

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Landsea Green Life Service Company Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the 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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Landsea Green Life Service Company Limited

朗詩綠色生活服務有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1965)

**POTENTIAL MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

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



A letter from the Board is set out on pages 4 to 24 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 25 to 26 of this circular. A letter from Opus Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 57 of this circular. A notice convening the EGM to be held at Landsea Green Center, Building 5, Lane 280, Linhong Road, Changning District, Shanghai, China at 10:00 a.m. on 31 December 2021 is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

15 December 2021

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 22 November 2021 in relation to, among other things, the Exclusive Sales Agency Agreements
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commencement Date”	the date immediately after the fulfilment of all conditions set out in the Exclusive Sales Agency Agreements
“Company”	Landsea Green Life Service Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1965)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company for the time being
“EGM”	the extraordinary general meeting to be convened at Landsea Green Center, Building 5, Lane 280, Linhong Road, Changning District, Shanghai, China at 10:00 a.m. on 31 December 2021 to consider and if thought fit, approve, the Exclusive Sales Agency Agreements, the proposed annual caps and the transactions contemplated thereunder
“Exclusive Sales Agency Agreements”	the First Exclusive Sales Agency Agreement and the Second Exclusive Sales Agency Agreement
“First Exclusive Sales Agency Agreement”	the framework agreement entered into between the Company and Mr. Tian in relation to the engagement of the Group as the exclusive sales agent of the properties held by Mr. Tian and Mr. Tian’s Associates for the Term, a summary of the terms of which is set out in this circular
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board (which comprises Dr. Wong Chi Wing, Ms. Lu Mei and Dr. Chen Kevin Chien-wen, being all the independent non-executive Directors) established to advise the Independent Shareholders with regard to the terms of the Exclusive Sales Agency Agreements, the proposed annual caps and the transactions contemplated thereunder
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the terms of the Exclusive Sales Agency Agreements, the proposed annual caps and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, other than Mr. Tian and his associates
“Landsea Green Properties”	Landsea Green Properties Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 106)
“Landsea Green Properties and Consulting Agreement”	the framework services agreement dated 28 December 2020 entered into between a subsidiary of the Company and Landsea Green Properties, details of which are set out in the section headed “CONTINUING CONNECTED TRANSACTIONS” under the prospectus of the Company dated 25 June 2021
“Landsea Green Properties Group”	Landsea Green Properties and its subsidiaries from time to time
“Latest Practicable Date”	14 December 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tian”	Mr. Tian Ming, the chairman and non-executive Director
“Mr. Tian’s Associates”	means Mr. Tian and his associates, excluding the Landsea Green Properties Group

DEFINITIONS

“Mr. Tian Properties and Consulting Agreement”	the framework services agreement dated 16 June 2021 entered into between the Company and Mr. Tian, details of which are set out in the section headed “CONTINUING CONNECTED TRANSACTIONS” under the prospectus of the Company dated 25 June 2021
“percentage ratio”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Second Exclusive Sales Agency Agreement”	the framework agreement entered into between the Company and Landsea Green Properties in relation to the engagement of the Group as the exclusive sales agent of the properties held by the Landsea Green Properties Group for the Term, a summary of the terms of which is set out in this circular
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	from the Commencement Date to 31 December 2023
“%”	per cent.

LETTER FROM THE BOARD



Landsea Green Life Service Company Limited

朗詩綠色生活服務有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1965)

Executive Directors:

Ms. Zhou Qin,
Mr. Wu Xu and
Mr. Liu Chao

Non-executive Director:

Mr. Tian Ming

Independent Non-executive Directors:

Dr. Wong Chi Wing
Ms. Lu Mei
Dr. Chen Kevin Chien-wen

Registered office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Unit 5103, 51/F
The Center
99 Queen's Road Central
Hong Kong

15 December 2021

To the Shareholders

Dear Sirs or Madams,

**POTENTIAL MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS
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, further details of the continuing connected transactions under the Exclusive Sales Agency Agreements, the letter of advice from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and the notice convening the EGM.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS UNDER THE EXCLUSIVE SALES AGENCY AGREEMENTS

References is made to the prospectus of the Company (the "**Prospectus**") dated 25 June 2021 in connection with, among others, the Mr. Tian Properties and Consulting Agreement and the Landsea Green Properties and Consulting Agreement in relation to the property management services and value-added services (including property agency services) provided by the Group for a term from 8 July 2021 to 31 December 2023 and from 1 January 2021 to 31 December 2023, respectively.

On 22 November 2021, the Company (for itself and on behalf of its subsidiaries) and Mr. Tian (for himself and on behalf of Mr. Tian's Associates) entered into the First Exclusive Sales Agency Agreement pursuant to which, Mr. Tian and Mr. Tian's Associates agreed to engage the Group as the exclusive sales agent of the properties held by Mr. Tian and Mr. Tian's Associates for the Term. Pursuant to the First Exclusive Sales Agency Agreement, the Group shall pay Mr. Tian and Mr. Tian's Associates certain security deposit for the performance by the Group of its obligations under the First Exclusive Sales Agency Agreement.

On 22 November 2021, the Company (for itself and on behalf of its subsidiaries) and Landsea Green Properties (for and on behalf of the Landsea Green Properties Group) entered into the Second Exclusive Sales Agency Agreement, pursuant to which the Landsea Green Properties Group agreed to engage the Group as the exclusive sales agent of the properties held by the Landsea Green Properties Group for the Term. Pursuant to the Second Exclusive Sales Agency Agreement, the Group shall pay the Landsea Green Properties Group certain security deposits for the performance by the Group of its obligations under the Second Exclusive Sales Agency Agreement.

The Exclusive Sales Agency Agreements will be effective from the Commencement Date to 31 December 2023.

(i) First Exclusive Sales Agency Agreement

Term

From the Commencement Date to 31 December 2023, which may be renewed as the parties may mutually agree, subject to compliance with the applicable requirements under the Listing Rules.

Subject matter

Mr. Tian (for himself and on behalf of Mr. Tian's Associates) agreed to engage the Group as the exclusive sales agent to provide property agency services for the properties held by Mr. Tian and Mr. Tian's Associates.

LETTER FROM THE BOARD

Security deposit

Under the First Exclusive Sales Agency Agreement, Mr. Tian and/or Mr. Tian's Associates on one hand and the Company and/or its subsidiaries on the other hand will enter into individual property agency agreements under which it will be agreed on certain pre-determined minimum prices for the properties held by Mr. Tian and Mr. Tian's Associates for sale by the Group as the exclusive sales agent and the Group shall not sell the relevant properties at less than the relevant pre-determined minimum prices. The pre-determined minimum prices of the properties will be determined based on among other things, (a) the number of properties involved and the location of the relevant properties; (b) the business atmosphere of the relevant properties and their surrounding areas; (c) the supply and demand of similar properties in the vicinity of the projects; (d) the past transacted prices of the properties in the same projects; (e) the past transacted prices of similar properties in the vicinity of the projects; and/or (f) the marketing costs to be incurred for the sales of the relevant properties.

The pricing terms of each individual property agency agreement (i.e. the pre-determined minimum prices of the relevant properties and therefore the security deposits payable) shall be determined by the parties on a case-by-case basis based on the factors mentioned above, particularly the recent transacted prices (i.e. market prices) of similar properties in the vicinity of the relevant project. As a general principle, the pre-determined minimum prices of the properties will be set at a discount of not less than 20% of the estimated sales price of the properties to be sold (the "**Minimum Margin**") at the time when the Group is engaged as exclusive sales agent of such properties. The estimated sales price of the properties shall be determined with reference to the valuation of the relevant properties conducted by an independent valuer. As part of the internal control measures of the Group, such estimated sales price and therefore the pre-determined minimum prices of the relevant properties will then be reviewed and approved separately by the Finance Department of the Group and an executive Director.

In determining the amount of the Minimum Margin, the Directors have taken into account factors including (a) expected costs of service such as labour costs, funding costs and selling and marketing expenses; (b) sales stage and quality of the relevant properties such as location, occupancy rate, number of car parking spaces compared to the size of the relevant buildings; (c) the difficulties in procuring potential buyers for the relevant properties; (d) the commission fees charged by other comparable property management companies in the PRC for similar arrangements; and (e) the market demand for the relevant properties.

The Company shall, within fifteen (15) business days of the execution of the relevant individual property agency agreement, pay Mr. Tian or the relevant Mr. Tian's Associates a refundable security deposit equal to the pre-determined minimum prices for the properties subject to the relevant individual property agency agreement. The security deposit will be settled by the Group using cash from its internal resources. Prior to the listing of the shares of the Company on the Stock Exchange on 8 July 2021, as at 30 June 2021, the Group had current assets of approximately RMB400.7 million, consisting of

LETTER FROM THE BOARD

trade receivables of approximately RMB174.8 million and cash and cash equivalents of approximately RMB179.9 million. For the avoidance of doubt, the security deposit will not be settled by the net proceeds from the initial public offering of the Company.

Commission

Pursuant to the First Exclusive Sales Agency Agreement, the Group shall charge Mr. Tian and Mr. Tian's Associates a commission for the properties sold which represents, after deducting the taxes (which shall be borne by Mr. Tian and Mr. Tian's Associates) in accordance with the relevant national taxation policies in the PRC, the difference between the actual sales price of the properties sold by the Group and the aggregate pre-determined minimum prices of such properties sold. The commission for the properties sold will be calculated within five (5) days before the end of each quarter. Mr. Tian and Mr. Tian's Associates shall pay the Group at least 80% of the proceeds received by Mr. Tian and Mr. Tian's Associates from the properties sold within thirty (30) business days after the receipt of the relevant invoice and information. Such fee includes the commission and the portion of the security deposit paid by the Group in relation to the relevant properties.

With respect to each of the relevant individual property agency agreements, after the sale of all properties subject to such agreement or the expiry of the term of such agreement, whichever is earlier, Mr. Tian and Mr. Tian's Associates and the Group shall calculate the balance of the security deposit and commission outstanding. Mr. Tian and Mr. Tian's Associates shall, within thirty (30) business days after the receipt of the relevant invoice and information, settle the outstanding commission and the remaining balance of the security deposit. The duration of each individual property agency agreement shall be not more than one year.

The aggregate commission payable under the First Exclusive Sales Agency Agreement, together with other service fees which may be received under the Mr. Tian Properties and Consulting Agreement, for each of the three years ending 31 December 2023 shall not exceed RMB155 million, RMB155 million and RMB156 million, respectively, being the annual caps of the service fees payable by Mr. Tian's Associates (excluding the Group but including the Group's joint ventures and associates) to the Group in relation to property management services and value-added services (including property agency services) to be provided by the Group under the Mr. Tian Properties and Consulting Agreement.

The First Exclusive Sales Agency Agreement and the Mr. Tian Properties and Consulting Agreement cover the same nature of services which form part of the Group's principal businesses. In addition, the factors to be considered in determining the pricing terms of the service fees for agency services (i.e. commission) under these two agreements are similar. As disclosed in the Prospectus, pursuant to the Mr. Tian Properties and Consulting Agreement, the service fees shall be determined after taking into account prevailing market prices and other factors such as the nature, size and location of the property projects, scope of services and operating costs. On the other hand, pursuant to the First Exclusive Sales Agency Agreement, the pre-determined minimum

LETTER FROM THE BOARD

prices of the properties and therefore the commission charged shall be determined based on, among other things, the number of properties involved (i.e. size) and location of the relevant properties, the past transacted prices of similar properties in the vicinity of the projects (i.e. the prevailing market prices) and the marketing costs to be incurred for the sales of the relevant properties (i.e. operating costs).

The provision of property agency services by the Group under the Mr. Tian Properties and Consulting Agreement as disclosed in the Prospectus are not on an exclusive basis and no security deposit would be payable. The commission rates of 1% to 3% in respect of new properties and below 40% in respect of unsold properties (as the case may be) charged under the Mr. Tian Properties and Consulting Agreement do not form part of the pricing terms. The Company expects to charge commission rates of not less than 20% of the estimated sales prices under the First Exclusive Sales Agency Agreement. In respect of the continuing connected transactions contemplated under the Mr. Tian Properties and Consulting Agreement (including the annual caps), the Company has obtained the relevant waivers from the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules.

Annual Caps

The proposed annual caps (i.e. the maximum outstanding amount at all times during the year) for the aggregate security deposits paid by the Group under the First Exclusive Sales Agency Agreement for the three years ending 31 December 2021, 2022 and 2023 are shown below:

	For the year ending 31 December		
	2021*	2022	2023
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Aggregate security deposits under the First Exclusive Sales Agency Agreement	98	183	163

* From the Commencement Date to 31 December 2021.

The proposed annual caps were determined based on:

- (a) the existing project pipeline (the “**Tian Projects**”) held by Mr. Tian and Mr. Tian’s Associates, for which the Group is intended to be engaged as the exclusive sales agent to provide property agency services. The Tian Projects comprise (1) new commercial properties and car parking spaces; and (2) unsold car parking spaces with available past transacted prices in the same projects;
- (b) the estimated sell-through rate of each project, taking into account (1) location and current occupancy rates of the building and ancillary car parking spaces; (2) historical sell-through rate (if available); (3) sales plan and strategy; (4) selling and marketing expenses to be incurred in promoting the project; and (5) preliminary indications from potential buyers;

LETTER FROM THE BOARD

- (c) the recent transacted prices of comparable properties within the locality of the Tian Projects. In respect of unsold car parking spaces, the estimated sales prices are determined with reference to past transacted prices in the same projects as referred to in the relevant sales and purchase agreements. As for new properties, the estimated sales prices are determined with reference to past transacted prices of similar properties in the nearby locations. The Directors consider that these past transacted prices are relevant to determining the estimated sales prices of the Tian Projects given the subject properties are either in the same projects or situated within the locality of the Tian Projects;
- (d) the estimated margins of not less than 20% of the estimated sales prices of the Tian Projects (i.e. the Minimum Margin) that the relevant property developers or owners are willing to pay for the Group's property agency services and therefore the return that the Group may capture by charging the commission. For the basis of determining the estimated margins and therefore the pre-determined minimum prices of the Tian Projects, please refer to the paragraph headed "Security deposit" above; and
- (e) a buffer of 15% which is built in to tailor for any unexpected demand for the Group's property agency services due to change in market conditions.

Condition precedent

The First Exclusive Sales Agency Agreement is conditional upon the Independent Shareholders' approval having been obtained in accordance with the Listing Rules in respect of the First Exclusive Sales Agency Agreement and the transactions contemplated thereunder.

Termination

The First Exclusive Sales Agency Agreement may be terminated before expiration of its full term upon mutual agreement in writing by both parties or in certain circumstances, including upon material default by a party.

(ii) Second Exclusive Sales Agency Agreement

Term

From the Commencement Date to 31 December 2023, which may be renewed as the parties may mutually agree, subject to compliance with the applicable requirements under the Listing Rules.

Subject matter

Landsea Green Properties (for and on behalf of the Landsea Green Properties Group) agreed to engage the Group as the exclusive sales agent to provide property agency services for the properties held by the Landsea Green Properties Group.

LETTER FROM THE BOARD

Security deposit

Under the Second Exclusive Sales Agency Agreement, Landsea Green Properties and/or its subsidiaries on one hand and the Company and/or its subsidiaries on the other hand will enter into individual property agency agreements under which it will be agreed on certain pre-determined minimum prices for the properties held the Landsea Green Properties Group for sale by the Group as the exclusive sales agent and the Group shall not sell the relevant properties at less than the relevant pre-determined minimum prices. The pre-determined minimum prices of the properties will be determined based on among other things, (a) the number of properties involved and the location of the relevant properties; (b) the business atmosphere of the relevant properties and their surrounding areas; (c) the supply and demand of similar properties in the vicinity of the projects; (d) the past transacted prices of the properties in the same projects; (e) the past transacted prices of similar properties in the vicinity of the projects; and/or (f) the marketing costs to be incurred for the sales of the relevant properties.

The pricing terms of each individual property agency agreement (i.e. the pre-determined minimum prices of the relevant properties and therefore the security deposits payable) shall be determined by the parties on a case-by-case basis based on the factors mentioned above, particularly the recent transacted prices (i.e. market prices) of similar properties in the vicinity of the relevant project. As a general principle, the pre-determined minimum prices of the properties will be set at a Minimum Margin at the time when the Group is engaged as exclusive sales agent of such properties. The estimated sales price of the properties shall be determined with reference to the valuation of the relevant properties conducted by an independent valuer. As part of the internal control measures of the Group, such estimated sales price and therefore the pre-determined minimum prices of the relevant properties will then be reviewed and approved separately by the Finance Department of the Group and an executive Director.

In determining the amount of the Minimum Margin, the Directors have taken into account factors including (a) expected costs of service such as labour costs, funding costs and selling and marketing expenses; (b) sales stage and quality of the relevant properties such as location, occupancy rate, number of car parking spaces compared to the size of the relevant buildings; (c) the difficulties in procuring potential buyers for the relevant properties; (d) the commission fees charged by other comparable property management companies in the PRC for similar arrangements; and (e) the market demand for the relevant properties.

The Company shall, within fifteen (15) business days of the execution of the relevant individual property agency agreement, pay the Landsea Green Properties Group a refundable security deposit equal to the pre-determined minimum prices for the properties subject to the relevant individual property agency agreement. The security deposit will be settled by the Group using cash from its internal resources. Prior to the listing of the shares of the Company on the Stock Exchange on 8 July 2021, as at 30 June 2021, the Group had current assets of approximately RMB400.7 million, consisting of trade

LETTER FROM THE BOARD

receivables of approximately RMB174.8 million and cash and cash equivalents of approximately RMB179.9 million. For the avoidance of doubt, the security deposit will not be settled by the net proceeds from the initial public offering of the Company.

Commission

Pursuant to the Second Exclusive Sales Agency Agreement, the Group shall charge the Landsea Green Properties Group a commission for the properties sold which represent, after deducting the taxes (which shall be borne by the Landsea Green Properties Group) in accordance with the relevant national taxation policies in the PRC, the difference between the actual sales price of the properties sold by the Group and the aggregate pre-determined minimum prices of such properties sold. The commission for the properties sold will be calculated within five (5) days before the end of each quarter. The Landsea Green Properties Group shall pay the Group at least 80% of the proceeds received by the Landsea Green Properties Group from the properties sold within thirty (30) business days after the receipt of the relevant invoice and information. Such fee includes the commission and the portion of the security deposit paid by the Group in relation to the relevant properties.

With respect to each of the relevant individual property agency agreements, after the sale of all properties subject to such agreement or the expiry of the term of such agreement, whichever is earlier, the Landsea Green Properties Group and the Group shall calculate the balance of the security deposit and commission outstanding. The Landsea Green Properties Group shall, within thirty (30) business days after the receipt of the relevant invoice and information, settle the outstanding commission and the remaining balance of the security deposit. The duration of each individual property agency agreement shall be not more than one year.

The aggregate commission payable under the Second Exclusive Sales Agency Agreement, together with other service fees which may be received under the Landsea Green Properties and Consulting Agreement, for each of the three years ending 31 December 2023 shall not exceed RMB75 million, RMB78 million and RMB82 million, respectively, being the annual caps of the service fees payable by the Landsea Green Properties Group to the Group in relation to property management services and value-added services (including property agency services) to be provided by the Group under the Landsea Green Properties and Consulting Agreement.

The Second Exclusive Sales Agency Agreement and the Landsea Green Properties and Consulting Agreement cover the same nature of services which form part of the Group's principal businesses. In addition, the factors to be considered in determining the pricing terms of the service fees for agency services (i.e. commission) under these two agreements are similar. As disclosed in the Prospectus, pursuant to the Landsea Green Properties and Consulting Agreement, the service fees shall be determined after taking into account prevailing market prices and other factors such as the nature, size and location of the property projects, scope of services and operating costs. On the other hand, pursuant to the Second Exclusive Sales Agency Agreement, the pre-determined minimum prices of the properties and therefore the commission charged shall be determined based

LETTER FROM THE BOARD

on, among other things, the number of properties involved (i.e. size) and location of the relevant properties, the past transacted prices of similar properties in the vicinity of the projects (i.e. the prevailing market prices) and the marketing costs to be incurred for the sales of the relevant properties (i.e. operating costs).

The provision of property agency services by the Group under the Landsea Green Properties and Consulting Agreement as disclosed in the Prospectus are not on an exclusive basis and no security deposit would be payable. The commission rates of 1% to 3% in respect of new properties and below 40% in respect of unsold properties (as the case may be) charged under the Landsea Green Properties and Consulting Agreement do not form part of the pricing terms. The Company expects to charge commission rates of not less than 20% of the estimated sales prices under the Second Exclusive Sales Agency Agreement. In respect of the continuing connected transactions contemplated under the Landsea Green Properties and Consulting Agreement (including the annual caps), the Company has obtained the relevant waivers from the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules.

Annual Caps

The proposed annual caps (i.e. the maximum outstanding amount at all times during the year) for the aggregate security deposits paid by the Group under the Second Exclusive Sales Agency Agreement for the three years ending 31 December 2021, 2022 and 2023 are shown below:

	For the year ending 31 December		
	2021*	2022	2023
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Aggregate security deposits under the Second Exclusive Sales Agency Agreement	4	6	3

* *From the Commencement Date to 31 December 2021.*

The proposed annual caps were determined based on:

- (a) the existing project pipeline (the “**Landsea Projects**”) held by the Landsea Green Properties Group, for which the Group is intended to be engaged as the exclusive sales agent to provide property agency services. The Landsea Projects comprise (1) new car parking spaces; and (2) unsold car parking spaces with available past transacted prices in the same projects;
- (b) the estimated sell-through rate of each project, taking into account (1) location and current occupancy rates of the building and ancillary car parking spaces; (2) historical sell-through rate (if available); (3) sales plan and strategy; (4) selling and marketing expenses to be incurred in promoting the project; and (5) preliminary indications from potential buyers;

LETTER FROM THE BOARD

- (c) the recent transacted prices of comparable properties within the locality of the Landsea Projects. In respect of unsold car parking spaces, the estimated sales prices are determined with reference to past transacted prices in the same projects as referred to in the relevant sales and purchase agreements. As for new car parking spaces, the estimated sales prices are determined with reference to past transacted prices of similar properties in the nearby locations. The Directors consider that these past transacted prices are relevant to determining the estimated sales prices of the Landsea Projects given the subject properties are either in the same projects or situated within the locality of the Landsea Projects;
- (d) the estimated margins of not less than 20% of the estimated sales prices of the Tian Projects (i.e. the Minimum Margin) that the relevant property developers or owners are willing to pay for the Group's property agency services and therefore the return that the Group may capture by charging the commission. For the basis of determining the estimated margins and therefore the pre-determined minimum prices of the Landsea Projects, please refer to the paragraph headed "Security deposit" above; and
- (e) a buffer of 15% which is built in to tailor for any unexpected demand for the Group's property agency services due to change in market conditions.

Condition precedent

The Second Exclusive Sales Agency Agreement is conditional upon the Independent Shareholders' approval having been obtained in accordance with the Listing Rules in respect of the Second Exclusive Sales Agency Agreement and the transactions contemplated thereunder.

Termination

The Second Exclusive Sales Agency Agreement may be terminated before expiration of its full term upon mutual agreement in writing by both parties or in certain circumstances, including upon material default by a party.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group has been dedicated in becoming a leading diversified property management services provider in the PRC. Through the cooperation with different parties and leveraging its capability to provide professional services and the leading edge of the information technology platform, the Group has the capability to provide diversified property management and value-added services to the property owners and occupants.

The Exclusive Sales Agency Agreements enable the Group to provide the required services to such buyers and sellers during the sale and purchase of the properties held by Mr. Tian and Mr. Tian's Associates and/or the Landsea Green Properties Group and charge the

LETTER FROM THE BOARD

commission for the sales, thereby broadening the income base of the Group and bringing potential valuable returns for our Shareholders. Under the Exclusive Sales Agency Agreements, the Group is entitled to the difference between the actual sales price and the pre-determined minimum prices of the properties held by Mr. Tian and Mr. Tian's Associates and/or the Landsea Green Properties Group for sale by the Group. The entering into of the Exclusive Sales Agency Agreements ensures a stable supply of property projects by Mr. Tian and Mr. Tian's Associates and the Landsea Green Properties Group to the Group for rendering the relevant sales agency services, providing stability to the Group's long-term growth of its property sales agency business. As the pre-determined minimum prices represent a significant discount to the market price with the Minimum Margin of 20% and the Group can collect the difference between the actual sales price and the pre-determined minimum prices, it is expected that the Group can earn a higher commission with less competition than the traditional sales model where the Group is not the exclusive sales agent. Based on the actual subscription of car parking spaces by purchasers in which the Group acted as the sale agent under the traditional sales model during the period from 1 January 2021 to 30 November 2021, the commission rates charged by the Group ranged from approximately 3.1% to approximately 36.8% of the actual sales prices of the relevant properties with an average and median of approximately 9.5% and 6.4%, respectively. The Minimum Margin is higher than the average and median of the commission rates typically charged by the Group for provision of property agency services based on the sales price of the relevant properties, broadening the income base of the Group and bringing potential valuable returns to the Shareholders as disclosed in the Announcement.

Although the Group will act as exclusive sales agent of the properties held by Mr. Tian and Mr. Tian's Associates and/or the Landsea Green Properties Group under the Exclusive Sales Agency Agreements, there is no restriction under the Exclusive Sales Agency Agreements on the Group to act as sales agent of property projects of other property developers or owners.

The Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) consider that the pricing terms and mechanism of the Exclusive Sales Agency Agreements are in line with the market practice, and the Group can generate reasonable return under the Exclusive Sales Agency Agreements. As the Group will be the exclusive sales agent of the properties held by Mr. Tian and Mr. Tian's Associates or the Landsea Green Properties Group, the Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) consider that the payment of the security deposit, which equals the aggregate pre-determined minimum prices of the properties held by Mr. Tian and Mr. Tian's Associates or the Landsea Green Properties Group as security and is fully refundable even in the event that the relevant properties are not sold upon expiry of the relevant Exclusive Sales Agency Agreements, is fair and reasonable.

The Board (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) considers that the transactions contemplated under the Exclusive Sales Agency Agreements (including the relevant annual cap) (i) have been negotiated on an arm's length basis; (ii) will be conducted on normal commercial terms, or on terms no less favourable to the Group than those available to or from

LETTER FROM THE BOARD

independent third parties under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; and (iv) are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Mr. Tian, the non-executive Director and the controlling shareholder of the Company, is a party to the First Exclusive Sales Agency Agreement and is beneficially interested in approximately 58.44% of the issued share capital of Landsea Green Properties. As Mr. Tian has a material interest in the transactions contemplated under the Exclusive Sales Agency Agreements, he has abstained from voting in respect of the board resolutions for approving the Exclusive Sales Agency Agreements.

DUE DILIGENCE ON THE EXCLUSIVE SALES AGENCY AGREEMENTS

Regarding the terms of the Exclusive Sales Agency Agreements

When assessing the terms of the Exclusive Sales Agency Agreements, the Directors have considered similar arrangements of other comparable property management companies in the PRC. The Directors searched on the website of the Stock Exchange and identified an exhaustive list of property management companies in the PRC (the “**PRC PM Companies**”) which were either listed on the Stock Exchange or were listing applicants of the Stock Exchange as at the Latest Practicable Date. The Directors have reviewed the prospectuses and the latest annual reports of all the PRC PM Companies and identified those which have entered into existing arrangements similar to those under the Exclusive Sales Agency Agreements (the “**Comparable Arrangements**”) as at the Latest Practicable Date. Based on these criteria, the Company has identified five Comparable Arrangements.

The Directors consider that the transactions contemplated under the Exclusive Sales Agency Agreements are directly comparable to the five Comparable Arrangements in terms of (i) the nature of services provided; (ii) the requirement of security deposits; (iii) the pricing terms and mechanism; and (iv) the range of commission fees charged. Although some of the Comparable Companies may not be a listed company as at the Latest Practicable Date, the Directors consider that the Comparable Arrangements entered into by them could still serve as a reference to the market practice adopted by property management companies in the PRC.

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Details of the Comparable Arrangements are set out below:

	Jinmao Property Services Co., Limited (“Jinmao”)	ZOINA Service Commercial Limited (“ZOINA”)	Sunac Services Holdings Limited (1516.HK) (“Sunac”)	Xinyuan Property Management Service (Cayman) Ltd (1895.HK) (“Xinyuan”)	Poly Property Services Co., Ltd. (6049.HK) (“Poly Property Service”)	The Company (1965.HK)
Agreement	Property agency services framework agreement	Property agency services framework agreement	Property agency services	Car parking space exclusive sales cooperation agreement	Parking space leasing and sales agency services framework agreement	The Exclusive Sales Agency Agreements dated 22 November 2021
Nature of services provided	Property agency services	Property agency services	Property agency services	Co-sales value-added services, including sales planning and promotion of the car parking spaces which involve identification of potential buyers	Exclusive parking spaces sales and leasing agency services	Property agency services
Type of properties	Car parking spaces	Car parking spaces	Car parking spaces	Car parking spaces	Car parking spaces	Commercial properties and car parking spaces
Deposit required	A refundable deposit up to the total minimum sales price	A refundable deposit up to the total minimum sales price	A refundable deposit up to the total minimum sales price	A refundable deposit of approximately 61% of the valuation of car parking spaces	A refundable deposit of up to 50% of the pre-determined minimum prices	A refundable security deposit equal to the pre-determined minimum prices
Pricing terms and mechanism	<p>The pre-determined minimum sales price and therefore the commission charged shall be determined based on, among other things,</p> <p>(a) the location of the relevant car park spaces, and the supply and demand of car park spaces in the vicinity of the project;</p> <p>(b) the available market data of the indicative price range of similar car park spaces in the vicinity of the project; and</p> <p>(c) the valuation of the relevant car park spaces determined by an independent valuer.</p>	<p>The pre-determined minimum sales price and therefore the commission charged shall be determined based on available market data of the indicative price range of similar parking spaces in the vicinity of the project (i.e. the prevailing market prices).</p>	<p>The minimum sales price and therefore the commission charged shall be determined based on available market data of the indicative price range of similar car park spaces in the vicinity of the project (i.e. the prevailing market prices).</p>	<p>The car parking space reserve prices (i.e. the pre-determined maximum sales prices) and therefore the commission charged shall be determined with reference to the independent valuation which is based on comparable sales transactions as available in the market (i.e. the prevailing market prices).</p>	<p>The pre-determined minimum prices and therefore the commission charged shall be determined based on, among other things:</p> <p>(a) comparable average price in the surrounding markets;</p> <p>(b) occupancy rate, parking space ratio, sales stage and quality of parking spaces of the projects; and</p> <p>(c) costs of service.</p>	<p>The pre-determined minimum prices of the properties and therefore the commission charged shall be determined based on, among other things:</p> <p>(a) the number of properties involved (i.e. size);</p> <p>(b) location of the relevant properties;</p> <p>(c) the valuation of the relevant properties conducted by an independent valuer; and</p> <p>(d) the marketing costs to be incurred for the sales of the relevant properties (i.e. operating costs).</p>
Commission fee	For car park spaces: 15% to 50% to the sales price	Detail undisclosed	Detail undisclosed	Up to 39% of the valuation of car parking spaces	Not less than 20% to the sales price	Not less than 20% to the sales price
Source	Application proof	Post hearing information pack	Prospectus dated 9 November 2020	Circular dated 30 October 2020	Circular dated 26 August 2021	

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The Directors consider the Comparable Companies represent a fair and representative sample for the following reasons:

- (i) the Comparable Arrangements are identified on the website of the Stock Exchange on an exhaustive basis;
- (ii) the Comparable Companies and the Company are all large-scale property management service providers in the PRC with annual revenue and net profit for the year ended 31 December 2020 set out below:

	Jinmao	ZOINA	Sunac	Xinyuan	Poly Property Service	The Company
	<i>RMB'000</i>	<i>(Note 1) RMB'000</i>	<i>(Note 2) RMB'000</i>	<i>(Note 3) RMB'000</i>	<i>(Note 4) RMB'000</i>	<i>RMB'000</i>
Revenue	944,210	863,139	4,622,509	653,702	8,037,156	600,906
Profit attributable to equity holders	77,124	66,746	600,862	131,152	673,525	65,560

Notes:

1. ZOINA has passed the hearing of the Stock Exchange
 2. Listed on the Stock Exchange on 19 November 2020
 3. Listed on the Stock Exchange on 11 October 2019
 4. Listed on the Stock Exchange on 19 December 2019
- (iii) the Comparable Companies and the Company are long-established and leading property management companies in the PRC:
 - (a) Jinmao, ZOINA, Sunac, Xinyuan, Poly Property Service and the Group have been established for more than 15 years since 1993, 2005, 2004, 1998, 1996 and 2005, respectively;
 - (b) according to the China Index Academy (the “CIA”), Jinmao is an industry-leading company in terms of multiple indicators in the three dimensions of scope of service, service standards and service fees. The controlling shareholder of Jinmao is a top tier property development in the PRC. According to CIA, in 2021, Jinmao ranked 17th among “Top 100 Property Management Companies in China”;
 - (c) ZOINA ranked 18th by CIA among “Top 100 Property Management Companies in China” in 2021;
 - (d) Sunac ranked 6th by CIA among “Top 100 Property Management Companies in China” in 2021;

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- (e) Xinyuan ranked 15th by CIA among “Top 100 Property Management Companies in China” in 2021;
- (f) Poly Property Service ranked 5th by CIA among “Top 100 Property Management Companies in China” in 2021; and
- (g) the Company ranked 24th by CIA among “Top 100 Property Management Companies in China” in 2021.

Taking into account the comparison above, the Directors consider the transactions contemplated under the Exclusive Sales Agency Agreements are on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders.

Regarding the repayment ability and credibility of Mr. Tian and Mr. Tian’s Associate and Landsea Green Properties Group

(i) Assessment of the repayment ability and credibility of Mr. Tian and Mr. Tian’s Associates

As at the Latest Practicable Date, Mr. Tian was beneficially interested in (i) approximately 58.44% of the issue share capital of Landsea Green Properties (stock code: 106); and (ii) approximately 39.96% of the issued share capital of the Company (stock code: 1965). As at the Latest Practicable Date, the market capitalisations of Landsea Green Properties and the Company were approximately HK\$1.84 billion and HK\$1.31 billion. The total market value of the shares of Landsea Green Properties and the Company beneficially owned by Mr. Tian amounted to approximately HK\$1.60 billion as at the Latest Practicable Date (i.e. HK\$1.84 billion x 58.44% plus HK\$1.31 billion x 39.96%).

As at the Latest Practicable Date, Landsea Green Properties (stock code: 106) was beneficially interested in approximately 71.43% of the issued share capital of Landsea Homes Corporation (NASDAQ: LSEA). As at Latest Practicable Date, the market capitalisation of Landsea Homes Corporation was approximately US\$343.87 million (equivalent to approximately HK\$2.68 billion). The total market value of the shares of Landsea Homes Corporation beneficially owned by Mr. Tian was approximately HK\$1.12 billion (i.e. HK\$2.68 billion x 71.43% x 58.44%).

The total market value of the shares of Landsea Green Properties, the Company and Landsea Homes Corporation beneficially owned by Mr. Tian amounted to approximately HK\$2.72 billion (the “**Personal Wealth**”), which is far above the maximum annual cap of RMB183 million pursuant to the First Exclusive Sales Agency Agreement for the year ending 31 December 2022.

The Directors has also reviewed the latest audit report of 朗詩集團股份有限公司 (Landsea Group Co., Ltd) (together with its subsidiaries, the “**Landsea Group**”), the parent company of Mr. Tian’s Associates for the year ended 31 December 2020, and noted that the Landsea Group has a solid financial position.

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Moreover, based on (a) the public search (including negative news search on the Internet); (b) the review of the latest audit report of the Landsea Group; and (c) Mr. Tian's confirmation, the Directors did not note any material adverse event and/or credit defaults in relation to Mr. Tian's Associates based on public information during the last 24 months.

In addition, given that the amounts of deposits represent a discount to the estimated sales prices of the relevant properties, the deposits could be repaid by the proceeds from sales of the relevant properties.

Based on the above, the Directors consider that Mr. Tian and Mr. Tian's Associates have the financial capability to repay the Group the deposits and commission fees payable under the First Exclusive Sales Agency Agreement.

(ii) Assessment of the repayment ability and credibility of the Landsea Green Properties Group

As disclosed in the interim report of Landsea Green Properties (stock code: 106) for the six months ended 30 June 2021, the Landsea Green Properties Group had (i) cash and cash equivalents of approximately RMB3.9 billion; (ii) net current assets of approximately RMB5.5 billion; and (iii) equity attributable to equity holders of approximately RMB4.2 billion. These financial indicators are far above the maximum annual cap of RMB6 million pursuant to the Second Exclusive Sales Agency Agreement for the year ending 31 December 2022.

Moreover, based on (a) the public search (including negative news search on the Internet); (b) the review of the latest annual and interim reports of Landsea Green Properties as published on the website of the Stock Exchange; and (c) Landsea Green Properties' confirmation, the Directors did not note any material adverse event and/or credit defaults in relation to the Landsea Green Properties Group based on public information during the last 24 months.

In addition, given that the amounts of deposits represent a discount to the estimated sales prices of the relevant properties, the deposits could be repaid by the proceeds from sales of the relevant properties.

Based on the above, the Directors consider that the Landsea Green Properties Group has the financial capability to repay the Group the deposits and commission fees payable under the Second Exclusive Sales Agency Agreement.

LETTER FROM THE BOARD

INTERNAL CONTROL

To ensure individual property agency agreements will be entered into on normal commercial terms and in accordance with the terms of the Exclusive Sales Agency Agreements, the Group has adopted the following measures:

- (i) the general managers of the relevant business units and operations divisions of the Company's local subsidiaries in which the relevant properties are situated (the "**General Managers**") will be responsible for negotiating with Mr. Tian and Mr. Tian's Associates or the Landsea Green Properties Group for the purpose of entering into the individual property agency agreements;
- (ii) in respect of each potential property project, the General Managers will conduct market research and feasibility studies to evaluate its potential risk and return including its marketability;
- (iii) the General Managers will negotiate with Mr. Tian and Mr. Tian's Associates or the Landsea Green Properties Group and determine the pre-determined minimum prices of the relevant properties on an arm's length basis based on the following factors, including but not limited to (a) the number of properties involved and the location of the relevant properties; (b) the supply and demand of similar properties in the vicinity of the project; and (c) the recent transacted prices or asking prices of similar properties in the vicinity of the project, to ensure that the Group has a reasonable profit margin;
- (iv) the General Managers will submit the feasibility studies, the terms of the individual property agency agreement (including the pre-determined minimum prices of the relevant properties that subject to sale under such agreement) and the independent valuation of the relevant properties to the Finance Department of the Group and an executive Director for review and approval;
- (v) the Finance Department of the Group will monitor the transactions contemplated under the Exclusive Sales Agency Agreements and submit quarterly reports to the Board overseeing finance-related matters to ensure that the annual caps for the transactions contemplated under the Exclusive Sales Agency Agreements will not be exceeded;
- (vi) the audit committee of the Company and the independent non-executive Directors will review all the continuing connected transactions of the Company (including the transactions contemplated under the Exclusive Sales Agency Agreements) annually to ensure that they have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and have been carried out pursuant to the terms of such transactions (including the Exclusive Sales Agency Agreements), and that such terms are fair and reasonable and in the interests of the Shareholders as a whole; and
- (vii) the external auditor of the Company will conduct annual review on the continuing connected transactions of the Company to ensure they are in compliance with the Listing Rules.

LETTER FROM THE BOARD

In addition, the following additional safeguards are in place to ensure the risk of the Group's deposits to be placed with Mr. Tian's Associates and the Landsea Green Properties Group is properly mitigated with:

- (i) prior to entering into any individual property agency agreement with Mr. Tian's Associates and/or the Landsea Green Properties Group, each of Mr. Tian's Associates and/or the Landsea Green Properties Group shall provide the Group with the latest consolidated financial statements and the Finance Department of the Group shall perform the following:
 - (a) conduct financial analysis on the latest consolidated financial statement of Mr. Tian's Associates and/or the Landsea Green Properties Group to assess the repayment ability and credibility of them;
 - (b) perform background search on the internet to identify any material adverse events and/or credit defaults in relation to Mr. Tian's Associates and/or the Landsea Green Properties Group; and
 - (c) obtain the credit history reports of Mr. Tian's Associates and the Landsea Green Properties Group (if available);
- (ii) each of Mr. Tian's Associates and the Landsea Green Properties Group shall provide the Group with the following information on a quarterly basis for the purpose of assessing their respective credit risk:
 - (a) the quarterly reports of the Group's deposits;
 - (b) the latest consolidated cash and deposit balance;
 - (c) the latest consolidated financial statements; and
 - (d) the latest credit reports issued by credit rating companies (if available).
- (iii) the Finance Department of the Group will report to the independent non-executive Directors quarterly in respect of the transactions contemplated under the Exclusive Sales Agency Agreements, including but not limited to the information specified in (ii) above; and
- (iv) the maximum balances of outstanding deposits placed by the Group to Mr. Tian's Associates and the Landsea Green Properties Group are subject to the proposed annual caps under the Exclusive Sales Agency Agreements.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date,

- (i) Mr. Tian, the non-executive Director and the controlling shareholder of the Company, is a connected person of the Company; and

LETTER FROM THE BOARD

- (ii) Mr. Tian, an executive director of Landsea Green Properties, is beneficially interested in 58.44% of the issued share capital of Landsea Green Properties and Landsea Green Properties is therefore an associate of Mr. Tian, a connected person of the Company.

The transactions contemplated under the Exclusive Sales Agency Agreements are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the Exclusive Sales Agency Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As Mr. Tian, the non-executive Director and the controlling shareholder of the Company, is a party to the First Exclusive Sales Agency Agreement and controls approximately 58.44% of the issued share capital of Landsea Green Properties, he has a material interest in the transactions contemplated under the Exclusive Sales Agency Agreements. Therefore, Mr. Tian and his associates will abstain from voting in respect of the resolution(s) relating to the Exclusive Sales Agency Agreements and the transactions contemplated thereunder at the EGM.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the relevant highest annual cap for the transactions contemplated under the Exclusive Sales Agency Agreements is 25% or more, the transactions contemplated under the Exclusive Sales Agency Agreements also constitute a potential major transaction of the Company and are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders as to whether the terms of the Exclusive Sales Agency Agreements are fair and reasonable, and whether the transactions are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendation of the Independent Financial Adviser. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTIONS

The Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in PRC.

Landsea Green Properties is an investment holding company incorporated in the Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 106). It is principally engaged in development and sales of properties, provision of project management services and leasing of properties.

Mr. Tian is the chairman, non-executive Director and the controlling shareholder of the Company. He is also the chairman, an executive director and the controlling shareholder of Landsea Green Properties.

LETTER FROM THE BOARD

EGM

Under Rule 14A.36 of the Listing Rules, any shareholder who has a material interest in a proposed transaction must abstain from voting at the relevant general meeting on the relevant resolution(s). As at the Latest Practicable Date, as Mr. Tian, the non-executive Director and the controlling shareholder of the Company, is a party to the First Exclusive Sales Agency Agreement and controls approximately 58.44% of the issued share capital of Landsea Green Properties, he has a material interest in the transactions contemplated under the Exclusive Sales Agency Agreements. Therefore, Mr. Tian and his associates will abstain from voting in respect of the resolution(s) relating to the Exclusive Sales Agency Agreements and the transactions contemplated thereunder at the EGM.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, except Mr. Tian and his associates, none of the other Shareholders will be required to abstain from voting on the resolution(s) to be passed at the EGM.

A notice convening the EGM to be held at Landsea Green Center, Building 5, Lane 280, Linhong Road, Changning District, Shanghai, China at 10:00 a.m. on 31 December 2021 is set out on pages EGM-1 to EGM-2 of this circular. Shareholders are advised to read the notice and complete and return the form of proxy for use at the EGM enclosed with this circular in accordance with the instructions printed thereon.

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

RECOMMENDATION

Taking into consideration of the reasons set out in the paragraph headed "Reasons for and benefits of the Continuing Connected Transactions" in this circular, the Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) are of the view that the transactions contemplated under the Exclusive Sales Agency Agreements are conducted in the ordinary and usual course of business of the Group and the terms are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the Exclusive Sales Agency Agreements, the proposed annual caps and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 25 to 26 of this circular, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 27 to 57 of this circular and the information set out in the appendix of this circular.

By Order of the Board
Landsea Green Life Service Company Limited
Tian Ming
Non-executive Director and Chairman of the Board



Landsea Green Life Service Company Limited

朗詩綠色生活服務有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1965)

15 December 2021

To the Independent Shareholders

Dear Sirs or Madams,

**POTENTIAL MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular (the “**Circular**”) dated 15 December 2021 issued by the Company of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless specified otherwise.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders in relation to the Exclusive Sales Agency Agreements, the proposed annual caps and the transactions contemplated thereunder. Opus Capital has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the letter from the Board set out on pages 4 to 24 of the Circular; (ii) the letter from Opus Capital as set out on pages 27 to 57 of the Circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Exclusive Sales Agency Agreements, the proposed annual caps and the transactions contemplated thereunder as well as the principal factors and reasons considered by Opus Capital in arriving at its recommendation; and (iii) the additional information as set out in the appendix to the Circular.

After taking into account the factors and reasons considered by Opus Capital and its conclusion and advice, we concur with its views and consider that the Exclusive Sales Agency Agreements, the proposed annual caps and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and the terms are fair and reasonable so far as the Company and the Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Exclusive Sales Agency Agreements, the proposed annual caps and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Dr. Wong Chi Wing

Ms. Lu Mei

Dr. Chen Kevin Chien-wen

Independent non-executive Directors

LETTER FROM OPUS CAPITAL

The following is the full text of the letter of advice from Opus Capital to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Exclusive Sales Agency Agreements and the transactions contemplated thereunder (including the Annual Caps), which has been prepared for the purpose of inclusion in this circular.



18th Floor, Fung House
19–20 Connaught Road Central
Central, Hong Kong

15 December 2021

To: the Independent Board Committee and the Independent Shareholders of Landsea Green Life Service Company Limited

Dear Sir or Madam,

POTENTIAL MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the terms of the Exclusive Sales Agency Agreements, the proposed annual caps for the three years ending 31 December (“FY”) 2021, 2022 and 2023 (the “**Annual Caps**”) and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 15 December 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the prospectus of the Company dated 25 June 2021 (the “**Prospectus**”) in connection with, among others, the Mr. Tian Properties and Consulting Agreement and the Landsea Green Properties and Consulting Agreement in relation to the property management services and value-added services (including property agency services) provided by the Group for a term from 8 July 2021 to 31 December 2023 and from 1 January 2021 to 31 December 2023, respectively.

On 22 November 2021, the Company (for itself and on behalf of its subsidiaries) and Mr. Tian (for himself and on behalf of Mr. Tian’s Associates) entered into the First Exclusive Sales Agency Agreement, pursuant to which Mr. Tian and Mr. Tian’s Associates agreed to engage the Group as the exclusive sales agent of the properties held by Mr. Tian and Mr. Tian’s Associates for the Term. Pursuant to the First Exclusive Sales Agency Agreement, the Group shall pay Mr. Tian and Mr. Tian’s Associates certain security deposit for the performance by the Group of its obligations under the First Exclusive Sales Agency Agreement.

On 22 November 2021, the Company (for itself and on behalf of its subsidiaries) and Landsea Green Properties (for and on behalf of the Landsea Green Properties Group) entered into the Second Exclusive Sales Agency Agreement, pursuant to which the Landsea Green

LETTER FROM OPUS CAPITAL

Properties Group agreed to engage the Group as the exclusive sales agent of the properties held by the Landsea Green Properties Group for the Term. Pursuant to the Second Exclusive Sales Agency Agreement, the Group shall pay the Landsea Green Properties Group certain security deposit for the performance by the Group of its obligations under the Second Exclusive Sales Agency Agreement.

The Exclusive Sales Agency Agreements will be effective from the Commencement Date to 31 December 2023.

The transactions contemplated under the Exclusive Sales Agency Agreements are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the Exclusive Sales Agency Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As Mr. Tian, the non-executive Director and the controlling shareholder of the Company, is a party to the First Exclusive Sales Agency Agreement and controls approximately 58.44% of the issued share capital of Landsea Green Properties, he has material interest in the transactions contemplated under the Exclusive Sales Agency Agreements. Therefore, Mr. Tian and his associates will abstain from voting in respect of the resolution(s) relating to the Exclusive Sales Agency Agreements and the transactions contemplated thereunder at the EGM. Mr. Tian previously had also abstained from voting in respect of the Board resolutions for approving the Exclusive Sales Agency Agreements.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the relevant highest annual cap for the transactions contemplated under the Exclusive Sales Agency Agreements is 25% or more, the transactions contemplated under the Exclusive Sales Agency Agreements also constitute a potential major transaction of the Company and are subject to the reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapter 14 and Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Wong Chi Wing, Ms. Lu Mei and Dr. Chen Kevin Chien-wen, has been established by the Company for the purpose of advising the Independent Shareholders on: (i) whether the entering into of the Exclusive Sales Agency Agreements and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole and are entered into in the ordinary and usual course of business of the Group; (ii) whether the terms of the Exclusive Sales Agency Agreements and the transactions contemplated thereunder (including the Annual Caps) of which are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how they should vote on the relevant resolutions at the EGM. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

We do not have any relationship with or interest in the Group, Mr. Tian, Mr. Tian's Associates, the Landsea Green Properties Group or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to our appointment, we have neither acted as a financial adviser nor acted as an independent financial adviser to the Company. Apart from normal independent financial advisory fees in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, Mr. Tian, Mr. Tian's Associates, the Landsea Green Properties Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, among other things:

- (i) the Company's interim report for the six months ended 30 June ("HY") 2021 (the "**2021 Interim Report**");
- (ii) the Exclusive Sales Agency Agreements;
- (iii) the Prospectus; and
- (iv) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects. We also have not considered the taxation implications on the Group as a result of the entering into of the Exclusive Sales Agency Agreements.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Exclusive Sales Agency Agreements and the transactions contemplated thereunder (including the Annual Caps), and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Exclusive Sales Agency Agreements and transactions contemplated thereunder (including the Annual Caps), we have considered the following principal factors and reasons:

1. Information on the parties

(i) Background of the Group

On 8 July 2021, the Company was successfully listed on the Main Board of the Stock Exchange (stock code: 1965) (the “**Listing**”). The Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC.

As set out in the 2021 Interim Report, as at 30 June 2021, the Group’s property management services covered 23 cities, including 18 cities in the Yangtze River Delta and 5 other cities in the PRC. The total gross floor area (“**GFA**”) under management of the Group amounted to approximately 17.8 million square meters (“**sq.m.**”) with a total of 130 managed properties, including 109 residential properties and 21 non-residential properties, serving over 130,000 households as at 30 June 2021. In addition, the total contracted GFA of the Group amounted to approximately 24.9 million sq.m. as at 30 June 2021.

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(ii) Background of Mr. Tian and Mr. Tian's Associates

Mr. Tian is the chairman, non-executive Director and the controlling shareholder of the Company who is beneficially interested in 39.96% of the issued share capital of the Company. He is also the chairman, an executive director and the controlling shareholder of Landsea Green Properties who is beneficially interested in 58.44% of the issued share capital of Landsea Green Properties.

Mr. Tian's Associates are Mr. Tian and his associates, excluding the Landsea Green Properties Group.

(iii) Background of Landsea Green Properties

Landsea Green Properties is an investment holding company incorporated in the Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 106). It is principally engaged in development and sales of properties, provision of project management services and leasing of properties.

2. Reasons for and benefits of the continuing connected transactions

The Group has been dedicated in becoming a leading diversified property management services provider in the PRC. Through the cooperation with different parties and leveraging its capability to provide professional services and the leading edge of the information technology platform, the Group has the capability to provide diversified property management and value-added services to the property owners and occupants.

As set out in the Letter from the Board, the Exclusive Sales Agency Agreements enable the Group to provide the required services to such buyers and sellers during the sale and purchase of the properties held by Mr. Tian and Mr. Tian's Associates and/or the Landsea Green Properties Group and charge the commission for the sales. Under the Exclusive Sales Agency Agreements, the Group is entitled to the difference between the actual sales price and the pre-determined minimum prices of the properties held by Mr. Tian and Mr. Tian's Associates and/or the Landsea Green Properties Group for sale by the Group. The entering into of the Exclusive Sales Agency Agreements ensures a stable supply of property projects by Mr. Tian and Mr. Tian's Associates and the Landsea Green Properties Group to the Group for rendering the relevant sales agency services, providing stability to the Group's long-term growth of its property sales agency business. As the pre-determined minimum prices represent a significant discount to the market price with the Minimum Margin (as defined below) of 20% and the Group can collect the difference between the actual sales price and the pre-determined minimum prices, it is expected that the Group can earn a higher commission with less competition than the traditional sales model where the Group is not the exclusive sales agent. Based on the actual subscription of car parking spaces by purchasers in which the Group acted as the sale agent under the traditional sales model during the period from 1 January 2021 to 30 November 2021, the commission rates charged by the Group ranged from approximately 3.1% to approximately 36.8% of the actual sales prices of the relevant properties with an average and median of approximately 9.5% and 6.4%, respectively. The Minimum Margin (as

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defined below) is higher than the average and median of the commission rates typically charged by the Group for the provision of property agency services based on the sales price of the relevant properties, broadening the income base of the Group and bringing potential valuable returns to the Shareholders as disclosed in the Announcement. We have obtained from the Management the relevant sales listing of the carparking spaces under the traditional sales model during the period from 1 January 2021 to the Latest Practicable Date with a total of 1,107 transactions and confirmed that the relevant commission rates charged by the Group were indeed in the abovesaid range, average and median and note that (i) they conformed to the Traditional Commission Margin Guidelines (as defined below); and (ii) the average and median commission rates charged by the Group were below the Minimum Margin (as defined below) of 20%.

Although the Group will act as the exclusive sales agent of the properties held by Mr. Tian and Mr. Tian's Associates and/or the Landsea Green Properties Group under the Exclusive Sales Agency Agreements, there is no restriction under the Exclusive Sales Agency on the Group to act as sales agent of property projects of other property developers or owners.

The Directors (including the independent non-executive Directors) consider that the pricing terms and mechanism of the Exclusive Sales Agency Agreements are in line with market practice, and the Group can generate reasonable return under the Exclusive Sales Agency Agreements. As the Group will be the exclusive sales agent of the properties held by Mr. Tian and Mr. Tian's Associates or the Landsea Green Properties Group, the Directors (including the independent non-executive Directors) consider that the payment of the security deposit, which equals the aggregate pre-determined minimum prices of the properties held by Mr. Tian and Mr. Tian's Associates or the Landsea Green Properties Group as security and is fully refundable even in the event that the relevant properties are not sold upon expiry of the relevant Exclusive Sales Agency Agreements, is fair and reasonable.

Overall comment

Independent Shareholders should be aware that as disclosed in the Prospectus, pursuant to the terms of the Mr. Tian Properties and Consulting Agreement and the Landsea Green Properties and Consulting Agreement (the "**Properties and Consulting Agreements**"), respectively, the Company would provide property management services and value-added services (including property agency services) to Mr. Tian and Mr. Tian's Associates and the Landsea Green Properties Group, respectively, for a term from 8 July 2021 to 31 December 2023 and from 1 January 2021 to 31 December 2023, respectively.

The aggregate commission payable under the First Exclusive Sales Agency Agreement, together with other service fees which may be received under the Mr. Tian Properties and Consulting Agreement, for each of FY2021, FY2022 and FY2023 shall not exceed RMB155 million, RMB155 million and RMB156 million, respectively, being the annual caps of the service fees payable by Mr. Tian's Associates (excluding the Group but including the Group's joint ventures and

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associates) to the Group in relation to property management services and value-added services (including property agency services) to be provided by the Group under the Mr. Tian Properties and Consulting Agreement. The First Exclusive Sales Agency Agreement and the Mr. Tian Properties and Consulting Agreement cover the same nature of services which form part of the Group's principal businesses. In addition, the factors to be considered in determining the pricing terms of the service fees for agency services (i.e. commission) under these two agreements are similar. As disclosed in the Prospectus, pursuant to the Mr. Tian Properties and Consulting Agreement, the service fees shall be determined after taking into account prevailing market prices and other factors such as the nature, size and location of the property projects, scope of services and operating costs. On the other hand, pursuant to the First Exclusive Sales Agency Agreement, the pre-determined minimum prices of the properties and therefore the commission charged shall be determined based on, among other things, the number of properties involved (i.e. size) and location of the relevant properties, the past transacted prices of similar properties in the vicinity of the projects (i.e. the prevailing market prices) and the marketing costs to be incurred for the sales of the relevant properties (i.e. operating costs).

The provision of property agency services by the Group under the Mr. Tian Properties and Consulting Agreement as disclosed in the Prospectus are not on an exclusive basis and no security deposit would be payable. The commission rates of 1% to 3% in respect of new properties and below 40% in respect of unsold properties (as the case may be) (the “**Traditional Commission Margin Guidelines**”) charged under the Mr. Tian Properties and Consulting Agreement do not form part of the pricing terms. The Company expects to charge commission rates of not less than the Minimum Margin (as defined below) of 20% of the estimated sales prices under the First Exclusive Sales Agency Agreement. In respect of the continuing connected transactions contemplated under the Mr. Tian Properties and Consulting Agreement (including the annual caps), the Company has obtained the relevant waivers from the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules.

The aggregate commission payable under the Second Exclusive Sales Agency Agreement, together with other service fees which may be received under the Landsea Green Properties and Consulting Agreement, for each of the three years ending 31 December 2023 shall not exceed RMB75 million, RMB78 million and RMB82 million, respectively, being the annual caps of the service fees payable by the Landsea Green Properties Group to the Group in relation to property management services and value-added services (including property agency services) to be provided by the Group under the Landsea Green Properties and Consulting Agreement. The Second Exclusive Sales Agency Agreement and the Landsea Green Properties and Consulting Agreement cover the same nature of services which form part of the Group's principal businesses. In addition, the factors to be considered in determining the pricing terms of the service fees for agency services (i.e. commission) under these two agreements are similar. As disclosed in the Prospectus, pursuant to the Landsea Green Properties and Consulting Agreement, the service fees shall be determined after taking into account prevailing market prices and other

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factors such as the nature, size and location of the property projects, scope of services and operating costs. On the other hand, pursuant to the Second Exclusive Sales Agency Agreement, the pre-determined minimum prices of the properties and therefore the commission charged shall be determined based on, among other things, the number of properties involved (i.e. size) and location of the relevant properties, the past transacted prices of similar properties in the vicinity of the projects (i.e. the prevailing market prices) and the marketing costs to be incurred for the sales of the relevant properties (i.e. operating costs).

The provision of property agency services by the Group under the Landsea Green Properties and Consulting Agreement as disclosed in the Prospectus are not on an exclusive basis and no security deposit would be payable. The commission rates of 1% to 3% in respect of new properties and below 40% in respect of unsold properties (as the case may be) (i.e. the Traditional Commission Margin) charged under the Landsea Green Properties and Consulting Agreement do not form part of the pricing terms. The Company expects to charge commission rates of not less than the Minimum Margin (as defined below) of 20% of the estimated sales prices under the Second Exclusive Sales Agency Agreement. In respect of the continuing connected transactions contemplated under the Landsea Green Properties and Consulting Agreement (including the annual caps), the Company has obtained the relevant waivers from the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules.

The Exclusive Sales Agency Agreements evolve and differentiate from the Properties and Consulting Agreements by refining the model of co-operation between each of the Group, Mr. Tian and Mr. Tian's Associates and the Landsea Green Properties Group in relation to the provision of property agency services by the Group to Mr. Tian and Mr. Tian's Associates and the Landsea Green Properties Group for the properties held by Mr. Tian and Mr. Tian's Associates and the Landsea Green Properties Group. The Exclusive Sales Agency Agreements introduced the concept of security deposits and manner in which they are to be handled amongst the parties by linking the pre-determined minimum prices for the properties to be taken up by the Group, the actual sales price of the properties to be sold by the Group and the commissions to be earned by the Group. Further details of the principal terms of the Exclusive Sales Agency Agreements are set out in the section headed "3. Principal terms of the Exclusive Sales Agency Agreements" below.

Property agency business is not a new business of the Group. The Group set up its property agency unit in November 2019 and ever since is amongst the ordinary and usual course of the business of the Group. As set out in the Prospectus, one of the value-added services provided by the Group is the provision of property agency services, for second-hand properties which relates to the sales and leases of second-hand properties and use rights of carparking spaces. In particular, according to the 2021 Interim Report, the Company provides property agency services to developers and property owners to facilitate the sale of new or remaining properties of developers and meet the home purchase and carparking space purchase demand of more property owners. In HY2021, the Company provided property agency services

on 21 residential properties transactions, 12 shop transactions, 907 carparking space transactions and 4 storeroom transactions. During HY2021, revenue from property agency services amounted to approximately RMB17.3 million, representing an increase of approximately 34.1% as compared to approximately RMB12.9 million for the corresponding period in 2020, primarily due to completion of sales transactions for 907 carparking spaces, representing an increase of approximately 54.3% as compared to 588 carparking spaces sold during the corresponding period in 2020.

After considering the above, and also taking into account: (i) pursuant to the terms of the Properties and Consulting Agreements, the Company would provide property management services and value-added services (including property agency services) to Mr. Tian and Mr. Tian's Associates and the Landsea Green Properties Group, and the Company has obtained the relevant waivers from the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules upon the Listing; (ii) property agency business is amongst the ordinary and usual course of the business of the Group since November 2019; (iii) the recent strong growth in the revenue from property agency services of approximately 34.1% as compared to the corresponding period in 2020 as discussed above; (iv) the Exclusive Sales Agency Agreements can broaden the income base of the Group and bring potential valuable returns for the Shareholders; and (v) the Company expects to charge commission rates of not less than the Minimum Margin (as defined below) of 20% of the estimated sales prices under the Exclusive Sales Agency Agreements, which is higher than the commission rates typically charged by the Group for provision of property agency services based on the sales price of the relevant properties, we are of the view that the entering into the Exclusive Sales Agency Agreements are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Exclusive Sales Agency Agreements

(i) First Exclusive Sales Agency Agreement

Term

From the Commencement Date to 31 December 2023, which may be renewed as the parties may mutually agree, subject to compliance with the applicable requirements under the Listing Rules.

Subject matter

Mr. Tian (for himself and on behalf of Mr. Tian's Associates) agreed to engage the Group as the exclusive sales agent to provide property agency services for the properties held by Mr. Tian and Mr. Tian's Associates (the "**Tian's Properties**").

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Security deposit

Under the First Exclusive Sales Agency Agreement, Mr. Tian and/or Mr. Tian's Associates on one hand and the Company and/or its subsidiaries on the other hand will enter into individual property agency agreements under which it will be agreed on certain pre-determined minimum prices for the properties held by Mr. Tian and Mr. Tian's Associates for sale by the Group as the exclusive sales agent and the Group shall not sell the relevant properties at less than the relevant pre-determined minimum prices. The pre-determined minimum prices of the properties will be determined based on, among other things, (a) the number of properties involved and the location of the relevant properties; (b) the business atmosphere of the relevant properties and their surrounding areas; (c) the supply and demand of similar properties in the vicinity of the projects; (d) the past transacted prices of the properties in the same projects; (e) the past transacted prices of similar properties in the vicinity of the projects; and/or (f) the marketing costs to be incurred for the sales of the relevant properties (the "**Minimum Price Factors**").

The pricing terms of each individual property agency agreement (i.e. the pre-determined minimum prices of the relevant properties and therefore the security deposits payable) shall be determined by the parties on a case-by-case basis based on the factors mentioned above, particularly the recent transacted prices (i.e. market prices) of similar properties in the vicinity of the relevant project. As a general principle, the pre-determined minimum prices of the properties will be set at a discount of not less than 20% of the estimated sales price of the properties to be sold (the "**Minimum Margin**") at the time when the Group is engaged as exclusive sales agent of such properties. The estimated sales price of the properties shall be determined with reference to the valuation of the relevant properties conducted by an independent valuer. As part of the internal control measures of the Group, such estimated sales price and therefore the pre-determined minimum prices of the relevant properties will then be reviewed and approved separately by the Finance Department of the Group and an executive Director.

In determining the amount of the Minimum Margin, the Directors have taken into account factors including (a) expected costs of service such as labour costs, funding costs and selling and marketing expenses; (b) sales stage and quality of the relevant properties such as location, occupancy rate, number of car parking spaces compared to the size of the relevant building; (c) the difficulties in procuring buyers for the relevant properties; (d) the commission fees charged by other comparable property management companies in the PRC for similar arrangements; and (e) the market demand for the relevant properties.

The Company shall, within fifteen (15) business days of the execution of the relevant individual property agency agreement, pay Mr. Tian or the relevant Mr. Tian's Associates a refundable security deposit equal to the pre-determined minimum prices for the properties subject to the relevant individual property

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agency agreement. The security deposit will be settled by the Group using cash from its internal resources. Prior to the Listing on 8 July 2021, as at 30 June 2021, the Group had current assets of approximately RMB400.7 million, consisting of trade receivables of approximately RMB174.8 million and cash and cash equivalents of approximately RMB179.9 million. For the avoidance of doubt, the security deposit will not be settled by the net proceeds from the Listing.

Commission

Pursuant to the First Exclusive Sales Agency Agreement, the Group shall charge Mr. Tian and Mr. Tian's Associates a commission for the properties sold which represents, after deducting the taxes (which shall be borne by Mr. Tian and Mr. Tian's Associates) in accordance with the relevant national taxation policies in the PRC, the difference between the actual sales price of the properties sold by the Group and the aggregate pre-determined minimum prices of such properties sold. The commission for the properties sold will be calculated within five (5) days before the end of each quarter. Mr. Tian and Mr. Tian's Associates shall pay the Group at least 80% of the proceeds received by Mr. Tian and Mr. Tian's Associates from the properties sold within thirty (30) business days after the receipt of the relevant invoice and information. Such fee includes the commission and the portion of the security deposit paid by the Group in relation to the relevant properties.

With respect to each of the relevant individual property agency agreements, after the sale of all properties subject to such agreement or the expiry of the term of such agreement, whichever is earlier, Mr. Tian and Mr. Tian's Associates and the Group shall calculate the balance of the security deposit and commission outstanding. Mr. Tian and Mr. Tian's Associates shall, within thirty (30) business days after the receipt of the relevant invoice and information, settle the outstanding commission and the remaining balance of the security deposit. The duration of each individual property agency agreement shall be not more than one year.

Condition precedent

The First Exclusive Sales Agency Agreement is conditional upon the Independent Shareholders' approval having been obtained in accordance with the Listing Rules in respect of the First Exclusive Sales Agency Agreement and the transactions contemplated thereunder.

Termination

The First Exclusive Sales Agency Agreement may be terminated before expiration of its full term upon mutual agreement in writing by both parties or in certain circumstances, including upon material default by a party.

(ii) Second Exclusive Sales Agency Agreement

Term

From the Commencement Date to 31 December 2023, which may be renewed as the parties may mutually agree, subject to compliance with the applicable requirements under the Listing Rules.

Subject matter

Landsea Green Properties (for and on behalf of the Landsea Green Properties Group) agreed to engage the Group as the exclusive sales agent to provide property agency services for the properties held by the Landsea Green Properties Group (the “**Landsea’s Properties**”).

Security deposit

Under the Second Exclusive Sales Agency Agreement, Landsea Green Properties and/or its subsidiaries on one hand and the Company and/or its subsidiaries on the other hand will enter into individual property agency agreements under which it will be agreed on certain pre-determined minimum prices for the properties held the Landsea Green Properties Group for sale by the Group as the exclusive sales agent and the Group shall not sell the relevant properties at less than the relevant pre-determined minimum prices. The pre-determined minimum prices of the properties will be determined based on, among other things, the Minimum Price Factors.

The pricing terms of each individual property agency agreement (i.e. the pre-determined minimum prices of the relevant properties and therefore the security deposits payable) shall be determined by the parties on a case-by-case basis based on the factors mentioned above, particularly the recent transacted prices (i.e. market prices) of similar properties in the vicinity of the relevant project. As a general principle, the pre-determined minimum prices of the properties will be set at a Minimum Margin at the time when the Group is engaged as exclusive sales agent of such properties. The estimated sales price of the properties shall be determined with reference to the valuation of the relevant properties conducted by an independent valuer. As part of the internal control measures of the Group, such estimated sales price and therefore the pre-determined minimum prices of the relevant properties will then be reviewed and approved separately by the Finance Department of the Group and an executive Director.

In determining the amount of the Minimum Margin, the Directors have taken into account factors including (a) expected costs of service such as labour costs, funding costs and selling and marketing expenses; (b) sales stage and quality of the relevant properties such as location, occupancy rate, number of car parking spaces compared to the size of the relevant building; (c) the

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difficulties in procuring buyers for the relevant properties; (d) the commission fees charged by other comparable property management companies in the PRC for similar arrangements; and (e) the market demand for the relevant properties.

The Company shall, within fifteen (15) business days of the execution of the relevant individual property agency agreement, pay the Landsea Green Properties Group a refundable security deposit equal to the pre-determined minimum prices for the properties subject to the relevant individual property agency agreement. The security deposit will be settled by the Group using cash from its internal resources. Prior to the Listing on 8 July 2021, as at 30 June 2021, the Group had current assets of approximately RMB400.7 million, consisting of trade receivables of approximately RMB174.8 million and cash and cash equivalents of approximately RMB179.9 million. For the avoidance of doubt, the security deposit will not be settled by the net proceeds from the Listing.

Commission

Pursuant to the Second Exclusive Sales Agency Agreement, the Group shall charge the Landsea Green Properties Group a commission for the properties sold which represents, after deducting the taxes (which shall be borne by the Landsea Green Properties Group) in accordance with the relevant national taxation policies in the PRC, the difference between the actual sales price of the properties sold by the Group and the aggregate pre-determined minimum prices of such properties sold. The commission for the properties sold will be calculated within five (5) days before the end of each quarter. The Landsea Green Properties Group shall pay the Group at least 80% of the proceeds received by the Landsea Green Properties Group from the properties sold within thirty (30) business days after the receipt of the relevant invoice and information. Such fee includes the commission and the portion of the security deposit paid by the Group in relation to the relevant properties.

With respect to each of the relevant individual property agency agreements, after the sale of all properties subject to such agreement or the expiry of the term of such agreement, whichever is earlier, the Landsea Green Properties Group and the Group shall calculate the balance of the security deposit and commission outstanding. The Landsea Green Properties Group shall, within thirty (30) business days after the receipt of the relevant invoice and information, settle the outstanding commission and the remaining balance of the security deposit. The duration of each individual property agency agreement shall be not more than one year.

Condition precedent

The Second Exclusive Sales Agency Agreement is conditional upon the Independent Shareholders' approval having been obtained in accordance with the Listing Rules in respect of the Second Exclusive Sales Agency Agreement and the transactions contemplated thereunder.

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Termination

The Second Exclusive Sales Agency Agreement may be terminated before expiration of its full term upon mutual agreement in writing by both parties or in certain circumstances, including upon material default by a party.

(iii) Due diligence on the Exclusive Sales Agency Agreements

Regarding the terms of the Exclusive Sales Agency Agreements

As stated in the Letter from the Board, when assessing the terms of the Exclusive Sales Agency Agreements, the Directors have considered similar arrangements of other comparable property management companies in the PRC. The Directors searched on the website of the Stock Exchange and identified an exhaustive list of property management companies in the PRC (the “**PRC PM Companies**”) which were either listed on the Stock Exchange or were listing applicants of the Stock Exchange as at the Latest Practicable Date. The Directors have reviewed the prospectuses and the latest annual reports of all the PRC PM Companies and identified those which have entered into existing arrangements similar to those under the Exclusive Sales Agency Agreements (the “**Comparable Arrangements**”) as at the Latest Practicable Date. Based on these criteria, the Company has identified five Comparable Arrangements.

The Directors consider that the transactions contemplated under the Exclusive Sales Agency Agreements are directly comparable to the five Comparable Arrangements in terms of (i) the nature of services provided; (ii) the requirement of security deposits; (iii) the pricing terms and mechanism; and (iv) the range of commission fees charged.

Details of the Comparable Arrangements are set out in the Letter from the Board under the section headed “DUE DILIGENCE ON THE EXCLUSIVE SALES AGENCY AGREEMENTS” and under the paragraph headed “Overall comment” below.

Regarding the repayment ability and credibility of Mr. Tian and Mr. Tian’s Associate and Landsea Green Properties Group

- (i) Assessment of the repayment ability and credibility of Mr. Tian and Mr. Tian’s Associates

As at the Latest Practicable Date, Mr. Tian was beneficially interested in (i) approximately 58.44% of the issued share capital of Landsea Green Properties; and (ii) approximately 39.96% of the issued share capital of the Company. As at the Latest Practicable Date, the market capitalisations of Landsea Green Properties and the Company were approximately HK\$1.84 billion and HK\$1.31 billion. The total market value of the shares of Landsea

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Green Properties and the Company beneficially owned by Mr. Tian amounted to approximately HK\$1.60 billion as at the Latest Practicable Date (i.e. HK\$1.84 billion x 58.44% plus HK\$1.31 billion x 39.96%).

As at the Latest Practicable Date, Landsea Green Properties was beneficially interested in approximately 71.43% of the issued share capital of Landsea Homes Corporation (NASDAQ: LSEA). As at Latest Practicable Date, the market capitalisation of Landsea Homes Corporation was approximately US\$343.87 million (equivalent to approximately HK\$2.68 billion). The total market value of the shares of Landsea Homes Corporation beneficially owned by Mr. Tian was approximately HK\$1.12 billion (i.e. HK\$2.68 billion x 71.43% x 58.44%).

The total market value of the shares of Landsea Green Properties, the Company and Landsea Homes Corporation beneficially owned by Mr. Tian amounted to approximately HK\$2.72 billion, which is far above the maximum annual cap of RMB183 million pursuant to the First Exclusive Sales Agency Agreement for FY2022.

As stated in the Letter from the Board, the Directors has also reviewed the latest audit report of the 朗詩集團股份有限公司 (Landsea Group Co., Ltd.) (together with its subsidiaries, the “**Landsea Group**”), the parent company of Mr. Tian’s Associates for FY2020, and noted that the Landsea Group has a solid financial position.

Moreover, based on (a) the public search (including negative news search on the Internet); (b) the review of the latest audit report of the Landsea Group; and (c) Mr. Tian’s confirmation, the Directors did not note any material adverse event and/or credit defaults in relation to Mr. Tian’s Associates based on public information during the last 24 months.

In addition, given that the amounts of deposits represent a discount to the estimated sales prices of the relevant properties, the deposits could be repaid by the proceeds from sales of the relevant properties.

Based on the above, the Directors consider that Mr. Tian and Mr. Tian’s Associates have the financial capability to repay the Group the deposits and commission fees payable under the First Exclusive Sales Agency Agreement.

(ii) Assessment of the repayment ability and credibility of the Landsea Green Properties Group

As disclosed in the interim report of Landsea Green Properties for the six months ended 30 June 2021, the Landsea Green Properties Group had (i) cash and cash equivalents of approximately RMB3.9 billion; (ii) net current assets of approximately RMB5.5 billion; and (iii) equity attributable to equity holders of

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approximately RMB4.2 billion. These financial indicators are far above the maximum annual cap of RMB6 million pursuant to the Second Exclusive Sales Agency Agreement for FY2022.

Moreover, based on (a) the public search (including negative news search on the Internet); (b) the review of the latest annual and interim reports of Landsea Green Properties as published on the website of the Stock Exchange; and (c) Landsea Green Properties' confirmation, the Directors did not note any material adverse event and/or credit defaults in relation to the Landsea Green Properties Group based on public information during the last 24 months.

In addition, given that the amounts of deposits represent a discount to the estimated sales prices of the relevant properties, the deposits could be repaid by the proceeds from sales of the relevant properties.

Based on the above, the Directors consider that the Landsea Green Properties Group has the financial capability to repay the Group the deposits and commission fees payable under the Second Exclusive Sales Agency Agreement.

Overall comment

We note at the center of the principal terms of the Exclusive Sales Agency Agreements is the requirement for the Company to pay, within fifteen (15) business days of the execution of the relevant individual property agency agreement, Mr. Tian or the relevant Mr. Tian's Associates or the Landsea Green Properties Group a refundable security deposit equal to the pre-determined minimum prices for the properties subject to the relevant individual property agency agreement (the "**Refundable Deposit Arrangement**"). We understand the pre-determined minimum prices of the properties will be determined based on the Minimum Price Factors.

In addition, another principal term of the Exclusive Sales Agency Agreements stipulate that the commission for the properties sold by the Group shall be, after deducting the taxes (which shall be borne by Mr. Tian and Mr. Tian's Associates or the Landsea Green Properties Group) in accordance with the relevant national taxation policies in the PRC, the difference between the actual sales price of the properties sold by the Group and the aggregate pre-determined minimum prices of such properties sold (the "**Commission Basis**"). The Company expects to charge commission rates of not less than 20% of the estimated sales prices under the Exclusive Sales Agency Agreements (i.e. the Minimum Margin).

To assess the Refundable Deposit Arrangement, the pricing terms and mechanism of the security deposits (i.e. the pre-determined minimum prices), the Commission Basis and the Minimum Margin, we have cross-checked the Company's findings by searching on the website of the Stock Exchange and Bloomberg and identified the same list of property management companies in the PRC which were either listed on the Stock Exchange or were listing applicants of the Stock Exchange as at the Latest Practicable Date (i.e. the PRC PM Companies). The PRC PM

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Companies have entered into existing arrangements similar to those under the Exclusive Sales Agency Agreements (i.e. the Comparable Arrangements) as at the Latest Practicable Date. So far with the existence of these Comparable Arrangements, although only five of them, with terms (i.e. the nature of services provided, the requirement of security deposits, the pricing terms and mechanism and the range of commission fees charged) fairly similar amongst the Comparable Arrangements, we consider they can provide an insight into the latest arrangements under which property agency services are being provided in the PRC by established property management companies in the PRC. We therefore consider the selection of the Comparable Arrangements is fair and representative for the assessment of the Exclusive Sales Agency Agreements. We have independently examined the principal terms of each of the Comparable Arrangements as set out in the Letter from the Board by independently extracting the relevant information as sourced from the following:

1. the application proof of Jinmao Property Development Co., Limited (“**Jinmao Property**”) dated 31 August 2021 (the “**Jinmao Property Application Proof**”);
2. the circular of Poly Property Services Co., Ltd. (“**Poly Property**”) (stock code: 6049) dated 26 August 2021 (the “**Poly Property Circular**”);
3. the prospectus of Sunac Services Holdings Limited (“**Sunac Services**”) (stock code: 1516) dated 9 November 2020 (the “**Sunac Services Prospectus**”);
4. the circular of Xinyuan Property Management Service (Cayman) Ltd. (“**Xinyuan Property**”) (stock code: 1895) dated 30 October 2020 (the “**Xinyuan Property Circular**”); and
5. the post hearing information pack of ZOINA Service Commercial Limited (“**ZOINA Service PHIP**”).

We have independently reviewed and cross-checked the Comparable Arrangements and the Independent Shareholders’ attention is drawn to the following observations with regards to the Refundable Deposit Arrangement, the pricing terms and mechanism of the security deposits (i.e. the pre-determined minimum prices), the Commission Basis and the Minimum Margin. Details of the principal terms, in particular, the deposit arrangement, pricing terms and mechanism and commission are set out below which is extracted from the Letter from the Board.

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	Jinmao Property	Poly Property	Sunac Services	Xinyuan Property	ZOINA Service
Deposit required	A refundable deposit up to the total minimum sales price	A refundable deposit of up to 50% of the pre-determined minimum prices	A refundable deposit up to the total minimum sales price	A refundable deposit of approximately 61% of the valuation of car parking spaces	A refundable deposit up to the total minimum sales price
Pricing terms and mechanism	<p>The pre-determined minimum sales price and therefore the commission charged shall be determined based on, among other things,</p> <p>(a) the location of the relevant car park spaces, and the supply and demand of car park spaces in the vicinity of the project;</p> <p>(b) the available market data of the indicative price range of similar car park spaces in the vicinity of the project; and</p> <p>(c) the valuation of the relevant car park spaces determined by an independent valuer.</p>	<p>The pre-determined minimum prices and therefore the commission charged shall be determined based on, among other things:</p> <p>(a) comparable average price in the surrounding markets;</p> <p>(b) occupancy rate, parking space ratio, sales stage and quality of parking spaces of the projects; and</p> <p>(c) costs of service.</p>	<p>The minimum sales price and therefore the commission charged shall be determined based on available market data of the indicative price range of similar car park spaces in the vicinity of the project (i.e. the prevailing market prices).</p>	<p>The car parking space reserve prices (i.e. the pre-determined maximum sales prices) and therefore the commission charged shall be determined with reference to the independent valuation which is based on comparable sales transactions as available in the market (i.e. the prevailing market prices).</p>	<p>The pre-determined minimum sales price and therefore the commission charged shall be determined based on available market data of the indicative price range of similar parking spaces in the vicinity of the project (i.e. the prevailing market prices).</p>
Commission	For car park spaces: 15% to 50% to the sales price	Not less than 20% to the sales price	Detail undisclosed	Up to 39% of the valuation of car parking spaces	Detail undisclosed

Refundable Deposit Arrangement and the pricing terms and mechanism of the security deposits (i.e. the pre-determined minimum prices)

As noted from the Jinmao Property Application Proof, Jinmao Property and its controlling shareholder entered into a property agency services agreement for the provision of property agency services for newly developed properties and carparking spaces (the “**Jinmao Property Agreement**”). According to the Jinmao Property Agreement, Jinmao Property was required to pay its controlling shareholder and its associates a refundable deposit, for the provision of property agency services, up to the total minimum sales price of the carparking spaces to be sold which is in line with the Refundable Deposit Arrangement.

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As noted from the Poly Property Circular, Poly Property and its controlling shareholder entered into a parking space leasing and sales agency services framework agreement for the provision of exclusive parking spaces sales and leasing agency services (the “**Poly Property Agreement**”). According to the Poly Property Agreement, Poly Property was required pay its controlling shareholder a refundable deposit up to 50% of the pre-determined minimum prices of the parking spaces which is similar to the Refundable Deposit Arrangement.

As noted from the Sunac Services Prospectus, Sunac Services and its controlling shareholder entered into a property agency services framework agreement for the provision of property agency services (the “**Sunac Services Agreement**”). According to the Sunac Services Agreement, Sunac Services was required pay its controlling shareholder a refundable deposit up to the total minimum purchase price of use rights of the car park spaces to be sold which is in line with the Refundable Deposit Arrangement.

As noted from the Xinyuan Property Circular, Xinyuan Property and its controlling shareholder entered into a carparking space exclusive sales cooperation agreement (the “**Xinyuan Property Agreement**”). According to the Xinyuan Property Agreement, Xinyuan Property was required to pay its controlling shareholder a refundable earnest money as the deposit, for being the exclusive sales partner of the carparking spaces, amounted to the agreed price of transferring the designated carparking spaces to independent third party buyers (being approximately 61% of the valuation of car parking spaces which is similar to the Refundable Deposit Arrangement).

As noted from the ZOINA Service PHIP, ZOINA Service and its connected person (being a majority-controlled company indirectly held by the father of one of the controlling shareholders of ZOINA Service) entered into a property agency services framework agreement (the “**ZOINA Service Agreement**”). According to the ZOINA Service Agreement, ZOINA Service was required to pay its connected person a refundable deposit, for the provision of property agency services, amounted to a percentage of the minimum sales price of the parking spaces to be sold which is similar to the Refundable Deposit Arrangement.

Furthermore, as stated in the Letter from the Board, the pricing terms of each individual property agency agreement shall be determined by the parties on a case-by-case basis based on the Minimum Price Factors and the valuation of the relevant properties conducted by an independent valuer. As noted from the Comparable Arrangements, the pricing terms and mechanism adopted by the PRC PM Companies include, in particular, property prices of the surrounding area; (i.e. the prevailing market prices), cost of services and valuation of the relevant car park spaces which are broadly in line with the Minimum Price Factors.

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Based on the above, we note in particular that the deposit arrangements adopted under the Comparable Arrangements also made reference to the minimum sales price of the carparking spaces to be sold which is in line with determining basis of the Refundable Deposit Arrangement.

Commission Basis and Minimum Margin

We noted from the Jinmao Property Application Proof that Jinmao Property would charge a service fee for the provision of property agency services for newly developed properties and carparking spaces based on two bases, one of which is calculated at a fixed percentage of the sales price of the relevant carparking spaces or a fixed amount on top of the sales price of the relevant carparking spaces and the other one is the difference between the actual sales price paid by the purchaser and the pre-determined minimum sales price which is the same as the Commission Basis. We also note from the Jinmao Property Application Proof that the commission rate for car park spaces ranged 15% to 50% to the sales price and the Minimum Margin falls within the aforesaid range.

We noted from the Poly Property Circular that Poly Property would be entitled to a service fee for the provision of the exclusive parking spaces sales and leasing agency services amounted to the difference between the agreed sales price and the pre-determined minimum sales price which is the same as the Commission Basis. We also note from Poly Property Circular that the commission rate for parking spaces was at least 20% of the sales price which is the same as the Minimum Margin.

We noted from the Sunac Services Prospectus that Sunac Services would charge a service fee for the provision of property agency services of car park spaces amounted to the difference between the agreed sales price and the pre-determined minimum sales price which is the same with the Commission Basis. The details of the commission rate were however not disclosed in the Sunac Services Prospectus.

We noted from the Xinyuan Property Circular that the potential return to be received by Xinyuan Property for being the exclusive sales partner of the carparking spaces is the difference between the package price of the sales of car parking spaces and the provision of value-added services (being 100% of the valuation of the designated car parking spaces) and the pre-determined reserve price (being 61% of the valuation of the designated car parking spaces) which is similar to the Commission Basis. As such, the commission rate was up to 39% of the valuation of the designated car parking spaces which is in line with the Minimum Margin.

We noted from the ZOINA Service PHIP that ZOINA Service would charge a service fee for the provision of property agency services on two bases, one of which is calculated at a fixed percentage of the sales price of the relevant property sales price or the difference between the actual sales price paid by the purchasers and the pre-determined minimum sales price which is in line with the Commission Basis. The details of the commission rate were however not disclosed in the ZOINA Service PHIP.

Conclusion

In view of the above, in particular, (i) the refundable deposit arrangements adopted by the PRC PM Companies are the same as the Refundable Deposit Arrangement; (ii) the pricing terms and mechanism of the security deposits (i.e. making reference to the pre-determined minimum prices) are in line with the market practice; (iii) the basis of determining the service fees for the provision of property agency services adopted by the PRC PM Companies are generally in line with the Commission Basis; and (iv) the Minimum Margin is within the range of the Comparable Arrangements, we consider that the terms of the Exclusive Sales Agency Agreements do conform to market practices and are on normal commercial terms.

4. Internal control procedures

To ensure individual property agency agreements will be entered into on normal commercial terms and in accordance with the terms of the Exclusive Sales Agency Agreements, the Group has adopted the following measures (the “**IC Procedures**”):

- (i) the general managers of the relevant business units and operations divisions of the Company’s local subsidiaries in which the relevant properties are situated (the “**General Managers**”) will be responsible for negotiating with Mr. Tian and Mr. Tian’s Associates or the Landsea Green Properties Group for the purpose of entering into the individual property agency agreements;
- (ii) in respect of each potential property project, the General Managers will conduct market research and feasibility studies to evaluate its potential risk and return including its marketability;
- (iii) the General Managers will negotiate with Mr. Tian and Mr. Tian’s Associates or the Landsea Green Properties Group and determine the pre-determined minimum prices of the relevant properties on an arm’s length basis based on the following factors, including but not limited to (a) the number of properties involved and the location of the relevant properties; (b) the supply and demand of similar properties in the vicinity of the project; and (c) the recent transacted prices or asking prices of similar properties in the vicinity of the project, to ensure that the Group has a reasonable profit margin;
- (iv) the General Managers will submit the terms of the individual property agency agreement (including the pre-determined minimum prices of the relevant properties that subject to sale under such agreement) and the market research and feasibility study report of the relevant properties to the Finance Department of the Group and an executive Director, for review and approval;
- (v) the Finance Department of the Group will monitor the transactions contemplated under the Exclusive Sales Agency Agreements and submit quarterly reports to the Board overseeing finance-related matters to ensure that the Annual Caps will not be exceeded;

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- (vi) the audit committee of the Company and the independent non-executive Directors will review all the continuing connected transactions of the Company (including the transactions contemplated under the Exclusive Sales Agency Agreements) annually to ensure that they have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and have been carried out pursuant to the terms of such transactions (including the Exclusive Sales Agency Agreements), and that such terms are fair and reasonable and in the interests of the Shareholders as a whole; and
- (vii) the external auditor of the Company will conduct annual review on the continuing connected transactions of the Company to ensure they are in compliance with the Listing Rules.

In addition, the following additional safeguards are in place to ensure the risk of the Group's deposits to be placed with Mr. Tian's Associates and the Landsea Green Properties Group is properly mitigated with:

- (i) prior to entering into any individual property agency agreement with Mr. Tian's Associates and/or the Landsea Green Properties Group, each of Mr. Tian's Associates and/or the Landsea Green Properties Group shall provide the Group with the latest consolidated financial statements and the Finance Department of the Group shall perform the following:
 - (a) conduct financial analysis on the latest consolidated financial statement of Mr. Tian's Associates and/or the Landsea Green Properties Group to assess the repayment ability and credibility of them;
 - (b) perform background search on the internet to identify any material adverse events and/or credit defaults in relation to Mr. Tian's Associates and/or the Landsea Green Properties Group; and
 - (c) obtain the credit history reports of Mr. Tian's Associates and the Landsea Green Properties Group;
- (ii) each of Mr. Tian's Associates and the Landsea Green Properties Group shall provide the Group with the following information on a quarterly basis for the purpose of assessing their respective credit risk:
 - (a) the quarterly reports of the Group's deposits;
 - (b) the latest consolidated cash and deposit balance;
 - (c) the latest consolidated financial statements ; and
 - (d) the latest credit reports issued by credit rating companies (if available).

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- (iii) the Finance Department of the Group will report to the independent non-executive Directors quarterly in respect of the transactions contemplated under the Exclusive Sales Agency Agreements, including but not limited to the information specified in (ii) above; and
- (iv) the maximum balances of outstanding deposits placed by the Group to Mr. Tian's Associates and the Landsea Green Properties Group are subject to the proposed annual caps under the Exclusive Sales Agency Agreements.

We have obtained and reviewed the internal control guidelines in relation to connected transactions of the Group (the “**IC Guidelines**”) and noted that the abovementioned IC Procedures are broadly in line with the principles set out in the IC Guidelines. We also note that the IC Procedures are broadly in line with the principles set out in the internal control procedures adopted by the PRC PM Companies.

From the IC Procedures, we note that there are sufficient oversights across different levels of the Company. Specifically, at the execution level, the frontline General Managers will conduct market research and feasibility studies to evaluate its potential risk and return including its marketability. He/she will also be negotiating with the counterparties on determining the pre-determined minimum prices of the relevant properties on an arm's length basis. The reports of the market research and feasibility studies conducted by the General Managers will be subject to the review and approval of the senior management of the Group. The Finance Department of the Group will monitor the utilisation of the Annual Caps to ensure they will not be exceeded. At the Board level, the transactions contemplated under the Exclusive Sales Agency Agreements will be subject to annual review by the independent non-executive Directors and the audit committee of the Company. At the expert level, independent auditors of the Company will conduct annual reviews on the continuing connected transactions of the Company on an annual basis.

For the additional safeguards, we note that there are sufficient risk assessments before entering into connected transactions of the Group and risk management after the entering into of the connected transactions of the Group. Prior to the entering into of the connected transactions of the Group, the Finance Department of the Group will perform risk assessment by conducting financial analysis and background search on Mr. Tian's Associates and the Landsea Green Properties Group to assess the repayment ability and credibility of them and to identify any material adverse events and/or credit defaults in relation to them. After the entering into of the connected transactions of the Group, each of Mr. Tian's Associates and the Landsea Green Properties Group will provide the Group with financial information, in particular, the latest consolidated cash and deposit balance on a quarterly basis for the purpose of assessing their respective credit risk. Further, the Finance Department of the Group will report to the independent non-executive Directors on a quarterly basis in respect of the transactions contemplated under the Exclusive Sales Agency Agreements and the financial information provided by Mr. Tian's Associates and the Landsea Green Properties Group. Further, the credit history reports of Mr. Tian's

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Associates and the Landsea Green Properties Group will facilitate the mitigation of risk of the Group's deposits to be placed with Mr. Tian's Associates and the Landsea Green Properties Group.

For our due diligence purpose, we have also discussed with Management and understood that the Management is aware of the IC Procedures and the additional safeguards and will comply with IC Procedures and the additional safeguards when conducting the transactions contemplated under the Exclusive Sales Agency Agreements.

Given (i) the existence of such three layers (i.e. execution level, Board level and expert level) of the IC Procedures in place; and (ii) the Management is aware of the IC Procedures and the additional safeguards and will comply with the IC Procedures and the additional safeguards when conducting the transactions contemplated under the Exclusive Sales Agency Agreements, we are of the view that the Company has adopted adequate internal control measures to comply with the Listing Rules requirements with respect to (i) the supervision and monitoring of the Annual Caps; and (ii) ensuring that the relevant continuing connected transactions will be conducted in accordance with the pricing policies set out in the Exclusive Sales Agency Agreements.

5. The Annual Caps

(i) *First Exclusive Sales Agency Agreement*

The proposed annual caps (i.e. the maximum outstanding amount at all times during the year) for the aggregate security deposits paid by the Group under the First Exclusive Sales Agency Agreement for FY2021, FY2022 and FY2023 (the "**First Annual Caps**") are set out below:

	FY2021* <i>(RMB million)</i>	FY2022 <i>(RMB million)</i>	FY2023 <i>(RMB million)</i>
Aggregate security deposits under the First Exclusive Sales Agency Agreement	98	183	163

* From the Commencement Date to 31 December 2021.

As stated in the Letter from the Board, the proposed annual caps were determined based on:

- (a) the existing project pipeline (the "**Tian Projects**'") held by Mr. Tian and Mr. Tian's Associates, for which the Group is intended to be engaged as the exclusive sales agent to provide property agency services. The Tian Projects comprise (i) new commercial properties and car parking spaces; and (ii) unsold car parking spaces with available past transacted prices in the same projects;

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- (b) the established sell-through rate by each project; taking into account (1) location and current occupancy rates of the building and ancillary car parking spaces; (2) historical sell-through rate (if available); (3) sales plan and strategy; (4) selling and marketing expenses to be incurred in promoting the project; and (5) preliminary indications from potential buyers;
- (c) the recent transacted prices of comparable properties within the locality of the Tian Projects. In respect of unsold car parking spaces, the estimated sales prices are determined with reference to past transacted prices in the same projects as referred to in the relevant sales and purchase agreements. As for new properties, the estimated sales prices are determined with reference to past transacted prices of similar properties in the nearby locations. The Directors consider that these past transacted prices are relevant to determining the estimated sales prices of the Tian Projects given the subject properties are either in the same projects or situated within the locality of the Tian Projects;
- (d) the estimated margins of not less than 20% of the estimated sales prices of the Tian Projects (i.e. the Minimum Margin) that the relevant property developers or owners are willing to pay for the Group’s property agency services and therefore the return that the Group may capture by charging the commission. For the basis of determining the estimated margins and therefore the pre-determined minimum prices of the Tian Projects, please refer to the paragraph headed “Security deposit” above; and
- (e) a buffer of 15% which is built in to tailor for any unexpected demand for the Group’s property agency services due to change in market conditions.

(ii) Second Exclusive Sales Agency Agreement

The proposed annual caps (i.e. the maximum outstanding amount at all times during the year) for the aggregate security deposits paid by the Group under the Second Exclusive Sales Agency Agreement for FY2021, FY2022 and FY2023 (the “**Second Annual Caps**”) are set out as below:

	FY2021* <i>(RMB million)</i>	FY2022 <i>(RMB million)</i>	FY2023 <i>(RMB million)</i>
Aggregate security deposits under the Second Exclusive Sales Agency Agreement	4	6	3

* From the Commencement Date to 31 December 2021.

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As stated in the Letter from the Board, the proposed annual caps were determined based on:

- (a) the existing project pipeline (the “**Landsea Projects**”) held by the Landsea Green Properties Group, for which the Group is intended to be engaged as the exclusive sales agent to provide property agency services. The Landsea Projects comprise (1) new car parking spaces; and (2) unsold car parking spaces with available past transacted prices in the same projects;
- (b) the estimated sell-through rate of each project, taking into account (1) location and current occupancy rates of the building and ancillary car parking spaces; (2) historical sell-through rate (if available); (3) sales plan and strategy; (4) selling and marketing expenses to be incurred in promoting the project; and (5) preliminary indications from potential buyers;
- (c) the recent transacted of comparable properties within the locality of the Landsea Projects. In respect of unsold car parking spaces, the estimated sales prices are determined with reference to past transacted prices in the same projects as referred to in the relevant sales and purchase agreements. As for new car parking spaces, the estimated sales prices are determined with reference to past transacted prices of similar properties in the nearby locations. The Directors consider that these past transacted prices are relevant to determining the estimated sales prices of the Landsea Projects given the subject properties are either in the same projects or situated within the locality of the Landsea Projects;
- (d) the estimated margins of not less than 20% of the estimated sales prices of the Tian Projects (i.e. the Minimum Margin) that the relevant property developers or owners are willing to pay for the Group’s property agency services and therefore the return that the Group may capture by charging the commission. For the basis of determining the estimated margins and therefore the pre-determined minimum prices of the Landsea Projects, please refer to the paragraph headed “Security deposit” above; and
- (e) a buffer of 15% which is built in to tailor for any unexpected demand for the Group’s property agency services due to change in market conditions.

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Assessment

In assessing the fairness and reasonableness of the First Annual Caps and the Second Annual Caps, through the Management, we have obtained and reviewed a list of property projects which the Group will be engaged by Mr. Tian and the Landsea Green Properties Group as the exclusive sales agent of the properties held by Mr. Tian, Mr. Tian's Associates and the Landsea Green Properties Group for the Term (the "**Project List**"). The Project List includes the following major information of the property projects:

- (i) the names and addresses of the property projects;
- (ii) the shareholding information of the project companies which hold the property projects;
- (iii) the nature of the properties, whether they commercial properties or carparking spaces;
- (iv) the GFA or the number of carparking spaces to be sold by the Group;
- (v) the estimated retail prices per sq.m. or per carparking space;
- (vi) the pre-determined minimum price per sq. m. or per carparking space of the remaining unsold properties determined by making reference to the average of the five most recently transacted prices of the properties with independent third parties in the same project minus a relevant discount that approximates item (vii) below;
- (vii) the estimated profit margin or commission amount of the properties for the Group;
- (viii) the estimated sell-through rate of the properties throughout each period/year of the First Annual Caps and the Second Annual Caps respectively; and
- (ix) the estimated amount of the refundable security deposit to be paid by the Group to: (a) Mr. Tian and Mr. Tian's Associates; and (ii) the Landsea Green Properties Group throughout each period/year of the First Annual Caps and the Second Annual Caps respectively.

As noted from the Project List, all of the properties are carparking spaces held by both Mr. Tian and Mr. Tian's Associates and the Landsea Green Properties Group except one which is a commercial property held by Mr. Tian and Mr. Tian's Associates. The amount of the security deposit for the commercial property is the multiple of the GFA to be sold by the Group and the pre-determined minimum price per sq. m. of the commercial property. It is noted that the amount of the security deposit for the commercial property accounts for the minority of the Second Annual Caps. The amount of the

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security deposit for carparking spaces is the multiple of the number of carparking spaces to be sold by the Group and the pre-determined minimum price per carparking space. The estimated retail prices of the carparking spaces are the sum of the pre-determined minimum prices of carparking spaces and the estimated commission amounts for the Group.

By giving priority to the property projects with the largest security deposits, we have selected the two property projects of carparking spaces with the two largest security deposits for each of the First Annual Caps (“**First Comparable Projects**”) and the Second Annual Caps (“**Second Comparable Projects**”, together with the First Comparable Projects, the “**Comparable Projects**”) (i.e. four property projects were selected in total out of 18 property projects) from the Project List by making reference to the amounts of the security deposits for the First Annual Caps and the Second Annual Caps respectively. The aggregate security deposits of the First Comparable Projects accounts for approximately 54.5% of the First Annual Caps during the Term and the aggregate security deposits of the Second Comparable Projects accounts for approximately 68.0% of the Second Annual Caps during the Term. In view of the fact that: (i) the Annual Caps are basically the maximum outstanding security deposits placed by the Group under the Exclusive Sales Agency Agreements; (ii) the total amount of security deposits sampled by us of the First Comparable Projects accounts for more than half of the First Annual Caps; and (iii) the total amount of security deposits sampled by us of the Second Comparable Projects accounts for more than half of the Second Annual Caps, we consider the selection of the First Comparable Projects and the Second Annual Caps is fair and representative.

Firstly, we assessed the estimated retail prices of the properties. From the review of the supporting documents of the Comparable Projects, we note that all the estimated retail prices of the properties adopted were slightly or moderately lower than the average of the five most recently transacted prices of the properties with independent third parties in the same Comparable Project which is considered a conservative estimation. Given that all the estimated retail prices of the properties adopted were lower than the average of the five most recently transacted prices of the properties with independent third parties in the same Comparable Project, what it means is that the estimated retail prices adopted would be at a lower price point than what actually took place in the market.

Secondly, we assessed the estimation of the pre-determined minimum prices of the properties, we note from the Project List that such pre-determined minimum prices of the properties were determined by making reference to the Minimum Price Factors which include, among others, the past transacted prices of the properties in the same Comparable Projects. Based on our enquiry with the Management, we understand that the five most recently transacted prices of the properties with independent third parties in the same Comparable Project would first be used to estimate the estimated retail prices of the properties. The

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estimated retail prices of the properties would then minus a relevant discount (i.e. because the pre-determined minimum prices would represent a significant discount to the market price with the Minimum Margin of 20%) to arrive at the pre-determined minimum prices of the properties. We have obtained and reviewed the supporting documents, which were the historical sales and purchase agreements, of each of the five most recently transacted prices of the properties with independent third parties in the same Comparable Project. From the review of the supporting documents of the Comparable Projects, we note that (i) all the pre-determined minimum prices of the properties adopted lower than the estimated retail prices of the properties and the average of the five most recently transacted prices of the properties with independent third parties in the same Comparable Project; and (ii) the pre-determined minimum prices of the properties adopted would also imply profit margins that were greater than the Minimum Margin of 20%, meaning that the pre-determined minimum prices represented a discount of more than 20% to the estimated retail prices of the relevant properties. Such estimation is in line with pricing basis that as a general principle, the pre-determined minimum prices of the properties will be set at a discount of not less than 20% of the estimated sales price of the properties to be sold. Based on the above, we consider the pre-determined minimum prices of the properties estimated under the Annual Caps were reasonably estimated.

Thirdly, we assessed the estimated commission amount of the properties for the Group which is roughly the difference between the estimated retail prices and the pre-determined minimum prices of the properties. An estimated profit margin can be calculated for each property from the aforementioned difference. We compared the estimated profit margins of the properties against the Minimum Margin as discussed above and noted that the estimated profit margins of the properties were greater than the Minimum Margin. We also note that the estimated profit margins (i.e. commission rates) were in line with those of the range of the PRC PM Companies of 15% to 50%, although none of the estimated profit margins was below 20% (i.e. the Minimum Margin).

Fourthly, we assessed the number of properties to be sold by the Group. We have obtained from the Management and reviewed (i) the number of properties estimated to be subject to the Group's property agency services under the Exclusive Sales Agency Agreements for each of the Comparable Projects (the "**Properties Under Sales Agency**"); (ii) the total number of properties remain unsold for each of the Comparable Projects; and (iii) the designed capacity of properties available for sale for each of the Comparable Projects. We note the number of Properties Under Sales Agency ranged from 72 to 2,024. Given the number of Properties Under Sales Agency formed the quantum of estimating the security deposits under each of the Comparable Projects, we have conducted a reasonableness check to assess whether the number of Properties Under Sales Agency were reasonably estimated. We note that: (i) the number of Properties Under Sales Agency was less than the total number of properties remain unsold for each of the Comparable Projects; (ii) the number of

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Properties Under Sales Agency accounted for approximately 13.6% to 66.0% of the designed capacity of properties available for sale for each of the Comparable Projects; and (iii) the number of Properties Under Sales Agency accounted for approximately 50.6% to 100% of the total number of properties remain unsold for each of the Comparable Projects. None of the above observations suggested any over-estimation of the number of Properties Under Sales Agency and we are of the view that the number of Properties Under Sales Agency was reasonably estimated.

Furthermore, as shown from us independently examining the Project List, the annual caps are estimated to be the highest in FY2022 for both the First Annual Caps and the Second Annual Caps. Upon our enquiry, we understand from the Management that: (i) the period from the Commencement Date to 31 December 2021 would only leave a few day(s) for the Group to pay the relevant security deposits to the counterparties; (ii) the fact that the corresponding sales of those security deposits placed during FY2021 would not take place until FY2022 and therefore the amount of the relevant security deposits placed during FY2021 would spillover into FY2022; and (iii) in addition to the security deposits placed during FY2021, new security deposits will be made during FY2022. As such, we could expect the peak of the maximum outstanding security deposits placed by the Group under the Exclusive Sales Agency Agreements for both the First Annual Caps and the Second Annual Caps to take place in FY2022 and not FY2023 because of factors discussed above.

In terms of financial resources available for fulfilling the proposed annual caps (i.e. the maximum outstanding amount at all times during the year) for the aggregate security deposits to be paid by the Group under the Exclusive Sales Agency Agreements for FY2021, FY2022 and FY2023 of RMB102.0 million, RMB189.0 million and RMB166.0 million, we first looked to the 2021 Interim Report and noted that following the completion of the Listing by way of a global offering, net proceeds from the Listing of approximately HK\$288.9 million is intended to be used for, in particular, (i) as to approximately 10.2% or HK\$29.5 million, will be used for, among others, further promoting the Group's property agency services; and (ii) approximately 10.0% or HK\$28.9 million, will be used for working capital and other general corporate purpose. As confirmed by the Management, although the net proceeds from the Listing was not earmarked specifically for the security deposits, the Group has sufficient liquidity to satisfy the security deposits. We note from the 2021 Interim Report that, as at 30 June 2021, the Group's current assets amounted to approximately RMB400.7 million while the Group's cash and cash equivalents amounted to approximately RMB179.9 million. The Management also reminded us that it is also important to realise that the outstanding commissions and the remaining balance of the security deposits would be refunded pursuant to the terms of the individual property agency agreements as well as the fact that the Group would generate cashflows from its operating activities during the relevant period so the Group would have sufficient financial resources for fulfilling the proposed annual caps. We have reviewed the working capital

LETTER FROM OPUS CAPITAL

forecast prepared by the Management in compliance with Rule 14.66(10) of the Listing Rules confirming that the working capital available to the Group is sufficient for the Group's requirements (including the payment for the relevant security deposits) for at least 12 months from the date of publication of the Circular. Based on the above, we concur with the Management's view that the Group has sufficient liquidity to satisfy the security deposits under the Exclusive Sales Agency Agreements.

Based on the above, we are of the view that the First Annual Caps and the Second Annual Caps to be fair and reasonable so far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that: (i) the entering into the Exclusive Sales Agency Agreements and the transactions contemplated thereunder is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Exclusive Sales Agency Agreements and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Exclusive Sales Agency Agreements and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 13 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

1. FINANCIAL INFORMATION OF THE GROUP

The consolidated financial information of the Group for the year ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.landseawy.com/>) and are incorporated by reference into this circular:

- the prospectus of the Company dated 25 June 2021 for each of the three years ended 31 December 2020 (pages 300 to 376)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0625/2021062500057.pdf>

- interim report of the Company for the six months ended 30 June 2021 published on 14 September 2021 (pages 41 to 88)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0914/2021091400418.pdf>

2. INDEBTEDNESS

As at the close of business on 31 October 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had lease liabilities of approximately RMB372,436.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any bank overdrafts or loans, or other similar indebtedness, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 31 October 2021.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available bank balances and the internally generated resources of the Group, the Directors are of the opinion that the Group has sufficient working capital for its requirements within the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

Looking forwards, the property management industry will still be in a fast-growing development cycle. There is ample room for development on a larger scale. The capital market and competition within the industry will remain heated and intense. The development model of property management service companies will be polarized. While some of them may still adopt the traditional model to expand their size by leveraging on capital; others may leverage on service innovation, optimization and differentiation to open up the market and thus achieve long-term and sustainable development.

Focusing on the unsatisfying needs and demands of its customers, together with discovering new customer value as its pre-requisite, the Group will persist in promoting high-quality sizable growth based on continuous innovations. The Group will always adhere to innovation which enriches service content, optimizes service quality, improves customer experience, drives business growth with differentiation, and continue to expand our services scope and business segments. The circular on Strengthening and Improving the Administration of Residential Property (《關於加強和改進住宅物業管理工作的通知》) clearly encourages capable property management service companies to expand business to areas such as elderly care, healthcare, housekeeping, and real estate agency. The Group will accelerate the setting of service layout in various scenarios of life including healthcare, housekeeping, asset management, green home improvement, community retail, neighborhood community and comprehensive urban services, such that the capability of the value-added service, results performance of the Group and property owner experience will be significantly improved rapidly. At the same time, through digitalization empowering business innovation, the Group further developed value-added service and product that satisfy our customer needs by various means such as resource integration, service innovation and service iteration, and in turn facilitated the Company to transform its operational model from a traditional off-line property management model to a user-centric and customer data-driven model which integrates online and offline operations.

1. RESPONSIBILITY STATEMENT

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

(a) Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange:

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage in total number of issued Shares
Mr. Tian	Interest in controlled corporation	164,159,165 (Note)	39.96%

Note: These include (i) 160,619,165 ordinary Shares held through Honor Limited; (ii) 202,000 Shares held through Easycorps Group Limited (“Easycorps”); and (iii) 3,338,000 Shares held through Greensheid Corporation (“Greensheid”). Mr. Tian is the sole and legal beneficial owner of Honor Limited. Greensheid is wholly-owned by Landsea International Holdings Limited, which is in turn wholly-owned by Landsea Group Co., Ltd. (“Landsea Group”). Landsea Group is owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd. (“Nanjing Ding Chong”) and 15.85% by Mr. Tian. Nanjing Ding Chong is a company wholly and beneficially owned by Mr. Tian. By virtue of the SFO, Mr. Tian is regarded as the controlling shareholder of Landsea Group. Easycorps is a company wholly and beneficially owned by Mr. Tian. Therefore, Mr. Tian is deemed to be interested in these 164,159,165 Shares pursuant to the SFO.

(b) Substantial Shareholders' interests and short positions

Save as disclosed below, as at the Latest Practicable Date, the Directors and the chief executive of the Company had not been notified of any other relevant interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein:

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage in total number of issued Shares
Honor Limited	Beneficial owner and interest in controlled corporation	160,619,165	39.10%
Ms. Murong Xinyao (Note 1)	Interest of spouse	164,159,165	39.96%
Green Sailing (PTC) Limited (Note 2)	Trustee	23,998,345	5.84%
Hong Kong New Tourism Corporation Limited (Note 3)	Beneficial owner	71,575,509	17.42%
Nanjing Textiles Import & Export Corporation Limited (Note 3)	Interest in controlled corporation	71,575,509	17.42%
Nanjing Tourism Group Co., Ltd. (Note 3)	Interest in controlled corporation	71,575,509	17.42%
Nanjing Urban Construction Investment Holdings (Group) Co., Ltd. (Note 3)	Interest in controlled corporation	71,575,509	17.42%
Nanjing State-owned Assets Investment Management Holdings (Group) Co., Ltd. (Note 3)	Interest in controlled corporation	71,575,509	17.42%
State-owned Assets Supervision and Administration Commission of Nanjing Municipal Government (Note 3)	Interest in controlled corporation	71,575,509	17.42%

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage in total number of issued Shares
Cliff Lin Limited (Note 4)	Beneficial owner	43,704,862	10.64%
Mr. Lin Jinfeng (Note 4)	Interest in controlled corporation	43,704,862	10.64%
CURA International (Hong Kong) Investment Management Company Limited (Note 5)	Beneficial owner	24,400,000	5.94%
Shanghai CURA Investment and Management Co., Ltd. (Note 5)	Interest in controlled corporation	24,400,000	5.94%

Notes:

- (1) Ms. Murong Xinyao is the spouse of Mr. Tian Ming. By virtue of the SFO, Ms. Murong Xinyao is deemed to be interested in the Shares in which Mr. Tian Ming is interested.
- (2) Green Sailing (PTC) Limited acts as the trustee of the Green Life Trust, which is set up for the purpose of a share incentive scheme to be adopted at least six months after Listing, and is wholly owned by Honor Limited. By virtue of the SFO, Honor Limited is deemed to be interested in the Shares in which Green Sailing (PTC) Limited is interested.
- (3) Hong Kong New Tourism Corporation Limited (“**Hong Kong New Tourism**”) is wholly owned by Nanjing Textiles Import & Export Corporation Limited (“**Nanfang Holdings**”), which had been, directly or indirectly, held as to 35.56% by Nanjing Tourism Group Co., Ltd. (“**Nanjing Tourism Group**”). Nanjing Tourism Group is held as to 60% by Nanjing Urban Construction Investment Holdings (Group) Co., Ltd. (“**Nanjing Urban Construction**”) and as to 40% by Nanjing State-owned Assets Investment Management Holdings (Group) Co., Ltd. (“**Nanjing State-owned Assets Investment Management**”), both of which are wholly owned by the State-owned Assets Supervision and Administration Commission of Nanjing Municipal Government (“**Nanjing SASAC**”). By virtue of the SFO, each of Nanfang Holdings, Nanjing Tourism Group, Nanjing Urban Construction, Nanjing State-owned Assets Investment Management and Nanjing SASAC is deemed to be interested in the Shares in which Hong Kong New Tourism is interested.
- (4) Cliff Lin Limited is wholly owned by Mr. Lin Jinfeng. By virtue of the SFO, Mr. Lin Jinfeng is deemed to be interested in the Shares in which Cliff Lin Limited is interested.
- (5) CURA International (Hong Kong) Investment Management Company Limited is wholly owned by Shanghai CURA Investment and Management Co., Ltd.. By virtue of the SFO, Shanghai CURA Investment and Management Co., Ltd. is deemed to be interested in the Shares in which CURA International (Hong Kong) Investment Management Company Limited is interested.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective close associates is and was interested in any business (other than the Group's business) which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up.

8. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion contained in this circular:

Name	Qualification	Date of advice
Opus Capital	a corporation licensed to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the SFO	15 December 2021

Opus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they respectively appeared.

As at the Latest Practicable Date, Opus Capital did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2020, the date to which the latest audited financial statements of the Group was made up; and had no shareholding, directly or indirectly, in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance to the Group, and no litigation, arbitration or claim of material importance to the Group was pending or threatened against any member of the Group.

10. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following material contracts, not being contracts entered into in the ordinary course of business, were entered into by the Group.

- (a) an equity transfer agreement dated 23 December 2019 and entered into between Landsea Group Co., Ltd. (朗詩集團股份有限公司), Southern City Holdings Company Limited and Nanjing Landsea Property Management Co., Ltd. (南京朗詩物業管理有限公司), pursuant to which Landsea Group Co., Ltd. (朗詩集團股份有限公司) agreed to transfer its 1% equity interest in Nanjing Landsea Property Management Co., Ltd. (南京朗詩物業管理有限公司) to Southern City Holdings Company Limited at a consideration of RMB729,590;
- (b) an equity transfer agreement dated 24 December 2019 and entered into between Landsea Group Co., Ltd. (朗詩集團股份有限公司), Langhong (Nanjing) Enterprise Management Co., Ltd. (朗鴻(南京)企業管理有限公司) and Nanjing Landsea

Property Management Co., Ltd. (南京朗詩物業管理有限公司), pursuant to which Landsea Group Co., Ltd. (朗詩集團股份有限公司) agreed to transfer its 99% equity interest in Nanjing Landsea Property Management Co., Ltd. (南京朗詩物業管理有限公司) to Langhong (Nanjing) Enterprise Management Co., Ltd. (朗鴻(南京)企業管理有限公司) at a consideration of RMB72,229,410;

- (c) a technological systems business transfer agreement dated 31 December 2020 and entered into between Nanjing Landsea Property Management Co., Ltd. (南京朗詩物業管理有限公司) and Nanjing Landsea Equipment Management Co., Ltd. (南京朗詩設施管理有限公司), pursuant to which Nanjing Landsea Property Management Co., Ltd. (南京朗詩物業管理有限公司) agreed to transfer all the assets, liabilities, contracts and personnel in relation to the technological systems business to Nanjing Landsea Equipment Management Co., Ltd. (南京朗詩設施管理有限公司) at a consideration determined based on the appraised value of the technological systems business as at 30 September 2020 stated in the valuation report prepared by a valuer as approved by both parties (or the appraised value of the technological systems business as at the date of completion stated in the valuation report prepared by a valuer as approved by both parties if there are differences between the two appraised values); and
- (d) a share transfer agreement dated 6 January 2021 and entered into between Landsea Community Service Co., Ltd. and the Company, pursuant to which Landsea Community Service Co., Ltd. agreed to transfer 100 shares of Landsea Greenlive International Company Limited and 100 shares of Southern Land International Company Limited to the Company and as settlement, the Company agreed to credit all its issued nil-paid Shares as fully paid.

11. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business in Hong Kong of the Company is at Unit 5103, 51/F, The Center, 99 Queen's Road Central, Hong Kong.
- (c) Mr. Liu Chao, is the executive Director, chief financial officer and company secretary of the Company. Mr. Liu became a certified member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 2014, an associate member of the Association of International Accountants (國際會計師工會) in October 2015, a member of the Hong Kong Institute of Certified Public Accountants in October 2017 and an affiliated person of The Hong Kong Institute of Chartered Secretaries in March 2018.
- (d) The English text of this circular shall prevail over its respective Chinese text for the purpose of interpretation.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office and principal place of business in Hong Kong at Unit 5103, 51/F, The Center, 99 Queen's Road Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the EGM:

- (a) the memorandum of association of the Company;
- (b) the Prospectus;
- (c) the interim report of the Company for the six months ended 30 June 2021;
- (d) the material contracts disclosed under headed "Material Contracts" in this appendix;
- (e) the Exclusive Sales Agency Agreements;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 25 to 26 of this circular;
- (g) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 27 to 57 of this circular;
- (h) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix; and
- (i) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Landsea Green Life Service Company Limited

朗詩綠色生活服務有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1965)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Landsea Green Life Service Company Limited (the “**Company**”) will be held at Landsea Green Center, Building 5, Lane 280, Linhong Road, Changning District, Shanghai, China on 31 December 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

Unless otherwise defined, capitalised terms used therein shall have the same meanings as those defined in the circular of the Company dated 15 December 2021.

ORDINARY RESOLUTION

“THAT:

- (a) the entering into of the First Exclusive Sales Agency Agreement dated 22 November 2021 as defined and described in the circular of the Company dated 15 December 2021 (the “**Circular**”) (a copy of the First Exclusive Sales Agency Agreement has been produced to the EGM and marked “**A**” and initialed by the chairman of the EGM for the purposes of identification), all the transactions contemplated thereunder, and the proposed annual caps set out in the Circular, be and are hereby approved, confirmed and ratified;
- (b) the entering into of the Second Exclusive Sales Agency Agreement dated 22 November 2021 as defined and described in the Circular (a copy of the Second Exclusive Sales Agency Agreement has been produced to the EGM and marked “**B**” and initialed by the chairman of the EGM for the purposes of identification), all the transactions contemplated thereunder, and the proposed annual caps set out in the Circular, be and are hereby approved, confirmed and ratified; and
- (c) any one Director, or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/she/they in his/her/their discretion considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the First Exclusive Sales Agency Agreement and the Second

NOTICE OF EXTRAORDINARY GENERAL MEETING

Exclusive Sales Agency Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director, in the interest of the Company.”

By Order of the Board
Landsea Green Life Service Company Limited
Tian Ming
Non-executive Director and Chairman of the Board

Hong Kong, 15 December 2021

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
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/she is solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy together with any power of attorney (if any) or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the EGM (or any adjournment thereof).
4. The above resolution will be put to vote at the EGM by way of poll.
5. In order to facilitate the prevention and control of the novel coronavirus pandemic and to safeguard the public health, shareholders of the Company are encouraged to consider appointing the chairman of the EGM as his/her/their proxy to vote on the relevant resolutions, instead of attending the EGM in person.

As at the date of this notice, the Board comprises Ms. Zhou Qin, Mr. Wu Xu and Mr. Liu Chao as executive Directors, Mr. Tian Ming as non-executive Director, and Dr. Wong Chi Wing, Ms. Lu Mei and Dr. Chen Kevin Chien-wen as independent non-executive Directors.