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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 2021**

### **FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 June 2021 increased by approximately 18.81% to approximately RMB604.47 million from approximately RMB508.78 million for the six months ended 30 June 2020.
- Gross profit for the six months ended 30 June 2021 increased by approximately 27.86% to approximately RMB134.44 million as compared to the six months ended 30 June 2020 and the gross profit margin for the six months ended 30 June 2021 increased to approximately 22.24% from approximately 20.67% for the six months ended 30 June 2020.
- For the six months ended 30 June 2021, the Company's profit for the period was RMB81.58 million, representing an increase of approximately 30.76% from approximately RMB62.39 million for the six months ended 30 June 2020.
- Profit attributable to the owners of the Company was approximately RMB75.68 million, representing an increase of approximately 30.06% from approximately RMB58.19 million for the six months ended 30 June 2020.
- As at 30 June 2021, the Group's gross floor area ("**GFA**") under management increased by 30.09% to approximately 28.1 million sq.m. from approximately 21.6 million sq.m. as at 30 June 2020.

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 2021 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2020.

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

For the six months ended 30 June 2021

|                                                                       |       | For the six months<br>ended 30 June |                                |
|-----------------------------------------------------------------------|-------|-------------------------------------|--------------------------------|
|                                                                       | Notes | 2021<br>RMB'000<br>(Unaudited)      | 2020<br>RMB'000<br>(Unaudited) |
| <b>Revenue</b>                                                        | 5     | <b>604,469</b>                      | 508,783                        |
| Cost of sales and services                                            | 8     | <u>(470,026)</u>                    | <u>(403,631)</u>               |
| <b>Gross profit</b>                                                   |       | <b>134,443</b>                      | 105,152                        |
| Administrative expenses                                               | 8     | <b>(23,610)</b>                     | (27,823)                       |
| (Provision)/Reversal of impairment losses<br>on financial assets, net |       | <b>(5,303)</b>                      | 355                            |
| Other income                                                          | 6     | <b>6,984</b>                        | 3,969                          |
| Other gains, net                                                      | 7     | <u><b>194</b></u>                   | <u>50</u>                      |
| <b>Operating profit</b>                                               |       | <b>112,708</b>                      | 81,703                         |
| Finance income                                                        | 9     | <b>4,463</b>                        | 3,039                          |
| Finance costs                                                         | 9     | <u><b>(7,951)</b></u>               | <u>(1,262)</u>                 |
| <b>Finance costs, net</b>                                             |       | <b>(3,488)</b>                      | 1,777                          |
| Share of (loss)/profit from investment in<br>associates               |       | <u><b>(294)</b></u>                 | <u>999</u>                     |
| <b>Profit before income tax</b>                                       |       | <b>108,926</b>                      | 84,479                         |
| Income tax expense                                                    | 10    | <u><b>(27,345)</b></u>              | <u>(22,093)</u>                |
| <b>Profit for the period</b>                                          |       | <u><u><b>81,581</b></u></u>         | <u><u>62,386</u></u>           |

|                                                                               |           | <b>For the six months<br/>ended 30 June</b> |                       |
|-------------------------------------------------------------------------------|-----------|---------------------------------------------|-----------------------|
|                                                                               |           | <b>2021</b>                                 | <b>2020</b>           |
| <i>Notes</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                                                         |           | <b>75,677</b>                               | 58,190                |
| Non-controlling interests                                                     |           | <b>5,904</b>                                | 4,196                 |
|                                                                               |           | <u><b>81,581</b></u>                        | <u>62,386</u>         |
| <b>Other comprehensive income</b>                                             |           |                                             |                       |
| <i>Items that will not be reclassified<br/>subsequently to profit or loss</i> |           |                                             |                       |
| Remeasurements of retirement benefit<br>obligations                           |           | <u><b>72</b></u>                            | <u>(335)</u>          |
| <b>Other comprehensive income/(loss) for<br/>the period, net of tax</b>       |           | <u><b>72</b></u>                            | <u>(335)</u>          |
| <b>Total comprehensive income for the<br/>period</b>                          |           | <u><b>81,653</b></u>                        | <u>62,051</u>         |
| <b>Other comprehensive income<br/>attributable to:</b>                        |           |                                             |                       |
| Owners of the Company                                                         |           | <b>75,749</b>                               | 57,855                |
| Non-controlling interests                                                     |           | <u><b>5,904</b></u>                         | <u>4,196</u>          |
|                                                                               |           | <u><b>81,653</b></u>                        | <u>62,051</u>         |
| <b>Earnings per share, basic and diluted<br/>(RMB)</b>                        | <b>11</b> | <u><b>0.203</b></u>                         | <u>0.216</u>          |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

|                                                     |       | As at<br>30 June 2021<br>RMB'000<br>(Unaudited) | As at<br>31 December 2020<br>RMB'000<br>(Audited) |
|-----------------------------------------------------|-------|-------------------------------------------------|---------------------------------------------------|
|                                                     | Notes |                                                 |                                                   |
| <b>ASSETS</b>                                       |       |                                                 |                                                   |
| <b>Non-current assets</b>                           |       |                                                 |                                                   |
| Investment properties                               |       | 9,014                                           | 10,477                                            |
| Property, plant and equipment                       |       | 24,435                                          | 24,603                                            |
| Right-of-use assets                                 |       | 31,755                                          | 32,941                                            |
| Intangible assets                                   |       | 5,553                                           | 5,607                                             |
| Interests in associates                             |       | 12,548                                          | 12,842                                            |
| Deferred tax assets                                 |       | 10,286                                          | 5,557                                             |
| Goodwill                                            |       | 325                                             | 325                                               |
| Prepayments                                         |       | —                                               | 1,095                                             |
| <b>Total non-current assets</b>                     |       | <b>93,916</b>                                   | <b>93,447</b>                                     |
| <b>Current assets</b>                               |       |                                                 |                                                   |
| Trade receivables                                   | 13    | 254,740                                         | 146,905                                           |
| Prepayments                                         |       | 19,232                                          | 12,658                                            |
| Other financial assets at amortised cost            | 14    | 41,185                                          | 33,863                                            |
| Bank deposits with the maturity over three months   |       | 58,287                                          | 25,194                                            |
| Restricted bank deposits                            |       | 51,115                                          | 33,994                                            |
| Cash and cash equivalents                           |       | 1,348,385                                       | 1,378,746                                         |
| <b>Total current assets</b>                         |       | <b>1,772,944</b>                                | <b>1,631,360</b>                                  |
| <b>Total assets</b>                                 |       | <b>1,866,860</b>                                | <b>1,724,807</b>                                  |
| <b>EQUITY AND LIABILITIES</b>                       |       |                                                 |                                                   |
| Share capital                                       | 15    | 373,500                                         | 373,500                                           |
| Reserves                                            |       | 573,225                                         | 573,153                                           |
| Retained earnings                                   |       | 133,500                                         | 115,342                                           |
| <b>Equity attributable to owners of the Company</b> |       | <b>1,080,225</b>                                | <b>1,061,995</b>                                  |
| Non-controlling interests                           |       | 15,294                                          | 20,271                                            |
| <b>Total equity</b>                                 |       | <b>1,095,519</b>                                | <b>1,082,266</b>                                  |

|                                                   |              | As at<br>30 June 2021<br><i>RMB'000</i><br>(Unaudited) | As at<br>31 December 2020<br><i>RMB'000</i><br>(Audited) |
|---------------------------------------------------|--------------|--------------------------------------------------------|----------------------------------------------------------|
|                                                   | <i>Notes</i> |                                                        |                                                          |
| <b>Non-current liabilities</b>                    |              |                                                        |                                                          |
| Lease liabilities                                 |              | 24,279                                                 | 28,899                                                   |
| Retirement benefit obligations                    |              | 5,334                                                  | 5,289                                                    |
| Deferred tax liabilities                          |              | 493                                                    | 538                                                      |
|                                                   |              | <hr/>                                                  | <hr/>                                                    |
| <b>Total non-current liabilities</b>              |              | <b>30,106</b>                                          | <b>34,726</b>                                            |
|                                                   |              | <hr/>                                                  | <hr/>                                                    |
| <b>Current liabilities</b>                        |              |                                                        |                                                          |
| Trade and other payables                          | 16           | 591,421                                                | 486,467                                                  |
| Contract liabilities                              |              | 121,660                                                | 102,764                                                  |
| Current tax liabilities                           |              | 13,601                                                 | 5,174                                                    |
| Current portion of lease liabilities              |              | 14,361                                                 | 13,067                                                   |
| Current portion of retirement benefit obligations |              | 192                                                    | 343                                                      |
|                                                   |              | <hr/>                                                  | <hr/>                                                    |
| <b>Total current liabilities</b>                  |              | <b>741,235</b>                                         | <b>607,815</b>                                           |
|                                                   |              | <hr/>                                                  | <hr/>                                                    |
| <b>Total liabilities</b>                          |              | <b>771,341</b>                                         | <b>642,541</b>                                           |
|                                                   |              | <hr/>                                                  | <hr/>                                                    |
| <b>Total equity and liabilities</b>               |              | <b>1,866,860</b>                                       | <b>1,724,807</b>                                         |
|                                                   |              | <hr/> <hr/>                                            | <hr/> <hr/>                                              |

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*

## 1. GENERAL INFORMATION

Financial Street Property Co., Limited (the “**Company**”) 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 “**Parent Company**”), an investment company established in the PRC under the control of Beijing Financial Street Investment (Group) Co., Ltd. The ultimate parent company of the Company is Beijing Financial Street Investment (Group) Co., Ltd. (“**Financial Street Group**” or the “**Ultimate Parent Company**”), a limited liability company incorporated in the PRC.

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 is presented in Renminbi (“**RMB**”), unless otherwise stated, and was authorised for issue by the Board of Directors on 26 August 2021.

## 2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

### (i) Basis of preparation

This condensed consolidated interim financial statements for the six months ended 30 June 2021 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“**HKAS**”) 34, “**Interim Financial Reporting**” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, 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 2021 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of the following amended HKFRSs effective as of 1 January 2021. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

|                                                                  |                                                 |
|------------------------------------------------------------------|-------------------------------------------------|
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16 | <i>Interest Rate Benchmark Reform - Phase 2</i> |
| Amendments to HKFRS 16                                           | <i>Covid-19-Related Rent Concessions</i>        |

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

## **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 2020.

## **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 2020.

There have been no material changes in the risk management policies of the Group since the year ended 31 December 2020.

## 5. SEGMENT AND REVENUE 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.

During the six months ended 30 June 2021 and 2020, 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 2021 and 2020, respectively, under the requirement of HKFRS 8.

Revenues recognised during the six months ended 30 June 2021 and 2020, respectively, are as follows:

|                                                                                     | <b>For the six months ended<br/>30 June</b> |                |
|-------------------------------------------------------------------------------------|---------------------------------------------|----------------|
|                                                                                     | <b>2021</b>                                 | 2020           |
|                                                                                     | <b><i>RMB'000</i></b>                       | <i>RMB'000</i> |
|                                                                                     | <b>(Unaudited)</b>                          | (Unaudited)    |
| Property management and related services<br>(including rental services)             |                                             |                |
| – recognised on a lump sum basis from properties<br>management and related services | <b>573,720</b>                              | 493,164        |
| – recognised on a commission basis from<br>properties management services           | <b>7,130</b>                                | 5,017          |
| – rental services                                                                   | <b>4,822</b>                                | 3,432          |
| Catering services                                                                   | <b>18,797</b>                               | 7,170          |
|                                                                                     | <b><u>604,469</u></b>                       | <u>508,783</u> |

For the six months ended 30 June 2021, Financial Street Group and its joint ventures and associates (the “**Financial Street Affiliates Group**”) contributed 11% of the Group's revenue (For the six months ended 30 June 2020: 18%). 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 2021 and 2020, respectively.

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

|                                                                     | <b>For the six months ended<br/>30 June</b> |                       |
|---------------------------------------------------------------------|---------------------------------------------|-----------------------|
|                                                                     | <b>2021</b>                                 | <b>2020</b>           |
|                                                                     | <b><i>RMB'000</i></b>                       | <b><i>RMB'000</i></b> |
|                                                                     | <b>(Unaudited)</b>                          | <b>(Unaudited)</b>    |
| Revenue from contracts with customers within the scope of HKFRS 15: |                                             |                       |
| – recognised over time                                              | <b>580,850</b>                              | 498,181               |
| – recognised at a point in time                                     | <b>18,797</b>                               | 7,170                 |
| Revenue from other source:                                          |                                             |                       |
| – Rental income                                                     | <b>4,822</b>                                | 3,432                 |
|                                                                     | <b>604,469</b>                              | 508,783               |

As the Group is domiciled in the PRC from where all of its revenues from external customers for the six months ended 30 June 2021 and 2020, respectively, are derived and in where all of its assets are located, no geographical segment information is shown.

## 6. OTHER INCOME

|                             | <b>For the six months ended<br/>30 June</b> |                       |
|-----------------------------|---------------------------------------------|-----------------------|
|                             | <b>2021</b>                                 | <b>2020</b>           |
|                             | <b><i>RMB'000</i></b>                       | <b><i>RMB'000</i></b> |
|                             | <b>(Unaudited)</b>                          | <b>(Unaudited)</b>    |
| Government grants           |                                             |                       |
| – Deductible input VAT      | <b>2,950</b>                                | 2,891                 |
| – Subsidies ( <i>Note</i> ) | <b>4,034</b>                                | 1,078                 |
|                             | <b>6,984</b>                                | 3,969                 |

*Note:* The amount represented the subsidies received from the local government bureau in the PRC. During the six months ended 30 June 2021, the Group received government subsidies amounting to RMB3,000,000 for listing H shares on the Main Board of the Stock Exchange of Hong Kong Limited. There was no unfulfilled conditions and other contingencies attached to the receipt of subsidy.

## 7. OTHER GAINS, NET

|                                                                   | For the six months ended<br>30 June |                |
|-------------------------------------------------------------------|-------------------------------------|----------------|
|                                                                   | 2021                                | 2020           |
|                                                                   | <i>RMB'000</i>                      | <i>RMB'000</i> |
|                                                                   | (Unaudited)                         | (Unaudited)    |
| Fair value gains on investment in wealth<br>management products   | –                                   | 78             |
| Net gain/(losses) on disposal of property, plant and<br>equipment | 18                                  | (18)           |
| Other                                                             | 176                                 | (10)           |
|                                                                   | <u>194</u>                          | <u>50</u>      |

## 8. EXPENSES BY NATURE

Expenses included in cost of cleaning, security and maintenance services, employee benefit expense, utilities and other costs are further analysed as follows:

|                                                                                 | For the six months ended<br>30 June |                |
|---------------------------------------------------------------------------------|-------------------------------------|----------------|
|                                                                                 | 2021                                | 2020           |
|                                                                                 | <i>RMB'000</i>                      | <i>RMB'000</i> |
|                                                                                 | (Unaudited)                         | (Unaudited)    |
| Employee benefit expense                                                        | 217,652                             | 172,655        |
| Cost of cleaning, security and maintenance services                             | 188,361                             | 166,585        |
| Utilities                                                                       | 34,652                              | 33,001         |
| Raw material and components used in property<br>management and related services | 5,274                               | 16,180         |
| Depreciation and amortisation                                                   | 11,746                              | 9,582          |
| Anti-epidemic expenses                                                          | 1,027                               | 4,784          |
| Cost of raw material and consumables for catering<br>services                   | 17,337                              | 4,701          |
| Professional service fee                                                        | 2,175                               | 4,608          |
| Listing expenses                                                                | –                                   | 2,837          |
| Taxes and surcharges                                                            | 2,725                               | 2,192          |
| Other expenses                                                                  | 12,687                              | 14,329         |
|                                                                                 | <u>493,636</u>                      | <u>431,454</u> |
| Total cost of sales and services and administrative<br>expenses                 | <u>493,636</u>                      | <u>431,454</u> |

## 9. FINANCE INCOME/(COSTS)

|                                                                     | For the six months ended<br>30 June |                |
|---------------------------------------------------------------------|-------------------------------------|----------------|
|                                                                     | 2021                                | 2020           |
|                                                                     | <i>RMB'000</i>                      | <i>RMB'000</i> |
|                                                                     | (Unaudited)                         | (Unaudited)    |
| Finance income                                                      |                                     |                |
| Interest income on bank deposits                                    | 2,346                               | 1,642          |
| Interest income from a subsidiary of<br>the Ultimate Parent Company | 2,117                               | 1,331          |
| Interest income on loans to an associate                            | —                                   | 66             |
|                                                                     | <u>4,463</u>                        | <u>3,039</u>   |
| Finance costs                                                       |                                     |                |
| Interest expenses for lease liabilities                             | (826)                               | (1,262)        |
| Exchange losses, net                                                | <u>(7,125)</u>                      | <u>—</u>       |
|                                                                     | <u>(7,951)</u>                      | <u>(1,262)</u> |

## 10. INCOME TAX EXPENSE

|                    | For the six months ended<br>30 June |                |
|--------------------|-------------------------------------|----------------|
|                    | 2021                                | 2020           |
|                    | <i>RMB'000</i>                      | <i>RMB'000</i> |
|                    | (Unaudited)                         | (Unaudited)    |
| Current income tax | 32,119                              | 24,285         |
| Deferred tax       | <u>(4,774)</u>                      | <u>(2,192)</u> |
|                    | <u>27,345</u>                       | <u>22,093</u>  |

## PRC Corporate Income Tax

Under the Law of the PRC on Corporate Income Tax (the “CIT Law”) and implementation regulations of the CIT Law, the income tax rate of 25% is applicable to all of the Group’s subsidiaries for the six months ended 30 June 2021 and 2020, respectively, except that:

- (i) Beijing Jinxi Lilin Health Management Co., Ltd., Beijing Financial Street Savills Jingnan Property Management Co., Ltd. (formerly named “**Beijing Zhongzhao Financial Street Savills Property Management Co., Ltd.**”) and Beijing IZEE Mitsuyado Catering Management Co., Ltd. are qualified as small and micro businesses and enjoy a preferential income tax rate of 10% as approved by the local tax authority for the six months ended 30 June 2021 and 2020, respectively;
- (ii) Beijing Jintongtai Catering Co., Ltd., Beijing Ronglutong Consulting Service Co., Ltd. and Beijing Financial Street Residential Property Management Co., Ltd. are qualified as small and micro businesses and enjoy a preferential income tax rate of 5% as approved by the local tax authority for the six months ended 30 June 2021 and 2020, respectively.

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period and excluding shares held for employee share scheme.

|                                                                        | <b>For the six months ended<br/>30 June</b> |             |
|------------------------------------------------------------------------|---------------------------------------------|-------------|
|                                                                        | <b>2021</b>                                 | 2020        |
|                                                                        | <b>(Unaudited)</b>                          | (Unaudited) |
| Profit attributable to owners of the<br>Company ( <i>RMB'000</i> )     | <b>75,677</b>                               | 58,190      |
| Weighted average number of ordinary<br>shares in issue ( <i>'000</i> ) | <b>373,500</b>                              | 270,000     |
| Basic earnings per share ( <i>RMB</i> )                                | <b>0.203</b>                                | 0.216       |

**(b) Diluted earnings per share**

No diluted earnings per share is presented as the Group has no dilutive potential ordinary shares during the six months ended 30 June 2021 and 2020, respectively.

**12. DIVIDENDS**

|                                       | <b>For the six months ended<br/>30 June</b> |                       |
|---------------------------------------|---------------------------------------------|-----------------------|
|                                       | <b>2021</b>                                 | <b>2020</b>           |
|                                       | <b><i>RMB'000</i></b>                       | <b><i>RMB'000</i></b> |
|                                       | <b>(Unaudited)</b>                          | <b>(Unaudited)</b>    |
| Dividends to owners of the Company    | <b>57,519</b>                               | 82,980                |
| Dividends to non-controlling interest | <b>11,371</b>                               | 797                   |
|                                       | <b><u>68,890</u></b>                        | <b><u>83,777</u></b>  |

In the Board meeting of the Company on 25 March 2021, the Board proposed a dividend of RMB57,519,000 which represented the Company's accumulated distributable retained earnings as at 31 December 2020. The proposed dividend was then approved in the shareholders' general meeting on 24 June 2021.

In addition, Beijing Financial Street Savills Property Management Co., Ltd., a non-wholly owned subsidiary, declared a dividend of RMB56,853,000 to its then shareholders in June 2021, among which RMB11,371,000 was payable to its non-controlling shareholder.

The board of directors of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2021 (For the six months ended 30 June 2020: nil).

### 13. TRADE RECEIVABLES

|                                                              | As at<br>30 June<br>2021<br><i>RMB'000</i><br>(Unaudited) | As at<br>31 December<br>2020<br><i>RMB'000</i><br>(Audited) |
|--------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|
| Trade receivables                                            |                                                           |                                                             |
| – related parties                                            | 104,841                                                   | 70,402                                                      |
| – third parties                                              | 162,402                                                   | 83,713                                                      |
|                                                              | <u>267,243</u>                                            | <u>154,115</u>                                              |
| Less: provision of impairment losses of trade<br>receivables | <u>(12,503)</u>                                           | <u>(7,210)</u>                                              |
| Trade receivables – net                                      | <u><u>254,740</u></u>                                     | <u><u>146,905</u></u>                                       |

Due to the short-term nature of trade receivables, their carrying amount is considered to approximate their fair value.

The credit terms given to trade customers are determined on an individual basis with normal credit period mainly within 180 days. The ageing analysis of the trade receivables based on invoice date is as follows:

|               | As at<br>30 June<br>2021<br><i>RMB'000</i><br>(Unaudited) | As at<br>31 December<br>2020<br><i>RMB'000</i><br>(Audited) |
|---------------|-----------------------------------------------------------|-------------------------------------------------------------|
| Within 1 year | 227,071                                                   | 132,867                                                     |
| 1 – 2 years   | 35,443                                                    | 18,302                                                      |
| Over 2 years  | 4,729                                                     | 2,946                                                       |
| Total         | <u><u>267,243</u></u>                                     | <u><u>154,115</u></u>                                       |

The movements on the provision for impairment of trade receivables are as follows:

|                                              | <b>For the six months ended<br/>30 June</b> |                |
|----------------------------------------------|---------------------------------------------|----------------|
|                                              | <b>2021</b>                                 | 2020           |
|                                              | <b><i>RMB'000</i></b>                       | <i>RMB'000</i> |
|                                              | <b>(Unaudited)</b>                          | (Unaudited)    |
| At beginning of period                       | <b>7,210</b>                                | 8,419          |
| Provision of impairment of trade receivables | <b>5,293</b>                                | –              |
| Reversal of impairment of trade receivables  | <b>–</b>                                    | (344)          |
|                                              | <hr/>                                       | <hr/>          |
| At end of period                             | <b><u>12,503</u></b>                        | <u>8,075</u>   |

#### **14. OTHER FINANCIAL ASSETS AT AMORTISED COST**

Other financial assets at amortised cost include the following:

|                                                                           | <b>As at<br/>30 June<br/>2021</b> | As at<br>31 December<br>2020 |
|---------------------------------------------------------------------------|-----------------------------------|------------------------------|
|                                                                           | <b><i>RMB'000</i></b>             | <i>RMB'000</i>               |
|                                                                           | <b>(Unaudited)</b>                | (Audited)                    |
| Other receivables                                                         |                                   |                              |
| – related parties                                                         | <b>9,519</b>                      | 8,586                        |
| Payments on behalf of property owners, tenants and<br>property developers | <b>25,791</b>                     | 20,795                       |
| Deposits                                                                  | <b>4,134</b>                      | 2,666                        |
| Other                                                                     | <b>2,316</b>                      | 2,381                        |
|                                                                           | <hr/>                             | <hr/>                        |
|                                                                           | <b>41,760</b>                     | 34,428                       |
| Less: provision for impairment of other receivables                       | <b>(575)</b>                      | (565)                        |
|                                                                           | <hr/>                             | <hr/>                        |
|                                                                           | <b><u>41,185</u></b>              | <u>33,863</u>                |

The movements on the provision for impairment of other financial assets at amortised cost are as follows:

|                                              | <b>For the six months ended<br/>30 June</b> |                       |
|----------------------------------------------|---------------------------------------------|-----------------------|
|                                              | <b>2021</b>                                 | <b>2020</b>           |
|                                              | <b><i>RMB'000</i></b>                       | <b><i>RMB'000</i></b> |
|                                              | <b>(Unaudited)</b>                          | <b>(Unaudited)</b>    |
| At beginning of period                       | <b>565</b>                                  | 225                   |
| Provision of impairment of other receivables | <b>10</b>                                   | –                     |
| Reversal of impairment of other receivables  | <b>–</b>                                    | (11)                  |
|                                              | <u><b>575</b></u>                           | <u>214</u>            |
| At end of period                             | <u><b>575</b></u>                           | <u>214</u>            |

## 15. SHARE CAPITAL

|                                                              | <b>Number of<br/>shares<br/>'000</b> | <b>Paid-in capital/<br/>Share capital<br/><i>RMB'000</i></b> |
|--------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------|
| <b>For the six months ended 30 June 2021<br/>(Unaudited)</b> |                                      |                                                              |
| Balance as at 1 January 2021 (audited) and<br>30 June 2021   | <u><b>373,500</b></u>                | <u><b>373,500</b></u>                                        |
| <b>For the six months ended 30 June 2020<br/>(Unaudited)</b> |                                      |                                                              |
| Balance as at 1 January 2020 (audited) and<br>30 June 2020   | <u><b>270,000</b></u>                | <u><b>270,000</b></u>                                        |

## 16. TRADE AND OTHER PAYABLES

|                                                                             | As at<br>30 June<br>2021<br><i>RMB'000</i><br>(Unaudited) | As at<br>31 December<br>2020<br><i>RMB'000</i><br>(Audited) |
|-----------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|
| Trade payables                                                              | 136,812                                                   | 85,566                                                      |
| Other payables                                                              |                                                           |                                                             |
| – Receipts on behalf of property owners,<br>tenants and property developers | 185,106                                                   | 160,001                                                     |
| – Deposits ( <i>note a</i> )                                                | 108,323                                                   | 144,197                                                     |
| – Others                                                                    | 38,007                                                    | 21,316                                                      |
| Payroll and welfare payables                                                | 45,858                                                    | 67,493                                                      |
| Dividend payables                                                           | 68,890                                                    | –                                                           |
| Other tax payables                                                          | 8,425                                                     | 7,894                                                       |
| Total                                                                       | <u>591,421</u>                                            | <u>486,467</u>                                              |

- (a) The balances mainly represent the deposits paid by the property owners, tenants and property developers for property management and refurbishment.
- (b) The carrying amounts of trade and other payables are considered to approximate their fair values, due to their short-term nature.
- (c) The ageing analysis of trade payables based on invoice date is as follows:

|               | As at<br>30 June<br>2021<br><i>RMB'000</i><br>(Unaudited) | As at<br>31 December<br>2020<br><i>RMB'000</i><br>(Audited) |
|---------------|-----------------------------------------------------------|-------------------------------------------------------------|
| Within 1 year | 129,151                                                   | 81,315                                                      |
| 1 – 2 years   | 5,167                                                     | 2,438                                                       |
| Over 2 years  | 2,494                                                     | 1,813                                                       |
| Total         | <u>136,812</u>                                            | <u>85,566</u>                                               |

## **17. SUBSEQUENT EVENTS**

**Proposed acquisitions of 65% of equity interest in Zhuzhou Hongda Property Management Co., Ltd., 100% of equity interest in Beijing Yongtaiheng Health Service Centre and part of equity interest in a target company in Hong Kong**

Please refer to the announcements dated 23 June 2021 published by the Company for further details. These acquisitions have not yet completed as at 30 June 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

### 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 properties management services. The Group has been providing property management services for over 27 years since 1994. Since then, it has expanded its property management business across six regions (namely North China, Southwest China, East China, South China, Northeast China and Central China), covering a wide range of properties and providing property owners and residents with customized quality services through a one-stop service platform to enhance the quality of customers' living and working space and their satisfaction.

In the first half of 2021, the comprehensive strength of the Group has been steadily enhanced, with significant advantages in the areas of commercial property and public property services. At the same time, the Group firmly promoted its scale expansion strategy and implemented a multi-channel strategic layout, and achieved high quality and large scale expansion. As at 30 June 2021, the GFA under management of the Group amounted to approximately 28.1 million square meters, representing an increase of approximately 30.09% over the same period last year, and the number of projects under management was 176, representing an increase of 18 projects over the same period last year. Among the newly added areas, approximately 4.26 million square meters of GFA under management originated from projects of third party developers, accounting for 65.8% of the total newly added areas.

The Group's business development of market-oriented third-party projects has achieved remarkable results. In terms of joint venture and cooperation, Beijing Financial Street Savills Property Management Co., Ltd. ("**Financial Street Savills**"), a subsidiary of the Company, established a joint venture company named Dezhou Financial Street Dibiao Zhidu Property Management Co., Ltd. with Mr. Guo Xisheng and Shandong Baishida Geographic Indication Industry Co. Ltd.. The Company established a joint venture company named Beijing Financial Street New City Property Management Co., Ltd. with Beijing Fangshan New City Real Estate Co., Ltd., and a joint venture company named Beijing Wuyi Rongyu Property Service Co., Ltd. with Wuyi (Fujian) Property Management Co., Ltd.. These joint venture companies will provide high-quality services for property projects utilising the existing development resources, integrate the resource advantages of various shareholders, broaden the cooperation boundary and further expand the surrounding property management and related markets.

Financial Street Group, the controlling shareholder of the Company, has been giving long-term and stable support to the Group. The Group continued to leverage on the synergy in its business segments development. In the first half of this year, Beijing Yongtaiheng Health Service Center (“**Yongtaiheng**”), an enterprise owned by the whole people belonging to Beijing Xicheng District Health Service Management Office, was planned to be transferred to Financial Street Group as a whole, and Yongtaiheng engaged property management and logistics services for health management institutions and medical institutions in Xicheng District, Beijing. Financial Street Group strongly supported the business development of the Company and proposed to transfer 100% of the equity of Yongtaiheng after restructuring to the Company, making Yongtaiheng a wholly-owned subsidiary of the Company. For further details of the aforesaid matters, please refer to the announcement of the Company dated 23 June 2021. As for the follow-up works, the Company and Financial Street Group are currently in the process of orderly implementation.

In June 2021, the Group signed letters of intent with the sellers with respect to the potential acquisition of Zhuzhou Hongda Property Management Co., Ltd. (the “**Zhuzhou Hongda**”) and a property service company registered in Hong Kong (the “**Hong Kong Target Company**”). For further details of the aforesaid matters, please refer to the announcement of the Company dated 23 June 2021. The Group will take the implementation of the potential acquisition of Zhuzhou Hongda as an opportunity to accumulate urban service experience and actively expand its business in the fields of municipal management and urban services. Meanwhile, with the implementation of the potential acquisition of the Hong Kong Target Company, the Group will realize the contiguous layout of the Group’s business in the Guangdong-Hong Kong-Macau Greater Bay Area, and further expand into the property market of the Greater Bay Area.

In the first half of 2021, the Group’s newly acquired representative projects are summarized as follows:

- (i) Dezhou Financial Street Dibiao Zhidu Property Management Co., a joint venture established by the Group, has successfully undertaken the International Geographical Indication Product (Dezhou) E-Commerce Headquarters Base project. The project covers commercial buildings, public exhibition halls, ancillary residential apartments and commercial facilities, with a total planned construction area of about 1.1 million sq.m.;
- (ii) taking advantage of years of experience in the field of high-end commercial properties, the Group has undertaken the Tianhui Center project located in Heping District, Tianjin;

- (iii) in the public properties business, taking advantage of the scale effect and brand influence formed in South China, the Group has undertaken a theme scenic spot park located in Xunliao Bay, Huizhou City, Guangdong Province;
- (iv) in the first half of 2021, after the Peking Union Medical College Hospital and Beijing Fengsheng Hospital projects, the Group also won a property service management project of a comprehensive military hospital through public tender. The Group's competitive advantage in the medical logistics service management market was further highlighted; and
- (v) on the basis of providing quality service to the northern winter training center project of Shougang Park, the Group provided management service to the oxygen plant project and Jin'an Bridge project in the centre. The winter training center is the training base for the national curling team, ice hockey team, speed skating team and figure skating team of the State Sports General Administration; the oxygen plant project will be a commercial facility of Shougang ski jump platform for 2022 Winter Olympic Games; Jin'an Bridge project will be developed into a high-end industrial service area with the integration of high-end digital intelligence, industrial culture creativity and supporting services for the 2022 Winter Olympics Games.

## PROPERTY MANAGEMENT AND RELATED SERVICES

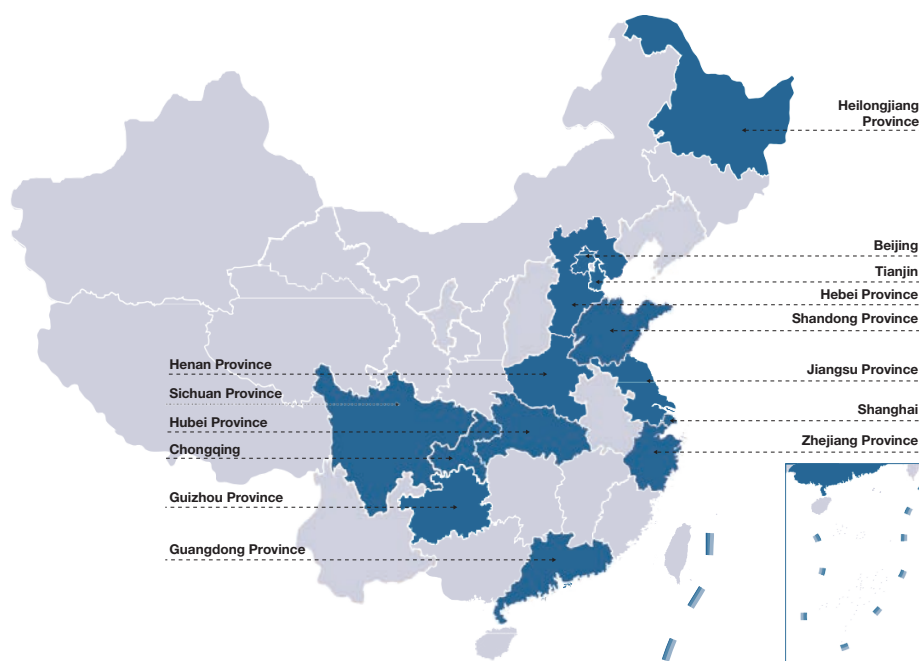
As at 30 June 2021, the Group's property management and related services covered 14 provinces and municipalities across six regions in China (including North China, Southwest China, East China, South China, Northeast China and Central China), with a total GFA under management of approximately 28.1 million sq.m. and a total of 176 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<br/>June 2021</b> | As at 30<br>June 2020 |
|---------------------------------------|-------------------------------|-----------------------|
| Contracted GFA ('000 sq.m.)           | <b>32,019</b>                 | 23,945                |
| GFA under management ('000 sq.m.)     | <b>28,097</b>                 | 21,628                |
| Number of properties under management | <b>176</b>                    | 158                   |

## Geographic Coverage

The following map shows the geographic coverage of the properties under management of the Group as at 30 June 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 30 June 2021                            |                                       | As at 30 June 2020                            |                                       |
|-----------------|-----------------------------------------------|---------------------------------------|-----------------------------------------------|---------------------------------------|
|                 | GFA under management<br>( <i>'000 sq.m.</i> ) | Number of properties under management | GFA under management<br>( <i>'000 sq.m.</i> ) | Number of properties under management |
| North China     | 13,585                                        | 94                                    | 9,884                                         | 80                                    |
| Southwest China | 4,920                                         | 27                                    | 4,258                                         | 26                                    |
| East China      | 4,341                                         | 20                                    | 3,691                                         | 21                                    |
| South China     | 3,406                                         | 27                                    | 3,510                                         | 27                                    |
| Northeast China | 470                                           | 5                                     | 281                                           | 3                                     |
| Central China   | 1,375                                         | 3                                     | 4                                             | 1                                     |
| Total           | <b>28,097</b>                                 | <b>176</b>                            | <b>21,628</b>                                 | <b>158</b>                            |

*Note:*

- (i) North China includes Beijing, Tianjin and Hebei Province
- (ii) Southwest China includes Chongqing, Sichuan Province, and Guizhou Province
- (iii) East China includes Shanghai, Jiangsu Province, Zhejiang Province and Shandong Province
- (iv) South China includes Guangdong Province
- (v) Northeast 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 2021                            |                 |                                       | As at 30 June 2020                            |                 |                                       |
|-----------------------------------------------------------------|-----------------------------------------------|-----------------|---------------------------------------|-----------------------------------------------|-----------------|---------------------------------------|
|                                                                 | GFA under management<br>( <i>'000 sq.m.</i> ) | Percentage<br>% | Number of properties under management | GFA under management<br>( <i>'000 sq.m.</i> ) | Percentage<br>% | Number of properties under management |
| Retail buildings and hotels                                     | 652                                           | 2.3             | 3                                     | 625                                           | 2.9             | 3                                     |
| Office buildings                                                | 6,992                                         | 24.9            | 54                                    | 6,376                                         | 29.5            | 49                                    |
| Complexes                                                       | 1,011                                         | 3.6             | 4                                     | 1,011                                         | 4.7             | 4                                     |
| Residential properties                                          | 11,736                                        | 41.8            | 59                                    | 9,917                                         | 45.8            | 53                                    |
| Public properties, hospitals, educational properties and others | 7,706                                         | 27.4            | 56                                    | 3,699                                         | 17.1            | 49                                    |
| Total                                                           | <b>28,097</b>                                 | <b>100</b>      | <b>176</b>                            | <b>21,628</b>                                 | <b>100</b>      | <b>158</b>                            |

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

|                                                 | As at 30 June 2021                            |                 | As at 30 June 2020                            |                 |
|-------------------------------------------------|-----------------------------------------------|-----------------|-----------------------------------------------|-----------------|
|                                                 | GFA under management<br>( <i>'000 sq.m.</i> ) | Percentage<br>% | GFA under management<br>( <i>'000 sq.m.</i> ) | Percentage<br>% |
| Property management services (lump-sum basis)   | 24,647                                        | 87.7            | 18,232                                        | 84.3            |
| Property management services (commission basis) | 3,450                                         | 12.3            | 3,396                                         | 15.7            |
| Total                                           | <b>28,097</b>                                 | <b>100</b>      | <b>21,628</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 Financial Street Affiliates Group and properties developed by independent third-party property developers. As at 30 June 2021, the Group managed the properties developed by Financial Street Affiliates Group encompassing an approximate GFA of 16.63 million sq.m., with the number of projects increased from 108 as at 30 June 2020 to 113, representing a steady period-on-period increase. Meanwhile, as at 30 June 2021, the Group has managed the properties developed by independent third-party property developers encompassing an approximate GFA of 11.47 million sq.m., with the number of projects also further increased to 63 from 50 as at 30 June 2020.

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 2021                            |                 |                                       | As at 30 June 2020                            |                 |                                       |
|---------------------------------------------------------------------|-----------------------------------------------|-----------------|---------------------------------------|-----------------------------------------------|-----------------|---------------------------------------|
|                                                                     | GFA under management<br>( <i>'000 sq.m.</i> ) | Percentage<br>% | Number of properties under management | GFA under management<br>( <i>'000 sq.m.</i> ) | Percentage<br>% | Number of properties under management |
| Properties developed by Financial Street Affiliates Group           | 16,625                                        | 59.2            | 113                                   | 14,411                                        | 66.6            | 108                                   |
| Properties developed by independent third-party property developers | 11,472                                        | 40.8            | 63                                    | 7,217                                         | 33.4            | 50                                    |
| Total                                                               | <u>28,097</u>                                 | <u>100</u>      | <u>176</u>                            | <u>21,628</u>                                 | <u>100</u>      | <u>158</u>                            |

### Value-added Services

The value-added business of the Group mainly comprises six segments, that is operating businesses, consultancy services, asset operation, resources management, customized services and other income. Besides, based on the existing value-added business portfolio, the Group continued to expand its scope and scale of value-added business services. For the six months ended 30 June 2021, our revenue from value-added services amounted to approximately RMB131.56 million, accounting for approximately 21.76% of revenue for the six months ended 30 June 2021, representing an increase of approximately 20.49% as compared with the revenue of approximately RMB109.18 million for the six months ended 30 June 2020.

## **FUTURE PROSPECTS**

In terms of business development, in the second half of 2021, the Group will closely follow the development trend of the industry, adhere to brand leadership, focus on customers, and insist on the synergistic development of marketization, capitalization and technicalization. Relying on the extensive property services market in the PRC, the Group will continue to adhere to the expansion method of joint ventures and cooperations, actively carry out merger and acquisition businesses to explore more business partners and further expand its business boundaries and its business layout by leveraging on advantages of its strong brand reputation and experience in the area of commercial office. At the same time, the Group will make efforts to explore new trends in the development of the industry. Seeking to be empowered by way of multi-point deployment, which helps utilizing its capabilities in refined professional service and integrated management to further grasp the historical opportunities for the transformation and uplifting urban comprehensive services to create a comprehensive all-round urban service model, providing effective solutions for grassroots community management.

In terms of diversified operations, in the second half of 2021, the Group will further explore a systematically industrialized operating model based on our existing business portfolio. Through continuously polishing product and service quality, a competitive and reproducible business model will be formed to further satisfy the diversified service needs of property owners and various customers. With the core elements of modern property management and innovation in operation philosophy, the Group will continue to enrich business portfolio, expand operation services, asset management and customization services around customer needs, continue to develop the “IZEE” brand series, so as to explore a diversified and differentiated complex development model; whilst at the same time, the Group continuously enhances customer experience and satisfaction to create greater value for the Company and its customers.

In terms of social responsibilities, in the second half of 2021, we will continue to carry forward the charitable spirit of a state-owned enterprise, its social responsibilities as a state-owned enterprise, and make continuous contributions in the protracted fight against the Pandemic. The Group will implement normalized epidemic prevention and control. It will promote service quality improvement with a multi-pronged/multi-angled approach. It will continuously advance its data-driven deployment. It will spare no effort to protect the health and safety of customers, with careful and comprehensive prevention and control measures. In addition, the Group will continue to implement various safety systems and measures while maintaining the normalization of epidemic prevention and control, strengthen the core control of production safety, and build a “full coverage, from A to Z” management system to continuously offer customers with better and safe living and working spaces.

In terms of corporate governance, in the second half of 2021, the Group will, in accordance with the requirements of laws, regulations and regulatory standards of Mainland China and Hong Kong, continue to strengthen the scientific management system of the Company, and promote standardized corporate governance, strengthen

the construction of risk prevention and control, lay a solid foundation for operations, and effectively maintain a transparent governance system, so as to ensure compliant operations. The Group will firmly carry out organizational innovation, optimization of headquarters and enhancement of regional companies, harness the power conferred upon by capital, research and analyze market trends, explore technology empowering and innovate its business philosophy, so as to improve its strength.

## FINANCIAL REVIEW

### Revenue

The Group derived revenue mainly from: (i) property management and related services; and (ii) catering services. Revenue increased by approximately 18.81% from approximately RMB508.78 million for the six months ended 30 June 2020 to approximately RMB604.47 million for the six months ended 30 June 2021.

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

|                                                  | 2021           |                   | Six months ended 30 June 2020 |                   | 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                     | 449,292        | 74.33%            | 388,999                       | 76.46%            | 60,293         | 15.50%                |
| Value-added services                             | 131,558        | 21.76%            | 109,182                       | 21.46%            | 22,376         | 20.49%                |
| Rental services                                  | 4,822          | 0.80%             | 3,432                         | 0.67%             | 1,390          | 40.50%                |
| <b>Catering services</b>                         | <b>18,797</b>  | <b>3.11%</b>      | <b>7,170</b>                  | <b>1.41%</b>      | <b>11,627</b>  | <b>162.16%</b>        |
| <b>Total</b>                                     | <b>604,469</b> | <b>100%</b>       | <b>508,783</b>                | <b>100%</b>       | <b>95,686</b>  | <b>18.81%</b>         |

- 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 RMB501.61 million for the six months ended 30 June 2020 to approximately RMB585.67 million for the six months ended 30 June 2021, representing an increase of approximately 16.76%. 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 RMB7.17 million for the six months ended 30 June 2020 to approximately RMB18.80 million for the six months ended 30 June 2021.

## 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 16.45% from RMB403.63 million for the six months ended 30 June 2020 to RMB470.03 million for the six months ended 30 June 2021. The growth rate of the cost of sales was lower than the growth rate of revenue, primarily due to the decline in costs as a result of continuous and effective cost management and control.

## Gross Profit and Gross Profit Margin

The overall gross profit of the Group increased by approximately 27.86% from approximately RMB105.15 million for the six months ended 30 June 2020 to approximately RMB134.44 million for the six months ended 30 June 2021. The overall gross profit margin of the Group for the six months ended 30 June 2021 was approximately 22.24%, representing a steady increase as compared to the overall gross profit margin of 20.67% for the six months ended 30 June 2020, mainly due to the increase in the scale of property management services and the optimisation of internal processes, which stimulated overall growth in gross profit margin. The table below sets forth the Group's gross profit and gross profit margin by type of service for the periods indicated:

|                                                  | 2021           |                     | Six months ended 30 June 2020 |                     | Changes        |              |
|--------------------------------------------------|----------------|---------------------|-------------------------------|---------------------|----------------|--------------|
|                                                  | Gross Profit   | Gross Profit Margin | Gross Profit                  | Gross Profit Margin | Amount         |              |
|                                                  | <i>RMB'000</i> | <i>%</i>            | <i>RMB'000</i>                | <i>%</i>            | <i>RMB'000</i> | <i>%</i>     |
| <b>Property management and related services:</b> |                |                     |                               |                     |                |              |
| Commercial and business properties               | 104,115        | 27.03               | 83,836                        | 25.93               | 20,279         | 1.10         |
| Non-commercial properties                        | 31,072         | 15.50               | 23,130                        | 12.99               | 7,942          | 2.51         |
| <b>Catering services</b>                         | <u>(744)</u>   | <u>(3.96)</u>       | <u>(1,814)</u>                | <u>(24.62)</u>      | <u>1,070</u>   | <u>20.66</u> |
| <b>Total</b>                                     | <u>134,443</u> | <u>22.24</u>        | <u>105,152</u>                | <u>20.67</u>        | <u>29,291</u>  | <u>1.57</u>  |

## **Administrative Expenses**

Administrative expenses of the Group decreased by approximately 15.13% from approximately RMB27.82 million for the six months ended 30 June 2020 to approximately RMB23.61 million for the six months ended 30 June 2021, primarily due to the effective cost management measures adopted by the Company.

## **Income Tax Expense**

Income tax expense of the Group increased by approximately 23.81% from approximately RMB22.09 million for the six months ended 30 June 2020 to approximately RMB27.35 million for the six months ended 30 June 2021, primarily due to an increase in profit before income tax from approximately RMB84.48 million for the six months ended 30 June 2020 to approximately RMB108.93 million for the six months ended 30 June 2021.

## **Profit for the Period**

Profit of the Group increased by approximately 30.76% from approximately RMB62.39 million for the six months ended 30 June 2020 to approximately RMB81.58 million for the six months ended 30 June 2021, primarily due to an increase in profit caused by business expansion during the six months ended 30 June 2021.

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

Total comprehensive income of the Group increased from approximately RMB62.05 million for the six months ended 30 June 2020 to approximately RMB81.65 million for the six months ended 30 June 2021, representing an increase of approximately 31.59%, which was mainly due to the expansion of the business scale and effective cost control measures.

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

As at 30 June 2021, the Group's cash and bank balances were approximately RMB1,457.79 million, representing an increase of approximately RMB19.86 million from approximately RMB1,437.93 million as at 31 December 2020.

The Group's financial situation remains stable. The net current assets of the Group remains at a stable level of approximately RMB1,031.71 million as at 30 June 2021, as compared to approximately RMB1,023.55 million as at 31 December 2020. As at 30 June 2021, the Group's current ratio (current assets/current liabilities) was approximately 2.39 (31 December 2020: approximately 2.68).

As at 30 June 2021, the Group did not have any borrowings (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 73.40% from approximately RMB146.91 million as at 31 December 2020 to approximately RMB254.74 million as at 30 June 2021, 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 receivables mainly include payments and deposits paid on behalf of owners, tenants and property developers. Total other receivables of the Group increased by approximately RMB7.33 million from approximately RMB33.86 million as at 31 December 2020 to approximately RMB41.19 million as at 30 June 2021, 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 2021, our balance of trade payables amounted to approximately RMB136.81 million, representing an increase of approximately 59.88% as compared with approximately RMB85.57 million as at 31 December 2020, which was mainly due to the increase of the cost in 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 an increase in its balance.

Payroll and welfare payables mainly refer to salary and insurance. As at 30 June 2021, the payroll and welfare payables of the Group were approximately RMB45.86 million, representing a decrease of approximately 32.05% as compared with approximately RMB67.49 million as at 31 December 2020, mainly due to the bonus accrued last year was distributed this year.

Other payables mainly include payments and deposits collected on behalf of owners, tenants and property developers. Other payables increased by approximately 1.82% from approximately RMB325.51 million as at 31 December 2020 to approximately RMB331.44 million as at 30 June 2021, primarily due to the growth of business scale.

## Use of Proceeds from the Listing

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (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. 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 Group will utilize the Net Proceeds in accordance with the purposes set out under the section headed “Future Plans and Use of Proceeds” in the prospectus dated 19 June 2020 (the “**Prospectus**”).

The analysis on the utilisation of the Net Proceeds from the Listing Date to 30 June 2021 is as follows:

|                                                                                                                                                              | Planned use of the<br>Net Proceeds<br>as stated in the Prospectus<br>and the use of additional<br>Net Proceeds<br>after taking into account<br>the full exercise of<br>the over-allotment<br>option on 29 July 2020 |             | Actual use of<br>Net Proceeds<br>up to<br>30 June 2021 | Unutilised<br>Net Proceeds<br>as at<br>30 June 2021 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------|-----------------------------------------------------|
|                                                                                                                                                              | % of total<br>amount                                                                                                                                                                                                | RMB million | RMB million                                            | RMB million                                         |
| Pursuing strategic acquisitions and<br>investment opportunities and<br>establishing new branches and<br>subsidiaries to expand the Group’s<br>business scale | 60%                                                                                                                                                                                                                 | 389.02      | 3.76                                                   | 385.26                                              |
| Developing the Group’s value-added<br>services business                                                                                                      | 20%                                                                                                                                                                                                                 | 129.66      | 7.17                                                   | 122.49                                              |
| Establishing and upgrading IT and<br>intelligent facilities systems                                                                                          | 10%                                                                                                                                                                                                                 | 64.84       | 2.21                                                   | 62.63                                               |
| The Group’s working capital and<br>general corporate purposes                                                                                                | 10%                                                                                                                                                                                                                 | 64.84       | –                                                      | 64.84                                               |
| Total                                                                                                                                                        | 100%                                                                                                                                                                                                                | 648.36      | 13.14                                                  | 635.22                                              |

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 of the Company (“**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 when 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 30 June 2021, none of the assets of the Group were pledged (31 December 2020: nil).

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

For the six months ended 30 June 2021, the Group did not have any material acquisitions or disposals of assets (For the six months ended 30 June 2020: nil).

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

For the six months ended 30 June 2021, the Group did not have any significant investment.

Save as disclosed in the Prospectus and above in relation to the acquisition of Yongtaiheng and matters relating to the entering into of letters of intent for the proposed acquisitions of Zhuzhou Hongda and the Target Company in Hong Kong, there was no plan for any material investment, disposals or addition of capital assets as at the date of this announcement.

### **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 30 June 2021, our liabilities to assets ratio was 0.41. As at 31 December 2020, our liabilities to assets ratio was 0.37. 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 2021 and 31 December 2020, the Group had no interest-bearing loan, therefore the gearing ratio does not apply.

## **Contingent Liabilities**

As at 30 June 2021, the Group did not have any contingent liabilities (31 December 2020: 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. Other than bank deposits denominated in Hong Kong dollars, the Group is not exposed to significant foreign exchange risk. 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 2021, the Group had 4,058 employees (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 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.

## **OTHER INFORMATION**

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

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 2021.

## **Compliance with the Corporate Governance Code**

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 to the Stock Exchange Listing Rules (the “**Listing Rules**”), except for code provision A.2.1 described below.

Under code provision A.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 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 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 with all Directors and Supervisors, all Directors and Supervisors have strictly complied with the standards stipulated in the Model Code during the Reporting Period.

Pursuant to the Company’s requirements, the relevant management personnel and employees of the Company are also subject to the Model Code, which prohibits them from dealing in the Company’s securities whenever they possess inside information related to the securities of the Company. The Company was not aware of any incidents of non-compliance with the Model Code by the relevant personnel and employees of the Company during the Reporting Period.

## **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 consists of three members, namely Ms. Tong Yan, Mr. Jiang Rui and Mr. Song Baocheng. 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 2021. 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 2021 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 2021 (For the six months ended 30 June 2020: 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 2021, which contains all the information required by the applicable 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, 26 August 2021

*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.*