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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)

CONNECTED TRANSACTION ACQUISITION OF 100% EQUITY INTERESTS IN BEIJING YONGTAIHENG HEALTH SERVICE CO., LTD.

THE ACQUISITION

Reference is made to the announcement of the Company dated 23 June 2021 in relation to the notification received by the Company from Financial Street Group that, with the written approval of the Xicheng SASAC, the Target Company (formerly known as Beijing Yongtaiheng Health Service Centre (北京永泰恒衛生服務中心)) was proposed to be transferred to Financial Street Group and became a wholly-owned subsidiary of Financial Street Group. Immediately thereafter, Financial Street Group changed the corporate nature of the Target Company so that the Target Company became a limited liability company under the Company Law of the PRC and will transfer 100% of the equity interests in the Target Company to the Company.

The Board is pleased to announce that on 29 November 2021 (after trading hours), the Company and Financial Street Group (the controlling shareholder of the Company) entered into the Equity Transfer Agreement, pursuant to which, Financial Street Group agreed to sell and the Company agreed to purchase the 100% equity interests in the Target Company at a consideration of RMB3,451,800.

Upon the completion of the Acquisition, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial information of the Target Company will be consolidated with that of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Financial Street Group is a controlling shareholder of the Company and the Target Company is a direct wholly-owned subsidiary of Financial Street Group. Financial Street Group is therefore a connected person of the Company under Chapter 14A of the Listing Rules, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) of the Acquisition is higher than 0.1% but less than 5%, the Acquisition shall be subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements.

INTRODUCTION

Reference is made to the announcement of the Company dated 23 June 2021 in relation to the notification received by the Company from Financial Street Group that, with the written approval of the Xicheng SASAC, the Target Company (formerly known as Beijing Yongtaiheng Health Service Centre (北京永泰恒衛生服務中心)) was proposed to be transferred to Financial Street Group and became a wholly-owned subsidiary of Financial Street Group. Immediately thereafter, Financial Street Group changed the corporate nature of the Target Company so that the Target Company became a limited liability company under the Company Law of the PRC and will transfer 100% of the equity interests in the Target Company to the Company.

The Board is pleased to announce that on 29 November 2021 (after trading hours), the Company and Financial Street Group entered into the Equity Transfer Agreement, pursuant to which, Financial Street Group agreed to sell and the Company agreed to purchase the 100% equity interests in the Target Company at a consideration of RMB3,451,800.

The principal terms of the agreement are set out below:

Date

29 November 2021

Parties

Purchaser: the Company; and

Vendor: Financial Street Group

Subject Matter

Pursuant to the agreement, the Company agreed to acquire and Financial Street Group agreed to sell the 100% equity interests in the Target Company.

Consideration and Payment Method

The consideration for the Acquisition is RMB3,451,800, which shall be payable by the Company to the designated bank account of Financial Street Group within 7 business days from the effective date of the Equity Transfer Agreement.

The consideration is determined after arm's length negotiations between the Company and Financial Street Group in accordance with the relevant provisions of the Measures for Supervision and Administration of Enterprise State-owned Assets Transactions issued by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and based on the valuation of RMB3,451,800 determined by adopting the asset-based approach with 31 August 2021 as the valuation benchmark date by an independent appraisal firm, Guozhonglian Asset Valuation Land and Real Estate Appraisal Co., Ltd. (國眾聯資產評估土地房地產估價有限公司).

The consideration will be satisfied by the internal resources of the Group.

The Acquisition shall become effective on the date on which all necessary approvals, authorizations, consents and permits have been obtained by the Company in respect of the Acquisition and the relevant procedures have been performed in accordance with the Listing Rules and other applicable laws.

Upon the completion of the Acquisition, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial information of the Target Company will be consolidated with that of the Company.

COST OF INITIAL PURCHASE OF TRANSACTION ASSET BY THE VENDOR

The Target Company was an enterprise formerly under the Beijing Xicheng District Health Commission (“**Xicheng District Health Commission**”) and was subsequently transferred to Financial Street Group and became a wholly-owned subsidiary of Financial Street Group on 11 August 2021 without consideration (i.e. the consideration for the transfer was nil) with the approval of the Beijing Xicheng District Government. Its registered capital was RMB2,963,000.

INFORMATION ON THE TARGET COMPANY

The Target Company was originally an Enterprise Owned by the Whole People (全民所有制企業) established in the PRC on 10 August 1995. On 26 August 2021, the corporate nature was converted into a limited liability company. The scope of business is to develop property management and services, and it is currently engaged in logistic services for Xicheng District Health Commission and medical institutions and is currently the designated service provider for the properties of the administrative government departments at municipal level in Beijing.

On 31 August 2021, the total assets and the net assets of the Target Company unaudited by the Company amounted to RMB18,698,563.73 and RMB3,224,624.76, respectively. The financial information of the Target Company (unaudited by the Company) prepared under PRC GAAP for the years ended 31 December 2019 and 31 December 2020 is set out below, respectively:

	For the year ended/as at 31 December 2019 (RMB)	For the year ended/as at 31 December 2020 (RMB)
Revenue	45,153,449.63	47,505,150.83
Net profit before taxation and extraordinary items	238,813.06	218,548.76
Net profit after taxation and extraordinary items	226,872.40	188,933.40

INFORMATION ON THE COMPANY AND FINANCIAL STREET GROUP

As one of the leading comprehensive property management service providers for commercial and business properties in China, the Company focuses on mid- to high-end property management services. The Company has been providing property management services for over 27 years since 1994, covering a wide range of properties, and provides property owners and residents with tailored quality services through a one-stop service platform to enhance their quality of living space and their satisfaction.

Established on 29 May 1996, Financial Street Group has, by taking the opportunity of developing and constructing Beijing Financial Street, established its headquarters in Beijing, expanded business nationwide and achieved diversified development, with business covering nearly 20 provinces, cities and autonomous regions. It has successfully created a new “6+1” industrial pattern integrating real estate development, property operation and management, finance, education, medical and health, cultural tourism and emerging industries, and ranks top among the state-owned enterprises in Beijing in terms of scale and efficiency.

The ultimate beneficial owner of the Company and Financial Street Group is Xicheng SASAC.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company's acquisition of 100% equity interest in the Target Company will expand the scale of the hospital property management business of the Company, which is in line with the Company's strategic plan of multi-business and large-scale development. The Target Company has long been providing logistic services and supports for health and medical institutions in Xicheng District of Beijing, and accumulated mature management experience with refined service quality in hospitals, health service centers, community health service stations and other health and medical institutions at all levels, which is conducive to enriching the Company's operational experience in logistic property management of medical institutions and further enhancing the Company's market competitiveness in the field of public building management services.

Having considered the above, the Board (including the independent non-executive Directors) is of the view that the transactions contemplated under the Equity Transfer Agreement and the consideration thereof are on normal commercial terms or better, and are fair and reasonable, and the Equity Transfer Agreement is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Financial Street Group is a controlling shareholder of the Company and the Target Company is a direct wholly-owned subsidiary of Financial Street Group. Financial Street Group is therefore a connected person of the Company under Chapter 14A of the Listing Rules, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) of the Acquisition is higher than 0.1% but less than 5%, the Acquisition shall be subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements.

The Acquisition has been approved by the Board. As Mr. Sun Jie, Mr. Liang Jianping, Mr. Jiang Rui and Mr. Zhou Peng, all being Directors of the Company, hold positions in Financial Street Group or its subsidiaries, for the avoidance of any possible conflict of interest, they have abstained from voting on the resolution approving the Acquisition and the transactions contemplated thereunder at the Board meeting.

DEFINITIONS

In this announcement, the following terms have the meanings set out below, unless the context otherwise requires:

“Acquisition”	the acquisition of the entire equity interests in the Target Company by the Company pursuant to the Equity Transfer Agreement
“Board of Directors” or “Board”	the board of Directors of the Company
“China” or the “PRC”	the People’s Republic of China
“Company”	Financial Street Property Co., Limited (金融街物業股份有限公司), a company established in the PRC with limited liability, whose H shares are listed on the main board of the Stock Exchange
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and Financial Street Group on 29 November 2021 in respect of the Acquisition
“Financial Street Group”	Beijing Financial Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司), a state-owned enterprise incorporated in the PRC on 29 May 1996 and ultimately owned by SASAC Xicheng District. As at the date of the announcement, it indirectly holds 34.35% of the Shares in the Company through its wholly-owned subsidiary Huarong Zonghe and is one of the controlling shareholders of the Company
“Group”	the Company and its subsidiaries as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC GAAP”	the generally accepted accounting principles in the PRC

“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Beijing Yongtaiheng Health Service Co., Ltd. (北京永泰恒衛生服務有限公司), formerly known as Beijing Yongtaiheng Health Service Centre (北京永泰恒衛生服務中心), a company established under the laws of the PRC
“Xicheng SASAC”	the State-owned Assets Supervision and Administration Commission of Xicheng District of Beijing (北京市西城區國有資產監督管理委員會)
“%”	per cent

The Board wishes to remind investors that such information should not be unduly relied upon and they should exercise caution when dealing in the Shares of the Company.

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

Beijing, the PRC, 29 November 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.