf of residents relates to the remaining property management fees the Group received in the managed properties charged on a commission basis and the Group managed such fees collectively in its headquarters. The remaining balances of other payables of the Group remained at a stable level of approximately RMB206.0 million as of 30 June 2019, as compared to approximately RMB204.8 million as of 31 December 2018.

Amounts due to Fellow Subsidiaries

Amounts due to fellow subsidiaries of the Group remained at a relatively stable level of approximately RMB33.0 million as of 30 June 2019, as compared to approximately RMB29.3 million as of 31 December 2018.

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 30 June 2019, the Group utilised approximately RMB46.3 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 30 June 2019, the Net Proceeds had been applied as follows:

Intended use of Net Proceeds as stated in the Prospectus	Planned use of proceeds ^[Note] RMB in million	Actual use of proceeds up to 30 June 2019 RMB in million	Unutilised amount as at 30 June 2019 RMB in million
Acquire or invest in other property management companies	115.3	36.6	78.7
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	1.2	21.9
Develop management digitalization service specialization	23.1	3.0	20.1
General working capital	23.1	5.5	17.6
	<u>230.7</u>	<u>46.3</u>	<u>184.4</u>

Note: The planned amount of use of Net Proceeds has been adjusted in the same proportion and same manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual Net Proceeds received.

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

Asset Charges

As of 30 June 2019, none of the assets of the Group were pledged (31 December 2018: nil).

Material Acquisitions and Disposals of Assets

For the six months ended 30 June 2019, the Group did not have any material acquisitions or disposals of assets.

Significant Investment Held and Future Plans for Material Investment and Capital Assets

For the six months ended 30 June 2019, the Group did not have any significant investment, and there was no plan for other material investments or additions of capital assets as at the date of this interim report.

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 both nil as of 30 June 2019 and 31 December 2018.

Contingent Liabilities

As of 30 June 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 RMB114.2 million, RMB57.5 million and RMB36.0 million, respectively, as of 30 June 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 30 June 2019, the Group had 5,788 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 "**Adoption Date**"), 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 Event

On 19 July 2019, the Company offered share options (the "**Options**"), subject to acceptance of the grantees, to certain eligible persons under the Share Option Scheme of the Company adopted on 18 June 2019, to subscribe for a total of 11,450,000 ordinary shares of HK\$0.01 each of the Company. Among the 11,450,000 Options, a total of 2,750,000 Options were granted to the Directors and a total of 8,700,000 Options were granted to other certain employees of the Company and its subsidiaries.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2019 and up to the date of this financial statements.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and complied with the applicable code provisions throughout the period from the Listing Date to the date of this interim report.

During the six months ended 30 June 2019, the Company complied with all the code provisions of the CG Code set out in Appendix 14 to the Listing Rules, except for the below deviation:

Pursuant to code provision 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 is primarily responsible for, among other things, the review and supervision of the Group’s financial reporting process, internal controls and review of the Company’s financial statements. Their written terms of reference are in line with the provisions under the CG Code and explains the role and the authority delegated to the Audit Committee by the Board.

The Audit Committee consists of three members, all of whom are independent non-executive Directors.

Review of Interim Results

The Audit Committee has reviewed the Group’s interim report 2019. In addition, the independent auditor of the Company, Grant Thornton Hong Kong Limited, has reviewed the unaudited interim results for the six months ended 30 June 2019 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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 six months ended 30 June 2019.

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

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2019 (30 June 2018: nil).

DISCLOSURE OF INTERESTS

THE SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on the Adoption Date. A summary of the principal terms of the Share Option Scheme is set out as follows:

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to Eligible Participants with the view to achieving the following objectives.

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants of the Share Option Scheme

Participants of the Share Option Scheme include any full-time or part-time employees, executives, officers or directors (including non-executive directors and independent non-executive directors) of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Group (the "**Eligible Participants**").

(3) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and options under the other schemes of the Company is 10% ("**Scheme Limit**") of the total number of Shares in issue on the Adoption Date, unless approval has been obtained from the shareholders of the Company. Any increase in the Scheme Limit shall in no event result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and options under other schemes of the Company exceeding 30% of the Shares in issue from time to time.

The total number of Shares that may fall to be allotted and issued under the Share Option Scheme would be 14,000,000 Shares, representing 10% of the total number of 140,000,000 Shares in issue as at 30 June 2019. During the six months ended 30 June 2019, no options were granted under the Share Option Scheme.

On 19 July 2019, the Company granted 11,450,000 share options under the Share Option Scheme.

(4) Maximum entitlement of each Participant

Unless approved by the shareholders of the Company, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme to any Eligible Participant shall not, when aggregated with: (a) any Shares issued upon exercise of options granted under the Share Option Scheme or options under the other schemes which have been granted to that Eligible Participant, (b) any Shares which would be issued upon the exercise of outstanding options granted under the Share Option Scheme or options under the other schemes granted to that Eligible Participant, and (c) any cancelled shares which were the subject of options granted under the Share Option Scheme or options under the other schemes which had been granted to and accepted by that Eligible Participant, in any 12-month period up to the Offer Date (as defined below) exceed 1% of the number of Shares in issue on the Offer Date.

(5) Period within which the securities must be taken up under an option

The period within which the options must be exercised will be specified by the Company at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the share option is deemed to be granted and accepted.

(6) Payment on acceptance of option offer

HK\$1.00 is payable by the Eligible Participant of the Share Option Scheme to the Company upon acceptance of the option offered as consideration for the grant.

(7) Basis of determining the exercise price

The exercise price per Share under the Share Option Scheme is determined by the Board in its absolute discretion but in any event must be at least the higher of: (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of on which such option is offered in writing (the "Offer Date"); (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share, provided that for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five business days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each business day falling within the period before the listing of the Shares on the Stock Exchange.

(8) Remaining life of the Share Option Scheme

The Share Option Scheme will remain valid until 18 June 2029 after which no further options shall be offered. However, the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of this Share Option Scheme and the options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

Directors' and Chief Executive's Interests in Securities

As of 30 June 2019, the interests and short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange were as follows:

i. Long positions in the underlying shares:

Name of Director	Name of associated corporation	Number of shares interested	Approximate percentage of interest (Note 1)
LIAO Chuanqiang	Kaisa Group Holdings Ltd.	4,000,000	0.07%

Notes:

- The percentages revenue calculated based on 6,080,907,697 shares of Kaisa Group in issue as at 30 June 2019.

Save for those disclosed above, as of 30 June 2019, none of the Directors or chief executive had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As of 30 June 2019, so far as the Directors were aware, persons other than the Directors or chief executive of the Company, who had interests or a short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are set out as follows:

Name of substantial shareholder	Capacity	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Kaisa Group Holdings Ltd.	Interest in controlled corporation	103,530,000 (L) (Note 2)	73.95
Rui Jing Investment Company Limited ("Rui Jing")	Interest in controlled corporation	103,530,000 (L) (Note 2)	73.95
Ye Chang Investment Company Limited ("Ye Chang")	Beneficial owner	103,530,000 (L) (Note 2)	73.95

Notes:

1. The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.
2. Ye Chang is beneficially wholly-owned by Rui Jing, which in turn is beneficially wholly-owned by Kaisa Group. By virtue of the SFO, each of Kaisa Group and Rui Jing is deemed to be interested in the same number of Shares which Ye Chang is interested in.
3. The percentages were calculated based on 140,000,000 Shares in issue as at 30 June 2019.

Save for those disclosed above, as of 30 June 2019, to the best of the Directors' knowledge, no other persons had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange.

INDEPENDENT REVIEW REPORT



To the board of directors of Kaisa Prosperity Holdings Limited (formerly known as Kaisa Property Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information of Kaisa Prosperity Holdings Limited (formerly known as Kaisa Property Holdings Limited) (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 27 to 68, which comprise the condensed consolidated statement of financial position as at 30 June 2019, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of this interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12
28 Hennessy Road
Wanchai
Hong Kong

20 August 2019

Chiu Wing Ning

Practising Certificate No.: P04920

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	(Unaudited) Six months ended 30 June	
		2019 RMB'000	2018 RMB'000 (Note)
Revenue	6	558,390	412,324
Cost of services		(367,104)	(271,461)
Gross profit		191,286	140,863
Other losses, net	7	(6,109)	(1,626)
Selling and marketing expenses		(3,563)	(1,785)
Administrative expenses		(63,706)	(72,013)
Operating profit		117,908	65,439
Fair value gain on financial assets at fair value through profit or loss		578	-
Finance costs		(27)	(9,007)
Finance income		309	9,072
Finance income, net		282	65
Profit before income tax	9	118,768	65,504
Income tax expenses	10	(27,187)	(42,472)
Profit and total comprehensive income for the period		91,581	23,032
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		90,663	23,300
Non-controlling interests		918	(268)
		91,581	23,032
Earnings per share attributable to owners of the Company (expressed in RMB)			
Basic and diluted	11	0.6476	0.2234

Note: The Group has initially applied HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 32 to 68 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000 (Note)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	12,792	7,920
Intangible asset	14	18,003	6,579
Goodwill	14	24,514	5,534
Financial assets at fair value through profit or loss		35,909	–
Right-of-use assets	16	3,485	–
Other receivables	15	460	133
Deferred tax assets		5,169	3,153
		100,332	23,319
Current assets			
Trade receivables	15	91,041	54,416
Other receivables and prepayments	15	81,099	59,347
Payments on behalf of residents	17	32,684	40,440
Contract assets	18	44,229	40,576
Amounts due from related parties	19	168,746	127,491
Restricted cash		1,554	617
Cash and cash equivalents		519,447	708,055
		938,800	1,030,942
Current liabilities			
Trade payables	20	86,081	86,549
Other payables and accruals	20	205,970	204,836
Contract liabilities	18	57,204	41,087
Amounts due to fellow subsidiaries	21	32,960	29,256
Lease liabilities	22	3,056	–
Dividend payable		22,168	128,000
Income tax payable		34,854	33,237
		442,293	522,965
Net current assets		496,507	507,977
Total assets less current liabilities		596,839	531,296

	Notes	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000 (Note)
Non-current liabilities			
Other payables	20	2,416	3,981
Lease liabilities	22	429	–
Deferred tax liabilities		5,729	21,145
		8,574	25,126
Net assets		588,265	506,170
EQUITY			
Share capital	23	1,232	1,232
Reserves		574,796	505,502
Equity attributable to owners of the Company		576,028	506,734
Non-controlling interests		12,237	(564)
Total equity		588,265	506,170

Note: The Group has initially applied HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

Approved and authorised for issue by the Board of Directors on 20 August 2019.

Liao Chuanqiang
Director

Guo Li
Director

The notes on pages 32 to 68 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Equity attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Contribution reserve	Statutory reserve	Retained earnings	Total		
	RMB'000 (Note 23)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As at 1 January 2018 (audited)	-*	-	76,071	3,730	45,765	179,913	305,479	(18)	305,461
Profit and total comprehensive income for the period	-	-	-	-	-	23,300	23,300	(268)	23,032
Issue of new share	-	5,609	-	-	-	-	5,609	-	5,609
Share-based payment (note 24)	-	-	-	1,241	-	-	1,241	-	1,241
Balance as at 30 June 2018 (unaudited)	-*	5,609	76,071	4,971	45,765	203,213	335,629	(286)	335,343

	Equity attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Contribution reserve	Statutory reserve	Retained earnings	Total		
	RMB'000 (Note 23)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As at 1 January 2019 (audited) (note)	1,232	271,743	76,071	5,954	81,900	69,834	506,734	(564)	506,170
Profit and total comprehensive income for the period	-	-	-	-	-	90,663	90,663	918	91,581
Capital injection by non-controlling interests	-	-	-	-	-	-	-	150	150
Acquisition of a subsidiary (note 25)	-	-	-	-	-	-	-	11,733	11,733
Share-based payment (note 24)	-	-	-	799	-	-	799	-	799
Dividend declared	-	-	-	-	-	(22,168)	(22,168)	-	(22,168)
As at 30 June 2019 (unaudited)	1,232	271,743	76,071	6,753	81,900	138,329	576,028	12,237	588,265

* Amount less than RMB1,000.

Note: The Group has initially applied HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes in pages 32 to 68 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

		(Unaudited) Six months ended 30 June	
		2019	2018
Notes		RMB'000	RMB'000 (Note)
Cash flows from operating activities			
		100,873	168,133
		-	(9,007)
		(46,360)	(17,356)
<i>Net cash from operating activities</i>		54,513	141,770
Cash flows from investing activities			
	25	(19,684)	-
		(57,188)	-
		(35,191)	-
		-	20,041
		-	12
	13	(2,029)	(1,356)
<i>Net cash (used in)/from investing activities</i>		(114,092)	18,697
Cash flows from financing activities			
		-	(28,036)
		-	5,609
	22	(1,152)	-
		(27)	-
		(128,000)	-
		150	-
		-	(80,000)
<i>Net cash used in financing activities</i>		(129,029)	(102,427)
Net (decrease)/increase in cash and cash equivalents		(188,608)	58,040
Cash and cash equivalents at the beginning of the period		708,055	114,098
Cash and cash equivalents at the end of the period, represented by cash and bank balances		519,447	172,138

Note: The Group has initially applied HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 32 to 68 are an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 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 share were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 6 December 2018.

The Company’s immediate holding company is Ye Chang Investment Company Limited (“**Ye Chang Investment**”), an investment company incorporated in the British Virgin Islands (“**BVI**”), whereas the directors of the Company regard Kaisa Group Holdings Ltd. (“**Kaisa Holdings**”) 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 mainly 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.

This unaudited condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated, and was authorised for issue by the Board of Directors on 20 August 2019.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“**HKAS**”) 34, “**Interim Financial Reporting**” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial information for the six months ended 30 June 2019 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2018, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2019. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Other than the impact of the adoption of HKFRS 16 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 periods have been prepared and presented.

HKFRS 16 “Leases” (“HKFRS 16”)

HKFRS 16 replaces HKAS 17 “Leases” (“**HKAS 17**”) along with three Interpretations (HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” (“**HK(IFRIC)-Int-4**”), 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 earnings for the current period. Prior periods have 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 asset 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.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES *(continued)* HKFRS 16 “Leases” (“HKFRS 16”) *(continued)*

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.

On transition to HKFRS 16, the weighted average of the incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 4.75% per annum.

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 at 31 December 2018 (note 26)	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

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES *(continued)* HKFRS 16 “Leases” (“HKFRS 16”) *(continued)*

The following table summarises the impact of transition to HKFRS 16 on the Group’s condensed 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)

The unaudited condensed consolidated financial information have been prepared in accordance with the accounting policies adopted in the Group’s most recent annual financial statements for the year ended 31 December 2018, except for the effects of applying HKFRS 16.

(a) The Group as a lessee

Applicable from 1 January 2019

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, the Group elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES *(continued)* HKFRS 16 “Leases” (“HKFRS 16”) *(continued)*

(a) *The Group as a lessee (continued)*

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the condensed consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Except for those right-of-use assets meeting the definition of investment properties and those relating to a class of property, plant and equipment to which revaluation model was applied, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset (except for those meeting the definition of investment properties) for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES *(continued)*

HKFRS 16 “Leases” (“HKFRS 16”) *(continued)*

(a) The Group as a lessee (continued)

Applicable before 1 January 2019

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

Operating leases

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

(b) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

4. FINANCIAL RISK FACTORS AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018.

There have been no material changes in the risk management policies of the Group since the year ended 31 December 2018.

4.2 Fair value estimation

Financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

4.3 Fair value hierarchy

The Group makes estimates and assumptions concerning the future.

During the six months ended 30 June 2019, there were no transfers between level 1, 2 and 3 during the period (2018: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the reporting date in which they occur.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2019 (unaudited)				
Financial assets at FVTPL	-	35,909	-	35,909

4. FINANCIAL RISK FACTORS AND FINANCIAL INSTRUMENTS *(continued)*

4.4 Fair value measurements using significant unobservable inputs (level 2)

The reconciliation of the carrying amounts of the Group's financial assets at FVTPL within level 2 of the fair value hierarchy is as follows:

	(Unaudited) RMB'000
Financial asset at FVTPL	
As at 1 January 2019 (audited)	–
Addition	35,191
Fair value changes	578
Exchange realignment	140
Fair value as at 30 June 2019 (unaudited)	35,909

Additions during the six months ended 30 June 2019 mainly represented unlisted managed fund in Hong Kong.

Fair value gain on financial assets at FVTPL of RMB578,000 was included in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair value of unlisted managed fund of RMB35,909,000 as at 30 June 2019 (30 June 2018: Nil) in Level 2 is determined by reference to the net asset value of these investments prescribed by a financial institution.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

6. REVENUE AND SEGMENT INFORMATION

6.1 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 six months ended 30 June 2019 and 2018 is as follows:

	(Unaudited)			
	Six months ended 30 June			
	2019		2018	
	Revenue RMB'000	Cost of services RMB'000	Revenue RMB'000	Cost of services RMB'000
Revenue from customer and recognised over time				
Property management services	233,623	153,986	177,721	111,677
Pre-delivery and consulting services	216,796	143,912	164,345	108,644
Community value-added services	56,441	31,858	38,221	27,674
Smart solution services	51,530	37,348	32,037	23,466
	558,390	367,104	412,324	271,461

6. REVENUE AND SEGMENT INFORMATION *(continued)*

6.1 Revenue *(continued)*

(b) Unsatisfied performance obligations

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 30 June 2019 and 31 December 2018 are as follows:

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Within one year	65,811	50,841
More than one year	52,508	24,408
	118,319	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.

6.2 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 six months ended 30 June 2019 and 2018, the Group mainly engaged 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 to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, all the Group's revenue were derived in the PRC for the six months ended 30 June 2019 and 2018.

As at 30 June 2019, except for the financial assets at fair value through profit or loss, most of the non-current assets were located in the PRC.

7. OTHER LOSSES, NET

	(Unaudited) Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Unconditional government subsidy income (note)	1,253	841
Net losses on disposal of property, plant and equipment	(52)	(19)
Provision for loss allowance (notes 15 and 17)	(5,334)	(1,629)
Reversal of provision for loss allowance (notes 15 and 17)	-	270
Amounts written off as uncollectible	(573)	(240)
Exchange losses, net	(1,410)	(817)
Others	7	(32)
	(6,109)	(1,626)

Note: The amount represented the subsidy received from the local government bureau in the PRC. There was no unfulfilled condition and other contingency attached to the receipt of subsidy.

8. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	(Unaudited) Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Wages, salaries and other benefits	218,422	172,371
Share-based payment	799	1,241
Contributions to defined contribution retirement plans	15,111	12,851
	234,332	186,463

9. PROFIT BEFORE INCOME TAX

	(Unaudited)	
	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Profit before income tax has been arrived at after charging/(crediting):		
Advertising and promotion expenses	3,563	1,785
Auditor's remuneration	291	90
Other taxes	2,757	2,320
Business entertainment expenses	1,214	1,046
Cost in relation to smart solution services	37,093	23,285
Depreciation		
– Property, plant and equipment	2,439	1,547
– Right-of-use assets	1,152	–
Amortisation of intangible asset	863	658
Legal and professional fees	2,744	1,078
Listing expenses	–	18,012
Lease charges		
– Short term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	23,622	26,218
Office expenses	2,336	2,736
Provision for loss allowance		
– Trade receivables (note 15)	2,480	1,170
– Deposits, other receivables and payments on behalf of residents (excluding prepayments) (note 15)	2,854	459
Reversal of provision for loss allowance		
– Deposits, other receivables and payments on behalf of residents (excluding prepayments) (note 15)	–	(270)
Staff costs – including directors' emoluments (note 8)		
– Included in cost of services	181,071	141,590
– Included in administrative expenses	53,261	44,873
Travelling	1,781	1,748

10. INCOME TAX EXPENSES

	(Unaudited)	
	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Current income tax		
– PRC Enterprise Income Tax	28,736	20,797
Deferred tax		
– PRC Enterprise Income Tax	(1,549)	21,675
	27,187	42,472

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 profit tax

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

The two-tiered profits tax rates will be applicable to the subsidiary of the Group, Profit Victor Investment (Hong Kong) Limited for its annual reporting periods beginning on or after 1 January 2018.

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 one of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

10. INCOME TAX EXPENSES *(continued)*

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 enterprise income tax rate in the PRC is 25%. Certain operations of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% from 1 January 2015 to 31 December 2020.

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

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.

* English translation is for identification purpose only. The English names of these companies incorporated in the PRC represent the best efforts by management of the Group in translating their Chinese names as they do not have official English names.

11. 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 six months ended 30 June 2019 and 2018.

	(Unaudited)	
	Six months ended 30 June	
	2019	2018
Total profit attributable to equity holders of the Company (in RMB'000)	90,663	23,300
Weighted average number of ordinary share	140,000,000	104,298,267
Basic earnings per share (note) (in RMB)	0.6476	0.2234

The weighted average number of ordinary shares for the six months ended 30 June 2018 has been adjusted retrospectively on the assumption that the Capitalisation Issue had been effective on 1 January 2018.

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as the Group has no dilutive potential ordinary shares for the six-month period ended 30 June 2019 and 2018.

12. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (30 June 2018: nil).

During the year ended 31 December 2018, the Company declared dividends of RMB128,000,000 to their shareholders before the Reorganisation was completed. The dividend has been settled during the period ended 30 June 2019.

A final dividend in respect of 2018 of RMB22,168,000 was declared 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.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group has an addition of property, plant and equipment of approximately RMB7,363,000, of which RMB5,334,000 arose from the acquisition of subsidiaries (note 25). Property, plant and equipment at a net loss of RMB52,000 were disposed of by the Group during the Reporting period. As at 30 June 2019, the carrying amount of property, plant and equipment was RMB12,792,000 (31 December 2018: RMB7,920,000).

As at 30 June 2019, no property, plant and equipment were pledged nor held under hire purchase.

14. INTANGIBLE ASSET AND GOODWILL

During the six months ended 30 June 2019, the Group acquired a company and its subsidiary, both engaged in the business of property management. Total identifiable net assets of this entity acquired as at the acquisition date amounted to RMB29,333,000, including identified customer relationships of RMB12,287,000 (unaudited) recognised by the Group. The excess of the consideration transferred and the amount of the non-controlling interests in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

15. TRADE AND OTHER RECEIVABLES

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Trade receivables		
– from third parties	101,144	62,039
Less: loss allowance for trade receivables	(10,103)	(7,623)
	91,041	54,416
Other receivables and prepayments		
Other deposits	9,583	4,164
Deposit for acquisition of an investment	–	44,000
Prepayments	3,165	1,118
Loan to a third party	57,499	–
Payments on behalf of staff	5,488	6,280
Payments on behalf of residents under lump-sum basis	9,532	5,295
Others	712	695
Less: loss allowance for other receivables	(4,420)	(2,072)
	81,559	59,480
Less: other receivables under non-current portion	(460)	(133)
	81,099	59,347

The directors consider that the fair values of trade and other receivables under current portion are not materially different from their carrying amounts because balances have short maturity periods on their inception.

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. Pre-delivery and consulting services and smart solution services are received in accordance with the terms of the relevant service agreements, and the Group normally allows an average credit period ranged from 15 days to 90 days to its customers.

15. TRADE AND OTHER RECEIVABLES *(continued)*

The ageing analysis of the trade receivables based on the invoice date is as follows:

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Within 180 days	66,543	41,079
181-365 days	13,000	7,456
1-2 years	11,293	6,213
2-3 years	4,486	2,857
Over 3 years	5,822	4,434
	101,144	62,039

The Group applies the simplified approach to provide for expected credit losses ("ECL") prescribed by HKFRS 9. As at 30 June 2019, a provision of RMB10,103,000 (unaudited) (31 December 2018: RMB7,623,000) (audited) was made against the gross amount of trade receivables and a provision of RMB4,420,000 (unaudited) (31 December 2018: RMB2,072,000) (audited) was made against the gross amount of other receivables and prepayments, respectively.

Loan to a third party for a term of six months represents the short-term loan to an independent third party entity at a monthly interest rate of 1.25%.

16. RIGHT-OF-USE ASSETS

Upon initial application of HKFRS 16, the right-of-use assets represents leases of properties in the PRC.

17. PAYMENTS ON BEHALF OF RESIDENTS

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Payments on behalf of residents	36,104	43,354
Less: allowance for impairment of payments on behalf of residents	(3,420)	(2,914)
	32,684	40,440

The balances with the property management offices of residential communities managed by the Group under the terms of commission basis represents expenditures paid by the Group on behalf of the residential community in excess of the property management fees collected from the residents of that residential community.

As at 30 June 2019 and 31 December 2018, the payments on behalf of residents were denominated in RMB, and the fair value of the payments on behalf of residents approximated their carrying amounts.

The Group applies the general approach to provide for ECL prescribed by HKFRS 9.

18. CONTRACT ASSETS AND CONTRACT LIABILITIES

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Contract assets		
Contract assets related to smart solution services	44,229	40,576
Contract liabilities		
Contract liabilities related to smart solution services	(7,369)	(6,588)
Contract liabilities related to property management services	(49,835)	(34,499)
	(57,204)	(41,087)

18. CONTRACT ASSETS AND CONTRACT LIABILITIES *(continued)*

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services deliver of property management services.

When the Group receives prepayment from customers before the production activity and property management service commences, this will give rise to contract liabilities at the start of a contract until the revenue recognised on the project exceeds the amount received in advance.

No impairment loss on contract assets has been recognised as at 30 June 2019 and 31 December 2018.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Transfers from contract assets recognised at the beginning of the period/year to receivables	(15,526)	(14,751)
Revenue recognised that was included in the contract liabilities balance at the beginning of the period/year	18,097	30,981

All contract assets and liabilities are expected to be recovered/settled within one year.

19. AMOUNTS DUE FROM RELATED PARTIES

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Amounts due from fellow subsidiaries		
– Trade nature	165,037	118,753
– Non-trade nature	1,396	689
	166,433	119,442
Amounts due from joint ventures of fellow subsidiaries		
– Trade nature	2,277	7,730
Amount due from a related company		
– Trade nature	36	319
	168,746	127,491

The following is the ageing analysis of amounts due from related parties (trade nature) based on invoice date presented at each of the reporting dates.

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Within 180 days	145,963	126,802
181-365 days	21,387	–
	167,350	126,802

The balances of amounts due from fellow subsidiaries, joint ventures of fellow subsidiaries and a related company are unsecured, interest-free and repayable on demand as at 30 June 2019 and 31 December 2018.

As at 30 June 2019 and 31 December 2018, amounts due from related parties were denominated in RMB, and the fair value of the amounts due from related parties approximated their carrying amounts.

20. TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Trade payables from third parties	86,081	86,549
Other payables and accruals		
Accrued listing expenses	712	12,414
Accrued staff costs	61,305	68,798
Other tax payables	5,380	7,083
Deposits received	45,346	36,416
Receipt on behalf of residents	54,804	53,672
Others	40,839	30,434
Total other payables and accruals	208,386	208,817
Less: other payables under non-current portion	(2,416)	(3,981)
Current portion	205,970	204,836

Included in trade payables were amounts due to the Group's suppliers. Based on the invoice dates, the ageing analysis of the trade payables (excluding amounts due to related parties of trading in nature) were as follows:

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Within 90 days	64,308	68,375
91-180 days	13,903	13,300
181-270 days	4,192	2,510
271-365 days	1,634	1,323
Over 365 days	2,044	1,041
	86,081	86,549

21. AMOUNTS DUE TO FELLOW SUBSIDIARIES

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Amounts due to fellow subsidiaries		
– Trade nature	31,146	28,700
– Non-trade nature	1,814	556
	32,960	29,256

The following is the aging analysis of amounts due to fellow subsidiaries (trade nature) based on invoice date presented at the end of the reporting date:

	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Within 90 days	7,435	8,810
91-180 days	7,124	12,859
181-270 days	16,201	4,861
271-365 days	386	2,170
	31,146	28,700

The amounts due to fellow subsidiaries are unsecured, interest-free and repayable on demand.

22. LEASE LIABILITIES

	(Unaudited) As at 30 June 2019 RMB'000
Total minimum lease payments:	
Due within one year	3,237
Due in the second to fifth years	474
	3,711
Future finance charges on leases liabilities	(226)
	3,485

	(Unaudited) As at 30 June 2019 RMB'000
Present value of minimum lease payments:	
Due within one year	3,056
Due in the second to fifth years	429
	3,485
Less:	
Portion due within one year included under current liabilities	(3,056)
	429

During the six months ended 30 June 2019, the Group entered into 6 new lease agreements for administrative uses for one to two years. During the six months ended 30 June 2019, the Group recognised right-of-use assets and lease liabilities amounting to RMB2,782,000.

During the six months ended 30 June 2019, the total cash outflows for the leases are RMB1,152,000.

23. SHARE CAPITAL

Ordinary shares of HK\$0.01 each	No. of shares	RMB'000
Authorised:		
As at 30 June 2019	500,000,000	4,400
Issued and fully paid:		
As at 1 January 2019 (audited) and 30 June 2019 (unaudited)	140,000,000	1,232

24. SHARE-BASED PAYMENT

The share option schemes of its ultimate holding company, Kaisa Holdings (the “**Share Option Scheme**”) was adopted pursuant to its resolution passed on 22 November 2009 and expires on 21 November 2019. Pursuant to the terms of the Share Option Scheme, the board of directors of Kaisa Holdings may, at its discretion, grant options to any eligible person (including directors, employees, officers of any member of the Kaisa Holdings, advisers, consultants, suppliers, agents and customers of any members of Kaisa Holdings).

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

24. SHARE-BASED PAYMENT *(continued)*

Details of the movement of the share options under Share Option Scheme are as follows:

	2019		2018	
	Weighted average exercise price in HK\$ per share	Number of option	Weighted average exercise price in HK\$ per share	Number of option
At 1 January	2.847	6,160,000	2.847	6,160,000
Granted during the period	-	-	-	-
At the end of the period	2.847	6,160,000	2.847	6,160,000

As at 30 June 2019, 2,960,000 (2018: 2,160,000) outstanding options granted under the Share Option Scheme were exercisable.

Note: Terms of share options at the reporting date were as follows:

Exercise period	Exercise price per share HK\$	Number of share options	
		As at June 30 2019	As at June 30 2018
23/7/2014-22/7/2020	2.000	100,000	100,000
23/7/2015-22/7/2020	2.000	100,000	100,000
6/6/2013-5/6/2022	1.500	98,000	98,000
6/6/2014-5/6/2022	1.500	98,000	98,000
6/6/2015-5/6/2022	1.500	588,000	588,000
6/6/2016-5/6/2022	1.500	588,000	588,000
6/6/2017-5/6/2022	1.500	588,000	588,000
19/7/2018-18/7/2027	3.550	800,000	800,000
19/7/2019-18/7/2027	3.550	800,000	800,000
19/7/2020-18/7/2027	3.550	800,000	800,000
19/7/2021-18/7/2027	3.550	1,600,000	1,600,000
		6,160,000	6,160,000

On July 19, 2017, Kaisa Holdings offered to grant to the director of the Group (the "July 2017 Grant") of 4,000,000 share options of HK\$0.10 each in the capital of Kaisa Holdings.

24. SHARE-BASED PAYMENT *(continued)*

The valuations were based on the Binomial Option Pricing Model with the following data and assumptions:

	July 2017 Grant
Fair value under binomial model	HK\$6,828,000
Closing share price at grant date	HK\$3.55
Exercise price	HK\$3.55
Annual risk free interest rate	2.05%
Expected volatility	42%
Expected option life	10 years
Expected dividend yield	<u>Nil</u>

Expected volatility was determined by using the historical volatility of Kaisa Holdings' share price from the listing date to the grant date. The risk-free interest rate is equal to Hong Kong Dollar swap rate over the exercise period at the grant date.

The Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised a share option expense of RMB799,000 (2018: RMB1,241,000) during the period ended 30 June 2019.

25. ACQUISITIONS OF SUBSIDIARIES

During the six months ended 30 June 2019, the Group acquired 60% equity interest in Jiaxing Dashu Property Management Company Limited* (嘉興大樹物業管理有限公司) ["**Jiaxing Dashu**"] and its subsidiary (collectively, 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. The considerations of all these transactions were based on the fair value of the assets acquired. Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

25. ACQUISITIONS OF SUBSIDIARIES *(continued)*

The aggregate balances of identifiable assets and liabilities arising from the acquisition as at the acquisition date is as follows:

	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

The Jiaxing Dashu Group contributed revenues of RMB24,821,000 and net profit of RMB2,124,000 to the Group for the period from the respective date. If the acquisitions had occurred on 1 January 2019, the Group's consolidated revenue and consolidated profit for the period would have been increased by RMB37,530,000 and decreased by RMB1,567,000 respectively.

* The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

26. OPERATING 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:

	(Unaudited) 30 June 2019 RMB'000	[Audited] 31 December 2018 RMB'000
Buildings:		
Within one year	22,239	6,074
In the second to fifth years	-	1,607
	22,239	7,681

The Group leases 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 to two 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.

The Group as lessor

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

	(Unaudited) 30 June 2019 RMB'000	[Audited] 31 December 2018 RMB'000
Buildings:		
Within one year	1,290	308
In the second to fifth years	378	396
Over five years	3	-
	1,671	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.

27. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

The ultimate holding company

Kaisa Group Holdings Ltd. 佳兆業集團控股有限公司

Fellow subsidiaries of the Group

Zhuhai Zhanda Property Development Co., Ltd.* 珠海市展大房地產開發有限公司
Jinsheng Engineering Management Consulting (Shenzhen) Co., Ltd.* 今盛工程管理諮詢(深圳)有限公司
Kaisa Investment Consulting Group (Shenzhen) Co., Ltd.* 佳兆業城市更新集團(深圳)有限公司
(Formerly known as "Kaisa Zhiye Development (Shenzhen) Co., Ltd."* "佳兆業置業發展(深圳)有限公司")
Kaisa Group (Shenzhen) Co., Ltd.* 佳兆業集團(深圳)有限公司
Dongguan Kaisa Property Development Co., Ltd.* 東莞市佳兆業房地產開發有限公司
Leisure Land Hotel Management (Shenzhen) Co., Ltd.* 可域酒店管理(深圳)有限公司
Shenzhen Kaisa Commerce Group Co., Ltd.* 佳兆業商業集團有限公司
Shenzhen Jililong Shiye Co., Ltd.* 深圳市吉利隆實業有限公司
Guangzhou Jinmao Property Development Co., Ltd.* 廣州金貿房地產開發有限公司
Shenzhen Nanao Kaisa Property Development Co., Ltd.* 深圳市南澳佳兆業房地產開發有限公司
Shenzhen Woodland Height Shiye Co., Ltd.* 深圳市桂芳園實業有限公司
Sichuan Tianzi Zhiye Co., Ltd.* 四川天姿置業有限公司
Huizhou Jinhui Property Development Co., Ltd.* 惠州市金湖房地產有限公司
Shenzhen Zhengchangtai Investment Consulting Co., Ltd.* 深圳市正昌泰投資諮詢有限公司
Dongguan Yingsheng Property Development Co., Ltd.* 東莞市盈盛房地產開發有限公司
Shenzhen Longgang Kaisa Property Development Co., Ltd.* 深圳市龍崗佳兆業房地產開發有限公司
Chengdu Nanxing Property Development Co., Ltd.* 成都南興銀基房地產開發有限公司
Fenglong Group Co., Ltd.* 豐隆集團有限公司
Guangdong Kaisa Property Development Co., Ltd.* 廣東佳兆業房地產開發有限公司
Kaisa Holdings Limited* 佳兆業集團有限公司
Hunan Kaisa Property Development Co., Ltd.* 湖南佳兆業房地產開發有限公司
Dongguan Yingyan Property Development Co., Ltd.* 東莞市盈雁房地產開發有限公司
Shenzhen Dapeng Kaisa Property Development Co., Ltd.* 深圳市大鵬佳兆業房地產開發有限公司
Chengdu Kaisa Investment Co., Ltd.* 成都佳兆業投資有限公司
Shenzhen Taijian Construction & Engineering Co., Ltd.* 深圳市泰建建築工程有限公司
Huizhou Weitong Property Co., Ltd.* 惠州緯通房產有限公司
Huizhou Canrong Property Ltd.* 惠州燦榮房產有限公司
Shenzhen Xingwoer Property Development Co., Ltd.* 深圳市興沃爾房地產開發有限公司
Dongguan Yingtai Property Development Co., Ltd.* 東莞市盈泰房地產開發有限公司
Chengdu Kaisa Commerce Operation Management Co., Ltd.* 成都市佳兆業商業經營管理有限公司
Shanghai Xinwan Investment Development Co., Ltd.* 上海新灣投資發展有限公司
Jiangyin Taichang Property Development Co., Ltd.* 江陰市泰昌房地產開發有限公司
Huizhou Huasheng Investment Co., Ltd.* 惠州市華盛投資有限公司
Boluo Kaisa Property Co., Ltd.* 博羅縣佳兆業房地產開發有限公司
Boluo Kaisa Zhiye Co., Ltd.* 博羅縣佳兆業置業有限公司
Shenzhen Golden Bay Hotel Co., Ltd.* 深圳市金沙灣大酒店有限公司
Shenzhen Wanyuhua Investment Consulting Co., Ltd.* 萬裕華投資諮詢(深圳)有限公司
Huizhou Kaisa Commerce Operation Management Co., Ltd.* 惠州市佳兆業商業經營管理有限公司

27. RELATED PARTY TRANSACTIONS *(continued)*

(a) Name and relationship with related parties *(continued)*

Fellow subsidiaries of the Group (continued)

Beijing Kaisa Investment Consulting Co., Ltd.* 北京佳兆業投資諮詢有限公司
Kaisa Real Estate Jiangyin Co., Ltd.* 佳兆業地產江陰有限公司
Leisure Land Hotel Property Management Jiangyin Co., Ltd.* 可域酒店置業管理江陰有限公司
Kaisa Real Estate (Liaoning) Co., Ltd.* 佳兆業地產(遼寧)有限公司
Shenzhen Tianlian Industry Development Co., Ltd.* 深圳市天利安實業發展有限公司
Jiangyin Woodland Height Property Co., Ltd.* 江陰桂芳園房地產有限公司
Baoji Crafts (Shenzhen) Co., Ltd.* 寶吉工藝品(深圳)有限公司
Guangzhou Kaisa Investment Consulting Co., Ltd.* 廣州佳兆業投資諮詢有限公司
Shenzhen Liyu Construction & Design Co., Ltd.* 深圳市麗宇建築設計有限公司
Shenzhen Kaisa Hotel Management Co., Ltd.* 深圳市佳兆業酒店管理有限公司
Jiangyin Washington Waterfront Property Development Co., Ltd.* 江陰水岸華府房地產開發有限公司
Nanchong Kaisa Property Co., Ltd.* 南充市佳兆業房地產有限公司
Changzhou Kaisa Property Development Co., Ltd.* 常州佳兆業房地產開發有限公司
Woodland Height Property (Yingkou) Co., Ltd.* 桂芳園地產(營口)有限公司
Kaisa Property (Yingkou) Co., Ltd.* 佳兆業地產(營口)有限公司
Zhaoruijing Hotel Zhiye Management (Suizhong) Co., Ltd.* 兆瑞景酒店置業管理(綏中)有限公司
Leisure Land Hotel Zhiye Management (Suizhong) Co., Ltd.* 可域酒店置業管理(綏中)有限公司
Kaisa Property (Anshan) Co., Ltd.* 佳兆業地產(鞍山)有限公司
Zhuzhou Kaisa Zhiye Co., Ltd.* 株州佳兆業置業有限公司
Zhejiang Wufeng Zhiye Co., Ltd.* 浙江伍豐置業有限公司
Kaisa Zhiye (Nanchong) Co., Ltd.* 佳兆業置業(南充)有限公司
Jiangyin Jincui Garden Property Development Co., Ltd.* 江陰金翠園房地產開發有限公司
Foshan Shunde Ideal City Real Estate Investment Co., Ltd.* 佛山市順德區理想城房地產投資有限公司
Dalian Kaisa Commerce Operation Management Co., Ltd.* 大連市佳兆業商業經營管理有限公司
Kasia Real Estate (Benxi) Co., Ltd.* 佳兆業地產(本溪)有限公司
Shenzhen Yantian Kaisa Property Development Co., Ltd.* 深圳市鹽田佳兆業房地產開發有限公司
Kaisa Commerce Property Management (Panjin) Co., Ltd.* 佳兆業商業置業管理(盤錦)有限公司
Shenzhen Henggang Kaisa Investment Consulting Co., Ltd.* 深圳市橫崗佳兆業投資諮詢有限公司
Zhuhai Kaisa Property Development Co., Ltd.* 珠海市佳兆業房地產開發有限公司
Shenzhen Kaisa Nanhua Investment Consulting Co., Ltd.* 深圳市佳兆業南華城市更新有限公司
Bakai Property Development (Weifang) Co., Ltd.* 八凱房地產開發(濰坊)有限公司
Anshan Junhuishangpin Property Development Co., Ltd.* 鞍山君匯上品房地產開發有限公司
Wan Rui Fa Property (Anshan) Co., Ltd.* 萬瑞發地產(鞍山)有限公司
Dongguan City Oasis Garden Property Development Co., Ltd.* 東莞市城市綠洲花園房地產開發有限公司
Kaisa Financial Investment (Shenzhen) Co., Ltd.* 佳兆業金融投資(深圳)有限公司
Kaisa Property (Wuhan) Co., Ltd.* 佳兆業地產(武漢)有限公司
Dai River East Property (Suizhong) Co., Ltd.* 佳兆業旅遊開發有限公司
Kaisa Property (Suizhong) Co., Ltd.* 佳兆業地產(綏中)有限公司
Kaisa Dai River East Property Development Co., Ltd.* 佳兆業東戴河房地產開發有限公司
Kaisa Property (Liaoyang) Co., Ltd.* 佳兆業地產(遼陽)有限公司
Anshan Kaisa Baihuo Co., Ltd.* 鞍山佳兆業百貨有限公司
Shenzhen Bantian Kaisa Investment Consulting Co., Ltd.* 深圳市坂田佳兆業投資諮詢有限公司

27. RELATED PARTY TRANSACTIONS *(continued)*

(a) Name and relationship with related parties *(continued)*

Fellow subsidiaries of the Group (continued)

Anshan Kaisa Commerce Operation Management Co., Ltd.* 鞍山佳兆業商業管理有限公司
Xifeng Management Consulting (Shenzhen) Co., Ltd.* 熙豐管理諮詢(深圳)有限公司
Shenzhen Jiameixuan Catering Co., Ltd.* 深圳嘉美軒餐飲有限公司
Hunan Mingtai Zhiye Development Co., Ltd.* 湖南明泰置業發展有限公司
Weifang Kaisa Sport Event Management Co., Ltd.* 濰坊佳兆業體育項目管理有限公司
Shenzhen YueFeng Investment Co., Ltd.* 深圳市悅峰投資有限公司
Guangzhou Yaxiang Property Development Co., Ltd.* 廣州市雅翔房地產開發有限公司
Shenzhen Kaisa International Trade City Co., Ltd.* 深圳市佳兆業國際物聯商貿城有限公司
Taizhou Kaisa Jiangshan Property Development Co., Ltd.* 泰州佳兆業江山房地產開發有限公司
Kaisa Property (Shanghai) Co., Ltd.* 佳兆業地產(上海)有限公司
Wuhan Kaisa Investment Co., Ltd.* 武漢市佳兆業投資有限公司
Chengdu Dingchengda Property Development Co., Ltd.* 成都市鼎誠達房地產開發有限公司
Zuobo Management Consulting (Shenzhen) Co., Ltd.* 佳兆業左博置業(深圳)有限公司
Shanghai Jinwan Zhaoye Property Development Co., Ltd.* 上海金灣兆業房地產開發有限公司
Shenzhen Kaisa Zhiye Co., Ltd.* 深圳市佳兆業置業有限公司
Jiangyin Binjiangyayuan Property Development Co., Ltd.* 江陰濱江雅園房地產開發有限公司
Wan Rui Chang Property Development (Suizhong) Co., Ltd.* 萬瑞昌房地產開發(綏中)有限公司
Chongqing Shenlian Investment Co., Ltd.* 重慶深聯投資有限公司
Kaisa Guo Cheng Management Consulting (Shenzhen) Co., Ltd.* 佳兆業國承置業(深圳)有限公司
Kaisa Property (Dandong) Co., Ltd.* 佳兆業地產(丹東)有限公司
Dalian Huapu Zhiye Co., Ltd.* 大連華普置業有限公司
Shanghai Jiawan Zhaoye Property Co., Ltd.* 上海嘉灣兆業房地產有限公司
Kaisa Culture and Sports Investment Development (Shenzhen) Co., Ltd.* 佳兆業文化體育(深圳)有限公司
Kaisa Xindu Zhiye (Qingdao) Co., Ltd.* 佳兆業新都置業(青島)有限公司
Kaisa Property (Hangzhou) Co., Ltd.* 佳兆業房地產(杭州)有限公司
Kaisa Apex Walk Zhiye (Shenzhen) Co., Ltd.* 佳兆業峯行置業(深圳)有限公司
Chengdu Tianjia Zhiye Co., Ltd.* 成都天佳置業有限公司
Shenzhen Jiawangji Property Development Co., Ltd.* 深圳市佳旺基房地產開發有限公司
Shenzhen Baoan Kaisa Zhiye Development Co., Ltd.* 深圳市寶安佳兆業置業發展有限公司
Shenzhen Xixiang Kaisa Property Development Co., Ltd.* 深圳市西鄉佳兆業房地產開發有限公司
Guangzhou Jiayu Property Development Co., Ltd.* 廣州市佳宇房地產開發有限公司
Guangzhou Jiarui Property Development Co., Ltd.* 廣州市佳瑞房地產開發有限公司
Wuhan Junhui Property Development Co., Ltd.* 武漢市君匯房地產開發有限公司
Dongguan Yulongshan Property Development Co., Ltd.* 東莞市御龍山房地產開發有限公司
Shanghai Yingwan Zhaoye Property Development Co., Ltd.* 上海贏灣兆業房地產有限公司
Shanghai Rongwan Zhaoye Property Development Co., Ltd.* 上海榮灣兆業房地產開發有限公司
Wan Tai Chang Property Development (Suizhong) Co., Ltd.* 萬泰昌房地產開發(綏中)有限公司
Hangxilongye Property (Hangzhou) Co., Ltd.* 杭溪隆業房地產(杭州)有限公司
Shenzhen Nanshan Kaisa Zhiye Development Co., Ltd.* 深圳市南山佳兆業置業發展有限公司
Shanghai Chengwan Zhaoye Property Development Co., Ltd.* 上海誠灣兆業房地產有限公司
Shenzhen Guanlan Kaisa Zhiye Development Co., Ltd.* 深圳市觀瀾佳兆業置業發展有限公司

27. RELATED PARTY TRANSACTIONS *(continued)*

(a) Name and relationship with related parties *(continued)*

Fellow subsidiaries of the Group (continued)

- Shenzhen Longgang Kaisa Zhiye Development Co., Ltd.* 深圳市龍崗佳兆業置業發展有限公司
Shenzhen Dapeng Kaisa Zhiye Development Co., Ltd.* 深圳市大鵬佳兆業置業發展有限公司
Kaisa (Suizhong) Hotel Service Management Co., Ltd.* 佳兆業(綏中)酒店服務管理有限公司
Kaisa Property Nanjing Co., Ltd.* 佳兆業地產南京有限公司
Hunan Daye Property Development Co., Ltd.* 湖南達業房地產開發有限公司
Chongqing Kaisa Property Development Co., Ltd.* 重慶佳兆業房地產開發有限公司
Huizhou Kaisa Cinema Management Service Co., Ltd.* 惠州佳兆業影城有限公司
(Formerly known as "Huizhou Kaishi Cinema Management Service Co., Ltd."* "惠州市凱獅影院管理服務有限公司")
Guangzhou Zhaochang Property Development Co., Ltd.* 廣州市兆昌房地產開發有限公司
Dongguan Detangpu Property Development Co., Ltd.* 東莞市德塘埔房地產開發有限公司
Dongguan Zhaodeling Property Development Co., Ltd.* 東莞市兆德嶺房地產開發有限公司
Huidong Kaisa Property Development Limited* 惠東縣佳兆業房地產開發有限公司
Suzhou Kaisa Property Development Co., Ltd.* 蘇州市佳兆業房地產開發有限公司
Suzhou Kaisa Shangpin Property Development Co., Ltd.* 蘇州市佳兆業上品房地產開發有限公司
Chengdu Jincheng Jiaye Property Development Co., Ltd.* 成都錦城佳業房地產開發有限公司
Kaisa Medicine Investment (Shenzhen) Co., Ltd.* 佳兆業醫療投資(深圳)有限公司
(Formerly known as "Kaisa Medicine (Shenzhen) Co., Ltd."* "佳兆業醫藥(深圳)有限公司")
Shenzhen Afanti E-Commerce Co., Ltd.* 深圳市阿凡提電子商務有限公司
Kaisa Technology Industrial (Shenzhen) Co., Ltd.* 佳兆業科技產業(深圳)有限公司
(Formerly known as "Kaisa Jiecheng Warehousing Equipment (Shenzhen) Co., Ltd."* "佳兆業捷誠倉儲設備(深圳)有限公司")
Nanjing Aoxin Property Development Co., Ltd.* 南京奧信房地產開發有限公司
Kaisa Culture and Sports Development Co., Ltd.* 佳兆業文化體育發展有限公司
Shanghai Qingwan Zhaoye Property Development Co., Ltd.* 上海青灣兆業房地產開發有限公司
Wuhan Kaisa Logistics Co., Ltd.* 武漢市佳兆業物流有限公司
Chengdu Jinxinrui Property Development Co., Ltd.* 成都市錦新瑞房地產開發有限公司
Shenzhen Guanyang Property Development Co., Ltd.* 深圳冠洋房地產有限公司
Kaisa Tourism Development (Shenzhen) Co., Ltd.* 佳兆業旅遊發展(深圳)有限公司
Shenzhen Nanling Mingguang Technology Co., Ltd.* 深圳市南嶺明光科技有限公司
Shenzhen Jieling House Development Co., Ltd.* 深圳市傑領置業發展有限公司
Foshan Kaisa Cultural Sports Co., Ltd.* 佛山市佳兆業文化體育有限公司
Huizhou Kaisa Cultural Sports Co., Ltd.* 惠州市佳兆業文化體育有限公司
Shenzhen Football Club Co., Ltd.* 深圳市足球俱樂部有限公司
Shenzhen Jieling Information Consulting Co., Ltd.* 深圳市傑領信息諮詢有限公司
Shenzhen Jiaping City Renewal Co., Ltd.* 深圳市佳坪城市更新有限公司
Shenzhen Guangming New District Kaisa Investment Consulting Co., Ltd.* 深圳市光明新區佳兆業投資諮詢有限公司
Kaisa Sports Industry (Shenzhen) Co., Ltd.* 佳兆業體育產業(深圳)有限公司
Shenzhen Jiatai Kaisa Urban Renewal Co., Ltd.* 深圳市佳泰佳兆業城市更新有限公司
Wuhan Haiding Property Co., Ltd.* 武漢市海鼎置業有限責任公司
Shenzhen Shipping Group Co., Ltd.* 深圳市航運集團有限公司

27. RELATED PARTY TRANSACTIONS *(continued)*

(a) Name and relationship with related parties *(continued)*

Fellow subsidiaries of the Group (continued)

Shenzhen Pengxing Shipping Co., Ltd.* 深圳市鵬星船務有限公司
Shenzhen Airlines General Property Management Co., Ltd.* 深圳市航總物業管理有限公司
Shenzhen Blue Knight International Travel Co., Ltd.* 深圳市藍騎士國際旅遊有限公司
Shenzhen Nanao Hotel Co., Ltd.* 深圳市南澳大酒店有限公司
Shenzhen Qixiang Kaisa Industry Development Co., Ltd.* 深圳市祺祥佳兆業實業發展有限公司
Shaoxing Hongjia Housing Co., Ltd.* 紹興鴻佳置業有限公司
Foshan Jingyue Investment Co., Ltd.* 佛山市京粵投資有限公司
Guangzhou International Toys and Gift City Co., Ltd.* 廣州國際玩具禮品城有限公司
Zhuhai Jiajun Investment Company Limited* 珠海市佳駿投資有限公司
Guigang Kaisa Cultural and Sports Co., Ltd.* 貴港市佳兆業文化體育有限公司
Nantong Kaisa Culture Sports Ltd.* 南通佳兆業文化體育有限公司
Shanxi Kaisa Real Estate Co., Ltd.* 陝西佳兆業房地產有限公司
Xinzheng Kaisa Real Estate Development Company Limited* 新鄭市佳兆業房地產開發有限公司
Hunan Dingchengda Real Estate Development Co., Ltd.* 湖南鼎誠達房地產開發有限公司
Huidong Jiachang Property Co., Ltd.* 惠東縣佳昌置業有限公司
Shenzhen Baoli Jianye Investment Co., Ltd.* 深圳市保利建業投資有限公司
Shenzhen Hangzong Shangbu Gang Company Limited* 深圳市航總上步港務有限公司
Kaisa Zhenghan Property (Shenzhen) Co., Ltd.* 佳兆業正漢置業(深圳)有限公司
Guangzhou Kaisa Supermarket Co., Ltd.* 廣州市佳兆業超級市場有限公司
Xinhai Tea Co., Ltd.* 興海茶業有限責任公司
Huizhou Kaisa Wanrui Real Estate Co., Ltd.* 惠州市佳兆業萬瑞置業有限公司
Shenzhen Camilla Foods Co., Ltd.* 深圳嘉美軒食品有限公司
Kaisa Chuangxiang Kongjian Technology (Shenzhen) Co., Ltd.* 佳兆業創享空間科技(深圳)有限公司
Hengyang Hengji Property Co., Ltd.* 衡陽恒基置業有限公司
Chongqing Xinshitong Property Development Co., Ltd.* 重慶市新事通房地產開發有限公司
Bazhou Yujingxuan Property Development Co., Ltd.* 霸州市裕景軒房地產開發有限公司
Chengdu Jinxi Shengrong Property Development Co., Ltd.* 成都錦熙晟榮房地產開發有限公司
Hunan Xiangyong Property Development Co., Ltd.* 湖南湘永房地產開發有限公司
Pinggu Nuoxin Real Estate (Dalian) Co., Ltd.* 平谷諾信置業(大連)有限公司
Zhongshan Fuze Property Development Co., Ltd.* 中山富澤房地產開發有限公司
Zhongshan Runbang Property Development Co., Ltd.* 中山市潤邦房地產開發有限公司
Zhuhai Haohui Services Co., Ltd.* 珠海浩輝商務服務有限公司
Chengdu Jiaruihua Property Development Co., Ltd.* 成都佳瑞華房地產開發有限公司
Chengdu Shengshi Huangchao Property Development Co., Ltd.* 成都盛世鳳巢置業有限公司
Beijing Haili Insurance Agents Co., Ltd.* 北京海力保險經紀有限公司
Dongguan Yulongshan Property Development Co., Ltd.* 東莞市禦龍山房地產開發有限公司
Guangzhou Kaisa Professional Management Co., Ltd.* 廣州市佳兆業專業市場管理有限公司
Kaisa Investments (Guangzhou) Co., Ltd.* 佳兆業投資發展(廣州)有限公司
Kaisa Real Estate (Hangzhou) Co., Ltd.* 佳兆業房地產(杭州)有限公司
Shaoxing Mingyue Real Estate Co., Ltd.* 紹興明悅置業有限公司

27. RELATED PARTY TRANSACTIONS *(continued)*

(a) Name and relationship with related parties *(continued)*

Fellow subsidiaries of the Group (continued)

S Kaisa Real Estate (Liaoning) Co., Ltd* S佳兆業地產(遼寧)有限公司
Jinzhaojia Real Estate (Wuhan) Co., Ltd* 金兆佳置業(武漢)有限公司
Kaisa Tourism (Huizhou) Co., Ltd* 佳兆業旅遊發展(惠州)有限公司
Shenzhen Kaisa Chengzhong Jiahua Development Co., Ltd* 深圳市佳兆業城中佳畫發展有限公司
Chuangxiangjie Commercial Services (Shenzhen) Co., Ltd* 創享界商務服務(深圳)有限公司
Suzhou Tongjie Property Development Co., Ltd* 蘇州市同佳房地產開發有限公司
Shanghai Chunagzhen Technology Co., Ltd* 上海創震科技有限責任公司
Kaisa Chuangxiangyu Technology (Chengdu) Co., Ltd* 佳兆業創享域科技(成都)有限公司
Huizhou Jiashang Investments Co., Ltd* 惠州市佳尚投資有限公司
Kaisa Chuangxiangjia Technology (Guangzhou) Co., Ltd* 佳兆業創享家科技(廣州)有限公司
Zhongshang Jiayu Property Development Co., Ltd* 中山佳旭房地產開發有限公司
Chongqing Dingzhu Development Co., Ltd* 重慶鼎鑄實業發展有限公司
Chongqing Renyou Real Estate Co., Ltd* 重慶市仁有置業有限公司
Yunan Kaisa Property Development Co., Ltd* 雲南佳兆業房地產開發有限公司
Shenzhen Bantian Kaisa Investments Co., Ltd* 深圳市阪田佳兆業投資諮詢有限公司
Kaisa Chuangxiangyu Technology (Shenzhen) Co., Ltd* 佳兆業創享域科技(深圳)有限責任公司
Shenzhen Shenxin Holdings Ltd.* 深圳深信產業控股有限公司
Shenzhen Sanlian Kendu Medicine Co., Ltd* 深圳三聯肯渡製藥股份有限公司
Shenzhen Jingjia City Renewal Co., Ltd* 深圳市景佳城市更新有限公司
Shenzhen Kaisa Kangzhi City Renewal Co., Ltd* 深圳市佳兆業坑梓城市更新有限公司
Shenzhen Shenxin Wealth Management Co., Ltd* 深圳深信財富管理有限公司
Shenzhen Shenxin Capital Management Co., Ltd* 深圳市深信資本管理有限公司
Shenzhen Shenxin Commercial Insurance Co., Ltd* 深圳深信商業保理有限公司
Shenzhen Kaisa Tea Co., Ltd* 深圳佳兆業茶業有限公司
Warehouse One Materials (Shenzhen) Co., Ltd* 一號倉材料(深圳)有限公司
Shenzhen Longfei Textile Industries Co., Ltd* 深圳市龍飛紡織工業有限責任公司
Shenzhen Kaisa Supermarket Co., Ltd* 深圳市佳兆業超級市場有限公司
Mega Health Trade (Shenzhen) Co., Ltd* 美加健康貿易(深圳)有限公司
Shenzhen Guangming Kaisa Property Development Co., Ltd* 深圳市光明佳兆業置業發展有限公司
Chuangjiayu Technology (Shenzhen) Co., Ltd* 創佳寓科技(深圳)有限公司
Kaisa Nuoying Education (Shenzhen) Co., Ltd* 佳兆業諾英教育(深圳)有限公司
Shenzhen Haorun Real Estate Co., Ltd* 深圳市昊潤房地產有限公司
Zhongshan Fugang Property Development Co., Ltd* 中山富港房地產開發有限公司
Zhongshan Jiabang Property Development Co., Ltd* 中山市佳邦房地產開發有限公司
Zhongshan Zhaoyuan Property Development Co., Ltd* 中山市兆元房地產開發有限公司
Zhongshan Zhaojing Property Development Co., Ltd* 中山市兆景房地產開發有限公司
Kaisa Real Estate (Yangjiang) Co., Ltd* 佳兆業地產(陽江)有限公司
Yangjian Jiaying Development Co., Ltd* 陽江市佳盈發展有限公司
Hunan Yongyu Real Estate Co., Ltd* 湖南永域置業有限公司
Shanghai Yuewan Zhaoye Property Development Co., Ltd* 上海裕灣兆業房地產開發有限公司
Shanghai Kaisa Property Development Co., Ltd* 上海佳兆業置業發展有限公司
Ningbo Kangzheng Real Estate Co., Ltd* 寧波康正置業有限公司
Xinxiang Kaisa Property Development Co., Ltd* 新鄉市佳兆業房地產開發有限公司

27. RELATED PARTY TRANSACTIONS *(continued)*

(a) Name and relationship with related parties *(continued)*

Fellow subsidiaries of the Group (continued)

Zhangjiagang Kaisa Shangpin Property Development Co., Ltd* 張家港市佳兆業上品房地產開發有限公司
Nanjing Kaisa Jiayu Property Development Co., Ltd* 南京佳兆業佳禦房地產開發有限公司
Huizhou Zhicunli Real Estate Co., Ltd* 惠州知春裡置業有限公司
Guangzhou Xiaoping Property Development Co., Ltd* 廣州市小坪房地產開發有限公司
Guangzhou Kaisa City Renewal Group Ltd.* 廣州佳兆業城市更新集團有限公司
Guangzhou Huidefeng Professional Management Co., Ltd* 廣州市匯德豐專業市場管理有限公司
Dongguan Zhaodeling Property Development Co., Ltd* 東莞市兆德嶺房地產開發有限公司
Foshan Kaisa Property Development Co., Ltd* 佛山佳兆業置業發展有限公司
Foshan Xunde Lishangcheng Real Estate Co., Ltd* 佛山市順德區理想城地產有限公司
Chengdu Huaguan Kexin Technology Co., Ltd* 成都華冠可恒科技有限公司

Associates of ultimate holding company

Shenzhen Shenxin Financial Holding Co., Ltd.* 深圳深信金融控股有限公司
Shenzhen Shenxin Financial Services Co., Ltd.* 深圳深信金融服務有限公司
Kaisa Securities Limited 佳兆業證券有限公司

Joint ventures of fellow subsidiaries

Huizhou Kaileju Company Limited* 惠州市愷樂置業有限公司
Shenzhen Jiade Travelling Company Limited* 深圳市佳德美奧旅遊開發有限公司
Shenzhen Jiaxian Property Development Co., Ltd* 深圳市佳賢置業發展有限公司
Shenzhen Baoan Kaisa Property Development Co., Ltd* 深圳市寶安佳兆業房地產開發有限公司
Guangzhou Nantian Commercial Square Development Co., Ltd* 廣州南天商業大廣場建設發展有限公司

* The English translation of the name of the company established in the PRC is for reference only. The official name of this company is in Chinese.

27. RELATED PARTY TRANSACTIONS *(continued)*

(b) Key management compensation

	(Unaudited)	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Salaries and other short-term employee benefits	3,283	2,924
Retirement scheme contributions	344	221
Share-based payments	799	1,241
	4,426	4,386

(c) Transactions with related parties

	Notes	(Unaudited)	
		Six months ended 30 June	
		2019	2018
		RMB'000	RMB'000
Provision of property management services			
Fellow subsidiaries of the Group	(i), (ii)	21,699	32,284
Provision of pre-delivery and consulting services			
Fellow subsidiaries of the Group	(i), (ii)	189,238	153,693
Associate of the ultimate holding company	(i), (ii)	155	-
Joint venture of a fellow subsidiary	(i), (ii)	4,538	4,679
		38,831	17,704
Provision of community value-added and smart solution services			
Fellow subsidiaries of the Group	(i), (ii)	38,831	17,704
Associate of the ultimate holding company	(i), (ii)	-	323
Joint venture of a fellow subsidiary	(i), (ii)	258	1,267
		-	9,072
Interest income			
Fellow subsidiaries of the Group	(iii)	-	9,072
Rental expenses			
Fellow subsidiaries of the Group	(i), (ii)	21,856	24,009
Staff welfare expenses			
Fellow subsidiaries of the Group	(iii)	563	281

27. RELATED PARTY TRANSACTIONS *(continued)*

(c) Transactions with related parties *(continued)*

Notes:

- (i) Property management income, pre-delivery and consulting service income, smart solution services and rental expenses for car parks and office are charged at rates in accordance to respective contracts.
- (ii) Except for related party transactions related to the provision of community value-added services amounted to RMB19,000 which are exempted from disclosure, these related party transactions in respect of above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and are subject to reporting, annual review, announcement and/or independent non-executive director's approval (where applicable) requirements under Chapter 14A of the Listing Rules.
- (iii) These related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, those transactions are exempt from the disclosure, reporting, annual review, announcement and/or independent non-executive director's approval requirements under Chapter 14A of the Listing Rules as they are conducted on normal commercial terms or better and not secured by the assets of the Group under Rules 14A.90.

28. SUBSEQUENT EVENT

On 19 July 2019, the Company offered share options (the "**Options**"), subject to acceptance of the grantees, to certain eligible persons under the Share Option Scheme of the Company adopted on 18 June 2019, to subscribe for a total of 11,450,000 ordinary shares of HK\$0.01 each of the Company. Among the 11,450,000 Options, a total of 2,750,000 Options were granted to the Directors and a total of 8,700,000 Options were granted to other certain employees of the Company and its subsidiaries.

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