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If you have sold or transferred all your shares in Financial Street Property Co., Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) REVISION OF ANNUAL CAPS FOR THE THREE YEARS ENDING 2022 IN RESPECT OF THE TRANSACTIONS UNDER THE PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

(2) PROPOSED APPOINTMENT OF SUPERVISOR

AND

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser

to the Independent Board Committee and the Independent Shareholders



Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee containing its recommendations on the proposed revision of annual caps for the three years ending 2022 in respect of the continuing connected transactions under the Property Management Services Framework Agreement is set out on page 17 of this circular.

A letter from Founder Securities (Hong Kong) Capital Company Limited, the independent financial adviser on the proposed revision of annual caps for the three years ending 2022 in respect of the continuing connected transactions under the Property Management Services Framework Agreement, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 37 of this circular.

A notice convening the EGM to be held at 2/F, Xihuan Plaza Tower 2, 1 Xizhimenwai Avenue, Xicheng District, Beijing, PRC on Monday, 7 December 2020 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the EGM is also enclosed in this circular. Such proxy form is also published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jrjlife.com).

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

20 November 2020

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Annual Cap Revision”	the proposed revision of the maximum annual fee payable by Financial Street Group and its associates to the Group for the three years ending 31 December 2022 in respect of the Property Management Services to be provided by the Group under the Property Management Services Framework Agreement, being RMB210 million, RMB247 million and RMB290 million, respectively
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Financial Street Property Co., Limited (金融街物業股份有限公司), formerly known as Beijing Financial Street Property Management Co., Ltd. (北京金融街物業管理有限責任公司), established in the PRC on 20 May 1994 as a state and joint-stock jointly-owned enterprise (全民與股份制聯營企業), converted to a limited liability company on 8 July 1999, and converted into a joint stock company with limited liability on 19 September 2019, the H Shares of which are listed on the main board of the Hong Kong Stock Exchange (stock code: 1502)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed and paid for in RMB
“EGM”	the extraordinary general meeting of the Company to be convened to consider the revision of the annual caps for the three years ending 31 December 2022 in respect of the transactions under the Property Management Services Framework Agreement and to consider the appointment of a Supervisor
“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. As at the Latest Practicable Date, it indirectly holds 34.35% of the issued share capital in the Company through its wholly-owned subsidiary Huarong Zonghe

DEFINITIONS

“Financial Street Holdings”	Financial Street Holdings Co., Ltd. (金融街控股股份有限公司), a company listed on Shenzhen Stock Exchange (stock code : 000402), established in the PRC with limited liability on 18 June 1996. As at the Latest Practicable Date, Financial Street Holdings was held as to 31.14% by Financial Street Group
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“H Share(s)”	H Share(s) of RMB1.00 each in the capital of the Company which is/are listed and traded on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huarong Zonghe”	Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司), formerly known as Beijing Huarong Zonghe Investment Company (北京華融綜合投資公司), a state-owned enterprise incorporated in the PRC on 9 July 1992 and wholly-owned by Financial Street Group, and as at the Latest Practicable Date holds 34.35% of the issued share capital in the Company
“Independent Board Committee”	the independent board committee of the Company comprising all three independent non-executive Directors constituted for the purpose of considering the Annual Cap Revision
“Independent Financial Adviser”	Founder Securities (Hong Kong) Capital Company Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Annual Cap Revision
“Independent Shareholders”	Shareholders who are not due to their interests in the transactions required to abstain from voting on the resolution of the Annual Cap Revision

DEFINITIONS

“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Latest Practicable Date”	16 November 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Property Management Services”	property management services and related services
“Property Management Services Framework Agreement”	the services framework agreement dated 10 February 2020 (as supplemented by the supplemental agreement dated 10 June 2020) entered into between the Company and Financial Street Group
“Prospectus”	the prospectus of the Company dated 19 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“sq.m.”	square metre(s)
“Supervisor(s)”	the supervisor(s) of the Company
“%”	per cent

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Sun Jie (*Chairman*)
Ms. Xue Rui

Non-executive Directors:

Mr. Shen Mingsong
Mr. Zhou Peng
Mr. Liang Jianping
Mr. Jiang Rui

Independent non-executive Directors:

Mr. Song Baocheng
Ms. Tong Yan
Ms. Lu Qing

Registered Office in the PRC:

Tongtai Building
33 Financial Street
Xicheng District
Beijing
PRC

Principal place of business in the PRC:

24/F, Xihuan Plaza Tower 2
1 Xizhimenwai Avenue
Xicheng District
Beijing
PRC

Principal Place of Business in Hong Kong:

46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

20 November 2020

To the Shareholders:

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAPS FOR THE THREE YEARS
ENDING 2022 IN RESPECT OF THE TRANSACTIONS UNDER THE
PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT
(2) PROPOSED APPOINTMENT OF SUPERVISOR
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the relevant information to enable you to make informed decisions in respect of the resolutions at the EGM.

LETTER FROM THE BOARD

2. REVISION OF ANNUAL CAPS FOR THE THREE YEARS ENDING 2022 IN RESPECT OF THE TRANSACTIONS UNDER THE PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 20 October 2020 and the Prospectus in respect of, amongst other things, the continuing connected transactions under the Property Management Services Framework Agreement.

As disclosed in the abovementioned announcement and Prospectus, the Company has entered into the Property Management Services Framework Agreement with Financial Street Group on 10 February 2020 (as supplemented by the supplemental agreement dated 10 June 2020). The Company has been monitoring transactions carried out under the Property Management Services Framework Agreement.

The Directors propose to revise the existing annual caps for the three years ending 31 December 2022 in respect of transactions under the Property Management Services Framework Agreement to support the Group's future needs. For details, please refer to the section headed "Reasons and benefits for the Annual Cap Revision" in this circular.

Property Management Services Framework Agreement

Set out below is a summary of the principal terms of the Property Management Services Framework Agreement as disclosed in the section headed "Connected Transactions" in the Prospectus.

Date

10 February 2020 (as supplemented by the supplemental agreement dated 10 June 2020)

Parties

(i) The Company and (ii) Financial Street Group

Subject matter and principal terms

Pursuant to the Property Management Services Framework Agreement, the Company agreed, either directly, or indirectly through subsidiaries, to provide Property Management Services to Financial Street Group and its associates with respect to the following types of properties:

- (i) properties owned by, or with respect to which Financial Street Group and its associates have the right of use; and
- (ii) properties already developed by Financial Street Group and its associates but unsold, or properties already developed and sold but undelivered by Financial Street Group and its associates.

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The scope and nature of Property Management Services under the Property Management Services Framework Agreement consist of customer services, security services, cleaning and gardening services, engineering, repair and maintenance services, as well as a series of ancillary value-added services, including carpark management services and other related services (namely resource management services, operational businesses, consultancy services, customised services, real estate operation services and sales offices and display units management services).

Term

The Property Management Services Framework Agreement has run from 6 July 2020 and will end on 31 December 2022.

Pricing

The property management fees to be charged pursuant to the Property Management Services Framework Agreement shall be determined after arm's length negotiations taking into account the location of the projects, the expected operational costs (including, amongst others, labour costs, material costs and administrative costs) with reference to the property management fees for similar services and similar types of projects in the market. The property management fees payable by Financial Street Group to the Group under the Property Management Services Framework Agreement shall be on normal commercial terms and not be more favourable than those provided to customers of the Group who are Independent Third Parties.

For details in relation to the procedures of the Group to ensure that the above pricing policy will be complied with and that fees under the Property Management Services Framework Agreement will be fair and reasonable and on normal commercial terms, please refer to the section headed "Internal Control Measures" in this circular.

Historical figures of the transactions under the Property Management Services Framework Agreement

For each of the years ended 31 December 2017 and 2018 and 2019, and the eight months ended 31 August 2020, the total amount of fees paid by Financial Street Group and its associates for Property Management Services to the Group amounted to approximately RMB118,276,000, RMB130,864,000, RMB165,992,000 and RMB126,600,000 respectively.

LETTER FROM THE BOARD

Revision of annual caps for the three years ending 2022

Based on the business volume, growth and capacity of the Group and its business needs and operating conditions and the general economic outlook of the industry and the PRC, the Board proposes to revise the annual caps in respect of the transactions under the Property Management Services Framework Agreement for the three years ending 31 December 2022 as follows:

	Original Annual Caps	Proposed revised Annual Caps
For the year ending 31 December 2020	RMB180,000,000	RMB210,000,000
For the year ending 31 December 2021	RMB200,000,000	RMB247,000,000
For the year ending 31 December 2022	RMB230,000,000	RMB290,000,000

Save for the proposed revision of the annual caps for the years shown above, the transactions provided for under the Property Management Services Framework Agreement remain unchanged in all respects and all arrangements in relation thereto including without limitation to the pricing mechanism previously disclosed in the Prospectus continue to remain in full force and effect.

Reasons and benefits for the Annual Cap Revision

The Board is of the view that the Annual Cap Revision is essential to the normal operations of, and beneficial to, the Company. In forming such view, the Board has taken into account of: (i) the long business relationship since 1994 between the Group and Financial Street Group and its associates, which has provided a steady revenue stream to the Company; and (ii) Financial Street Group and its associates acting as major property developers, with continually increasing land reserves. The Annual Cap Revision represents an increase in the steady revenue stream to the Company, even more so than previously anticipated, as the Company participates in the growth of the Financial Street Group. In removing constraints on the Company and permitting the Company to grow its revenue, the Annual Cap Revision by its very nature can only be beneficial to the Company.

Analysis of the Annual Cap Revision

The Board has considered the following factors in coming up with the Annual Cap Revision:

- (a) the COVID-19 pandemic leading to previously unforeseen increase in unoccupied units, which led to an increase in property management fees charged on unoccupied units;

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- (b) increase in recognition as revenue of property management fees charged on unoccupied units during the six months ending 31 December 2020 as compared to the six months ended 30 June 2020;
- (c) as disclosed in the interim report of Financial Street Holdings for the six months ended 30 June 2020, its total GFA under new and resumed construction area amounted to 8.46 million sq.m., representing an increase of approximately 58% as compared to the same period in 2019; of the total GFA under construction, new construction area amounted to 2.34 million sq.m., representing an increase of approximately 157% as compared to the same period in 2019 and therefore resulted in an increase in execution of contracts subject to the Property Management Services Framework Agreement;
- (d) as compared to the six months ended 30 June 2020, the total amount of fees paid by Financial Street Group and its associates for Property Management Services to the Group accelerated in the two months after 30 June 2020, amounting to approximately RMB126.6 million for the eight months ended 31 August 2020;
- (e) based on contracts subject to the Property Management Services Framework Agreement already in effect as of the Latest Practicable Date, the amount of fees to be paid by Financial Street Group and its associates for Property Management Services to the Group is projected to be RMB191 million for the year ending 31 December 2020; however, due to the persistence of factors set forth above (*i.e.* increase in recognition as revenue of property management fees charged on unoccupied units and resumption of construction by Financial Street Holdings post-COVID-19), it is anticipated that the final amount of fees to be paid by Financial Street Group and its associates for Property Management Services to the Group will be 10% higher, which would amount to RMB210 million;
- (f) the annual increase in fees to be paid by Financial Street Group and its associates for Property Management Services to the Group for the financial years 2021 and 2022 is projected to match the compounded annual growth rate in such fees during the financial years 2017 to 2020, which is 17.4%;
- (g) based on an annual increase of 17.4% from 2021 onward, the fees to be paid by Financial Street Group and its associates for Property Management Services to the Group is projected to be RMB247 million and RMB290 million for the two years ending 31 December 2021 and 2022, respectively.

Having taken into account the abovementioned factors and based on the historical transaction volume and growth path of the business of Group and its understanding of the market conditions and trends of the industry, the Board expects the annual caps in respect

LETTER FROM THE BOARD

of the transactions under Property Management Services Framework Agreement as set forth in the Prospectus is not sufficient and will need to increase to RMB210 million, RMB247 million and RMB290 million for each of the three years ending 31 December 2022, respectively.

The Board (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) considers that the proposed revision of the annual caps for the continuing transactions under the Property Management Services Framework Agreement for the three years ending 31 December 2022 is fair and reasonable, in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

None of the Directors is considered to have material interest in the Property Management Services Framework Agreement. For good corporate governance, Mr. Sun Jie, Mr. Zhou Peng, Mr. Liang Jianping and Mr. Jiang Rui, each a Director, by virtue of their respective directorships or capacities as a member of the management of Financial Street Group or its associates, have abstained from voting on the Board decision on the proposed revision of annual caps.

Internal Control Measures

In order to ensure that the transactions will comply with the pricing policy under the Property Management Services Framework Agreement and that the fees thereunder will be fair and reasonable and on normal commercial terms, the Group will adopt the following measures:

- (a) the Group will maintain a database of fees to be paid to the Group for Property Management Services organized by class of properties, geographic location of property sites, scope of Property Management Services to be provided by the Group, and the identity of the customer;
- (b) the office of the Board and the financial department of the Company will in accordance with a specific method collect information on transaction amounts of all connected transactions, including those under the Property Management Services Framework Agreement, and monitor the cumulative connected transactions amount during the year; the office of the Board, in coordination with the financial department, will also maintain and regularly update the list of connected persons of the Company;
- (c) the relevant operational units of the Group will identify any connected transaction or potential connected transaction to a dedicated connected transactions group within the Company, comprising of members from the office of the Board, the financial department and risk and legal affairs center of the Company;

LETTER FROM THE BOARD

- (d) The Company will allocate each branch, subsidiary or operational unit of the Group their respective quotas of connected transactions subject to the Property Management Services Framework Agreement each year, and each branch, subsidiary and operational unit has the obligation to limit its amount of connected transaction to within such quota. Each branch, subsidiary or operational unit initiating connected transactions (“**Connected Transaction Initiator**”) shall prior to negotiating and signing any connected transaction contract, preliminarily review the necessity and fairness of such contemplated connected transaction contract, and the essence of the fairness preliminary review is on whether such connection transaction complies with the Company’s connected transactions pricing policy. In the preliminary review report, the Connected Transaction Initiator shall specifically state that the terms of the connected transactions contract have been compared with not less than three similar contracts signed with Independent Third Parties. Where the connected transaction involves a large property (such as a large commercial building or a large residential community) divided into multiple units or subdivisions, then the relevant Connected Transaction Initiator shall prioritise contracts signed with Independent Third Parties with respect to the same property when selecting contracts as the basis for comparison. If no comparable contract with respect to the same property is available, then contracts with respect to properties in the adjacent area (normally the administrative district in which the project is located or its adjacent area) will be preferred.

The material to be submitted by the Connected Transaction Initiator for review shall include a report on the necessity and fairness of the connected transaction. If such report is deficient or contrary to the requirements of necessity or fairness, members of the dedicated connected transactions group within the Company shall have the right to require supplemental information or its amendment.

The office of the Board may consult the risk and legal affairs center of the Company to assist in its review of reports submitted by Connected Transaction Initiators to assess whether any transaction identified as a connected transaction, including those subject to the Property Management Services Framework Agreement, complies with Company pricing policy on connected transactions, particularly: (i) whether the terms of the transaction are in writing; (ii) whether the terms of the contract are fair, voluntary, clear, transparent and specific; and (iii) whether the fee under such transaction conforms to standard pricing charged to Independent Third Parties. The office of the Board has the right to request supplementary supporting materials from Connected Transaction Initiators if it considers the fairness assessment submitted deficient, failing which the office of the Board has the right to refuse approval in the review.

Upon passing the review, the office of the Board will submit its opinions to the Company’s senior management for approval. If the connected transaction under review will result in the Connected Transaction Initiator exceeding its annual connected transactions quota, submission to the Board for approval will be required.

LETTER FROM THE BOARD

The senior management or the Board will conduct a final review on the necessity and fairness of the connected transaction based on the above criteria. Completion of the review and approval process requires the signature of the final reviewing party, whether it be a member of senior management or the chairman of the Board, as applicable. Only after completion of the above review and approval can the contract signing process commence.

The above processes are subject to the supervision and monitoring of the internal control measures of the Company to ensure the transactions under the Property Management Services Framework Agreement are conducted on normal commercial terms, in the ordinary course of business and are in the interests of the Company and the Shareholders as a whole.

The independent non-executive Directors will also conduct a review each year on the transactions under the Property Management Services Framework Agreement and confirm that the transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will also engage its independent auditors to report on transactions under the Property Management Services Framework Agreement each year. The independent auditors will review and confirm in the annual report whether the transactions under the Property Management Services Framework Agreement: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the amounts under the Annual Cap Revision.

Revenue Contribution from Financial Street Group

Despite the fact that a significant portion of the revenue of the Group may be derived from Financial Street Group as a result of the Property Management Services based on the Annual Cap Revision with reference to the consolidated revenue of the Company as at 31 December 2019, the Board does not consider this as an issue of undue reliance on Financial Street Group on the following grounds:

- (a) while it might appear that a significant portion of the Group's revenue is derived from Financial Street Group in the form of fees for Property Management Services, the Annual Cap Revision does not increase the amount significantly as compared to the annual caps disclosed in the Prospectus. The Annual Cap Revision proposes to increase the annual cap by RMB30 million, RMB47 million and RMB60 million, for each of the three years ending 31 December 2022 respectively, which represents an incremental increase of 3.0%, 4.7% and 6.0%, respectively as a portion of the

LETTER FROM THE BOARD

Group's RMB997 million in revenue for the year ended 31 December 2019. As such, the Company does not consider there to be any more reliance upon Financial Street Group that is any more undue as compared to the state of reliance disclosed in the Prospectus.

- (b) the business relationship and transaction amount between the Group and Financial Street Group are unlikely to substantially decrease in the near future given the long-term cooperative relationship with mutual trust. The relationship between the Group and Financial Street Group is beneficial to both the Group and Financial Street Group given the historical friendly business relationship between the Group and Financial Street Group, the mutual understanding of the parties' business practices and standards required.
- (c) there is no issue of management, financial or operational reliance on Financial Street Group in relation to the Property Management Services Framework Agreement or Annual Cap Revision on the basis that (i) the day-to-day management of the business of the Group rests primarily with the Board and the senior management of the Company; (ii) the Group also has maintained an independent financial and accounting team, and will make financial decisions according to its own business needs; and (iii) the Group has developed independent expertise and capability in its principal business that are necessary to carry on and operate its business and has sufficient operational capacity in terms of capital and employees to operate independently from Financial Street Group and has direct and independent access to suppliers and customers.

Listing Rules implications

As at the Latest Practicable Date, Financial Street Group holds 128,299,270 Domestic Shares, representing approximately 34.35% of the issued share capital in the Company through its wholly-owned subsidiary Huarong Zonghe. Financial Street Group and Huarong Zonghe control or are entitled to exercise control over the voting rights in respect of 128,299,270 Domestic Shares, representing approximately 34.35% of the issued share capital in the Company and are each regarded as controlling shareholders of the Company and therefore are connected persons of the Company under the Listing Rules. Accordingly, the transactions under the Property Management Services Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

For the proposed revision of annual caps for the three years ending 31 December 2022 under the Property Management Services Framework Agreement, as one or more of the applicable percentage ratios (as defined under Chapter 14A of the Listing Rules) exceed 5%, the Annual Cap Revision is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Information relating to Financial Street Group

Financial Street Group and its subsidiaries mainly operate in real estate development, investment holding, finance, education and medical and wellness. Headquartered in Beijing, the properties under Financial Street Group's operation include office buildings, hotels, apartments, commercial properties, residential properties and parking lots, etc.

Information relating to the Company

The Company is a joint stock company established under the laws of the PRC with limited liability, of which the H Shares are listed on the Main Board of the Hong Kong Stock Exchange. The Group is principally engaged in the provision of Property Management Services to properties located at financial management centres at all levels nationwide.

General information

Approval of the Independent Shareholders on the Annual Cap Revision will be sought at the EGM by way of ordinary resolution. Huarong Zonghe, a wholly-owned subsidiary of Financial Street Group holding 34.35% of the issued share capital of the Company as of the Latest Practicable Date, shall abstain from voting in relation to the Annual Cap Revision.

An Independent Board Committee comprising all three independent non-executive Directors has been established to advise the Independent Shareholders on the Annual Cap Revision. A letter from the Independent Board Committee containing its recommendations on the Annual Cap Revision is set out on page 17 of this circular.

Founder Securities (Hong Kong) Capital Company Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the Annual Cap Revision. A letter from Founder Securities (Hong Kong) Capital Company Limited containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Annual Cap Revision is set out on pages 18 to 37 of this circular.

3. PROPOSED APPOINTMENT OF MS. GAO MINGHUI AS SUPERVISOR

Reference is made to the announcement of the Company dated 23 October 2020 in relation to resignation of Supervisor.

Due to his other commitments, Mr. Liu Hongwu (劉洪武) tendered his resignation as a Supervisor on 23 October 2020, which will become effective immediately upon approval of the appointment of a new Supervisor at the EGM.

LETTER FROM THE BOARD

Upon nomination by Huarong Zonghe, the Company proposes to appoint Ms. Gao Minghui (高明慧) (“**Ms. Gao**”) as a shareholder representative Supervisor, subject to approval by Shareholders at the EGM.

Biographical details of Ms. Gao are set out below:

Ms. Gao, aged 37, currently serves as a senior risk manager of the Company. She is primarily responsible for monitoring operation and financial matters, examining periodic reports and supervising the conduct of the Board and senior management. Ms. Gao joined the Company in June 2019 as a senior risk manager in the risk and legal affairs center of the Company.

Prior to joining the Company, from July 2010 to September 2011, Ms. Gao worked in Beijing Foresight Innovation Co., Ltd. (北京遠創明德管理諮詢有限公司) as a consultant. From November 2011 to April 2014, she worked at Beijing First Huida Risk Management Application Technology Co., Ltd. (北京第一會達風險管理科技有限公司) with her last position as a consultant in its consulting department. From April 2014 to May 2017, she worked at Beijing Shanhaitian Materials Trading Co., Ltd. (北京山海天物資貿易有限公司) as an audit manager in its risk control department. From May 2017 to May 2019, Ms. Gao worked in China UCAR Group Co., Ltd. (神州優車集團有限公司) as the head of its internal control department, where she was seconded to Luckin Coffee (Beijing). Co., Ltd. (瑞幸咖啡(北京)有限公司) as the optimization manager of its management optimization department from June 2018.

Ms. Gao graduated from Beijing Jiaotong University with a bachelor’s degree in management in July 2007 specialising in logistics management and from the University of International Business and Economics with a master’s degree in economics in July 2010 specialising in quantitative economics. Ms. Gao obtained a securities practitioner qualification (證券從業資格) issued by the Securities Association of China (中國證券業協會) in 2009. She was certified as a Certified Internal Auditor (國際註冊審計師) by the Institute of Internal Auditors (國際內部審計師協會) in December 2016 and received the qualification of intermediate economist (中級經濟師) issued by Beijing Municipal Human Resources and Social Security Bureau (中華人民共和國人力資源和社會保障部) in November 2019.

As at the Latest Practicable Date, save as disclosed above, Ms. Gao has not held any other position with the Company or other subsidiaries of the Company, has not held any directorships in other listed companies in the last three years, and has no other major appointments or professional qualifications. She does not have any relationships with any Director, Supervisor, member of senior management, substantial shareholder or controlling shareholder of the Company. She does not have any interest in shares in the Company within the meaning of Part XV of the SFO.

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Subject to the approval of the Shareholders at the EGM, the Company will enter into a service contract with Ms. Gao. The initial length of service will be from the date of the EGM until 18 September 2022. Ms. Gao will not receive remuneration from the Company for acting as a Supervisor.

Save as disclosed above, there is no other information about the appointment of Ms. Gao which is required to be disclosed under Rule 13.51(2) of the Listing Rules nor is there any other matter which needs to be brought to the attention of the Shareholders.

4. EGM

A notice convening the EGM to be held at 2/F, Xihuan Plaza Tower 2, 1 Xizhimenwai Avenue, Xicheng District, Beijing, PRC on Monday, 7 December 2020 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, ordinary resolutions will be proposed to consider and, if thought fit, to approve the Annual Cap Revision and the appointment of Ms. Gao as a Supervisor by way of poll. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The Annual Cap Revision is subject to the approval of the Independent Shareholders by way of ordinary resolution at the EGM. Huarong Zonghe, a wholly-owned subsidiary of Financial Street Group holding 34.35% of the issued share capital of the Company as of the Latest Practicable Date, shall abstain from voting on the Annual Cap Revision.

To the best knowledge and belief of the Directors, save as disclosed above, none of the Shareholders are required to abstain from voting on the resolutions to be proposed at the EGM.

The register of members of the Company will be closed from Wednesday, 2 December 2020 to Monday, 7 December 2020, both days inclusive, during which time no transfer of the Shares will be registered. The Shareholders whose names appear on the register of members of the Company on Monday, 7 December 2020 shall be entitled to attend and vote at the EGM.

In order to qualify for attending and voting at the EGM, all transfer of Shares accompanied by the relevant share certificate(s) and other appropriate documents must be delivered to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of Shareholders of H Shares) or the office of the Board, at 24/F, Xihuan Plaza Tower 2, 1 Xizhimenwai Avenue, Xicheng District, Beijing, PRC (in case of Shareholders of Domestic Shares) not later than 4:30 p.m., Tuesday, 1 December 2020, for registration.

LETTER FROM THE BOARD

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarized and served at the same time as the instrument appointing the proxy. To be valid, the proxy form together with a copy of the notarized power of attorney or other authorisation documents must be delivered to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of Shareholders of H Shares) or the office of the Board, at 24/F, Xihuan Plaza Tower 2, 1 Xizhimenwai Avenue, Xicheng District, Beijing, PRC (in case of Shareholders of Domestic Shares) not later than 24 hours before the scheduled time for the commencement of the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

5. RECOMMENDATIONS

Taking into account the letter from the Independent Board Committee and all other factors stated above as a whole, the Board (including the independent non-executive Directors) is of the view that the terms and conditions of, and the transactions under, the Property Management Services Framework Agreement and the Annual Cap Revision are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Board (including the independent non-executive Directors) is of also of the view that the proposed appointment of Ms. Gao as a Supervisor is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors) recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the Annual Cap Revision and the appointment of Ms. Gao as a Supervisor.

The letter from the Independent Board Committee is set out on page 17 of this circular. The text of the letter from Founder Securities (Hong Kong) Capital Company Limited containing its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons which it has taken into account in arriving at its advice is set out on pages 18 to 37 of this circular. Independent Shareholders are strongly recommended to read carefully these two letters for details of the advice.

6. ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendix to this circular and the notice of the EGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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)

20 November 2020

To the Independent Shareholders:

Dear Sir or Madam,

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of the Company on the proposed revision of annual caps for the three years ending 2022 in respect of the continuing connected transactions under the Property Management Services Framework Agreement, of which details are set out in the letter from the Board contained in the circular of the Company (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the letter from the Board and the letter from the Independent Financial Adviser in its capacity as the independent financial adviser in respect of whether the terms and conditions of, and the transactions under, the Property Management Services Framework Agreement and the Annual Cap Revision are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and the Shareholders as a whole, as set out in the letter from the Independent Financial Adviser and in the Circular.

Having taken into account the advice of and the principal factors and reasons considered by the Independent Financial Adviser in relation thereto as stated in its letter and the interests of the Independent Shareholders, we consider the terms and conditions of, and the transactions under, the Property Management Services Framework Agreement and the Annual Cap Revision are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Annual Cap Revision.

The Independent Board Committee

Mr. Song Baocheng Ms. Tong Yan Ms. Lu Qing

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Founder Securities (Hong Kong) Capital Company Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in relation to the continuing connected transactions contemplated under the Framework Agreement which has been prepared for the purpose of inclusion in this circular.



**Founder Securities (Hong Kong)
Capital Company Limited**
Room 1710-1719,
Jardine House,
1 Connaught Place, Central,
Hong Kong

20 November 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS –
REVISION OF ANNUAL CAPS FOR THE THREE YEARS
ENDING 2022 IN RESPECT OF THE TRANSACTIONS UNDER THE
PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to make recommendation to the Independent Board Committee and the Independent Shareholders on the continuing connected transactions contemplated under the Property Management Services Framework Agreement (the “**Framework Agreement**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 20 November 2020 (the “**Circular**”) issued by the Board to the Shareholders, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Reference is made to the announcement of the Company dated 20 October 2020. According to the Company’s internal review on its continuing connected transactions, the amount of the connected transactions contemplated under the Framework Agreement for the year ending 31 December 2020 are expected to exceed the original annual caps previously being determined by the Board (the “**Original Annual Caps**”). The Directors therefore propose to revise the Original Annual Caps by setting new annual caps for each financial years ending 31 December 2020, 2021 and 2022 (the “**Revised Annual Caps**”) to meet the relevant increase in future transaction amount. Save for the revision of the annual caps, the Framework Agreement will remain in full force and effect in accordance with its terms.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Financial Street Group holds 128,299,270 Domestic Shares, representing approximately 34.35% of the issued share capital in the Company through its wholly-owned subsidiary Huarong Zonghe. Financial Street Group and Huarong Zonghe control or are entitled to exercise control over the voting rights in respect of 128,299,270 Domestic Shares, representing approximately 34.35% of the issued share capital in the Company and are each regarded as controlling shareholders of the Company and therefore are connected persons of the Company under the Listing Rules. Accordingly, the transactions under the Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Revised Annual Caps, on an annual basis, exceeds 5% for the purposes of Rule 14.07 of the Listing Rules, the continuing connected transactions contemplated under the Framework Agreement for the three years ending 31 December 2022 are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements pursuant to Rule 14A of the Listing Rules. The voting at the EGM will be by poll where Huarong Zonghe will abstain from voting in relation to the Annual Cap Revision.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Song Baocheng, Ms. Tong Yan and Ms. Lu Qing, has been formed to advise the Independent Shareholders as to (i) whether the terms and conditions of, and the transactions under, the Framework Agreement and the Annual Cap Revision are in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) whether the terms and conditions of, and the transactions under, the Framework Agreement and the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote at EGM in relation to the Annual Cap Revision. We, Founder Securities (Hong Kong) Capital Company Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on these matters.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the date of this letter, we were not aware of any relationships or interests between us and the Company, Financial Street Group or their respective substantial Shareholders or close associates or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser. In the past two years preceding the date of this letter, there has been no other engagement between the Company and us. Apart from the normal professional fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fee or benefits from the Company, Financial Street Group or their respective substantial Shareholders or close associates. Accordingly, we are considered to be eligible to give independent advice on the terms and conditions of, and the transactions under, the Framework Agreement and the Annual Cap Revision.

BASIS AND ASSUMPTIONS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things, the Framework Agreement, the supplemental agreement of the Framework Agreement dated 10 June 2020, the interim report of the Company for the period ended 30 June 2020 (the “**Interim Report**”), the prospectus of the Company dated 19 June 2020 (the “**Prospectus**”) and other statements, information, opinions and representations and facts provided to us by the Company and the source of other information used in this letter. We have also assumed that all the statements and representations have been reasonably made by the Company and/or the Directors and/or the management of the Company after due and careful enquiry. We have assumed that all such statements, information, opinions and representations provided to us by the Company and/or the Directors and/or the management of the Company, for which they are solely responsible, are true, accurate and complete in all material aspects and not misleading or deceptive at the time they were made and continue to be so at the date of this letter.

The Directors jointly and severally accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information provided to us is accurate and complete in all material respects and not misleading or deceptive.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth, accuracy and the completeness of the information provided. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules. We have not, however, conducted any independent investigation into the business and affairs of the Company, Financial Street Group or any of their subsidiaries, nor have we carried out any independent verification of the information supplied. The Company has been separately advised by its own professional advisers with respect to the Framework Agreement and the preparation of the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms and conditions of, and the transactions under, the Framework Agreement and the Annual Cap Revision. Except for its inclusion in the Circular, this letter may not be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONCERNED

In arriving at our opinion and recommendation in respect of the terms and conditions of, and the transactions under, the Framework Agreement and the Annual Cap Revision, we have taken into account the principal factors and reasons as set out below:

1. Information on the Group and Financial Street Group

Information on the Group

As set out in the Interim Report and the Prospectus, the Group is principally engaged in the provision of property management and related services to properties located at financial management centres and other areas in the PRC. The scope of services provided by the Group to its customers, who are property developers, property owners, owners' associations, tenants and residents, comprise customer services, security services, cleaning and gardening services, engineering, repair and maintenance services, carpark management services and other related services. The services provided by the Group cover a wide range of property types, which are classified as (i) commercial and business properties, including office buildings, complexes, retail buildings and hotel; and (ii) non-commercial properties, including residential properties, public buildings, hospitals, educational properties and others.

Information of Financial Street Group

As stated in the Letter from the Board, Financial Street Group is principally engaged in real estate development, investment holding, finance, education and medical and wellness. Headquartered in Beijing, the properties under Financial Street Group's operation include office buildings, hotels, apartments, commercial properties, residential properties and parking lots, etc.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information of Financial Street Holdings

As set out in the Prospectus, Financial Street Holdings, a company listed on Shenzhen Stock Exchange (stock code: 000402), is a renowned real estate developer in the PRC. It is a non-wholly owned subsidiary of Financial Street Group. The Group had maintained a close cooperative relationship with Financial Street Group through Financial Street Holdings by providing Property Management Services and related services to various properties developed by Financial Street Holdings.

As at the Latest Practicable Date, Financial Street Group holds 128,299,270 Domestic Shares, representing approximately 34.35% of the issued share capital in the Company through its wholly-owned subsidiary Huarong Zonghe. Financial Street Group and Huarong Zonghe control or are entitled to exercise control over the voting rights in respect of 128,299,270 Domestic Shares, representing approximately 34.35% of the issued share capital in the Company and are each regarded as controlling shareholders and therefore are connected persons of the Company under the Listing Rules.

2. Reasons and benefits for the Annual Cap Revision

As stated in the Letter from the Board, the Group has maintained a close relationship with Financial Street Group and provided Property Management Services and related services for various properties developed by Financial Street Group since 1994. According to the Interim Report, as at 30 June 2020, the properties managed by the Group which developed by Financial Street Group encompassing an approximate GFA of 14.41 million sq.m., with the number of projects amounting to 108, representing a steady period-on-period increase compared with the corresponding six months ended 30 June 2019. The Directors are of the view that the well-established business relationship between Financial Street Group and the Group would continue to generate a stable long-term stream of income to the Group.

We also noted from the Letter from the Board that Financial Street Group and its associates had continually increased their land reserves over the years. According to the latest 2020 interim report published on 29 August 2020 by Financial Street Holdings (the “**FSH Interim Report**”), the land reserves of the existing property projects of Financial Street Holdings have an aggregated GFA of approximately 23.7 million sq.m. in terms of planned construction area as at the six months ended 30 June 2020, representing an increase of approximately 13.4% as compared to aggregated GFA of approximately 20.9 million sq.m. recorded as at the same period ended of 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors are of the view that the rapid expansion of the business of Financial Street Holdings as well as Financial Street Group would lead to an increase in the revenue stream to the Company. It is expected that the connected transactions contemplated under the Framework Agreement already recorded in 2020 together with the value of the contracts from Financial Street Group secured by the Group while subject to the approval of the Annual Cap Revision will reach the amount of approximately RMB191.0 million by the end of the financial year 2020 and exceed the Original Annual Caps. The Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to approve the Annual Cap Revision.

3. The Framework Agreement

(a) The key terms of the Framework Agreement

The principal terms of the Framework Agreement are as follows:

- Date : 10 February 2020 (as supplemented by the supplemental agreement dated 10 June 2020)
- Parties : (a) The Company
(b) Financial Street Group
- Services : The Company agreed either directly, or indirectly through subsidiaries, to provide Property Management Services to Financial Street Group and its associates with respect to the following types of properties:
- (i) properties owned by, or with respect to which Financial Street Group and its associates have the right of use; and
 - (ii) properties already developed by Financial Street Group and its associates but unsold, or properties already developed and sold but undelivered by Financial Street Group and its associates.
- Term : The Framework Agreement is effective from 6 July 2020 to 31 December 2022

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing policy : The Company and Financial Street Group agree that, from the effective date of the Framework Agreement, the connected transactions contemplated thereunder shall be:

- (i) determined after arm's length negotiations between the parties to the Framework Agreement; by considering (a) the location of the projects, (b) the expected operational costs (including, amongst others, labour costs, material costs and administrative costs), and (c) the property management fee for similar services and similar types of projects in the market;
- (ii) determined with reference to the terms offered to the independent third party customers for similar projects;
- (iii) subject to compliance with all applicable provisions of the Listing Rules (including the approval of the Independent Shareholders having been obtained as necessary), applicable law and regulations to the parties to the Framework Agreement in accordance with the laws of the PRC.

The Definitive Contract(s) : At any time during the term of the Framework Agreement, the Group may from time to time enter into the Definitive Contracts with Financial Street Group (the “**Definitive Contract(s)**”) in relation to any transactions regarding the provision of Property Management Services for a specific project of Financial Street Group by the Company upon, and subject to, the terms and conditions in compliance with the Framework Agreement.

The Company and Financial Street Group further agree that in the event of any conflict between the terms of the Framework Agreement and the terms of any Definitive Contract(s), the terms of the Framework Agreement shall prevail.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Assessment of the terms of the Framework Agreement

In order to assess the fairness and reasonableness of the terms of the Framework Agreement, we have obtained the Framework Agreement, the supplemental agreement of the Framework Agreement dated 10 June 2020, and the full contract list setting out the information of Property Management Services contracts entered into between the Group and its customers for the financial year 2017, 2018, 2019 and for the six months ended 30 June 2020 (the “**Contract List**”). We have also selected samples of the Definitive Contracts under the Framework Agreement, and samples of service contracts entered into between the Group and its independent third parties customers (the “**Independent Customers**”) for the financial year 2020 with reference to the Contract List.

We have selected and reviewed 12 sample contracts, with 6 contracts related to each of Financial Street Group and the Independent Customers. The sample contracts were selected with services terms which fall into the following criteria: (i) property types covering commercial and business properties and non-commercial properties, which covered all types of properties managed by the Group; (ii) property management area fall within the most concentrated GFA range, of which transactions are with a sizable contract sums. This includes contracts with property management area between 10,000 sq.m. and 300,000 sq.m.; and (iii) each contract of Financial Street Group having a comparable contract of the Independent Customers with comparable project scales, locations of managed properties and Property Management Services being provided by the Group (the “**Comparable Contracts**”). By comparing the terms of the Definitive Contracts against the terms of the Comparable Contracts, we noted that the respective property management fee and other major contract terms for each of the (i) commercial and business properties and (ii) non-commercial properties charged by the Group to the respective Financial Street Group and the Independent Customers are consistent with each other. We have also enquired the management of the Company and understand that the pricing policy agreed under the Framework Agreement was determined by making reference to the general pricing policy of the Group, that is, adopting the relevant market prevailing price by taking into account factors including the class of the properties, the geographic location of the property sites, the scope of the services, and the associated operation cost, etc.

With reference to the Prospectus, the Group had disclosed the property management fee level charged to each of Financial Street Group and the Independent Customers for commercial and business properties and non-commercial properties by listing out the Group’s average monthly property management fee charged on a lump-sum basis for the years ended 31 December 2017, 2018 and 2019. The average monthly property management fee is calculated by dividing the Group’s revenue from Property Management Services for projects charged on a lump-sum basis for the relevant period, by the GFA under management of the said projects at the end of the corresponding period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table sets forth the breakdown of the Group's average monthly property management fee charged on a lump-sum basis by source of property management projects for the years indicated:

	For the years ended 31 December		
	2017	2018	2019
	Average monthly property management fee charged on a lump-sum basis		
	<i>RMB</i> <i>per sq.m.</i> (audited)	<i>RMB</i> <i>per sq.m.</i> (audited)	<i>RMB</i> <i>per sq.m.</i> (audited)
Commercial and business properties			
Financial Street Group	13.91	12.48	13.83
Independent Customers	5.42	6.03	9.18
Non-commercial properties			
Financial Street Group	2.34	2.36	2.01
Independent Customers	2.07	2.03	2.44
Overall			
Financial Street Group	5.99	5.49	5.10
Independent Customers	4.01	3.82	4.41

The overall average monthly property management fee charged on a lump-sum basis for projects sourced from Financial Street Group was RMB5.99 per sq.m., RMB5.49 per sq.m. and RMB5.10 per sq.m. for the years ended 31 December 2017, 2018 and 2019, respectively, and was slightly higher than the overall average monthly property management fee charged on a lump-sum basis for projects sourced from the Independent Customers for each of the corresponding years. This was mainly because (i) office buildings accounted for a larger proportion of the GFA under management for projects sourced from Financial Street Group compared with that for projects sourced from the Independent Customers and the average monthly property management fee for office buildings are generally higher than those for other types of properties; and (ii) a larger number of projects located in financial street zone of Beijing was sourced from Financial Street Group than from the Independent Customers and the property management fee for projects located in financial street zone of Beijing are generally higher than the property management fee for projects located in other areas.

We have further studied the details of the contracts signed by the Group with respective Financial Street Group and the Independent Customers in the financial year 2020 as compared to the corresponding contracts signed during the financial years 2017, 2018 and 2019, including but not limited to, the estimated GFA of the managed properties, the geographical regions of the properties and the detailed classification of property types, so as to make appropriate comparison of the unit price charged by the Group among the comparable contracts. We found the general contract terms and property management fee determined by the Group with each of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial Street Group and the Independent Customers regarding to the managed properties with same nature in the financial year 2020 have no material deviation from those recorded for the financial year 2017, 2018 and 2019. We have no reason to suspect that the property management fee charged by the Group to Financial Street Group and the Independent Customers for the financial year 2020 is materially deviate from their corresponding historical property management fee level.

Given the fact that (i) there is no material deviation between the terms offered to Financial Street Group and to the Independent Customers, and (ii) the general property management fee charged to Financial Street Group are comparable to the Independent Customers for similar properties and services provided, we concur with the Directors that the terms of the Framework Agreement are on normal commercial terms or with terms no more favourable to Financial Street Group than those offered to its Independent Customers, and it is in the interest of the Company and the Shareholders as a whole to continue to enter into the connected transactions contemplated under the Framework Agreement with Financial Street Group so as to secure sustainable income from provision of Property Management Services to Financial Street Group.

4. The Annual Cap Revision

Review of the historical transaction amount

Set out below are the Original Annual Caps under the Framework Agreement for the three years ending 30 December 2022 and the historical transaction amount relating to the provision of Property Management Services by the Group to Financial Street Group for the eight months ended 31 August 2020:

	For the year ended 30 December		
	2020	2021	2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>
Original Annual Caps	180.0	200.0	230.0

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the eight months ended 31 August 2020		
	2021	2022	
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Historical Transaction Amount	126.6	N/A	N/A
Utilisation rate of the Original Annual Caps	70.3%	N/A	N/A

As illustrated in the table above, we note that the utilisation rate of the Original Annual Caps for the financial year 2020 amounted to approximately 70.3%, for the eight months ended 31 August 2020.

The Revised Annual Caps

Based on the latest information available to the Company, the Directors expect that the Original Annual Caps under the Framework Agreement will not be sufficient to meet the current business needs of the Group, and transaction amount that correspond to the estimated future demand from Financial Street Group for the years ending 31 December 2021 and 2022 will also exceed their respective Original Annual Caps. Accordingly, the Company decided to revise the Original Annual Caps. The following table sets out the Revised Annual Caps:

	For the year ended 31 December		
	2020	2021	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Revised Annual Caps	210.0	247.0	290.0

In assessing the reasonableness of the Revised Annual Caps, we have reviewed the relevant information provided by the Company and have discussed with the management of the Company on the bases and assumptions of determining the Revised Annual Caps and formed our opinion below:

- (i) *The significant increase in actual amount of the connected transactions contemplated under the Framework Agreement*

Based on the information provided by the Company, the total amount of property management fee paid by Financial Street Group and its associates for Property Management Services to the Group amounted to approximately RMB118.0 million, RMB131.0 million, RMB165.0 million and RMB126.6 million for the years ended 31 December 2017, 2018, 2019, and the eight months ended 31 August 2020 respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted that the Revised Annual Caps are determined with reference to the substantial increase in actual transaction amount in relation to the connected transactions with Financial Street Group for the eight months ended 31 August 2020. We have enquired with the management of the Company and noted that owing to the changes in market circumstance caused by the COVID-19 pandemic, the revenue from provision of Property Management Services for unoccupied property units during the financial year 2020 has increased due to the decrease in sales of the properties developed by Financial Street Group.

Save of the positive effect brought by the COVID-19 pandemic, the management of the Company further explained to us that the increase of the relevant revenue for the financial year 2020 was due to the better-than-expected business performance of Financial Street Holdings for the financial year 2020. According to the FSH Interim Report, in the first half of 2020, Financial Street Holdings recorded total GFA under new and resumed construction area of approximately 8.46 million sq.m., representing an increase of approximately 58% as compared to the same period in 2019; of which the new construction area accounted for a total GFA of approximately 2.34 million sq.m, representing an increase of approximately 157% as compared to the same period in 2019. In order to satisfy the increase in demand of Property Management Services from Financial Street Holdings as well as Financial Street Group as a whole, the Group had increased its provision of corresponding services required by Financial Street Group for the financial year 2020.

As such, by taking into account (i) the actual transaction amount in relation to the connected transactions with Financial Street Group for the eight months ended 31 August 2020 amounted to approximately RMB126.6 million; and (ii) the value of the contracts from Financial Street Group secured by the Group for the remaining four months of the financial year 2020 while subject to the approval of the Annual Cap Revision, it is expected that the aggregated transaction amount under the Framework Agreement will reach approximately RMB191.0 million by the end of financial year 2020 and the Original Annual Caps for the financial year 2020 will be exceeded.

(ii) *Growth trends of the PRC property development industry and the property management fee level of the Group*

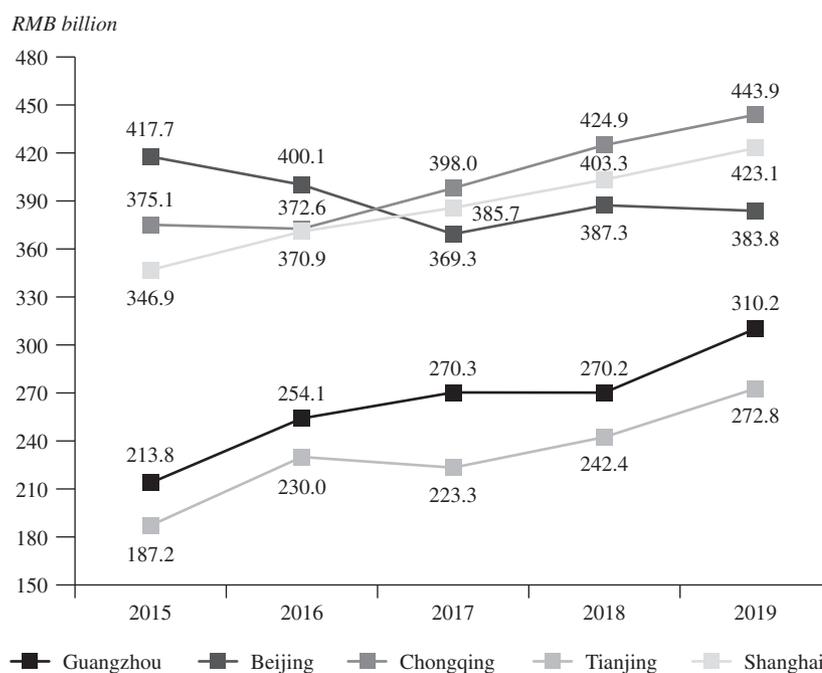
According to the Interim Report, as at 30 June 2020, the Group has managed properties developed by Financial Street Group encompassing an approximate GFA of 14.41 million sq.m., with the number of projects amounting to 108, representing a steady period-on-period increase. Despite the fact that the Group endeavour to reduce its reliance on Financial Street Group by proactively participating in tenders for projects of property developers other than Financial Street Group and exploring new relationship with the Independent Customers, Financial Street Group is still presently the core customer of the Group and will continue to be so in the near

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future. As Financial Street Holdings is the subsidiary of Financial Street Group that the Group primarily cooperated with, the future development of which is pivotal to the growth rate of the connected transactions contemplated under the Framework Agreement.

We have conducted our own research on the property development market of the primary geographical regions which Financial Street Holdings operates or plans to expand (the “**Concerned Regions**”), including Guangzhou, Beijing, Chongqing, Tianjing and Shanghai, given the revenue generated from the properties situated in the Concerned Regions accounted for approximately 96% and 99% of the total revenue of Financial Street Holdings for the six months ended 30 June 2019 and 2020 respectively. According to the latest available data from the National Bureau of Statistics of PRC, the total investment by enterprises for real estate development of the Concerned Regions from 2015 to 2019 is set out below:

The Total Investment by Enterprises for Real Estate Development of the Concerned Regions from 2015 to 2019



CAGR	Guangzhou	Beijing	Chongqing	Tianjing	Shanghai
2015-2019	9.8%	-2.1%	4.3%	9.9%	5.1%

Source: National Bureau of Statistics of PRC

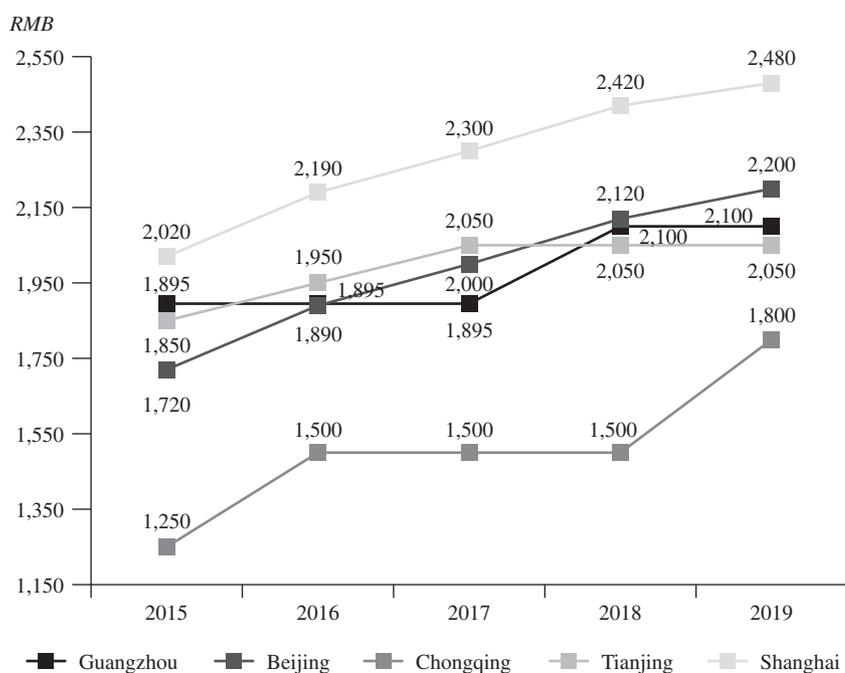
Driven by the PRC’s rapid economy development and accelerating trends of industrialisation and urbanisation in the recent years, the total investment by enterprises for real estate development of the Concerned Regions from 2015 to 2019 generally shows a growing trend with an average compound annual growth rate of approximately 5.4%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the prospect of the PRC's property development industry and the fact that the PRC's economy has gradually recovered from the impact of the COVID-19 pandemic, the Directors are of the view that the prospect of the property development market in the Concerned Regions will remain positive in the foreseeable future and Financial Street Holdings could continue to benefit from the evolving environment of property development market in the Concerned Regions.

Besides, we have also looked into the internal factor affecting the assumption made by the Directors for determining the Revised Annual Caps. We noted from the Prospectus that the operation cost of the Group primarily comprising subcontracting costs and employee benefit expenses, which in aggregate accounted for 77.7%, 79.8% and 82.5% of the Group's total cost of sales and services for the years ended 31 December 2017, 2018 and 2019, respectively. The management of the Company future explain to us that one major reason for the increase in subcontracting costs and employee benefit expenses was due to the substantial increase in statutory minimum wages of the labours in the PRC. As such, we have conducted research on the minimum wage standard of the PRC and based on the latest available data from Ministry of Human Resources and Social Security of PRC, the monthly statutory minimum wages of the labours in the Concerned Regions from 2015 to 2019 is illustrated as follows:

**The Monthly Statutory Minimum Wages of Labours
in the Concerned Regions from 2015 to 2019**



CAGR	Guangzhou	Beijing	Chongqing	Tianjing	Shanghai
2015-2019	2.6%	6.4%	9.5%	2.6%	5.3%

Source: Ministry of Human Resources and Social Security of PRC

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The monthly statutory minimum wages of labours in Concerned Regions had shown a compound annual growth rate from approximately 2.6% to 9.5%, with an average of approximately 5.3%. The increase in minimum wages of labours increase the operation costs of the Group for providing Property Management Services and in turn the property management fee charged by the Group.

(iii) *The anticipated annual growth of 17.4% according to the compound annual growth rate calculated by the Framework Agreement Transaction Amount*

Based on the actual amount of the connected transactions contemplated under the Framework Agreement for the years ended 31 December 2017, 2018, 2019, the eight months ended 31 August 2020 and the value of the contracts from Financial Street Group secured by the Group for the remaining four months of the financial year 2020 while subject to the approval of the Annual Cap Revision, the transaction amount of the connected transactions contemplated under the Framework Agreement (the “**Framework Agreement Transaction Amount**”) for each financial years 2017, 2018, 2019 and 2020 are shown below:

	2017	2018	2019	2020
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	(actual)	(actual)	(actual)	(estimated)
Framework Agreement				
Transaction Amount	118.0	131.0	165.0	191.0 ^(note)

Note: the Framework Agreement Transaction Amount for the financial year 2020 is estimated by taking into account (i) the actual transaction amount in relation to the connected transactions with Financial Street Group for the eight months ended 31 August 2020 amounted to approximately RMB126.6 million; and (ii) the value of the contracts from Financial Street Group secured by the Group for the remaining four months of the financial year 2020 while subject to the approval of the Annual Cap Revision.

In the past four years, the Framework Agreement Transaction Amount has increased at a compound annual growth rate of approximately 17.4%. With the anticipation of steady business development of Financial Street Holdings in the foreseeable future, the Directors have assumed that there will be a stable business growth between the Group and Financial Street Group for the next two years and applied the compound annual growth rate of 17.4% for calculating the Revised Annual Caps for the financial year 2021 and 2022.

In determining the Revised Annual Caps of financial year 2020, the Directors have taken into account a 10% buffer. Having considered the actual transaction amount between the Group and Financial Street Group for the year ending 31 December 2020 may deviate from the Framework Agreement Transaction Amount for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

financial year 2020, the Directors are of the view that the inclusion of a 10% buffer could provide the Group sufficient flexibility to cater for any unexpected increase in the transaction amount between the Group and Financial Street Group.

The Directors state that the deviation between the growth rate of the Original Annual Caps and the Revised Annual Caps was due to the underestimation of the Property Management Services required by the Financial Street Holdings. With reference to the Letter from the Board, the increase of approximately 58% of the new and resumed construction area in terms of GFA accomplished by Financial Street Holdings for the six months ended 30 June 2020 had resulted in an unexpected increase in the number of projects completed by Financial Street Holdings for the financial year 2020, which brought forth an increase in execution of contracts subject to the Framework Agreement. The Directors are of the view that the adoption of historical compound annual growth rate in determination of the Revised Annual Caps could improve the accuracy on the estimation of increase in transactions contemplated under the Framework Agreement between the Group and Financial Street Group for the financial year 2021 and 2022.

Assessment of the Revised Annual Caps

We understand that in arriving the figure of Revised Annual Caps for the financial year 2020, the Directors have taken into account (i) the Framework Agreement Transaction Amount for the financial year 2020 which amounted to approximately RMB191.0 million; and (ii) a reasonable buffer of 10% to accommodate any additional contracts or property management fee being received by the Group before year ending 30 December 2020. In arriving the figures of Revised Annual Caps for the financial year 2021 and 2022, the Directors have adopted the annual growth rate of 17.4% based on the calculated of the compound annual growth rate according to the Framework Agreement Transaction Amount from the financial years 2017 to 2020, by taking into account (i) the potential expanding of Financial Street Holdings supported by the proven track records and positive prospects of the PRC's property development market; and (ii) the increase in operation cost driven by the increasing trend of labour cost in the PRC in turns increased the property management fee level of the Group. Based on the aforesaid, we consider the bases of determining the Revised Annual Caps is reasonable.

In addition, having considered that (i) the provision of Property Management Services by the Group to Financial Street Group fall within the ordinary business of the Group; (ii) the provision of the Property Management Services by the Group to Financial Street Group is conducted on normal commercial terms under the Framework Agreement; and (iii) the major contract terms and property management fee in associate with Financial Street Group are comparable to that of the Independent Customers for similar services provided, we consider that the Revised Annual Caps is reasonable.

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However, as the Revised Annual Caps were determined by the management of the Company based on anticipation of annual growth of business between the Group and Financial Street Group, which may vary due to uncertainties such as market conditions of the property development industry in the PRC, we express no opinion as to how closely the actual transaction amount to be incurred regarding the Property Management Services to be provided by the Group to Financial Street Group under the Framework Agreement in comparison to the Revised Annual Caps.

5. Internal control relating to and annual review of the continuing connected transactions

Internal control measures

As stated in the Letter from the Board, the following internal control measures relating to the regulation of connected transactions of the Company in accordance with the Listing Rules were established by the Group:

- (a) the Group will maintain a database of fees to be paid to the Group for Property Management Services organised by class of properties, geographic location of property sites, scope of Property Management Services to be provided by the Group, and the identity of the customer;
- (b) the office of the Board and the financial department of the Company will in accordance with a specific method collect information on transaction amount of all connected transactions, including those under the Framework Agreement, and monitor the cumulative connected transactions amount during the year; the office of the Board in coordination with the financial department, will also maintain and regularly update the list of connected persons of the Company;
- (c) the relevant operational units of the Group will identify any connected transactions or potential connected transactions to a dedicated connected transaction group within the Company, comprising of members from the office of the Board, the financial department and risk and legal affairs center of the Company;
- (d) The Company will allocate each branch, subsidiary or operational unit of the Group their respective quotas of connected transactions subject to the Framework Agreement each year, and each branch, subsidiary and operational unit has the obligation to limit its amount of connected transaction to within such quota. Each branch, subsidiary or operational unit initiating connected transactions (“**Connected Transaction Initiator**”) shall prior to negotiating and signing any connected transaction contract, preliminarily review the necessity and fairness of such contemplated connected transaction contract, and the essence of the fairness preliminary review is on whether such connection transaction complies with the Company’s connected transactions pricing policy. In the preliminary review report, the Connected Transaction Initiator shall specifically state that the terms of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

connected transactions contract have been compared with not less than three similar contracts signed with the Independent Customers. Where the connected transaction involves a large property (such as a large commercial building or a large residential community) divided into multiple units or subdivisions, then the relevant Connected Transaction Initiator shall prioritise contracts signed with the Independent Customers with respect to the same property when selecting contracts as the basis for comparison. If no comparable contract with respect to the same property is available, then contracts with respect to properties in the adjacent area (normally the administrative district in which the project is located or its adjacent area) will be preferred.

The material to be submitted by the Connected Transaction Initiator for review shall include a report on the necessity and fairness of the connected transaction. If such report is deficient or contrary to the requirements of necessity or fairness, members of the dedicated connected transactions group within the Company shall have the right to require supplemental information or its amendment.

The office of the Board may consult the risk and legal affairs center of the Company to assist in its review of reports submitted by Connected Transaction Initiators to assess whether any transaction identified as a connected transaction, including those subject to the Framework Agreement, complies with the Company's pricing policy on connected transactions, particularly: (i) whether the terms of the transaction are in writing; (ii) whether the terms of the contract are fair, voluntary, clear, transparent and specific; and (iii) whether the fee under such transaction conforms to standard pricing charged to the Independent Customers. The office of the Board has the right to request supplementary supporting materials from Connected Transaction Initiators if it considers the fairness assessment submitted deficient, failing which the office of the Board has the right to refuse approval in the review.

Upon passing the review, the office of the Board will submit its opinions to the Company's senior management for approval. If the connected transaction under review will result in the Connected Transaction Initiator exceeding its annual connected transactions quota, submission to the Board for approval will be required. The senior management or the Board will conduct a final review on the necessity and fairness of the connected transaction based on the above criteria. Completion of the review and approval process requires the signature of the final reviewing party, whether it be a member of senior management or the chairman of the Board, as applicable. Only after completion of the above review and approval can the contract signing process commence.

We have obtained and reviewed supporting documents in connection with the abovementioned internal control measures and understand that (i) the management of the Company and relevant personnel from the responsible departments as mentioned in the above internal control measures will supervise and monitor the connected transactions contemplated under the Framework Agreement on regular basis to ensure the relevant

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

transactions are conducted on normal commercial terms, in the ordinary course of business and are in the interests of the Company and the Shareholders as a whole; (ii) independent non-executive Directors will conduct a review each year on the connected transactions contemplated under the Framework Agreement and confirm that the relevant transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and (iii) auditor of the Company will issue letter containing its findings and conclusions in respect of the Group's continuing connected transactions according to Rule 14A.56 of the Listing Rules.

Annual review

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the continuing connected transactions contemplated under the Framework Agreement are subject to the following requirements:

- (a) the independent non-executive Directors must confirm in the annual reports and accounts that the continuing connected transactions has been entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms or better; and
 - according to the agreement governing it on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (b) the Company must engage its auditors to report on the continuing connected transactions for each financial year of the Company and that the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:
 - has not been approved by the Board;
 - was not, in all material respects, in accordance with the relevant agreement governing the transaction; and
 - has exceeded the Revised Annual Caps.

Based on the internal control measures, the annual review by the independent non-executive Directors pursuant to Rule 14A.55 of the Listing Rules, and the annual review by the Company's auditors pursuant to Rule 14A.56 of the Listing Rules, we are of the view that there are appropriate measures in place to ensure compliance with the terms of the Framework Agreement and assist to safeguard the interest of the Company and the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the aforementioned factors, we concur with the view of the Directors that the terms and conditions of, and the transactions under, the Framework Agreement and the Annual Cap Revision (i) are in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Annual Cap Revision.

Yours faithfully,

For and on behalf of

Founder Securities (Hong Kong) Capital Company Limited

Steve Lau

Managing Director

Note: Mr. Steve Lau is a licensed person registered with the SFC and a responsible officer of Founder Securities (Hong Kong) Capital Company Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has over fifteen years of experience in financial services industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, as at the Latest Practicable Date, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, no Director, Supervisor or chief executive of the Company or their associates was interested in the equity or debt securities of the Company or any associated corporations (within the meaning of the SFO) which (i) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange.

3. MATERIAL INTEREST

As at the Latest Practicable Date, none of the Company, its holding company and fellow subsidiaries of its controlling shareholders had entered into any contracts in relation to the Group's business in which any Directors or Supervisors had a material interest, whether directly or indirectly.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group 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.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group as would be required to be disclosed as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules.

5. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, so far as is known to the Directors, the following persons had an interest and/or short position in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and as recorded in the register required to be kept pursuant to section 336 of the SFO:

Name of Shareholders	Class of Shares	Capacity	Number of Shares/ Underlying Shares Held (share) ^(note 1)	Percentage of Relevant Class of Shares (%) ^(note 10)	Percentage of Total Shares (%) ^(note 11)
Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司)	Domestic Shares	Beneficial owner	128,299,270 (L)	47.52	34.35
Beijing Financial Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司) ^(note 2)	Domestic Shares	Interest in a controlled corporation	128,299,270 (L)	47.52	34.35
Beijing Financial Street Capital Operation Centre (北京金融街資本運營中心) ^(note 2)	Domestic Shares	Interest in a controlled corporation	128,299,270 (L)	47.52	34.35
Beijing Tiantai Real Estate Co., Ltd. (北京天泰置業有限公司)	Domestic Shares	Beneficial owner	79,620,438 (L)	29.49	21.32
China Life Real Estate Investment Management Company Limited (國壽不動產投資管理有限公司) ^(note 3)	Domestic Shares	Interest in a controlled corporation	79,620,438 (L)	29.49	21.32
China Life Investment Holding Company Limited (國壽投資控股有限公司) ^(note 3)	Domestic Shares	Interest in a controlled corporation	79,620,438 (L)	29.49	21.32
China Life Insurance (Group) Company (中國人壽保險(集團)公司) ^(note 3)	Domestic Shares	Interest in a controlled corporation	79,620,438 (L)	29.49	21.32

Name of Shareholders	Class of Shares	Capacity	Percentage of		
			Number of Shares/ Underlying Shares Held (share) ^(note 1)	Relevant Class of Shares (%) ^(note 10)	Percentage of Total Shares (%) ^(note 11)
Beijing Rongxin Hetai Enterprise Management Co., Ltd. (北京融信合泰企業管理股份有限公司)	Domestic Shares	Beneficial owner	62,080,292 (L)	22.99	16.62
J-Stone Multi Strategies Master Fund	H Shares	Beneficial owner	5,243,000 (L)	5.07	1.40
J-Stone Capital Limited	H Shares	Investment manager	5,243,000 (L)	5.07	1.40
Atlantis Capital Group Holdings Limited ^(note 4)	H Shares	Interest in a controlled corporation	5,243,000 (L)	5.07	1.40
Liu Yang ^(note 5)	H Shares	Interest in a controlled corporation	5,243,000 (L)	5.07	1.40
Find Jade Limited	H Shares	Beneficial owner	5,243,000 (L)	5.07	1.40
Kowloon Development Company Limited ^(note 6)	H Shares	Interest in a controlled corporation	5,243,000 (L)	5.07	1.40
Intellinsight Holdings Limited ^(note 6)	H Shares	Interest in a controlled corporation	5,243,000 (L)	5.07	1.40
New Explorer Developments Limited ^(note 6)	H Shares	Interest in a controlled corporation	5,243,000 (L)	5.07	1.40
Mr. Or Wai Sheun ^(note 6)	H Shares	Interest in a controlled corporation	5,243,000 (L)	5.07	1.40
UBS Asset Management (Hong Kong) Ltd ^(note 7)	H Shares	Investment manager	6,668,000 (L)	6.44	1.79
UBS AG	H Shares	Person having a security interest in shares	5,838,000 (L)	5.64	1.56
UBS Group AG ^(note 8)	H Shares	Interest in a controlled corporation	12,506,000 (L)	12.08	3.35
Barings LLC	H Shares	Investment manager	10,231,000 (L)	9.89	2.74
Northern Trust Fiduciary Services (Ireland) Limited ^(note 9)	H Shares	Trustee	6,705,000 (L)	6.48	1.80

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Huarong Zonghe is the direct shareholder.
 - (a) 100% of the equity interests in Huarong Zonghe is held by Financial Street Group, which is in turn owned as to 35.24% by State-owned Assets Supervision and Administration Commission of Beijing Xicheng District Municipal Government (北京西城區人民政府國有資產監督管理委員會) (“**Xicheng SASAC**”) and 64.76% by Beijing Financial Street Capital Operation Centre (“**Operation Centre**”), which itself is wholly-owned by Xicheng SASAC.
 - (b) By virtue of the SFO, Financial Street Group and Operation Centre are each deemed to be interested in the Shares held by Huarong Zonghe.
3. Beijing Tiantai Real Estate Co., Ltd. (“**Tiantai Real Estate**”) is the direct shareholder.
 - (a) 100% of the equity interests in Tiantai Real Estate is held by China Life Real Estate Investment Management Company Limited (“**China Life Real Estate**”), which is in turn wholly-owned by China Life Investment Holding Company Limited (國壽投資控股有限公司), which is wholly-owned by China Life Insurance (Group) Company (中國人壽保險(集團)公司), which is wholly-owned by the Ministry of Finance of the PRC.
 - (b) By virtue of the SFO, China Life Real Estate, China Life Investment Holding Company Limited (國壽投資控股有限公司) and China Life Insurance (Group) Company (中國人壽保險(集團)公司) are each deemed to be interested in the Shares held by Tiantai Real Estate.
4. Atlantis Capital Group Holdings Limited wholly owns Atlantis Investment Management Limited, which acts in its capacity as investment manager or investment advisor of, and on behalf of Atlantis China Fund, Atlantis China Star Fund Limited, Atlantis China Healthcare Fund, OBOR Stable Growth Fund Limited, Atlantis Star Opportunities Fund SPC on behalf of itself and the Atlantis China Vision Fund SP.
5. According to the Disclosure of Interests Notice filed by Ms. Liu Yang, Atlantis Capital Group Holdings Limited is directly wholly-owned by Ms. Liu Yang. Therefore, Ms. Liu Yang is deemed to have an interest in the shares of the Company pursuant to the SFO.
6. Find Jade Limited is wholly-owned by Kowloon Development Company Limited; Intellinsight Holdings Limited holds 70.63% equity of Kowloon Development Company Limited; Intellinsight Holdings Limited is wholly-owned by New Explorer Developments Limited; and New Explorer Developments Limited is wholly-owned by Or Wai Sheun. Therefore, each of Or Wai Sheun, New Explorer Developments Limited, Intellinsight Holdings Limited and Kowloon Development Company Limited is deemed to have an interest in the Shares held by Find Jade Limited pursuant to the SFO.
7. In the capacity of investment adviser of Nineteen77 Global Multi-Strategy Alpha Master Limited and on behalf of Nineteen77 Global Multi-Strategy Alpha Master Limited.
8. UBS Asset Management (Hong Kong) Ltd and UBS AG are wholly-owned by UBS Group AG, respectively. Therefore, UBS Group AG is deemed to have an interest in the Shares held by UBS Asset Management (Hong Kong) Ltd and UBS AG.
9. Northern Trust Fiduciary Services (Ireland) Limited is the trustee of Barings Hong Kong China Fund’s trust.
10. The calculation is based on 270,000,000 Domestic Shares or 103,500,000 H Shares issued by the Company as of the Latest Practicable Date.
11. The calculation is based on the total number of 373,500,000 Shares issued by the Company as of the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company is not aware that any other person has any interests or short positions in the Shares and underlying Shares, which is required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which is required to be entered in the register maintained by the Company under section 336 of the SFO.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

The following expert has given opinion or advice contained in this circular:

Name	Qualification
Founder Securities (Hong Kong) Capital Company Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Founder Securities (Hong Kong) Capital Company Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they appear.

To the best knowledge of the Directors, as at the Latest Practicable Date, Founder Securities (Hong Kong) Capital Company Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best knowledge of the Directors, as at the Latest Practicable Date, Founder Securities (Hong Kong) Capital Company Limited did not have any direct or indirect interest in any asset which had been acquired or disposed of by or leased to the Company, or were proposed to be acquired or disposed of by or leased to the Company, since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

8. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors and Supervisors had entered into, or proposed to enter into, a service contract with the Company or any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

9. VOTE BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of Shareholders at the EGM and the class meetings shall be taken by poll.

10. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Guantao & Chow Solicitors and Notaries, the Hong Kong legal advisers to the Company, at Suites 1801-03, 18/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including the date of the EGM:

- (a) the Property Management Services Framework Agreement;
- (b) letter from the Independent Board Committee dated 20 November 2020, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;
- (c) letter from Founder Securities (Hong Kong) Capital Company Limited dated 20 November 2020, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;
- (d) the written consent referred to in the paragraph headed "Qualification and Consent of Expert" in this appendix; and
- (e) this circular.

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 fourth extraordinary general meeting of Financial Street Property Co., Limited (the “**Company**”) will be held at 2/F, Xihuan Plaza Tower 2, 1 Xizhimenwai Avenue, Xicheng District, Beijing, the PRC on Monday, 7 December 2020 at 2:00 p.m. for the purposes of considering, and if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. To consider and approve the Annual Cap Revision (as defined in the circular of the Company of which this notice forms part).
2. To consider and approve the appointment of Ms. Gao Minghui (高明慧) as a supervisor of the Company.

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

Beijing, the PRC, 20 November 2020

As at the date of this notice, 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.

NOTICE OF EGM

Notes:

- (a) Unless specifically indicated, details of the resolution are set out in the circular of the Company dated 20 November 2020. Terms defined therein shall have the same meanings when used in this notice.
- (b) Individual Shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual Shareholders shall produce their effective proof of identity and proxy form. A corporate Shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid documents evidencing his/her capacity as a legal representative. If appointed to attend the meeting, the proxy should produce his/her identity card and an authorisation instrument duly signed by the legal representative of the corporate Shareholder.
- (c) Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more person(s) (if the Shareholder holds two or more issued Shares), whether (each of) such person is a Shareholder of the Company or not, as his/her/its proxy or proxies to attend and vote on his/her/its behalf at the EGM.

The instrument appointing a proxy must be signed by the Shareholder or his/her attorney duly authorised in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorised in writing.

If the power of attorney of the proxy is signed by the authorised person of the appointer under a power of attorney or other authorisation document(s) given by the appointer, such power of attorney or other authorisation document(s) shall be notarized and served at the same time as the power of attorney. To be valid, the form of proxy, together with a notarially certified copy of the power of attorney or other authorisation document(s) must be delivered to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of H Shareholders), or to the Office of the Board at 24/F, Xihuan Plaza Tower 2, 1 Xizhimenwai Avenue, Xicheng District, Beijing, the PRC (in case of Domestic Shareholders) not later than 24 hours before the scheduled time for the holding of the EGM or any adjournment thereof (as the case may be).

In case of registered joint holders of any Shares, any one of the registered joint holders can vote on such Shares at the EGM in person or by proxy as if he/she is the only holder entitled to vote. If more than one registered joint holders attend the EGM in person or by proxy, only the vote of the person whose name appears first in the register of members of the Company relating to such Shares (in person or by proxy) will be accepted as the sole and exclusive vote of the joint holders.

After the completion and return of the form of proxy and the power of attorney, you can attend and vote in person at the EGM or any adjournment thereof should you so wish. In this case, the power of attorney will be deemed to have been revoked.

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the resolution to be proposed at the EGM will be voted on by poll. Results of the poll voting will be posted on the website of the Company at www.jrjlife.com and the website of the Stock Exchange at www.hkexnews.hk upon the conclusion of the EGM.

- (d) The Company's register of members will be closed from Wednesday, 2 December 2020 to Monday, 7 December 2020, both days inclusive, during which period no transfer of the Shares will be effected. The Shareholders whose names appear in the Company's register of members on Monday, 7 December 2020 shall be entitled to attend and vote at the EGM.

For a Shareholder to be eligible for attending and voting at the EGM, all transfer of Shares accompanied by the relevant share certificates and other appropriate document(s) shall be delivered to our Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of H Shareholders) or our Office of the Board at 24/F, Xihuan Plaza Tower 2, 1 Xizhimenwai Avenue, Xicheng District, Beijing, the PRC (in case of Domestic Shareholders) no later than 4:30 p.m. on Tuesday, 1 December 2020, for registration.

- (e) Shareholders attending the EGM are responsible for their own transportation and accommodation expenses.

Shareholders may contact the Investor Relations Department of the Company at telephone (+86 10 6621 5866) for any enquires in respect of the EGM.