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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

##### **FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 June 2023 increased by approximately 6.39% to approximately RMB712.36 million from approximately RMB669.55 million for the six months ended 30 June 2022.
- For the six months ended 30 June 2023, the Company's profit for the period was RMB78.46 million, representing an increase of approximately 12.96% from approximately RMB69.46 million for the six months ended 30 June 2022.
- Profit attributable to the owners of the Company for the six months ended 30 June 2023 was approximately RMB71.11 million, representing an increase of approximately 14.79% from approximately RMB61.95 million for the six months ended 30 June 2022.
- As at 30 June 2023, the Group's gross floor area ("GFA") under management ("**GFA under management**") increased by 3.78% to approximately 36.12 million square meters ("**sq.m.**") from approximately 34.81 million sq.m. as at 30 June 2022.

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 unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022.

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

*For the six months ended 30 June 2023*

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	6	<b>712,358</b>	669,552
Cost of sales and services		<b>(585,870)</b>	(538,995)
<b>Gross profit</b>		<b>126,488</b>	130,557
Other income	7	<b>3,098</b>	6,350
Other gain/(loss), net	8	<b>568</b>	(27,677)
Administrative expenses		<b>(30,269)</b>	(34,785)
Provision for expected credit loss (“ <b>ECL</b> ”) allowance of trade receivables and other financial assets at amortised cost		<b>(3,270)</b>	(5,661)
<b>Operating profit</b>		<b>96,615</b>	68,784
Finance income	9	<b>11,193</b>	6,269
Finance costs	9	<b>(1,696)</b>	(1,344)
Finance income, net	9	<b>9,497</b>	4,925
Exchange gains, net		<b>15</b>	28,079
Share of (loss)/profit from interests in associates, net		<b>(361)</b>	15
Share of loss from interests in joint ventures, net		<b>(69)</b>	—
<b>Profit before income tax</b>	10	<b>105,697</b>	101,803
Income tax expense	11	<b>(27,240)</b>	(32,348)
<b>Profit for the period</b>		<b>78,457</b>	69,455

		<b>For the six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
<i>Note</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period attributable to:</b>			
	Owners of the Company	71,113	61,949
	Non-controlling interests (“NCI”)	<u>7,344</u>	<u>7,506</u>
		<b><u>78,457</u></b>	<b><u>69,455</u></b>
	<b>Earnings per share, basic and diluted (<i>RMB</i>)</b>	<b><u>0.190</u></b>	<b><u>0.166</u></b>
	<b>Other comprehensive (loss)/income</b>		
	<i>Items that will not be reclassified subsequently to profit or loss</i>		
	Remeasurements of retirement benefit obligations	<u>(111)</u>	<u>1</u>
	<b>Other comprehensive (loss)/income for the period, net of tax</b>	<u>(111)</u>	<u>1</u>
	<b>Total comprehensive income for the period</b>	<b><u>78,346</u></b>	<b><u>69,456</u></b>
<b>Other comprehensive income attributable to:</b>			
	Owners of the Company	71,002	61,950
	NCI	<u>7,344</u>	<u>7,506</u>
		<b><u>78,346</u></b>	<b><u>69,456</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

		As at 30 June 2023	As at 31 December 2022
	<i>Notes</i>	<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<b><i>RMB'000</i></b> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		17,003	19,437
Property, plant and equipment		63,279	78,935
Interests in associates		15,316	15,677
Interests in joint ventures		2,481	2,550
Goodwill		325	325
Intangible assets		7,076	7,968
Prepayments		1,144	634
Other financial assets at amortised cost	15	25,360	27,961
Deferred tax assets		21,182	17,092
<b>Total non-current assets</b>		<b>153,166</b>	170,579
<b>Current assets</b>			
Trade receivables	14	301,213	242,597
Prepayments		18,542	13,423
Other financial assets at amortised cost	15	33,987	29,721
Bank deposits with the maturity over three months		65,730	37,201
Restricted bank deposits		79,766	63,878
Cash and cash equivalents		1,372,799	1,443,945
<b>Total current assets</b>		<b>1,872,037</b>	1,830,765
<b>Total assets</b>		<b>2,025,203</b>	2,001,344

	<i>Notes</i>	As at 30 June 2023 <b>RMB'000</b> (Unaudited)	As at 31 December 2022 <b>RMB'000</b> (Audited)
<b>EQUITY AND LIABILITIES</b>			
Share capital	16	<b>373,500</b>	373,500
Reserves		<b>592,903</b>	593,014
Retained earnings		<b>223,635</b>	213,403
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>1,190,038</b>	1,179,917
NCI		<b>34,968</b>	37,145
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,225,006</b>	1,217,062
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Lease liabilities		<b>39,265</b>	51,331
Deferred tax liabilities		<b>317</b>	361
Retirement benefit obligations		<b>5,025</b>	5,005
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>44,607</b>	56,697
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	17	<b>586,649</b>	551,031
Contract liabilities		<b>124,978</b>	111,720
Current tax liabilities		<b>18,070</b>	36,017
Current portion of lease liabilities		<b>25,551</b>	28,475
Current portion of retirement benefit obligations		<b>342</b>	342
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>755,590</b>	727,585
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>800,197</b>	784,282
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>2,025,203</b>	2,001,344
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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2023*

### 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. 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 (“**SASAC**”).

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

The unaudited condensed consolidated interim financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated, and were authorised for issue by the Board of Directors on 23 August 2023.

### 2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

#### (i) Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

**(ii) Application of amendments to HKFRSs**

The condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of the following amended HKFRSs effective as of 1 January 2023. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

***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. As at 30 June 2023, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB39,445,000 and RMB42,042,000 respectively, in which the Group recognised the related deferred tax liabilities and deferred tax assets of RMB9,861,000 and RMB10,057,000 respectively.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of interim financial statements 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 interim financial statements, 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 2022.

### **4. FINANCIAL RISK MEASUREMENT**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements 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 consolidated financial statements for the year ended 31 December 2022.

There have been no material changes in the risk management policies of the Group since the year ended 31 December 2022.

### **5. SEGMENT**

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.

During the six months ended 30 June 2023 and 2022, 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 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 during the six months ended 30 June 2023 and 2022, respectively, under the requirement of HKFRS 8.

## 6. REVENUE

Revenues recognised during the six months ended 30 June 2023 and 2022, respectively, are as follows:

	For the six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
<b>Revenue from contract with customers</b>		
Property management and related services		
— recognised on a lump sum basis from property management services	526,027	504,900
— recognised on a commission basis from property management services	6,308	6,444
— Value-added services	137,744	126,504
Catering services	37,095	28,072
	<u>707,174</u>	<u>665,920</u>
<b>Revenue from other sources</b>		
Rental income	5,184	3,632
	<u>712,358</u>	<u>669,552</u>

For the six months ended 30 June 2023, Financial Street Group and its joint ventures and associates (the “**Financial Street Affiliates Group**”) contributed 12% of the Group’s revenue (For the six months ended 30 June 2022: 14%). Other than the Financial Street Affiliates Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group’s revenue during the six months ended 30 June 2023 and 2022, respectively.

As the Group is domiciled in the PRC where all of its revenues from external customers for the six months ended 30 June 2023 and 2022, respectively, were derived and where all of its non-current assets are located, no geographical segment information is shown.

## 7. OTHER INCOME

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Government grants ( <i>Note</i> )	955	2,759
Recognition of additional deductible input VAT	<u>2,143</u>	<u>3,591</u>
	<u><u>3,098</u></u>	<u><u>6,350</u></u>

*Note:*

The government grants were received from PRC local government authorities on a discretionary basis for local business development and employment.

There were no unfulfilled conditions and other contingencies attached to the receipt of subsidy.

## 8. OTHER GAIN/(LOSS), NET

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Loss arising on change in fair value of derivative financial instruments	—	(27,806)
Net losses on disposal of property, plant and equipment	(28)	(4)
Others	<u>596</u>	<u>133</u>
	<u><u>568</u></u>	<u><u>(27,677)</u></u>

## 9. FINANCE INCOME, NET

	For the six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income		
Interest income on bank deposits	10,535	6,124
Interest income on loans to an associate	102	99
Interest income on a loan to NCI	—	46
Interest income on finance leases	556	—
	<u>11,193</u>	<u>6,269</u>
Finance costs		
Interest expenses for lease liabilities	(1,696)	(1,344)
	<u>9,497</u>	<u>4,925</u>

## 10. PROFIT BEFORE INCOME TAX

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

	For the six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Staff costs — including directors' emoluments		
— Included in cost of sales and services	230,789	221,719
— Included in administrative expenses	18,178	24,080
Cost of cleaning, security and maintenance services	243,563	222,437
Depreciation		
— Property, plant and equipment	15,374	15,592
— Investment properties	2,434	2,136
Amortisation of intangible assets	892	816
Provision for/(Reversal of) ECL allowance		
— Trade receivables ( <i>Note 14</i> )	3,272	5,426
— Other financial assets at amortised cost ( <i>Note 15</i> )	(2)	235
Cost of raw material and consumables for catering services	30,178	27,019
Lease charges:		
— Short term leases	2,034	3,056
— Leases of low value items	3,408	3,549
Professional service fee	1,579	1,044
Taxes and surcharges	3,178	2,675
Auditor's remuneration		
— Audit services	521	521
Exchange gains, net	(15)	(28,079)

## 11. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax		
— PRC Corporate Income Tax	30,793	42,766
Deferred tax	<u>(3,553)</u>	<u>(10,418)</u>
Total income tax expense	<u>27,240</u>	<u>32,348</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% (For the six months ended 30 June 2022: 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 5% as approved by the local tax authority (For the six months ended 30 June 2022: 2.5%); Beijing Jintongtai Catering Co., Ltd. was qualified as small and micro business and enjoyed a preferential income tax rate of 5% as approved by the local tax authority (For the six months ended 30 June 2022: 10%); Beijing Financial Street Residential Property Management Co., Ltd. and Yongtaiheng were qualified as small and micro businesses and enjoyed a preferential income tax rate of 5% as approved by the local tax authority (For the six months ended 30 June 2022: 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% (For the six months ended 30 June 2022: 25%).

## 12. DIVIDENDS

	For the six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Final dividends declared by the Company	<u>60,881</u>	<u>82,917</u>

In the Board meeting of the Company on 23 March 2023, the Board proposed a dividend of RMB60,881,000 which represented the Company's accumulated distributable retained earnings as at 31 December 2022. The proposed dividend was then approved in the shareholders' general meeting on 8 June 2023.

The board of directors of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2023 (For the six months ended 30 June 2022: nil).

## 13. 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.

	For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to owners of the Company ( <i>RMB'000</i> )	71,113	61,949
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>0.190</u>	<u>0.166</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 six months ended 30 June 2023 and 2022, respectively.

#### 14. TRADE RECEIVABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables		
— related parties	131,183	132,083
— third parties	<u>186,878</u>	<u>124,368</u>
	318,061	256,451
Less: ECL allowance of trade receivables	<u>(16,848)</u>	<u>(13,854)</u>
Trade receivables, net	<u><u>301,213</u></u>	<u><u>242,597</u></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.

The credit terms given to trade customers are determined on an individual basis with normal credit period ranged from 0–365 days.

The ageing analysis of the trade receivables before loss allowances as at 30 June 2023 and 31 December 2022 based on the invoice date is as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Within 1 year	275,939	179,681
1–2 years	18,950	44,863
2–3 years	18,447	27,612
Over 3 years	<u>4,725</u>	<u>4,295</u>
Total	<u><u>318,061</u></u>	<u><u>256,451</u></u>

The movement in the ECL allowance of trade receivables is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Balance at 1 January	13,854	10,246
ECL allowance recognised during the period	3,272	5,426
Amount written off during the period	(278)	—
	<u>16,848</u>	<u>15,672</u>
Balance at 30 June	<u>16,848</u>	<u>15,672</u>

#### 15. OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 30 June 2023			As at 31 December 2022		
	Current RMB'000 (Unaudited)	Non-current RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Current RMB'000 (Audited)	Non-current RMB'000 (Audited)	Total RMB'000 (Audited)
Finance lease receivables	5,497	19,070	24,567	5,379	21,849	27,228
Loan and interest receivable from an associate	—	6,988	6,988	—	6,886	6,886
Payments on behalf of property owners, tenants and property developers	16,200	—	16,200	12,370	—	12,370
Deposits						
— Related parties	2,851	—	2,851	2,618	—	2,618
— Third parties	8,197	—	8,197	8,749	—	8,749
Other	1,876	—	1,876	1,165	—	1,165
	<u>34,621</u>	<u>26,058</u>	<u>60,679</u>	<u>30,281</u>	<u>28,735</u>	<u>59,016</u>
Less: ECL allowance	(634)	(698)	(1,332)	(560)	(774)	(1,334)
	<u>33,987</u>	<u>25,360</u>	<u>59,347</u>	<u>29,721</u>	<u>27,961</u>	<u>57,682</u>

The amount due from an associate is unsecured, interest bearing at 4.65% and not repayable within the next 12 months from the reporting date.

The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases properties and as they transfer substantially all of the risks and rewards of ownership of these properties they are classified as finance leases.

The maturity analysis of finance lease receivables, including the undiscounted lease payments to be received are as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Within 1 year	6,434	6,434
1–2 years	6,434	6,434
2–3 years	6,434	6,434
Over 3 years	<u>7,506</u>	<u>10,723</u>
Total undiscounted lease payments receivable	26,808	30,025
Unearned finance income	<u>(2,241)</u>	<u>(2,797)</u>
Present value of finance lease receivables	<u><u>24,567</u></u>	<u><u>27,228</u></u>

The movement in the ECL allowance is as follows:

	For the six months ended 30 June 2023 <i>RMB'000</i> (Unaudited)		2022 <i>RMB'000</i> (Unaudited)	
Balance at 1 January	1,334		445	
ECL allowance (reversed)/recognised during the period	<u>(2)</u>		<u>235</u>	
Balance at 30 June	<u><u>1,332</u></u>		<u><u>680</u></u>	

## 16. SHARE CAPITAL

	For the six months ended 30 June 2023 (Unaudited)		For the six months ended 30 June 2022 (Unaudited)	
	<i>Number of shares'000</i>	<i>RMB'000</i>	<i>Number of shares'000</i>	<i>RMB'000</i>
<b>Issued and fully paid</b>				
Balance as at 1 January and 30 June	<u>373,500</u>	<u>373,500</u>	<u>373,500</u>	<u>373,500</u>

## 17. TRADE AND OTHER PAYABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade payables ( <i>Note a</i> )	<u>159,021</u>	<u>178,246</u>
Other payables		
— Receipts on behalf of property owners, tenants and property developers	188,176	190,123
— Deposits ( <i>Note b</i> )	92,020	97,161
— Accruals	73	3,444
— Others	8,373	6,095
Payroll and welfare payables	70,222	68,806
Other tax payables	7,883	7,156
Dividend payables	<u>60,881</u>	<u>—</u>
Total	<u><u>586,649</u></u>	<u><u>551,031</u></u>

### Notes:

- (a) The Group was granted by its suppliers credit periods ranging from 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:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Within 1 year	145,750	166,754
1–2 years	8,214	4,903
Over 2 years	<u>5,057</u>	<u>6,589</u>
	<u><u>159,021</u></u>	<u><u>178,246</u></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.

## 18. SUBSEQUENT EVENT

### **Disclosable transaction in relation to acquisition of 70% of equity interest in Top Property Services Company Limited (the “Target Company”) in Hong Kong**

On 21 March 2023, the Company entered into a share sale and purchase agreement to acquire 70% of the equity interest in the Target Company for a maximum total consideration of HKD154 million.

On 26 July 2023, the Company received approval from the competent state-owned assets supervision and management authority for the results of the valuation of the assets of the Target Company and the conditions precedent of the share sale and purchase agreement dated 21 March 2023 in relation to the acquisition of the Target Company have been fulfilled. The parties will complete the acquisition in accordance with the terms of the share sale and 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 21 March 2023, 4 May 2023, 4 July 2023 and 26 July 2023 of the Company.

Apart from the event disclosed above and elsewhere in this report, the Group had no significant events after the end of reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

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 29 years since 1994, and has expanded its 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.

The Group attaches great importance to the expansion of its business scale and adheres to its expansion strategy. Leveraging on its professional advantages and good brand image in the commercial and public construction sectors, the Group has participated in the market competition in an all-round way, and penetrated into the markets of the first-tier and second-tier cities as well as key regions of the PRC, and has successfully secured a number of management projects from different sectors such as the governmental agencies, military forces, schools, industrial parks and public transportation supporting facilities. As at 30 June 2023, the Group's operations covered 17 provinces, municipalities and autonomous regions, and the GFA under management amounted to approximately 36.12 million sq.m. Approximately 16.98 million sq.m. of GFA under management originated from independent third parties, accounting for 47.0% of the total GFA under management. The number of projects under management was 253 as at 30 June 2023, representing an increase of 29 projects over the same period last year.

The Group continued to strengthen its joint venture cooperation with third parties. Beijing Financial Street Savills Property Management Co., Ltd., a subsidiary of the Group, and its partners, Shandong Zibo Economic Development Zone Zhongcheng Property Management Co., Ltd.\* (淄博經濟開發區眾程物業管理有限公司) and Zibo Wanxue Commercial Operation Co., Ltd.\* (淄博市萬學商業運營有限公司), established Shandong Financial Street Property Co., Ltd.\* (山東金融街物業有限公司). Shandong Financial Street Property Co., Ltd. plans to take over multiple projects in Zibo Economic Development Zone\* (淄博經濟開發區) in Shandong Province, including the start-up area, auto parts industrial park and other industrial parks, and industrial cities, etc. All parties will integrate their respective management and resource strengths to further expand the neighbouring property management market and facilitate the further expansion of the business scale while enhancing the quality of service and operation of projects.

In the first half of 2023, the Group has entered into a share sale and purchase agreement with Ms. Cheng Pui Yi (the “**Vendor**”), an independent third party, and Top Property Services Company Limited (置佳物業服務有限公司) (the “**Target Company**”) in respect of the acquisition of the Target Company, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire 70% of the equity interest in the Target Company. Top Property Services Company Limited (置佳物業服務有限公司) is a property services company established in Hong Kong with rich management experience. The acquisition will further enhance the business scale and market competitiveness of the Group. On 26 July 2023, the Company received approval from the competent state-owned assets supervision and management authority for the results of the valuation of the assets of the Target Company and the conditions precedent of the share sale and purchase agreement dated 21 March 2023 in relation to the acquisition of the Target Company have been fulfilled. The parties will complete the Acquisition in accordance with the terms of the share sale and purchase agreement.

The key new projects obtained by the Group in the first half of 2023 are summarised as follows:

- (i) Atlas Copco Industrial Park. Located in Zibo City, Shandong Province, it is one of the components of the valuable urban development cluster and is a key industrial park segment. Atlas Copco is a global industrial group company headquartered in Stockholm, Sweden;
- (ii) Fanglande High-tech Zone New Material Industrial Park. Located in Dongying City, Shandong Province, it is a featured park focusing on the petroleum equipment industry and comprising petroleum equipment industrial zone, offshore equipment industrial park, intelligent manufacturing industrial park, innovation incubator and enterprise headquarters zone, on-site service industry cluster zone and reserve area for development;
- (iii) Sanqiaodong PARK. Located in Jiangbei District, Chongqing City, it is a commercial project with a GFA of approximately 50,000 sq.m., comprising three buildings, covering a wide range of businesses such as catering, retail, entertainment, and modern art space;
- (iv) National Energy Shenshuo Hotel Project. The project is located in Shenmu City, Yulin, Shaanxi Province, with a service area of approximately 12,800 sq.m. There are 120 guest rooms and a Chinese restaurant inside the hotel, providing customers with a comfortable living environment;
- (v) Longli Guanyinshan Forest Town. Located in Longli County, Qiannan Buyei and Miao Autonomous Prefecture, Guizhou Province, it is a complex project comprising tourism, vacation, health care, residence and other functions, with a total GFA of approximately 450,000 sq.m.; and

(vi) Yangcun Middle School. Located in Huizhou City, Guangdong Province, it covers an area of approximately 90,000 sq.m., comprising two teaching buildings, three dormitory buildings, one administrative building and one multi-functional building.

In addition to the above-mentioned projects, the Group has also won bids for projects of government agencies and military barrack, including but not limited to the government office area of Fangshan District, Beijing, the government office area of an autonomous banner under the jurisdiction of Hulunbuir City, and an air force barrack in Beijing. The Group's competitive advantages in the field of government and military logistics services have been further highlighted.

### **Property Management and Related Services**

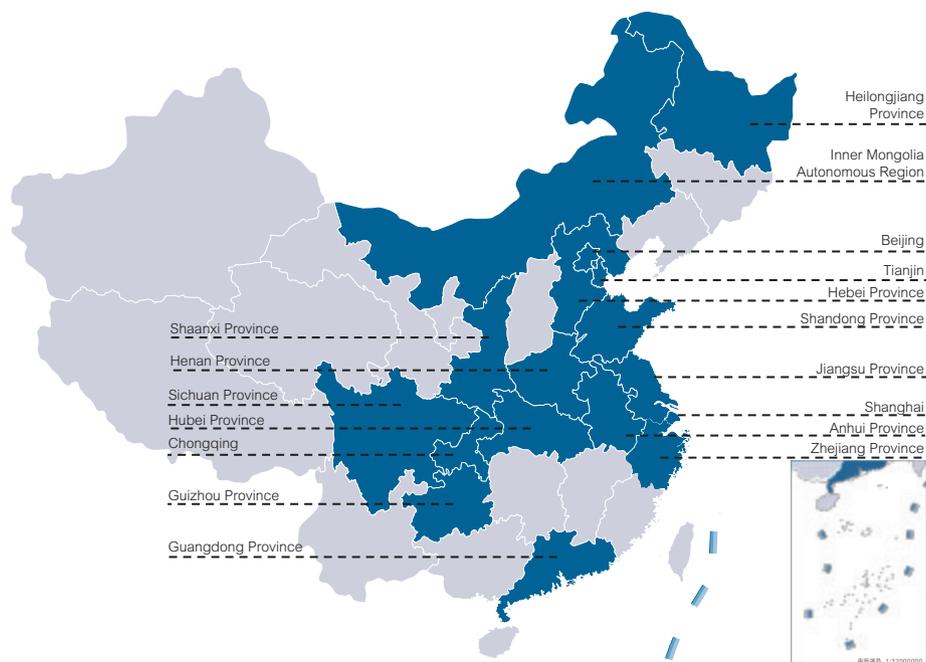
As at 30 June 2023, the Group's property management and related services covered 17 provinces, municipalities and autonomous regions across six regions in China (including Northern China, Southwestern China, Eastern China, Southern China, Northeastern China and Central China), with a total GFA under management of approximately 36.12 million sq.m. and a total of 253 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:

	<b>As at 30 June 2023</b>	As at 30 June 2022
Contracted GFA ( <i>'000 sq.m.</i> )	<b>38,558</b>	37,824
GFA under management ( <i>'000 sq.m.</i> )	<b>36,120</b>	34,805
Number of properties under management	<b>253</b>	224

## Geographic Coverage

The following map shows the geographic coverage of the properties under management of the Group as at 30 June 2023:



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 30 June 2023		As at 30 June 2022	
	GFA under management ( <i>'000 sq.m.</i> )	Number of properties under management	GFA under management ( <i>'000 sq.m.</i> )	Number of properties under management
Northern China	16,017	133	16,321	120
Southwestern China	5,293	30	5,901	32
Eastern China	5,905	34	5,425	26
Southern China	4,920	41	3,898	33
Northeastern China	1,214	7	658	5
Central China	2,771	8	2,602	8
<b>Total</b>	<b>36,120</b>	<b>253</b>	<b>34,805</b>	<b>224</b>

*Notes:*

- (i) Northern China includes Beijing, Tianjin, Hebei Province, Inner Mongolia Autonomous Region and Shaanxi Province
- (ii) Southwestern China includes Chongqing, Sichuan Province, and Guizhou Province
- (iii) Eastern China includes Shanghai, Jiangsu Province, Zhejiang Province, Shandong Province and Anhui Province
- (iv) Southern China includes Guangdong Province
- (v) Northeastern China includes Heilongjiang Province
- (vi) Central China includes Hubei Province and Henan Province

***Types of Properties under Management***

The Group managed a diversified portfolio of properties covering commercial and business properties, including office buildings, complexes, retail buildings and hotels; 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 providing 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 30 June 2023			As at 30 June 2022		
	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
Retail buildings and hotels	368	1.0	4	265	0.8	2
Office buildings	7,578	21.0	67	7,023	20.2	60
Complexes	1,200	3.3	5	1,200	3.4	5
Residential properties	14,502	40.1	80	13,457	38.7	72
Public properties, hospitals, educational properties and others	12,472	34.5	97	12,860	36.9	85
<b>Total</b>	<b>36,120</b>	<b>100</b>	<b>253</b>	<b>34,805</b>	<b>100</b>	<b>224</b>

*Note:* Any discrepancies in the table between totals and sums of amounts listed therein are due to rounding.

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

	As at 30 June 2023		As at 30 June 2022	
	GFA under management ( <i>'000 sq.m.</i> )	Percentage (%)	GFA under management ( <i>'000 sq.m.</i> )	Percentage (%)
Property management services (lump-sum basis)	32,493	90.0	31,331	90.0
Property management services (commission basis)	3,627	10.0	3,474	10.0
<b>Total</b>	<b>36,120</b>	<b>100</b>	<b>34,805</b>	<b>100</b>

It is important to note that on a commission basis, the Group recorded only a pre-determined 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 Beijing Financial Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司) and its joint ventures and associates (the “**Financial Street Affiliates Group**”) and properties developed by independent third parties. As at 30 June 2023, the Group managed the properties developed by Financial Street Affiliates Group encompassing an approximate GFA of 19.14 million sq.m., with the number of projects increased from 121 as at 30 June 2022 to 132, representing a steady period-on-period increase. Meanwhile, as at 30 June 2023, the Group managed properties developed by independent third parties encompassing an approximate GFA of 16.98 million sq.m., and the number of projects also further increased to 121 from 103 as at 30 June 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 30 June 2023			As at 30 June 2022		
	GFA under management (’000 sq.m.)	Percentage (%)	Number of properties under management	GFA under management (’000 sq.m.)	Percentage (%)	Number of properties under management
Properties developed by Financial Street Affiliates Group	19,141	53.0	132	18,189	52.3	121
Properties developed by independent third parties	16,979	47.0	121	16,616	47.7	103
Total	<u>36,120</u>	<u>100</u>	<u>253</u>	<u>34,805</u>	<u>100</u>	<u>224</u>

### **Value-added Services**

The value-added business of the Group mainly comprises six segments, namely operating businesses, consultancy services, asset operation, resources management, customised services and other income. For the six months ended 30 June 2023, our revenue from value-added services amounted to approximately RMB137.74 million, accounting for approximately 19.34% of revenue for the six months ended 30 June 2023, representing an increase of approximately 8.89% as compared with the revenue of approximately RMB126.50 million for the six months ended 30 June 2022.

## Future Prospects

The Group will adhere to its strategy of scale expansion, rely on its practical experience in high-end commercial property services, brand influence and core competitiveness, further expand its market expansion capacity, continuously extend the scope of management, deliver high-quality services to support corporate development, enhance market and customer recognition, accelerate the improvement of special value-added service system, actively grasp the opportunities of synergistic development of resources and industries among various business segments, and promote the sustainable and stable development of the Group.

## FINANCIAL REVIEW

### Revenue

The Group's revenue was mainly derived from: (i) property management and related services; and (ii) catering services. Revenue increased by approximately 6.39% from approximately RMB669.55 million for the six months ended 30 June 2022 to approximately RMB712.36 million for the six months ended 30 June 2023.

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

	2023		Six months ended 30 June 2022		Changes	
	<i>RMB'000</i>	<i>Proportion</i>	<i>RMB'000</i>	<i>Proportion</i>	<i>RMB'000</i>	<i>Rate of change</i>
<b>Property management and related services:</b>						
Property management services	532,335	74.72%	511,344	76.38%	20,991	4.11%
Value-added services	137,744	19.34%	126,504	18.89%	11,240	8.89%
Rental services	5,184	0.73%	3,632	0.54%	1,552	42.73%
<b>Catering services</b>	<u>37,095</u>	<u>5.21%</u>	<u>28,072</u>	<u>4.19%</u>	<u>9,023</u>	<u>32.14%</u>
<b>Total</b>	<u>712,358</u>	<u>100%</u>	<u>669,552</u>	<u>100%</u>	<u>42,806</u>	<u>6.39%</u>

- 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) carpark management services; and (vi) other related services, which increased from approximately RMB641.48 million for the six months ended 30 June 2022 to approximately RMB675.26 million for the six months ended 30 June 2023, representing an increase of approximately 5.27%. Benefited from the increase in number of projects under management, there has been a growth in the revenue from both property management and related services.
- Revenue generated from our catering services: our revenue from catering services increased from approximately RMB28.07 million for the six months ended 30 June 2022 to approximately RMB37.10 million for the six months ended 30 June 2023, benefited from the increase in customer flow of the restaurants of the Group.

### **Cost of Sales and Services**

The Group's cost of sales and services mainly consists of (i) subcontracting costs; (ii) employee welfare expenses; (iii) utilities; (iv) raw materials and components used in property management and related 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 8.70% from RMB539.00 million for the six months ended 30 June 2022 to RMB585.87 million for the six months ended 30 June 2023. There was an increase in maintenance costs for the improvement of service quality, and the cost rate increased due to the influence of the market environment.

## Gross Profit and Gross Profit Margin

The overall gross profit of the Group decreased by approximately 3.12% from approximately RMB130.56 million for the six months ended 30 June 2022 to approximately RMB126.49 million for the six months ended 30 June 2023. The overall gross profit margin of the Group for the six months ended 30 June 2023 was approximately 17.76%, representing a decrease as compared to the overall gross profit margin of 19.50% for the six months ended 30 June 2022. Revenue continued to rise, but gross profit margin declined due to increase in cost. The table below sets forth the Group's gross profit and gross profit margin by type of service for the periods indicated:

	2023		Six months ended 30 June 2022		Changes	
	Gross Profit <i>RMB'000</i>	Gross Profit Margin (%)	Gross Profit <i>RMB'000</i>	Gross Profit Margin (%)	Amount <i>RMB'000</i>	Gross Profit Margin (%)
<b>Property management and related services:</b>						
Commercial and business properties	96,663	23.83	114,393	28.11	(17,730)	(4.28)
Non-commercial properties	34,161	12.67	27,358	11.66	6,803	1.01
Catering services	(4,336)	(11.69)	(11,194)	(39.88)	6,858	28.19
Total	<u>126,488</u>	<u>17.76</u>	<u>130,557</u>	<u>19.50</u>	<u>(4,069)</u>	<u>(1.74)</u>

## **Administrative Expenses**

Administrative expenses of the Group decreased by approximately 12.99% from approximately RMB34.79 million for the six months ended 30 June 2022 to approximately RMB30.27 million for the six months ended 30 June 2023, benefited from effective control on management expenses.

## **Income Tax Expense**

Income tax expense of the Group decreased from approximately RMB32.35 million for the six months ended 30 June 2022 to approximately RMB27.24 million for the six months ended 30 June 2023.

## **Profit for the Reporting Period**

Profit of the Group increased by approximately 12.96% from approximately RMB69.46 million for the six months ended 30 June 2022 to approximately RMB78.46 million for the six months ended 30 June 2023, primarily attributable to expenses control.

## **Total Comprehensive Income for the Reporting Period**

Total comprehensive income of the Group increased from approximately RMB69.46 million for the six months ended 30 June 2022 to approximately RMB78.35 million for the six months ended 30 June 2023, representing an increase of approximately 12.80%, which was mainly due to the increase in net profit margin.

## **Liquidity, Capital Structure and Financial Resources**

As at 30 June 2023, the Group's cash and bank balances were approximately RMB1,518.30 million, representing a decrease of approximately RMB26.72 million from approximately RMB1,545.02 million as at 31 December 2022.

The Group's financial situation remains stable. The net current assets of the Group were approximately RMB1,116.45 million as at 30 June 2023, as compared to approximately RMB1,103.20 million as at 31 December 2022, representing an increase of 1.20%. The increase in the net current assets of the Group was mainly due to the replenishment of current assets with the expansion of the Group's operation. As at 30 June 2023, the Group's current ratio (current assets/current liabilities) was approximately 2.48 (as at 31 December 2022: approximately 2.52).

As at 30 June 2023, the Group did not have any borrowings (as at 31 December 2022: nil).

### **Trade receivables and other financial assets at amortised cost**

Trade receivables mainly arise from property management and related services. Trade receivables of the Group increased by 24.16% from approximately RMB242.60 million as at 31 December 2022 to approximately RMB301.21 million as at 30 June 2023, 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) trade receivables being within the credit period.

Other financial assets at amortised cost mainly include finance lease receivables, loan and interest receivable from an associate, payments and deposits paid on behalf of owners, tenants and property developers. Total other financial assets at amortised cost of the Group increased by approximately RMB1.67 million from approximately RMB57.68 million as at 31 December 2022 to approximately RMB59.35 million as at 30 June 2023, primarily due to (i) the increase in payment on behalf of property owners, tenants and property developers from the operation of property management and relevant services as a result of the increase in the total GFA under management; and (ii) receivables being within the credit period.

### **Trade and Other Payables**

Trade payables mainly represent amount payable to suppliers and subcontractors, including for purchase of materials. As at 30 June 2023, our balance of trade payables amounted to approximately RMB159.02 million, representing a decrease of approximately 10.79% as compared with approximately RMB178.25 million as at 31 December 2022, which was mainly due to payment of the due amount in relation to the cost of security guards, cleaning, engineering and materials supply pursuant to the terms of the contracts in the ordinary course of business.

Payroll and welfare payables mainly refer to salary and insurance. As at 30 June 2023, the payroll and welfare payables of the Group were approximately RMB70.22 million, representing an increase of 2.05% as compared with approximately RMB68.81 million as at 31 December 2022, mainly due to the bonus accrued during the Reporting Period.

Other payables mainly include payments and deposits collected on behalf of owners, tenants and property developers. Other payables decreased by approximately 2.76% from approximately RMB296.82 million as at 31 December 2022 to approximately RMB288.64 million as at 30 June 2023, primarily due to the payment of expenses with different settlement period involved.

## Use of Proceeds from the Listing

The H Shares of Company was listed on the Stock Exchange on 6 July 2020 (the “**Listing Date**”) and 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 (the “**Global Offering**”). 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 30 June 2023, such Net Proceeds 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 30 June 2023 is as follows:

	Planned use of the Net Proceeds 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 <i>% of total</i>		Actual use of Net Proceeds up to 30 June 2023	Utilised Net Proceeds during the Reporting Period	Unutilised Net Proceeds as at 30 June 2023	Expected timeline of full utilisation of the remaining balance
	<i>amount</i>	<i>RMB million</i>				
Pursuing strategic acquisitions and investment opportunities and establishing new branches and subsidiaries to expand the Group’s business scale	60%	389.02	14.49	0.58	374.53	on or before 31 December 2023
Developing the Group’s value- added services business	20%	129.66	35.03	0.46	94.63	on or before 31 December 2023
Establishing and upgrading IT and intelligent facilities systems	10%	64.84	6.51	0.69	58.33	on or before 31 December 2023
The Group’s working capital and general corporate purposes	10%	64.84	—	—	64.84	on or before 31 December 2023
Total	100%	648.36	56.03	1.73	592.33	

*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 use of 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 RMB1.73 million from the Global Offering. 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, the unutilised Net Proceeds will be applied in a manner consistent with that mentioned in the Prospectus.

### **Pledge of Assets**

As at 30 June 2023, none of the assets of the Group were pledged (as at 31 December 2022: nil).

### **Material Acquisitions and Disposals of Assets**

On 21 March 2023, the Company entered into a share sale and purchase agreement with Ms. Cheng Pui Yi (the “**Vendor**”), a director of the Target Company and an independent third party of the Company, and 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 equity interests of the Target Company for a maximum total consideration of HKD154 million, subject to the terms and conditions as set out in the share sale and purchase agreement.

On 26 July 2023, the Company received approval from the competent state-owned assets supervision and management authority for the results of the valuation of the assets of the Target Company and the conditions precedent of the share sale and purchase agreement dated 21 March 2023 in relation to the acquisition of the Target Company have been fulfilled. The parties would complete the Acquisition in accordance with the terms of the share sale and 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 details of the Acquisition, please refer to the announcements dated 21 March 2023, 4 May 2023, 4 July 2023 and 26 July 2023 of the Company.

Save as disclosed in this announcement, for the six months ended 30 June 2023, the Group did not have any material acquisitions or disposals of assets (for the six months ended 30 June 2022: nil).

### **Significant Investment Held, Disposals and Future Plans for Material Investment and Capital Assets**

For the six months ended 30 June 2023, the Group did not have any plan for significant investment, disposals or addition of capital assets.

## **Liabilities to Assets Ratio**

Liabilities to assets ratio is calculated based on our total liabilities as at the end of the Reporting Period divided by our total assets as at the end of such period. As at 30 June 2023, our liabilities to assets ratio was 0.40. As at 31 December 2022, our liabilities to assets ratio was 0.39. 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 30 June 2023 and 31 December 2022, the Group had no interest-bearing loan, therefore the gearing ratio does not apply.

## **Contingent Liabilities**

As at 30 June 2023, the Group did not have any contingent liabilities (as at 31 December 2022: nil).

## **Financial Policy**

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

## **Foreign Exchange Risk**

The Group's businesses are principally denominated/settled in RMB, which is the functional currency of the Group. The Group is not exposed to significant foreign exchange risk, and only a small amount of bank deposits and payables are denominated in Hong Kong dollars or US dollars. The Group will continue to monitor its foreign exchange exposure and take prudent measures to avoid exchange losses.

## **Employees and Welfare Policies**

As at 30 June 2023, the Group had 4,504 employees (as at 31 December 2022: 4,584 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 the new joiners to acquire basic skills to perform their duties and to upgrade or improve their productivity.

## **SIGNIFICANT EVENTS**

### **Change of composition of the Board**

Mr. Shen Mingsong (“**Mr. Shen**”) tendered his resignation as a non-executive Director and a member of the Remuneration Committee of the Board of the Company due to change of his work arrangement. Mr. Shen’s resignation became effective upon election of a new non-executive Director at the annual general meeting held on 8 June 2023 (the “**AGM**”). Resolution in relation to the appointment of Ms. Hu Yuxia (“**Ms. Hu**”) as a new Director was duly passed at the AGM. Following the conclusion of the AGM, Mr. Shen ceased to serve as a Director. Ms. Hu has duly become a non-executive Director and a member of the Remuneration Committee of the Board after the AGM.

For further details, please refer to the announcements dated 18 April 2023 and 8 June 2023 and the circular dated 26 April 2023 of the Company.

### **Amendments to the Articles of Association**

Resolution in relation to the amendments to the Articles of Association was approved by the Shareholders at the AGM on 8 June 2023. For details of the amendments to the Articles of Association, please refer to the announcements dated 23 March 2023 and 8 June 2023 and the circular dated 26 April 2023 of the Company.

### **Events after the Reporting Period**

Save as disclosed in the paragraph headed “Overview” and “Material Acquisitions and Disposals of Assets” in relation to the approval of the valuation of the assets of the Target Company by the competent state-owned assets supervision and management authority and fulfillment of the conditions precedent of the share sale and purchase agreement of the Acquisition in this announcement, 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 six months ended 30 June 2023.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving high standards of corporate governance to address the needs of the Group's stakeholders, including Shareholders, investors, customers, suppliers, employees and the community, so as to build up their confidence in the Group and support the Group's sustainable development. Maintaining high standards of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value. Corporate culture is critical to the achievement of the Company's mission and the Board has been committed to reviewing and enhancing its risk management and internal controls and procedures in light of the changes in regulations and development of best practices in order to maintain and ensure that the Company's goals, values and strategies are aligned with the corporate culture.

During the Reporting Period, the Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Listing Rules, except for code provision C.2.1 described below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman of the board of directors and the general manager should not be performed by the same individual. During the Reporting Period, the roles of the chairman of the Board (the "**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 to 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 enquiries to all Directors and Supervisors, they have confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

## **AUDIT COMMITTEE**

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of three members, namely Ms. Tong Yan (independent non-executive Director), Ms. Zhao Lu (non-executive Director) and Mr. Song Baocheng (independent non-executive Director). The chairman of the Audit Committee is Ms. Tong Yan. The Audit Committee has reviewed the unaudited interim results and interim report for the six months ended 30 June 2023. Grant Thornton Hong Kong Limited, the independent auditor of the Company, has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 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.

## **INTERIM DIVIDEND**

The Board has not recommended the payment of any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This announcement can be accessed on both the Stock Exchange’s and the Company’s website via (<http://www.hkexnews.hk>) and (<http://www.jrjlife.com>). The interim report of the Company for the six months ended 30 June 2023, which contains all the information required by the applicable Listing Rules, will be dispatched 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 August 2023

*As at the date of this announcement, the Board comprises Mr. Sun Jie and Ms. Xue Rui as executive directors; Ms. Hu Yuxia, 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.*

*\* for identification purpose only*