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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 2021

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2021 increased by approximately 11.85% to approximately RMB1,320.48 million from approximately RMB1,180.55 million for the year ended 31 December 2020.
- Gross Profit for the year ended 31 December 2021 increased by approximately 4.76% to approximately RMB262.74 million from approximately RMB250.79 million for the year ended 31 December 2020.
- Profit of the Group for the year ended 31 December 2021 amounted to approximately RMB150.78 million, representing an increase of approximately 29.81% as compared with approximately RMB116.15 million for the year ended 31 December 2020.
- Profit attributable to the owners of the Company amounted to approximately RMB137.72 million, representing an increase of approximately 31.29% as compared with approximately RMB104.90 million for the year ended 31 December 2020.
- As at 31 December 2021, the Group's gross floor area ("**GFA**") under management ("**GFA under management**") increased by 35.51% to approximately 33.50 million square meters ("**sq.m.**") from approximately 24.72 million sq.m. as at 31 December 2020. For the increased GFA under management during the year, 78.38% of which were from independent third-party.
- The Board recommends the payment of 2021 proposed final dividend of RMB0.222 per Share (before tax) for the year ended 31 December 2021, with a dividend payout ratio of approximately 60.16%, 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 2021, together with the comparative figures for the same period of 2020.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i> (Restated)
Revenue	3	1,320,480	1,180,554
Cost of sales and services		(1,057,745)	(929,763)
Gross profit		262,735	250,791
Other income	4	13,554	13,634
Other gains, net	5	19,148	640
Administrative expenses		(82,226)	(65,968)
(Provision for)/Reversal of expected credit loss allowance (“ ECL ”) of trade and other receivables		(2,916)	900
Operating profit		210,295	199,997
Finance income	6	9,355	8,678
Finance costs	6	(2,358)	(2,133)
Finance costs, net		6,997	6,545
Exchange losses, net		(17,940)	(51,477)
Share of profit from interests in associates, net		2,539	2,008
Share of profit from joint venture, net		–	–
Profit before income tax	7	201,891	157,073
Income tax expense	8	(51,107)	(40,926)
Profit for the year		150,784	116,147

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i> (Restated)
Profit for the year attributable to:			
Owners of the Company		137,717	104,904
Non-controlling interests (“NCI”)		13,067	11,243
		<u>150,784</u>	<u>116,147</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations		<u>(113)</u>	<u>(459)</u>
Other comprehensive loss for the year		<u>(113)</u>	<u>(459)</u>
Total comprehensive income attributable to:			
Owners of the Company		137,604	104,445
NCI		13,067	11,243
		<u>150,671</u>	<u>115,688</u>
Earnings per share, basic and diluted <i>(RMB)</i>	9	<u>0.369</u>	<u>0.328</u>

Consolidated Statement of Financial Position

As at 31 December 2021

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i> (Restated)	2019 <i>RMB'000</i> (Restated)
ASSETS				
Non-current assets				
Investment properties		11,798	10,477	13,736
Property, plant and equipment		76,840	57,739	54,841
Interests in associates		15,273	11,987	21,739
Interests in joint ventures		–	–	–
Goodwill		325	325	–
Intangible assets		8,523	5,607	1,417
Prepayments		4,351	1,095	2,654
Other financial assets at amortised cost		6,688	6,611	4,912
Deferred income tax assets		3,171	5,557	12,285
Total non-current assets		126,969	99,398	111,584
Current assets				
Note and trade receivables	10	210,379	149,769	116,944
Prepayments		16,572	12,660	11,482
Other financial assets at amortised cost		23,913	27,784	28,132
Derivative financial instruments		18,274	–	–
Bank deposits with the maturity over three months		23,194	25,194	16,191
Restricted bank deposits		62,652	33,994	30,721
Cash and cash equivalents		1,397,612	1,399,507	685,956
Total current assets		1,752,596	1,648,908	889,426
Total assets		1,879,565	1,748,306	1,001,010

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i> (Restated)	2019 <i>RMB'000</i> (Restated)
EQUITY AND LIABILITIES				
Share capital	11	373,500	373,500	270,000
Reserves		583,322	573,641	26,236
Retained earnings		184,908	119,147	100,232
Equity attributable to owners of the Company		1,141,730	1,066,288	396,468
NCI		22,470	20,271	7,244
Total equity		1,164,200	1,086,559	403,712
Non-current liabilities				
Lease liabilities		35,758	28,899	36,208
Deferred income tax liabilities		451	538	–
Retirement benefit obligations		5,264	5,289	7,204
Total non-current liabilities		41,473	34,726	43,412
Current liabilities				
Trade and other payables	13	508,405	490,876	438,569
Contract liabilities		131,938	117,567	79,381
Current tax liabilities		11,436	5,168	23,655
Current portion of lease liabilities		21,768	13,067	11,946
Current portion of retirement benefit obligations		345	343	335
Total current liabilities		673,892	627,021	553,886
Total liabilities		715,365	661,747	597,298
Total equity and liabilities		1,879,565	1,748,306	1,001,010

Note:

Merger accounting for business combination involving entities under common control

Beijing Yongtaiheng Health Service Co., Ltd. (“**Yongtaiheng**”) was an enterprise formerly under the Beijing Xicheng District Health Commission and was subsequently transferred to ultimate holding company and became a wholly-owned subsidiary of ultimate holding company on 11 August 2021 with the approval of the Beijing Xicheng District Government. On 29 November 2021, the Company and ultimate holding company entered into the Equity Transfer Agreement, pursuant to which, ultimate holding company agreed to sell and the Company agreed to purchase the 100% equity interests in Yongtaiheng at a consideration of RMB3,452,000. The total amount of such consideration has been settled by the Company in cash on 6 December 2021 and charge to the Group’s reserves.

Yongtaiheng is currently engaged in property management and logistic services for health management institutions and medical institutions in Xicheng District, Beijing.

Before 17 May 2021, Beijing Huarong Property Agency Co., Ltd. (“Huarong Property Agency”) was an associate and 30% held by the Company. On 17 May 2021, the Company and immediate holding company entered into an equity transfer agreement, pursuant to which, immediate holding company agreed to sell and the Company agreed to purchase 70% equity interests of Huarong Property Agency at a consideration of RMB1,191,000. After the equity transfer, Huarong Property Agency became a direct wholly-owned subsidiary of the Company. The total amount of such consideration has been settled by the Company in cash on 6 December 2021 and charge to the Group’s reserves.

Huarong Property Agency is principally engaged in the provision of properties agency services.

Based on the background of the Business Combination, the merger between the Company, Yongtaiheng and Huarong Property Agency is considered to be a business combination of entities within the same industry and under the common control of the State-owned Assets Supervision and Administration Commission of Beijing Xicheng District Municipal Government. As a result of the combination, the relevant line items of the consolidated statement of financial position at 31 December 2020 and 1 January 2020 and the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 have been restated.

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 requirement of the Hong Kong Companies Ordinance Cap.622.

(ii) Historical cost convention

The 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
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior years have been prepared and presented.

(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 ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 April 2021

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 expect that the amendments have no other material impact on the 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Revenue from contract with customers		
Property management and related services		
– recognised on a lump sum basis from properties management services	947,400	849,836
– recognised on a commission basis from properties management services	13,349	13,134
– Community value-added services	295,172	278,757
Catering services	55,623	30,859
	1,311,544	1,172,586
Revenue from other sources		
Rental income	8,936	7,968
	1,320,480	1,180,554

For the year ended 31 December 2021, Financial Street Group and its subsidiaries, associates and joint ventures (the “**Financial Street Affiliates Group**”) contributed 15% of the Group’s revenue (2020: 17% (Restated)). 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 2021 and 2020.

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:

	2021 RMB’000	2020 <i>RMB’000</i> (Restated)
Segment revenue		
– recognised over time	1,255,921	1,141,727
– recognised at a point in time	55,623	30,859
Rental income	8,936	7,968
	<u>1,320,480</u>	<u>1,180,554</u>

As the Group is domiciled in the PRC where all of its revenues from external customers for the years ended 31 December 2021 and 2020 were derived and where all of its assets are located, no geographical segment information is shown.

4 Other income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Government grants	5,358	7,182
Recognition of additional deductible input VAT	8,196	6,452
	<u>13,554</u>	<u>13,634</u>

5 Other gains, net

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Remeasurement gain arising from associate to subsidiary	–	757
Fair value gain on investment in wealth management products	110	120
Fair value gain on financial derivatives	18,274	–
Net losses on disposal of property, plant and equipment	(56)	(111)
Net gain from derecognition of leases upon early termination	515	–
Others	305	(126)
	<u>19,148</u>	<u>640</u>

6 Finance income/(costs)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Finance income		
Interest income on bank deposits	9,254	8,155
Interest income on a loan to an associate	77	523
Interest income on a loan to NCI	24	–
	<u>9,355</u>	<u>8,678</u>
Finance costs		
Finance charges on lease liabilities	<u>(2,358)</u>	<u>(2,133)</u>
	<u>6,997</u>	<u>6,545</u>

7 Profit before income tax

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Staff costs – including directors' emoluments		
– Included in direct operating expenses	430,758	356,419
– Included in administrative expenses	43,188	32,680
Cost of cleaning, security and maintenance services	413,922	385,835
Utilities	74,768	64,776
Raw material and components used in property management and related services	38,987	34,594
Depreciation		
– Property, plant and equipment	22,867	15,580
– Investment properties	4,254	3,259
Amortisation of intangible assets	1,033	399
Provision for/(Reversal of) ECL allowance		
– Trade receivables (<i>Note 10</i>)	3,036	(1,209)
– Other receivables	(120)	340
Cost of raw material and consumables for catering services	47,255	25,880
Lease charges:		
– Short term leases	10,655	7,163
– Leases of low value items	6,119	7,929
Professional service fee	9,097	7,002
Anti-epidemic expenses	1,638	5,469
Taxes and surcharges	5,960	5,706
Auditors' remuneration		
– Audit services	1,824	3,620
– Non-audit services	521	969
Listing expenses	–	2,744
Exchange losses, net	17,940	51,477
Other expenses	27,125	35,707

8 Income tax expense

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Current income tax		
– PRC Corporate Income Tax	48,847	34,029
Deferred tax	<u>2,260</u>	<u>6,897</u>
Total income tax expense	<u><u>51,107</u></u>	<u><u>40,926</u></u>

PRC Corporate Income Tax

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

The general corporate income tax rate in the PRC is 25% (2020: 25%). Beijing Financial Street Savills Jingnan Property Management Co., Ltd. was qualified as small and micro businesses and enjoyed a preferential income tax rate of 2.5% as approved by the local tax authority (2020: 10%); Beijing Jintongtai Catering Co., Ltd. was qualified as small and micro businesses and enjoyed a preferential income tax rate of 10% as approved by the local tax authority (2020: 5%); Beijing Jinxi Lilin Health Management Co., Ltd., Beijing Ronglutong Consulting Service Co., Ltd. and Beijing IZEE Mitsuyado Catering Management 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 (2020: 5%); The newly incorporated subsidiaries, namely Beijing Financial Street Worldunion Real Estate Management Co., Ltd., Hubei Financial Street Savills Property Management Co., Ltd., Beijing Financial Street New City Property Management Co., Ltd. and Beijing IZEE Alley Catering Management 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 (2020: 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, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding shares held for employee share scheme.

	2021	2020
Profit attributable to owners of the Company (<i>RMB'000</i>)	137,717	104,904
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>373,500</u>	<u>319,770</u>
Basic earnings per share (<i>RMB</i>)	<u><u>0.369</u></u>	<u><u>0.328</u></u>

(b) *Diluted earnings per share*

No diluted earnings per share is presented as the Group had no dilutive potential ordinary shares during the year ended 31 December 2021 and 2020.

10 Note and trade receivables

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Trade receivables		
– related parties	129,514	70,402
– third parties	76,825	86,577
	<u>206,339</u>	<u>156,979</u>
Less: ECL allowance of trade receivables	<u>(10,246)</u>	<u>(7,210)</u>
Trade receivables, net	<u>196,093</u>	<u>149,769</u>
Note receivables	<u>14,286</u>	<u>–</u>
Note and trade receivables, net	<u>210,379</u>	<u>149,769</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 period ranged from 0 - 365 days (2020: 0 - 365 days).

The ageing analysis of the trade receivables before loss allowances as at 31 December 2021 and 2020 based on the invoice date is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Within 1 year	163,140	135,733
1 – 2 years	38,137	18,302
2 – 3 years	3,004	1,608
Over 3 years	2,058	1,336
Total	206,339	156,979

11 Share capital

	2021		2020	
	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>
Issued and fully paid				
Balance as at 1 January	373,500	373,500	270,000	270,000
Issue of ordinary shares pursuant to initial public offering and exercise of over allotment option (Note)	–	–	103,500	103,500
Balance as at 31 December	373,500	373,500	373,500	373,500

Note: On 6 July 2020 and 29 July 2020, the Company issued H Shares of 90,000,000 and 13,500,000 respectively at a nominal value of RMB1.00 per share. All these shares were offered at HK\$7.36 per share and listed on the Main Board of the Stock Exchange. Gross proceeds from the issue amounted to HK\$761,760,000 (equivalent to RMB693,650,000). After deducting the underwriting fees and relevant expenses, net proceeds from the issue amounted to RMB648,355,000, among of which, RMB103,500,000 was recorded as share capital and RMB544,855,000 was recorded as capital reserve.

12 Dividends

(a) Dividends attributable to the year:

	2021	2020
	RMB'000	RMB'000
Proposed final dividend of RMB0.222 per ordinary share (2020: RMB0.154 per ordinary share)	82,917	57,519

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:

	2021	2020
	RMB'000	RMB'000
Final dividends declared by the Company (<i>Note 1</i>)	57,519	82,980
Final dividends declared to non-controlling interests by subsidiaries (<i>Note 2</i>)	11,848	797
	69,367	83,777

Notes:

(1) 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.

In the Board meeting of the Company on 22 April 2020, the Board proposed a dividend of RMB82,980,000 which represented the Company's accumulated distributable retained profits as at 31 December 2019. The proposed dividend was then approved in the shareholders' general meeting on 6 May 2020. The dividend has been paid in full and was reflected as an appropriation of retained earnings for the year ended 31 December 2020.

(2) These are the dividend 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 and 2020.

13 Trade and other payables

	2021 RMB'000	2020 RMB'000 (Restated)
Trade payables (<i>Note a</i>)	<u>120,956</u>	<u>85,596</u>
Other payables		
– Receipts on behalf of property owners, tenants and property developers	202,617	160,001
– Deposits (<i>Note b</i>)	101,282	144,197
– Others	2,757	24,088
Payroll and welfare payables	73,707	68,950
Other tax payables	<u>7,086</u>	<u>8,044</u>
Total	<u>508,405</u>	<u>490,876</u>

Notes:

- (a) The Group was granted by its suppliers credit periods ranging from 0 – 180 days (2020: 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:

	2021 RMB'000	2020 RMB'000 (Restated)
Within 1 year	105,749	81,345
1 – 2 years	12,921	2,438
Over 2 years	<u>2,286</u>	<u>1,813</u>
	<u>120,956</u>	<u>85,596</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.

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 27 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.

In 2021, despite a series of challenges of increased work intensity and COVID-19 pandemic prevention and control pressure caused by the ever-evolving COVID-19 pandemic, the Group managed to operate its business as usual as all staffs paid concerted efforts to overcome difficulties. The outbreak of the COVID-19 pandemic did not cause any direct material impact on the overall operations of the Group. In 2021, the Group leveraged on its significant advantages in the field of commercial property and public property services, adhered to the multi-channel strategic layout, fully stimulated the market development awareness, and continued to promote the expansion of business scale, achieving high-quality and large-scale development. As at 31 December 2021, the Group's GFA under management was approximately 33.50 million sq.m., representing an increase of approximately 35.51% compared with that for the year ended 31 December 2020, and the number of projects under management was 213, representing an increase of 40 new projects as compared with that for the year ended 31 December 2020.

In 2021, the Group's market-oriented competitiveness continued to strengthen, and the third-party business development has achieved remarkable results. Among the newly added GFA under management during the year, the GFA under management from projects of third-party was approximately 6.88 million sq.m., accounting for 78.38% of the newly added GFA under management during the year. In terms of joint-venture cooperation, the Company adhered to the development concept of win-win cooperation. In 2021, it established joint-venture cooperation relationship with a number of partners, and established six property service joint venture companies, namely Dezhou Financial Street Dibiao Zhidu Property Management Co., Ltd., Beijing Financial Street New City Property Management Co., Ltd., Beijing Wuyi Rongyu Property Service Co., Ltd., Hubei Financial Street Savills Property Management Co., Ltd., Dongying Financial Street Property Management Co., Ltd., and Beijing Dingye Financial Street Savills Property Management Co., Ltd.. These joint ventures will provide high-quality services for property projects under the existing development resources, and at the same time exploit operational synergies of each shareholder, broaden the boundaries

of cooperation, and further expand property management in the surrounding areas and related markets. The Group also continuously sought for extension growth opportunities, adhered to the principle of being responsible to shareholders, and actively promoted acquisition opportunities that are in the interests of shareholders. In June 2021, the Group signed two letters of intent on the acquisition with the sellers in respect of the possible acquisition of two property service companies. For further details, please refer to the announcements of the Company dated 23 June 2021. As at the date of this announcement, the Group is still discussing with the sellers to explore the possible options to realise the said acquisitions.

Beijing Financial Street Investment (Group) Co., Ltd. (“**Financial Street Group**”), the controlling shareholder of the Company, has always given long-term support to the Group. In 2021, Beijing Yongtaiheng Health Service Centre (“**Yongtaiheng**”), an “Enterprise Owned by the Whole People” under Beijing Xicheng District Health Service Administration Office, was transferred to Financial Street Group as a whole and became a wholly-owned subsidiary of Financial Street Group. Subsequently, the Company entered into an equity transfer agreement with Financial Street Group. Financial Street Group transferred 100% equity interest of Yongtaiheng to the Company. For further details, please refer to the announcements of the Company dated 23 June 2021 and 29 November 2021. As at 31 December 2021, the acquisition has been completed, and Yongtaiheng has become a direct wholly-owned subsidiary of the Company.

In 2021, the Group’s comprehensive strength grew steadily, and the brand value rose to RMB3.6 billion. During the year, the Group supervised service quality through multiple channels, and achieved an overall customer satisfaction rate of 99.0 points for office buildings and 88.8 points for residential buildings, maintaining at the industry benchmark level. The Group also actively promoted digital transformation, explored consumption experience in smart scenarios, and further improved internal management efficiency and service quality through technology empowerment, which effectively reduced costs and enhanced efficiency. The Group also took safe production as the bottom line of the Company’s development. In 2021, the Group fully implemented the management and control systems and measures at all levels, and held various thematic sessions in a timely manner to focus on deploying resources in relation to outstanding issues. The “Tianqiao Art Building”, “Xinsheng Plaza” and “Financial Street Centre” under the management of the Group were assessed by Beijing Municipal Commission of Housing and Urban-Rural Development which have achieved Level 2 safety standardization for 2021 Property Management Composite Building Project.

The Group's representative projects newly acquired in 2021 are summarised as follows:

Non-residential business

A Tangshan Comprehensive Army Hospital

The Group won a property service management project of a comprehensive army hospital through public tender. The project is located in Tangshan, Hebei Province, with a total construction area of 73,000 sq.m.. The Group's competitive advantage in the medical logistics service management market was further highlighted.

Beijing Financial Court

The Beijing Financial court was officially unveiled in March 2021. It is an important measure to promote and ensure the implementation of the national financial strategy, create a good financial legal environment and promote the healthy development of the economy. The Group is responsible for providing comprehensive property management services for its logistics system.

Landmark of Dezhou in Shangdong

Landmark of Dezhou is located in Dezhou City, Shandong Province, with a construction area of 1.1 million sq.m.. The project covers e-commerce building, smart agricultural industry building, landmark industry public exhibition hall, landmark enterprise headquarters office area, landmark product experience square, supporting apartments and commercial facilities.

Beijing Meichi Low-carbon Building Technology Industrial Park

Meichi Low-carbon Building Technology Industrial Park is located in Shunyi District, Beijing. The project will integrate the comprehensive functions of residence and office, catering and service, sports and health, culture and art, education and training.

Chongqing Ciqikou Houjie Project

Ciqikou Houjie Project is located in Ciqikou Ancient Town in the northwest of Shaba District, Chongqing, with a total construction area of 154,000 sq.m.. Adhering to the design concept of “protecting historical heritage, inheriting Sha-Ci culture and developing ancient town life”, the project respects the local landscape elements, restores the historical environment and creates an architectural space with mountain-city style. The project introduces a full-scale brand of entertainment, leisure and creativity to fill the gap of regional business and lead the upgrade of regional consumption.

Beijing Shougang Oxygen Plant Project and Jin’anqiao Project

On the basis of good service provided to the north district winter training center project of Shougang Park, the Group added property management services for its oxygen plant project and Jin’anqiao project. The oxygen plant project is a commercial facility of Shougang Big Air for the 2022 Winter Olympic Games. The Jin’anqiao project is a high-end industrial service area integrating high-end digital intelligence, industrial cultural creativity and supporting services for the Winter Olympics.

Suihua Jinjiang City Plaza

Jinjiang City Plaza is located in Suihua City, Heilongjiang Province. The project covers an area of 45,000 sq.m. and a total construction area of 180,000 sq.m.. It is a large-scale and high-end urban complex project with commerce as the core and integrating star-rated hotels, large supermarkets, pedestrian streets, apartments and residences.

Residential business

Chongqing Jiulong Jinyue Mansion Project

Chongqing Jiulong Jinyue Mansion project is located in Jiulongpo District, Chongqing, with a total construction area of 197,700 sq.m.. It comprises 28 villas, apartments and ground floor. The project is based on the concept of “living in beauty and customizing the example of ideal quality of life”, to jointly build an exquisite life and create a humanistic residence.

Chengdu Longyue Rongfu Project

Longyue Rongfu project is located in Chengdu, Sichuan Province. It is a low-density residential-only project with a plot ratio of only 2.0, including villas and high-quality houses. There are 11 buildings in total, with a total construction area of approximately 108,000 sq.m..

Wuxi Jinyuerongting Project

Wuxi Jinyuerongting is located in Wuxi City, Jiangsu Province, with a residential and commercial supporting construction area of 126,600 sq.m., which comprises high-rise and foreign-style buildings. The purpose is to build a high-end high-quality residential community by controlling and improving the details of products and services, so as to meet the owner's requirements for comfort and quality of life.

Suzhou Rongyuewan Yayuan

Suzhou Rongyuewan Yayuan project is located in Suzhou, Jiangsu Province, in the core of Taihu new town. The total construction area of the project is 125,000 sq.m., which comprises 12 main buildings and 4 supporting houses. The project adheres to the purpose of "personalization and humanization" and establishes new living standards to provide the owners with pleasant living space.

In addition, in 2021, the Group also expanded its projects including but not limited to the following:

1. the Group continued the expansion cooperation in Shangpu Lingshi, providing newly added services to its FIC project;
2. in terms of the public property business, the Group has newly undertaken the property service of a primary school located in Huicheng District, Huizhou City, Guangdong Province, the property services of the railway construction Industrial Park located in Minhang District, Shanghai, and property services of Chisha Binhai park located in Xunliao Bay, Huizhou City, Guangdong Province;
3. with its rich experience in various industries and whole business chain services, the Group provided consulting services for a large state-owned development enterprise in Beijing, a property company in Hebei and a property company in Chongqing, so as to expand the business service scope of the Group in multiple dimensions; and
4. the Group completed the acquisition of Yongtaiheng in 2021. Its projects under management include Xicheng District Health Commission building, Xicheng District CDC building, Beijing Second Hospital, Beijing Rectum Hospital, Xicheng District Health Commission health supervision office, etc. The Group's competitiveness in the field of medical logistics services was further strengthened.

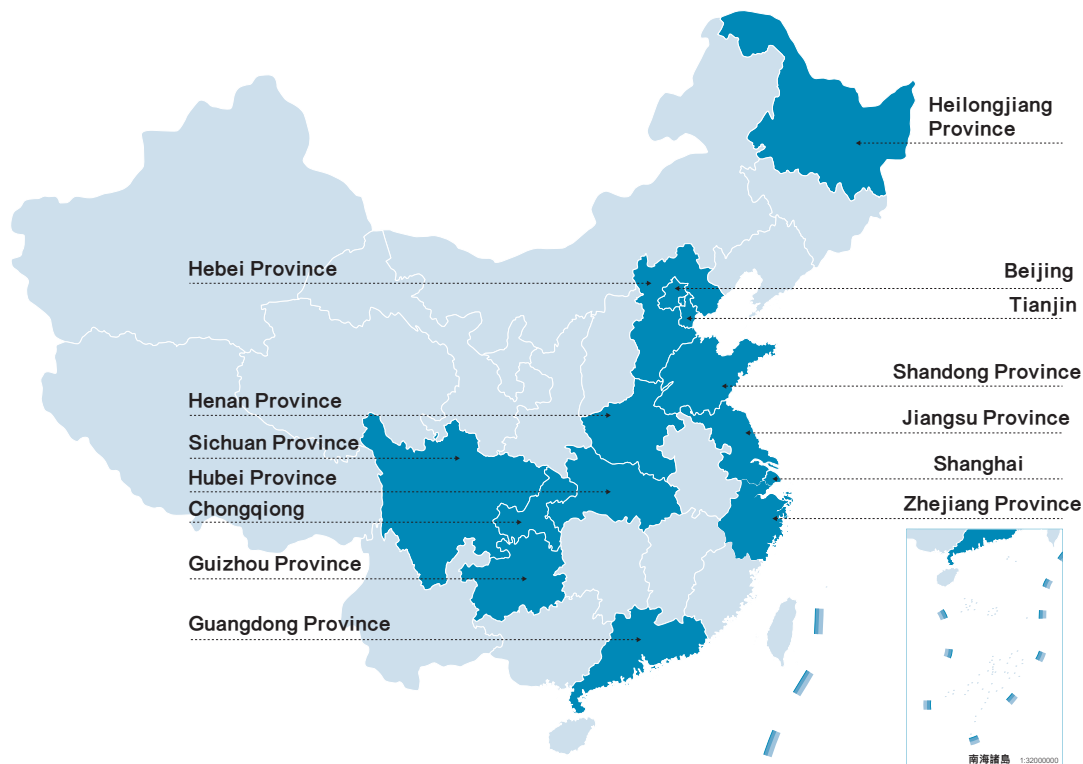
Property Management and Related Services

As at 31 December 2021, the Group's property management and related services covered 14 provinces and municipalities 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 33.50 million sq.m. and a total of 213 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 2021	As at 31 December 2020
Contracted GFA ('000 sq.m.)	36,195	28,104
GFA under management ('000 sq.m.)	33,497	24,719
Number of properties under management	213	173

Geographic Coverage

The following map shows the geographic coverage of the properties under management of the Group as at 31 December 2021:



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 2021		As at 31 December 2020	
	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	15,837	117	10,870	88
Southwestern China	5,597	29	4,879	29
Eastern China	5,126	24	3,967	22
Southern China	3,678	30	3,346	27
Northeastern China	658	5	282	4
Central China	2,601	8	1,375	3
Total	33,497	213	24,719	173

Notes:

Northern China region includes Beijing, Tianjin and Hebei Province

Southwestern China region includes Chongqing, Sichuan Province and Guizhou Province

Eastern China region includes Shanghai, Jiangsu Province, Zhejiang Province and Shandong 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 managed 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 employed 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 recorded 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 acted as the agent of the property owners and therefore records only a pre-determined percentage of the property management fees or cost of services as set out in the property management service contracts as revenue. By adopting these two revenue models, the Group 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 31 December 2021			As at 31 December 2020		
	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	6,965	20.79	62	6,636	26.85	51
Complexes	1,200	3.58	5	1,011	4.09	4
Retail buildings and hotels	652	1.95	3	625	2.53	3
Residential properties	13,374	39.93	70	12,007	48.57	61
Public properties, hospitals, educational properties and others	11,306	33.75	73	4,440	17.96	54
Total	33,497	100	213	24,719	100	173

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

	As at 31 December 2021		As at 31 December 2020	
	GFA under management (<i>'000 sq.m.</i>)	Percentage (%)	GFA under management (<i>'000 sq.m.</i>)	Percentage (%)
Property management services (lump-sum basis)	30,000	89.56	21,419	86.65
Property management services (commission basis)	3,497	10.44	3,300	13.35
Total	33,497	100	24,719	100

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 were 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 Financial Street Affiliates Group and independent third-party. As at 31 December 2021, the GFA of the properties developed by the Financial Street Affiliates Group under the management of the Group was approximately 18.41 million sq.m., and the number of projects increased steadily year-on-year to 123 from 117 as at 31 December 2020. At the same time, the Group increased cooperation with properties developed by independent third-party in 2021. The Group’s GFA under management from properties developed by independent third-party was approximately 15.09 million sq.m. as at 31 December 2021, representing an increase of approximately 83.80% from approximately 8.21 million sq.m. as at 31 December 2020. Further, the number of projects also increased from 56 as at 31 December 2020 to 90 as at 31 December 2021.

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 2021			As at 31 December 2020		
	GFA under management (’000 sq.m.)	Percentage (%)	Number of projects (project)	GFA under management (’000 sq.m.)	Percentage (%)	Number of projects (project)
Properties developed by Financial Street Affiliates Group	18,405	54.95	123	16,507	66.78	117
Properties developed by independent third-party	15,092	45.05	90	8,212	33.22	56
Total	<u>33,497</u>	<u>100</u>	<u>213</u>	<u>24,719</u>	<u>100</u>	<u>173</u>

Catering Services

In December 2021, the first store of Yiji Alley, a sub-brand of the Group’s Yiji Catering series, commenced operation. As at 31 December 2021, the Group operated cafés, restaurants and bakeries under the “IZEE” catering series, namely IZEECUP, IZEE-Mitsuyado, IZEECHEF, IZEE • BAKED MAGIC and Yiji Alle. Eight IZEECUP cafés, six IZEE-Mitsuyado restaurants, one IZEECHEF restaurant, five IZEE • BAKED MAGIC bakeries and one Yiji Alley Restaurant were under the Group’s operation as at 31 December 2021.

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, customized 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. For the year ended 31 December 2021, the Group's revenue from value-added services was approximately RMB295.17 million, accounting for approximately 22.35% of the revenue for the year ended 31 December 2021, representing an increase of approximately 5.89% as compared to the revenue from value-added services of approximately RMB278.76 million for the year ended 31 December 2020.

FUTURE OUTLOOK

In terms of business development, we will adhere to our core value and keep up with the rapid development of the industry. With our experience and brand advantages in the business office field, we will actively expand our business boundaries and business territory through various channels such as joint ventures, mergers and acquisitions, and market expansion.

In terms of diversified operation, we will continue to expand the special value-added service system. While expanding the existing value-added service business areas, we will innovate value-added services based on the core needs of customers, and further expand our business portfolio. On the basis of the successful experience in the value-added service ecosystem of Beijing Financial Street, we will further promote it to other commercial districts under our management.

In terms of service quality, we will continue to improve quality optimisation. We will focus on improvement of operation and service quality, consolidate our core business, strengthen the sense of innovation, adhere to "customer-oriented" service concept, explore in-depth needs, and keep satisfaction of customers.

In terms of social responsibility, we will actively undertake the social responsibility of state-owned enterprises and carry forward the spirit of social benefit. In view of the COVID-19 pandemic, we will strictly implement the normalized prevention and control mechanism. At the same time, we will strengthen the works for safety production, implement various safety system and measures, and provide customers with assured and safe living and working space.

In terms of corporate governance, we will adhere to a scientific and standardized governance system for listed companies, and strengthen risk prevention and control measures to ensure compliant operations. At the same time, we will promote innovation in the management system and improve operational efficiency to realize the organic unity of corporate governance and business development.

FINANCIAL REVIEW

Revenue

The Group derives revenue mainly from: (i) property management and related services; (ii) catering services. Revenue increased by approximately 11.85% from approximately RMB1,180.55 million for the year ended 31 December 2020 to approximately RMB1,320.48 million for the year ended 31 December 2021.

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

	For the year ended 31 December					
	2021		2020		Changes	
	<i>RMB'000</i>	<i>Percentage %</i>	<i>RMB'000</i>	<i>Percentage %</i>	<i>RMB'000</i>	<i>Percentage %</i>
		(Restated)	(Restated)			
Property management and related services:						
Property management services	960,749	72.76	862,970	73.10	97,779	11.33
Value-added services	295,172	22.35	278,757	23.61	16,415	5.89
Rental services	8,936	0.68	7,968	0.68	968	12.15
Catering services	55,623	4.21	30,859	2.61	24,764	80.25
Total	1,320,480	100.0	1,180,554	100.0	139,926	11.85

- 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 RMB1,149.70 million for the year ended 31 December 2020 to approximately RMB1,264.86 million for the year ended 31 December 2021, representing an increase of approximately 10.02%, among which, the increase in property management income was mainly attributable to the increase in the GFA under management arising from the rapid increase in the projects undertaken by the Group. The increase in the revenue from value-added services was mainly due to greater customer retention and the steady improvement of various operating businesses.
- Revenue generated from our catering services: our revenue from catering services increased from approximately RMB30.86 million for the year ended 31 December 2020 to approximately RMB55.62 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) 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 approximately 13.77% from approximately RMB929.76 million for the year ended 31 December 2020 to approximately RMB1,057.75 million for the year ended 31 December 2021. The increase in the cost of sales was due to the expansion of business operation of the Company.

Gross Profit and Gross Profit Margin

The overall gross profit of the Group increased by approximately 4.76% from approximately RMB250.79 million for the year ended 31 December 2020 to approximately RMB262.74 million for the year ended 31 December 2021, due to increase in the income for the year. The overall gross profit margin of the Group for the year ended 31 December 2021 was approximately 19.90%, representing a decrease of 1.34% as compared with the corresponding period due to the fact that the proportion of the increase in cost was slightly higher than that of the increase in income, caused by the instability of expenditure of some newly acquired or commenced business. The table below sets forth the Group's gross profit and gross profit margin by type of service for the periods indicated:

	For the year ended 31 December				Changes	
	2021		2020		Amount RMB'000	Percentage (%)
	Gross Profit RMB'000	Gross Profit Margin (%)	Gross Profit RMB'000 (Restated)	Gross Profit Margin (%) (Restated)		
Property management and related services	266,112	21.04	250,240	21.77	15,872	(0.73)
Commercial and business properties	207,795	25.38	187,942	26.44	19,853	(1.06)
Non-commercial properties	58,317	13.07	62,298	14.20	(3,981)	(1.13)
Catering services	(3,377)	(6.07)	551	1.79	(3,928)	(7.86)
Total	262,735	19.90	250,791	21.24	11,944	(1.34)

Administrative Expenses

Administrative expenses of the Group increased by approximately 24.65% from approximately RMB65.97 million for the year ended 31 December 2020 to approximately RMB82.23 million for the year ended 31 December 2021, primarily due to the increase in administrative expenses resulting from the newly acquired company at the end of 2020.

Income Tax Expense

Income tax expense of the Group increased by approximately 24.87% from approximately RMB40.93 million for the year ended 31 December 2020 to approximately RMB51.11 million for the year ended 31 December 2021, primarily due to the increase in income tax resulting from the increased profit scale of the Company.

Profit for the Year

For the year ended 31 December 2021, the Group's profit for the year amounted to approximately RMB150.78 million, profit before income tax amounted to approximately RMB201.89 million, and profit attributable to the owners of the Company amounted to approximately RMB137.72 million.

Total Comprehensive Income for the Year

Total comprehensive income of the Group increased from approximately RMB115.69 million for the year ended 31 December 2020 to approximately RMB150.67 million for the year ended 31 December 2021, representing an increase of approximately 30.24%.

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's cash and bank balances were approximately RMB1,483.46 million, representing an increase of approximately RMB24.76 million from approximately RMB1,458.70 million as at 31 December 2020.

The Group's financial situation remained stable and healthy. The net current assets of the Group was approximately RMB1,078.70 million as at 31 December 2021, as compared to approximately RMB1,021.89 million as at 31 December 2020, representing an increase of 5.56%. The increase in the net current assets of the Group was mainly due to the expansion of the Group's operation. As at 31 December 2021, the Group's current ratio (current assets/ current liabilities) was approximately 2.60 (as at 31 December 2020: approximately 2.63).

As at 31 December 2021, the Group did not have any borrowings or bank loans (as at 31 December 2020: nil).

TRADE AND OTHER RECEIVABLES

Trade receivables mainly arise from property management and related services. Trade receivables of the Group increased by approximately RMB46.32 million from approximately RMB149.77 million as at 31 December 2020 to approximately RMB196.09 million as at 31 December 2021, 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 decreased by approximately RMB3.87 million from approximately RMB27.78 million as at 31 December 2020 to approximately RMB23.91 million as at 31 December 2021, primarily due to the collection of receivables in the ordinary course of business 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 2021, our balance of trade payables amounted to approximately RMB120.96 million, representing an increase of 41.31% as compared with approximately RMB85.60 million as at 31 December 2020, 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 2021, the payroll and welfare payables of the Group were approximately RMB73.71 million, representing an increase of 6.90% as compared with approximately RMB68.95 million as at 31 December 2020, mainly due to an increase in the number of staff as a result of the increased number of projects undertaken by us and the non-payment of the additional bonuses accrued.

Other payables and accruals mainly include payments and deposits collected on behalf of owners, tenants and property developers. Other payables decreased by approximately 6.59% from RMB 328.29 million as at 31 December 2020 to approximately RMB 306.66 million as at 31 December 2021, 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 2021, such 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 2021 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 up to 31 December 2021	Unutilised Net Proceeds as at 31 December 2021
	<i>% of total amount</i>	<i>RMB million</i>	<i>RMB million</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	9.69	379.33
Developing the Group’s value-added services business	20%	129.66	26.78	102.88
Establishing and upgrading IT and intelligent facilities systems	10%	64.84	5.17	59.67
The Group’s working capital and general corporate purposes	10%	64.84	0	64.84
Total	100%	648.36	41.64	606.72

For the detailed breakdown and description of the proceeds and the expected timetable for the use of proceeds, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at the date of this announcement, the Directors were not aware of any material change to the planned use of the Net Proceeds. 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 2021, none of the assets of the Group were pledged (as at 31 December 2020: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

For the year ended 31 December 2021, save for the matters disclosed above in relation to the acquisition of Yongtaiheng and Huarong Property Agency, the Group did not have any material acquisitions or disposals of assets (for the year ended 31 December 2020: nil).

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

For the year ended 31 December 2021, the Group did not have any significant investment.

As at the date of this announcement, save as the matters disclosed above in relation to the signing of two letters of intent for the proposed acquisition of a domestic property service company and a Hong Kong target company, the Group has no plan for any material investment, sale 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 relevant period divided by our total assets as at the end of such period. As at 31 December 2021, our liabilities to assets ratio was 0.38. As at 31 December 2020, 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 2021 and 31 December 2020, the Group had no interest-bearing loan, therefore the gearing ratio does not apply.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any contingent liabilities (as at 31 December 2020: 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 2021, the Group had 4,382 employees (as at 31 December 2020: 4,123 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

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 2021.

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 2021, as its own corporate governance code. To the best knowledge of the Directors, except for code provision A.2.1 (which has been re-numbered as CG Code provision C.2.1 since 1 January 2022) described below, the Company has complied with all applicable code provisions under the CG Code during the year ended 31 December 2021.

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 2021, 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 2021.

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 authorized 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 Mr. Jiang Rui. 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 2021, 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 2021 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 RMB0.222 per share (before tax) for the year ended 31 December 2021, with a dividend payout ratio of approximately 60.16%, 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, 9 June 2022 (the "**2021 AGM**") and such dividend is expected to be paid on or before 8 August 2022. 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 2021 AGM.

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS

According to the Enterprise Income Tax Law 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 the 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% of the enterprise income tax for such non-resident enterprise Shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the final dividend as enterprise income tax, distribute the final 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 organizations and groups. After receiving dividends, the non-resident enterprises Shareholders may apply to the competent tax authorities for enjoying treatment of tax treaties (arrangements) 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 (arrangements). 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 (arrangements).

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告》(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 Non-resident 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 AGM

The 2021 AGM will be held on Thursday, 9 June 2022. A notice convening the 2021 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 2021 AGM (and any adjourned meeting thereof), the register of members of the Company will be closed from Monday, 6 June 2022 to Thursday, 9 June 2022, 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 2021 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 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 June 2022.

For determining the entitlement to the 2021 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, 15 June 2022 to Monday, 20 June 2022, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2021 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 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 14 June 2022.

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 2021, 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, 24 March 2022

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