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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)

PROFIT FORECAST OF THE DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 70% EQUITY INTERESTS IN TARGET COMPANY

Reference is made to the announcement of Financial Street Property Co., Limited (the “**Company**”) dated 21 March 2023 (the “**1st Announcement**”) in relation to the Company’s proposed acquisition of 70% of the total issued share of the Target Company, the announcement of the Company dated 4 May 2023 (the “**2nd Announcement**”) in relation to the grant of waiver from strict compliance with Rules 14.60A and 14.62 of the Listing Rules to extend the deadline of announcing and submitting the required information (the “**Required Information**”) to the Stock Exchange under Rules 14.60A and 14.62 of the Listing Rules to 31 May 2023, and the announcement of the Company dated 4 July 2023 (the “**3rd Announcement**”, together with the 1st Announcement and the 2nd Announcement, the “**Announcements**”) in relation to the grant of second waiver from strict compliance with Rules 14.60A and 14.62 of the Listing Rules to further extend the deadline of announcing the Required Information to 7 August 2023. Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

COMPLIANCE WITH THE LISTING RULES

The Company wishes to inform the Shareholders and investors of the Company that on 26 July 2023, the Company received approval from the competent state-owned assets supervision and management authority for the results of the valuation of the assets of the Target Company and the conditions precedent of the Share Sale and Purchase Agreement have been fulfilled. The parties will complete the Acquisition in accordance with the terms of the Share Sale and Purchase Agreement.

Since the income approach was adopted by Beijing Guorong Xinghua Assets Appraisal Co., Ltd.* (北京國融興華資產評估有限責任公司), an independent valuation institution (the “**Valuation Institution**”), in the preparation of the valuation report (the “**Valuation Report**”), such valuation constitutes profit forecasts under Rule 14.61 of the Listing Rules. This announcement is made in compliance with Rules 14.60A and 14.62 of the Listing Rules.

ASSUMPTIONS OF VALUATION

Pursuant to Rule 14.62(1) of the Listing Rules, details of the principal assumptions, including commercial assumptions, upon which the Valuation Report were based are as follows:

Main Assumptions

For the valuation of the value of the entire equity interests in the Target Company, the Valuation Institution has mainly adopted the income approach and the following valuation assumptions:

General Assumptions

1. It is assumed that there are no material changes to the existing relevant state laws, regulations and policies as well as the macro economy of the state, and there are no material changes to the political, economic and social environments of regions where the parties to the Acquisition are located;
2. it is assumed that the Target Company will be able to continue to control the resources it has (including human resources), maintain its core competitiveness, operate in accordance with its current business approach on an on-going basis and such business approach will not change in the foreseeable future; and that the Target Company will be able to grow smoothly during its existence, i.e. the future earnings generated by the assets of the Target Company will be a continuation of the current level of management of the Target Company;
3. the current and future operators of the Target Company are responsible and the management of the Target Company is able to steadily advance its growth plans to the best of its ability to achieve the projected business dynamics;
4. the Target Company is in full compliance with all relevant laws and regulations of the state, without committing significant violation that prejudices the Target Company’s development and revenue realisation;
5. it is assumed that the operating projects and services of the Target Company remain essentially unchanged or that changes in them can be anticipated and are likely to be realised;

6. it is assumed that there are no material changes in interest rates, exchange rates, taxation bases and tax rates, as well as government levies, relating to the Target Company after the valuation benchmark date;
7. it is assumed that there are no material adverse impacts on the Target Company arising from force majeure and unforeseeable factors after the valuation benchmark date;
8. it is assumed that the operation qualifications and personnel qualifications of the Target Company meet the requirements laid down by the local government for the property management industry; and
9. it is assumed that the relevant qualifications and certificates of the Target Company will be renewed upon expiry.

Special Assumptions

1. It is assumed that the accounting policies to be adopted by the Target Company after the valuation benchmark date remain consistent with those adopted in the valuation in material aspects;
2. it is assumed that the business scope and practice and business models of the Target Company will, after the valuation benchmark date, remain consistent based on the existing management practice and management level;
3. it is assumed that balanced cash inflows and outflows will be achieved by the Target Company after the valuation benchmark date;
4. it is assumed that the process through which the Target Company acquired or obtained its assets is in compliance with the relevant national laws and regulations;
5. the ownership of the assets owned by the Target Company are clearly established, owned by the Target Company, and free from possible joint and several liabilities and legal issues outside the scope of valuation;
6. the Target Company's operating and office premises are leased and are subject to a lease agreement, and the valuation is based on the assumption that the lease relationship will be maintained in the future revenue period; and
7. it is assumed that the scale of management and human resources of the Target Company are sustainable and stable and are able to meet the expansion needs.

Confirmations

Grant Thornton Hong Kong Limited, the reporting accountant of the Company (the “**Reporting Accountants**”), have been engaged to report on the calculations of the discounted cash flows used in the Valuation Report prepared by the Valuation Institution. The Reporting Accountants has reported that so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions as set out in the Valuation Report. The text of the report issued by the Reporting Accountants in relation to the calculations of the discounted cash flows is set out in Appendix I to this announcement for the purpose under Rule 14.62(2) of the Listing Rules.

A letter from the Board, confirming that the profit forecast in the valuation has been made after due and careful enquiry by the Board, is set out in Appendix II to this announcement.

Experts

The following are the qualifications of experts who have provided opinions and/or suggestions contained in this announcement:

Name	Qualification
Beijing Guorong Xinghua Assets Appraisal Co., Ltd.	Independent valuation firm with asset valuation qualification in PRC
Grant Thornton Hong Kong Limited	Certified Public Accountants

Each of the experts mentioned above has given and none of the experts has withdrawn its written consent to the issue of this announcement with the inclusion of its letters, reports and/or opinions and the references to its names included herein in the form and context in which it is included.

As at the date of this announcement, none of the experts nor their respective subsidiaries mentioned above held any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of this announcement, as far as the Directors are aware, none of the experts nor their respective subsidiaries mentioned above had, or had had, any direct or indirect interest in any material assets which have been since 31 December 2022 (being the date to which the latest published audited consolidated accounts of the Company were made up) acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group.

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

Beijing, the PRC, 26 July 2023

As at the date of this announcement, the Board comprises Mr. Sun Jie and Ms. Xue Rui as executive Directors, Ms. Hu Yuxia, Mr. Liang Jianping, Mr. Li Liang and Ms. Zhao Lu as non-executive Directors, and Mr. Song Baocheng, Ms. Tong Yan and Ms. Lu Qing as independent non-executive Directors.

* *For identification purpose only*

APPENDIX I

The following is the text of the report dated 26 July 2023 from the Reporting Accountants, prepared for inclusion in this announcement.

Report on Calculations of Discounted Future Estimated Cash Flows in Connection with the Valuation of the 70% Equity Interests in Top Property Services Company Limited (The “Target Company”)

To the directors of Financial Street Property Co., Limited (the “Company”)

We have examined the calculations of the discounted future estimated cash flows on which the valuation dated 5 July 2023 prepared by Beijing Guorong Xinghua Assets Appraisal Co., Ltd. in respect of the equity interest in Target Company as at 30 September 2022 is based (the “**Valuation**”). The Valuation based on the discounted future estimated cash flows is regarded as profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and reference to the Valuation will be included in an announcement dated 26 July 2023 issued by the Company in connection with profit forecast of the discloseable transaction in relation to acquisition of 70% equity interest in Target Company (the “**Announcement**”).

Directors’ responsibilities

The directors of the Company are responsible for the reasonableness and validity of the assumptions (the “**Assumptions**”), based on which the discounted future estimated cash flows and the Valuation are prepared.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. The discounted future estimated cash flows does not involve the adoption of accounting policies. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the Assumptions.

Our work does not constitute any valuation of the 70% equity interests in the Target Company. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects in accordance with the Assumptions.

Grant Thornton Hong Kong Limited
Certified Public Accountants

Hong Kong
26 July 2023

APPENDIX II

The following is the text of the letter dated 26 July 2023 from the Board prepared for inclusion in this announcement.

To: The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sir/Madam,

Company: Financial Street Property Co., Limited (Stock Code: 1502) (the “Company”)

Re: Profit Forecast — Confirmation letter under the requirements of Rule 14.62(3) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”)

Reference is made to the announcement of the Company dated 26 July 2023 in relation to the valuation report dated 5 July 2023 (the “**Valuation Report**”) prepared by Beijing Guorong Xinghua Assets Appraisal Co., Ltd.* (北京國融興華資產評估有限責任公司) (the “**Valuation Institution**”), which has adopted income approach in valuation of Top Property Services Company Limited (置佳物業服務有限公司) and its subsidiaries. Such valuation constitutes profit forecasts under Rule 14.61 of the Listing Rules. On 26 July 2023, the Valuation Report has been approved by the state-owned assets supervision and management authority.

The board of directors of the Company (the “**Board**”) has reviewed the basis and assumptions of the valuation. The Board has also considered the report issued by Grant Thornton Hong Kong Limited on 26 July 2023 in relation to the calculations of the profit forecast in the Valuation Report.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board confirmed that the profit forecast used in the aforesaid Valuation Report has been made after due and careful enquiry.

The Board of Directors
FINANCIAL STREET PROPERTY CO., LIMITED

26 July 2023