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FINANCIAL STREET PROPERTY CO., LIMITED

金融街物業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1502)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2022 increased by approximately 5.13% to approximately RMB1,388.19 million from approximately RMB1,320.48 million for the year ended 31 December 2021.
- Gross Profit for the year ended 31 December 2022 decreased by approximately 5.40% to approximately RMB248.54 million from approximately RMB262.74 million for the year ended 31 December 2021.
- Profit of the Group for the year ended 31 December 2022 amounted to approximately RMB135.73 million, representing a decrease of approximately 9.99% as compared with approximately RMB150.78 million for the year ended 31 December 2021.
- Profit attributable to the owners of the Company amounted to approximately RMB121.05 million, representing a decrease of approximately 12.10% as compared with approximately RMB137.72 million for the year ended 31 December 2021.
- As at 31 December 2022, the Group's gross floor area ("GFA") under management ("GFA under management") increased to approximately 34.96 million square meters ("sq.m.") from approximately 33.50 million sq.m. as at 31 December 2021. For the increased contracted GFA during the year, 80.6% of which were from independent third-party.
- The Board recommends the payment of 2022 proposed final dividend of RMB0.163 per Share (before tax) for the year ended 31 December 2022, with a dividend payout ratio of approximately 50.29%, in cash.

The board (the “**Board**”) of directors (the “**Directors**”) of Financial Street Property Co., Limited (the “**Company**” or “**Financial Street Property**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the same period of 2021.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Revenue	3	1,388,189	1,320,480
Cost of sales and services		<u>(1,139,645)</u>	<u>(1,057,745)</u>
Gross profit		248,544	262,735
Other income	4	12,477	13,554
Other (loss)/gain, net	5	(58,940)	19,148
Administrative expenses		(82,569)	(82,226)
Provision for expected credit loss (“ ECL ”) allowance of trade and other receivables		<u>(4,691)</u>	<u>(2,916)</u>
Operating profit		114,821	210,295
Finance income	6	16,244	9,355
Finance costs	6	<u>(3,597)</u>	<u>(2,358)</u>
Finance income, net	6	12,647	6,997
Exchange gain/(loss), net		62,109	(17,940)
Share of profit from interests in associates, net		2,969	2,539
Share of profit from interests in joint ventures, net		<u>—</u>	<u>—</u>
Profit before income tax	7	192,546	201,891
Income tax expense	8	<u>(56,820)</u>	<u>(51,107)</u>
Profit for the year		<u>135,726</u>	<u>150,784</u>

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		121,051	137,717
Non-controlling interests (“NCI”)		14,675	13,067
		<u>135,726</u>	<u>150,784</u>
Earnings per share, basic and diluted (RMB)	9	<u>0.324</u>	<u>0.369</u>
Other comprehensive income/(loss)			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of retirement benefit obligations		<u>53</u>	<u>(113)</u>
Other comprehensive income/(loss) for the year		<u>53</u>	<u>(113)</u>
Total comprehensive income for the year		<u>135,779</u>	<u>150,671</u>
Total comprehensive income attributable to:			
Owners of the Company		121,104	137,604
NCI		14,675	13,067
		<u>135,779</u>	<u>150,671</u>

Consolidated Statement of Financial Position
As at 31 December 2022

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
ASSETS			
Non-current assets			
Investment properties		19,437	11,798
Property, plant and equipment		78,935	76,840
Interests in associates		15,677	15,273
Interests in joint ventures		2,550	—
Goodwill		325	325
Intangible assets		7,968	8,523
Prepayments		634	4,351
Other financial assets at amortised cost		27,961	6,688
Deferred tax assets		17,092	3,171
Total non-current assets		170,579	126,969
Current assets			
Note and trade receivables	10	242,597	210,379
Prepayments		13,423	16,572
Other financial assets at amortised cost		29,721	23,913
Derivative financial instruments		—	18,274
Bank deposits with the maturity over three months		37,201	23,194
Restricted bank deposits		63,878	62,652
Cash and cash equivalents		1,443,945	1,397,612
Total current assets		1,830,765	1,752,596
Total assets		2,001,344	1,879,565

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
EQUITY AND LIABILITIES			
Share capital	11	373,500	373,500
Reserves		593,014	583,322
Retained earnings		213,403	184,908
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,179,917	1,141,730
NCI		37,145	22,470
		<hr/>	<hr/>
Total equity		1,217,062	1,164,200
		<hr/> <hr/>	<hr/> <hr/>
Non-current liabilities			
Lease liabilities		51,331	35,758
Deferred tax liabilities		361	451
Retirement benefit obligations		5,005	5,264
		<hr/>	<hr/>
Total non-current liabilities		56,697	41,473
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	13	551,031	508,405
Contract liabilities		111,720	131,938
Current tax liabilities		36,017	11,436
Current portion of lease liabilities		28,475	21,768
Current portion of retirement benefit obligations		342	345
		<hr/>	<hr/>
Total current liabilities		727,585	673,892
		<hr/>	<hr/>
Total liabilities		784,282	715,365
		<hr/>	<hr/>
Total equity and liabilities		2,001,344	1,879,565
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 General information

Financial Street Property Co., Limited (the “**Company**”, formerly known as “**Beijing Financial Street Property Management Co., Ltd.**”) was incorporated in the People’s Republic of China (the “**PRC**”) as a limited liability company on 20 May 1994. On 19 September 2019, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The address of the Company’s registered office is No. 33, Financial Street, Xicheng District, Beijing, the PRC.

The Company’s H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 6 July 2020.

The Company’s immediate holding company is Beijing Huarong Zonghe Investment Co., Ltd. (the “**Immediate Holding Company**”), an investment company established in the PRC under the control of Beijing Financial Street Investment (Group) Co., Ltd. The ultimate holding company of the Company is Beijing Financial Street Investment (Group) Co., Ltd. (the “**Ultimate Holding Company**”), a limited liability company incorporated in the PRC, which is under the control of the State-owned Assets Supervision and Administration Commission of Beijing Xicheng District Municipal Government.

The Company and its subsidiaries (together, the “**Group**”) are primarily engaged in the provision of property management and related services in the PRC.

These consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

2 Summary of significant accounting policies

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and requirements of the Hong Kong Companies Ordinance Cap.622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets which are carried at fair value.

(iii) Amendments to standards adopted by the Group

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

(iv) New standards and amendments to standards not yet been adopted by the Group

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

HKFRS 17	Insurance Contracts and related amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ Effective date not yet determined

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

Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 “Income Taxes” does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 “Income Taxes”.

The amendments are effective for annual reporting period beginning on or after 1 January 2023. Earlier application is permitted. The directors are in the process of assessing the impact of the amendments. It is not practicable to provide a reasonable estimate of the effect until the Group completes this detail review. The adoption of HKAS 12 is also expected to require more disclosures on the Group’s consolidated financial statements.

3 Segment information

The board of directors of the Company is the Group's chief operating decision-maker ("CODM"). The board of directors has determined the operating segments for the purposes of allocating resources and assessing performance.

The Group is principally engaged in the provision of property management and related services in the PRC, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole. The board of directors considers the performance assessment of the Group that should be based on the results of the Group as a whole. Therefore, the board of directors considers there to be only one operating segment under the requirement of HKFRS 8.

The Group's revenue recognised during the year is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contract with customers		
Property management and related services		
— recognised on a lump sum basis from property management services	1,027,421	947,400
— recognised on a commission basis from property management services	13,203	13,349
— Community value-added services	280,530	295,172
Catering services	61,032	55,623
	<u>1,382,186</u>	<u>1,311,544</u>
Revenue from other sources		
Rental income	6,003	8,936
	<u>1,388,189</u>	<u>1,320,480</u>

For the year ended 31 December 2022, Financial Street Group and its subsidiaries, associates and joint ventures (the “**Financial Street Affiliates Group**”) contributed 15% of the Group’s revenue (2021: 15%). Other than the Financial Street Affiliates Group, the Group had a large number of customers, none of whom contribute 10% or more of the Group’s revenue during the years ended 31 December 2022 and 2021.

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major types of services provided:

	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
Segment revenue		
— recognised over time	1,321,154	1,255,921
— recognised at a point in time	61,032	55,623
Rental income	6,003	8,936
	<u>1,388,189</u>	<u>1,320,480</u>

As the Group is domiciled in the PRC where all of its revenues from external customers for the years ended 31 December 2022 and 2021 were derived and where all of its non-current assets are located, no geographical segment information is shown.

4 Other income

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants	4,457	5,358
Recognition of additional deductible input VAT	<u>8,020</u>	<u>8,196</u>
	<u>12,477</u>	<u>13,554</u>

5 Other (loss)/gain, net

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Fair value gains on investment in wealth management products	—	110
Fair value gain on financial derivatives	—	18,274
Loss on disposal of financial derivatives	(61,883)	—
Net loss on disposal of property, plant and equipment	(129)	(56)
Net gain from derecognition of leases upon early termination	92	515
Gain on disposal of right-of-use assets	2,735	—
Others	<u>245</u>	<u>305</u>
	<u>(58,940)</u>	<u>19,148</u>

6 Finance income, net

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income on bank deposits	15,509	9,254
Interest income on a loan to an associate	198	77
Interest income on a loan to NCI	30	24
Interest income on finance leases	507	—
	<u>16,244</u>	<u>9,355</u>
Finance costs		
Finance charges on lease liabilities	<u>(3,597)</u>	<u>(2,358)</u>
	<u>12,647</u>	<u>6,997</u>

7 Profit before income tax

Profit for the year is arrived at after (crediting)/charging:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs — including directors' emoluments		
— Included in cost of sales and services	458,299	430,758
— Included in administrative expenses	49,388	43,188
Costs of cleaning, security and maintenance services	467,939	456,185
Utilities	87,214	74,768
Depreciation		
— Property, plant and equipment	32,242	22,867
— Investment properties	4,271	4,254
Amortisation of intangible assets	1,371	1,033
Provision for/(reversal of) ECL allowance		
— Trade receivables	3,802	3,036
— Other receivables	889	(120)
Costs of raw material and consumables for catering services	53,838	47,255
Lease charges:		
— Short term leases	7,218	10,655
— Leases of low value items	6,659	6,119
Professional service fee	8,681	9,097
Taxes and surcharges	5,857	5,960
Auditors' remuneration		
— Audit services	1,842	1,824
— Non-audit services	521	521
Exchange (gain)/loss, net	(62,109)	17,940
Other expenses	36,874	27,125

8 Income tax expense

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
— PRC Corporate Income Tax	70,838	48,847
Deferred tax	(14,018)	2,260
	<hr/>	<hr/>
Total income tax expense	<u>56,820</u>	<u>51,107</u>

PRC Corporate Income Tax

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

The general Corporate Income Tax rate in the PRC is 25% (2021: 25%).

Beijing Financial Street Savills Jingnan Property Management Co., Ltd., Hubei Financial Street Savills Property Management Co., Ltd., Beijing Jinxi Lilin Health Management Co., Ltd and Huarong Property Agency were qualified as small and micro businesses and enjoyed a preferential income tax rate of 2.5% as approved by the local tax authority (2021: 2.5%); Beijing Jintongtai Catering Co., Ltd. was qualified as small and micro business and enjoyed a preferential income tax rate of 2.5% as approved by the local tax authority (2021: 10%); Beijing Financial Street Residential Property Management Co., Ltd. and Beijing Yongtaiheng Health Service Co., Ltd. were qualified as small and micro businesses and enjoyed a preferential income tax rate of 2.5% as approved by the local tax authority (2021: 25%).

Beijing IZEE Alley Catering Management Co., Ltd., IZEE Mitsuyado Catering Management Co., Ltd., Beijing Ronglutong Consulting Service Co., Ltd. and Beijing Financial Street Worldunion Real Estate Management Co., Ltd were loss making in 2022 and were subject to the general tax rate of 25% (2021: 2.5%).

9 Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, by the weighted average number of ordinary shares outstanding during the year.

	2022	2021
Profit attributable to owners of the Company (<i>RMB'000</i>)	121,051	137,717
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>373,500</u>	<u>373,500</u>
Basic earnings per share (<i>RMB</i>)	<u>0.324</u>	<u>0.369</u>

(b) *Diluted earnings per share*

Diluted earnings per share is the same as basic earnings per share as the Group had no dilutive potential ordinary shares during the years ended 31 December 2022 and 2021.

10 Note and trade receivables

	2022 RMB'000	2021 <i>RMB'000</i>
Trade receivables		
— related parties	132,083	129,514
— third parties	124,368	76,825
	<u>256,451</u>	<u>206,339</u>
Less: ECL allowance of trade receivables	<u>(13,854)</u>	<u>(10,246)</u>
Trade receivables, net	<u>242,597</u>	<u>196,093</u>
Note receivables	<u>—</u>	<u>14,286</u>
Note and trade receivables, net	<u>242,597</u>	<u>210,379</u>

The directors of the Group consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

All note receivables of the Group are commercial's acceptance bills and usually collected within six months from the date of issue.

The credit terms given to trade customers are determined on an individual basis with normal credit periods ranged from 0–365 days (2021: 0–365 days).

The ageing analysis of the trade receivables before loss allowances as at 31 December 2022 and 2021 based on the invoice date is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	179,681	163,140
1–2 years	44,863	38,137
2–3 years	27,612	3,004
Over 3 years	4,295	2,058
	<u>256,451</u>	<u>206,339</u>
Total	<u>256,451</u>	<u>206,339</u>

11 Share capital

	2022		2021	
	<i>Number of shares '000</i>	<i>RMB'000</i>	<i>Number of shares '000</i>	<i>RMB'000</i>
Issued and fully paid				
Balance as at 1 January and 31 December	<u>373,500</u>	<u>373,500</u>	<u>373,500</u>	<u>373,500</u>

12 Dividends

(a) Dividend attributable to the year:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Proposed final dividend of RMB0.163 per ordinary share (2021: RMB0.222 per ordinary share)	<u>60,881</u>	<u>82,917</u>

The final dividend proposed after the reporting date is subject to approval of the shareholders at the forthcoming annual general meeting of the Company and has not been recognised as a liability at the reporting date.

- (b) Dividends attributable to the previous financial year, approved and paid during the year:

	2022 RMB'000	2021 RMB'000
Final dividends declared by the Company (<i>note i</i>)	82,917	57,519
Final dividends declared to NCI by subsidiaries (<i>note ii</i>)	<u>—</u>	<u>11,848</u>
	<u>82,917</u>	<u>69,367</u>

Notes:

- (i) In the annual general meeting of the Company on 9 June 2022, the Board declared a final dividend in respect of the year ended 31 December 2021 of RMB0.222 per share, totalling approximately RMB82,917,000. The dividend was settled in August 2022.

In the annual general meeting of the Company on 24 June 2021, the Board declared a final dividend in respect of the year ended 31 December 2020 of RMB0.154 per share, totalling approximately RMB57,519,000. The dividend was settled in August 2021.

- (ii) These are the dividends declared and paid by Beijing Financial Street Savills Property Management Co., Ltd. and Beijing Financial Street Savills Jingnan Property Management Co., Ltd., subsidiaries, to NCI for the year ended 31 December 2021.

13 Trade and other payables

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables (<i>Note a</i>)	<u>178,246</u>	<u>120,956</u>
Other payables		
— Receipts on behalf of property owners, tenants and property developers	190,123	199,291
— Deposits (<i>Note b</i>)	97,161	101,282
— Accruals	3,444	3,326
— Others	6,095	2,757
Payroll and welfare payables	68,806	73,707
Other tax payables	<u>7,156</u>	<u>7,086</u>
Total	<u>551,031</u>	<u>508,405</u>

Notes:

- (a) The Group was granted by its suppliers credit periods ranging from 0–180 days (2021: 0–180 days). Based on the invoice dates, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) were as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	166,754	105,749
1–2 years	4,903	12,921
Over 2 years	<u>6,589</u>	<u>2,286</u>
	<u>178,246</u>	<u>120,956</u>

- (b) The balances mainly represent the deposits paid by the property owners, tenants and property developers for property management and refurbishment.

The carrying amounts of trade and other payables are considered to approximate their fair values, due to their short-term nature.

14 Event after reporting period

Acquisition of 70% of equity interest in Top Property Services Company Limited (the “Target Company”)

On 21 March 2023, the Company entered into a share purchase agreement with Ms. Cheng Pui Yi (the ultimate beneficial owner of the Target Company, the “Vendor”) and the Target Company, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire (the “Acquisition”), the Sale Shares which represent 70% of the issued share capital of the Target Company for a maximum total consideration of HKD154 million, subject to the terms and conditions as set out in the share purchase agreement.

Upon completion of the Acquisition, the Target Company will become a direct subsidiary of the Company and its financial information will be consolidated into the financial statements of the Group.

For further details, please refer to the announcements dated 23 June 2021 and 21 March 2023 of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

As one of the leading comprehensive property management service providers for commercial and business properties in China, the Group focuses on mid- to high-end property management services. The Group has been providing property management services for over 28 years since 1994, and since then has expanded the property management business across six regions (namely Northern China, Southwestern China, Eastern China, Southern China, Northeastern China and Central China), covering a wide range of properties and providing property owners and residents with tailored quality services through a one-stop service platform to improve the quality and satisfaction of their living and working space.

Faced with the complex macro environment, the Group has adhered to its strategic objectives, controlled its business operation, steadily carried out various works, and effectively maintained the order of work and life of customers. On this basis, the Group focused on core service capabilities, attached great importance to customer needs, continued to improve service quality, and built a solid moat for corporate development. In 2022, the Group maintained an industry-leading customer satisfaction level, honoured as one of the Top 100 Property Management Companies in China in 2022, with its brand value further increased to RMB4.03 billion, and won wide recognition from customers and industry organisations.

The Group carried out scale expansion in an orderly manner. With the optimisation of the organisational structure and incentive system as the driving force, the Group rationalised and improved its standardised expansion process, identified and rectified defects, bolstered its external expansion capability in a target-oriented manner and enhanced its own market competitiveness. With distant competitive edges in public property segments such as industrial parks, hospitals, and schools, the Group has achieved progress in key strategic market areas. As at 31 December 2022, the Group had a business presence in 16 provinces, municipalities and autonomous regions, and the GFA under management of the Group amounted to approximately 34.96 million sq.m. and the number of projects under management was 230. In particular, the GFA under the management from independent third parties was approximately 16.13 million sq.m., accounting for 46.15% of the total GFA under management, and the number of projects under management was 106.

The Group has attached great importance to and continuously foster cooperation with independent third parties. In 2022, the Group established 5 joint ventures with different parties, namely Rongjing Property Services (Beijing) Company* (融京物業服務(北京)有限公司), Beijing Rongying Property Services Company* (北京融英物業服務有限公司), Ronghua Property Management (Huai'an) Company Limited* (融華物業管理(淮安)有限公司), Beijing Jinwu Xiada Real Estate Management Co., Ltd.* (北京金物夏達不動產管理有限公司) and Beijing Jinzhenwei Catering Management Co., Ltd.* (北京金臻味餐飲管理有限公司), whose scope of business include provision of basic property management services and value-added services in connection with assets and customers.

Such joint ventures will achieve deep integration of the advantages of the shareholders in operation management and market resources, further expand the regional markets in Northern and Eastern China and diversify business expansion to improve the quality of, and accelerate, the scale development of the Group.

The Group's representative projects newly acquired in 2022 are summarised as follows:

Beijing Daxing Free Trade Zone Innovation Service Centre Project

This project is an innovative low-density international business community with a focus on office space and complemented with commercial showcases and apartments for experts, which possesses four core functions featuring industrial incubator, financial innovation, exhibition and reception and supporting facilities;

Dingye Cultural and Health Industrial Park

This project features the industry of talent, culture and health and encompasses talent, technology and culture buildings, medical institutions, hotels, apartments, commercial, catering and cultural and sports facilities;

Lize No. 16 Project

This project is a themed commercial complex project and is an important part of the Lize Business Zone. With the operation concept of innovative urban living complex, it aims at providing functions of supporting service such as “urban park, convenient living, parent-child interaction, health and sports, and late-night canteens”;

Phase I Project of Guanmintou • Songhu Information Industrial Park

This project is a key industrial construction project in Guangdong Province. It is an Industry 4.0 demonstration park integrating high-standard factory buildings, R&D offices, talent dormitories, exhibitions and exchanges;

Beijing International Studies University Seven-year Comprehensive Training Program project

This project is located in Yanqing District, Beijing, and is an important base for implementing the talent training reform program in the capital and cultivating new high-end technical and skilled talents;

Xunliao Bay Sandbar Park project in Huizhou, Guangdong Province

This project is one of the main tourism projects of the Xunliao Bay Scenic Area in 2022, aiming to create a night-time business economy for Xunliao Bay;

Shandong Dongying Shengli Petroleum Technology Innovation Park project

Positioned as an intelligent manufacturing industry, this project focuses on building a special industrial cluster led by high-end petroleum equipment, intelligent equipment and new energy, with 39 supporting individual buildings;

The Olympic Sports Centre and Hua Gu Grand Theatre property service project

This project includes various types of premises such as swimming pool, basketball court, table tennis court, badminton court, tennis court, theatre etc.;

Southern Park project of Foshan Xianhu Laboratory in Guangdong Province

The project is jointly constructed by the People's Government of Foshan Municipality, Guangdong Province, Wuhan University of Technology, and the People's Government of Nanhai District, Foshan Municipality;

Project of Public Security Bureau Xuancheng Municipality in Anhui Province

The Group provides in this project comprehensive property services including office security, sanitation, and order maintenance;

Project of Changping School of Tsinghua University Primary School

This project is a whole-day school jointly organized by the primary school affiliated to Tsinghua University and Changping District, Beijing. The Group provides cleaning and landscaping services; and

Renze School project in Beijing Municipality

This project is adjacent to the Lize Business Zone, and has teaching classrooms, laboratories, stepped reading rooms, indoor basketball court, etc.

In addition, in 2022, the Group also expanded its projects including but not limited to the following:

1. progress has been made in the expansion of military property socialisation projects. In 2022, the Group obtained 4 new business projects through public tender, including the China Coast Guard, the dormitory area of PLA Information Engineering University in Zhengzhou, a military service project in Wuxi, and a military barracks in Beijing;
2. in terms of the public property business, the Group further expanded the scale of its segments. Save as disclosed above, during the year, the Group also secured projects such as the factory area of Guangdong Xingxing Refrigeration Equipment Co., Ltd. and the standard factory park in Yingshang, Anhui Province and property services for Guangde People's Hospital in Xuancheng, Anhui Province; and
3. with its rich experience in various industries and whole business chain services, the Group started to provide property consulting services for a 520,000-sq.m. large community developed by a real estate development company in Heilongjiang Province.

Property Management and Related Services

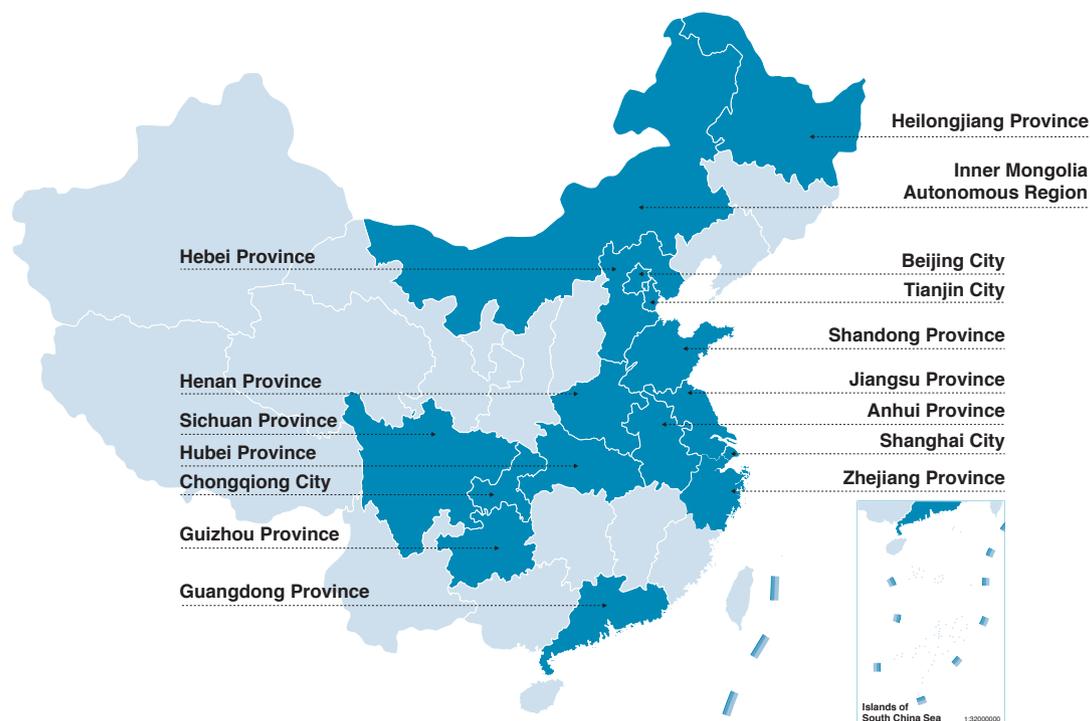
As at 31 December 2022, the Group's property management services covered 16 provinces, municipalities and autonomous regions across six regions in China (including Northern China, Southwestern China, Eastern China, Southern China, Northeastern China and Central China), with a total GFA under management of approximately 34.96 million sq.m. and a total of 230 properties under management.

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

	As at 31 December 2022	As at 31 December 2021
Contracted GFA ('000 sq.m.)	37,717	36,195
GFA under management ('000 sq.m.)	34,958	33,497
Number of properties under management	230	213

Geographic Coverage

The following map shows the geographic coverage of the properties under management of the Group as at 31 December 2022:



The table below sets forth the breakdowns of (i) the GFA under management; and (ii) the number of properties under management by regions as at the dates indicated:

	As at 31 December 2022		As at 31 December 2021	
	GFA under management (<i>'000 sq.m.</i>)	Number of projects (<i>project</i>)	GFA under management (<i>'000 sq.m.</i>)	Number of projects (<i>project</i>)
Northern China	14,429	118	15,837	117
Southwestern China	5,820	31	5,597	29
Eastern China	6,109	28	5,126	24
Southern China	4,649	38	3,678	30
Northeastern China	1,178	6	658	5
Central China	2,773	9	2,601	8
Total	34,958	230	33,497	213

Notes:

- Northern China region includes Beijing, Tianjin, Hebei Province and Inner Mongolia Autonomous Region
- Southwestern China region includes Chongqing, Sichuan Province and Guizhou Province
- Eastern China region includes Shanghai, Jiangsu Province, Zhejiang Province, Shandong Province and Anhui Province
- Southern China region includes Guangdong Province
- Northeastern China region includes Heilongjiang Province
- Central China region includes Hubei Province and Henan Province

Types of Properties under Management

The Group manages a diversified portfolio of properties covering commercial and business properties, including office buildings, complexes, retail buildings and hotel; and non-commercial properties, including residential properties, public properties, hospitals, educational properties and others. Regarding the property management services, the Group employs the lump-sum basis and commission basis as the two revenue models under which property management fees are charged. On a lump-sum basis, the Group records all the fees as revenue and all the expenses incurred in connection with providing the property management services as cost of services. On a commission basis, the Group essentially acts 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 is able to cover the expenses incurred in connection with the provision of property management services.

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

	As at 31 December 2022			As at 31 December 2021		
	GFA under management (<i>'000 sq.m.</i>)	Percentage %	Number of properties under management	GFA under management (<i>'000 sq.m.</i>)	Percentage %	Number of properties under management
Office buildings	7,466	21.36	63	6,965	20.79	62
Complexes	1,200	3.43	5	1,200	3.58	5
Retail buildings and hotels	265	0.76	2	652	1.95	3
Residential properties	14,344	41.03	75	13,374	39.93	70
Public properties, hospitals, educational properties and others	11,683	33.42	85	11,306	33.75	73
Total	34,958	100	230	33,497	100	213

The table below sets forth the breakdowns of the GFA under management by revenue models as at the dates indicated:

	As at 31 December 2022		As at 31 December 2021	
	GFA under management (<i>'000 sq.m.</i>)	Percentage (%)	GFA under management (<i>'000 sq.m.</i>)	Percentage (%)
Property management services (lump-sum basis)	31,431	89.91	30,000	89.56
Property management services (commission basis)	3,527	10.09	3,497	10.44
Total	<u>34,958</u>	<u>100</u>	<u>33,497</u>	<u>100</u>

It is important to note that on a commission basis, the Group recorded only a pre-determined fixed percentage of the property management fees, as set out in the property management service contracts as revenue, while all the property management fees are recorded as revenue on a lump-sum basis.

Nature of the Property Developers Served

The properties under the Group's management include properties developed by the Financial Street Group and its affiliates (the "**Financial Street Affiliates Group**") and independent third-party. As at 31 December 2022, the GFA of the properties developed by the Financial Street Affiliates Group under the management of the Group was approximately 18.83 million sq.m.. At the same time, the Group increased cooperation with properties developed by independent third-party in 2022. The Group's GFA under management from properties developed by independent third-party was approximately 16.13 million sq.m. as at 31 December 2022, representing an increase of approximately 6.89% from approximately 15.09 million sq.m. as at 31 December 2021. Furthermore, the number of projects developed by independent third-party also increased from 90 as at 31 December 2021 to 106 as at 31 December 2022.

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

	As at 31 December 2022			As at 31 December 2021		
	GFA under management (<i>'000 sq.m.</i>)	Percentage (%)	Number of projects (<i>project</i>)	GFA under management (<i>'000 sq.m.</i>)	Percentage (%)	Number of projects (<i>project</i>)
Properties developed by Financial Street Affiliates Group	18,825	53.85	124	18,405	54.95	123
Properties developed by independent third-party	16,133	46.15	106	15,092	45.05	90
Total	<u>34,958</u>	<u>100</u>	<u>230</u>	<u>33,497</u>	<u>100</u>	<u>213</u>

Value-added services

The Group's value-added business is mainly composed of six major segments, including operating business, consulting services, asset operation, resources management (including field services), customised services and other income. In addition, based on the existing value-added business portfolio, the Group continued to expand the scope and scale of value-added business services. In 2022, the Group made effective progress in promoting lifestyle services and carrying out pilot group buying business. At the same time, the Group explored value-added services under new business models in combination with Internet channels, aiming to provide convenient and efficient solutions in response to customer needs. For the year ended 31 December 2022, the Group's revenue from value-added services was approximately RMB280.53 million, accounting for approximately 20.21% of the revenue for the year ended 31 December 2022, representing a decrease of approximately 4.96% as compared to the revenue from value-added services of approximately RMB295.17 million for the year ended 31 December 2021.

FUTURE OUTLOOK

In terms of business development, we will strengthen our awareness of market benchmarking, cultivate new momentum for development, capitalise on our experience and brand advantages in the business office field, extend our service capabilities to other sub-sectors, expand our business boundaries in a proactive manner, and expand our business presence through a variety of channels and diversified cooperation.

In terms of service quality, we will continue to focus on improvement of operation and service quality, consolidate our core business, enhance our awareness to serve, adhere to “customer-oriented” service concept, provide timely feedback and effective handling of customer demands, and improve service quality and customer satisfaction in a comprehensive manner.

In terms of social responsibility, we will actively undertake the social responsibility of state-owned enterprises and carry forward the spirit of social benefit, participate in public welfare activities and contribute to social development. At the same time, we will strengthen work safety, and provide customers with assured and safe living and working space.

In terms of corporate governance, we will take into consideration the actual situation of the Company, continue to optimise the scientific and standardized governance system for listed companies, strengthen risk prevention and control system and improve the quality of information disclosure to ensure compliant operations. At the same time, we will explore regional integration mechanisms and improve management efficiency to realise the organic unity of corporate governance and business development.

FINANCIAL REVIEW

Revenue

The Group derives revenue mainly from: (i) property management and related services; and (ii) catering services. Revenue increased by approximately 5.13% from approximately RMB1,320.48 million for the year ended 31 December 2021 to approximately RMB1,388.19 million for the year ended 31 December 2022.

The following table sets forth the breakdown of revenue by our services provided for the periods indicated:

	For the year ended 31 December				Changes	
	2022		2021			
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Property management and related services:						
Property management services	1,040,624	74.96	960,749	72.76	79,875	8.31
Value-added services	280,530	20.21	295,172	22.35	(14,642)	(4.96)
Rental services	6,003	0.43	8,936	0.68	(2,933)	(32.82)
Catering services	61,032	4.40	55,623	4.21	5,409	9.72
Total	1,388,189	100.00	1,320,480	100.0	67,709	5.13

- Revenue generated from our property management and related services mainly includes: (i) customer services; (ii) security services; (iii) cleaning and gardening services; (iv) engineering, repair and maintenance services; (v) car park management services; and (vi) other related services, which increased from approximately RMB1,264.86 million for the year ended 31 December 2021 to approximately RMB1,327.16 million for the year ended 31 December 2022, representing an increase of approximately 4.93%, among which, property management income maintained growth, which was benefited from the increase of projects under management. The slight decrease in value-added services was mainly due to the withdrawal of field services provided by the Company after completion of sales of properties.
- Revenue generated from our catering services: our revenue from catering services increased from approximately RMB55.62 million for the year ended 31 December 2022 to approximately RMB61.03 million for the year ended 31 December 2021.

Cost of Sales and Services

The Group's cost of sales and services mainly consists of (i) subcontracting costs; (ii) employee benefit expenses; (iii) utilities; (iv) cost of cleaning, security and maintenance services; (v) cost of raw materials and consumables for catering services; and (vi) other expenses. The Group's cost of sales and services increased by approximately 7.74% from approximately RMB1,057.75 million for the year ended 31 December 2021 to approximately RMB1,139.65 million for the year ended 31 December 2022. The cost of sales increased along with the expansion of business scale of the Company. Beside, external factors such as macroeconomic factors also increased the costs incurred.

Gross Profit and Gross Profit Margin

The overall gross profit of the Group decreased by approximately 5.40% from approximately RMB262.74 million for the year ended 31 December 2021 to approximately RMB248.54 million for the year ended 31 December 2022. The overall gross profit margin of the Group for the year ended 31 December 2022 was approximately 17.90%, representing a decrease of 2% from 19.90% for the year ended 31 December 2021. The decrease in the overall gross profit margin of the Group was due to the continuous expansion of the GFA under management of non-commercial properties such as residential and public properties. Besides, macroeconomic factors increased the costs incurred and also seriously affected the normal operation of the catering business. The table below sets forth the Group's gross profit and gross profit margin by type of service for the periods indicated:

	As at 31 December					
	2022		2021		Changes	
	Gross Profit <i>RMB'000</i>	Gross Profit Margin (%)	Gross Profit <i>RMB'000</i>	Gross Profit Margin (%)	Gross Profit <i>RMB'000</i>	Gross Profit Margin (%)
Property management and related services	266,839	20.11	266,112	21.04	727	(0.93)
Commercial and business properties	201,743	24.11	207,795	25.38	(6,052)	(1.27)
Non-commercial properties	65,096	13.27	58,317	13.07	6,779	0.20
Catering services	(18,295)	(29.98)	(3,377)	(6.07)	(14,918)	(23.91)
Total	<u>248,544</u>	<u>17.90</u>	<u>262,735</u>	<u>19.90</u>	<u>(14,191)</u>	<u>2.00</u>

Administrative Expenses

Administrative expenses of the Group increased slightly by approximately 0.42% from approximately RMB82.23 million for the year ended 31 December 2021 to approximately RMB82.57 million for the year ended 31 December 2022, which is similar to the administrative expenses of the Group for the year ended 31 December 2021.

Income Tax Expense

Income tax expense of the Group increased by approximately 11.18% from approximately RMB51.11 million for the year ended 31 December 2021 to approximately RMB56.82 million for the year ended 31 December 2022, primarily due to loss incurred in the catering industry resulting from the impact of general market environment, which was excluded from the income tax calculation.

Profit for the Reporting Period

For the year ended 31 December 2022, the Group's profit for the year amounted to approximately RMB135.73 million, profit before income tax amounted to approximately RMB192.55 million, and profit attributable to the owners of the Company amounted to approximately RMB121.05 million.

Total Comprehensive Income for the Reporting Period

Total comprehensive income of the Group decreased from approximately RMB150.67 million for the year ended 31 December 2021 to approximately RMB135.78 million for the year ended 31 December 2022, representing a decrease of approximately 9.88%.

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's cash and bank balances were approximately RMB1,545.02 million, representing an increase of approximately RMB61.56 million from approximately RMB1,483.46 million as at 31 December 2021.

The Group's financial situation remained stable and healthy. The net current assets of the Group was approximately RMB1,103.20 million as at 31 December 2022, as compared to approximately RMB1,078.70 million as at 31 December 2021, representing an increase of 2.27%. The increase in the current assets of the Group was mainly due to the replenishment of the current assets from the expansion of the Group's operation. As at 31 December 2022, the Group's current ratio (current assets/current liabilities) was approximately 2.52 (as at 31 December 2021: approximately 2.60).

As at 31 December 2022, the Group did not have any borrowings or bank loans (as at 31 December 2021: nil).

TRADE AND OTHER RECEIVABLES

Trade receivables mainly arise from property management and related services. Trade receivables of the Group increased by approximately RMB46.51 million from approximately RMB196.09 million as at 31 December 2021 to approximately RMB242.60 million as at 31 December 2022, primarily due to the increase in trade receivables as a result of the expansion of business of the Company.

Other receivables mainly include payments and deposits paid on behalf of owners, tenants and property developers. Total other receivables of the Group increased by approximately RMB5.81 million from approximately RMB23.91 million as at 31 December 2021 to approximately RMB29.72 million as at 31 December 2022, primarily due to the expansion of business scale of the Company.

TRADE AND OTHER PAYABLES

Trade payables mainly represent amount payable to suppliers and subcontractors, including for purchase of materials. As at 31 December 2022, our balance of trade payables amounted to approximately RMB178.25 million, representing an increase of RMB57.29 million as compared with approximately RMB120.96 million as at 31 December 2021, which was mainly due to the increase in the cost of security guards, cleaning, engineering and materials supply caused by the expansion of the Company's business scale, for which payments had not become due, thereby resulting in a corresponding increase in its balance.

Payroll and welfare payables mainly refer to salary and insurance. As at 31 December 2022, the payroll and welfare payables of the Group were approximately RMB68.81 million, representing a decrease of 6.65% as compared with approximately RMB73.71 million as at 31 December 2021, mainly due to an adjustment to salary based on operation results of the Group.

Other payables and accruals mainly include payments and deposits collected on behalf of owners, tenants and property developers. Other payables decreased by approximately 3.21% from RMB306.66 million as at 31 December 2021 to approximately RMB296.82 million as at 31 December 2022, primarily due to the payment of payables amount in the ordinary course of business of the Company.

USE OF PROCEEDS FROM THE LISTING

The H Shares were successfully listed on the Stock Exchange on 6 July 2020 (the “**Listing Date**”). The Company issued 90,000,000 H Shares, and subsequently issued 13,500,000 H Shares on 29 July 2020 as a result of the full exercise of the over-allotment option. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing (the “**Net Proceeds**”) amounted to approximately HK\$710.48 million (equivalent to approximately RMB648.36 million). The unutilised Net Proceeds have been placed as interest-bearing deposits with licensed banks in Mainland China and Hong Kong. As at 31 December 2022, the Net Proceeds have been utilised and will continue to be utilised in accordance with the allocation method proposed in the prospectus of the Company dated 19 June 2020 (the “**Prospectus**”).

The analysis on the utilisation of the Net Proceeds from the Listing Date to 31 December 2022 is as follows:

	Planned use of the Net Proceeds as stated in the Prospectus and the use of additional Net Proceeds after taking into account the full exercise of the over-allotment option on 29 July 2020		Actual use of Net Proceeds as at 31 December 2022	Utilised Net Proceeds during the Reporting Period	Unutilised Net Proceeds as at 31 December 2022	Expected timeline of full utilisation of the remaining balance
	RMB million	RMB million	RMB million	RMB million	RMB million	
Pursuing strategic acquisitions and investment opportunities and establishing new branches and subsidiaries to expand the Group's business scale	60%	389.02	13.90	4.21	375.12	on or before 31 December 2023
Developing the Group's value-added services business	20%	129.66	34.56	7.78	95.10	on or before 31 December 2023
Establishing and upgrading IT and intelligent facilities systems	10%	64.84	5.82	0.65	59.02	on or before 31 December 2023
The Group's working capital and general corporate purposes	10%	64.84	0.00	0.00	0.00	on or before 31 December 2023
Total	<u>100%</u>	<u>648.36</u>	<u>54.28</u>	<u>12.64</u>	<u>594.08</u>	

Note: The expected timeline for utilising the remaining Net Proceeds is based on the best estimation made by our Group. It will be subject to change based on the current and future development of the market conditions.

For the detailed breakdown and description of the proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus. During the Reporting Period, the Group had utilised Net Proceeds of approximately RMB12.64 million. As at the date of this announcement, the Directors were not aware of any material change to the planned use of the Net Proceeds. Save as the delays in use of Net Proceeds caused by changes in market conditions and more time is required to identify the potential acquisition targets, the unutilised Net Proceeds and its subsequent planned term of use will be applied in a manner consistent with that mentioned in the Prospectus. The planned term of use in the Prospectus was determined according to the optimal estimation and assumption for the future market conditions and industrial development made by the Company in preparing the Prospectus, while the proceeds were applied according to the actual development of the Group's business and the industry.

PLEDGE OF ASSETS

As at 31 December 2022, none of the assets of the Group were pledged (as at 31 December 2021: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

For the year ended 31 December 2022, the Group did not have any material acquisitions or disposals of assets (for the year ended 31 December 2021: nil).

SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

For the year ended 31 December 2022, the Group did not have any significant investment. As at the date of this announcement, save as the entering into of a share purchase agreement for the acquisition of the Target Company (as defined below) in March 2023 as disclosed in the paragraph headed “Events after the Reporting Period” below, the Group has no plan for any material investment, disposal of or addition of capital assets. If the acquisitions were to materialise, we intend to use our internal funds or utilise the Net Proceeds to finance such acquisitions.

LIABILITIES TO ASSETS RATIO

Liabilities to assets ratio is calculated based on our total liabilities as at the end of the relevant period divided by our total assets as at the end of such period. As at 31 December 2022, our liabilities to assets ratio was 0.39. As at 31 December 2021, our liabilities to assets ratio was 0.38. Gearing ratio is calculated by dividing the total amount of loan as at the corresponding date by the total amount of equity as at the same date. As at 31 December 2022 and 31 December 2021, the Group had no interest-bearing loan, therefore the gearing ratio does not apply.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any contingent liabilities (as at 31 December 2021: nil).

FINANCIAL POLICY

The Group has adopted a prudent financial management approach and has maintained a solid liquidity position during the year. To manage liquidity risk, the Board closely monitors the liquidity position of the Group to ensure that the liquidity structure of the Group’s assets, liabilities and commitments can meet its funding requirements from time to time.

EMPLOYEES AND BENEFITS POLICIES

As at 31 December 2022, the Group had 4,584 employees (as at 31 December 2021: 4,382 employees). Employee remuneration is determined based on employee 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 within industry norms. In addition to basic salaries,

employees may be granted discretionary bonus based on individual performance. The remunerations of the Directors are determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. 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 productivity.

OTHER INFORMATION

Events after the Reporting Period

On 21 March 2023, the Company entered into a share purchase agreement with Ms. Cheng Pui Yi (the ultimate beneficial owner of the Target Company (as defined below), the “**Vendor**”) and Top Property Services Company Limited (置佳物業服務有限公司, the “**Target Company**”), pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire (the “**Acquisition**”), 70% of the total issued share capital of the Target Company for a maximum total consideration of HKD154 million, subject to the terms and conditions as set out in the share purchase agreement.

Upon completion of the Acquisition, the Target Company will become a direct subsidiary of the Company and its financial information will be consolidated into the financial statements of the Group. For further details, please refer to the announcements dated 23 June 2021 and 21 March 2023 of the Company.

Save as disclosed above, no other significant events of the Group occurred after the Reporting Period.

Purchase, Sale or Redemption of Listed Securities or Redeemable Securities of the Company

Neither the Company nor its subsidiary purchased, sold or redeemed any of the Company’s listed securities at any time during the year ended 31 December 2022.

Compliance with the Corporate Governance Code

The Company has adopted and applied the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), which was in force during the year ended 31 December 2022, as its own corporate governance code. To the best knowledge of the Directors, except for code provision C.2.1 set out below, the Company has complied with all applicable code provisions under the CG Code during the year ended 31 December 2022.

According to the CG Code, the roles of chairman of the Board and the general manager should not be performed by the same individual. During the year ended 31 December 2022, the roles of chairman of the Board (“**Chairman**”) and general manager of the

Company are performed by Mr. Sun Jie. Taking into account Mr. Sun Jie's strong expertise and insight into the property management industry, the Board considered that the roles of Chairman and general manager being performed by Mr. Sun Jie enables more effective and efficient overall business planning, decision making and implementation thereof by the Group. In order to maintain good corporate governance and fully comply with the code provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of Chairman and general manager separately.

Compliance with Model Code for 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 code of conduct and rules governing dealings by all the Directors and supervisors (the “**Supervisors**”) of the Company in the securities of the Company. Having made specific enquiry of all the Directors and Supervisors, they have confirmed that they have complied with the required standards set out in the Model Code since the Listing Date and up to the year ended 31 December 2022.

Audit Committee

The Company has established the audit committee (“**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee is authorised by the Board, and is responsible for reviewing and supervising the Group's financial reporting procedures and internal control systems, risk management and internal audit and provide advice to the Board. The Audit Committee consists of three members, namely Ms. Tong Yan, Mr. Song Baocheng and Ms. Zhao Lu. The chairman of the Audit Committee is Ms. Tong Yan.

The Audit Committee has reviewed the audited consolidated financial statements and annual results of the Group for the year ended 31 December 2022, and discussed with the management of the Group the accounting principles and practices adopted by the Group, as well as matters such as internal control and financial report.

Scope of Work of Auditor

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2022 as set forth in this announcement have been reconciled by the Group's auditor, Grant Thornton Hong Kong Limited (“**Grant Thornton Hong Kong**”), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements

issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong on the announcement of annual results.

Final Dividend

The Board proposed the distribution of a final dividend of RMB0.163 per share (before tax) for the year ended 31 December 2022, with a dividend payout ratio of approximately 50.29%, in cash. The dividend distribution plan shall be subject to the approval of the shareholders of the Company (the “Shareholders”) at the annual general meeting to be held on Thursday, 8 June 2023 (the “2022 AGM”) and such dividend is expected to be paid on or before Monday, 7 August 2023. The proposed final dividend will be declared in Renminbi and paid in Hong Kong dollars (for H Shares) and Renminbi (for domestic shares), the exchange rate of which will be calculated based on the average exchange rate of Renminbi against Hong Kong dollars published by the People’s Bank of China one calendar week prior to the 2022 AGM.

DIVIDEND TAX

According to the Law on Enterprise Income Tax of the People’s Republic of China (《中華人民共和國企業所得稅法》) which came into effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, respectively, and its implementing rules, the Notice on the Issues Concerning Withholding and Paying Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold and pay 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise Shareholders whose names appear on the Register of Members of H Shares, i.e. any Shareholders who hold H Shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organisations and groups. After receiving dividends, the non-resident enterprises Shareholders may apply to the competent tax authorities for enjoying treatment of tax treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such tax treaties (arrangement). After having verified that there is no error, the competent tax authorities shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant tax treaties (arrangement).

Pursuant to the Notice on the Issues Regarding Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the Company shall withhold and pay individual income tax for individual holders of H Shares. If the individual holders of H Shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the relevant tax treaties, the Company may apply, on behalf of such Shareholders and according to the relevant tax treaties, for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Measures on Enjoying Treatment under Tax Treaties by Nonresident Taxpayers (State Administration of Taxation Announcement 2015, No. 60) (《非居民納稅人享受稅收協議待遇管理辦法》(國家稅務總局公告2015年第60號)) and the provisions of the relevant tax treaties. The Company will assist with the tax refund subject to the approval of the competent tax authorities.

If the individual holders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders. Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax effects.

Notice of the 2022 AGM

The 2022 AGM will be held on Thursday, 8 June 2023. A notice convening the 2022 AGM will be published on both the Stock Exchange's and the Company's websites via (<http://www.hkexnews.hk>) and (<http://www.jrjlife.com>) and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

Closure of Register of Members

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2022 AGM (and any adjourned meeting thereof), the register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023, both days inclusive, during which period no transfer of the Shares will be registered. In order for the H Shareholders to qualify for attending and voting at the 2022 AGM, all duly completed share transfer forms together with the relevant H Share certificates shall be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 June 2023.

For determining the entitlement to the 2022 proposed final dividend (subject to the approval of the Shareholders at the forthcoming annual general meeting), the register of members of the Company will be closed from Wednesday, 21 June 2023 to Monday, 26 June 2023, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2022 proposed final dividend, the holders of H Shares whose transfer documents have not been registered are required to deposit all duly completed share transfer forms together with the relevant share certificates to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 June 2023.

Public Float

Based on information that is publicly available to the Company and within the knowledge of the Board as at the date of this announcement, the Company maintained sufficient public float in compliance with the Listing Rules.

Publication of the Annual Results and Annual Report

This announcement can be accessed on both the Stock Exchange's and the Company's websites via (<http://www.hkexnews.hk>) and (<http://www.jrjlife.com>), respectively. The annual report of the Company for the year ended 31 December 2022, which contains all the information required by the Listing Rules, will be despatched to the Shareholders and published on the above websites in due course.

Appreciation

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

By Order of the Board
Financial Street Property Co., Limited
Sun Jie
Chairman

Beijing, the PRC, 23 March 2023

As at the date of this announcement, the Board comprises Mr. Sun Jie and Ms. Xue Rui as executive Directors; Mr. Shen Mingsong, Mr. Liang Jianping, Mr. Li Liang and Ms. Zhao Lu as non-executive Directors; and Mr. Song Baocheng, Ms. Tong Yan and Ms. Lu Qing as independent non-executive Directors.