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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the section headed “Future Plans and Use of Proceeds” in the prospectus (the “**Prospectus**”) of Financial Street Property Co., Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 19 June 2020 in relation to the Global Offering. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

The board of directors (the “**Board**”) of the Company would like to announce that, after due consideration and careful assessment of the Group’s operation and business strategies, the Board has resolved to change (the “**Proposed Change**”) the use of the unutilised portion of the net proceeds with an updated expected timeline of full utilisation.

The net proceeds received from the Global Offering (the “**Net Proceeds**”) amounted to approximately RMB648.36 million. As at 31 December 2020, 2021, 2022 and 2023, approximately RMB5.56 million, RMB41.64 million, RMB54.28 million and RMB179.34 million of the net proceeds had been used in total during the relevant financial year, respectively.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the unutilised net proceeds (the "Unutilised Net Proceeds") amounted to approximately RMB469.02 million, and the utilisation of the net proceeds and the intended use of the Net Proceeds after the Proposed Change, together with the expected timeline for full utilisation of such proceeds are set out below:

Main categories	Planned use of the Net Proceeds stated in the Prospectus (including the additional net proceeds after taking into account the full exercise of the Over-allotment Option)		Utilised Net Proceeds as at the date of this announcement	Unutilised Net Proceeds as at the date of this announcement	Balance of the Unutilised Net Proceeds after the Proposed Change	Expected timeline of full utilisation of the remaining balance after the Proposed Change
	% of total amount	RMB million	RMB million	RMB million	RMB million	
Pursuing strategic acquisitions and investment opportunities and establishing new branches and subsidiaries to expand business scale	60%	389.02	133.19	255.83	384.68	on or before 31 December 2026
Developing the value-added services business	20%	129.66	39.62	90.04	9.50	on or before 31 December 2026
Establishing and upgrading IT and intelligent facilities systems	10%	64.84	6.53	58.31	10.00	on or before 31 December 2026
Working capital and general corporate purposes	10%	64.84	0.00	64.84	64.84	on or before 31 December 2026
Total	100%	648.36	179.34	469.02	469.02	

The Unutilised Net Proceeds have been placed as interest-bearing deposits with banks in the Mainland China.

REASONS FOR AND BENEFITS FOR THE CHANGE IN USE OF PROCEEDS

Since the listing of the Company, there has been a slowdown in the overall development due to the impact of the macro environment and intensified market competition in the property management service industry. The Company has taken a more prudent approach to its investments and there has been a delay in the expected timetable for the use of proceeds and a change in the use of proceeds.

With the gradual improvement of social expectations and continual support from macro policies, the economy has shown a good recovery momentum. The Company will actively explore strategic opportunities for reform and capitalise on acquisition opportunities to continue to consolidate and enhance its business scale and core competitive advantages. Accordingly, it is proposed to allocate RMB384.68 million out of the Unutilised Net Proceeds to “pursuing strategic acquisitions and investment opportunities and establishing new branches and subsidiaries to expand business scale”, so as to provide adequate funding support to sustain market expansion, joint ventures and mergers and acquisitions.

Since its listing, the Company has not identified a suitable acquisition target for its value-added services business and, instead, it has developed various value-added services offerings under its own brand “IZEE” in response to the customers’ needs and has established a relatively stable business model. Based on the current overall business development, the Company will continue to adopt the asset-light-oriented operating model in the value-added business, so as to expand its business footprint, optimise cooperation model and make steady progress. Accordingly, it is proposed to change the proportion of the Unutilised Net Proceeds to be allocated to the development of value-added services business by allocating RMB9.50 million out of the Unutilised Net Proceeds to “developing value-added services business” to improve funding flexibility.

Since its listing, the Company has invested in the construction and upgrading of the system of information technology and intelligent facility for data centers, intelligent management and other projects, in order to continuously improve management efficiency and enhance customer experience and service quality, and will sustain its efforts in upgrading client-end equipment and service functions in the future. Based on the current overall planning and funding requirements, it is proposed to change the proportion of the Unutilised Net Proceeds to be allocated to the establishment and upgrade of IT and intelligent facilities systems by allocating RMB10.00 million out of the Unutilised Net Proceeds to “establishing and upgrading IT and intelligent facilities systems” to enhance the efficiency of fund utilisation.

The Company maintains a relatively healthy cash flow and sufficient internal resources for its daily operation needs. Currently, there is no plan to change the original use of RMB64.84 million in relation to “working capital and general corporate purposes” for daily operating expenses.

The Board considers that the Proposed Change will optimise the efficiency of the use of the Group's financial resources and will be conducive to the long-term development of the Group's business. There is no material change in the nature of the Group's business as set out in the Prospectus, and the Proposed Change will not have any material and adverse impact on the Group's existing business operations and will be in the best interests of the Company and its shareholders as a whole.

Save as disclosed in this announcement, the Board does not anticipate any other change to the use and plan of the Unutilised Net Proceeds.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Beijing, the PRC, 27 March 2024

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