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FINANCIAL STREET PROPERTY CO., LIMITED

金融街物業股份有限公司

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

(Stock Code: 1502)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2020 increased by approximately 13.43% to approximately RMB1,130.88 million from approximately RMB997.01 million for the year ended 31 December 2019.
- Gross profit for the year ended 31 December 2020 increased by approximately 27.47% to approximately RMB244.02 million from approximately RMB191.43 million for the year ended 31 December 2019 and the gross profit margin for the year ended 31 December 2020 increased to approximately 21.58% from approximately 19.20% for the year ended 31 December 2019.
- Profit before income tax of the Group for the year ended 31 December 2020 amounted to approximately RMB156.58 million, and the profit attributable to the owners of the Company amounted to approximately RMB104.44 million, both of which were arrived at after taking into account the unrealized net exchange losses of approximately RMB51.48 million in 2020. (For the year ended 31 December 2019, the profit before income tax of the Group and the profit attributable to the owners of the Company were not subject to exchange losses).
- As at 31 December 2020, cash and cash equivalents were approximately RMB1,378.75 million, representing an increase of approximately 106.98% from approximately RMB666.12 million as at 31 December 2019.
- As at 31 December 2020, the Group's gross floor area ("GFA") under management increased by 24.12% to approximately 24.7 million sq.m. from approximately 19.9 million sq.m. as at 31 December 2019.
- The Board recommends the payment of 2020 proposed final dividend of RMB0.154 per Share (before tax) in the form of cash for the year ended 31 December 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 audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for the same period of 2019.

Consolidated Statement of Comprehensive Income

	<i>Note</i>	Year ended 31 December	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	1,130,879	997,014
Cost of sales and services	6	(886,862)	(805,585)
Gross profit		244,017	191,429
Administrative expenses	6	(59,714)	(54,419)
Reversal of impairment losses/(impairment losses) on financial assets		900	(2,294)
Other income	4	13,726	4,864
Other gains/(losses), net	5	540	(305)
Operating profit		199,469	139,275
Finance income		8,600	10,428
Finance costs		(53,610)	(1,742)
	6	(45,010)	8,686
Share of profit from investment in associates		2,118	3,914
Profit before income tax		156,577	151,875
Income tax expense	8	(40,896)	(38,465)
Profit for the year		115,681	113,410

	<i>Note</i>	Year ended 31 December	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:			
Owners of the Company		104,438	105,217
Non-controlling interests		11,243	8,193
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations		<u>(459)</u>	<u>(413)</u>
Other comprehensive loss for the year, net of tax		<u>(459)</u>	<u>(413)</u>
Total comprehensive income for the year		<u>115,222</u>	<u>112,997</u>
Attributable to:			
Owners of the Company		103,979	104,804
Non-controlling interests		11,243	8,193
Earnings per share, basic and diluted (<i>RMB</i>)	7	<u>0.327</u>	<u>0.390</u>

Consolidated Balance Sheet

		As at 31 December	
		2020	2019
	Note	RMB'000	RMB'000
Assets			
Non-current assets			
Investment properties		10,477	13,736
Property, plant and equipment		24,603	18,608
Right-of-use assets		32,941	35,939
Intangible assets		5,607	1,417
Investments in associates		12,842	22,484
Deferred income tax assets		5,557	12,285
Goodwill		325	–
Prepayments		1,095	2,654
Total non-current assets		93,447	107,123
Current assets			
Trade receivables	10	146,905	116,029
Prepayments		12,658	11,458
Other financial assets at amortised cost		33,863	32,566
Bank deposits with the maturity over three months		25,194	16,191
Restricted bank deposits		33,994	30,721
Cash and cash equivalents		1,378,746	666,123
Total current assets		1,631,360	873,088
Total assets		1,724,807	980,211

		As at 31 December	
		2020	2019
	Note	RMB'000	RMB'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	11	373,500	270,000
Reserves	11	573,153	22,338
Retained earnings		115,342	100,303
		<u>1,061,995</u>	<u>392,641</u>
Non-controlling interests		20,271	7,244
		<u>1,082,266</u>	<u>399,885</u>
Non-current liabilities			
Lease liabilities		28,899	36,208
Deferred income tax liabilities		538	–
Retirement benefit obligations		5,289	7,204
		<u>34,726</u>	<u>43,412</u>
Current liabilities			
Trade and other payables	13	486,467	434,147
Contract liabilities		102,764	66,892
Current tax liabilities		5,174	23,594
Current portion of lease liabilities		13,067	11,946
Current portion of retirement benefit obligations		343	335
		<u>607,815</u>	<u>536,914</u>
Total current liabilities			
		<u>607,815</u>	<u>536,914</u>
Total liabilities			
		<u>642,541</u>	<u>580,326</u>
Total equity and liabilities			
		<u><u>1,724,807</u></u>	<u><u>980,211</u></u>

1 General information

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

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

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

The Company’s parent company is Beijing Huarong Zonghe Investment Co., Ltd. (“**Beijing Huarong**” or 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**”).

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

2 Summary of significant accounting policies

(i) Compliance with HKFRS and HKCO

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

(ii) Historical cost convention

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

(iii) New standards and amendments to standards adopted by the Group

Amendments to HKFRS 3 – Regarding definition of a business
Amendments to HKAS 1 and HKAS 8 – Regarding definition of material
Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Regarding interest rate benchmark reform

The above new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as adopting these standards.

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

New standards and amendments that have been issued but not yet effective on 1 January 2020 and not been early adopted by the Group are as follows:

	Effective for annual periods beginning on or after
Amendments to HKFRS 16 – Covid-19-Related Rent Concessions	1 June 2020
Amendments to HKAS 37 – Onerous contracts – Cost of fulfilling a contract	1 January 2022
Annual Improvements – Annual Improvements to HKFRS standard 2018-2020	1 January 2022
Amendments to HKAS 16 – Property, plant and equipment-proceeds before intended use	1 January 2022
Amendments to HKFRS 3 – Reference to the Conceptual Framework	1 January 2022
HKFRS 17 – Insurance contract	1 January 2023
Amendments to HKAS 1 – Classification of liabilities as current or non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The director of the Company are of the view that the above new standards and amendments to existing standards that have been issued are not expected to have any significant impact on the Group.

3 Segment information

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

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

Revenues are recognised in respect of the following categories:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Property management and related services (including rental services)		
– recognised on a lump sum basis from properties management and related services	1,089,255	960,626
– recognised on a commission basis from properties management services	13,134	12,625
– rental services	6,768	5,948
Catering services	21,722	17,815
	1,130,879	997,014

For the year ended 31 December 2020, Financial Street Group and its subsidiaries and associates (the "**Financial Street Affiliates Group**") contributed 18% of the Group's revenue (2019: 17%). Other than the Financial Street Affiliates Group, the Group had a large number of customers, none of whom contribute 10% or more of the Group's revenue during the years ended 31 December 2020 and 2019.

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue		
– recognised over time	1,102,389	973,251
– recognised at a point in time	21,722	17,815
Rental income	6,768	5,948
	<u>1,130,879</u>	<u>997,014</u>

As the Group is domiciled in the PRC from where all of its revenues from external customers for the years ended 31 December 2020 and 2019 were derived and in where all of its assets are located, no geographical segment information is shown.

4 Other income

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	7,274	907
Additional deduction of input VAT	6,452	3,957
	<u>13,726</u>	<u>4,864</u>

5 Other gains/(losses), net

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Remeasurement gain arising from associate to subsidiary	757	–
Fair value gains on investment in wealth management products	120	484
Net losses on disposal of property, plant and equipment	(111)	(73)
Donation	–	(190)
Others	(226)	(526)
	<u>540</u>	<u>(305)</u>

6 Expenses by nature

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of cleaning, security and maintenance services	395,165	367,836
Employee benefit expense	360,135	326,749
Utilities	61,776	51,478
Raw material and components used in property management and related services	39,352	46,453
Depreciation and amortisation	19,120	23,428
Cost of raw material and consumables for catering services	14,893	14,708
Rental expense	7,163	2,596
Professional service fee	6,959	3,421
Anti-epidemic expenses	5,469	–
Taxes and surcharges	5,433	4,899
Auditors' remuneration		
–Audit services	3,620	1,942
–Non-audit services	969	–
Listing expense	2,744	–
Other expenses	23,778	16,494
Total cost of sales and services and administrative expenses	<u>946,576</u>	<u>860,004</u>

7 Finance income/(costs)

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income on bank deposits	8,077	10,232
Interest income on loans to an associate	523	188
Exchange gains, net	—	8
	<u>8,600</u>	<u>10,428</u>
Finance costs		
Exchange losses, net	(51,477)	—
Interest expenses for lease liabilities	(2,133)	(1,742)
	<u>(53,610)</u>	<u>(1,742)</u>
	<u>(45,010)</u>	<u>8,686</u>

8 Income tax expense

This note provides an analysis of the Group's income tax expense, and shows how the tax expense is affected by non-assessable and non-deductible items.

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	33,999	36,761
Deferred income tax	6,897	1,704
	<u>40,896</u>	<u>38,465</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	156,577	151,875
Tax calculated at a tax rate of 25%	39,144	37,969
Tax effects of:		
Differences in tax rate (<i>note a</i>)	131	198
Expenses not deductible for tax purposes	493	668
Income not subject to tax	(719)	(978)
Tax losses for which no deferred tax assets were recognised	716	108
Reversal of previously recognised deferred tax assets	1,131	140
Changes in tax rate	—	360
	40,896	38,465

- (a) 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 year ended 31 December 2020, except that:

Beijing Jinxi Lilin Health Management Co., Ltd., Beijing Financial Street Savills Jingnan Property Management Co., Ltd. and Beijing IZEE Mitsuyado Catering Management Co., Ltd. were qualified as small and micro businesses and enjoyed a preferential income tax rate of 10% as approved by the local tax authority for the year ended 31 December 2020 (2019:10%); Beijing Jintongtai Catering Co., Ltd., Beijing Ronglutong Consulting Service Co., Ltd. and Beijing Financial Street Residential Property Management Co., Ltd. were qualified as small and micro businesses and enjoyed a preferential income tax rate of 5% as approved by the local tax authority for the year ended 31 December 2020 (2019:5%).

9 Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

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

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (<i>RMB'000</i>)	104,438	105,217
Weighted average number of ordinary shares in issue (<i>thousands</i>) (<i>note i</i>)	319,770	269,654
Basic earnings per share (<i>RMB</i>)	0.327	0.390

- (i) In addition, the number of ordinary shares outstanding during the year ended 31 December 2019 had also been adjusted retroactively for the proportional changes in the number of ordinary shares outstanding as a result of the conversions from reserves to share capital in the computation of both basic and diluted earnings per share for the year ended 31 December 2019.

(b) *Diluted earnings per share*

No diluted earnings per share is presented as the Group had no dilutive potential ordinary shares during the year ended 31 December 2020 and 2019.

10 Trade receivables

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
– related parties	70,402	41,714
– third parties	83,713	82,734
	154,115	124,448
Less: allowance for impairment of trade receivables	(7,210)	(8,419)
Trade receivables – net	146,905	116,029

- (a) 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 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	132,867	120,097
1 – 2 years	18,302	2,920
2 – 3 years	1,608	725
Over 3 years	1,338	706
Total	154,115	124,448

(b) Fair values of trade receivables

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

11 Paid-in Capital/Share capital

	Number of shares thousands	Share capital RMB'000
Issued and fully paid		
Balance as at 1 January 2020	270,000	270,000
Issue of ordinary shares pursuant to initial public offering and exercise of over allotment option (<i>note a</i>)	103,500	103,500
Balance as at 31 December 2020	373,500	373,500
Balance as at 1 January 2019	—	52,500
Capital contribution from owners	—	16,000
Transfer from reserves to share capital	270,000	201,500
Balance as at 31 December 2019	270,000	270,000

- (a) On 6 July 2020 and 29 July 2020, the Company issued H shares of 90,000,000 and 135,000,000 respectively at a nominal value of RMB1.00 per share. Such shares were offered at HK\$7.36 per share and listed on the Main Board of the Stock Exchange. Gross proceeds from the issue amounted to HK\$761,760,000 (equivalent to RMB693,650,000). After deducting the underwriting fees and relevant expenses, net proceeds from the issue amounted to RMB648,355,000, among of which, RMB103,500,000 was recorded as share capital and RMB544,855,000 was recorded as capital reserve.

12 Dividends

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends declared and paid to owners of the Company	82,980	117,075
Dividends declared and paid to non-controlling interest	797	6,311
	83,777	123,386

The final dividend for the year ended 31 December 2020 was proposed at the Board of Directors meeting held on 25 March 2021. Such proposal is subject to the approval of the general meeting of the Company. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2021 after the approval at the general meeting.

13 Trade and other payables

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	85,566	80,818
Other payables	325,514	293,567
– Receipts on behalf of property owners, tenants and property developers	160,001	133,465
– Deposits (<i>note a</i>)	144,197	138,714
– Others	21,316	21,388
Payroll and welfare payables	67,493	50,862
Other tax payables	7,894	8,900
Total	486,467	434,147

- (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 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	81,315	77,615
1 – 2 years	2,438	2,584
Over 2 years	1,813	619
	85,566	80,818

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

As one of the leading comprehensive property management service providers for commercial and business properties (especially office buildings) in China, the Group focuses on mid- to high-end properties. The Group has been providing property management services for over 26 years since 1994, and since then has expanded the 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 tailored quality services through a one-stop service platform to enhance their quality of life and satisfaction.

The Group mainly provides (A) property management and related services, mainly including (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; and (B) catering services.

In 2020, the whole service industry was confronted with challenges in the face of the sudden COVID-19 (“**COVID-19**”) pandemic worldwide, but the property management industry has experienced rigid demand for its services in this captive market. By adhering to diversified innovation and focusing on the needs of developing our main business, the Group has faced its challenges, continued to optimize its management and control and enhance overall market strength, improved our all-round operational capabilities and strengthened our core competitiveness.

In 2020, in terms of management effectiveness, the Group has, based on the fact that our multiple projects under management in Beijing obtained the qualification of “Class II safety production standardisation for property management of integrated buildings”, strengthened safety management and control, and after drawing on our experience in execution, initiated multi-dimensional advisory services and interactive assessments in business architecture and safety control, and thus won the recognition of several business headquarters customers. The Group has implemented the project of the category “two-wheel drive” to promote the establishment of “centralised data control platform” and “customer service platform” through a “one-stop, intelligent and flat” rapid service response management process, thereby achieving dual improvement of owner experience along with management efficiency and effectiveness.

In 2020, in terms of business expansion, aside from the support offered by the parent company group and the efforts to strengthen the expansion of market-oriented third-party projects, the Group has further expanded its business footprint. In December 2020, the Company established joint ventures of Beijing Financial Street Worldunion Real Estate Management Co., Ltd.* (“**Financial Street Worldunion**”) and Financial Street Hongya Property Services (Chongqing) Co., Ltd.* (the “**Financial Street Hongya**”) with Shenzhen Worldunion Join Wealth Real Estate Management Incorporated (深圳世聯君匯不動產運營管理股份有限公司) and Chongqing Hongya Property Management Service Co., Ltd.* (重慶泓亞物業管理服務有限公司), respectively. Financial Street Worldunion aims to provide systematic and comprehensive leasing operation services to customers and to build a business operation platform of mutual sharing, interdependence and sustainable growth. It will effectively develop the asset operation business of the Company, thereby presenting the Company with new growth opportunities. Financial Street Hongya focuses on a full set of products and services from consultancy, property management to property operation in the field of commercial office properties, combining the concepts of culture, smart technology and environmental waste classification with property management. The establishment of Financial Street Hongya will help the Company to further develop the vibrant property management market in the Chengdu-Chongqing Urban Agglomeration, and to further develop the extent of the local market.

The Group’s representative projects newly acquired in 2020 are summarized as follows:

THE SPRINGS (尚浦領世) F1D

The SPRINGS (尚浦領世) F1D project is located in the north of the Wujiaochang municipal sub-center in Shanghai. The project is mainly for office and commercial purposes, Phase I of which has a total floor area of approximately 136,000 square meters, and is one of the most famous landmark buildings in Shanghai.

Jifu Building (吉富大廈)

Jifu Building is located in A Area of Shanghai World Expo Park, at the intersection of Bocheng Road and Boqing Road. The project is a complex for office and commercial use, with a total floor area of 58,500 square meters. Jifu Building integrates with the regional layout of the head office of Shanghai World Expo Park which is composed of business facilities, high-end exhibition, travel and leisure and the ecological living environment.

New Actuation Fintech Center (新動力金融科技中心)

New Actuation Fintech Center is situated on Xizhimenwai Avenue, a main road in Xicheng District, Beijing. The project is located at the core area of Beijing Fintech Innovation Demonstration Zone, with a total floor area of approximately 100,000 square meters. It is a landmark building upgrading project at the core area of a state-level fintech demonstration zone in China, and it will be built into a new type of smart building integrating 5G application environment, Internet of Things, Big Data and AI. As a considerable haven harbouring enterprises of “National team”, “Unicorn” and “Vanguard” calibre in the fintech sector, it provides enterprises with high-quality office services.

Olympic Stadium Flower City (奧體花城)

Olympic Stadium Flower City is located at the southeast of the intersection of Wangcheng Avenue and Gucheng Road, Luoyang New District, Luoyang, Henan Province, with a planned floor area of 500,000 square meters. It's composed of garden houses, stab-type middle-height and high-rise buildings and ancillary commercial facilities.

In addition, in 2020, the Group also expanded its market-oriented projects including but not limited to the following:

1. after being engaged for property management of the headquarters building of the Guiyang Branch of China Minsheng Banking Corp., Ltd., the Group further deepened its cooperation with China Minsheng Bank, additionally providing services for its 9 sub-branches and 24 small and micro sub-branches;
2. in terms of public properties and educational properties in non-commercial properties, it provided property services for an elite international 12-year school in Shaoxing, Zhejiang Province;
3. leveraging upon its state-owned enterprise background, the Group initiated in-depth business development cooperation with State Grid and other state-owned enterprises in “water, power and heat supply, and property management” services;
4. with rich experience in serving financial enterprises, the Group initiated business development cooperation with the headquarters of a large state-owned bank and the headquarters of a state-owned financial enterprise with regard to the provision of consulting services for office buildings, thus expanding the scope of business services of the Group in several respects.

Property Management and Related Services

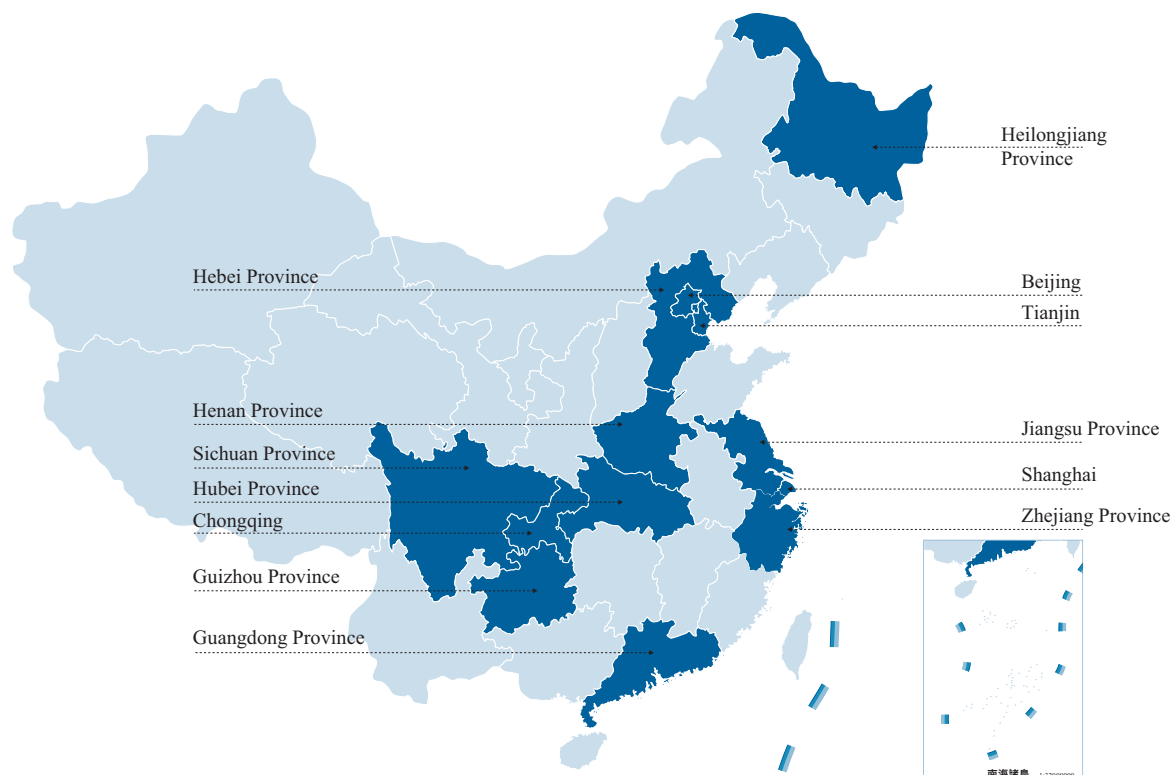
As at 31 December 2020, the Group's property management and related services covered 13 provinces and municipalities across six regions in China (including North China, Southwest China, East China, South China, Northeast China and Central China), with a total GFA under management of approximately 25 million sq.m. and a total of 173 properties under management.

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

	As at 31 December 2020	As at 31 December 2019
Contracted GFA ('000 sq.m.)	28,104	21,369
GFA under management ('000 sq.m.)	24,719	19,857
Number of properties under management	173	144

Geographic Coverage

The following map shows the geographic coverage of the properties under management of the Group as at 31 December 2020:



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

	As at 31 December 2020		As at 31 December 2019	
	GFA (‘000 sq.m.)	Number of projects (project)	GFA (‘000 sq.m.)	Number of projects (project)
North China	10,871	88	9,659	78
Southwest China	4,879	29	3,494	23
East China	3,967	22	3,070	15
South China	3,346	27	3,349	24
Northeast China	282	4	281	3
Central China	1,374.91	3	4	1
Total	24,719	173	19,857	144

Notes:

North China Region includes Beijing, Tianjin and Hebei Province

Southwest China Region includes Chongqing, Sichuan Province and Guizhou Province

East China Region includes Shanghai, Jiangsu Province and Zhejiang Province

South China Region includes Guangdong Province

Northeast China Region includes Heilongjiang Province

Central China Region includes Hubei Province and Henan Province

Types of Properties Under Management

The Group managed a diversified portfolio of properties covering commercial and business properties, including office buildings, complexes, retail buildings and hotel; and non-commercial properties, including residential properties, public properties, hospitals, educational properties and others. Regarding the property management services, the Group 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 31 December 2020			As at 31 December 2019		
	GFA under management ('000 sq.m.)	Percentage %	Number of properties under management	GFA under management ('000 sq.m.)	Percentage %	Number of properties under management
Office building	6,636	26.8	51	6,375	32.1	49
Complexes	1,011	4.1	4	1,011	5.1	4
Retail buildings and hotel	625	2.5	3	625	3.1	3
Residential properties	12,007	48.6	61	8,875	44.7	49
Public properties, hospitals, educational properties and others	4,440	18.0	54	2,971	15.0	39
Total	<u>24,719</u>	<u>100</u>	<u>173</u>	<u>19,857</u>	<u>100</u>	<u>144</u>

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

	As at 31 December 2020		As at 31 December 2019	
	GFA under management ('000 sq.m.)	Percentage %	GFA under management ('000 sq.m.)	Percentage %
Property management services (lump-sum basis)	21,419	86.6	16,434	82.8
Property management services (commission basis)	3,300	13.4	3,423	17.2
Total	<u>24,719</u>	<u>100</u>	<u>19,857</u>	<u>100</u>

It is important to note that on a commission basis, the Group recorded only a pre-determined percentage of the property management fees or service costs, which generally ranged from 5.0% to 8.0%, 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 were mainly developed by Beijing Financial Street Investment (Group) Co., Ltd. and its subsidiaries and associates (the “**Financial Street Affiliates Group**”), while the rest were developed by independent third-party property developers. As at 31 December 2020, the Group also won all public tenders for properties developed by the Financial Street Affiliates Group. At the same time, the Group increased cooperation with properties developed by independent third-party property developers in 2020. The Group's GFA under management from properties developed by independent third-party property developers was approximately 8.2 million sq.m. as at 31 December 2020, representing an increase of approximately 23.16% from approximately 6.7 million sq.m. as at 31 December 2019. Further, the number of projects also increased from 46 as at 31 December 2019 to 56 as at 31 December 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 31 December 2020		As at 31 December 2019	
	GFA under management	Number of projects	GFA under management	Number of projects
	(’000 sq.m.)	(project)	(’000 sq.m.)	(project)
Properties developed by Financial Street Affiliates Group	16,507	117	13,189	98
Properties developed by independent third-party property developers	8,212	56	6,668	46
Total	24,719	173	19,857	144

Catering Services

As at 31 December 2020, the Group operates cafés, restaurants and bakeries under the “IZEE” catering series, namely IZEECUP, IZEE-Mitsuyado, IZEECHEF and IZEEBAKE. Eight IZEECUP cafés, two IZEE-Mitsuyado restaurants, one IZEECHEF restaurant and two IZEEBAKE bakeries were under the Group's operation as at 31 December 2020.

FUTURE OUTLOOK

In terms of business development, relying on the vast property service market in China and leveraging our great brand reputation and experience in the business office area, the Group will expand our presence, provide diversified services and increase our market share through including but not limited to mergers and acquisitions and establishment of joint ventures in 2021.

In terms of value-added services, the Group will continuously enrich our operating business portfolio, expand our business services, asset management and customization services, continue to develop the IZEE brand series and develop more business and create greater value in value-added business areas in 2021.

In terms of technology application, the Group will continue to carry forward the establishment of the central monitoring data platform system and promote its application, integrate the operating system and financing management system, and continue to improve the customer services experience so as to reduce the operating cost, improve the efficiency of internal management, and enhance the enterprise's innovation ability and market competitiveness.

In terms of social welfare, the Group will continue to carry forward the public spirit of a state-owned enterprise, its social responsibilities as a state-owned enterprise, make contributions in the protracted fight against the COVID-19 pandemic, and spare no effort to protect the health and safety of customers.

In terms of corporate governance, the Group will in strict 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 risk prevention and control, so as to ensure compliant operations.

FINANCIAL REVIEW

Revenue

The Group derived revenue mainly from: (i) property management and related services; and (ii) catering services. Revenue increased by approximately 13.43% from approximately RMB997.01 million for the year ended 31 December 2019 to approximately RMB1,130.88 million for the year ended 31 December 2020.

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

	For the year ended 31 December					
	2020		2019		Changes	
	<i>RMB'000</i>	<i>Percentage %</i>	<i>RMB'000</i>	<i>Percentage %</i>	<i>RMB'000</i>	<i>Percentage %</i>
Property management and related services:						
Property management services	825,802	73.0	776,915	77.9	48,887	6.3
Value-added services	276,587	24.5	196,336	19.7	80,251	40.9
Rental services	6,768	0.6	5,948	0.6	820	13.8
Catering services	21,722	1.9	17,815	1.8	3,907	21.9
Total	1,130,879	100.0	997,014	100.0	133,865	13.4

- 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 RMB979.20 million for the year ended 31 December 2019 to approximately RMB1,109.16 million for the year ended 31 December 2020, representing an increase of approximately 13.27%, among which, the increase in property management income was mainly attributable to the increase in the GFA under management arising from the rapid increase in the projects undertaken by the Group. The increase in the revenue from value-added services was mainly due to greater customer retention and the steady improvement of various operating businesses.
- Revenue generated from our catering services: our revenue from catering services increased from approximately RMB17.82 million for the year ended 31 December 2019 to approximately RMB21.72 million for the year ended 31 December 2020.

COST OF SALES AND SERVICES

The Group's cost of sales and services mainly consists of (i) subcontracting costs; (ii) employee benefit expenses; (iii) utilities; (iv) raw material and components used in property management and related services; (v) cost of raw material and consumables for catering services; and (vi) other expenses. The Group's cost of sales and services increased by approximately 10.09% from approximately RMB805.59 million for the year ended 31 December 2019 to approximately RMB886.86 million for the year ended 31 December 2020. 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 27.47% from approximately RMB191.43 million for the year ended 31 December 2019 to approximately RMB244.02 million for the year ended 31 December 2020. The overall gross profit margin of the Group for the year ended 31 December 2020 was approximately 21.58%, which increased steadily as compared to the overall gross profit margin of 19.20% for the year ended 31 December 2019. The table below sets forth the Group's gross profit and gross profit margin by type of service for the periods indicated:

	As at 31 December					
	2020		2019		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>
Property management and related services	245,724	22.2	194,310	19.8	51,414	2.4
Commercial and business properties	187,855	26.6	159,423	24.6	28,432	2
Non-commercial properties	57,869	14.4	34,887	10.5	22,982	3.9
Catering services	(1,707)	(7.9)	(2,881)	(16.2)	1,174	8.3
Total	244,017	21.6	191,429	19.2	52,588	2.4

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group increased by approximately 9.73% from approximately RMB54.42 million for the year ended 31 December 2019 to approximately RMB59.71 million for the year ended 31 December 2020, primarily due to the increase in listing expenses incurring from the listing of the H shares in the Company in the third quarter of 2020.

INCOME TAX EXPENSES

Income tax expenses of the Group increased by approximately 6.32% from approximately RMB38.47 million for the year ended 31 December 2019 to approximately RMB40.90 million for the year ended 31 December 2020, primarily due to an increase in profit before income tax from RMB151.88 million for the year ended 31 December 2019 to approximately RMB156.58 million for the year ended 31 December 2020.

PROFIT FOR THE YEAR

For the year ended 31 December 2020, the Group's final profit amounted to approximately RMB115.68 million, profit before income tax amounted to approximately RMB156.58 million, and profit attributable to the owners of the Company amounted to approximately RMB104.44 million, all of which were arrived at after taking into account the unrealized net exchange losses of approximately RMB51.48 million in 2020.

Note: For the year ended 31 December 2019, the Company's H shares were not listed and all profits and losses were denominated in RMB. Therefore, the profit for the year, profit before income tax and profit attributable to the owners of the Company in 2019 were not subject to exchange losses. The exchange losses incurred by the Group for the year ended 31 December 2020 of approximately RMB51.48 million were normal unrealized exchange losses on the proceeds denominated in HKD of the Company arising from the listing of the Company's H shares on 6 July 2020 under the impact of the continuous appreciation of RMB.

TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Total comprehensive income of the Group increased from approximately RMB113.00 million for the year ended 31 December 2019 to approximately RMB115.22 million for the year ended 31 December 2020, representing an increase of approximately 1.97%.

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2020, the Group's cash and bank balances were approximately RMB1,437.93 million, representing an increase of approximately RMB724.89 million from approximately RMB713.04 million as at 31 December 2019.

The Group's financial situation remained stable. The balance of net current assets of the Group was approximately RMB1,631.36 million as at 31 December 2020, as compared to approximately RMB873.09 million as at 31 December 2019, representing an increase of 86.85%. The increase in the current assets of the Group was mainly due to the replenishment of current assets with proceeds raised from the listing of the H shares issued by the Company on 6 July 2020. As at 31 December 2020, the Group's current ratio (current assets/current liabilities) was approximately 2.68 (31 December 2019: approximately 1.63).

As at 31 December 2020, the Group did not have any borrowings or bank loans (for the year ended 31 December 2019 : nil).

TRADE AND OTHER RECEIVABLES

Trade receivables mainly arise from property management and related services. Trade receivables of the Group increased by approximately RMB30.88 million from approximately RMB116.03 million as at 31 December 2019 to approximately RMB146.91 million as at 31 December 2020, primarily due to the increase in trade receivables as a result of the expansion of business of the Company.

Other receivables mainly include payments and deposits paid on behalf of owners, tenants and property developers. Total other receivables of the Group were approximately 33.86 million as at 31 December 2020.

TRADE AND OTHER PAYABLES

Trade payables mainly represent amount payable to suppliers and subcontractors, including for purchase of materials. As at 31 December 2020, our balance of trade payables amounted to approximately RMB85.57 million, representing an increase as compared with approximately RMB80.82 million as at 31 December 2019, 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 corresponding increase in its balance.

Payroll and welfare payables mainly refer to salary and insurance. As at 31 December 2020, the payroll and welfare payables of the Group were approximately RMB67.49 million, representing an increase of 32.70% compared with approximately RMB50.86 million as at 31 December 2019, mainly due to an increase in the number of staff as a result of the increased number of projects undertaken by us and the non-payment of the additional bonuses accrued.

Other payables and accruals mainly include payments and deposits collected on behalf of owners, tenants and property developers. Other payables increased by approximately 10.88% from approximately RMB293.57 million as at 31 December 2019 to approximately RMB325.51 million as at 31 December 2020, primarily due to an increase in payments on behalf of property owners, tenants and property developers as a result of an increase in the number of projects under our management.

USE OF PROCEEDS FROM THE LISTING

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

The analysis on the utilization of the Net Proceeds from the Listing Date to 31 December 2020 is as follows:

	Planned use of Net Proceeds as stated in the Prospectus and after considering the additional Net Proceeds received from the full exercise of the over-allotment option on 29 July 2020		Actual use of Net Proceeds up to 31 December 2020	Unutilized Net Proceeds as at 31 December 2020
	<i>% of total amount</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Pursuing strategic acquisitions and investment opportunities and establishing new branches and subsidiaries to expand the Group’s business scale	60%	389.02	0.15	388.87
Developing the Group’s value-added services business	20%	129.66	4.45	125.21
Establishing and upgrading IT and intelligent facilities systems	10%	64.84	0.96	63.88
The Group’s working capital and general corporate purposes	10%	64.84	0	64.84
Total	100%	648.36	5.56	642.80

For the detailed breakdown and description of the proceeds and the expected timetable for the use of proceeds, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at the date of this announcement, the Directors were not aware of any material change to the planned use of the Net Proceeds. The unutilized Net Proceeds and its subsequent planned term of use will be applied in a manner consistent with that mentioned in the Prospectus. The planned term of use in the Prospectus was determined according to the optimal estimation and assumption for the future market conditions and industrial development made by the Company in preparing the Prospectus, while the proceeds were applied according to the actual development of the Group’s business and the industry.

Pledge of Assets

As at 31 December 2020, none of the assets of the Group were pledged (31 December 2019: nil).

Material Acquisitions and Disposals of Assets

For the year ended 31 December 2020, the Group did not have any material acquisitions or disposals of assets (for the year ended 31 December 2019: nil).

Significant Investment Held and Future Plans for Material Investment and Capital Assets

For the year ended 31 December 2020, the Group did not have any significant investment, and there was no plan for any material investment 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 31 December 2020, our liabilities to assets ratio was 0.37. As at 31 December 2019, our liabilities to assets ratio was 0.59.

Note 1: Gearing ratio is calculated by dividing the total amount of loan as at the corresponding date by the total amount of equity as at the same date. As at 31 December 2020 and 31 December 2019, the Group had no interest-bearing loan, therefore the gearing ratio does not apply.

Contingent Liabilities

As at 31 December 2020, the Group did not have any contingent liabilities (31 December 2019: nil).

Foreign Exchange Risk

The Group's businesses are principally conducted in RMB, which is the functional currency of the Group. Foreign currency transactions primarily include the proceeds from the listing and payment of professional fees denominated in HKD. As at 31 December 2020, major non-RMB assets were cash and cash equivalents of HK\$745.43 million (equivalent to approximately RMB627.32 million). Exchange rate fluctuations for RMB against foreign currencies may have an impact on the Group's results of operations.

For the year ended 31 December 2020, the Group did not enter into any forward contract to hedge its exposure to foreign exchange risk, and will continue to monitor foreign exchange risk (for the year ended 31 December 2019: nil).

Employees and Benefits Policies

As at 31 December 2020, the Group had 4,123 employees (31 December 2019: 4,048 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 them to acquire basic skills to perform their duties and to upgrade or improve their productivity.

OTHER INFORMATION

Events after the Reporting Period

Save as disclosed above, no other significant events of the Group occurred after the reporting period.

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

Neither the Company nor its subsidiary purchased, sold or redeemed any of the Company's listed securities at any time from the Listing Date to 31 December 2020.

Compliance with the Corporate Governance Code

The Company has adopted and applied the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own corporate governance code. To the best knowledge of the Directors, except for code provision A.2.1 described below, the Company has complied with all applicable code provisions under the CG Code during the period from the Listing Date up to the date of this announcement.

Under code provision A.2.1 of the CG Code, the roles of chairman of the board and the general manager should not be performed by the same individual. During the period from the Listing Date and up to the date of this announcement, the roles of chairman of the Board (“**Chairman**”) and general manager of the Company are performed by Mr. Sun Jie. Taking into account Mr. Sun Jie’s strong expertise and insight into the property management industry, the Board considered that the roles of Chairman and general manager being performed by Mr. Sun Jie enables more effective and efficient overall business planning, decision making and implementation thereof by the Group. In order to maintain good corporate governance and fully comply with the code provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of Chairman and general manager separately.

Compliance with Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the code of conduct and rules governing dealings by all the Directors and supervisors (the “**Supervisors**”) of the Company in the securities of the Company. Having made specific enquiry of all the Directors and Supervisors, they have confirmed that they have complied with the required standards set out in the Model Code since the Listing Date and up to the year ended 31 December 2020.

Audit Committee

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

The Audit Committee has reviewed the audited consolidated financial statements and annual results of the Group for the year ended 31 December 2020, and discussed with the management of the Group the accounting principles and practices adopted by the Group, as well as matters such as internal control and financial report.

Scope of Work of Auditor

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2020 as set forth in this announcement have been reconciled by the Group's auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the announcement of annual results.

Final Dividend

The Board proposed the distribution of a final dividend of RMB0.154 per share (before tax) for the year ended 31 December 2020 in cash with a proposed dividend payout ratio of approximately 55.075%. The dividend distribution plan shall be subject to the approval of the shareholders of the Company (the "**Shareholders**") at the annual general meeting to be held on Thursday, 24 June 2021 (the "**2020 AGM**") and such dividend is expected to be paid on or before 23 August 2021. The proposed final dividend will be declared in Renminbi and paid in Hong Kong dollars (for H Shares) and Renminbi (for domestic shares), the exchange rate of which will be calculated based on the average exchange rate of Renminbi against Hong Kong dollars published by the People's Bank of China one calendar week prior to the 2020 AGM.

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

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) which came into effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, respectively, and its implementing rules, the Notice on the Issues Concerning Withholding and Paying the Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008] 897號)), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from 1 January 2008 to non-resident enterprise Shareholders, it is required to withhold and pay 10% of the enterprise income tax for such non-resident enterprise Shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the final dividend as enterprise income tax, distribute the final dividend to non-resident enterprise Shareholders whose names appear on the register of members of H Shares, i.e. any Shareholders who

hold H Shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups. After receiving dividends, the non-resident enterprises Shareholders may apply to the competent tax authorities for enjoying treatment of tax treaties (arrangements) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such tax treaties (arrangements). After having verified that there is no error, the competent tax authorities shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant tax treaties (arrangements).

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

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

Notice of the AGM

The 2020 AGM will be held on Thursday, 24 June 2021. A notice convening the 2020 AGM will be published on both the Stock Exchange's and the Company's websites via (<http://www.hkexnews.hk>) and (<http://www.jrjlife.com>) and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

Closure of Register of Members

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2020 AGM (and any adjourned meeting thereof), the register of members of the Company will be closed from Friday, 18 June 2021 to Thursday, 24 June 2021, both days inclusive, during which period no transfer of the Shares will be registered. In order for the H Shareholders to qualify for attending and voting at the 2020 AGM, all duly completed share transfer forms together with the relevant H Share certificates shall be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 June 2021.

For determining the entitlement to the 2020 proposed final dividend (subject to the approval of the Shareholders at the forthcoming annual general meeting), the register of members of the Company will be closed from Tuesday, 6 July 2021 to Monday, 12 July 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2020 proposed final dividend, the holders of H Shares whose transfer documents have not been registered are required to deposit all duly completed share transfer forms together with the relevant share certificates to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 5 July 2021.

Public Float

During the period from the Listing Date up to the date of this announcement, the Company maintained sufficient public float in compliance with the Listing Rules.

Publication of the Annual Results and Annual Report

This announcement can be accessed on both the Stock Exchange's and the Company's websites via (<http://www.hkexnews.hk>) and (<http://www.jrjlife.com>), respectively. The annual report of the Company for the year ended 31 December 2020, which contains all the information required by the Listing Rules, will be despatched to the Shareholders and published on the above websites in due course.

Appreciation

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

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

Beijing, the PRC, 25 March 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.