

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other appropriate independent adviser.

If you have sold or transferred all your shares in Fineland Real Estate Services Group Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker, registered dealer in securities or other agents through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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Fineland Real Estate Services Group Limited

方圓房地產服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8376)

PROPOSED REVISION OF ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 7 to 20 of this circular. A letter from the Independent Board Committee is set out on page 21 of this circular. A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and Independent Shareholders is set out on pages 22 to 43 of this circular.

A notice convening the Extraordinary General Meeting (the “EGM”) to be held at 15:00 on Wednesday, 28 November 2018 at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC is set out on pages 51 to 52 of this circular. A form of proxy for use by the shareholders at the EGM is enclosed.

Whether or not you are able to attend the EGM, you are advised to read this circular and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular, together with a form of proxy, will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company’s website at www.finelandassets.com.

7 November 2018

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Aspiring Vision”	Aspiring Vision Holdings Limited, a company incorporated with limited liability on 15 February 2017 in the BVI, which is wholly-owned by Ms. Tse, and one of the Controlling Shareholders
“associate(s)”	the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“close associate(s)”	the meaning ascribed thereto under the GEM Listing Rules
“Company”	Fineland Real Estate Services Group Limited (方圓房地產服務集團有限公司), formerly known as Fineland Assets Management Holdings Group Limited (方圓資產管理控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 16 February 2017 and the Shares of which are listed on GEM of the Stock Exchange (stock code: 8376)
“Controlling Shareholder(s)”	the group of controlling shareholder(s) (having the meaning ascribed to it under the GEM Listing Rules) of the Company, namely Mr. Fong, Ms. Tse, Hero Dragon, Fineland Real Estate, Widethrive Investments, Stand Smooth, Aspiring Vision and Mansion Green
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Supplemental Master Agency Service Agreement (including the Proposed Revised Annual Caps) being approved by the Independent Shareholders at the EGM
“EGM”	the extraordinary general meeting to be convened by the Company for consideration and if appropriate, approval of the transactions contemplated under the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps

DEFINITIONS

“Fineland Real Estate”	Fineland Group Holdings Company Limited (方圓集團控股有限公司), formerly known as Fineland Real Estate Holdings Company Limited (方圓地產控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 22 June 2006, which is a wholly-owned subsidiary of Widethrive Investments and one of the Controlling Shareholders
“Fineland Group”	Fineland Real Estate and its subsidiaries, being the parent group of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“GFA”	gross floor area
“Greater Bay Area”	the PRC government’s scheme to link the cities of Hong Kong Special Administrative Region, Macau Special Administrative Region, Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing into an integrated economic and business hub
“Group”	the Company and its subsidiaries
“Guangzhou Fineland Property Consultancy”	Guangzhou Fineland Property Consultancy Limited* (廣州方圓地產顧問有限公司), a company established under the laws of the PRC with limited liability on 17 March 1997, which was known as Guangzhou Fineland Sino Property Consultancy Limited* (廣州方圓中粵物業顧問有限公司) prior to 29 September 1997, and an indirect wholly-owned subsidiary of the Company
“GZ Fineland Property Management”	GZ Fineland Commercial Property Management Limited* (廣州市方圓商業物業經營有限公司), a company established in the PRC and is a member of the Fineland Group
“Hero Dragon”	Hero Dragon Management Limited, a company incorporated in the BVI on 12 April 2006 with limited liability, which is a wholly-owned subsidiary of Fineland Real Estate, and is one of the Controlling Shareholders

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely Mr. Leung Wai Hung, Mr. Liao Junping, Mr. Tian Qiusheng and Mr. Du Chenhua) established for the purpose of advising the Independent Shareholders in respect of the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps
“Independent Financial Adviser” or “Optima Capital”	Optima Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps
“Independent Third Parties”	individuals or a companies who or which are not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive or substantial shareholders (within the meaning of the GEM Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Latest Practicable Date”	2 November 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Mansion Green”	Mansion Green Holdings Limited, a company incorporated in the British Virgin Islands on 15 February 2017 with limited liability, whose shares are owned as to 70% by Stand Smooth and 30% by Aspiring Vision, and is one of the Controlling Shareholders

DEFINITIONS

“Master Agency Service Agreement”	the master agency service agreement dated 11 October 2017 entered into between the Company (for itself and on behalf of its subsidiaries, as the service providers) and Fineland Real Estate (for itself and on behalf of its subsidiaries, as the receiving parties), pursuant to which the Group agreed to provide real estate agency services in the primary property market to members of the Fineland Group for a term commencing from the date thereof to 31 December 2019
“Mr. Chen”	Mr. Chen Xi* (陳曦先生), the sole legal and beneficial owner of Beaming Light Holdings Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company, who is also the legal representative and a director of a PRC subsidiary of Fineland Real Estate, namely Kunshan City Yonghuayuan Real Estate Development Company Limited* (昆山市雍樺園房地產發展有限公司)
“Mr. Fong”	Mr. Fong Ming (方明), one of the Controlling Shareholders and the non-executive Director, who is also a director of Fineland Real Estate, Hero Dragon and Stand Smooth
“Mr. Han”	Mr. Han Shuguang* (韓曙光先生), the sole legal and beneficial owner of Adwan Orient Holdings Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company, who is also a director of Fineland Real Estate, Hero Dragon and Stand Smooth
“Mr. Lin”	Mr. Lin Tingfang* (林庭芳先生), the sole legal and beneficial owner of Kingson Orient Holdings Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company, who is also a director of Hero Dragon and Stand Smooth
“Mr. Xie”	Mr. Xie Junhua* (謝均華先生), the sole legal and beneficial owner of Meanvalue Holding Limited, being one of the pre-IPO investors of the Company that holds 0.75% of the total issued share capital of the Company, who is also the legal representative and the general manager of a PRC subsidiary of the Fineland Real Estate, namely Huizhou City Huisheng Real Estate Development Company Limited* (惠州市輝盛房地產開發有限公司)

DEFINITIONS

“Mr. Xu”	Mr. Xu Jun* (徐珺), the sole legal and beneficial owner of Kaffir Holding Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company, who is also a director of Hero Dragon and Stand Smooth
“Ms. Rong”	Ms. Rong Haiming* (容海明), one of the executive Directors and the sole legal and beneficial owner of Metropolitan Dawn Holdings Limited, being one of the pre-IPO investors of the Company that holds 6.0% of the total issued share capital of the Company, who is also a director of Fineland Real Estate, Hero Dragon and Stand Smooth
“Ms. Tse”	Ms. Tse Lai Wa (謝麗華), one of the Controlling Shareholders and an executive Director, and is a party acting in concert with Mr. Fong under the Deed of Concert Parties executed on 31 March 2017
“Original Annual Caps”	the annual cap amounts in respect of the fees payable by the Fineland Group to the Group for the provision of real estate agency services in the primary property market under the Master Agency Service Agreement for the three years ending 31 December 2019
“Pearl River Delta”	the economic zone in Guangdong Province comprising Guangzhou, Shenzhen, Dongguan, Foshan, Jiangmen, Zhongshan, Zhuhai, and the urban areas of Huizhou and Zhaoqing
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Proposed Revised Annual Caps”	the proposed revised annual cap amounts in respect of fees payable by the Fineland Group to the Group for the provision of real estate agency services in the primary property market under the Supplemental Master Agency Service Agreement for the three years ending 31 December 2020
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with nominal value of HK0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metres
“Stand Smooth”	Stand Smooth Group Limited (立順集團有限公司), a company incorporated in the BVI on 22 June 2006, which is indirectly wholly-owned by Mr. Fong, and is one of the Controlling Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Master Agency Service Agreement”	the supplemental master agency service agreement dated 26 September 2018 entered into between the Company (for itself and on behalf of its subsidiaries, as the service providers) and Finland Real Estate (for itself and on behalf of its subsidiaries, as the receiving parties), pursuant to which the Group agreed to provide real estate agency services in the primary property market to members of the Finland Group for a term commencing from the Effective Date to 31 December 2020
“Widethrive Investments”	Widethrive Investments Limited, a company incorporated in the BVI on 29 March 2006 with limited liability, which is wholly-owned by Mr. Fong, and is one of the Controlling Shareholders

If there is any inconsistency between the Chinese names of the PRC entities, enterprises or nationals and their English translations, the Chinese names shall prevail. The English translation of the PRC entities, enterprises or nationals which are marked with “” are for identification purposes only.*

LETTER FROM THE BOARD

Fineland Real Estate Services Group Limited

方圓房地產服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8376)

Executive Directors

Ms. Rong Haiming

Mr. Yi Ruofeng

Ms. Tse Lai Wa

Non-executive Director

Mr. Fong Ming

Independent Non-executive Directors

Mr. Leung Wai Hung

Mr. Liao Junping

Mr. Du Chenhua

Mr. Tian Qiusheng

Registered office in the Cayman Islands

P.O. Box 1350

Clifton House

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KY1-1108

Cayman Islands

Principal place of business in Hong Kong

under Part 16 of the Companies Ordinance

(Cap 622)

9/F, Wah Yuen Building

149 Queen's Road Central

Central

Hong Kong

7 November 2018

To the Shareholders

Dear Sir or Madam,

**PROPOSED REVISION OF ANNUAL CAPS
FOR EXISTING CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Company's announcement dated 26 September 2018.

As disclosed in the prospectus of the Company dated 31 October 2017, on 11 October 2017, the Company and Fineland Real Estate entered into the Master Agency Service Agreement, pursuant to which the Group agreed to provide real estate agency services in the primary property market to members of the Fineland Group for a term commencing from the date thereof to 31 December 2019.

LETTER FROM THE BOARD

In view of the growth in demand for the Group's real estate agency services in the primary property market as a result of the expected increase in sales amount of the properties to be developed and launched for sale by the Fineland Group for the three years ending 31 December 2020, the Board expects that the Original Annual Caps will be insufficient for the two years ending 31 December 2019. On 26 September 2018, the Company entered into the Supplemental Master Agency Service Agreement, pursuant to which the Original Annual Caps under the Master Agency Service Agreement will be revised to the Proposed Revised Annual Caps for a term commencing from the Effective Date to 31 December 2020. Save for the revision of annual caps and extension of the term of the agreement, all other terms in the Supplemental Master Agency Service Agreement shall remain the same as those of the Master Agency Service Agreement. The Supplemental Master Agency Service Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

The purpose of this circular is to provide you with, inter alia, (i) details of the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps; (ii) the letter of recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps as well as voting at the EGM; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps; and (iv) the notice of the EGM.

SUPPLEMENTAL MASTER AGENCY SERVICE AGREEMENT

The terms of the Supplemental Master Agency Service Agreement (including those terms under the Master Agency Service Agreement which shall remain valid) are set out below:

Date

26 September 2018

Parties

- (a) The Company
- (b) Fineland Real Estate

Fineland Real Estate is an investment holding company incorporated in the Cayman Islands and is ultimately, wholly and beneficially owned by Mr. Fong, being one of the Controlling Shareholders and the non-executive Director.

Term

The term of the Supplemental Master Agency Service Agreement will commence from the Effective Date and expire on 31 December 2020.

LETTER FROM THE BOARD

Scope of services

The Group will provide the following types of services to members of the Finland Group:

- (i) *pre-sales marketing services* — including (a) formulating the overall sales and marketing strategies; (b) overseeing the preparation of marketing materials such as promotional leaflets and letter of intent to purchase real estate; and (c) providing regular reports in relation to the market conditions and the corresponding sales and marketing strategies;
- (ii) *sales agency services* — including (a) conducting on-site promotion and distributing the promotional materials to prospective purchasers; and (b) entering into sale and purchase agreements for and on behalf of members of the Finland Group in respect of the sale of primary properties;
- (iii) *leasing agency services* — including (a) conducting relevant market research and analysis and formulating the corresponding marketing strategies; (b) preparing marketing materials; (c) promoting the properties to prospective tenants; and (d) assisting in the negotiation of leasing terms and conditions with prospective tenants; and
- (iv) *integrated services* — including providing customer services to the purchasers such as assisting the purchasers with obtaining the relevant ownership certificates and applying for mortgages from banks.

Pricing policy

The services provided by the Group to members of the Finland Group are also offered to other Independent Third Parties. To ensure that the fees received by the Group are no less favourable than those available from Independent Third Parties, the fees payable to the Group shall be determined by the Group and the Finland Group on arm's length basis. The pricing policy applicable is similar to that for similar services rendered to Independent Third Parties. Such pricing policy is explained in greater details below:

<u>Pre-Sales marketing services</u>	<u>Sales agency services</u>	<u>Leasing agency services</u>	<u>Integrated Services</u> ^(Note)
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Fees to be charged for different types of services:

A fixed lump-sum fees for each project	Commission rates are normally based on a fixed percentage or a progressive scale percentage or an agreed fixed sum per unit	Commission rates are normally based on a percentage of the rental fees	A fixed percentage/ amount per transaction for assisting in obtaining ownership certificates and a fee based on the amount of mortgage for mortgage application ^(Note)
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LETTER FROM THE BOARD

	<u>Pre-Sales marketing services</u>	<u>Sales agency services</u>	<u>Leasing agency services</u>	<u>Integrated Services</u> <small>(Note)</small>
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Factors to be considered for determining the fees charged for different types of services:

Scale and location of the projects and the required level of resources and time costs involved for providing such services	√	√	√	√
GFA of the properties for sale/rent and the expected gross transaction amount of the properties for sale/expected monthly rent of the properties for rent	x	√	√	x
Historical costs of services and the fees received by the Group in providing similar services to members of the Fineland Group	√	√	√	√
Fees received by the Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them	√	√	√	√

LETTER FROM THE BOARD

<u>Pre-Sales marketing services</u>	<u>Sales agency services</u>	<u>Leasing agency services</u>	<u>Integrated Services</u> <small>(Note)</small>
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Payment terms for different types of services:

<p>The credit terms granted are generally 10 to 60 days upon delivery of project analysis reports, which is in line with the payment terms of the Independent Third Parties.</p>	<p>Invoices are issued on a monthly basis. There was generally no specific credit policy granted but the Fineland Group generally settle payment with the Group within 90 days from the issuance of invoices, which is consistent with the arrangement between the Group and Independent Third Parties.</p>	<p>Invoices are issued on a monthly basis and the Fineland Group is generally required to settle payment with the Group within ten business days, which is shorter than the credit period granted by the Group to the Independent Third Parties.</p>	<p>The credit terms granted is generally within 1 month upon issuance of monthly invoices. <small>(Note)</small></p>
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Note: Since the listing of the Company and up to the Latest Practicable Date, the Group had not provided any integrated services to the Fineland Group. However, if such transactions occur in the future, the pricing policy applicable to the Independent Third Parties as set out above would be equally applicable to the transactions with the Fineland Group.

Details of the internal control measures on price determination are set out in the paragraphs headed “Internal Control” below.

Implementation agreements

With respect to each project, the relevant members of the Group and the Fineland Group will further enter into individual agreement(s) that prescribe specific terms and conditions of each project, including the scope of service, consideration, length of services and service fees.

Condition

The Supplemental Master Agency Service Agreement is conditional upon the resolutions regarding the Supplemental Master Agency Service Agreement (including the Proposed Revised Annual Caps) being approved by the Independent Shareholders at the EGM.

LETTER FROM THE BOARD

HISTORICAL FIGURES

For the year ended 31 December 2017 and the eight months ended 31 August 2018, the Group was engaged by the Fineland Group for the provision of real estate agency services in the primary property market for 13 and 14 projects (representing approximately 328,800 sq.m. and 251,200 sq.m. of GFA sold), respectively. For the same year/period, the fees received by the Company pursuant to the Master Agency Service Agreement were approximately RMB47.5 million and RMB40.3 million, out of which approximately 97.6% and 97.6% were fees received for provision of sales agency services, respectively.

The Directors confirm that the transaction amounts from 1 January 2017 to the date of this circular are within the Original Annual Caps for the respective periods.

PROPOSED REVISED ANNUAL CAPS

The table below sets out the Original Annual Caps and the Proposed Revised Annual Caps under the Master Agency Service Agreement and Supplemental Master Agency Service Agreement, respectively:

	For the year ended 31 December 2017	For the year ending 31 December		
		2018	2019	2020
Original Annual Caps	RMB48.0 million	RMB53.0 million	RMB59.0 million	N/A
Proposed Revised Annual Caps	N/A	RMB91.0 million	RMB106.0 million	RMB118.0 million

The Proposed Revised Annual Caps represent a 16.5% and 11.3% year-on-year increase for 2018 to 2019 and 2019 to 2020, respectively. The Proposed Revised Annual Caps are determined after taking into account (i) the historical transaction amount between the Group and the Fineland Group; (ii) the historical sales amount of the Fineland Group; (iii) the historical average commission rate charged by the Group; (iv) the expected increase in sales amount of the properties to be developed and launched for sale by the Fineland Group for three years ending 31 December 2020 resulting in the anticipated increase in demand of the Group's real estate agency services including both traditional agency services and online agency services through the Group's *Fangyuanbao* services; and (v) the inclusion of a buffer due to numerical rounding.

An increase is expected in the sales amount of the properties to be developed and launched for sale by the Fineland Group for the three years ending 31 December 2020 primarily because the Fineland Group has successfully obtained more projects of larger scale in terms of GFA to be sold, mainly in areas outside of Guangzhou in the Pearl River Delta. Since the beginning of 2018, the management of the Fineland Group has increased its efforts in procuring new projects in areas outside Guangzhou in the Pearl River Delta, which are perceived to have strong market potential alongside the accelerated economic growth in the Greater Bay Area. To the best knowledge of the Directors, the Fineland Group currently plans to launch for sale 25, 23 and at least 14 projects in 2018, 2019 and 2020 (representing

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approximately 789,000 sq.m., 854,000 sq.m., and 1,001,000 sq.m. of GFA), respectively. As many of these newly obtained projects are larger in scale in terms of GFA, the GFA to be sold is expected to increase in 2018, 2019 and 2020. In addition, the Fineland Group has obtained land use rights certificates or entered into land transfer agreements for land amounting to approximately 1.9 million sq.m.. Taking into account the land reserves and the development and sales plan of the Fineland Group for the years up to 2020, the Directors believe that the demand for the Group's real estate agency services by the Fineland Group would increase from 2018 to 2020 and the transaction amount under the Supplemental Master Agency Service Agreement will in turn increase year-on-year during the corresponding years.

Such projection is assumed solely for determining the Proposed Revised Annual Caps and should not be regarded as any indication directly or indirectly as to the respective revenue and profitability of the Group.

INTERNAL CONTROL

In setting the actual fees for different types of services to be provided by the Group under the Supplemental Master Agency Service Agreement, the relevant sales teams of the Group would determine the proposed fees in accordance with the following price determination procedures to ensure that the terms for each types of services offered to the Fineland Group are not more favourable than the terms offered to Independent Third Parties:

- (a) *pre-sales marketing services* — the relevant sales team would decide whether to charge a separate service fee for provision of pre-sales marketing service having considered whether the Group is engaged to provide pre-sales marketing service only or both pre-sales marketing service together with the sales agency service to the Fineland Group in a particular project. If the Group considers that the commission charged for provision of sales agency services is sufficient to cover the costs incurred for provision of pre-sales marketing services, the Group may not charge a separate service fee. The Group will consider the scale of the projects involved, the estimated commission income for the provision of sales agency services and the resources required for delivering the pre-sales marketing services in deciding whether it is justifiable to not separately charge for provision of pre-sales marketing services. If the relevant sales team is of the view that a separate service fee should be charged, then it would propose a fixed lump-sum fee to be charged for the pre-sales marketing service in that particular project based on factors set out above on a case-by-case basis, primarily taking into account the time costs involved for providing such services and the fees received by the Group for providing similar services for projects of comparable complexity to Independent Third Parties.
- (b) *sales agency services* — the Group has set a prescribed floor rate/amount for commission chargeable to both Independent Third Parties and the Fineland Group for provision of the sales agency services. The prescribed floor rate/amount is the lowest commission rate/amount as shown in the relevant implementation agreement and/or payment invoice between the Group and the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The relevant

LETTER FROM THE BOARD

sales team would then propose the commission rates based on fixed percentage or a progressive scale percentage or an agreed fixed sum per unit applicable to the particular project, which shall equal or higher than the prescribed floor rate/amount, based on factors set out above on a case-by-case basis. The management of the Group regularly reviews the prescribed floor rate/amount for commission chargeable to both the Independent Third Parties and the Fineland Group for provision of sales agency services on a half-yearly basis or when there is any change in market conditions.

- (c) *leasing agency services* — the Group has set a prescribed floor rate for commission chargeable to both Independent Third Parties and the Fineland Group for provision of the leasing agency services. The prescribed floor rate is the lowest commission rate as shown in the relevant implementation agreement and/or payment invoice between the Group and the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The relevant sales team would propose the commission rates based on a percentage of the rental fees, which shall equal or higher than the prescribed floor rate, based on factors set out above on a case-by-case basis. The management of the Group regularly reviews the prescribed floor rate for commission chargeable to both the Independent Third Parties and the Fineland Group for provision of leasing agency services on a half-yearly basis or when there is any change in market conditions.
- (d) *integrated services* — the Group has set a prescribed floor rate/amount for the fees chargeable to both Independent Third Parties and the Fineland Group for provision of the integrated services. The prescribed floor rate/amount is the lowest commission rate/amount as shown in the relevant implementation agreement and/or payment invoice between the Group and the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The relevant sales team would propose the commission rates based on a fixed percentage of the sales price, which shall equal or higher than the prescribed floor rate, or a minimum fixed amount, based on factors set out above on a case-by-case basis. The management of the Group regularly reviews the prescribed floor rate/amount for commission chargeable to both the Independent Third Parties and the Fineland Group for provision of integrated services on a half-yearly basis or when there is any change in market conditions.

LETTER FROM THE BOARD

In addition to the above price determination procedures, the proposed fees determined by the sales team as above are subject to the review and approval of the Group's internal control department headed by Mr. Yi Ruofeng, an executive Director and the compliance officer of the Company, who has no interests in the transactions contemplated under the Supplemental Master Agency Service Agreement. The review and approval process is based on the following principles and aims to ensure that under the respective implementation agreements the fees charged to the Fineland Group will be in accordance with the prevailing market prices of similar services:

- (a) by reference to the fees charged by the Group to Independent Third Parties for providing services for comparable properties in terms of scale, location and quality, taking into account the transactions entered into with such Independent Third Parties; or
- (b) if there are not sufficient comparable transactions in (a) above, on normal commercial terms by reference to the prevailing market prices for providing services for comparable properties in terms of scale, location and quality offered by other real estate agency service providers.

In order to ensure that the actual fees for the services provided to the Fineland Group are conducted on normal commercial terms (or terms no less favourable to the Company than terms available to Independent Third Parties), the Group adopts the following methods and procedures:

- (i) the internal control department will keep proper documentation of the agreements entered into between the Group and its customers and gather market intelligence from time to time by way of research on the prevailing market fees for each type of the services for comparable properties in terms of scale, location and quality and use them as reference prices for the purpose of considering if the price charged for a specific transaction is in accordance with the aforesaid pricing policy;
- (ii) the internal control department will regularly (on a quarterly basis and/or prior to price negotiation) check the standard margin percentage for the different types of services charged by the Group to Independent Third Parties. If pursuant to the proposed fees determined by the relevant sales team, the proposed margin exceeds or falls short of the standard margin percentage, then the internal control team will require the relevant sales team to provide an explanation on the additional factors (including for example, level of resources and time costs involved for providing such services) that were taken into account when preparing the proposed fees. If necessary, the proposed fees would be adjusted or re-negotiated to ensure fairness and reasonableness;
- (iii) the internal control department will regularly inspect specific terms of the implementation agreements in relation to transactions contemplated under the Supplemental Master Agency Service Agreement and compare them with the terms of agreements for the same type of transactions of the Group entered into with Independent Third Parties;

LETTER FROM THE BOARD

- (iv) the internal control department will conduct regular checks to review and assess whether the transactions contemplated under the Supplemental Master Agency Service Agreement are actually conducted in accordance with the terms of the respective implementation agreements; and
- (v) the internal control department will conduct regular half-yearly reviews of the internal control measures of the Group in relation to the continuing connected transactions of the Company and where any weaknesses are identified, the Company will take measures to address them as soon as practicable to ensure that the above internal control measures in respect of the continuing connected transactions remain complete and effective.

In light of the Proposed Revised Annual Caps, the internal control department will be responsible for monitoring the transaction amount contemplated under the Supplemental Master Agency Service Agreement on a monthly basis and will prepare a related party transaction report setting out the transaction amount of the corresponding month and an aggregated transaction amount for the respective year.

Further, the Company will comply with all relevant requirements under the GEM Listing Rules, which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the transactions contemplated under the Supplemental Master Agency Service Agreement.

Having considered (i) the consistent application of the pricing mechanism to transactions contemplated under the Supplemental Master Agency Service Agreement and transactions entered into with Independent Third Parties; (ii) additional requirement of the participation of the internal control department, which is responsible for the review and approval of the proposed fees determined by the sales team based on the aforesaid pricing policy and reviewing the various internal control measures of the Group; and (iii) the checks and balances under the internal control measures set out above, the Directors consider that the methods and procedures adopted by the Company can ensure that the services provided by the Group under the Supplemental Master Agency Service Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL MASTER AGENCY SERVICE AGREEMENT AND THE PROPOSED REVISED ANNUAL CAPS

The Directors have been carefully monitoring the historical transaction amounts of, and the estimated demand for, the continuing connected transactions of the Group. The Directors consider that the provision of real estate agency services in the primary property market by the Group under the Supplemental Master Agency Service Agreement would further consolidate the Group's market position in Guangzhou and elsewhere in the Pearl River Delta. Reference is also made to the announcement of the Company dated 8 August 2018 in relation to the Company's plan to redirect its resources from the secondary property market to the primary property market in order to capture the market opportunities arising from the increasing supply of primary properties resulting from the development of the Greater Bay Area. The Directors consider that the Supplemental Master Agency Service Agreement and the

LETTER FROM THE BOARD

Proposed Revised Annual Caps will enable the Group to benefit from such market opportunities and are in line with the Group's business strategy to further expand its primary market real estate agency services.

Notwithstanding the above, the Directors consider that the Group is capable of carrying on its businesses independently of and does not place undue reliance on the Fineland Group. Based on the unaudited financial information for the eight months ended 31 August 2018, the total revenue of the Group increased by approximately 56.3% as compared to the eight months ended 31 August 2017, whereas the revenue generated from the Fineland Group under the Master Agency Service Agreement as a percentage of the total revenue decreased from approximately 41.1% for the eight months ended 31 August 2017 to approximately 32.6% for the eight months ended 31 August 2018.

The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) consider that the terms the Supplemental Master Agency Service Agreement (including the Proposed Revised Annual Caps) are (i) fair and reasonable; (ii) on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its Shareholders as a whole.

APPROVAL BY THE BOARD

Directors with material interest, namely (i) Mr. Fong (due to his shareholding interests in the Fineland Group); (ii) Ms. Tse (due to the acting-in-concert arrangement with Mr. Fong); and (iii) Ms. Rong (due to her directorship in Fineland Real Estate), are regarded as having material interests in the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps. As such, they have abstained from voting on the resolutions approving the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps, subject to obtaining approval from the Independent Shareholders at the EGM.

Save as disclosed above, no other Directors were required to abstain from voting on the resolution passed for the approval of the Supplemental Master Agency Service Agreement and Proposed Revised Annual Caps.

INFORMATION ON THE PARTIES

The Group is principally engaged in the provision of property intermediary services through four main business segments, namely (i) property research and consultancy services; (ii) real estate agency services in the primary and secondary property markets; (iii) online property referral and agency services; and (iv) integrated business services.

The Fineland Group is principally engaged in the business of property development, property management, hotel management, public infrastructure construction, engineering, fund management, education and other businesses including provision of investment and immigration consultancy services and catering services in the PRC.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATION

As at the Latest Practicable Date, Mansion Green holds 216,000,000 Shares, representing 54.0% of the issued share capital of the Company. Mansion Green is an indirect subsidiary of Fineland Real Estate. Fineland Real Estate is an indirect Controlling Shareholder and a connected person of the Company. Accordingly, the transactions under the Supplemental Master Agency Service Agreement constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Pursuant to the GEM Listing Rules, since the Company proposes to revise the Original Annual Caps of the Master Agency Service Agreement, the Company will be required to re-comply with the provisions of Chapter 20 of the GEM Listing Rules in relation to such continuing connected transactions.

Given that one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Proposed Revised Annual Caps under the Supplemental Master Agency Service Agreement are, on an annual basis, more than 5%, such transactions are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Leung Wai Hung, Mr. Liao Junping, Mr. Tian Qiusheng and Mr. Du Chenhua, being all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps. None of the members of the Independent Board Committee has any material interest in the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps. The letter from the Independent Board Committee is set out on page 21 of this circular.

The Company has also appointed Optima Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps. The letter from the Independent Financial Adviser is set out on pages 22 to 43 of this circular.

CLOSURE OF REGISTER

To ascertain the members' entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Friday, 23 November 2018 to Wednesday, 28 November 2018 (both days inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the EGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 November 2018.

LETTER FROM THE BOARD

EGM AND PROXY ARRANGEMENT

The notice convening the EGM to be held at 15:00 on Wednesday, 28 November 2018 at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC is set out on pages 51 to 52 of this circular. Ordinary resolutions will be proposed at the EGM for the purpose of considering and, if thought fit, approving the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps.

A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjourned meeting thereof) should you so wish.

VOTING ARRANGEMENT

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted by way of a poll by the Shareholders. An announcement on the poll results will be made by the Company after the EGM, in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules, on the results of the EGM.

Shareholders with material interests, namely (i) Mr. Fong (due to his shareholding interests in the Fineland Group); (ii) Ms. Tse (due to the acting-in-concert arrangement with Mr. Fong); (iii) Ms. Rong, Mr. Han, Mr. Xu, Mr. Lin, Mr. Chen, Mr. Xie (due to their positions held in the Fineland Group); and (iv) each of their respective associates, who in aggregate hold 261,000,000 Shares, representing 61.0% of the issued share capital of the Company, will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date:

- (i) save as the deed of concert parties dated 31 March 2017 between Mr. Fong and Ms. Tse, none of the above-mentioned Shareholders has entered into or is bound upon any voting trust or other agreement or arrangement or understanding;
- (ii) none of the above-mentioned Shareholders is subject to any obligation or entitlement causing he/she/it has or may have, temporarily or permanently, passed control over the exercise of the voting right in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis; and

LETTER FROM THE BOARD

- (iii) there was no discrepancy between the beneficial shareholding interest of the above-mentioned Shareholders and the number of Shares in respect of which he/she/it will control or will be entitled to exercise control over the voting right at the EGM.

Save as disclosed, no other Shareholder is required to abstain from voting for the relevant resolutions at the EGM due to their interests in the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 21 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and to the letter from Optima Capital as set out on pages 22 to 43 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps.

Your attention is also drawn to the additional information set out in the appendix to this circular.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, consider that the transactions contemplated under the Supplemental Master Agency Service Agreement will be conducted in the ordinary and usual course of business of the Group and are on normal commercial terms. The terms of the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions approving the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps at the EGM.

By order of the Board of
Finland Real Estate Services Group Limited
Fong Ming
Chairman

Fineland Real Estate Services Group Limited

方圓房地產服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8376)

7 November 2018

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED REVISION OF ANNUAL CAPS
FOR EXISTING CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 7 November 2018 (the “**Circular**”) despatched by the Company to the Shareholders of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps, details of which are set out in the “Letter from the Board” in the Circular. Optima Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 7 to 20 of the Circular and the “Letter from Optima Capital” containing its advice to us set out on pages 22 to 43 of the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the “Letter from Optima Capital” in the Circular, we concur with the view of the Independent Financial Adviser and consider that the (i) the entering into of the Supplemental Master Agency Service Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Supplemental Master Agency Service Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps) are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps.

Yours faithfully,
Independent Board Committee
Mr. Leung Wai Hung, Mr. Liao Junping,
Mr. Tian Qiusheng and Mr. Du Chenhua
Independent non-executive Directors

LETTER FROM OPTIMA CAPITAL

The following is the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

7 November 2018

To: the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

PROPOSED REVISION OF ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Master Agency Service Agreement and the transactions contemplated thereunder (the “**Continuing Connected Transactions**”) together with the proposed annual caps for the Continuing Connected Transactions for the three years ending 31 December 2018 to 2020 (collectively, the “**Proposed Annual Caps**”). Details of the Supplemental Master Agency Service Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company to the Shareholders dated 7 November 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As referred to in the Board Letter, on 11 October 2017, the Company and Fineland Real Estate entered into the Master Agency Service Agreement, pursuant to which the Group agreed to provide real estate agency services in the primary property market to members of the Fineland Group for a term commencing from the date thereof to 31 December 2019, and an annual cap in respect of the fees payable by the Fineland Group to the Group for provision of real estate agency services in the primary property market was set for each of the three years ending 31 December 2019.

The Board expects that the Original Annual Caps will be insufficient in view of the growth in demand for the Group’s real estate agency services in the primary property market as a result of the expected increase in sales amount of the properties developed and launched for sale by the Fineland Group for the two years ending 31 December 2019. Accordingly, on 26 September 2018, the Company and Fineland Real Estate entered into the Supplemental Master Agency Service Agreement, pursuant to which the Company will continue to provide real estate agency services in the primary property market to members of the Fineland Group for a term commencing from the Effective Date to 31 December 2020 and the Proposed

LETTER FROM OPTIMA CAPITAL

Annual Caps for the Continuing Connected Transactions were set for each of the three years ending 31 December 2020. Save for the revision of annual caps and the extension of the term of the agreement, all other terms in the Supplemental Master Agency Service Agreement shall remain the same as those of the Master Agency Service Agreement. The Supplemental Master Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

As Mansion Green, one of the controlling shareholders of the Company, is an indirect subsidiary of Fineland Real Estate, Fineland Real Estate is an indirect Controlling Shareholder and a connected person of the Company. Accordingly, the transactions under the Supplemental Master Agency Service Agreement constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Pursuant to the GEM Listing Rules, since the Company proposes to revise the Original Annual Caps of the Master Agency Service Agreement, the Company will be required to re-comply with the provisions of Chapter 20 of the GEM Listing Rules in relation to such continuing connected transactions.

Given that one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Proposed Annual Caps under the Supplemental Master Agency Service Agreement are, on an annual basis, more than 5%, such transactions are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee comprising Mr. Leung Wai Hung, Mr. Liao Junping, Mr. Tian Qiusheng and Mr. Du Chenhua, being all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the terms of the Supplemental Master Agency Service Agreement and the transactions contemplated thereunder (together with the Proposed Annual Caps). We, Optima Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, Fineland Real Estate or their respective core connected persons, close associates or associates and accordingly are considered eligible to give independent advice on the terms of the Supplemental Master Agency Service Agreement and the transactions contemplated thereunder (together with the Proposed Annual Caps). Apart from normal professional fees paid or payable to us in connection with our appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Fineland Real Estate or any of their respective core connected persons, close associates or associates.

There have been no engagements between us and the Company during the past two years, or there were no relationships or interests between us and the Group as at the Latest Practicable Date that could reasonably be regarded as a hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the Continuing Connected Transactions. In formulating our opinion and recommendation, we have reviewed, amongst others, the Supplemental Master Agency Service Agreement, the announcement of the Company dated 8 August 2018, the interim report of the Company for the six months ended 30 June 2018, the annual report of the Company for the year ended 31 December 2017, the prospectus of the Company dated 31 October 2017 and the information contained in the

LETTER FROM OPTIMA CAPITAL

Circular. We have also discussed with and reviewed information provided by the management of the Group regarding businesses of the Group and prospect of conducting the Continuing Connected Transactions.

We relied on the information and facts supplied, and the opinions expressed to us, by the Directors and management of the Group and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received to be sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the Supplemental Master Agency Service Agreement and the transactions contemplated thereunder (together with the Proposed Annual Caps), we have taken into account the principal factors and reasons set out below:

1. Information on the Group

The Group is a property consultancy and agency company in Guangzhou, the PRC, which is principally engaged in the provision of property intermediary services and constantly evaluates the environment and market opportunities for real estate agency services in both the primary and secondary property markets.

2. Information on the Fineland Real Estate and its subsidiaries

Fineland Real Estate, is a wholly-owned subsidiary of Widethrive Investment. The Fineland Group (including Fineland Real Estate and its subsidiaries) is principally engaged in the business of property development, property management, hotel management, public infrastructure construction, engineering, fund management, education and other businesses including provision of investment and immigration consultancy services and catering services in the PRC.

3. Reasons for and benefits of the entering into of the Continuing Connected Transactions

The Group has been engaged in the provision of real estate agency services which include pre-sales marketing services, sales agency services, leasing agency services and integrated services with the Fineland Group in the ordinary and usual course of its business.

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As stated in the Board Letter, the Directors consider that the provision of real estate agency services in the primary property market by the Group under the Supplemental Master Agency Service Agreement would further consolidate the Group's market position in Guangzhou and elsewhere in the Pearl River Delta. Reference is also made to the announcement of the Company dated 8 August 2018 in relation to the Company's plan to redirect its resources from the secondary property market to the primary property market in order to capture the market opportunities arising from the increasing supply of primary properties resulting from the development of the Greater Bay Area. The Directors consider that the Supplemental Master Agency Service Agreement and the Proposed Annual Caps will enable the Group to benefit from such market opportunities and are in line with the Group's business strategy to further expand its primary market real estate agency services. Shareholders' attention is drawn to further details set out under the paragraph headed "Reasons for and benefits of the Supplemental Master Agency Service Agreement and the Proposed Revised Annual Caps" in the Board Letter.

Having considered that the Group's principal business is the provision of real estate agency services, we concur with the Directors' view that the entering into of the Supplemental Master Agency Service Agreement is in the ordinary and usual course of business of the Company.

4. Principal terms of the Supplemental Master Agency Service Agreement

The Supplemental Master Agency Service Agreement is a framework agreement which sets out the principles upon which detailed terms of the transactions are to be determined between the parties to the Supplemental Master Agency Service Agreement. With respect to each project, the relevant members of the Group and the Finland Group will further enter into individual agreement(s) that prescribe specific terms and conditions of each project, including the scope of service, consideration, length of services and service fees.

The principal terms of the Supplemental Master Agency Service Agreement are summarised below:

Scope of services of the Continuing Connected Transactions

The Group shall provide the following services to the members of the Finland Group:

- (i) *Pre-sales marketing services* — including (a) formulating the overall sales and marketing strategies; (b) overseeing the preparation of marketing materials such as promotional leaflets and letter of intent to purchase real estate; and (c) providing regular reports in relation to the market conditions and the corresponding sales and marketing strategies;
- (ii) *Sales agency services* — including (a) conducting on-site promotion and distributing the promotional materials to prospective purchasers; and (b) entering into sale and purchase agreements for and on behalf of members of the Finland Group in respect of the sale of primary properties;

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- (iii) *Leasing agency services* — including (a) conducting relevant market research and analysis and formulating the corresponding marketing strategies; (b) preparing marketing materials; (c) promoting the properties to prospective tenants; and (d) assisting in the negotiation of leasing terms and conditions with prospective tenants; and
- (iv) *Integrated services* — including providing customer services to the purchasers such as assisting the purchasers with obtaining the relevant ownership certificates and applying for mortgages from banks.

Pricing policy

The real estate agency services provided by the Group to members of the Fineland Group are also offered to other Independent Third Parties. To ensure that the fees received by the Group are no less favourable than those available from the Independent Third Parties, the fees payable to the Group shall be determined by the Group and the Fineland Group on arm's length basis. The pricing policy applicable is similar to that for similar services rendered to Independent Third Parties. Set out below is the table summarises the pricing method for the different types of real estate agency services and the corresponding business segment as set out in the financial statements of the Group for the six months ended 30 June 2018:

Type of services	Pricing method	Corresponding business segments
Pre-sales marketing services	A fixed lump-sum fee for each project	Property research and consultancy services
Sales agency services	Commission rate is normally based on a fixed percentage or a progressive scale percentage or an agreed fixed sum per unit	Real estate agency services and online property referral and agency services
Leasing agency services	Commission rate is normally based on a percentage of the rental fee	Integrated business services
Integrated services	A fixed percentage/amount per transaction for assisting in obtaining ownership certificates and a fee based on the amount of mortgage for mortgage application	Integrated business services ^(Note)

LETTER FROM OPTIMA CAPITAL

As advised by the management of the Group, the service fees for different types of services are determined on a case-by-case basis after taking into consideration the following factors:

Factors to be considered for determining the fees charged for different types of services:	Pre-Sale marketing services	Sale agency services	Leasing agency services	Integrated services ^(Note)
Scale and location of the projects and the required level of resources and time costs involved for providing such services	√	√	√	√
GFA of the properties for sale/rent and the expected gross transaction amount of the properties for sale/expected monthly rent of the properties for rent	×	√	√	×
Historical costs of services and the fees received by the Group in providing similar services to members of the Finland Group	√	√	√	√
Fees received by the Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered in to with them	√	√	√	√

Note: Since the listing of the Company and up to the Latest Practicable Date, the Group had not provided any integrated services to the Finland Group. However, if such transactions occur in the future, the pricing policy applicable to the Independent Third Parties as set out above would be equally applicable to the transactions with the Finland Group.

We have discussed with the management of the Group to understand the rationale of the pricing method of different types of services and factors considered by the Company for determining the service fees for different types of services:

(i) Pre-sales marketing services

The Group generally charges a fixed lump-sum fee for provision of pre-sales marketing services in respect of a project and such fee is determined by the Group on a case-by-case basis in accordance with the aforementioned factors. We have reviewed two samples of (a) the contract entered into between members of the Group and the Finland Group and (b) the contract entered into between members of the Group and the Independent Third Parties in respect of provision of pre-sales marketing services for the year ended 31 December 2017 and the eight month ended 31 August 2018. We noted that (a) for each sample, the scope of services are similar; and (b) the lump-sum fees charged by the Group to the members of the Finland Group are no less favourable than those charged by the Group to the Independent Third Parties.

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As advised by the management of the Group, it is common for the Group to provide both pre-sales marketing service together with the sales agency service to the property developers (including the Fineland Group and Independent Third Parties) for a single project and the Group may not charge a separate service fee for provision of pre-sales marketing service if the Group considers the commission charged for provision of sales agency services is sufficient to cover the costs incurred for provision of pre-sales marketing services. We have reviewed five samples of (a) the contract entered into between members of the Group and the Fineland Group and (b) the contract entered into between the Group and the Independent Third Parties in respect of the provision of both pre-sales marketing services and sales agency services by the Group for the year ended 31 December 2017 and the eight month ended 31 August 2018. We noted that the Group has not charged any service fee for the provision of pre-sales marketing services. Given such, we are of the view that such nil fee arrangement is in the ordinary and usual course of business of the Group.

(ii) Sales agency services

The sales agency services include (a) traditional agency services; and (b) real agency services through the online platform *Fangyuanbao*.

As regards the provision of traditional agency services, the Group generally charges a commission based on a fixed percentage or a progressive scale percentage of the completed sales. Such commission rate is determined between the Group and the property developer on a case-by-case basis after taking into account the aforesaid relevant factors. As advised by the management of the Group, the Group has set a prescribed floor rate for commission chargeable to both Independent Third Parties and the Fineland Group for provision of the traditional agency services.

The management of the Group advised that the prescribed floor rate is the lowest commission rate charged by the Group to the Independent Third Party within the past three years and such rate is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The management of the Group further advised that the Group has provided both provision of pre-sale marketing services and the traditional agency service to that Independent Third Party and the Group has not charged that Independent Third Party a separate fee for provision of pre-sale marketing service. The management of the Group advised that if the proposed commission rate is equal to or higher than the aforementioned prescribed floor rate, the Group would be able to generate positive return even if the Group has not charged a separate fee for provision of pre-sale marketing service. Further, the management of the Group advised that they review the prescribed floor rate for commission chargeable to both the Independent Third Parties and the Fineland Group for provision of the traditional agency services on a half-yearly basis or when there is any change in market conditions. Given the current prescribed floor rate is the lowest commission rate charged by the Group to the Independent Third Party within the past three years and the management has regularly reviewed such rate, we consider it is fair and reasonable to use such rate as a prescribed floor rate for commission chargeable by the Group.

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We have reviewed two samples of (a) the contract entered into between members of the Group and the Fineland Group and (b) the contract entered into between the Group and the Independent Third Parties in respect of provision of primary market agency services for the year ended 31 December 2017 and the eight month ended 31 August 2018. We noted that (a) for each sample, the scope of services are similar; and (b) the commission rate charged by the Group to the members of the Fineland Group and the Independent Third Parties are higher than the abovementioned prescribed floor rate, being the lowest commission rate charged by the Group to the Independent Third Party within the past three years. Given the Group has adhered to same pricing principle in determining the commission rates for its traditional agency services in each samples, we consider that the commission rates charged by the Group to the members of the Fineland Group are no less favourable than those charged by the Group to the Independent Third Parties.

Fangyuanbao is an online platform that serves as a bridge between the property developers and other real estate agents. When a property developer engages the Group for provision of sales agency services through the *Fangyuanbao* platform, the Group will upload the relevant property information onto the *Fangyuanbao* platform. If a real estate agent has a potential buyer who is interested in buying the property, the real estate agent will register the potential buyer's information on the *Fangyuanbao* platform and accompany the potential buyer on a property visit. If the potential buyer purchases the property, the property developer will pay the Group the commission for the transaction, and the Group will split the commission with the real estate agent that brings in the buyer. As advised by the management of the Group, the Group has set a prescribed floor rate/amount for the fees chargeable to both Independent Third Parties and the Fineland Group for provision of sales agency services through the *Fangyuanbao* platform and such rate/amount is the lowest rate/amount charged by the Group to the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The management of the Group advised that they review the prescribed floor rate/amount for the fees chargeable to both the Independent Third Parties and the Fineland Group for provision of sales agency services through *Fangyuanbao* platform on a half-yearly basis or when there is any change in market conditions. Given the current prescribed floor rate/amount is the lowest rate/amount charged by the Group to the Independent Third Party within the past three years and the management has regularly reviewed such rate/amount, we consider it is fair and reasonable to use such rate/amount as a prescribed floor rate/amount for fees chargeable by the Group. We have reviewed two samples of (a) the contract entered into between members of the Group and the Fineland Group and (b) the contract entered into between the Group and the Independent Third Parties in respect of provision of real agency services through the *Fangyuanbao* platform for the year ended 31 December 2017 and the eight month ended 31 August 2018. We noted that (a) for each sample, the scope of services are similar; (b) the amount charged by the Group to the members of the Fineland Group are higher than the

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abovementioned prescribed floor rate/amount; and (c) the commission rates charged by the Group to the members of the Fineland Group are no less favourable than those charged by the Group to the Independent Third Parties.

(iii) Leasing agency services

The Group generally charges a commission based on a percentage of the rental fees for provision of leasing agency services after taking into consideration the relevant factors as set out above on a case-by-case basis. As advised by the management of the Group, the Group has set a prescribed floor rate for fees chargeable to both Independent Third Parties and the Fineland Group for provision of leasing agency services and such rate is the lowest commission rate charged by the Group to the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The management of the Group advised that they review the prescribed floor rate for the commission rate chargeable to both the Independent Third Parties and the Fineland Group for provision of leasing agency services on a half-yearly basis or when there is any change in market conditions. Given the current prescribed floor rate is the lowest commission rate charged by the Group to the Independent Third Party within the past three years and the management has regularly reviewed such rate, we consider it is fair and reasonable to use such rate as a prescribed floor rate for commission chargeable by the Group. We have reviewed two samples of (i) the contract entered into between members of the Group and the Fineland Group and (ii) the contract entered into between the Group and the Independent Third Parties in respect of provision of leasing agency services for the year ended 31 December 2017 and the eight month ended 31 August 2018. We noted that (a) for each sample, the scope of services are similar; (b) the amount charged by the Group to the members of the Fineland Group are higher than the abovementioned prescribed floor amount; and (c) the commission rates charged by the Group to the members of the Fineland Group are no less favourable than those charged by the Group to the Independent Third Parties.

(iv) Integrated services

For provision of integrated services, the Group generally charges a fixed percentage/amount per transaction for assisting in obtaining ownership certificates and a fee based on the amount of mortgage for mortgage application after taking into consideration the relevant factors as set out above. For the year ended 31 December 2017 and the eight months ended 31 August 2018, the Group did not provide any integrated services to the Fineland Group and thus we have not reviewed any sample contracts regarding the integrated services for the year ended 31 December 2017 and the eight month ended 31 August 2018. As advised by the management of the Group, the Group has set a prescribed floor rate/amount for fees chargeable to both Independent Third Parties and the Fineland Group for provision of integrated services and such rate/amount is the lowest commission rate/amount charged by the Group to the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The management of the Group advised that

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they review the prescribed floor rate/amount for the fees chargeable to both the Independent Third Parties and the Fineland Group for provision of integrated services on a half-yearly basis or when there is any change in market conditions. Given the current prescribed floor rate/amount is the lowest rate/amount rate charged by the Group to the Independent Third Party within the past three years and the management has regularly reviewed such rate/amount, we consider it is fair and reasonable to use such rate/amount as a prescribed floor rate/amount for fees chargeable by the Group. We have reviewed a sample of (a) the contract entered into between members of the Group and the Fineland Group and (b) the contract entered into between the Group and the Independent Third Parties in respect of provision of integrated services during the year ended 31 December 2016. We noted that (a) for each sample, the scope of services are similar; (b) the amount charged by the Group to the members of the Fineland Group are higher than the abovementioned prescribed floor rate/amount; and (c) the percentage charged by the Group to members of the Fineland Group are no less favourable than those charged by the Group to the Independent Third Parties.

Payment term

The service fees shall be charged and shall be paid by Fineland Group in accordance with the following payment terms:

<u>Pre-Sales marketing services</u>	<u>Sales agency services</u>	<u>Leasing agency services</u>	<u>Integrated Services</u> ^(Note)
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Payment terms for different types of services:

The credit terms granted are generally 10 to 60 days upon delivery of project analysis reports, which is in line with the payment terms of the Independent Third Parties.	Invoices are issued on a monthly basis. There is generally no specific credit policy granted but the Fineland Group generally settle payment with the Group within 90 days from the issuance of invoices, which is consistent with the arrangement between the Group and Independent Third Parties.	Invoices are issued on a monthly basis and the Fineland Group is generally required to settle payment with the Group within ten business days, which is shorter than the credit period granted by the Group to Independent Third Parties.	The credit terms granted is generally within 1 month upon issuance of monthly invoices. ^(Note)
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Note: Since the listing of the Company and up to the Latest Practicable Date, the Group had not provided any integrated services to the Fineland Group. However, if such transactions occur in the future, the payment term applicable to the Independent Third Parties as set out above would be equally applicable to the transactions with the Fineland Group.

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(i) Pre-sales marketing services

We have reviewed two samples of (a) the contract entered into between members of the Group and the Finland Group and (b) the contract entered into between members of the Group and the Independent Third Parties in respect of provision of pre-sales marketing services for the year ended 31 December 2017 and the eight month ended 31 August 2018. As advised by the management of the Group, it is the normal practice of the Group to set a credit terms from 10 days to 60 days. We noted that for each sample, the credit terms granted to the customers of the Group fall within the range of 10 to 60 days upon delivery of project analysis reports.

(ii) Sales agency services

We have reviewed two samples of (a) the contract entered into between members of the Group and the Finland Group and (b) the contract entered into between members of the Group and the Independent Third Parties in respect of provision of primary market agency services and real agency services through the *Fanyuanbao* platform for the year ended 31 December 2017 and the eight month ended 31 August 2018. We noted that for each sample, the credit terms granted to the customers of the Group fall within 90 days from the issuance of invoices. As advised by the management of the Group, there is generally no specific credit policy granted to the customers, but the customers of the Group generally settle the fee within 90 days from the issuance of invoices.

(iii) Leasing agency services

We have reviewed two samples of (a) the contract entered into between members of the Group and the Finland Group and (b) the contract entered into between members of the Group and the Independent Third Parties in respect of provision of pre-sales marketing services for the year ended 31 December 2017 and the eight month ended 31 August 2018. As advised by the management of the Group, the Finland Group is generally required to settle payment within ten business days after the issuance of invoices. We noted that for each sample, the credit terms granted to the Finland Group fall within ten business days upon issuance of the invoices, which is shorter than the credit period granted by the Group to the Independent Third Parties.

(iv) Integrated services

For the year ended 31 December 2017 and the eight months ended 31 August 2018, the Group did not provide any integrated services to the Finland Group and thus we have not reviewed any sample contracts regarding the integrated services. We have reviewed a sample of (a) the contract entered into between members of the Group and the Finland Group and (b) the contract entered into between the Group and an Independent Third Party in respect of provision of integrated services prior to the listing of the Company. As advised by the management of the Group, the

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credit terms granted is generally within one month upon issuance of monthly invoices. We noted that for the sample, the credit terms granted to the Finland Group fall within a month upon issuance of monthly invoices.

In view of the above and having also considered that (i) the terms of the Supplemental Master Agency Service Agreement are substantially the same as the Master Agency Service Agreement and (ii) the internal control procedures in place to monitor the transactions under the Supplemental Master Agency Service Agreement as set out in the paragraphs headed “6. Internal control and risk management measures” below, we consider the terms of the Supplemental Master Agency Service Agreement are on normal commercial terms and fair and reasonable as far as the Company and the Independent Shareholders are concerned.

5. The Annual Caps

Historical figures

Set out below is a summary of (i) the historical transaction amounts for the three years ended 31 December 2017 and the eight months ended 31 August 2018; and (ii) the relevant annual caps under the Master Agency Service Agreement for the year ended 31 December 2017 and the year ending 31 December 2018:

<i>(RMB million)</i>	For the year ended 31 December			For the eight months ended
	2015	2016	2017	31 August 2018
Pre-sales marketing services	1.1	0.5	1.1	0.7
Sales Agency services:				
— <i>Primary market agency services</i>	51.2	41.1	40.7	24.8
— <i>Fangyuanbao</i>	N/A	2.9	5.7	14.6
Leasing agency services and integrated services	0.1	0.1	—	0.2
Aggregate agency service fees	52.4	44.6	47.5	40.3
Original Annual Caps	NA	NA	48.0	53.0 ^(Note)
Percentage of the Original Annual Caps used (%)	NA	NA	99.0%	76.0%

Note: It represents the Original Annual Cap for the year ending 31 December 2018.

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For the year ended 31 December 2017, the aggregate agency service fees received by the Group from the Fineland Group were approximately RMB47.5 million, which was very close to the Original Annual Cap for the year ended 31 December 2017. For the eight months ended 31 August 2018, the aggregate agency service fees received by the Group from the Fineland Group amounted to approximately RMB40.3 million, representing approximately 76.0% of the Original Annual Cap for the year ending 31 December 2018. Based on the list of properties to be launched for sale by the Fineland Group for the year ending 31 December 2018, the management of the Group expected that the annual cap for the year ending 31 December 2018 of RMB53.0 million will be fully utilised in October 2018.

We have discussed with the management of the Group and understood that the internal control department of the Company is responsible for monitoring the aggregate agency service fees received from the Fineland Group from time to time. Should the Original Annual Cap for the year ending 31 December 2018 nearly be exceeded, the responsible department will suspend the provision of agency services to the Fineland Group until the Proposed Annual Caps have been approved at the EGM. In view of this and the internal control procedures set out in the paragraphs headed “6. Internal control and risk management measures” below, we concur with the Directors’ view that the Original Annual Cap for the year ending 31 December 2018 will not be exceeded before the Proposed Annual Caps have been approved at the EGM.

Assessment of the Annual Caps

Set out below are the Annual Caps for each of the three years ending 31 December 2020:

	For the year ending 31 December		
	2018	2019	2020
Proposed Annual Caps (<i>RMB million</i>)			
Pre-sales marketing services	0.9	1.0	1.1
Sales Agency services:			
— <i>Primary market agency services</i>	71.5	84.8	94.5
— <i>Fangyuanbao</i>	17.6	19.4	21.4
Leasing agency services and integrated services	0.6	0.7	0.7
Total	90.6	105.9	117.7
Proposed Annual Caps	91.0	106.0	118.0

In assessing the fairness and reasonableness of the Proposed Annual Caps for the Continuing Connected Transactions, we have reviewed and discussed with the management of the Group the bases for determining the Proposed Annual Caps.

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(i) Pre-sales marketing services

The Proposed Annual Cap for the year ending 31 December 2018 is calculated by multiplying the average monthly service fees received by the Group from the Fineland Group for the period commencing from 1 January 2016 to 31 August 2018 by 12. Each of the Proposed Annual Caps for the years ending 31 December 2019 and 2020 is calculated by multiplying the Proposed Annual Cap for the previous financial year by a growth rate of 10%. We noted that the service fees charged by the Group for provision of pre-sales marketing services remained stable in the recent years and the decrease in the service fee for the year ended 31 December 2016 is mainly due to the increase in number of projects with the nil-fee arrangement as described in paragraphs headed “4. Principal terms of the Supplemental Master Agency Service Agreement — pricing policy — (i) pre-sales marketing services” above. We consider it is appropriate to take into account the historical service fees in arriving at the Proposed Annual Caps in respect of the provision of the pre-sales marketing services.

We have also discussed with the management of the Group regarding the fairness and reasonableness of applying an annual growth rate of 10% in arriving at the Proposed Annual Caps for the years ending 31 December 2019 and 2020. The management of the Group has advised that a growth rate of 10% is determined with reference to the historical compounded annual growth rate of the fixed assets investment in Guangdong Province of approximately 11.7% during 2015 to 2017 as published by the Statistics Bureau of Guangdong Province. The fixed asset investment in Guangdong Province also increased by approximately 10.1% during the seven months ended 31 July 2018 as compared with the corresponding period last year. Given it is uncertain as to whether (a) the Group will charge the Fineland Group a separate service fee in respect of the pre-sale marketing services due to the nil-fee arrangement as discussed above; and (b) the Fineland Group will engage the Group for provision of pre-sales marketing services for property projects to be launched by the Fineland Group, the management of the Group considers it is more appropriate to determine the growth rate in calculation of the Proposed Annual Caps based on abovementioned growth rate in respect of the property market in Guangdong Province. We also noted that the historical service fees charged to the Fineland Group in respect of the provision of pre-sales marketing services and the historical service fees charged to the Fineland Group in respect of the provision of primary market agency services for the three years ended 31 December 2017 and the eight months ended 31 August 2018 bear little correlation with each other. Given the Group is engaged in the provision of real estate agency services and the performance of the Group is highly correlated to the trend of the property market in Guangzhou, we consider it is reasonable to apply an annual growth rate of 10% in arriving at the Proposed Annual Caps for the two years ending 31 December 2020 so as to provide flexibility to the Group in the provision of pre-sale marketing services to the Fineland Group.

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(ii) *Sales agency services*

Traditional agency services

The Proposed Annual Caps for each of the three years ending 31 December 2020 is computed based on (a) the forecasted sale amount of the Fineland Group based on the properties to be developed and launched for sales by the Fineland Group for each of the three years ending 31 December 2020 (the “**Revised Business Plan**”); (b) the average historical commission rate charged to the Fineland Group by the Group during the period commencing from 1 January 2015 to 31 August 2018; and (c) the average historical sales amount of the Fineland Group contributed by the real estate agents of the Group as a percentage of the historical sales amount of the Fineland Group during the period commencing from 1 January 2015 to 31 August 2018.

The service fees charged to the Fineland Group for provision of the traditional agency services contributed over 90% and 85% of the aggregate service fees received from the Fineland Group for the two years ended 31 December 2016 and the year ended 31 December 2017, respectively. As advised by the management of the Group, such fee is highly correlated to the properties launched for sale by the Fineland Group in each financial year. We have compared the Revised Business Plan for each of the three years ending 31 December 2020 with the original business plan of the Fineland Group and noted that there is a significant increase in properties to be developed and launched by the Fineland Group for each of the three years ending 31 December 2020. Based on the original business plan of the Fineland Group, it is estimated that the Fineland Group will launch the pre-sale of 16 and 17 property projects with saleable GFA of approximately 363,000 sq.m. and 389,000 sq.m. for the years ending 31 December 2018 and 2019, respectively. As set out in the Board Letter, the Fineland Group has successfully obtained more projects of larger scale in terms of GFA to be sold, mainly in areas outside Guangzhou in the Pearl River Delta. Further, the management of the Fineland Group has increased its efforts in procuring new projects in areas outside Guangzhou in the Pearl River Delta, which are perceived to have strong market potential alongside the accelerated economic growth in the Greater Bay Area. The Fineland Group currently plans to launch for sale 25, 23 and at least 14 projects in 2018, 2019 and 2020 (representing approximately 789,000 sq.m., 854,000 sq.m., and 1,001,000 sq.m. of GFA), respectively. As many of these newly obtained projects are larger in scale in terms of GFA, the GFA to be sold is expected to increase in 2018, 2019 and 2020. In addition, the Fineland Group has obtained land use rights certificates or entered into land transfer agreements for land amounting to approximately 1.9 million sq.m.. As such, pursuant to its Revised Business Plan, the Fineland Group has uplifted its sales target accordingly and we consider it is fair and reasonable to revise the annual cap in respect of the traditional agency services based on the Revised Business Plan.

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We noted the percentages obtained by multiplying (a) the average historical commission rate charged to the Fineland Group by the Group by (b) the average historical sales amount of the Fineland Group contributed by the real estate agents of the Group as a percentage of the historical sales amount of the Fineland are within the range of approximately 0.7% and 0.9% for each of the three years ended 31 December 2017 and the eight months ended 31 August 2018. As such, we consider it is appropriate to use 0.75%, being the percentage obtained by multiplying (a) the average historical commission rate charged to the Fineland Group by the Group during the period commencing from 1 January 2015 to 31 August 2018 by (b) the average historical sales amount of the Fineland Group contributed by the real estate agents of the Group as a percentage of the historical sales amount of the Fineland Group during the period commencing from 1 January 2015 to 31 August 2018, for calculation of the Proposed Annual Caps for the provision of the traditional agency services.

In light of the above, we consider the basis for determining the Proposed Annual Caps for the provision of traditional agency services is fair and reasonable.

Fangyuanbao

The Proposed Annual Cap for the year ending 31 December 2018 is calculated by multiplying the total service fees received by the Group from the Fineland Group for the twelve months ending 30 June 2018 by a growth rate of 10%. Each of the Proposed Annual Caps for the years ending 31 December 2019 and 2020 is calculated by multiplying the Proposed Annual Cap for the previous financial year by an annual growth rate of 10%.

The Group acquired *Fangyuanbao* in May 2016. The service fees charged to the Fineland Group for provision of *Fangyuanbao* services increased by approximately 96.6% from approximately RMB2.9 million for the year ended 31 December 2016 to approximately RMB5.7 million for the year ended 31 December 2017. The service fees further increased by approximately 1.5 times to approximately RMB14.6 million for the eight months ended 31 August 2018. As advised by the management of the Group, the utilisation rate of the *Fangyuanbo* platform was low when it was acquired by the Group in 2016 as the property developers (including the Fineland Group) were reluctant to use the online agency services at that time. The utilisation rate has increased since the third quarter of the year ended 31 December 2017. The notable growth in 2018 is mainly due to the surge in usage of *Fangyuanbao* services by the Fineland Group for selling certain properties with comparatively low level of market interest and it is expected such high growth rate will not sustain in the remaining months of 2018. Thus, we concur with the view of the Board that it is not appropriate to use the annualised service fees in respect of *Fangyuanbao* for the year ending 31 December 2018 in arriving at the Proposed Annual Cap. We agreed that it is more sensible to determine the Proposed Annual Cap for the year ending 31 December 2018 based on the service fees charged to the

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Fineland Group for the 12 months ended 30 June 2018. In view of the notable growth in the service fees in respect of *Fangyuanbao* in the recent financial years, the Group has also included an annual growth rate of 10% in arriving at the Proposed Annual Caps for the three years ending 31 December 2020. Given the service fee in respect of *Fangyuanbao* received from the Fineland Group grew by approximately 96.6% to approximately RMB5.7 million for the year ended 31 December 2017 and further increased to approximately RMB14.6 million for the eight months ended 31 August 2018, we consider it is fair and reasonable to include an annual growth rate of 10% in order to provide sufficient flexibility to the Group in the provision of *Fangyuanbao* service to the Fineland Group. In light of the above, we consider the basis for determining the Proposed Annual Caps for the service fees in respect of *Fangyuanbao* is fair and reasonable.

(iii) Leasing agency services and integrated service

The Proposed Annual Cap for the year ending 31 December 2018 is determined based on the estimated transaction amount between the Group and the Fineland Group with reference to the actual transaction amount between the parties for the eight months ended 31 August 2018. Each of the Proposed Annual Caps for the years ending 31 December 2019 and 2020 is calculated by multiplying the Proposed Annual Cap for the previous financial year by an annual growth rate of 10%. The service fees charged to the Fineland Group in respect of the leasing agency services and integrated service represented only less than 0.3% of the total service fees charged to the Fineland Group for each of the three years ended 31 December 2017. Given the transaction amount amounted to RMB0.1 million for the two years ended 31 December 2016 and increased from nil for the year ended 31 December 2017 to approximately RMB0.2 million for the eight months ended 31 August 2018, we consider it reasonable to (a) determine the Proposed Annual Cap based on the estimated transaction amount between the Group and the Fineland Group for the year ending 31 December 2018 and (b) include an annual growth rate of 10% to allow sufficient buffer in the Proposed Annual Caps for the two years ending 31 December 2019 and 2020 so as to provide flexibility to the Group in the provision of leasing agency services and integrated services to the Fineland Group.

In light of the above, we consider the basis for determining the Proposed Annual Caps for the three years ending 31 December 2020 to be fair and reasonable.

6. Internal control and risk management measures

In setting the actual fees for different types of services to be provided by the Group under the Supplemental Master Agency Service Agreement, the relevant sales teams of the Group would determine the proposed fees in accordance with the following price determination procedures to ensure that the terms for each types of services offered to the Finland Group are not more favourable than the terms offered to Independent Third Parties:

- (i) *pre-sales marketing services* — the relevant sales team would decide whether to charge a separate service fee for provision of pre-sales marketing service having considered whether the Group is engaged to provide pre-sales marketing service only or both pre-sales marketing service together with the sales agency service to the Finland Group in a particular project. If the Group considers that the commission charged for provision of sales agency services is sufficient to cover the costs incurred for provision of pre-sales marketing services, the Group may not charge a separate service fee. The Group will consider the scale of the projects involved, the estimated commission income for the provision of sales agency services and the resources required for delivering the pre-sales marketing services in deciding whether it is justifiable to not separately charge for provision of pre-sales marketing services. If the relevant sales team is of the view that a separate service fee should be charged, then it would propose a fixed lump-sum fee to be charged for the pre-sales marketing service in that particular project based on factors set out above on a case-by-case basis, primarily taking into account the time costs involved for providing such services and the fees received by the Group for providing similar services for projects of comparable complexity to Independent Third Parties.
- (ii) *sales agency services* — the Group has set a prescribed floor rate/amount for commission chargeable to both Independent Third Parties and the Finland Group for provision of the sales agency services. The prescribed floor rate/amount is the lowest commission rate/amount as shown in the relevant implementation agreement and/or payment invoice between the Group and the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The relevant sales team would then propose the commission rates based on fixed percentage or a progressive scale percentage or an agreed fixed sum per unit applicable to the particular project, which shall equal or higher than the prescribed floor rate, based on factors set out above on a case-by-case basis. The management of the Group regularly reviews the prescribed floor rate/amount for commission chargeable to both the Independent Third Parties and the Finland Group for provision of sales agency services on a half-yearly basis or when there is any change in market conditions.

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- (iii) *leasing agency services* — the Group has set a prescribed floor rate for commission chargeable to both Independent Third Parties and the Finland Group for provision of the leasing agency services. The prescribed floor rate is the lowest commission rate as shown in the relevant implementation agreement and/or payment invoice between the Group and the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The relevant sales team would propose the commission rates based on a percentage of the rental fees, which shall equal or higher than the prescribed floor rate, based on factors set out above on a case-by-case basis. The management of the Group regularly reviews the prescribed floor rate for commission chargeable to both the Independent Third Parties and the Finland Group for provision of leasing agency services on a half-yearly basis or when there is any change in market conditions.
- (iv) *integrated services* — the Group has set a prescribed floor rate/amount for the fees chargeable to both Independent Third Parties and the Finland Group for provision of the integrated services. The prescribed floor rate/amount is the lowest commission rate as shown in the relevant implementation agreement and/or payment invoice between the Group and the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The relevant sales team would propose the commission rates based on a fixed percentage of the sales price, which shall equal or higher than the prescribed floor rate, or a minimum fixed amount, based on factors set out above on a case-by-case basis. The management of the Group regularly reviews the prescribed floor rate/amount for commission chargeable to both the Independent Third Parties and the Finland Group for provision of integrated services on a half-yearly basis or when there is any change in market conditions.

In addition to the above price determination procedures, the proposed fees determined by the sales team as above are subject to the review and approval of the Group's internal control department headed by Mr. Yi Ruofeng, an executive Director and the compliance officer of the Company, who has no interests in the transactions contemplated under the Supplemental Master Agency Service Agreement. The review and approval process is based on the following principles and aims to ensure that under the respective implementation agreements the fees charged to the Finland Group will be in accordance with the prevailing market prices of similar services:

- (i) by reference to the fees charged by the Group to Independent Third Parties for providing services for comparable properties in terms of scale, location and quality, taking into account the transactions entered into with such Independent Third Parties; or

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- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms by reference to the prevailing market prices for providing services for comparable properties in terms of scale, location and quality offered by other real estate agency service providers.

In order to ensure that the actual fees for the services provided to the Finland Group are conducted on normal commercial terms (or terms no less favourable to the Company than terms available to Independent Third Parties), the Group adopts the following methods and procedures:

- (i) the internal control department will keep proper documentation of the agreements entered into between the Group and its customers and gather market intelligence from time to time by way of research on the prevailing market fees for each type of the services for comparable properties in terms of scale, location and quality and use them as reference prices for the purpose of considering if the price charged for a specific transaction is in accordance with the aforesaid pricing policy;
- (ii) the internal control department will regularly (on a quarterly basis and/or prior to price negotiation) check the standard margin percentage for the different types of services charged by the Group to Independent Third Parties. If pursuant to the proposed fees determined by the relevant sales team, the proposed margin exceeds or falls short of the standard margin percentage, then the internal control team will require the relevant sales team to provide an explanation on the additional factors (including for example, level of resources and time costs involved for providing such services) that were taken into account when preparing the proposed fees. If necessary, the proposed fees would be adjusted or re-negotiated to ensure fairness and reasonableness;
- (iii) the internal control department will regularly inspect specific terms of the implementation agreements in relation to transactions contemplated under the Supplemental Master Agency Service Agreement and compare them with the terms of agreements for the same type of transactions of the Group entered into with Independent Third Parties;
- (iv) the internal control department will conduct regular checks to review and assess whether the transactions contemplated under the Supplemental Master Agency Service Agreement are actually conducted in accordance with the terms of the respective implementation agreements; and
- (v) the internal control department will conduct regular half-yearly reviews of the internal control measures of the Group in relation to the continuing connected transactions of the Company and where any weaknesses are identified, the Company will take measures to address them as soon as practicable to ensure that the above internal control measures in respect of the continuing connected transactions remain complete and effective.

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In light of the Proposed Annual Caps, the internal control department will be responsible for monitoring the transaction amount contemplated under the Supplemental Master Agency Service Agreement on a monthly basis and will prepare a related party transaction report setting out the transaction amount of the corresponding month and an aggregated transaction amount for the respective year.

Further, the Company will comply with all relevant requirements under the GEM Listing Rules, which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the transactions contemplated under the Supplemental Master Agency Service Agreement.

Having considered (i) the consistent application of the pricing mechanism to transactions contemplated under the Supplemental Master Agency Service Agreement and transactions entered into by the Group with Independent Third Parties; (ii) additional requirement of the participation of the internal control department, which is responsible for the review and approval of the proposed fees determined by the sales team based on the aforesaid pricing policy and reviving the various internal control measures of the Group; and (iii) the checks and balances under the internal control measures set out above, the Directors consider that the methods and procedures adopted by the Company can ensure that the services provided by the Group under the Supplemental Master Agency Service Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

We have reviewed samples of documents and records maintained by the Group for the year ended 31 December 2017 and the eight months ended 31 August 2018, and noted that the Group has followed the aforesaid procedures.

In view of the above, we concur with the Company's view that there are adequate internal control procedures and external supervision measures to ensure that the Continuing Connected Transactions will comply with the relevant regulatory guidelines and the terms of the Supplemental Master Agency Service Agreement.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the Supplemental Master Agency Service Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Supplemental Master Agency Service Agreement and the transactions contemplated thereunder (together with the Proposed Annual Caps) are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned.

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Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the terms of the Supplemental Master Agency Service Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Ng Ka Po
Senior Director

Mr. Ng Ka Po is a licensed person and a responsible officer of Optima Capital Limited registered with the SFC to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of financial advisory and independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that 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

(i) Directors and chief executives

Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Sections 324 and 347 of the SFO or the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors (the "Model Code") are as follows:

Long position in the Shares:

Name	Nature of interest	Total number of shares held	Percentage of shareholding
Mr. Fong Ming	Interest in controlled corporation ⁽¹⁾	216,000,000	54%
Ms. Tse Lai Wa	Interest in controlled corporation ⁽¹⁾	216,000,000	54%
Ms. Rong Haiming	Interest in controlled corporation ⁽²⁾	24,000,000	6%
Mr. Yi Ruofeng	Interest in controlled corporation ⁽³⁾	9,000,000	2.25%

Notes:

- 216,000,000 Shares is registered in the name of Mansion Green, which is held 70% by Mr. Fong's holding companies (including Stand Smooth, Hero Dragon, Finland Real Estate and Widethrive Investments, and 30% by Aspiring Vision, which is wholly-owned by Ms. Tse.

2. Shares are held by Metropolitan Dawn Holdings Limited (“Metropolitan Dawn”), which is wholly-owned by Ms. Rong.
3. Shares are held by Totoro Holding Limited, which is wholly-owned by Mr. Yi.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise, notified to the Company and the Stock Exchange pursuant to Sections 324 and 347 of the SFO or the Model Code.

(ii) Substantial Shareholders

Substantial Shareholders’ and Other Persons’ Interests and Short Positions in the Shares and Underlying Shares and Debentures

As at the Latest Practicable Date, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Long Positions in Shares:

Name	Nature of Interest	Number of Shares held	Approximate percentage of shareholding
He Kangkang (何康康) ⁽¹⁾	Interest of spouse	216,000,000	54%
Zheng Muming (鄭木明) ⁽²⁾	Interest of spouse	216,000,000	54%
Wang Haihui (王海暉) ⁽³⁾	Interest of spouse	24,000,000	6%
Mansion Green ⁽⁴⁾	Legal and beneficial owner	216,000,000	54%
Widethrive Investments ⁽⁴⁾	Interest in a controlled corporation	216,000,000	54%
Fineland Real Estate ⁽⁴⁾	Interest in a controlled corporation	216,000,000	54%
Hero Dragon ⁽⁴⁾	Interest in a controlled corporation	216,000,000	54%
Stand Smooth ⁽⁴⁾	Interest in a controlled corporation	216,000,000	54%
Aspiring Vision ⁽⁴⁾	Interest in a controlled corporation	216,000,000	54%

Name	Nature of Interest	Number of Shares held	Approximate percentage of shareholding
Metropolitan Dawn ⁽⁵⁾	Legal and beneficial owner	24,000,000	6%

Notes:

1. Ms. He Kangkang (何康康) is the spouse of Mr. Fong. Under the SFO, Ms. He Kangkang (何康康) is deemed to be interested in the same number of Shares in which Mr. Fong is interested in.
2. Mr. Zheng Muming (鄭木明) is the spouse of Ms. Tse. Under the SFO, Mr. Zheng Muming (鄭木明) is deemed to be interested in the same number of Shares in which Ms. Tse is interested in.
3. Mr. Wang Haihui (王海暉) is the spouse of Ms. Rong. Under the SFO, Mr. Wang Haihui (王海暉) is deemed to be interested in the same number of Shares in which Ms. Rong is interested in.
4. Mansion Green is the registered owner of 216,000,000 Shares, representing 54% of the issued share capital of the Company. Mansion Green is owned as to 30% by Aspiring Vision, which is in turn direct wholly-owned by Ms. Tse, and as to 70% by Stand Smooth. Stand Smooth is wholly owned by Hero Dragon, which is wholly-owned by Fineland Real Estate, which in turn is wholly owned by Widethrive Investments, and ultimately wholly-owned by Mr. Fong. Accordingly, Widethrive Investments, Fineland Real Estate, Hero Dragon, Stand Smooth, Aspiring Vision, Mr. Fong and Ms. Tse are therefore deemed to be interested in the same number of Shares as to which Mansion Green is interested under the SFO.
5. Metropolitan Dawn is the registered owner of 24,000,000 Shares, representing 6% of the issued share capital of the Company. Metropolitan Dawn is wholly-owned by Ms. Rong. Ms. Rong is therefore deemed to be interested in the same number of Shares as to which Metropolitan Dawn is interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares and debentures which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. NO MATERIAL ADVERSE CHANGE

The Directors confirm that as at the Latest Practicable Date there had not been any material adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Group have been made up.

4. COMPETING INTEREST

As at the Latest Practicable Date, (i) none of the Directors, the Controlling Shareholders and their respective close associates; and (ii) as notified by RaffAello Capital Limited, the compliance adviser of the Company, none of RaffAello Capital Limited, its directors, employees and close associates had any interest in a business which competes or may compete with the businesses of the Group.

5. COMPLIANCE ADVISER'S INTERESTS

As at the Latest Practicable Date, except for (i) the participation of RaffAello Capital Limited as the sponsor in relation to the Company's listing on GEM; (ii) the engagement of RaffAello Capital Limited as the compliance adviser agreement of the Company; and (iii) the holding of 4,000 Shares (accounting for approximately 0.001% of the total issued Shares of the Company) by a former employee of RaffAello Capital Limited, Ms. Lin Wei, who resigned on 1 April 2018, neither RaffAello Capital Limited, its directors, employees and close associates, had any interests in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As disclosed in the prospectus of the Company dated 31 October 2017, Fineland Real Estate (as the licensor) and the Company (as the licensee) entered into the trademark licence agreements (the "**Trademark License Agreements**"), pursuant to which Fineland Real Estate agreed to grant to the Group an exclusive license to use certain trademarks registered by Fineland Real Estate in Hong Kong and the PRC (the "**Licensed Trademarks**") at nil consideration. As at the Latest Practicable Date, Fineland Real Estate is ultimately, wholly and beneficially owned by Mr. Fong, being one of the Controlling Shareholders and the non-executive Director. The term of the Trademark License Agreements commences on the date thereof until the expiration date of the Licensed Trademarks which in effect can be considered as a perpetual term as (i) pursuant to the Trademark License Agreements, Fineland Real Estate unconditionally and irrevocably undertakes to apply for the renewal of the registrations of the Licensed Trademarks prior to their respective expiration dates and (ii) under the relevant laws and regulations in Hong Kong and the PRC, there are no limitations to the number of times a registration of trademark can be renewed.

As disclosed in the prospectus of the Company dated 31 October 2017, the Company intended to continue leasing the office premises located at Unit 701, No. 28 Tiyu East Road, Tianhe District, Guangzhou, PRC (the “**Tianhe Office Premises**”) from GZ Fineland Property Management upon the listing of the Company. GZ Fineland Property Management is a member of the Fineland Group and an associate of Mr. Fong, being one of the Controlling Shareholders and the non-executive Director. On 1 January 2018, GZ Fineland Property Management (as the landlord) entered into tenancy agreements with Guangzhou Fang Yuan Bao Network and Technology Limited* (廣州房緣寶網絡科技有限公司) (“**Fang Yuan Bao**”) and Guangzhou Fineland Property Consultancy Limited* (廣州方圓地產顧問有限公司) (“**Guangzhou Fineland Property Consultancy**”) (both of which being members of the Group as the tenants), respectively (the “**Tianhe Office Tenancy Agreements**”). Pursuant to the Tianhe Office Tenancy Agreements, GZ Fineland Property Management agreed to lease certain portions of the Tianhe Office Premises with an aggregate floor area of approximately 147.8 square meters and 978.2 square meters to Fang Yuan Bao and Guangzhou Fineland Property Consultancy for use as offices, respectively. The term of the each of the Tianhe Office Tenancy Agreements commences from 1 January 2018 and ends on 31 December 2018. The rental payable by Fang Yuan Bao and Guangzhou Fineland Property Consultancy under the Tianhe Office Tenancy Agreements is RMB19,214.0 and RMB127,160.8 per month, respectively. The above-mentioned rental rates were determined after arm’s length negotiations and with reference to the prevailing market rates, namely the rental payable for similar properties to be leased from Independent Third Parties at similar location.

As disclosed in the prospectus of the Company dated 31 October 2017, Ms. Tse and Ms. Zheng Xin (“**Ms. Zheng**”), being the daughter of Ms. Tse (as the landlords), entered into tenancy agreements with Guangzhou Fineland Property Consultancy (as the tenant) (the “**Baiyun Outlet Tenancy Agreements**”), which were amended by supplemental agreements dated 29 March 2017 (the “**Baiyun Outlet Supplemental Agreements**”). As at the Latest Practicable Date, Ms. Tse is one of the executive Directors. Pursuant to the Baiyun Outlet Tenancy Agreements, Ms. Tse agreed to lease the premises located at Unit 06, LG1, Cao Nuan Ge, Jinguiyuan, 1000 Jiefang North Road, Baiyun District, Guangzhou, the PRC* (中國廣州白雲區解放北路1000號金桂園草暖閣負一層06號鋪) with an aggregate floor area of approximately 75.9 square meters, and Ms. Zheng Xin agreed to lease the premises located at 1/F, Ying Yueju, Baiyun Golf Garden, 118 Huangshi East Road, Baiyun District, the PRC* (中國廣州白雲區黃石東路118號白雲高爾夫花園盈月居首層商鋪) with an aggregate floor area of approximately 52.5 square meters, to Guangzhou Fineland Property Consultancy for use as outlets, respectively. The term of the each of the Baiyun Outlet Tenancy Agreements commences from 1 January 2015 and ends on 31 December 2020.

The rental payable by Guangzhou Fineland Property Consultancy to Ms. Tse and Ms. Zheng, respectively, under the Baiyun Outlet Tenancy Agreements (as amended and supplemented by the Baiyun Outlet Supplemental Agreements) from 1 January 2015 to 31 December 2020 is set out below:

<u>Rental period</u>	Rental payable to Ms. Tse per month	Rental payable to Ms. Zheng per month
	<i>(RMB)</i>	<i>(RMB)</i>
1 January 2015 to 31 December 2015	19,723.6	18,109.05
1 January 2016 to 31 December 2016	21,240.8	19,158.85
1 January 2017 to 31 December 2017	22,758.0	20,208.65
1 January 2018 to 31 December 2018	24,275.2	21,258.45
1 January 2019 to 31 December 2019	25,792.4	22,308.25
1 January 2020 to 31 December 2020	27,309.6	23,358.05

The above-mentioned rental rates payable were determined after arm's length negotiations and with reference to the prevailing market rates, namely the rental payable for similar properties to be leased from Independent Third Parties at similar location.

Save as disclosed above and in this circular, there was no contract or arrangement subsisted as at the Latest Practicable Date, in which a Director is materially interested and which was significant in relation to the business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been 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 since 31 December 2017 (the date to which the latest published audited consolidated financial statements of the Group were made up).

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation).

8. EXPERT AND CONSENT

The following is the qualification of the experts who have given opinion or advice which is contained in this circular:

Optima Capital	A corporation licensed by the Securities and Futures Commission to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
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Optima Capital has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 7 November 2018 and/or references to its name in the form and context in which it appear.

Optima Capital has further confirmed that as at the Latest Practicable Date, it did not have any shareholding in any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Optima Capital did not have any direct or indirect interest in any assets which had been 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 since 31 December 2017 (the date to which the latest published audited consolidated financial statements of the Group were made up).

9. GENERAL

In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the Supplemental Master Agency Service Agreement will be available for inspection at the principal place of business of the Company at 9/F, Wah Yuen Building, 149 Queen's Road Central, Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Fineland Real Estate Services Group Limited

方圓房地產服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8376)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Fineland Real Estate Services Group Limited (the “**Company**”) will be held at 15:00 on Wednesday, 28 November 2018 at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the Supplemental Master Agency Service Agreement (as defined in the circular of the Company dated 7 November 2018 (the “**Circular**”), a copy of which is tabled at the meeting and marked “A” and signed by the chairman of the meeting for the purpose of identification) entered into between the Company and Fineland Group Holdings Company Limited (方圓集團控股有限公司) and the transactions contemplated therein be and are hereby approved, confirmed and ratified;
- (b) the Proposed Revised Annual Caps for the three years ending 31 December 2020 (as set out in the Circular) be and are hereby approved; and
- (c) any one of the directors of the Company be and is hereby authorised to take such actions and execute such documents for and on behalf of the Company as he or she may consider appropriate and expedient to carry out or give effect to or otherwise in connection with or in relation to the Supplemental Master Agency Service Agreement and the transactions contemplated therein (including the Proposed Revised Annual Caps).”

By order of the Board of
Fineland Real Estate Services Group Limited
Fong Ming
Chairman

Hong Kong, 7 November 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the EGM (and any adjournment of such meeting) shall be entitled to appoint one or if he is a holder of two or more shares of the Company, more than one, proxies to attend and vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM. Completion and return of the form of proxy will not preclude a member of the Company from attending the EGM and voting in person should he so wish. In such event, his form of proxy will be deemed to have been revoked.
2. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. A form of proxy for the EGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time for holding the EGM or any adjournment thereof.
4. To ascertain the members' entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Friday, 23 November 2018 to Wednesday, 28 November 2018 (both days inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 November 2018.
5. Members of the Company or their proxies shall produce documents of their proof of identity when attending the EGM.
6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the website of Company at www.finelandassets.com and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice, the executive Directors are Ms. Rong Haiming, Mr. Yi Ruofeng and Ms. Tse Lai Wa; the non-executive Director is Mr. Fong Ming; and the independent non-executive Directors are Mr. Leung Wai Hung, Mr. Liao Junping, Mr. Tian Qiusheng and Mr. Du Chenhua.

This notice will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting and will also be published on the Company's website at www.finelandassets.com.