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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 professional adviser.

If you have sold or transferred all your shares in **Fineland Living Services Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Fineland Living Services Group Limited

方圓生活服務集團有限公司

(formerly known as 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: 9978)

MAJOR AND CONNECTED TRANSACTION SETTLEMENT OF OUTSTANDING RECEIVABLES 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 13 to 36 of this circular. A letter from the Independent Board Committee is set out on pages 37 to 38 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 63 of this circular.

A notice convening the Extraordinary General Meeting (the “EGM”) to be held at 3:00 p.m. on Thursday, 25 January 2024 at 11th Floor, No. 28, Tiyu East Road, Tianhe District, Guangzhou, the PRC is set out on pages EGM-1 to EGM-3 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 17M Floor, 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 (i.e. not later than 3:00 p.m. on Tuesday, 23 January 2024) 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 the form of proxy, will also be published on the websites of the Stock Exchange at www.hkexnews.hk and on the Company’s website at www.finelandassets.com.

22 December 2023

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DEFINITIONS

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

“1 st Batch Completion”	being completion of each individual 1 st Batch Property where all the 1 st Batch Conditions Precedent in respect of each such 1 st Batch Property have been obtained and fulfilled, and which shall be effected on or before the 1 st Batch Long Stop Date;
“1 st Batch Completion Date”	the date of the relevant 1 st Batch Completion;
“1 st Batch Conditions Precedent”	being the conditions precedent to the Settlement Agreement I in respect of each individual 1 st Batch Property as provided in the section headed “Principal terms of the Settlement Agreement I” of the letter from the Board of this circular;
“1 st Batch Consideration”	being approximately RMB13.1 million, the determination of which can be referred to in the section headed “Information on the Properties and Their Valuation” of the letter from the Board of this circular;
“1 st Batch Long Stop Date”	being 30 June 2024;
“1 st Batch Outstanding Receivables”	being approximately RMB13.1 million which remained outstanding and payable by subsidiaries of Vendor A to Fineland Living Services and its subsidiaries as at 31 October 2023 for part of the property management services and real estate agency services provided by Fineland Living Services and its subsidiaries;
“1 st Batch Properties” (each referred to as a “1 st Batch Property”)	being the seven commercial properties situated in Yunshan Poetry Garden I and six car parking spaces situated in Fangyuan Xinhui Moon Island Mansion to be conditionally transferred by the Vendor A Subsidiaries to the Relevant Purchaser(s), the details of which are disclosed in the section headed “Information on the Properties and Their Valuation” of the letter from the Board of this circular;

DEFINITIONS

“1 st Batch Property Sale Agreement(s)”	each referring to the conditional property sale agreement proposed to be entered into between the relevant Vendor A Subsidiaries and the Relevant Purchaser(s) in respect of the transfer of the relevant 1 st Batch Property, the principal terms of which are disclosed in the section headed “Principal terms of the 1 st Batch Property Sale Agreement(s)” of the letter from the Board of this circular;
“1 st Batch Set-off”	the set-off of the relevant part of the 1 st Batch Outstanding Receivables by Fineland Living Services and/or the Relevant Purchaser(s) against payment of the corresponding part of the 1 st Batch Consideration after all 1 st Batch Conditions Precedent in respect of the relevant 1 st Batch Property have been satisfied;
“1 st Batch Set-off Date”	being the 3 rd business day after the relevant 1 st Batch Completion;
“1 st Batch Title Certificate(s)”	the title certificate(s) (《不動產權證書》) of the relevant 1 st Batch Property(ies);
“1 st Batch Title Certificate Application(s)”	the application(s) of the title certificate (《不動產權證書》) of the relevant 1 st Batch Properties made by Vendor A Subsidiaries and the Relevant Purchaser(s) with relevant local housing authority and the receipt of the application acknowledgment slip (遞件回執) by the Relevant Purchaser(s);
“1 st Batch Title Certificate Date”	being the date that the Relevant Purchaser(s) obtain the relevant 1 st Batch Title Certificate(s);
“2 nd Batch Completion”	being completion of each individual 2 nd Batch Property, where all the 2 nd Batch Conditions Precedent in respect of each such 2 nd Batch Property have been obtained and fulfilled, and which shall be effected on or before the 2 nd Batch Long Stop Date;
“2 nd Batch Completion Date”	the date of the relevant 2 nd Batch Completion;
“2 nd Batch Conditions Precedent”	being the conditions precedent to the Settlement Agreement II in respect of each individual 2 nd Batch Property as provided in the section headed “Principal terms of the Settlement Agreement II” of the letter from the Board of this circular;

DEFINITIONS

“2 nd Batch Consideration”	being approximately RMB2.7 million, the determination of which can be referred to in the section headed “Information on the Properties and Their Valuation” of the letter from the Board of this circular;
“2 nd Batch Long Stop Date”	being 30 June 2024;
“2 nd Batch Outstanding Receivables”	being approximately RMB2.7 million which remained outstanding and payable as to RMB2.1 million and RMB0.6 million by a subsidiary of Vendor A and Vendor B, respectively, to Finland Living Services and its subsidiaries as at 31 October 2023 for part of the real estate agency services provided by Finland Living Services and its subsidiaries;
“2 nd Batch Properties” (each referred to as a “2 nd Batch Property”)	being the four commercial properties situated in Fangyuan Zengcheng Yunxi (Guangzhou) to be conditionally transferred by Vendor B to the Relevant Purchaser(s), the details of which are disclosed in the section headed “Information on the Properties and Their Valuation” of the letter from the Board of this circular;
“2 nd Batch Property Sale Agreement(s)”	each referring to the conditional property sale agreement proposed to be entered into between Vendor B and the Relevant Purchaser(s) in respect of the transfer of the relevant 2 nd Batch Property, the principal terms of which are disclosed in the section headed “Principal terms of the 2 nd Batch Property Sale Agreement(s)” of the letter from the Board of this circular;
“2 nd Batch Set-off”	the set-off of the relevant part of the 2 nd Batch Outstanding Receivables by Finland Living Services and/or the Relevant Purchaser(s) against payment of the corresponding part of the 2 nd Batch Consideration after all 2 nd Batch Conditions Precedent in respect of the relevant 2 nd Batch Property have been satisfied;
“2 nd Batch Set-off Date”	being the 3 rd business day after the relevant 2 nd Batch Completion;
“2 nd Batch Title Certificate(s)”	the title certificate(s) (《不動產權證書》) of the relevant 2 nd Batch Property(ies);

DEFINITIONS

“2 nd Batch Title Certificate Application(s)”	the application(s) of the title certificate (《不動產權證書》) of the relevant 2 nd Batch Properties made by Vendor B and the Relevant Purchaser(s) with relevant local housing authority and the receipt of the application acknowledgment slip (遞件回執) by the Relevant Purchaser(s);
“2 nd Batch Title Certificate Date”	being the date that the Relevant Purchaser(s) obtain the relevant 2 nd Batch Title Certificate(s);
“Announcement”	the announcement of the Company dated 6 December 2023 in relation to the Settlement Transactions;
“Aspiring Vision”	Aspiring Vision Holdings Limited, a company incorporated in the BVI with limited liability on 15 February 2017, which is wholly owned by Ms. Tse, and is one of the Controlling Shareholders;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“business day”	any date (other than a Saturday or Sunday or public holiday) on which banks in the PRC are open for the transaction of normal business;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	Fineland Living Services Group Limited (方圓生活服務集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 16 February 2017 and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9978);
“Conditions Precedent”	the 1 st Batch Conditions Precedent and the 2 nd Batch Conditions Precedent;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the 1 st Batch Consideration and 2 nd Batch Consideration, being a total of RMB15.8 million;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise refers to the controlling shareholders of the Company;

DEFINITIONS

“Director(s)”	the directors of the Company;
“EGM”	the extraordinary general meeting to be convened by the Company for the Shareholders to consider, and if thought fit, approve the Settlement Transactions;
“Fineland Education”	Guangdong Fineland Education Investment Limited* (廣東方圓教育投資有限公司), a company established under the laws of the PRC with limited liability on 20 August 2013 which was wholly owned by Fineland Investment as at the Latest Practicable Date;
“Fineland Education Group”	Fineland Education and its subsidiaries and associates;
“Fineland Group”	Fineland Group Holdings and its subsidiaries and associates, being the parent group of the Group;
“Fineland Group Holdings”	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 that is wholly owned by Widethrive Investments and indirectly wholly owned by Mr. Fong, and is one of the Controlling Shareholders;
“Fineland Investment”	Guangdong Fineland Investment Limited* (廣東方圓投資有限公司), a company established under the laws of the PRC with limited liability which was owned as to 42% by Mr. Fong, 34.65% by Mr. Li Yang, 0.35% by Mr. Li Zichun, and 23% by Mr. Zhang Qing as at the Latest Practicable Date;
“Fineland Living Services”	Guangzhou Fineland Living Services Limited* (廣州方圓生活服務有限公司), a company incorporated in the PRC with limited liability on 17 March 1997, being an indirectly wholly owned subsidiary of the Company;
“Greater Bay Area”	the region set out in the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area in the PRC, and consisting of four core cities (Hong Kong, Macao, Guangzhou and Shenzhen) and seven non-core cities (Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, and Zhaoqing), and for the Company’s purposes, excluding Hong Kong and Macao Special Administrative Region;

DEFINITIONS

“Group”	the Company and its subsidiaries;
“Hero Dragon”	Hero Dragon Management Limited, a company incorporated in the BVI with limited liability on 12 April 2006, which is a wholly owned subsidiary of Finland Group Holdings, and is one of the Controlling Shareholders;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely, Mr. Leung Wai Hung, Mr. Tian Qiusheng and Mr. Du Chenhua) established for the purpose of advising the Independent Shareholders in respect of the Settlement Transactions;
“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 appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Settlement Transactions;
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the Settlement Transactions;
“Independent Third Party(ies)”	a person(s) or company(ies) who/which is or are independent of and not connected with the Group or any of their respective associates within the meaning of the Listing Rules;

DEFINITIONS

“Jiangmen Hengjie”	Jiangmen Hengjie Real Estate Limited* (江門市恒捷房地產有限公司), a company incorporated in the PRC with limited liability on 29 March 2007, being a non-wholly owned subsidiary of Vendor A and the registered legal and beneficial owner of Fangyuan Xinhui Moon Island Mansion. As at the Latest Practicable Date, it was owned as to approximately 51%, 29.4% and 19.6% by Vendor A, Jiangmen Fugang Investment Limited* (江門富港投資有限公司) and Guangdong Hengjie Investment Holdings Group Limited* (廣東恆捷投資控股集團有限公司). Jiangmen Fugang Investment Limited* (江門富港投資有限公司) was ultimately owned by Chen Fudong (陳富東), Cen Kai (岑凱) and Ou Xiaowei (歐小衛) as to 90%, 5% and 5%, respectively. Guangdong Hengjie Investment Holdings Group Limited* (廣東恆捷投資控股集團有限公司) was ultimately wholly owned by Deng Zhaoqiang (鄧兆強). Each of Chen Fudong (陳富東), Cen Kai (岑凱), Ou Xiaowei (歐小衛) and Deng Zhaoqiang (鄧兆強) is an Independent Third Party;
“Latest Practicable Date”	19 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Main Board”	the stock market operated by the Stock Exchange, which excludes GEM and the option market;
“Mansion Green”	Mansion Green Holdings Limited, a company incorporated in the BVI with limited liability on 15 February 2017, whose shares were owned as to approximately 70% by Stand Smooth and approximately 30% by Aspiring Vision as at the Latest Practicable Date, and is one of the Controlling Shareholders;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules;

DEFINITIONS

“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 held 1.125% of the total issued share capital of the Company as at the Latest Practicable Date who is also a director of Huizhou Huisheng Real Estate Development Company Limited* (惠州市輝盛房地產開發有限公司), being a subsidiary of Vendor A;
“Mr. Fong”	Mr. Fong Ming (方明先生), one of the Controlling Shareholders and the non-executive Director, who is the sole ultimate beneficial owner of Vendor A and a director of Widethrive Investments, Fineland Group Holdings, Hero Dragon and Stand Smooth;
“Mr. Fong’s Associated Companies”	companies (including the Fineland Group and the Fineland Education Group) in which Mr. Fong can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries;
“Mr. Han”	Mr. Han Shuguang (韓曙光先生), an executive Director and the chairman of the Board. He is the sole legal and beneficial owner of Adwan Orient Holdings Limited, being one of the pre-IPO investors of the Company that held 1.125% of the total issued share capital of the Company as at the Latest Practicable Date, who is also a director of Vendor A, Widethrive Investments, Fineland Group Holdings, Hero Dragon and Stand Smooth;
“Mr. Xu”	Mr. Xu Jun (徐珺先生), the sole legal and beneficial owner of Kaffir Holding Limited, being one of the pre-IPO investors of the Company that held 1.125% of the total issued share capital of the Company as at the Latest Practicable Date and is a director of Vendor A;
“Ms. Tse”	Ms. Tse Lai Wa (謝麗華女士), 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;
“Outstanding Receivables”	the 1 st Batch Outstanding Receivables and the 2 nd Batch Outstanding Receivables, being a total of RMB15.8 million;

DEFINITIONS

“PRC”	the People’s Republic of China, except where the context requires otherwise, and for the purpose of this circular only, geographical references to the PRC or China exclude Hong Kong, Macau Special Administrative Regions and Taiwan;
“Properties”	the 1 st Batch Properties and the 2 nd Batch Properties;
“Property Sale Agreement(s)”	the 1 st Batch Property Sale Agreement(s) and the 2 nd Batch Property Sale Agreement(s);
“Relevant Purchaser(s)”	Fineland Living Services or its nominated subsidiary(ies) that shall enter into the Property Sale Agreement(s);
“RMB”	Renminbi, the lawful currency of the PRC;
“Settlement Agreement I”	the agreement dated 6 December 2023 and as amended and supplemented on 22 December 2023, entered into between Fineland Living Services and Vendor A in respect of the settlement of the 1 st Batch Outstanding Receivables by way of transfer of the 1 st Batch Properties, the principal terms of which are disclosed in the section headed “Principal terms of the Settlement Agreement I” of the letter from the Board of this circular;
“Settlement Agreement II”	the agreement dated 6 December 2023 and as amended and supplemented on 22 December 2023, entered into between Fineland Living Services, Vendor A and Vendor B in respect of the settlement of the 2 nd Batch Outstanding Receivables by way of transfer of the 2 nd Batch Properties, the principal terms of which are disclosed in the section headed “Principal terms of the Settlement Agreement II” of the letter from the Board of this circular;
“Settlement Agreements”	the Settlement Agreement I and the Settlement Agreement II;
“Settlement Transactions”	the Settlement Transactions I and the Settlement Transactions II;
“Settlement Transactions I”	the Settlement Agreement I, the 1 st Batch Property Sale Agreement(s) and the transactions as contemplated thereunder;

DEFINITIONS

“Settlement Transactions II”	the Settlement Agreement II, the 2 nd Batch Property Sale Agreement(s) and the transactions as contemplated thereunder;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stand Smooth”	Stand Smooth Group Limited, a company incorporated in the BVI on 22 June 2006, which is wholly owned by Hero Dragon and indirectly wholly owned by Mr. Fong, and is one of the Controlling Shareholders;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Valuer”	Cushman & Wakefield Limited, an independent professional qualified valuer engaged by the Company;
“Vendor A”	Guangzhou Fineland Real Estate Development Limited* (廣州市方圓房地產發展有限公司), a company incorporated in the PRC with limited liability on 4 October 1995, and is ultimately wholly owned by Mr. Fong, and thus is a connected person of the Company;
“Vendor A Subsidiaries” (each referred to as a “Vendor A Subsidiary”)	Zhanjiang Shangpin and Jiangmen Hengjie, each of which being a non-wholly owned subsidiary of Vendor A;
“Vendor B”	Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司), a company incorporated in the PRC with limited liability on 24 July 2018, and is ultimately controlled by Independent Third Parties;

DEFINITIONS

“Widethrive Investments”	Widethrive Investments Limited, a company incorporated in the BVI on 29 March 2006 with limited liability, which is directly wholly owned by Mr. Fong, and is one of the Controlling Shareholders;
“Zhanjiang Shangpin”	Zhanjiang Shangpin Investment Limited* (湛江市尚品投資有限公司), a company incorporated in the PRC with limited liability on 3 November 2011, being a non-wholly owned subsidiary of Vendor A and the registered legal and beneficial owner of Yunshan Poetry Garden I. As at the Latest Practicable Date, it was owned as to approximately 78% and 22% by Guangzhou Fangyuan Huihe Real Estate Development Limited* (廣州方圓惠和房地產發展有限公司) and Wenbao Village Residents’ Committee of Chikan District Zhangjiang City* (湛江市赤坎區文保村民委員會), respectively. Guangzhou Fangyuan Huihe Real Estate Development Limited* (廣州方圓惠和房地產發展有限公司) is respectively owned by Vendor A and Lin Bin (林斌) as to 70% and 30%. Each of Lin Bin (林斌) and Wenbao Village Residents’ Committee of Chikan District Zhangjiang City* (湛江市赤坎區文保村民委員會) is an Independent Third Party;
“Zhuhai Fangyuan”	Zhuhai Fangyuan Property Management Co., Ltd.* (珠海市方圓物業管理有限公司), a company incorporated in the PRC with limited liability on 1 April 2008, being an indirectly non-wholly owned subsidiary of the Company;
“Zhuhai Mingzhen”	Zhuhai Fangyuan Mingzhen Real Estate Co., Ltd.* (珠海市方圓明臻房地產有限公司), a company incorporated in the PRC with limited liability on 16 July 2018, and is ultimately wholly owned by Mr. Fong, and thus is a connected person of the Company;
“ZM Property”	being the residential property transferred by Zhuhai Mingzhen to Zhuhai Fangyuan;
“ZM Property Sale Agreement”	the property sale agreement entered into between Zhuhai Fangyuan and Zhuhai Mingzhen on 13 February 2023 in respect of the transfer of the ZM Property;

DEFINITIONS

- “ZM Settlement Agreement” the agreement dated 10 January 2023 entered into between Zhuhai Fangyuan and Zhuhai Mingzhen, pursuant to which, Zhuhai Fangyuan agreed to set-off trade receivables of approximately RMB1,643,000 owed to it by Zhuhai Mingzhen, by way of accepting the transfer of the ZM Property from Zhuhai Mingzhen to Zhuhai Fangyuan;
- “ZM Settlement Transaction” the ZM Settlement Agreement, the ZM Property Sale Agreement and the transactions as contemplated thereunder.

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.*



Fineland Living Services Group Limited

方圓生活服務集團有限公司

(formerly known as 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: 9978)

Executive Directors:

Mr. Han Shuguang (*Chairman*)

Ms. Tse Lai Wa

Non-executive Director:

Mr. Fong Ming

Independent non-executive Directors:

Mr. Leung Wai Hung

Mr. Du Chenhua

Mr. Tian Qiusheng

Registered office in the Cayman Islands:

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Principal Place of Business in

Hong Kong under Part 16 of the

Companies Ordinance (Cap 622):

Unit B, 17/F, United Centre

95 Queensway

Admiralty

Hong Kong

22 December 2023

To the Shareholders

Dear Sir/Madam,

**MAJOR AND CONNECTED TRANSACTION
SETTLEMENT OF OUTSTANDING RECEIVABLES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) details of the Settlement Transactions; (ii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in connection with the Settlement Transactions; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Settlement Transactions; (iv) financial information of the Group; (v) the valuation report in respect of the Properties; and (vi) the notice of the EGM.

LETTER FROM THE BOARD

THE SETTLEMENT AGREEMENT I

On 6 December 2023 (after trading hours), Fineland Living Services (an indirectly wholly owned subsidiary of the Company) and Vendor A entered into the Settlement Agreement I (as amended and supplemented on 22 December 2023), pursuant to which, Fineland Living Services has conditionally agreed to set-off the 1st Batch Outstanding Receivables of approximately RMB13.1 million owed to it and its subsidiaries by subsidiaries of Vendor A, by way of accepting the transfer of the 1st Batch Properties from the Vendor A Subsidiaries to the Relevant Purchaser(s).

The 1st Batch Consideration shall be approximately RMB13.1 million. The 1st Batch Set-off in respect of each 1st Batch Property shall be effected on the relevant 1st Batch Set-off Date after all 1st Batch Conditions Precedent in respect of the relevant 1st Batch Property have been fulfilled whereupon:

- (i) such part of the 1st Batch Consideration (corresponding to the consideration of the relevant 1st Batch Property) shall be regarded to have paid Fineland Living Services and its subsidiaries a sum equivalent to the corresponding 1st Batch Outstanding Receivables towards its settlement thereof; and
- (ii) the Relevant Purchaser(s) shall be regarded to have paid the Vendor A Subsidiaries the relevant part of the 1st Batch Consideration and neither Vendor A nor the Vendor A Subsidiaries shall thereafter make any claim against the Relevant Purchaser(s) for such part of the 1st Batch Consideration after the relevant 1st Batch Set-off.

To effectuate the Settlement Transactions I, the Vendor A Subsidiaries and the Relevant Purchaser(s) will separately enter into the 1st Batch Property Sale Agreement(s) in respect of each of the 1st Batch Properties.

Principle terms of Settlement Agreement I

The principal terms of the Settlement Agreement I are set out below:

- Date : 6 December 2023 (as amended and supplemented on 22 December 2023)
- Parties : (1) Vendor A; and
(2) Fineland Living Services (collectively, the “Parties”)

LETTER FROM THE BOARD

Subject matter : The Parties acknowledged and confirmed that the 1st Batch Outstanding Receivables for part of the property management services and real estate agency services provided by Fineland Living Services and its subsidiaries remaining outstanding and payable by subsidiaries of Vendor A as at 31 October 2023 was approximately RMB13.1 million.

Settlement arrangement : Fineland Living Services has conditionally agreed to set-off the 1st Batch Outstanding Receivables of approximately RMB13.1 million, by way of accepting the transfer of the 1st Batch Properties from the Vendor A Subsidiaries to the Relevant Purchaser(s).

The transfer of each of the 1st Batch Properties shall be effected by the Relevant Purchaser(s) and the relevant Vendor A Subsidiary entering into the relevant 1st Batch Property Sale Agreement. For the principal terms of the 1st Batch Property Sale Agreement(s), please refer to the section headed “Principal terms of the 1st Batch Property Sale Agreement(s)” of the letter from the Board of this circular.

The 1st Batch Set-off in respect of each 1st Batch Property shall be effected on the relevant 1st Batch Set-off Date after all 1st Batch Conditions Precedent in respect of the relevant 1st Batch Property have been fulfilled whereupon:

- (i) such part of the 1st Batch Consideration (corresponding to the consideration of the relevant 1st Batch Property) shall be regarded to have paid Fineland Living Services and its subsidiaries a sum equivalent to the corresponding 1st Batch Outstanding Receivables towards its settlement thereof; and
- (ii) the Relevant Purchaser(s) shall be regarded to have paid the Vendor A Subsidiaries the relevant part of the 1st Batch Consideration and neither Vendor A nor the Vendor A Subsidiaries shall make any claim against the Relevant Purchaser(s) for such part of the 1st Batch Consideration after the relevant 1st Batch Set-off.

LETTER FROM THE BOARD

The Properties : The Relevant Purchaser(s) and the Vendor A Subsidiaries agreed to enter into the relevant 1st Batch Property Sale Agreements within 60 business days after entering into the Settlement Agreement I.

The Parties agreed that the rights to use and occupy each of the 1st Batch Properties shall be transferred to Finland Living Services within 90 days after entering into the relevant 1st Batch Property Sale Agreement (the “**actual delivery**”).

After entering into the 1st Batch Property Sale Agreements, the 1st Batch Title Certificate Applications shall be made by the Vendor A Subsidiaries and the Relevant Purchaser(s) with relevant local housing authority within the time limit as prescribed under the 1st Batch Property Sale Agreements (i.e. 730 days from the date of the actual delivery). The 1st Batch Property Sale Agreement is based on a standardised property sale contract registered by the developers with the local housing authority. All purchasers of the properties within the same development project are required to sign this standardised contract with the same prescribed time limit. In accordance with the market practice, the typical time-frame for applying for the title certificate ranges from one to two years from the date of the actual delivery. However, in actual practice, the Company expects the 1st Batch Title Certificate Applications to be made by the end of March 2024.

For details of the 1st Batch Properties, please refer to the section headed “Information on the Properties and Their Valuation” of the letter from the Board of this circular.

Conditions precedent : The 1st Batch Set-off in respect of each 1st Batch Property is conditional upon:

- (i) the Relevant Purchaser has completed due diligence on the relevant 1st Batch Property and is satisfied with the results thereof;

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- (ii) the transaction documents contemplated under the Settlement Transactions I (being the Settlement Agreement I and the 1st Batch Property Sale Agreements) have been duly executed by the relevant parties;
- (iii) the Parties have obtained the relevant authorisation(s), consent(s), approval(s) or waiver(s) from, including but not limited to the relevant government authorities, the Stock Exchange, management, board of directors (including the Board) and shareholders of the relevant party (as the case maybe) and the Shareholders;
- (iv) the Company has fulfilled all the relevant requirements under the Listing Rules in connection with the Settlement Transactions I;
- (v) there is no title defect or any title defect in the 1st Batch Property has been cleared, including but not limited to any mortgage, pledge, guarantee, trusteeship, encumbrance or other impediments that may subject the 1st Batch Property to recourse or claims by third parties;
- (vi) the 1st Batch Title Certificate has been obtained by the Relevant Purchaser; and
- (vii) at any time from the date of the Settlement Agreement I to the 1st Batch Title Certificate Date, there has been no material adverse change, no effective prohibition or similar decree that may prohibit or restrict any party from completing the Settlement Transactions I, and no third party has proposed any ongoing or imminent claims, assertions or demands that may restrict the performance of the Settlement Agreement I.

None of the above 1st Batch Conditions Precedent can be waived. As at the Latest Practicable Date, condition (i) above had been fulfilled.

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In the event any of the 1st Batch Conditions Precedent cannot be fulfilled before the 1st Batch Long Stop Date, Finland Living Services shall have the option to either fully rescind or partially rescind the Settlement Agreement I. In the case of a full rescission, Vendor A and its subsidiaries shall reverse all of the 1st Batch Set-off on the 1st Batch Properties and remain responsible for the payment obligations in connection with the full amount of the 1st Batch Outstanding Receivables. In the case of a partial rescission, the 1st Batch Outstanding Receivables corresponding to the units of the 1st Batch Properties where the 1st Batch Title Certificates have been obtained by the Relevant Purchaser(s) shall be deemed to have been settled, and subsidiaries of Vendor A shall continue to be obliged to fulfill its payment obligations in connection with the remaining amount of the 1st Batch Outstanding Receivables.

In case of a rescission, the Company will resort to the measures as stipulated under the section headed “Reasons for and benefits of entering into Settlement Transactions” on page 29 of the letter from the Board of this circular. The Company currently expects completion of the 1st Batch Settlement Agreements to take place by the end of June 2024.

Representations,
warranties and
undertakings

- : In addition to the representations and warranties given by the Parties, Vendor A has further made the following undertakings:
- (i) it shall unconditionally agree and accept the reversal of the relevant 1st Batch Set-off if any 1st Batch Completion cannot take place on or before the 1st Batch Long Stop Date, and Finland Living Services elects to rescind or partially rescind the Settlement Agreement I. Its subsidiaries shall continue to be obliged to fulfill their payment obligations in connection with the relevant amount of the 1st Batch Outstanding Receivables and other outstanding receivables owed to Finland Living Services and its subsidiaries;

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- (ii) save as governed by the terms of the Settlement Agreement I, neither Vendor A nor the Vendor A Subsidiaries shall sell the 1st Batch Properties to more than one party; and
- (iii) any business or operational qualification and compliance liability risks related to its business and its related activities caused by whatsoever reasons, and any other possible illegal or non-compliant behaviors that could give rise to civil, administrative or criminal liability, and penalty risks arising on or before the 1st Batch Completion Date shall be borne by it and shall have nothing to do with Fineland Living Services. It shall be fully liable to compensate Fineland Living Services if Fineland Living Services suffers loss or damage as a result of the aforementioned risks or responsibilities.

Principal terms of the 1st Batch Property Sale Agreement(s)

Each of the relevant Vendor A Subsidiaries and the Relevant Purchaser(s) shall enter into the 1st Batch Property Sale Agreement(s) within the time limit as prescribed under the Settlement Agreement I, pursuant to which the relevant Vendor A Subsidiaries shall sell and the Relevant Purchaser(s) shall purchase the relevant 1st Batch Property at the relevant property purchase price free from encumbrances. The 1st Batch Property Sale Agreements in their standard forms, are substantially identical to each other.

1st Batch Consideration and basis of determination of the 1st Batch Consideration

The 1st Batch Consideration in respect of the Settlement Agreement I was arrived at after arm's length negotiation between Fineland Living Services and Vendor A, with reference to, amongst others, the preliminary valuation conducted by an independent valuer on the 1st Batch Properties. Vendor A has agreed and undertaken to settle the 1st Batch Outstanding Receivables by way of transfer of the 1st Batch Properties in exchange of which, Fineland Living Services has conditionally agreed to set-off the 1st Batch Outstanding Receivables in the amount of approximately RMB13.1 million due from subsidiaries of Vendor A pursuant to contracts entered into between Fineland Living Services and its subsidiaries and subsidiaries of Vendor A for the provision of property management services and real estate agency services by Fineland Living Services and its subsidiaries to subsidiaries of Vendor A.

For the basis of determination on the valuation of the 1st Batch Properties, please refer to the section headed "Information on the Properties and Their Valuation" of the letter from the Board of this circular.

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THE SETTLEMENT AGREEMENT II

On 6 December 2023 (after trading hours), Fineland Living Services (an indirectly wholly owned subsidiary of the Company), Vendor A and Vendor B entered into the Settlement Agreement II (as amended and supplemented on 22 December 2023), pursuant to which, Fineland Living Services has conditionally agreed to set-off the 2nd Batch Outstanding Receivables of approximately RMB2.7 million owed to it and its subsidiaries by a subsidiary of Vendor A (for approximately RMB2.1 million) and Vendor B (for approximately RMB0.6 million), by way of accepting the transfer of the 2nd Batch Properties from Vendor B to the Relevant Purchaser(s).

The 2nd Batch Consideration shall be approximately RMB2.7 million. The 2nd Batch Set-off in respect of each 2nd Batch Property shall be effected on the relevant 2nd Batch Set-off Date after all 2nd Batch Conditions Precedent in respect of the relevant 2nd Batch Property have been fulfilled whereupon:

- (i) such part of the 2nd Batch Consideration (corresponding to the consideration of the relevant 2nd Batch Property) shall be regarded to have paid Fineland Living Services and its subsidiaries a sum equivalent to the corresponding 2nd Batch Outstanding Receivables towards its settlement thereof; and
- (ii) the Relevant Purchaser(s) shall be regarded to have paid Vendor B the relevant part of the 2nd Batch Consideration and neither Vendor A nor Vendor B shall thereafter make any claim against the Relevant Purchaser(s) for such part of the 2nd Batch Consideration after the relevant 2nd Batch Set-off.

To effectuate the Settlement Transactions II, Vendor B and the Relevant Purchaser(s) will separately enter into the 2nd Batch Property Sale Agreement(s) in respect of each of the 2nd Batch Properties.

Principle terms of Settlement Agreement II

The principal terms of the Settlement Agreement II are set out below:

- Date : 6 December 2023 (as amended and supplemented on 22 December 2023)
- Parties : (1) Vendor A;
- (2) Vendor B; and
- (3) Fineland Living Services (collectively, the “Parties”)

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Subject matter : The Parties acknowledged and confirmed that the 2nd Batch Outstanding Receivables for part of the real estate agency services provided by Finland Living Services and its subsidiaries remaining outstanding and payable by a subsidiary of Vendor A and Vendor B as at 31 October 2023 was approximately RMB2.1 million and RMB0.6 million, respectively.

Settlement arrangement : Finland Living Services has conditionally agreed to set-off the 2nd Batch Outstanding Receivables of approximately RMB2.7 million, by way of accepting the transfer of the 2nd Batch Properties from Vendor B to the Relevant Purchaser(s).

The transfer of each of the 2nd Batch Properties shall be effected by the Relevant Purchaser and Vendor B entering into the relevant 2nd Batch Property Sale Agreement. For the principal terms of the 2nd Batch Property Sale Agreement(s), please refer to the section headed “Principal terms of the 2nd Batch Property Sale Agreement(s)” of the letter from the Board of this circular.

The 2nd Batch Set-off in respect of each 2nd Batch Property shall be effected on the relevant 2nd Batch Set-off Date after all 2nd Batch Conditions Precedent in respect of the relevant 2nd Batch Property have been fulfilled whereupon:

- (i) such part of the 2nd Batch Consideration (corresponding to the consideration of the relevant 2nd Batch Property) shall be regarded to have paid Finland Living Services and its subsidiaries a sum equivalent to the corresponding 2nd Batch Outstanding Receivables towards its settlement thereof; and
- (ii) the Relevant Purchaser(s) shall be regarded to have paid Vendor B the relevant part of the 2nd Batch Consideration and neither Vendor A nor Vendor B shall make any claim against the Relevant Purchaser(s) for such part of the 2nd Batch Consideration after the relevant 2nd Batch Set-off.

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The Properties : The Relevant Purchaser(s) and Vendor B will enter into the relevant 2nd Batch Property Sale Agreements within 20 business days after entering into the Settlement Agreement II.

The Parties agreed that the rights to use and occupy each of the 2nd Batch Properties shall be transferred to Finland Living Services within 90 days after entering into the relevant 2nd Batch Property Sale Agreement (the “**actual delivery**”).

After entering into the 2nd Batch Property Sale Agreements, the 2nd Batch Title Certificate Applications shall be made by Vendor B and the Relevant Purchaser(s) with relevant local housing authority within the time limit as prescribed under the 2nd Batch Property Sale Agreement (i.e. 390 days from the date of the actual delivery). The 2nd Batch Property Sale Agreement is based on a standardised property sale contract registered by the developers with the local housing authority. All purchasers of the properties within the same development project are required to sign this standardised contract with the same prescribed time limit. In accordance with the market practice, the typical time-frame for applying for the title certificate ranges from one to two years from the date of the actual delivery. However, in actual practice, the Company expects the 2nd Batch Title Certificate Applications to be made by the end of March 2024.

For details of the 2nd Batch Properties, please refer to the section headed “Information on the Properties and Their Valuation” of the letter from the Board of this circular.

Conditions precedent : The 2nd Batch Set-off in respect of each 2nd Batch Property is conditional upon:

- (i) the Relevant Purchaser has completed due diligence on the relevant 2nd Batch Property and is satisfied with the results thereof;

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- (ii) the transaction documents contemplated under the Settlement Transactions II (being the Settlement Agreement II and the 2nd Batch Property Sale Agreements) have been duly executed by the relevant parties;
- (iii) the Parties have obtained the relevant authorisation(s), consent(s), approval(s) or waiver(s) from, including but not limited to the relevant government authorities, the Stock Exchange, management, board of directors (including the Board) and shareholders of the relevant party (as the case maybe) and the Shareholders;
- (iv) the Company has fulfilled all the relevant requirements under the Listing Rules in connection with the Settlement Transactions II;
- (v) there is no title defect or any title defect in the 2nd Batch Property has been cleared, including but not limited to any mortgage, pledge, guarantee, trusteeship, encumbrance or other impediments that may subject the 2nd Batch Property to recourse or claims by third parties;
- (vi) the 2nd Batch Title Certificate has been obtained by the Relevant Purchaser; and
- (vii) at any time from the date of the Settlement Agreement II to the 2nd Batch Title Certificate Date, there has been no material adverse change, no effective prohibition or similar decree that may prohibit or restrict any party from completing the Settlement Transactions II, and no third party has proposed any ongoing or imminent claims, assertions or demands that may restrict the performance of the Settlement Agreement II.

None of the above 2nd Batch Conditions Precedent can be waived. As at the Latest Practicable Date, conditions (i) and (ii) above had been fulfilled.

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In the event any of the 2nd Batch Conditions Precedent cannot be fulfilled before the 2nd Batch Long Stop Date, Finland Living Services shall have the option to either fully rescind or partially rescind the Settlement Agreement II. In the case of a full rescission, the subsidiary of Vendor A and Vendor B shall reverse all the 2nd Batch Set-off on the 2nd Batch Properties and remain responsible for their respective payment obligations in connection with the full amount of the 2nd Batch Outstanding Receivables. In the case of a partial rescission, the 2nd Batch Outstanding Receivables corresponding to the units of the 2nd Batch Properties where the 2nd Batch Title Certificates have been obtained by the Relevant Purchaser(s) shall be deemed to have been settled, and the subsidiary of Vendor A and Vendor B shall continue to be obliged to fulfil its payment obligations in connection with the remaining amount of the 2nd Batch Outstanding Receivables.

It is agreed among the parties that in the case that the Settlement Agreement II is partially rescinded in accordance with the terms and conditions set out in the Settlement Agreement II, the payment obligations of Vendor B in respect of the corresponding 2nd Batch Outstanding Receivables shall be released as a matter of priority considering that Vendor B is the registered legal and beneficial owner of the 2nd Batch Properties.

In case of a rescission, the Company will resort to the measures as stipulated under the section headed “Reasons for and benefits of entering into Settlement Transactions” on page 29 of the letter from the Board of this circular. The Company currently expects completion of the 2nd Batch Settlement Agreements to take place by the end of June 2024.

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- Representations, warranties and undertakings
- :
- In addition to the representations and warranties given by the Parties, each of Vendor A and Vendor B has further made the following undertakings:
- (i) it shall unconditionally agree and accept the reversal of the relevant 2nd Batch Set-off if any 2nd Batch Completion cannot take place on or before the 2nd Batch Long Stop Date, and Finland Living Services elects to rescind or partially rescind the Settlement Agreement II. The subsidiary of Vendor A and Vendor B shall continue to be obliged to fulfill their payment obligations in connection with the relevant amount of the 2nd Batch Outstanding Receivables and other outstanding receivables owed to Finland Living Services and its subsidiaries;
 - (ii) save as governed by the terms of the Settlement Agreement II, it shall not sell the 2nd Batch Properties to more than one party; and
 - (iii) any business or operational qualification and compliance liability risks related to its business and its related activities caused by whatsoever reasons, and any other possible illegal or non-compliant behaviors that could give rise to civil, administrative or criminal liability, and penalty risks arising on or before the 2nd Batch Completion Date shall be borne by it and shall have nothing to do with Finland Living Services. It shall be fully liable to compensate Finland Living Services if Finland Living Services suffers loss or damage as a result of the aforementioned risks or responsibilities.

For the avoidance of doubt, the Settlement Transactions I and the Settlement Transactions II are not inter-conditional upon each other.

Principal terms of the 2nd Batch Property Sale Agreement(s)

Vendor B and the Relevant Purchaser(s) shall enter into the 2nd Batch Property Sale Agreement(s) within the time limit as prescribed under the Settlement Agreement II, pursuant to which Vendor B shall sell and the Relevant Purchaser(s) shall purchase the relevant 2nd Batch Property at the relevant property purchase price free from encumbrances. The 2nd Batch Property Sale Agreements in their standard forms, are substantially identical to each other.

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2nd Batch Consideration and basis of determination of the 2nd Batch Consideration

The 2nd Batch Consideration in respect of the Settlement Agreement II was arrived at after arm's length negotiation between Fineland Living Services, Vendor A and Vendor B, with reference to, amongst others, the preliminary valuation conducted by an independent valuer on the 2nd Batch Properties. Each of Vendor A and Vendor B has agreed and undertaken to settle the 2nd Batch Outstanding Receivables by way of transfer of the 2nd Batch Properties in exchange of which, Fineland Living Services has conditionally agreed to set-off the 2nd Batch Outstanding Receivables in the amount of approximately RMB2.7 million due from a subsidiary of Vendor A and Vendor B pursuant to contracts Fineland Living Services and its subsidiaries entered into with the subsidiary of Vendor A and Vendor B for the provision of real estate agency services by Fineland Living Services and its subsidiaries to the subsidiary of Vendor A and Vendor B, respectively.

For the basis of determination on the valuation of the 2nd Batch Properties, please refer to the section headed "Information on the Properties and Their Valuation" of the letter from the Board of this circular.

INFORMATION ON THE PROPERTIES AND THEIR VALUATION

The Company has undertaken a thorough evaluation of the properties offered by Vendor A and Vendor B for the purpose of the Settlement Agreements. This evaluation took into account various factors including type and conditions of the property, location, status of development and the surrounding environment such as infrastructure and facilities, and the occupancy rate of the relevant community (where applicable). With a keen focus on property value preservation, the Company has selected properties situated in or around the city centre. The Company believes that these properties may benefit from their prime locations and also enjoy a relatively higher demand from prospective buyers.

The 1st Batch Properties

The 1st Batch Properties consist of (i) seven commercial properties with a total gross floor area of approximately 637.0 square meters, situated in a private housing complex, block 32 of Yunshan Poetry Garden I* (雲山詩意花園一期) located in No. 268, South Tiyu Road, Chikan District, Zhanjiang City, Guangdong Province of the PRC; and (ii) six car parking spaces with a gross floor area of approximately 175.3 square meters situated in a private housing complex of Fangyuan Xinhui Moon Island Mansion* (方圓•新會月島首府) located in No. 9 Huikang Road, Huicheng, Xinhui District, Jiangmen City, Guangdong Province of the PRC.

According to the publicly available information and as represented by Vendor A:

- (i) Yunshan Poetry Garden I is a residential and commercial development and has a gross floor area of approximately 76,000 square meters comprising 4 blocks of residential units and commercial units. Zhanjiang Shangpin, being a non-wholly

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owned subsidiary of Vendor A, is the developer and the registered legal and beneficial owner of Yunshan Poetry Garden I. The construction of the relevant 1st Batch Properties situated in Yunshan Poetry Garden I has been completed in June 2023 and it is expected that the relevant completion acceptance certification (建設工程竣工驗收備案證明文件) will be obtained in December 2023, upon which, Zhanjiang Shangpin will be entitled to enter into the relevant 1st Batch Property Sale Agreements with the Relevant Purchaser(s); and

- (ii) Fangyuan Xinhui Moon Island Mansion is a residential and commercial development and has a gross floor area of approximately 283,000 square meters comprising 17 blocks of residential units and commercial units. Jiangmen Hengjie, being a non-wholly owned subsidiary of Vendor A, is the developer and the registered legal and beneficial owner of Fangyuan Xinhui Moon Island Mansion. The development of the relevant 1st Batch Properties situated in Fangyuan Xinhui Moon Island Mansion has been completed in 2021. Since Jiangmen Hengjie is in the process of renewing its real estate development qualification grade certificate (《房地產開發資質等級證書》), it will not be entitled to enter into the relevant 1st Batch Property Sale Agreements with the relevant Purchaser(s) until the completion of renewal of such certificate, which is expected to be in January 2024.

Valuation of the 1st Batch Properties

The 1st Batch Consideration shall be approximately RMB13.1 million. The value of the 1st Batch Properties was determined after arm's length negotiation between Fineland Living Services and Vendor A with reference to the valuation conducted by the Valuer on the 1st Batch Properties, with the market value of the 1st Batch Properties of approximately RMB13.0 million as at 31 October 2023. The Valuer has considered, among other things, the market selling prices of comparable properties.

The 2nd Batch Properties

The 2nd Batch Properties consist of four commercial properties with a total gross floor area of approximately 149.2 square meters, situated in a private housing complex, Fangyuan Zengcheng Yunxi (Guangzhou)* (方圓•廣州增城雲璽) located in West Fourth Street, Shitan Town, Zengcheng District, Guangzhou, Guangdong Province of the PRC.

According to the publicly available information and as represented by Vendor B, Fangyuan Zengcheng Yunxi (Guangzhou)* (方圓•廣州增城雲璽) is a residential and commercial development and has a gross floor area of approximately 74,000 square meters comprising 4 blocks of residential units and commercial units. Vendor B is the developer and the registered legal and beneficial owner of Fangyuan Zengcheng Yunxi (Guangzhou). The development of the 2nd Batch Properties situated in Fangyuan Zengcheng Yunxi (Guangzhou) has been completed in 2022.

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Vendor B had previously entered into property sale agreements with Independent Third Parties regarding the 2nd Batch Properties. On 11 December 2023, Vendor B entered into termination agreements with such Independent Third Parties and duly terminated these property sale agreements. On the same day, the Relevant Purchaser(s) and Vendor B entered into the respective 2nd Batch Property Sale Agreement for each 2nd Batch Property.

According to the Company's PRC legal adviser, the termination agreement entered between Vendor B and the Independent Third Parties regarding the 2nd Batch Properties is valid and legally binding, and Vendor B has the legal and beneficial ownership to resell the 2nd Batch Properties to the Relevant Purchaser(s).

Valuation of the 2nd Batch Properties

The 2nd Batch Consideration shall be approximately RMB2.7 million. The value of the 2nd Batch Properties was determined after arm's length negotiation among Fineland Living Services, Vendor A and Vendor B with reference to the valuation conducted by the Valuer on the 2nd Batch Properties, with the market value of the 2nd Batch Properties of approximately RMB3.1 million as at 31 October 2023. The Valuer has considered, among other things, the market selling prices of comparable properties.

FINANCIAL IMPLICATION OF THE SETTLEMENT TRANSACTIONS

As at 31 October 2023, the 1st Batch Outstanding Receivables, being part of the amounts due from subsidiaries of Vendor A was approximately RMB13.1 million. Upon 1st Batch Completion Date in respect of each 1st Batch Property, such part of the 1st Batch Outstanding Receivables (corresponding to the consideration of the relevant 1st Batch Property) will be derecognised by the recognition of the acquisition of an investment property measured at market value. Each 1st Batch Property will be recognized as an investment property on the relevant 1st Batch Completion Date subject to fair value measurement with impact reflected in the Company's profit or loss in the future. It is estimated that the Group will incur cost of approximately RMB0.5 million in connection with the Settlement Transactions I which include deed tax, stamp duty and other fees and expenses (excluding professional fees) on the acquisition of 1st Batch Properties.

As at 31 October 2023, the 2nd Batch Outstanding Receivables, being part of the amounts due from a subsidiary of Vendor A and Vendor B was approximately RMB2.1 million and RMB0.6 million, respectively. Upon 2nd Batch Completion Date in respect of each 2nd Batch Property, such part of the 2nd Batch Outstanding Receivables (corresponding to the consideration of the relevant 2nd Batch Property) will be derecognised by the recognition of the acquisition of an investment property measured at market value. Each 2nd Batch Property will be recognized as an investment property on the relevant 2nd Batch Completion Date subject to fair value measurement with impact reflected in the Company's profit or loss in the future. It is estimated that the Group will incur cost of approximately RMB0.1 million in connection with the Settlement Transactions II which include deed tax, stamp duty and other fees and expenses (excluding professional fees) on the acquisition of 2nd Batch Properties.

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The professional fees attributable to the Settlement Transactions (including Settlement Transactions I and Settlement Transactions II) is approximately RMB0.9 million which is not contingent on the completion of the acquisition of any Properties.

Save as disclosed above, the Directors consider that there will be no material adverse impact on (a) the financial position and earnings, and (b) the business and operation, of the Group associated with the Settlement Transactions I or the Settlement Transactions II.

As at 31 October 2023, the outstanding receivables for provision of (i) property management services and real estate agency services payable by Vendor A and its subsidiaries, as well as other associates of Mr. Fong and (ii) real estate agency services payable by Vendor B, are approximately RMB126.6 million and RMB5.8 million, respectively. Upon completion of the Settlement Agreements and the relevant set-offs, the outstanding amounts payable by (i) Vendor A and its subsidiaries, as well as other associates of Mr. Fong and (ii) Vendor B to the Group, are approximately RMB111.4 million and RMB5.1 million, respectively, not taking into account the provision for impairment losses. The Company will continue to communicate and negotiate with Vendor A and Vendor B to recover the remaining balance of the outstanding receivables.

REASONS FOR AND BENEFITS OF ENTERING INTO SETTLEMENT TRANSACTIONS

The Settlement Transactions I was entered into as the subsidiaries of Vendor A were unable to settle the 1st Batch Outstanding Receivables on schedule. The 1st Batch Outstanding Receivables arose from property management services and real estate agency services provided by Fineland Living Services and its subsidiaries to subsidiaries of Vendor A in the past. The Company had taken various measures to recover the 1st Batch Outstanding Receivables. Specifically, the Group has (i) regularly and consistently requested payments through oral communications and electronic means; (ii) organised physical meetings to address the issue and seek a resolution to the outstanding receivables; and (iii) issued no less than five formal letters and at least two legal demand letters to subsidiaries of Vendor A. With continuous effort, it is finally agreed between the Company and Vendor A that the 1st Batch Properties are to be transferred to the Relevant Purchaser(s) as full settlement of the 1st Outstanding Receivables.

Likewise, the Settlement Transactions II was entered into as each of the subsidiary of Vendor A and Vendor B were unable to settle the respective 2nd Batch Outstanding Receivables on schedule. The 2nd Batch Outstanding Receivables arose from real estate agency services provided by Fineland Living Services and its subsidiaries to each of the subsidiary of Vendor A and Vendor B in the past. Similar measures had been taken by the Company to recover the 2nd Batch Outstanding Receivables which includes (i) regular and consistent demands for payments though oral communications and electronic means; and (ii) organising physical meetings to address the issue and seek a resolution to the outstanding debts. With continuous efforts, the Company had finally reached an agreement with Vendor A and Vendor B that the 2nd Batch Properties are to be transferred to the Relevant Purchaser(s)

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as full settlement of the 2nd Batch Outstanding Receivables. The Group is exploring other options to recover the remaining balance of the Outstanding Receivables and will continue to issue letters and demand letters to Vendor A and Vendor B. It will not preclude the possibility of taking legal action against them.

Since late 2022, the PRC national government has implemented a series of progressive policies aimed at stimulating housing consumption. These measures have allowed regional governments to ease minimum mortgage down payments, reduce housing provident fund loan interest rates, and relax mortgage rates. Consequently, these supportive measures have strengthened the market demand for houses and boosted the recovery in the PRC property market. Further, Zhanjiang City, Jiangmen City, and Guangzhou City, being the cities situated in or near the Greater Bay Area development zone, have attracted considerable interest from investors, both from the PRC and Hong Kong. The presence of these investors has further fueled the demand for housing in these areas, potentially leading to an uptick in housing prices, which in turn, also creates a ripple effect that positively impacts the buying and selling of commercial properties. Considering the aforementioned favourable policies and the investment landscape of the Greater Bay Area development zone, the Company recognises the potential upside in the resale value of the Properties which are all located in Zhanjiang City, Jiangmen City, and Guangzhou City. Therefore, upon completion of the Settlement Agreements, the Company will not lease out these Properties, and instead, it will hold onto them with the intention of capitalizing on the right opportunity to sell and maximize returns. The Company will identify the optimal timing to sell the Properties by assessing the financial position of the Company and the prevailing market conditions.

The Company had considered the risks associated with the Settlement Transactions. In accordance with the terms of the Settlement Agreements, if any of the Conditions Precedent cannot be fulfilled, Fineland Living Services shall be entitled to rescind or partially rescind the Settlement Agreements accordingly. This approach serves to safeguard the Group's interests and ensures that it maintains the right to continuously pursue the collection of the outstanding receivables from the subsidiaries of Vendor A and Vendor B. However, since the construction of the Properties has been completed and the Company does not foresee any significant obstacle for the Relevant Purchasers to obtain the title certificates of the Properties, the Company believes that the risk of failing to fulfil the Conditions Precedent of any Properties is low. In the unlikely event of a partial rescission of the Settlement Agreements, the Company will explore all available options (including but not limited to requesting payments through oral communications and electronic channels, issuing formal or legal demand letters, organising physical meetings, etc.) to swiftly and effectively address the settlement of any outstanding receivables, which will not preclude the possibility of taking legal action against the relevant subsidiaries of Vendor A and Vendor B. However, the Company remains committed to maintaining positive relationships with its clients and finding mutually beneficial solutions, prioritising a collaborative approach over litigation whenever possible.

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Taking the aforesaid into consideration, the Company believes that in light of the current challenging conditions in the PRC property market, utilising the Properties as a means to set off the Outstanding Receivables emerges as an advantageous course of action of the Company that optimises efficiency and minimises financial burden as compared to alternative approaches, which allows the Company to secure its interests while navigating through the unforeseen uncertainties in the real estate sector.

The Directors are of the view that by entering into the Settlement Transactions, the Group shall (i) immediately reduce the exposure to credit risk associated with the Outstanding Receivables by settling the Consideration with the transfer of the Properties; and (ii) benefit from the potential upside in the resale value of the Properties in the reviving PRC property market, which will improve the financial position of the Group in the future as a whole.

The Group will continue to provide real estate agency services and property management services to Mr. Fong and his associates, including Vendor A and its subsidiaries, in accordance with the 2024 Master Agency Service Agreement and the 2024 Master Property Management Services Agreement. For detailed information, please refer to the circular of the Company dated 23 November 2023. The Group will also continue to provide property management services to Vendor B.

The Group believes that it is justified to continue offering these services to Vendor A and its subsidiaries as well as Vendor B because they have been long-standing clients of the Group, playing a crucial role in driving revenue for the Group. This revenue encompasses not only the service fees payable by Vendor A and its subsidiaries or Vendor B but also the property management fees contributed by property buyers within the projects developed by Vendor A, its subsidiaries or Vendor B. Under the usual commercial arrangement for the sale of properties developed by Vendor A and its subsidiaries or Vendor B, they will appoint and register a property management company (i.e. a member of the Group) with the competent local authority. They will then enter into a sale and purchase agreement with the property buyer which would set out, among other things, details of sale and purchase arrangements of the property as well as the designated property management company (i.e. a member of the Group). The member of the Group will also sign a separate property management agreement with the property buyers which in turn would generate revenue for the Group. For the two years ended 31 December 2021 and 2022 and ten months ended 31 October 2023, the Company generated property management fees amounting to approximately RMB160.5 million, RMB165.3 million and RMB154.5 million, respectively, from property buyers within the projects developed by Vendor A, its subsidiaries and other associates of Mr. Fong.

Although certain subsidiaries of Vendor A and Vendor B are currently unable to settle service fees payable to the Group in a timely manner, the Group understands that this is like to be a temporary setback given the unprecedented slowdown in the PRC property market in the past years, where many PRC property developers are grappling with cash flow crises. Under such market condition, the Group also recognises that finding suitable replacement clients with the financial stability and long-term commitment that Vendor A and its

LETTER FROM THE BOARD

subsidiaries as well as Vendor B provided over the past years would be arduous for the Group. Further, the Group understands that patience and perseverance are essential in navigating through the current market conditions. It will closely monitor the situation and adapt its strategies as needed to ensure a seamless transition and mitigate any potential negative impacts on its financial stability and growth.

The Directors (including the independent non-executive Directors) consider the Settlement Transactions being fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(i) Mr. Fong (due to his shareholding interests in Vendor A); (ii) Ms. Tse (due to the acting-in-concert arrangement with Mr. Fong); and (iii) Mr. Han (due to his directorship in Vendor A) are regarded as having material interests in the Settlement Transactions. As such, they have abstained from voting on the Board resolutions approving the Settlement Transactions.

Save as disclosed above, none of the other Directors had a material interest or otherwise required to abstain from voting on the Board resolutions approving the Settlement Transactions.

INFORMATION ON THE PARTIES

The Group and Fineland Living Services

The Group is principally engaged in living services, mainly focusing in Guangzhou and elsewhere in the Greater Bay Area, as well as other parts of the PRC, through two business segments, namely comprehensive real estate agency services and professional property management services.

Fineland Living Services was incorporated in the PRC with limited liability on 17 March 1997 and is an indirectly wholly owned subsidiary of the Company. It is principally engaged in the provision of real estate consultation, agency, market analysis and marketing services.

Vendor A

Vendor A is a company established under the laws of the PRC with limited liability on 4 October 1995. Vendor A is principally engaged in the business of property development and operation. Mr. Fong, being a Controlling Shareholder and a non-executive Director, is the sole ultimate beneficial owner of Vendor A. Therefore, Vendor A is a connected person of the Company.

Vendor B

Vendor B is a company established under the laws of the PRC with limited liability on 24 July 2018. Vendor B is principally engaged in property development which is owned as to approximately 67.5% by Mr. Zheng Pin (鄭聘), 22.5% by Mr. Huo Zhiguo (霍志國), 5.0% by

LETTER FROM THE BOARD

Mr. Zhuang Jiangyong (莊江勇) and 5.0% by Mr. Li Qiyong (李琪勇), each of whom is an Independent Third Party. Vendor B was an indirectly wholly owned subsidiary of Vendor A prior to 28 June 2022.

ZM SETTLEMENT AGREEMENT

On 10 January 2023, Zhuhai Fangyuan, being an indirectly non-wholly owned subsidiary of the Company, and Zhuhai Mingzhen, entered into a settlement agreement, pursuant to which, Zhuhai Fangyuan agreed to set-off trade receivables of approximately RMB1,643,000 owed to it by Zhuhai Mingzhen, by way of accepting the transfer of the ZM Property from Zhuhai Mingzhen to Zhuhai Fangyuan.

As at the Latest Practicable Date, Zhuhai Fangyuan has obtained the title certificate (《不動產權證書》) in respect of the ZM Property and the outstanding receivables of RMB1,643,000 owed to Zhuhai Fangyuan by Zhuhai Mingzhen has been derecognised by the recognition of the acquisition of the ZM Property.

As at the date of the ZM Settlement Agreement, Mr. Fong, being a Controlling Shareholder and a non-executive Director, is the sole ultimate beneficial owner of the Zhuhai Mingzhen. Therefore, Zhuhai Mingzhen is a connected person of the Company as defined under the Listing Rules. As such, the ZM Settlement Transaction shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the ZM Settlement Transaction at the date of the ZM Settlement Agreement is less than 5% and the amount of the set-off trade receivables is less than HK\$3,000,000, the ZM Settlement Transaction is fully exempt from reporting, announcement, circular and independent shareholders' approval requirements under 14A of the Listing Rules. Please refer to note 22 to the unaudited condensed consolidated financial statements in the interim report of the Company for the six months ended 30 June 2023 for details of the ZM Settlement Transaction.

LISTING RULES IMPLICATION

Mr. Fong, being a Controlling Shareholder and a non-executive Director, is the sole ultimate beneficial owner of Vendor A. Therefore, Vendor A is a connected person of the Company as defined under the Listing Rules. As such, the Settlement Transactions shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Settlement Transactions, when aggregated with the ZM Settlement Transaction, exceeds 25% but is less than 100%, the Settlement Transactions shall constitute a major transaction of the Company under the Listing Rules and are therefore subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Leung Wai Hung, 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 Settlement Transactions. The letter from the Independent Board Committee is set out on pages 37 to 38 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 Settlement Transactions. The letter from Optima Capital is set out on pages 39 to 63 of this circular.

CLOSURE OF REGISTER

To ascertain the members' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 22 January 2024 to Thursday, 25 January 2024 (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 Friday, 19 January 2024. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Wednesday, 24 January 2024.

EGM AND PROXY ARRANGEMENT

The notice convening the EGM to be held at 3:00 p.m. on Thursday, 25 January 2024 at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC is set out on pages EGM-1 to EGM-3 of this circular. At the EGM, ordinary resolutions will be proposed to the Shareholders to consider and if appropriate, approve the Settlement Transactions.

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 17M Floor, 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 (i.e. not later than 3:00 p.m. on Tuesday, 23 January 2024) 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.

LETTER FROM THE BOARD

VOTING ARRANGEMENT

Pursuant to Rule 13.39(4) of the 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 13.39(5) of the Listing Rules, on the results of the EGM.

Shareholders with material interests as at the Latest Practicable Date, namely (i) Mr. Fong, through Mansion Green (due to his shareholding interests and directorship in Vendor A); (ii) Ms. Tse, through Mansion Green (due to the acting-in-concert arrangement with Mr. Fong); (iii) Mr. Han and Mr. Xu (due to their respective directorships in Vendor A and its subsidiaries); (iv) Mr. Chen (due to his directorship in a subsidiary of Vendor A); and (v) each of their respective associates, who in aggregate hold 235,500,000 Shares, representing approximately 58.875% 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. As at the Latest Practicable Date, (i) Mr. Fong and Ms. Tse indirectly through Mansion Green, held 216,000,000 Shares, representing approximately 54.0% of the issued share capital of the Company; (ii) Mr. Fong separately directly held 6,000,000 Shares, representing approximately 1.5% of the issued share capital of the Company; and (iii) each of Mr. Han, Mr. Xu and Mr. Chen indirectly held 4,500,000 Shares, representing approximately 1.125% each of the issued share capital of the Company.

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

- (i) save for the deed of concert parties dated 31 March 2017 entered into 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
- (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 above, no other Shareholder is required to abstain from voting on the relevant resolutions at the EGM due to their interests in the Settlement Transactions.

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, consider that the Settlement Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board and the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions approving the Settlement Transactions at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 37 to 38 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and the letter from the Independent Financial Adviser as set out on pages 39 to 63 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Settlement Transactions.

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

The Settlement Transactions are subject to the satisfaction of the Conditions Precedent and therefore may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Yours faithfully,
By order of the Board
Fineland Living Services Group Limited
HAN Shuguang
Chairman



Fineland Living Services Group Limited

方圓生活服務集團有限公司

(formerly known as 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: 9978)

22 December 2023

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
SETTLEMENT OF OUTSTANDING RECEIVABLES**

We refer to the circular dated 22 December 2023 (the “**Circular**”) dispatched 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 Settlement Transactions, 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 13 to 36 of the Circular and the “Letter from the Independent Financial Adviser” containing its advice to us set out on pages 39 to 63 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 the Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that although the entering into of the Settlement Transactions is not in the ordinary and usual course of business of the Group, the terms of the Settlement Transactions and the respective transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Settlement Transactions is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Settlement Transactions.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a 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

22 December 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS SETTLEMENT OF OUTSTANDING RECEIVABLES

I. INTRODUCTION

We, Optima Capital Limited (“**Optima Capital**”), have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Settlement Agreement I and the Settlement Agreement II (collectively, the “**Settlement Agreements**”) and the respective transactions contemplated thereunder (collectively, the “**Settlement Transactions**”), details of which are contained in the letter from the Board (the “**Board Letter**”) in the circular of the Company dated 22 December 2023 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 6 December 2023, Finland Living Services (an indirect wholly-owned subsidiary of the Company) and Vendor A entered into the Settlement Agreement I (as amended and supplemented by a supplemental agreement dated 22 December 2023 (the “**Supplemental Agreement I**”)), pursuant to which, Finland Living Services has conditionally agreed to set off the 1st Batch Outstanding Receivables of approximately RMB13.1 million owed to it and its subsidiaries by certain subsidiaries of Vendor A, by way of accepting the transfer of the 1st Batch Properties from the Vendor A Subsidiaries to the Relevant Purchaser(s).

On even date, Finland Living Services, Vendor A and Vendor B entered into the Settlement Agreement II (as amended and supplemented by a supplemental agreement dated 22 December 2023 (the “**Supplemental Agreement II**”)), pursuant to which, Finland Living Services has conditionally agreed to set off the 2nd Batch Outstanding Receivables of approximately RMB2.7 million owed to it and its subsidiaries by a subsidiary of Vendor A

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(for approximately RMB2.1 million) and Vendor B (for approximately RMB0.6 million), by way of accepting the transfer of the 2nd Batch Properties from Vendor B to the Relevant Purchaser(s).

As the highest applicable percentage ratio in respect of the Settlement Transactions, when aggregated with the ZM Settlement Transaction, exceeds 25% but is less than 100%, the Settlement Transactions constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and shareholders' approval requirements.

As at the Latest Practicable Date, Mr. Fong, being a Controlling Shareholder and a non-executive Director, was the sole ultimate beneficial owner of Vendor A. Therefore, Vendor A is a connected person of the Company as defined under the Listing Rules. As such, the Settlement Transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and independent shareholders' approval requirements.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the Settlement Transactions is required to abstain from voting on the relevant resolutions at the EGM. As (i) Mr. Fong, through Mansion Green (due to his shareholding interests in Vendor A); (ii) Ms. Tse, through Mansion Green (due to the acting-in-concert arrangement with Mr. Fong); (iii) Mr. Han and Mr. Xu (due to their respective directorships in Vendor A and its subsidiaries); (iv) Mr. Chen (due to his directorship in a subsidiary of Vendor A); and (v) each of their respective associates, in aggregate held 235,500,000 Shares as at the Latest Practicable Date, representing approximately 58.875% of the issued share capital of the Company, they are required to abstain from voting on the relevant resolutions to be proposed at the EGM. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed above, no Shareholder has a material interest in the resolution in respect of the Settlement Transactions or should be required to abstain from voting on the relevant resolutions at the EGM.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Leung Wai Hung, Mr. Tian Qiusheng and Mr. Du Chenhua, has been established to advise and make recommendations to the Independent Shareholders in respect of the terms of the Settlement Agreements and the respective transactions contemplated thereunder. We, Optima Capital, 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 or connected with the Company, Vendor A, Vendor B or their respective connected persons or associates. During the two years immediately prior to the date of our appointment, we have been engaged as the independent financial adviser to the then independent board committee and the then independent shareholders of the Company in respect of the continuing connected transactions contemplated under the renewal master agency service agreement and the renewal master property management services agreement,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

both dated 25 October 2023, details of which are set out in the circular of the Company dated 23 November 2023. Given our independent role and normal professional fees received from the Company under such engagement, we consider it would not affect our independence to form our opinion in this letter. Save for the above, we have not provided any other services to the Company in the past two years.

As at the Latest Practicable Date, we were not aware of any relationships or interests among us and the Company, Vendor A, Vendor B or their respective connected persons or associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser. Accordingly, we consider that we are independent from the Company and eligible to give independent advice in respect of the terms of the Settlement Agreements and the respective transactions contemplated thereunder. Apart from normal professional fees paid or payable to us in connection with our appointment, no arrangement exists whereby we had received or will receive any fees or benefits from the Company, Vendor A, Vendor B or their respective connected persons or associates.

II. BASIS OF OUR OPINION

In formulating our advice and recommendations, we have relied on the information and facts supplied and the opinions expressed by the directors and management of the Company (together, the “**Management**”) and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were provided and expressed, and continue to be true, accurate and complete in all material respects up to the date hereof.

We have reviewed, among other things, (i) the Settlement Agreements; (ii) the Supplemental Agreement I and the Supplemental Agreement II (collectively, the “**Supplemental Agreements**”); (iii) the announcement of the Company dated 6 December 2023 in respect of, among others, the Settlement Agreements and the respective transactions contemplated thereunder; (iv) the annual reports of the Company for the two years ended 31 December 2021 (the “**2021 Annual Report**”) and 2022 (the “**2022 Annual Report**”); (v) the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”); (vi) the valuation report (the “**Valuation Report**”) in respect of the market value of the Properties (the “**Valuation**”) as at 31 October 2023 (the “**Valuation Date**”) prepared by Cushman & Wakefield Limited (the “**Valuer**”), an independent valuer, as set out in Appendix II to the Circular; (vii) the legal opinion in respect of the Properties (the “**PRC Legal Opinion**”) issued by Tian Yuan Law Firm (the “**PRC Legal Advisers**”), the Company’s PRC legal advisers; (viii) information contained in the Circular; and (ix) information from the public domain.

We have also sought and received confirmation from the Management 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 is sufficient for us to reach an informed view and have no reason to believe that any material information has

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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, Vendor A and/or Vendor B, nor have we carried out any independent verification of the information supplied.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background information

1.1 Information of the Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 16 February 2017. The Group is principally engaged in provision of living services, mainly focusing in Guangzhou and elsewhere in the Greater Bay Area, as well as other parts of the PRC, through two business segments, namely comprehensive real estate agency services and professional property management services.

1.1.1 Financial performance of the Group

Set out below is a summary of the financial performance of the Group for the two years ended 31 December 2021 (“FY2021”) and 2022 (“FY2022”) and the six months ended 30 June 2022 (“1H2022”) and 2023 (“1H2023”), as extracted from the 2022 Annual Report and the 2023 Interim Report, respectively.

	FY2021 <i>RMB'000</i> <i>(Audited)</i>	FY2022 <i>RMB'000</i> <i>(Audited)</i>	1H2022 <i>RMB'000</i> <i>(Unaudited)</i>	1H2023 <i>RMB'000</i> <i>(Unaudited)</i>
Revenue	571,408	511,945	277,785	217,595
— Real estate agency services	263,857	108,713	77,282	20,089
— Property management services	307,551	403,232	200,503	197,506
Cost of services	(432,802)	(409,680)	(215,717)	(165,329)
Gross profit	138,606	102,265	62,068	52,266
Other income and gains/(losses), net	6,011	11,421	2,918	2,142
Selling and marketing expenses	(6,067)	(1,184)	(601)	(395)
Administrative expenses	(99,028)	(71,340)	(39,184)	(27,002)
Impairment losses on financial assets, net	(7,968)	(9,302)	(6,984)	(46,948)
Finance costs	(261)	(1,188)	(430)	(741)
Profit/(loss) before income tax	31,293	30,672	17,787	(20,678)
Profit/(loss) attributable to owners of the Company	20,197	18,163	9,755	(22,911)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2022 vs FY2021

The Group recorded a revenue of approximately RMB511.9 million for FY2022, representing a decrease of approximately 10.4% as compared to FY2021. As set out in the 2022 Annual Report, such decrease was primarily due to a sharp decrease of approximately RMB155.1 million in the real estate agency services segment to approximately RMB108.7 million for FY2022. As a result of the recent downturn in the real estate market in the PRC, the performance of both online and offline real estate agency services was adversely affected for FY2022. The decrease in revenue generated from the real estate agency services segment was partially offset by an increase of approximately RMB95.7 million in revenue generated from the property management services segment. Such increase was primarily attributable to the expansion of property management services, which was resulted from the completion of acquisitions of three property management companies by the Group during FY2022.

The profit attributable to owners of the Company decreased by 10.1% from RMB20.2 million for FY2021 to RMB18.2 million for FY2022, which was primarily due to the decrease in gross profit. The drop in gross profit was partially offset by the reduction in administrative expenses of approximately RMB27.7 million and selling and marketing expenses of approximately RMB4.9 million.

1H2023 vs 1H2022

The revenue of the Group amounted to approximately RMB217.6 million for 1H2023, representing a decrease of approximately 21.7% as compared to 1H2022. Such decrease was primarily due to the decrease of approximately RMB57.2 million in revenue generated from the real estate agency services segment. As a result of the increasing credit risk of real estate developers in financial difficulties and the persistently challenging real estate market during 1H2023, the demand for real estate agency services continued to be impacted.

The Group turned from a profit attributable to owners of the Company of approximately RMB9.8 million for 1H2022 to a loss attributable to owners of the Company of approximately RMB22.9 million for 1H2023. Such turnaround was mainly due to the significant increase in provision for impairment losses on trade receivables of approximately RMB6.6 million, and on amounts due from fellow subsidiaries and related companies of approximately RMB40.8 million, made by the Company in accordance with the applicable accounting policies on expected credit loss, as a result of the slowing down of collection of receivables from customers and increase in credit risk of real estate developers in financial difficulties and the downturn in the real estate industry.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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1.1.2 Financial position of the Group

Set out below is a summary of the financial position of the Group as at 30 June 2023 as extracted from the 2023 Interim Report:

	As at 30 June 2023
	<i>RMB'000</i>
	<i>(Unaudited)</i>
Non-current assets	98,766
Current assets	
Trade receivables	122,896
Deposits, prepayments and other receivables	59,955
Amounts due from fellow subsidiaries	96,155
Amounts due from related companies	45,388
Bank balances and cash	111,801
Other current assets	6,469
	<hr/>
	442,664
Current liabilities	
Trade payables	71,080
Contract liabilities	47,350
Accruals and other payables	133,043
Bank borrowings	35,000
Other current liabilities	28,365
	<hr/>
	314,838
Non-current liabilities	9,185
Total assets	541,430
Total liabilities	324,023
Equity attributable to the owners of the Company	149,096
Non-controlling interests	68,311

As at 30 June 2023, the total assets of the Group amounted to approximately RMB541.4 million, which mainly comprise (i) trade receivables; (ii) bank balances and cash; (iii) amounts due from fellow subsidiaries; (iv) deposits, prepayments and other receivables; and (v) amounts due from related companies, representing approximately 22.7%, 20.6%, 17.8%, 11.1% and 8.4% of the total assets, respectively. As advised by the Management, the trade receivables refer to income receivables from Independent Third Parties for the provision of property management services and real estate agency services, whereas the amounts due from fellow subsidiaries and the amounts due from related companies refer to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

income receivables from fellow subsidiaries or related companies (as the case may be) for the provision of property management services and real estate agency services. As such, the aggregate amount of the income receivables from Independent Third Parties, fellow subsidiaries and related companies was approximately RMB264.4 million, representing approximately 48.8% of the total assets of the Group as at 30 June 2023. We are also advised by the Management that for the aggregate amount of the Outstanding Receivables of approximately RMB15.8 million, provision for impairment loss of approximately RMB4.8 million have already been made during FY2022 and 1H2023.

As at 30 June 2023, the total liabilities of the Group amounted to approximately RMB324.0 million, which mainly comprise (i) accruals and other payables; (ii) trade payables; (iii) contract liabilities; and (iv) bank borrowings, representing approximately 41.1%, 21.9%, 14.6% and 10.8% of the total liabilities, respectively.

1.2 Information of Finland Living Services

Finland Living Services was established in the PRC with limited liability on 17 March 1997 and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of real estate consultation, agency, market analysis and marketing services.

Finland Living Services and its subsidiaries principally provide (i) real estate agency services to its customers which are principally property developers; and (ii) property management services to real estate developers and property owners.

1.3 Information of Vendor A

Vendor A is a company established under the laws of the PRC with limited liability on 4 October 1995. It is principally engaged in the business of property development and operation.

As at the Latest Practicable Date, Mr. Fong, being a Controlling Shareholder and a non-executive Director, was the sole ultimate beneficial owner of Vendor A. Therefore, Vendor A is a connected person of the Company.

1.4 Information of Vendor B

Vendor B is a company established under the laws of the PRC with limited liability on 24 July 2018. It is principally engaged in property development.

Vendor B was a wholly-owned subsidiary of Vendor A prior to 28 June 2022, on which Vendor A disposed the entire equity interest in Vendor B to Independent Third Parties. As at the Latest Practicable Date, Vendor B was an Independent Third Party.

1.5 Information of the Properties

As set out in the Board Letter, the Company conducted a thorough evaluation of the properties offered by Vendor A and Vendor B for the purpose of the Settlement Agreements. Such evaluation took into account factors including (i) the type and condition of the properties; (ii) their locations; (iii) the status of development; (iv) the surrounding environment, such as infrastructure and facilities; and (v) the occupancy rate of the relevant community (where applicable). With a keen focus on preserving property value, the Management has selected properties situated in or around the city centre. The Management believes that these properties may benefit from their prime locations and also enjoy relatively higher demand from prospective buyers. We are of the view that the selection criteria of the Properties are fair and reasonable.

1.5.1 The 1st Batch Properties

The 1st Batch Properties consist of:

- (i) seven commercial properties with a total gross floor area of approximately 637.0 square meters (the “**Yunshan Properties**”), situated in a private housing complex, namely block 32 of Yunshan Poetry Garden I* (雲山詩意花園一期), which is located at No.268, South Tiyu Road, Chikan District, Zhanjiang City, Guangdong Province of the PRC; and
- (ii) six parking spaces with a total gross floor area of approximately 175.3 square meters (the “**Xinhui Properties**”), situated in a private housing complex, namely basement level 2 of Fangyuan Xinhui Moon Island Mansion* (方圓•新會月島首府), which is located at No.9 Huikang Road, Huicheng, Xinhui District, Jiangmen City, Guangdong Province of the PRC.

The Yunshan Properties

As stated in the Board Letter, Yunshan Poetry Garden I is a residential and commercial development and has a total gross floor area of approximately 76,000 square meters comprising four blocks of residential units and commercial units. Zhanjiang Shangpin, being a non-wholly owned subsidiary of Vendor A, is the developer and the registered legal and beneficial owner of Yunshan Poetry Garden I. The construction of the Yunshan Properties was completed in June 2023 while the relevant completion acceptance certification (建設工程竣工驗收備案證明文件) is expected to be obtained in December 2023.

According to the PRC Legal Opinion, (i) Zhanjiang Shangpin has obtained the land use rights of the Yunshan Properties, entitling them to legally occupy, use and lease the Yunshan Properties; (ii) Zhanjiang Shangpin has obtained the

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title certificates (不動產權證書) of the Yunshan Properties; (iii) all the land premium and taxes incurred from the Yunshan Properties have been paid in full by Zhanjiang Shangpin with no outstanding payments; and (iv) none of the Yunshan Properties have been pledged or seized.

As advised by the Management and according to the PRC Legal Opinion, the two units without pre-sale permit will be permitted for sale after all properties in block 32 of Yunshan Poetry Garden I have completed the final inspection (竣工驗收) and met the conditions for commercial property sale. As such, upon the obtaining of the relevant completion acceptance certification (which is expected to be in December 2023), all of the Yunshan Properties will become available for sale, and Zhanjiang Shangpin will be entitled to enter into the relevant 1st Batch Property Sale Agreements with the Relevant Purchaser(s) in respect of transferring each of the Yunshan Properties.

The Xinhui Properties

As stated in the Board Letter, Fangyuan Xinhui Moon Island Mansion is a residential and commercial development and has a total gross floor area of approximately 283,000 square meters comprising 17 blocks of residential units and commercial units. Jiangmen Hengjie, being a non-wholly owned subsidiary of Vendor A, is the developer and the registered legal and beneficial owner of Fangyuan Xinhui Moon Island Mansion. The development of the Xinhui Properties was completed in 2021.

According to the PRC Legal Opinion, (i) Jiangmen Hengjie has obtained the land use rights of the Xinhui Properties; (ii) Jiangmen Hengjie has obtained the title certificates of the Xinhui Properties; (iii) all the land premium and taxes incurred from the Xinhui Properties have been paid in full by Jiangmen Hengjie with no outstanding payments; and (iv) none of the Xinhui Properties have been pledged or seized.

As advised by the Management, Jiangmen Hengjie is currently in the process of renewing its real estate development qualification grade certificate (房地產開發資質等級證書), which is expected to be obtained in January 2024. Jiangmen Hengjie will only be entitled to enter into the relevant 1st Batch Property Sale Agreements with the Relevant Purchaser(s) upon obtaining the relevant certificate.

1.5.2 The 2nd Batch Properties

The 2nd Batch Properties consist of four commercial properties with a total gross floor area of approximately 149.2 square meters, situated in a private housing complex, namely Fangyuan Zengcheng Yunxi (Guangzhou)* (方圓•廣州增城雲璽), which is located at West Fourth Street, Shitan Town, Zengcheng District, Guangzhou, Guangdong Province of the PRC.

As stated in the Board Letter, Fangyuan Zengcheng Yunxi (Guangzhou) is a residential and commercial development and has a total gross floor area of approximately 74,000 square meters comprising four blocks of residential units and commercial units. Vendor B is the developer and the registered legal and beneficial owner of Fangyuan Zengcheng Yunxi (Guangzhou). The development of the 2nd Batch Properties was completed in 2022.

According to the PRC Legal Opinion, (i) Vendor B has obtained the land use rights of the 2nd Batch Properties; (ii) Vendor B has obtained the title certificates of the 2nd Batch Properties; (iii) all the land premium and taxes incurred from the 2nd Batch Properties have been paid in full by Vendor B with no outstanding payments; and (iv) none of the 2nd Batch Properties have been pledged or seized.

As set out in the Board Letter, Vendor B had previously entered into property sale agreements with Independent Third Parties regarding the 2nd Batch Properties. On 11 December 2023, Vendor B entered into termination agreements with such Independent Third Parties and duly terminated these property sale agreements. According to the PRC Legal Advisers, the termination agreement entered into between Vendor B and the Independent Third Parties regarding the 2nd Batch Properties is valid and legally binding, and Vendor B has the legal and beneficial ownership to resell the 2nd Batch Properties to the Relevant Purchaser(s).

On even date, following the completion of the aforesaid termination, the Relevant Purchaser and Vendor B entered into the respective 2nd Batch Property Sale Agreement for each 2nd Batch Property. As at the Latest Practicable Date, as advised by the Management, the 2nd Batch Title Certificate Applications are pending to be made.

1.5.3 Our view

Based on the information of the Properties as mentioned above and the PRC Legal Opinion, given that the relevant 1st Batch Property Sale Agreements or 2nd Batch Property Sale Agreements will only be entered into upon the obtaining of all relevant certificates, we are of the view that the Properties, when transferring to the Relevant Purchaser(s), will be in good titles and free from legal defects.

2. Reasons for and benefits of the Settlement Transactions

According to the Board Letter, the Settlement Transactions were entered into as certain subsidiaries of Vendor A and Vendor B were unable to settle the respective Outstanding Receivables on schedule. Such Outstanding Receivables arose from the provision of property management services and real estate agency services by Fineland Living Services and its subsidiaries to subsidiaries of Vendor A and Vendor B in the past. The Management is of the view that by entering into the Settlement Transactions, the Group shall (i) immediately reduce the exposure to credit risk associated with the Outstanding Receivables by settling the Consideration with the transfer of the Properties; and (ii) benefit from the potential upside in the resale value of the Properties in the PRC property market in the future with a view of the supportive government policies, which would improve the financial position of the Group as a whole.

As discussed in the section headed “1.1 Information of the Group — 1.1.1 Financial performance of the Group” above, the Group recorded a loss attributable to owners of the Company of approximately RMB22.9 million for 1H2023, which was primarily due to the substantial provision for impairment losses on financial assets of approximately RMB46.9 million made by the Company in accordance with the applicable accounting policies on expected credit loss. As advised by the Management, provision for impairment loss of approximately RMB4.8 million have been made for the Outstanding Receivables.

We further understood from the Management that as a result of the ongoing liquidity risks faced by real estate developers in the PRC, the collection of receivables from customers, including subsidiaries of Vendor A and Vendor B, has been slowing down. We have obtained the ageing analysis as at 31 October 2023 from the Management, we noted that (i) out of the total trade receivables of approximately RMB153.5 million, approximately RMB92.1 million were overdue within one year, while approximately RMB39.7 million were overdue for one to two years and approximately RMB21.4 million were overdue over two years; (ii) out of the total amount due from fellow subsidiaries of approximately RMB126.6 million, approximately RMB64.6 million were overdue within one year, while approximately RMB43.8 million were overdue for one to two years and approximately RMB18.0 million were overdue over two years; and (iii) out of the total amount due from related companies of approximately RMB61.9 million, approximately RMB3.2 million were overdue within one year and approximately RMB58.7 million were overdue for one to two years. We also understood from the Management that up to 31 October 2023, provision for impairment loss in the amount of approximately RMB72.0 million in aggregate has been made for the above income receivables in accordance with the accounting policies of the Group.

As such, we concur with the Management that the transfer of the Properties as settlement of the Outstanding Receivables will reduce the Group’s exposure to credit risk associated with the outstanding receivables and improve the overall financial position of the Group.

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Since late 2022, the PRC government has implemented a series of progressive policies aimed at stimulating housing consumption, such as allowing regional governments to ease minimum mortgage down payments, reducing housing provident fund loan interest rates, and relaxing mortgage rates. The Management considers that, with the stimulating government policies and the investment landscape of the Greater Bay Area development zone, there would be potential upside in the resale value of the Properties. Upon completion of the Settlement Agreements, the Company will hold onto the Properties instead of leasing them out, with the intention of capitalising on the right opportunity to sell the Properties and maximize returns. The Company will identify the optimal timing to sell the Properties by assessing the financial position of the Company and the prevailing market conditions.

According to the China Real Estate Market 2023 Summary & 2024 Outlook* (中國房地產市場2023總結 & 2024展望) published on 7 December 2023 by the Beijing China Index Academy (北京中指資訊科技研究院), the concentrated release of demand after the COVID-19 pandemic significantly boosted the property market in the first quarter of 2023. However, there was a decline in both volume and prices in the middle of 2023, leading to a sluggish market performance. By the end of August 2023, the PRC government and regional governments intensified policy support to stabilise the property market, resulting in a narrowing year-on-year decline in sales in September and October 2023.

Further according to an article headlined “China says it will step up policy adjustments to spur recovery in 2024” published on 12 December 2023 by Reuters, China will focus on boosting effective demand next year, and make concerted efforts to spur domestic demand, citing the annual Central Economic Work Conference (中央經濟工作會議) held from 11 to 12 December 2023, during which top leaders set economic targets for 2024. China will speed up, among others, the establishment of a new model of property development, quickening construction of affordable housing, and coordinate the resolution of local debt risks and stable development.

In consideration of the support from the PRC government in the revival of the property market and the signs of gradual recovery in the sales of commercial housing in September and October 2023, we concur with the Management that the stimulating government policies would strengthen market demand and contribute to the recovery of the PRC property market, and thereby lead to potential upside in the resale value of the Properties.

Although the entering into of the Settlement Transactions are not conducted in the ordinary and usual course of business of the Group, having considered the above, we concur with the Management and are of the view that the Settlement Transactions are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

3. The Settlement Agreement I

Set out below are the principal terms of the Settlement Agreement I (as amended and supplemented by the Supplemental Agreement I):

3.1 Subject matter

The Parties acknowledged and confirmed that the 1st Batch Outstanding Receivables for part of the property management services and real estate agency services provided by Fineland Living Services and its subsidiaries remaining outstanding and payable by subsidiaries of Vendor A as at 31 October 2023 were approximately RMB13.1 million.

3.2 Settlement arrangement

Fineland Living Services has conditionally agreed to set off the 1st Batch Outstanding Receivables of approximately RMB13.1 million by way of accepting the transfer of the 1st Batch Properties from the Vendor A Subsidiaries to the Relevant Purchaser(s).

The transfer of each of the 1st Batch Properties shall be in effect upon the Relevant Purchaser(s) and the relevant Vendor A Subsidiary entering into the relevant 1st Batch Property Sale Agreement. Details of the 1st Batch Property Sale Agreement are set out in the section headed “Principal terms of the 1st Batch Property Sale Agreement(s)” in the Board Letter.

The 1st Batch Set-off in respect of each 1st Batch Property shall be effective on the relevant 1st Batch Set-off Date after all 1st Batch Conditions Precedent in respect of the relevant 1st Batch Property have been fulfilled whereupon:

- (i) such part of the 1st Batch Consideration, corresponding to the consideration of the relevant 1st Batch Property, shall be regarded to have paid Fineland Living Services and its subsidiaries a sum equivalent to the corresponding amount of the 1st Batch Outstanding Receivables towards its settlement thereof; and
- (ii) the Relevant Purchaser(s) shall be regarded to have paid the Vendor A Subsidiaries the relevant part of the 1st Batch Consideration and neither Vendor A nor the Vendor A Subsidiaries shall make any claim against the Relevant Purchaser(s) for such part of the 1st Batch Consideration after the relevant 1st Batch Set-off.

3.3 The entering into of the 1st Batch Property Sale Agreements

The Relevant Purchaser(s) and the Vendor A Subsidiaries agreed to enter into the relevant 1st Batch Property Sale Agreements within 60 business days after entering into the Settlement Agreement I.

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The Parties agreed that the rights to use and occupy each of the 1st Batch Properties shall be transferred to Finland Living Services within 90 days after entering into the relevant 1st Batch Property Sale Agreement (the “**actual delivery**”).

After entering into the 1st Batch Property Sale Agreements, the 1st Batch Title Certificate Applications shall be made by the Vendor A Subsidiaries and the Relevant Purchaser(s) with relevant local housing authority within the time limit as prescribed under the 1st Batch Property Sale Agreements (i.e. 730 days from the date of the actual delivery). The 1st Batch Property Sale Agreement is based on a standardised property sale contract registered by the developers with the local housing authority. All purchasers of the properties within the same development project are required to sign this standardised contract with the same prescribed time limit. In accordance with the market practice, the typical time-frame for applying for the title certificate ranges from one to two years from the date of the actual delivery. The Company expects, in actual practice, the 1st Batch Title Certificate Applications to be made by the end of March 2024.

3.4 Conditions precedent

The 1st Batch Set-off in respect of each 1st Batch Property is conditional upon:

- (i) the Relevant Purchaser has completed due diligence on the relevant 1st Batch Property and is satisfied with the results thereof;
- (ii) the transaction documents contemplated under the Settlement Transactions I (being the Settlement Agreement I and the 1st Batch Property Sale Agreement) have been duly executed by the relevant parties;
- (iii) the Parties have obtained the relevant authorisation(s), consent(s), approval(s) or waiver(s) from, including but not limited to the relevant government authorities, the Stock Exchange, management, board of directors (including the Board) and shareholders of the relevant party (as the case maybe) and the Shareholders;
- (iv) the Company has fulfilled all the relevant requirements under the Listing Rules in connection with the Settlement Transactions I;
- (v) there is no title defect or any title defect in the 1st Batch Property has been cleared, including but not limited to any mortgage, pledge, guarantee, trusteeship, encumbrance or other impediments that may subject the 1st Batch Properties to recourse or claims by third parties;
- (vi) the 1st Batch Title Certificate has been obtained by the Relevant Purchaser; and
- (vii) at any time from the date of the Settlement Agreement I to the 1st Batch Title Certificate Date, there has been no material adverse change, no effective prohibition or similar decree that may prohibit or restrict any party from

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completing the Settlement Transactions I, and no third party has proposed any ongoing or imminent claims, assertions or demands that may restrict the performance of the Settlement Agreement I.

None of the above 1st Batch Conditions Precedent can be waived. As at the Latest Practicable Date, condition (i) above had been fulfilled.

In the event any of the 1st Batch Conditions Precedent cannot be fulfilled before the 1st Batch Long Stop Date, Fineland Living Services shall have the option to either fully rescind or partially rescind the Settlement Agreement I. In the case of a full rescission, Vendor A and its subsidiaries shall reverse all of the 1st Batch Set-off on the 1st Batch Properties and remain responsible for the payment obligations in connection with the full amount of the 1st Batch Outstanding Receivables. In the case of a partial rescission, the 1st Batch Outstanding Receivables corresponding to the units of the 1st Batch Properties where the 1st Batch Title Certificates have been obtained by the Relevant Purchaser(s) shall be deemed to have been settled, and subsidiaries of Vendor A shall continue to be obliged to fulfil its payment obligations in connection with the remaining amount of the 1st Batch Outstanding Receivables.

The 1st Batch Long Stop Date (i.e. 30 June 2024) is determined with reference to the prescribed time limit under the 1st Batch Property Sale Agreements. The Company expects completion of the 1st Batch Settlement Agreements to take place by the end of June 2024.

Considering the duration from the date of the Settlement Agreement I to the 1st Batch Long Stop Date, we have enquired the Management on the risks of potential changes in the value of the 1st Batch Properties at the time of their actual transfer to the Company. We understood from the Management that (i) such duration allows reasonable time for the Vendor A Subsidiaries and the Relevant Purchaser(s) to complete the necessary administrative procedures related to the transfer of the 1st Batch Properties, which aligns with actual practices; (ii) the Management is of a positive view on the prospects of the PRC property market; (iii) it is anticipated the value of the 1st Batch Properties will increase as the PRC property market revives; and (iv) it is expected a reversal of provision for impairment loss in respect of the Outstanding Receivables in the amount of approximately RMB4.8 million will be recognised by the Group upon completion of the Settlement Transactions. Further, as set out in the section headed “2. Reasons for and benefits of the Settlement Transactions” above, the Company will hold onto the 1st Batch Properties and carefully assess the financial position of the Company and the prevailing market conditions, until an optimal timing is identified to maximize returns from their sale. Based on the above, we consider the 1st Batch Long Stop Date is fair and reasonable.

3.5 Basis of the 1st Batch Consideration

The 1st Batch Consideration was arrived at after arm's length negotiation between Fineland Living Services and Vendor A with reference to, among others, the Valuation of the 1st Batch Properties. Vendor A has agreed and undertaken to settle the 1st Batch Outstanding Receivables by way of transfer of the 1st Batch Properties in exchange of which, Fineland Living Services has conditionally agreed to set off the 1st Batch Outstanding Receivables in the amount of approximately RMB13.1 million due from subsidiaries of Vendor A pursuant to contracts entered into between Fineland Living Services and its subsidiaries and subsidiaries of Vendor A for the provision of property management services and real estate agency services by Fineland Living Services and its subsidiaries to subsidiaries of Vendor A.

We have reviewed the Valuation Report and we concur with the view of the Management that the Valuation Report is an appropriate reference in determining the 1st Batch Consideration. Further details of our assessment on the Valuation are set out in the section headed "5. Valuation of the Properties" below.

It is noted that the 1st Batch Consideration of approximately RMB13.1 million represents a slight premium of approximately 0.7% over the appraisal value of the 1st Batch Properties of approximately RMB13.0 million. As such, we are of the view that the determination of the 1st Batch Consideration is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

3.6 Our view

Based on the above and having considered that (i) the 1st Batch Set-off in respect of each 1st Batch Property will only take place after fulfilling all the 1st Batch Conditions Precedent, including, among others, obtaining the relevant 1st Batch Title Certificate and resolving any title defects to enable Fineland Living Services and/or its subsidiaries to freely sell or lease each of the 1st Batch Properties; (ii) in the event that any of the 1st Batch Conditions Precedent cannot be fulfilled, Fineland Living Services retains the right to rescind or partially rescind the Settlement Agreement I; and (iii) the 1st Batch Consideration was determined with reference to the Valuation, we are of the view that the terms of the Settlement Agreement I safeguard the interests of Fineland Living Services and thereby the Group, and are fair and reasonable and the transactions contemplated under the Settlement Agreement I are in the interests of the Company and the Shareholders as a whole.

4. The Settlement Agreement II

Set out below are the principal terms of the Settlement Agreement II (as amended and supplemented by the Supplemental Agreement II):

4.1 Subject matter

The Parties acknowledged and confirmed that the 2nd Batch Outstanding Receivables for part of the real estate agency services provided by Fineland Living Services and its subsidiaries remaining outstanding and payable by a subsidiary of Vendor A and Vendor B as at 31 October 2023 were approximately RMB2.1 million and RMB0.6 million, respectively.

4.2 Settlement arrangement

Fineland Living Services has conditionally agreed to set off the 2nd Batch Outstanding Receivables of approximately RMB2.7 million, by way of accepting the transfer of the 2nd Batch Properties from Vendor B to the Relevant Purchaser(s).

The transfer of each of the 2nd Batch Properties shall be in effect upon the Relevant Purchaser(s) and Vendor B entering into the relevant 2nd Batch Property Sale Agreement. Details of the 2nd Batch Property Sale Agreement are set out in the section headed “Principal terms of the 2nd Batch Property Sale Agreement(s)” in the Board Letter.

The 2nd Batch Set-off in respect of each 2nd Batch Property shall be effective on the relevant 2nd Batch Set-off Date after all 2nd Batch Conditions Precedent in respect of the relevant 2nd Batch Property have been fulfilled whereupon:

- (i) such part of the 2nd Batch Consideration, corresponding to the consideration of the relevant 2nd Batch Property, shall be regarded to have paid Fineland Living Services and its subsidiaries a sum equivalent to the corresponding 2nd Batch Outstanding Receivables towards its settlement thereof; and
- (ii) the Relevant Purchaser(s) shall be regarded to have paid Vendor B the relevant part of the 2nd Batch Consideration and neither Vendor A nor Vendor B shall make any claim against the Relevant Purchaser(s) for such part of the 2nd Batch Consideration after the relevant 2nd Batch Set-off.

4.3 The entering into of 2nd Batch Property Sale Agreements

The Relevant Purchaser(s) and Vendor B will enter into the relevant 2nd Batch Property Sale Agreements within 20 business days after entering into the Settlement Agreement II.

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The Parties agreed that the rights to use and occupy each of the 2nd Batch Properties shall be transferred to Finland Living Services within 90 days after entering into the relevant 2nd Batch Property Sale Agreement (the “**actual delivery**”).

After entering into the 2nd Batch Property Sale Agreements, the 2nd Batch Title Certificate Applications shall be made by Vendor B and the Relevant Purchase(s) with relevant local housing authority within the time limit as prescribed under the 2nd Batch Property Sale Agreements (i.e. 390 days from the date of the actual delivery). The 2nd Batch Property Sale Agreement is based on a standardised property sale contract registered by the developers with the local housing authority. All purchasers of the properties within the same development project are required to sign the standardised contract with the same prescribed time limit. In accordance with the market practice, the typical time-frame for applying for the title certificate ranges from one to two years from the date of the actual delivery. The Company expects, in actual practice, the 2nd Batch Title Certificate Applications to be made by the end of March 2024.

4.4 Conditions precedent

The 2nd Batch Set-off in respect of each 2nd Batch Property is conditional upon:

- (i) the Relevant Purchaser has completed due diligence on the relevant 2nd Batch Property and is satisfied with the results thereof;
- (ii) the transaction documents contemplated under the Settlement Transactions II (being the Settlement Agreement II and the 2nd Batch Property Sale Agreement) have been duly executed by the relevant parties;
- (iii) the Parties have obtained the relevant authorisation(s), consent(s), approval(s) or waiver(s) from, including but not limited to the relevant government authorities, the Stock Exchange, management, board of directors (including the Board) and shareholders of the relevant party (as the case maybe) and the Shareholders;
- (iv) the Company has fulfilled all the relevant requirements under the Listing Rules in connection with the Settlement Transactions II;
- (v) there is no title defect or any title defect in the 2nd Batch Property has been cleared, including but not limited to any mortgage, pledge, guarantee, trusteeship, encumbrance or other impediments that may subject the 2nd Batch Property to recourse or claims by third parties;
- (vi) the 2nd Batch Title Certificate has been obtained by the Relevant Purchaser;
and

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(vii) at any time from the date of the Settlement Agreement II to the 2nd Batch Title Certificate Date, there has been no material adverse change, no effective prohibition or similar decree that may prohibit or restrict any party from completing the Settlement Transactions II, and no third party has proposed any ongoing or imminent claims, assertions or demands that may restrict the performance of the Settlement Agreement II.

None of the above 2nd Batch Conditions Precedent can be waived. As at the Latest Practicable Date, conditions (i) and (ii) above had been fulfilled.

In the event any of the 2nd Batch Conditions Precedent cannot be fulfilled before the 2nd Batch Long Stop Date, Finland Living Services shall have the option to either fully rescind or partially rescind the Settlement Agreement II. In the case of a full rescission, the subsidiary of Vendor A and Vendor B shall reverse all of the 2nd Batch Set-off on the 2nd Batch Properties and remain responsible for their respective payment obligations in connection with the full amount of the 2nd Batch Outstanding Receivables. In the case of a partial rescission, the 2nd Batch Outstanding Receivables corresponding to the units of the 2nd Batch Properties where the 2nd Batch Title Certificates have been obtained by the Relevant Purchaser(s) shall be deemed to have settled, and the subsidiary of Vendor A and Vendor B shall continue to be obliged to fulfil its payment obligations in connection with the remaining amount of the 2nd Batch Outstanding Receivables.

It is agreed among the parties that in the case that the Settlement Agreement II is partially rescinded in accordance with the terms and conditions set out in the Settlement Agreement II, the payment obligations of Vendor B in respect of the corresponding 2nd Batch Outstanding Receivables shall be released as a matter of priority considering that Vendor B is the registered legal and beneficial owner of the 2nd Batch Properties.

The 2nd Batch Long Stop Date (i.e. 30 June 2024) is determined with reference to the prescribed time limit under the 2nd Batch Property Sale Agreements. The Company expects completion of the 2nd Batch Settlement Agreements to take place by the end of June 2024.

Considering the duration from the date of the Settlement Agreement II to the 2nd Batch Long Stop Date, we have enquired the Management on the risks of potential changes in the value of the 2nd Batch Properties at the time of their actual transfer to the Company. We understood from the Management that (i) such duration allows reasonable time for Vendor B and the Relevant Purchaser(s) to complete the necessary administrative procedures related to the transfer of the 2nd Batch Properties, which aligns with actual practices; (ii) the Management is of a positive view on the prospects of the PRC property market; (iii) it is anticipated the value of the 2nd Batch Properties will increase as the PRC property market revives; and (iv) it is expected a reversal of provision for impairment loss in respect of the Outstanding Receivables in the amount of approximately RMB4.8 million will be recognised by the Group upon completion of the Settlement Transactions. Further, as set out in the section headed “2. Reasons for and

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benefits of the Settlement Transactions” above, the Company will hold onto the 2nd Batch Properties and carefully assess the financial position of the Company and the prevailing market conditions, until an optimal timing is identified to maximize returns from their sale. Based on the above, we consider the 2nd Batch Long Stop Date is fair and reasonable.

4.5 Basis of the 2nd Batch Consideration

The 2nd Batch Consideration was arrived at after arm’s length negotiation among Fineland Living Services, Vendor A and Vendor B, with reference to, among others, the Valuation of the 2nd Batch Properties. Each of Vendor A and Vendor B has agreed and undertaken to settle the 2nd Batch Outstanding Receivables by way of transfer of the 2nd Batch Properties in exchange of which, Fineland Living Services has conditionally agreed to set off the 2nd Batch Outstanding Receivables in the amount of approximately RMB2.7 million due from a subsidiary of Vendor A and Vendor B pursuant to contracts Fineland Living Services and its subsidiaries entered into with the subsidiary of Vendor A and Vendor B for the provision of real estate agency services by Fineland Living Services and its subsidiaries to the subsidiary of Vendor A and Vendor B, respectively.

We have reviewed the Valuation Report and we concur with the view of the Management that the Valuation Report is an appropriate reference in determining the 2nd Batch Consideration. Further details of our assessment on the Valuation are set out in the section headed “5. Valuation of the Properties” below.

It is noted that the 2nd Batch Consideration of approximately RMB2.7 million represent a discount of approximately 12.0% to the appraisal value of the 2nd Batch Properties of approximately RMB3.1 million.

Having considered the above, we are of the view that the determination of the 2nd Batch Consideration is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

4.6 Our view

Based on the above and having considered that (i) the 2nd Batch Set-off in respect of each 2nd Batch Property will only take place after fulfilling all the 2nd Batch Conditions Precedent, including, among others, obtaining the relevant 2nd Batch Title Certificate and resolving any title defects to enable Fineland Living Services and/or its subsidiaries to freely sell or lease each of the 2nd Batch Properties; (ii) in the event that any of the 2nd Batch Conditions Precedent cannot be fulfilled, Fineland Living Services retains the right to rescind or partially rescind the Settlement Agreement II; and (iii) the 2nd Batch Consideration was discounted from the appraisal value of the 2nd Batch Properties, we are of the view that the terms of the Settlement Agreement II safeguard

the interests of Fineland Living Services and thereby the Group, and are fair and reasonable and the transactions contemplated under the Settlement Agreement II are in the interests of the Company and the Shareholders as a whole.

5. Valuation of the Properties

Reference is made to the Valuation Report contained in Appendix II to the Circular. Based on the Valuation Report, the market value of the 1st Batch Properties and the 2nd Batch Properties as at the Valuation Date were appraised at approximately RMB13.0 million and RMB3.1 million, respectively. The 1st Batch Consideration and the 2nd Batch Consideration thus represent a slight premium of approximately 0.7% over, and a discount of approximately 12.0% to, the respective Valuation. We have reviewed the Valuation Report and discussed with the Valuer regarding the Valuation as further discussed below.

5.1 Qualifications of the Valuer

We have reviewed the terms of engagement of the Valuer and consider that its scope of work is typical of valuation carried out by independent valuers. We are not aware of any limitation on the scope of work which might adversely affect the degree of assurance given by the Valuation Report.

We have interviewed the Valuer and enquired into the qualification, experience and independence of the Valuer in relation to the preparation of the Valuation Report. We understand that (i) the Valuer is certified with the relevant professional qualifications required to perform the valuations; and (ii) the valuation team is led by Ms. Grace S.M. Lam. Ms. Lam is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice), who has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries.

The Valuer has also confirmed that it is independent from the Company, Vendor A, Vendor B and their respective connected persons or associates. Based on the above, we are satisfied with the expertise and independence of the Valuer.

5.2 Valuation bases and assumptions

According to the Valuation Report, the valuation of each of the Properties represents its market value which in accordance with the HKIS Valuation Standards 2020 issued by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also reviewed the assumptions as set out in the Valuation Report. We have enquired with the Valuer on the applicability of the adopted assumptions and understood that the assumptions are generally and consistently adopted in other property valuation exercises and are in line with the market practices. The Valuation is also made on the assumption that the Vendor A Subsidiaries or Vendor B (as the case may be) have enforceable title to the Properties and has free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired term as granted. As (i) the assumptions are generally and consistently adopted in other property valuation exercises and in line with market practices; and (ii) obtaining the title certificates are conditions precedent to the 1st Batch Set-off or the 2nd Batch Set-off (as the case may be) and, in turn, completion of the Settlement Transactions, we are therefore of the view that the assumptions adopted in the Valuation are reasonable.

5.3 Valuation methodology

We noted that the Valuer has adopted the market comparison method, by making reference to comparable sales transactions as available in the relevant market, in arriving at the market value of the Properties. This approach rests on the wide acceptance of the market evidence as the best indicator that can be extrapolated to similar properties, subject to allowances for variable factors. Based on our discussion with the Valuer, we understand that the market comparison method is a commonly adopted valuation method for property valuation and is in line with the market practice.

We have also enquired the Valuer whether other methods were considered in the preparation of the Valuation. As explained by the Valuer, cost approach is usually adopted for property with specific nature and lack of sales transactions of properties of the same characteristics in the vicinity. In this case, cost approach was considered not suitable for the purpose of the Valuation as sale transactions of similar properties are available in the market. Besides, income approach is also considered to be not suitable for the purpose of the Valuation. The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income. However, as advised by the Company, the properties are neither generating income or has any projection to do so. Most importantly, obtaining relevant rental comparables within the respective property markets proves to be a challenging endeavor. While according to the valuation standard, market approach should be applied the subject asset or substantially similar assets are actively publicly traded, and/or there are frequent and/or recent observable transactions in substantially similar assets. As such, market approach is adopted for the Valuation.

During the course of our discussion with the Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology adopted in arriving at the Valuation.

5.4 Comparable selections

We have reviewed the list of comparable properties identified by the Valuer for the Properties. We understood from the Valuer that the Properties have been categorised into three distinct groups based on their location. For each group of Properties, the Valuer has identified three comparable properties, which form an exhaustive list of properties that closely resemble the respective group of Properties in terms of location, physical characteristics, usage and other relevant factors. It is noted that the comparable properties (i) have the same usage as the respective group of Properties; (ii) are all in the vicinity of the respective group of Properties; (iii) the transactions/availability dates of the comparable properties are all no earlier than June 2023; and (iv) were sourced from property agents and the Valuer's internal database.

After considering the selection criteria adopted by the Valuer to identify the comparable properties for the valuation of the Properties by the Valuer, we are of the view that the valuation methodology and the selection of comparable properties are reasonable and acceptable.

5.5 Calculation of the Valuation

According to our discussions with the Valuer, we noted that relevant adjustments were made to the comparable properties in accordance to (i) location; (ii) size; (iii) transaction nature; (iv) accessibility; (v) frontage; and (vi) floor, to account for differences between the comparable properties and the Properties.

The Valuer calculated the unit rate for each group of Properties by taking the average of the adjusted unit rates derived from the three comparable properties. This unit rate was then used in the valuation calculation for each group of the Properties. As for commercial properties among the Properties, each market value was determined by multiplying the gross floor area of each Property by the respective average adjusted unit rate for the corresponding group of Properties. As for parking spaces among the Properties, each market value was determined as the average adjusted unit rate for the corresponding group of Properties.

5.6 Our view

Based on the above and having considered that (i) the Valuer is independent, qualified and experienced with sufficient knowledge, skills and understanding necessary to prepare the Valuation Report competently; and (ii) the bases, assumptions and methodologies applied in the Valuation are fair and reasonable, we concur with the view of the Management that the Valuation Report is an appropriate reference in determining the 1st Batch Consideration and the 2nd Batch Consideration.

6. Possible financial impact of the Settlement Transactions on the Group

As stated in the Board Letter, as at 31 October 2023, (i) the 1st Batch Outstanding Receivables, being part of the amounts due from and payable by subsidiaries of Vendor A, amounting to approximately RMB13.1 million; and (ii) the 2nd Batch Outstanding Receivables, being part of the amounts due from and payable by a subsidiary of Vendor A and Vendor B, amounting to approximately RMB2.1 million and RMB0.6 million, respectively.

Upon 1st Batch Completion Date in respect of each 1st Batch Property, such part of the 1st Batch Outstanding Receivables will be derecognised, and each 1st Batch Property will be recognised as an investment property on the relevant 1st Batch Completion Date subject to fair value measurement with impact reflected in the Company's profit or loss in the future. It is estimated that the Group will incur cost of approximately RMB0.5 million in connection with the Settlement Transactions I which include deed tax, stamp duty and other fees and expenses (excluding professional fees) on the acquisition of 1st Batch Properties.

Likewise, upon 2nd Batch Completion Date in respect of each 2nd Batch Property, such part of the 2nd Batch Outstanding Receivables will be derecognised, and each 2nd Batch Property will be recognised as an investment property on the relevant 2nd Batch Completion Date subject to fair value measurement with impact reflected in the Company's profit or loss in the future. It is estimated that the Group will incur cost of approximately RMB0.1 million in connection with the Settlement Transactions II which include deed tax, stamp duty and other fees and expenses (excluding professional fees) on the acquisition of 2nd Batch Properties.

The professional fees attributable to the Settlement Transactions is approximately RMB0.9 million which is not contingent on the completion of the acquisition of any Properties.

Upon completion of the Settlement Transactions, it is expected that reversal of provision for impairment loss in respect of the Outstanding Receivables in the amount of approximately RMB4.8 million will be recognised by the Group. Taking into account such amount of reversal of provision for impairment loss and the transaction costs involved in the Settlement Transactions, it is expected that the Group may record a gain from the Settlement Transactions.

IV. OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we are of the view that (i) although the entering into of the Settlement Agreements is not conducted in the ordinary and usual course of business of the Group, the terms of the Settlement Agreements (as amended and supplemented by the Supplemental Agreements) and the respective transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Settlement

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Settlement Agreements (as amended and supplemented by the Supplemental Agreements) and the respective transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Ng Ka Po
Managing Director, Corporate Finance

Mr. Ng Ka Po is a responsible officer of Optima Capital and a licensed person registered with the Securities and Futures Commission 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. Mr. Ng has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.finelandassets.com):

- (i) the annual report of the Company for the year ended 31 December 2020 dated 12 April 2021;
- (ii) the annual report of the Company for the year ended 31 December 2021 dated 7 April 2022; and
- (iii) the annual report of the Company for the year ended 31 December 2022 dated 12 April 2023.

2. STATEMENT OF INDEBTEDNESS

As at 31 October 2023, being the most recent practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the indebtedness of the Group was approximately RMB36.2 million comprising outstanding bank borrowings of approximately RMB35.0 million and lease liabilities of approximately RMB1.2 million.

Bank borrowings

As at 31 October 2023, the Group had a secured bank loan of RMB35.0 million. The bank loan is secured by a personal guarantee from Mr. Fong, corporate guarantees from the fellow subsidiaries and a legal charge over a fellow subsidiary's land and buildings.

Lease liabilities

As at 31 October 2023, the Group had lease liabilities of approximately RMB1.2 million, which were unsecured and unguaranteed.

Save as aforesaid, and apart from intra-group liabilities, as at 31 October 2023, being the most recent practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Directors were not aware of the Group having any other debt securities, any outstanding loan capital, any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, pledges, mortgages, charges, finance leases, guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources available to the Group, including the available credit facilities, the internally generated funds from operations, and cash and bank balances of the Group, and the effects of the Settlement Transactions, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12).

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The PRC property market had experienced unprecedented downturn, which has been compounded by the sporadic recurrence of the COVID-19 pandemic. As a result, both consumers and investors have experienced a significant loss of confidence, leading to a lack of market liquidity. The substantial decrease in transaction volumes in the both first-hand and second-hand properties have exposed the Group to credit risks associated with sluggish recovery of receivables for services the Group had previously rendered to its clients, being mainly property developers, which may have a negative impact on the financial performance of the Group.

The real estate market has shown signs of revival since 2023 with the roll out of favorable policies by the PRC government. For instance, since late 2022, the national government has promulgated ever-widening policies to support housing consumption in China, which allow the regional governments to ease the minimum mortgage down payment, cut the housing provident fund loan interest rate and relax the mortgage rate. These supportive measures have strengthened the market demand for houses and boosted the recovery in the real estate market. Further, the Government Work Report released on 5 March 2023 aims for an economic growth at around 5% in 2023 and highlighted the bottom line of preventing regional or systemic financial risks related to the real estate industry. At provincial level, the Guangdong provincial government implemented various financial policies in March 2023 that support a stable and healthy development of the real estate market to buttress the delivery of newly constructed properties. While the Group remains conservative over its business and financial performance in the future, it believes the favorable policies and the gradual recovery of the PRC's real estate market increases the likelihood of a timely delivery of construction projects and builds a stronger case for decent resale value of the Properties.

By entering into the Settlement Transactions, the Group shall (i) immediately reduce the exposure to credit risk associated with the Outstanding Receivables by settling the Consideration with the transfer of the Properties; and (ii) benefit from the potential upside in the resale value of the Properties in the reviving PRC property market, which will improve the financial position of the Group in the future as a whole.

Looking ahead, the Group will continue to monitor its exposure to credit risks and take measures as appropriate to recover its receivables. In relation to the real estate agency services segment, the Group will continuously focus on business development in the Greater

Bay Area by building and maintaining stronger ties with clients and customers with better credit. In particular, it will take on more projects with counterparties with state-owned backgrounds. In relation to the property management services segment, the Group will expand moderately, seize profitable opportunities, especially in city services line and value-added services. Moreover, the Group will strengthen internal management by standardization, professional development, service quality and cost control to achieve efficiency and profitability.

5. MATERIAL ADVERSE CHANGE

Reference is made to the interim report of the Company for the six months ended 30 June 2023 (the “**Interim Report**”) in which the unaudited net loss of the Company for the six months ended 30 June 2023 was approximately RMB18.6 million, compared to the unaudited net profit of approximately RMB17.4 million for the six months ended 30 June 2022. The net loss was mainly attributable to the significant increase in impairment losses for the receivables from the provision of property management services segment and real estate agency services segment.

Save as disclosed in the Interim Report, 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 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market values of the Property contracted to be acquired by the Relevant Purchaser(s) in the PRC as at 31 October 2023.



27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

22 December 2023

The Board of Directors
Fineland Living Services Group Limited
Unit B, 17/F., United Centre
95 Queensway
Admiralty
Hong Kong

Dear Sirs,

Re: Portfolio Valuation

Instructions, Purpose & Valuation Date

In accordance with the instructions of Fineland Living Services Group Limited (the “**Company**”) for us to value the captioned properties (individually the “**Property**” or collectively the “**Properties**”) of Zhanjiang Shangpin Investment Limited* (湛江市尚品投資有限公司), Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司) and Jiangmen Hengjie Real Estate Limited* (江門市恒捷房地產有限公司) (the “**Vendors**”), in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 October 2023 (the “**Valuation Date**”).

Valuation Basis

Our valuation of each of the Properties represents its market value which in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange

on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation of each property is on an entirety interest basis.

Valuation Assumptions

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

With reference to the PRC legal opinion of the Company's legal adviser, Tian Yuan Law Firm (天元律師事務所), we have prepared our valuation on the basis that transferable land use rights in respect of the Properties for respective specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion, dated 22 December 2023, regarding the title to the Properties and the interest of the Vendors in the Properties. We have prepared our valuation on the basis that the Vendors have enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired term as granted.

The status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that each of the Properties is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Method of Valuation

Guangzhou Fineland Living Services Limited* (廣州方圓生活服務有限公司) (“**Fineland Living Services**”), is an indirectly wholly owned subsidiary of the Company. The Relevant Purchaser(s) refers to Fineland Living Services or its nominated subsidiary(ies) that shall enter into the property sale agreement(s) with the Vendors.

In valuing the Properties contracted to be acquired by the Relevant Purchaser(s) in the PRC, we have adopted Market Comparison Method assuming the sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales evidences as available in the relevant market.

Market Comparison Method is a commonly used valuation method for property valuation, there are relevant comparable sales evidence for reference to arrive at the market value. This approach rests on the wide acceptance of the market evidence as the best indicator that can be

extrapolated to similar properties, subject to allowances for variable factors. We consider the market value arrived at by Market Comparison Method is reliable. Such method is in line with the market practice.

In valuing the Properties, unless otherwise permitted, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020.

Source of Information

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the Properties, particulars of occupancy, completion date of the buildings, site and floor areas, number of car parking spaces and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies of documents in relation to the current title to the Properties. However, we have not been able to conduct searches to verify the ownership of the Properties and we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties in the PRC and we have therefore relied on the advice given by the Company and the PRC Legal Opinion.

Site Inspection

Our valuers, Liam He of Guangzhou Office (4 years' experience in property valuation with a master degree in Urban Management) and Zirong Cao of Shenzhen Office (2 years' experience in property valuation with a master degree in Management) have inspected the exterior, and where possible, the interior of the Properties in November 2023. However, no structural survey has been made, but in the course of our inspection, we did not note any

serious defects. We are, however, not able to report that the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation is in Renminbi (“**RMB**”) which is the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuation of the Properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Intended Use of Report

This valuation report is issued for the use of the Company for regulatory disclosure purpose.

We attach herewith a valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace Lam
MHKIS, MRICS, RPS (GP)
Senior Director

Valuation & Advisory Services, Greater China

Notes:

- (1) Ms. Grace Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.
- (2) * Company name in English translation for identification only.

SUMMARY OF VALUATIONS

No.	Property	Market value in existing state as at 31 October 2023 RMB
Group — Properties contracted to be acquired by the Relevant Purchaser(s) in the PRC		
1.	Shops Nos. 102, 103, 104, 105, 106, 208, 209, Block 32, Yunshan Poetry Garden I* (雲山詩意花園一期), No. 268, South Tiyu Road, Chikan District, Zhanjiang, Guangdong Province, the PRC	12,380,000
2.	Shops Nos.17,19, 23, 29, Fangyuan Zengcheng Yunxi (Guangzhou)* (方圓 • 廣州增城雲璽), West Fourth Street, Shitan Town, Zengcheng District, Guangzhou, Guangdong Province, the PRC	3,130,000
3.	6 Car Parking Spaces on Basement Level 2, Fangyuan Xinhui Moon Island Mansion* (方圓 • 新會月島首府) No. 9 Huikang Road, Huicheng, Xinhui District, Jiangmen, Guangdong Province, the PRC	650,000
Grand total:		<u><u>16,160,000</u></u>

VALUATION REPORT

Properties contracted to be acquired by the Relevant Purchaser(s) in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2023
1.	Shops Nos. 102, 103, 104, 105, 106, 208, 209, Block 32, Yunshan Poetry Garden I* (雲山詩意花園一期), No. 268, South Tiyu Road, Chikan District, Zhanjiang, Guangdong Province, the PRC (中國廣東省湛江市赤坎區體育南路268號雲山詩意花園一期32棟102、103、104、105、106、208、209號商舖)	<p>Yunshan Poetry Garden I is a residential and commercial development.</p> <p>The Property comprises 5 commercial units on the level 1 and 2 commercial units on the level 2 of the said development, with a total gross floor area of approximately 637.00 sq m. It is completed in 2023. (Please see Note 1 on next page)</p> <p>The Property is situated at the south side of South Tiyu Road, Chikan District, Zhanjiang. Developments in vicinity comprise mainly residential developments, scenery area and some factories.</p> <p>There are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term due to expire on 1 April 2054 for commercial use.</p>	As at the Valuation Date, the property is in bare shell and is expected to obtain the certificate for the Completion and Acceptance of Construction Works in December 2023.	RMB12,380,000 (RENMINBI TWELVE MILLION THREE HUNDRED AND EIGHTY THOUSAND) (Exclusive of Value-added Tax basis)

Notes:

- (1) According to the information provided by the Company, the Property comprises 7 commercial units contracted to be acquired by the Relevant Purchaser(s) as below:

Unit	Gross Floor Area sq m
102	92.80
103	87.41
104	87.41
105	88.48
106	86.92
208	95.95
209	98.03
Grand Total:	637.00

- (2) According to Real Estate Title Certificate No. (2014) 20036 dated 4 April 2014, the land use rights of a site with 44,216 sq m have been vested in Zhanjiang Shangpin Investment Limited* (湛江市尚品投資有限公司) for terms due to expire on 1 April 2084 for residential use and 1 April 2054 for commercial use.

- (3) According to Planning Permit for Construction Use of Land No.4408012014G0027 dated 10 December 2014, the construction site of Yunshan Poetry Garden I, with a total site area of 44,216 sq m, complied with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works No. 4408012015J0138 dated 25 June 2015, the construction site of Block 32, Yunshan Li of Yunshan Poetry Garden I, with a total gross floor area of 2,460.02 sq m, complied with the requirements of urban planning.
- (5) According to Permits for Commencement of Construction Works No. 440802201508170101 dated 17 August 2015, the construction works of Block 32, Yunshan Li of Yunshan Poetry Garden I, with a total gross floor area of 2,460.02 sq m complied with the requirements and have been permitted to commence construction works.
- (6) According to Pre-sale Permit of Commodity Housing No. 001-440801-2022-00025-2 dated 19 August 2022, Block 32, Yunshan Li of Yunshan Poetry Garden I (except for Shops Nos 208 & 209), complied with the pre-sale requirement and was permitted for pre-sale.
- (7) According to Business Licence No. 914408005847137165, Zhanjiang Shangpin Investment Limited*(湛江市尚品投资有限公司) was established as a limited liability company with a registered capital of RMB303,320,000 for a valid operation period from 3 November 2011.
- (8) According to the PRC Legal Opinion prepared by the Company's PRC legal adviser:
- (i) Zhanjiang Shangpin Investment Limited* (湛江市尚品投资有限公司) has legally obtained the business license;
 - (ii) Zhanjiang Shangpin Investment Limited* (湛江市尚品投资有限公司) has obtained all approvals and permissions for obtaining the land use rights of the Property;
 - (iii) Zhanjiang Shangpin Investment Limited* (湛江市尚品投资有限公司) has fully settled the land premium;
 - (iv) Zhanjiang Shangpin Investment Limited* (湛江市尚品投资有限公司) is entitled to legally occupy, use and lease the land use rights and the Property;
 - (v) Portion of the Property (except for Shops Nos 208 & 209) complied with the pre-sale requirement and was permitted for pre-sale. Shops Nos 208 & 209 of the Property will be permitted for sale after all the properties of Block 32, Yunshan Li of Yunshan Poetry Garden I have been completed and met the conditions for commercial unit for sale; and
 - (vi) The Property has no mortgage or seized restriction.
- (9) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the PRC legal adviser:
- | | |
|---|-----|
| Real Estate Title Certificate | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes |
| Pre-sale Permit of Commodity Housing (except for Shops nos 208 & 209) | Yes |
| Business Licence | Yes |

- (10) In valuing the Property, we have adopted Market Comparison Method by making reference to comparable sales evidences as available in the relevant market. We have identified a total of three comparable developments which are of similar location and physical characteristics as the Property.

Comparable Development	Address	Gross Floor Area (sq m)	Unit Rate (RMB/sq m)
Rongsheng Huafu	Economic and Technological Development Zone	102	22,400
Yujing Junting	Economic and Technological Development Zone	66	23,400
Yunshan Poetry Garden	Chikan District	147	28,300

The comparables selected by us are considered exhaustive in terms of relevance and representativeness. The unit rates of these comparable properties range from about RMB22,400 to RMB28,300 per sq m (exclusive of value-added tax) for commercial units.

In arriving at the key assumptions, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to transaction nature, location and physical characteristics between the Property and the comparables. The general basis of adjustment is that if the Property is better than the comparable, an upward adjustment is made. Alternatively, if the Property is inferior or less desirable than the comparable, a downward adjustment is made. The major adjustments made to arrive at our valuation, include but not limited to the following:

Factor	Adjustment
Transaction Nature	-2% to 0%
Location	-2% to 0%
Accessibility	-2% to 0%
Size	0% to +2%
Frontage	-7% to 0%

We have taken into account the comparables with appropriate adjustments made to reflect differences in transaction nature, location, accessibility, size and frontage to arrive at a unit rate of RMB24,000 per sq m. On top of this, we further adjust the unit rate for different floor levels of the various units within the Property in order to arrive at the market value of the entire Property which is in the sum of RMB12,380,000.

Comparable Development	Unit Rate <i>(RMB/sq m)</i>	Total Adjustment	Adjusted Unit Rate <i>(RMB/sq m)</i>
Rongsheng Huafu	22,400	98%	22,000
Yujing Juntong	23,400	96%	22,600
Yunshan Poetry Garden	28,300	94%	26,700

Unit	Gross Floor Area <i>(sq m)</i>	Unit rate <i>(RMB/sq m)</i>	Value <i>(RMB)</i>
Block 32-102	92.80	24,000	2,227,200
Block 32-103	87.41	24,000	2,097,840
Block 32-104	87.41	24,000	2,097,840
Block 32-105	88.48	24,000	2,123,520
Block 32-106	86.92	24,000	2,086,080
Block 32-208	95.95	9,000	863,550
Block 32-209	98.03	9,000	882,270
Total	637.00		12,378,300
		Rounded	12,380,000

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2023
2.	Shops Nos.17,19, 23, 29, Fangyuan Zengcheng Yunxi (Guangzhou)* (方圓•廣州增城雲璽), West Fourth Street, Shitan Town, Zengcheng District, Guangzhou, Guangdong Province, the PRC (中國 廣東省 廣州市增城區 石灘鎮 西區四街 方圓•增城雲璽 17, 19, 23, 29號)	Fangyuan Zengcheng Yunxi (Guangzhou) is a residential development. The Property comprises 4 commercial units on level 1 of the said development, with a total gross floor area of approximately 149.16 sq m. It is completed in 2022. (Please see Note 1 on next page) The Property is situated at the south side of West Fourth Street. Developments in the vicinity comprise mainly residential developments, schools and factories. There are neither environmental issues and litigation dispute; nor any plan to change the use of the Property. The land use rights of the Property have been granted for a term from 31 July 2018 to 30 July 2058 for commercial use.	As at the Valuation Date, the Property was vacant.	RMB3,130,000 (RENMINBI THREE MILLION ONE HUNDRED AND THIRTY THOUSAND) (Exclusive of Value-added Tax basis)

Notes:

- (1) According to the information provided by the Company, the Property comprise 4 commercial units contracted to be acquired by the Relevant Purchaser(s) as below:

Unit	Gross Floor Area sq m
17	36.22
19	36.08
23	36.03
29	40.83
Grand Total:	149.16

- (2) According to four Real Estate Title Certificates, the ownership of the Property with a total gross floor area of 149.16 sq m have been vested in Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司).

Real Estate Title Certificates	Unit	Gross Floor Area sq m
No. (2022) 10007555	17	36.22
No. (2022) 10007556	19	36.08
No. (2022) 10007805	23	36.03
No. (2022) 10007808	29	40.83
	Grand Total:	<u>149.16</u>

- (3) According to Business Licence No. 91440101MA5B72XA1P, Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司) was established as a limited liability company with a registered capital of RMB50,000,000 for a valid operation period from 24 July 2018.

- (4) According to the PRC Legal Opinion prepared by the Company's PRC legal adviser:

- (i) Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司) has legally obtained the business license;
- (ii) Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司) has obtained all approvals and permissions for obtaining the land use rights of the Property;
- (iii) Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司) has fully settled the land premium;
- (iv) Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司) is entitled to legally occupy, use and lease the land use rights and the Property;
- (v) Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司) entered into property sale agreements with independent third parties regarding the Property. On 11 December 2023, Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* entered into a legally binding termination agreement with the said independent third parties and hence duly terminated the property sale agreements.

Being the legal and beneficial owner of the Property, Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* is entitled to resell the Property to other parties and there is no risk regarding the said independent third parties to claim the ownership of the Property.

Subsequently on the same day, the Company entered into a property sale agreement with Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* and relevant procedures were completed in the government online platform with the title transfer registration still pending; and

- (vi) The Property has no mortgage or seized restriction.

- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Real Estate Title Certificate	Yes
Business Licence	Yes

- (6) In valuing the Property, we have adopted Market Comparison Method by making reference to comparable sales evidences as available in the relevant market. We have identified a total of three comparable developments which are of similar locational and physical characteristics as the Property.

Comparable Development	Address	Gross Floor Area <i>(sq m)</i>	Unit Rate <i>(RMB/sq m)</i>
Country Garden Haoyuan	Xincheng Avenue	85	19,900
JY Yifangtiandi	Shitan Avenue	204	21,600
JY Yifangtiandi	Shitan Avenue	208	21,500

The comparables selected by us are considered exhaustive in terms of relevance and representativeness. The unit rates of these comparable properties range from about RMB19,900 to RMB21,600 per sq m (exclusive of value-added tax) for commercial units.

In arriving at the key assumptions, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to transaction nature, location and physical characteristics between the Property and the comparables. The general basis of adjustment is that if the Property is better than the comparable, an upward adjustment is made. Alternatively, if the Property is inferior or less desirable than the comparable, a downward adjustment is made. The major adjustments made to arrive at our valuation, include but not limited to the following:

Factor	Adjustment
Location	-7% to -4%
Accessibility	0% to +3%
Size	-2% to +5%

We have taken into account the comparables with appropriate adjustments made to reflect differences in location, accessibility and size to arrive at a unit rate of RMB21,000 per sq m. On top of this, we further apply the unit rate for various units within the Property in order to arrive at the market value of the Property which is in the sum of RMB 3,130,000.

Comparable Development	Unit Rate <i>(RMB/sq m)</i>	Total Adjustment	Adjusted Unit Rate <i>(RMB/sq m)</i>
Country Garden Haoyuan	19,900	94%	18,700
JY Yifangtiandi	21,600	101%	21,800
JY Yifangtiandi	21,500	101%	21,700
Unit	Gross Floor Area <i>(sq m)</i>	Unit rate <i>(RMB/sq m)</i>	Value <i>(RMB)</i>
17	36.22	21,000	760,620
19	36.08	21,000	757,680
23	36.03	21,000	756,630
29	40.83	21,000	857,430
Total	149.16		3,132,360
		Rounded	3,130,000

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2023
3.	6 Car Parking Spaces on Basement Level 2, Fangyuan Xinhui Moon Island Mansion* (方圓 • 新會月島首府), No. 9 Huikang Road, Huicheng, Xinhui District, Jiangmen, Guangdong Province, the PRC (中國廣東省江門市新會區會城惠康路9號方圓 • 新會月島首府地下二層6個車庫)	<p>Fangyuan Xinhui Moon Island Mansion is a residential development.</p> <p>The Property comprises 6 car parking spaces on basement level 2 of the said development, with a total gross floor area of approximately 175.32 sq m. It is completed in 2021. (Please see Note 1 on next page)</p> <p>The Property is situated at the west side of Yingang Avenue. Developments in the vicinity comprise mainly residential developments and schools.</p> <p>There are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term from 25 August 2001 to 25 August 2071 for garage/carpark use.</p>	As at the Valuation Date, the Property was vacant.	RMB650,000 (RENMINBI SIX HUNDRED AND FIFTY THOUSAND) (Exclusive of Value-added Tax basis)

Notes:

- (1) According to the information provided by the Company, the Property comprises 6 car parking spaces contracted to be acquired by the Relevant Purchaser(s) as below:

No.	Gross Floor Area <i>sq m</i>
B2-1188	29.22
B2-1189	29.22
B2-1190	29.22
B2-1257	29.22
B2-1275	29.22
B2-1276	29.22
Grand Total:	175.32

- (2) According to Real Estate Registration Information Query Results, the Property obtains Real Estate Title Certificates listed below. The land use rights of the Property with a total gross floor area of 175.32 sq m have been vested in Jiangmen Hengjie Real Estate Limited* (江門市恒捷房地產有限公司).

Real Estate Title Certificates	No.	Gross Floor Area sq m
No. (2021) 2043016	B2-1188	29.22
No. (2021) 2043017	B2-1189	29.22
No. (2021) 2043018	B2-1190	29.22
No. (2021) 2043085	B2-1257	29.22
No. (2021) 2043103	B2-1275	29.22
No. (2021) 2043104	B2-1276	29.22
	Grand Total:	<u>175.32</u>

- (3) According to Business Licence No. 914407057993620525, Jiangmen Hengjie Real Estate Limited* (江門市恒捷房地產有限公司) was established as a limited liability company with a registered capital of RMB20,408,200 for a valid operation period from 29 March 2007.

- (4) According to the PRC Legal Opinion prepared by the Company's PRC legal adviser:

- (i) Jiangmen Hengjie Real Estate Limited* (江門市恒捷房地產有限公司) has legally obtained the business license;
- (ii) Jiangmen Hengjie Real Estate Limited* (江門市恒捷房地產有限公司) has obtained all approvals and permissions for obtaining the land use rights of the Property;
- (iii) Jiangmen Hengjie Real Estate Limited* (江門市恒捷房地產有限公司) has fully settled the land premium;
- (iv) Jiangmen Hengjie Real Estate Limited* (江門市恒捷房地產有限公司) is entitled to legally occupy, use and lease the land use rights and the Property; and
- (v) The Property has no mortgage or seized restriction.

- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Real Estate Title Certificate	Yes
Business Licence	Yes

- (6) In valuing the Property, we have adopted Market Comparison Method by making reference to comparable sales evidences as available in the relevant market. We have identified a total of three comparable developments which are of similar locational and physical characteristics as the Property.

Comparable Development	Address	Floor	Unit Rate (RMB/lot)
Bel-Air Garden	Huikang Road	Basement Level 1	110,400
Junkai Haoting	Tongqing Road	Basement Level 1	111,700
Bofu Nanhu No.1	Jinzhou Road	Basement Level 2	106,000

The comparables selected by us are considered exhaustive in terms of relevance and representativeness. The unit rates of these comparable properties range from about RMB106,000 to RMB111,700 per lot (exclusive of value-added tax) for car parking use.

In arriving at the key assumptions, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to transaction nature, location and physical characteristics between the Property and the comparables. The general basis of adjustment is that if the Property is better than the comparable, an upward adjustment is made. Alternatively, if the Property is inferior or less desirable than the comparable, a downward adjustment is made. The major adjustments made to arrive at our valuation, include but not limited to the following:

Factor	Adjustment
Transaction Nature	-2% to 0%
Location	0% to +5%
Floor	-2% to 0%

We have taken into account the comparables with appropriate adjustments made to reflect differences in transaction nature, location and floor to arrive at a unit rate of RMB109,000 per lot. On top of this, we further apply the unit rate for various units within the Property in order to arrive at the market value of the entire Property which is in the sum of RMB 650,000.

Comparable Development	Unit Rate <i>(RMB/lot)</i>	Total Adjustment	Adjusted Unit Rate <i>(RMB/lot)</i>
Bel-Air Garden	110,400	98%	108,200
Junkai Haoting	111,700	98%	109,500
Bofu Nanhu No.1	106,000	103%	109,100
Unit	Floor	Unit rate <i>(RMB/lot)</i>	Value <i>(RMB)</i>
B2-1188	Basement Level 2	109,000	109,000
B2-1189	Basement Level 2	109,000	109,000
B2-1190	Basement Level 2	109,000	109,000
B2-1257	Basement Level 2	109,000	109,000
B2-1275	Basement Level 2	109,000	109,000
B2-1276	Basement Level 2	109,000	109,000
Total			<u>654,000</u>
		Rounded	<u>650,000</u>

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 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 and a legal and beneficial owner ⁽¹⁾	222,000,000	55.5%
Ms. Tse Lai Wa	Interest in controlled corporation ⁽¹⁾	216,000,000	54%
Mr. Han Shuguang	Interest in controlled corporation ⁽⁴⁾	4,500,000	1.125%

Notes:

1. 216,000,000 shares are registered in the name of Mansion Green, which is held as to 70% by Mr. Fong's holding companies (including Stand Smooth, Hero Dragon, Fineland Group Holdings and Widethrive Investments, and as to 30% by Aspiring Vision, which is wholly-owned by Ms. Tse.
2. Shares are held by Adwan Orient Holdings Limited, which is wholly-owned by Mr. Han.

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 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 Listing Rules:

Long position in the Shares:

Name	Nature of interest	Total number of Shares held	Percentage of Shareholding
Ms. He Kangkang (何康康) ⁽¹⁾	Interest of spouse	222,000,000	55.5%
Mr. Zheng Muming (鄭木明) ⁽²⁾	Interest of spouse	216,000,000	54%
Mansion Green	Legal and beneficial owner	216,000,000	54%
Widethrive ⁽³⁾ Investments	Interest in a controlled corporation	216,000,000	54%
Fineland Group Holdings ⁽³⁾	Interest in a controlled corporation	216,000,000	54%

Name	Nature of interest	Total number of Shares held	Percentage of Shareholding
Hero Dragon ⁽³⁾	Interest in a controlled corporation	216,000,000	54%
Stand Smooth ⁽³⁾	Interest in a controlled corporation	216,000,000	54%
Aspiring Vision ⁽³⁾	Interest in a controlled corporation	216,000,000	54%

Notes:

1. Ms. He Kangkang (何康康) is the spouse of Mr. Fong. Under the SFO, Ms. He Kangkang 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 is deemed to be interested in the same number of Shares in which Ms. Tse is interested in.
3. 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 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 Finland Group Holdings, which in turn is wholly owned by Widethrive Investments, and ultimately wholly-owned by Mr. Fong. Accordingly, Widethrive Investments, Finland Group Holdings, 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. Both Mr. Fong and Mr. Han are directors of Widethrive Investments, Finland Group Holdings, Hero Dragon and Stand Smooth. Ms. Tse is a director of Aspiring Vision.

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. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined under the Listing Rules) had interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE

(i) Interests in asset acquired, disposed of or leased by, or to be acquired, disposed of or leased by the Group

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect material interest in any asset which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(ii) Interest in contracts and arrangements

As at the Latest Practicable Date, (i) Mr. Fong (due to his shareholding interests in the Fineland Group and the Fineland Education Group); and (ii) Ms. Tse (due to the acting-in-concert arrangement with Mr. Fong) had material interests in the following:

- (i) the master property management services agreement dated 28 January 2021 entered into between the Company and Fineland Education in relation to the provision of property management services by the Group to subsidiaries of the Fineland Education for a term of three years commencing on 28 January 2021 and ending on 31 December 2023.

As at the Latest Practicable Date, (i) Mr. Fong (due to his shareholding interests in the Fineland Group and the Fineland Education Group); (ii) Ms. Tse (due to the acting-in-concert arrangement with Mr. Fong) and Mr. Han (due to his directorships in the Fineland Group Holdings) have material interests in the following:

- (i) the master property management services agreement dated 28 January 2021 entered into between the Company and Fineland Group Holdings in relation to the provision of property management services by the Group to subsidiaries of Fineland Group Holdings for a term of three years commencing on 28 January;
- (ii) the master agency service agreement dated 3 September 2020 entered into between the Company and Fineland Group Holdings in relation to the provision of real estate agency services in the primary property market by the Group to subsidiaries of Fineland Group Holdings for a term of three years commencing on 1 January 2021 and ending on 31 December 2023;
- (iii) the master lease agreement dated 28 January 2021 entered into between the Company and Fineland Group Holdings pursuant to which any subsidiaries of the Company as tenant may continue, amend, renew the existing lease

agreements or enter into new leases with subsidiaries of Fineland Group Holdings for a term of three years commencing retrospectively on 1 January 2021 and ending on 31 December 2023;

- (iv) the 2024 master agency service agreement dated 25 October 2023 entered into between the Company and Fineland Group Holdings in relation to the provision of real estate agency services by the Group to members of the Fineland Group for a term of three years commencing on 1 January 2024 and ending on 31 December 2026;
- (v) the 2024 master property management services agreement dated 25 October 2023 entered into between the Company and Mr. Fong in relation to the provision of property management services by the Group to Mr. Fong's Associated Companies for a term of three years commencing on 1 January 2024 and ending on 31 December 2026;
- (vi) the 2024 master lease agreement dated 25 October 2023 entered into between the Company and Fineland Group Holdings pursuant to which any subsidiaries of the Company as tenant may continue, amend, renew the existing lease agreements or enter into new leases with members of the Fineland Group for a term of three years commencing on 1 January 2024 and ending on 31 December 2026;
- (vii) the Settlement Agreement I; and
- (viii) the Settlement Agreement II.

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

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or been proposed to enter, into any service contract with the Company or any other members of the Group which is not expiring or may not be terminable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two (2) years immediately preceding the date of this circular which are or may be material:

- (i) the settlement agreement dated 21 June 2023 entered into between the Guangzhou Fineland Living Services Limited* (廣州方圓生活服務有限公司) (an indirectly wholly owned subsidiary of the Company) and Heshan Fudu Property Development Company Limited* (鶴山市富都物業發展有限公司) (enclosing the property presale agreement in its standard form);
- (ii) the Settlement Agreement I (enclosing the 1st Batch Property Sale Agreement in its standard forms); and
- (iii) the Settlement Agreement II (enclosing the 2nd Batch Property Sale Agreement in its standard form).

7. CLAIMS AND LITIGATION

As at the Latest Practicable Date, no members of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any members of the Group.

8. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinions or advices which are contained in this circular:

Name	Qualification
Cushman & Wakefield Limited	Independent Valuer
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

Each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), report(s), certificate(s) and/or opinion(s) (as the case may be) dated 22 December 2023 and the references to its name included herein in the form and context in which it is respectively included.

Each of the experts named above confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the Stock Exchange's website and the Company's website for a period of fourteen (14) days from the date of this circular (both days inclusive):

- (i) the Settlement Agreement I (enclosing the 1st Batch Property Sale Agreement in its standard form);
- (ii) the Settlement Agreement II (enclosing the 2nd Batch Property Sale Agreement in its standard form);
- (iii) the letter from the Independent Financial Adviser prepared by Optima Capital, the text of which is set out in this circular;
- (iv) the valuation report prepared by the Valuer for the appraisal of the value of the Properties as at 31 October 2023, the text of which is set out in Appendix II to this circular; and
- (v) the written consents referred to in the section headed "8. Expert's Qualification and Consent" in this appendix.

10. GENERAL

- (a) The company secretary of the Company is Mr. Tso Ping Cheong, Brian, who is a fellow member of the Association of Chartered Certified Accountants, a certified public accountant (practicing) of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).
- (b) The registered office of the Company is situated in Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (c) The Company's headquarters in the PRC is situated in No. 28 Tiyu East Road, Tianhe District, Guangzhou, PRC.

- (d) The Company's principal place of business in Hong Kong is situated in Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong.
- (e) The Company's branch share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited situated in Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (f) The Company's principal share registrar and transfer office is Ocorian Trust (Cayman) Limited situated in Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1–1108, Cayman Islands.
- (g) In case of inconsistencies, the English text of this circular shall prevail over the Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Fineland Living Services Group Limited

方圓生活服務集團有限公司

(formerly known as 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: 9978)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Fineland Living Services Group Limited (the “Company”) will be held at 3:00 p.m. on Thursday, 25 January 2024 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 ordinary resolutions. Words and expressions that are not expressly defined in this notice of EGM shall bear the same meaning as those defined in the circular of the Company dated 22 December 2023.

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the Settlement Agreement I (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), pursuant to which, Fineland Living Services has conditionally agreed to set-off the 1st Batch Outstanding Receivables of approximately RMB13.1 million owed to it and its subsidiaries by subsidiaries of Vendor A, by way of accepting the transfer of the 1st Batch Properties from the Vendor A Subsidiaries to the Relevant Purchaser(s), and all transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the 1st Batch Property Sale Agreement(s) in its standard form to be entered/ entered into between Vendor A Subsidiaries and the Relevant Purchaser(s) (a copy of which is tabled at the meeting and marked “B” and signed by the chairman of the meeting for the purpose of identification), are hereby approved, confirmed and ratified; and
- (c) any one of the Directors be and is hereby authorised to take such actions and execute such documents, instruments and agreements 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 Settlement Transactions I and the transactions contemplated thereunder.”

NOTICE OF EXTRAODINARY GENERAL MEETING

2. “**THAT:**

- (a) the Settlement Agreement II (a copy of which is tabled at the meeting and marked “C” and signed by the chairman of the meeting for the purpose of identification), pursuant to which, Fineland Living Services has conditionally agreed to set-off the 2nd Batch Outstanding Receivables of approximately RMB2.7 million owed to it and its subsidiaries by a subsidiary of Vendor A and Vendor B, by way of accepting the transfer of the 2nd Batch Properties from Vendor B to the Relevant Purchaser(s), and all transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the 2nd Property Sale Agreement in its standard form entered into between Vendor B and the Relevant Purchaser(s) (a copy of which is tabled at the meeting and marked “D” and signed by the chairman of the meeting for the purpose of identification), is hereby approved, confirmed and ratified; and
- (c) any one of the Directors be and is hereby authorised to take such actions and execute such documents, instruments and agreements 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 Settlement Transactions II and the transactions contemplated thereunder.”

Yours faithfully,
By order of the Board
Fineland Living Services Group Limited
HAN Shuguang
Chairman

Hong Kong, 22 December 2023

Notes:

- 1. A member of the Company entitled to attend and vote at the EGM 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 in his stead. A proxy needs not be a member of the Company but must be present in person at the EGM to represent the member. 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 share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be 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.

NOTICE OF EXTRAODINARY GENERAL MEETING

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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 48 hours before the time for holding the EGM (i.e. not later than 3:00 p.m. on Tuesday, 23 January 2024) 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 Monday, 22 January 2024 to Thursday, 25 January 2024 (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 Friday, 19 January 2024. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Wednesday, 24 January 2024.
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, "extreme conditions caused by super typhoons" 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 Mr. HAN Shuguang 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. TIAN Qiusheng and Mr. DU Chenhua.