

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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Fineland Living Services Group Limited

方圓生活服務集團有限公司

(formerly known as Fineland Real Estate Services Group Limited 方圓房地產服務集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9978)

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

A letter from the Board is set out on pages 6 to 24 of this circular.

A notice convening the Extraordinary General Meeting (the “EGM”) to be held on Friday, 15 September 2023 at 11:00 a.m. at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use by the shareholders at the EGM is enclosed.

Whether or not you are able to attend the EGM, you are advised to read this circular and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM (i.e. not later than 11:00 a.m. on Wednesday, 13 September 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular, together with the form of proxy, will also be published on the websites of the Stock Exchange at www.hkexnews.hk and on the Company’s website at www.finelandassets.com.

24 August 2023

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 21 June 2023 in relation to the Settlement Transactions;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Aspiring Vision”	Aspiring Vision Holdings Limited, a company incorporated in the BVI with limited liability on 15 February 2017, which is wholly-owned by Ms. Tse, and is one of the Controlling Shareholders;
“Board”	the board of Directors;
“business day”	any date (other than a Saturday or Sunday or public holiday) on which banks in the PRC are open for the transaction of normal business;
“BVI”	the British Virgin Islands;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	Fineland Living Services Group Limited (方圓生活服務集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 16 February 2017 and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9978);
“Completion”	being the delivery of the physical possession of each Property by the Vendor to the Relevant Purchaser(s) in accordance with the Property Presale Agreement and the Settlement Agreement;
“Completion Date”	the date of Completion;
“Conditions Precedent (or Condition(s))”	being the conditions precedent to the Settlement Agreement as provided in the section headed “ <i>Principal terms of the Settlement Agreement</i> ” of the letter from the Board of this circular;
“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 and unless the context requires otherwise refers to the controlling shareholders of the Company;
“Director(s)”	the directors of the Company;

DEFINITIONS

“Down Payment”	being approximately RMB4.0 million in cash, or 20% of the Total Consideration;
“EGM”	the extraordinary general meeting to be convened by the Company for the Shareholders to consider, and if thought fit, approve the Settlement Transactions;
“Fineland Group”	Fineland Group Holdings and its subsidiaries, being the parent group of the Group;
“Fineland Group Holdings”	Fineland Group Holdings Company Limited (方圓集團控股有限公司), formerly known as Fineland Real Estate Holdings Company Limited (方圓地產控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 22 June 2016, and is one of the Controlling Shareholders;
“Fineland Living Services”	Guangzhou Fineland Living Services Limited* (廣州方圓生活服務有限公司), a company incorporated in the PRC with limited liability on 17 March 1997, being an indirectly wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“Hero Dragon”	Hero Dragon Management Limited, a company incorporated in the BVI with limited liability on 12 April 2006, which is a wholly-owned subsidiary of Fineland Group Holdings, and is one of the Controlling Shareholders;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	a person(s) or company(ies) who/which is or are independent of and not connected with the Group or any of their respective associates within the meaning of the Listing Rules;
“Latest Practicable Date”	18 August 2023, being the latest practicable date prior to the printing of this circular for ascertaining information contained in this circular;
“Latest Completion Date”	before 30 August 2025, being the latest Completion Date without incurring a penalty as described under the subparagraph “ <i>Principal terms of the Property Presale Agreement(s) — Delivery</i> ” of the letter from the Board of this circular;

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Long Stop Date”	being 90 calendar days from the Latest Completion Date, i.e. 28 November 2025;
“Main Board”	the stock market operated by the Stock Exchange, which excludes GEM and the option market;
“Mansion Green”	Mansion Green Holdings Limited, a company incorporated in the BVI with limited liability on 15 February 2017, whose shares are owned as to approximately 70% by Stand Smooth and approximately 30% by Aspiring Vision as at the Latest Practicable Date, and is one of the Controlling Shareholders;
“Mr. Fong”	Mr. Fong Ming (方明先生), one of the Controlling Shareholders and the non-executive Director;
“Mr. Han”	Mr. Han Shuguang (韓曙光先生), an executive Director and the chairman of the Company;
“Ms. Rong”	Ms. Rong Haiming (容海明女士), an executive Director of the Company;
“Ms. Tse”	Ms. Tse Lai Wa (謝麗華女士), one of the Controlling Shareholders and an executive Director, and is a party acting-in-concert with Mr. Fong under the deed of concert parties executed on 31 March 2017;
“Outstanding Receivables”	being approximately RMB16.0 million as part of the Total Outstanding Receivables which remained outstanding and payable by the Vendor to Finland Living Services and its subsidiaries as at 30 April 2023;
“PRC”	the People’s Republic of China, except where the context requires otherwise, and for the purpose of this circular only, geographical references to the PRC or China exclude Hong Kong, Macau Special Administrative Regions and Taiwan;
“Properties” (each referred to as “Property”)	being the 23 properties to be conditionally transferred by the Vendor to the Relevant Purchaser(s), the details of which are disclosed in the section headed “ <i>Information on the Properties and their valuation</i> ” of the letter from the Board of this circular;

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“Property Presale Agreement(s)”	each refer to the conditional property presale agreement proposed to be entered into between the Vendor and the Relevant Purchaser(s) in respect of the transfer of the Property, the principal terms of which are disclosed in the section headed “ <i>Principal terms of the Property Presale Agreement(s)</i> ” of the letter from the Board of this circular;
“Relevant Purchaser(s)”	Fineland Living Services or its nominated subsidiary(ies) that shall enter into the Property Presale Agreement(s) with the Vendor;
“RMB”	Renminbi, the lawful currency of the PRC;
“Set-off”	the set-off of the Outstanding Receivables by Fineland Living Services and/or the Relevant Purchaser(s) against payment of the Set-off Price after all Conditions Precedent have been satisfied;
“Set-off Date”	being three (3) business days from the Set-off;
“Set-off Price”	being approximately RMB16.0 million, the determination of which can be referred to in the section headed “ <i>Information on the Properties and their valuation</i> ” of the letter from the Board of this circular;
“Settlement Agreement”	the agreement dated 21 June 2023 entered into between Fineland Living Services and the Vendor in respect of the payment of the Down Payment and settlement of the Outstanding Receivables by way of transfer of the Properties, the principal terms of which are disclosed in the section headed “ <i>Principal terms of the Settlement Agreement</i> ” of the letter from the Board of this circular;
“Settlement Transactions”	the transactions as contemplated under the Settlement Agreement and the Property Presale Agreement(s);
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stand Smooth”	Stand Smooth Group Limited (立順集團有限公司), a company incorporated in the BVI with limited liability on 22 June 2006, which is indirectly wholly-owned by Mr. Fong, and is one of the Controlling Shareholders;

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Total Consideration”	being approximately RMB20.0 million and comprises the Down Payment and the Set-off Price;
“Total Outstanding Receivables”	being approximately RMB58.2 million, which was the total amount remained outstanding and payable by the Vendor to Fineland Living Services and its subsidiaries as at 30 April 2023;
“Valuer”	Cushman & Wakefield Limited, an independent professional qualified valuer engaged by the Company;
“Vendor”	Heshan Fudu Property Development Company Limited* (鶴山市富都物業發展有限公司), a company incorporated in the PRC with limited liability on 10 December 2009, and is ultimately controlled by Independent Third Parties;
“Widethrive Investments”	Widethrive Investments Limited, a company incorporated in the BVI with limited liability on 29 March 2006, which is wholly-owned by Mr. Fong, and is one of the Controlling Shareholders; and
“%”	per cent.

* *For identification purposes only.*

LETTER FROM THE BOARD



Fineland Living Services Group Limited

方圓生活服務集團有限公司

(formerly known as Fineland Real Estate Services Group Limited 方圓房地產服務集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9978)

Executive Directors:

Mr. Han Shuguang (*Chairman*)
Ms. Rong Haiming (*Chief Executive Officer*)
Mr. Yi Ruofeng
Ms. Tse Lai Wa

Registered office in the Cayman Islands:

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Non-executive Director:

Mr. Fong Ming

Principal Place of Business in

*Hong Kong under Part 16 of the
Companies Ordinance (Cap 622):*
Unit B, 17/F, United Centre
95 Queensway
Admiralty
Hong Kong

Independent non-executive Directors:

Mr. Leung Wai Hung
Mr. Liao Junping
Mr. Du Chenhua
Mr. Tian Qiusheng

24 August 2023

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further details of the Settlement Transactions; (ii) financial information of the Group; (iii) the valuation report in respect of the Properties; and (iv) other information as required under the Listing Rules.

LETTER FROM THE BOARD

SETTLEMENT TRANSACTIONS

On 21 June 2023 (after trading hours), Fineland Living Services (an indirectly wholly-owned subsidiary of the Company), the Purchaser (a non-wholly owned subsidiary of the Company) and the Vendor entered into the Settlement Agreement, pursuant to which, Fineland Living Services has conditionally agreed to procure the Relevant Purchaser(s) to pay the Down Payment of approximately RMB4.0 million and set-off the Outstanding Receivables of approximately RMB16.0 million owed to it and its subsidiaries by the Vendor, by way of accepting the transfer of the Properties from the Vendor to the Relevant Purchaser(s).

The Total Consideration of the Settlement Transactions shall comprise the Down Payment to be paid in cash and the Set-off Price. The Set-off shall be effected on the Set-off Date after all Conditions Precedent have been fulfilled whereupon:

- (a) the Set-off Price shall be regarded to have paid Fineland Living Services and its subsidiaries a sum equivalent to the Outstanding Receivables towards its settlement thereof; and
- (b) the Relevant Purchaser(s) shall be regarded to have paid the Vendor the Set-off Price and the Vendor shall not thereafter make any claim against the Relevant Purchaser(s) for the Total Consideration after the Set-off.

To effectuate the Settlement Transactions, the Vendor and the Relevant Purchaser(s) will separately enter into the Property Presale Agreement in respect of each of the Properties.

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

Date	:	21 June 2023
Parties	:	(1) the Vendor; and (2) Fineland Living Services (collectively, the “Parties”)
Subject matter	:	The Parties acknowledged and confirmed that the Outstanding Receivables for property management and agency services provided by Fineland Living Services and its subsidiaries that remained outstanding and payable by the Vendor as at 30 April 2023 was approximately RMB16.0 million.
Settlement arrangement and Down Payment	:	Fineland Living Services has conditionally agreed to procure the Relevant Purchaser(s) to pay the Down Payment of approximately RMB4.0 million and set-off the Outstanding Receivables of approximately RMB16.0 million owed to it and its subsidiaries by the Vendor, by way of accepting the transfer of the Properties from the Vendor to the Relevant Purchaser(s).

LETTER FROM THE BOARD

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

The Set-off shall be effected on the Set-off Date after all Conditions Precedent have been fulfilled whereupon:

- (a) the Set-off Price shall be regarded to have paid Fineland Living Services and its subsidiaries a sum equivalent to the Outstanding Receivables towards its settlement thereof; and
- (b) the Relevant Purchaser(s) shall be regarded to have paid the Vendor the Set-off Price and the Vendor shall not make any claim against the Relevant Purchaser(s) for the Total Consideration after the Set-off.

Pursuant to the relevant local housing authority in Jiangmen City, a down payment of not less than 20% of the property price is required to be paid in cash for any pre-sale of residential properties and is a pre-requisite to making filings (網簽備案) with the relevant local housing authority (the “**Filing(s)**”) in securing rights to ownership of such properties and protecting the interests of the property buyers. Accordingly, the Parties agreed that the Relevant Purchaser(s) shall pay the Down Payment of approximately 20% of the Total Consideration, which is approximately RMB4.0 million, in order to proceed with the Filings as soon as possible.

The Properties : The Parties agreed that each of the Properties shall be delivered on the Completion Date, free from any encumbrances.

For details of the Properties, please refer to the section headed “*Information on the Properties and their valuation*” of this letter from the Board.

LETTER FROM THE BOARD

- Conditions precedent : The Settlement Transactions are conditional upon:
- (i) the Relevant Purchaser(s) has completed due diligence on the Properties and is satisfied with the results thereof (including proof of the Vendor having full ownership and interest in respect of the Properties);
 - (ii) the transaction documents contemplated under the Settlement Transactions (being the Settlement Agreement and the Property Presale Agreement(s)) have been duly executed by the relevant Parties;
 - (iii) the Parties have obtained the relevant authorisation(s), consent(s), approval(s) or wavier(s) from, including but not limited to the relevant government authorities, the Stock Exchange, management, board of directors (including the Board) and shareholders of the relevant party (as the case maybe) and the Shareholders;
 - (iv) the Company has fulfilled all the relevant requirements under the Listing Rules in connection with the Settlement Transactions;
 - (v) the Vendor and the Relevant Purchaser(s) have entered into the respective Property Presale Agreement(s) and completed the Filing(s) in accordance with the terms of the Property Presale Agreement and the result of the Filing(s) status being made publicly available on the website of the relevant local housing authority; and
 - (vi) at any time from the execution of the Settlement Agreement to the Set-off Date, there has been no material adverse change, no effective prohibition or similar decree that may prohibit or restrict any party from completing the Settlement Transactions, and no third party has proposed any ongoing or imminent claims, assertions or demands that may restrict the performance of the Settlement Agreement.

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In the event any of the Conditions Precedent cannot be fulfilled, or Completion cannot take place on or before the Long Stop Date, Fineland Living Services shall be entitled to rescind or partially rescind the Settlement Agreement whereby Fineland Living Services shall have the right to release the Vendor's obligations in respect of the Down Payment and the Outstanding Receivables corresponding to the units of the Properties that have been delivered, and partially rescind the Settlement Agreement in respect of the Vendor's remaining obligations corresponding to the remaining Properties that are yet to be delivered. In respect of the Vendor's rescinded obligations, the Vendor shall unconditionally (1) cooperate with the Relevant Purchaser(s) to de-register the relevant Filing(s); (2) refund the relevant amount of the Down Payment to the Relevant Purchaser(s); and (3) reverse the relevant Set-off and the Vendor shall continue to be obliged to fulfill its payment obligations in connection with the relevant amount of the Outstanding Receivables and the other outstanding receivables owed to Fineland Living Services and its subsidiaries.

None of the Conditions Precedent can be waived. As at the Latest Practicable Date, Conditions (i) and (ii) have been fulfilled.

- Filing mechanism : The Parties agreed that:
- (i) the Relevant Purchaser(s) shall, within 10 business days upon the entering of the Settlement Agreement, deposit the Down Payment in cash into a segregated bank account set-up by the Vendor as regulated by the relevant government authority. The Vendor shall thereupon issue receipt(s) to the Relevant Purchaser(s); and
 - (ii) Within 30 calendar days from the date of entering of the relevant Property Presale Agreement(s), the Vendor or its designated representative shall, along with the requisite documents including but not limited to the Down Payment receipt(s), submit the Filing(s) to the relevant local housing authority to secure rights to ownership of the relevant Properties.

LETTER FROM THE BOARD

Representations,
warranties and
undertakings

: Fineland Living Services represented and warranted that the following representations and warranties are true and correct in all respects as at the date of the Settlement Agreement and shall be true and correct throughout the subsistence of the Settlement Agreement:

- (i) it is a company lawfully established and validly existing in accordance with the laws of the PRC. It has all the necessary licenses, approvals and authorizations for its legal operations. It conducts business and performs its obligations under the Settlement Agreement in accordance with the laws of the PRC, business licenses and government approvals it has so obtained;
- (ii) save for fulfilling the Conditions Precedent, it has obtained all external and internal authorizations required to perform the relevant obligations under the Settlement Agreement, and has sufficient rights and capabilities to enter into the Settlement Agreement and perform the obligations thereunder;
- (iii) the entering into of the Settlement Agreement shall be fully and legally binding on Fineland Living Services. The entering and performance of the Settlement Agreement shall not cause Fineland Living Services to violate the laws and regulations, the mandatory provisions of effective judgments and arbitral awards (unless otherwise required by the Stock Exchange or Securities and Futures Commission of Hong Kong), and will not cause Fineland Living Services to violate its articles of association, agreement(s) entered into with third parties and will not create any conflict of interests.

The Vendor represented and warranted that the following representations and warranties are true and correct in all respects as at the date of the Settlement Agreement and shall be true and correct throughout the subsistence of the Settlement Agreement:

- (i) it has obtained all external and internal authorizations required to perform the relevant obligations under the Settlement Agreement, and has sufficient rights and capabilities to enter into the Settlement Agreement and perform the obligations thereunder;

LETTER FROM THE BOARD

- (ii) the entering into of the Settlement Agreement shall be fully and legally binding on the Vendor. The entering into and performance of the Settlement Agreement shall not cause the Vendor to violate the laws and regulations, the mandatory provisions of effective judgments and arbitral awards, and will not cause the Vendor to violate its articles of association, board and shareholders' approval(s), and agreement(s) entered into with third parties and will not create any conflict of interests;
- (iii) the Vendor has fully, thoroughly and timely disclosed to Fineland Living Services and/or the Relevant Purchaser(s) all information and materials related to the Properties under the Settlement Agreement that they know and in possession of, and further undertake that the disclosed information and materials are in all respects complete, accurate, true and valid, without any misrepresentation, concealment or misstatements, and the information so provided is true and valid; and
- (iv) the Vendor has the actual, legal, effective and complete right to dispose the Properties, and it has not subject the Properties, for itself or for the benefit of others, to any mortgage, pledge, guarantee, trusteeship, encumbrance or other impediments that may subject the Properties to recourse or claims by third parties. The Properties have not been subject to seizure, freeze, auction or other compulsory (enforcement) measures by any authority.

The Vendor shall notify the Relevant Purchaser(s) as soon as possible in the event any of the above circumstances take place. At the same time, Fineland Living Services has the right to unconditionally rescind the Settlement Agreement and the Vendor shall compensate Fineland Living Services for any direct and indirect loss caused by it, including but not limited to litigation costs, preservation fees, preservation guarantee fees, legal fees, notarization fees, appraisal fees, valuation fees, travel expenses and costs arising from claims asserted by Fineland Living Services.

LETTER FROM THE BOARD

The Vendor has further made the following undertakings:

- (i) it shall return the Down Payment in full to the Relevant Purchaser(s) if any of the Conditions Precedent cannot be fulfilled and Fineland Living Services elects to rescind the Settlement Agreement. If the Vendor cannot make the refund within 10 business days from the day of any of the Conditions Precedent cannot be fulfilled, the Vendor shall be liable to pay 0.01% of the Down Payment per day to the Relevant Purchaser(s). Further, it shall return the relevant amount of the Down Payment to the Relevant Purchaser(s) if any Completion cannot take place on or before the Long Stop Date and Fineland Living Services elects to rescind or partially rescind the Settlement Agreement. If the Vendor cannot make a refund of the relevant amount of the Down Payment within 10 business days from the Long Stop Date, the Vendor shall be liable to pay 0.01% of the relevant amount of the Down Payment per day to the Relevant Purchaser(s);
- (ii) it shall unconditionally agree and accept the reversal of the Set-off if any Completion cannot take place on or before the Long Stop Date and Fineland Living Services elects to rescind or partially rescind the Settlement Agreement. The Vendor shall continue to be obliged to fulfill its payment obligations in connection with the relevant amount of the Outstanding Receivables and other outstanding receivables owed to Fineland Living Services and its subsidiaries;
- (iii) save as governed by the terms of the Settlement Agreement, it shall not sell any of the Properties to more than one party;

LETTER FROM THE BOARD

- (iv) any business or operational qualification and compliance liability risks related to the Vendor's business and its related activities caused by whatsoever reasons, and any other possible illegal or non-compliant behaviors that could give rise to civil, administrative or criminal liability, and penalty risks arising on or before the Completion Date shall be borne by the Vendor and shall have nothing to do with Finland Living Services. The Vendor shall be fully liable to compensate Finland Living Services if Finland Living Services suffers loss or damage as a result of the aforementioned risks or responsibilities;
- (v) it is independent from the Company and is not a connected person; and
- (vi) it shall from time to time do its best to assist and cooperate with the Company and Finland Living Services to reply to questions raised by the relevant regulatory bodies (including the Stock Exchange).

Principal terms of the Property Presale Agreement(s)

The principal terms of the Property Presale Agreement(s) in their standard forms, are substantially identical to each other and shall be entered into after the entering of the Settlement Agreement, as set out below:

- | | | |
|-------------------|---|--|
| Parties | : | (1) the Vendor; and

(2) the Relevant Purchaser. |
| Subject matter | : | The Vendor shall sell and the Relevant Purchaser shall purchase the relevant Property at the relevant property purchase price free from encumbrances. |
| Filing obligation | : | The Vendor shall within 30 calendar days from the entering of the Property Presale Agreement make the Filings with the relevant local housing authority. To facilitate the Filings, the Relevant Purchaser shall provide forthwith all the requisite documents to the Vendor, including but not limited to payment proof of the Down Payment. The cost of the Filing(s) should be borne by the Relevant Purchaser. |

LETTER FROM THE BOARD

Delivery : Subject to the Vendor meeting the conditions to delivery as provided in the Property Presale Agreement including but not limited to the relevant Properties being granted the construction project completion acceptance certification (建設工程竣工驗收備案證明文件) and the housing survey report (房屋測繪報告), the Vendor shall deliver the relevant Properties to the Relevant Purchaser before the Latest Completion Date, failing which the Vendor shall be subject to penalty fees, as follows:

- (i) if the actual delivery takes place less than 90 calendar days from the Latest Completion Date (i.e. on or before the Long Stop Date), the Vendor shall pay the Relevant Purchaser 0.01% of the property purchase price per day beginning from the day after the Latest Completion Date till the actual delivery date. The accumulated penalty fee shall not exceed 5% of the property purchase price;
- (ii) if the actual delivery takes place more than 90 calendar days from the Latest Completion Date (i.e. after the Long Stop Date), the Relevant Purchaser shall have the right to rescind the relevant Property Presale Agreement upon serving a notice of termination to the Vendor, and the Vendor shall thereupon refund the property purchase price in full and pay a penalty fee of 5% of the property purchase price to the Relevant Purchaser; and
- (iii) the penalties stipulated in parts (i) and (ii) above should not be aggregated, and the latest time for the Relevant Purchaser to serve the notice of termination should not be more than 10 calendar days from the day the Purchaser is entitled to rescind the relevant Property Presale Agreement.

LETTER FROM THE BOARD

- Legal title : The Relevant Purchaser shall entrust the Vendor to obtain the certificate evidencing the Relevant Purchaser's legal title (房屋所有權證書) which shall be completed within 720 calendar days from the Latest Completion Date (the "**Legal Title Delivery Date**"), failing which the Vendor shall pay the Relevant Purchaser 0.01% of the property purchase price per day beginning from the Legal Title Delivery Date till the actual delivery date of the legal title certificate. The accumulated penalty fee shall not exceed 3% of the property purchase price. If the delay is caused by the Relevant Purchaser, it shall be subject to the same penalty mechanism as described above. If neither party has caused the delay, no penalty shall be inflicted on either party.
- Vendor's undertakings : The Vendor shall undertake that:
- (i) the Vendor has the legal right to the relevant Property;
 - (ii) the relevant Property has never been sold to another party other than the Relevant Purchaser to the Property Presale Agreement; and
 - (iii) the relevant Property is not subject to judicial seizure or other restrictions on transfer or assignment.

Consideration and basis of determination of the consideration

The Total Consideration in respect of the Settlement Agreement was arrived at after arm's length negotiation between Fineland Living Services and the Vendor, with reference to, amongst others, the cash flow positions of Fineland Living Services and its subsidiaries, the preliminary valuation conducted by the Valuer on the Properties and the resale value of the Properties. The Vendor has agreed and undertaken to settle the Outstanding Receivables by way of transfer of the Properties in exchange of which, Fineland Living Services has conditionally agreed to procure the Relevant Purchaser(s) to pay the Down Payment of approximately RMB4.0 million and set-off the Outstanding Receivables in the amount of approximately RMB16.0 million, being part of the Total Outstanding Receivables due from the Vendor pursuant to contracts entered into between the Group and the Vendor for the provision of property agency and property management services by the Group to the Vendor.

For the basis of determination on the valuation of the Properties, please refer to the section headed "*Information on the Properties and their valuation*" of this letter from the Board.

LETTER FROM THE BOARD

INFORMATION ON THE PROPERTIES AND THEIR VALUATION

The Properties

The Properties consist of 23 first-hand residential properties situated in a private housing complex, block 51 of Fangyuan Yunshan Poetry (Heshan)* (方圓·鶴山雲山詩意) located in Nos.1, 27 to 43 Tianyue 4th Street, Shaping Jiedao, Heshan City of Jiangmen City, Guangdong Province of the PRC. The Properties have a total gross floor area of approximately 2,620.70 square meters with individual sizes ranging from approximately 99.8 square meters to 130.5 square meters.

According to publicly available information and as represented by the Vendor, Fangyuan Yunshan Poetry (Heshan) is a residential and commercial development and has a gross floor area of approximately 680,000 square meters comprising 27 blocks of residential units. It is accessible to nearby commercial area, schools and hospitals. Block 51 of Fangyuan Yunshan Poetry (Heshan) has a total gross floor area of approximately 16,600 square meters. The Vendor is the registered legal and beneficial owner of Fangyuan Yunshan Poetry (Heshan) which has been under development by the Vendor since November 2021. As at the Latest Practicable Date, 23 of the 31 floors of the main structure of the building where the Properties are situated have been constructed. The Vendor is responsible for the overall coordination of the construction work and construction cost. As at the date of this circular, the Vendor has obtained the permit to conduct pre-sale of the Properties. Save as selling the Properties to the Relevant Purchaser(s) in accordance with the terms of the Settlement Agreement and Property Presale Agreement(s), the Vendor cannot dispose of any Property to other purchasers before the Completion.

Valuation of the Properties

The total value of the Properties shall be approximately RMB20.0 million which shall be equal to the Total Consideration. The value of the Properties was determined after arm's length negotiation between Fineland Living Services and Vendor with reference to the valuation conducted by the Valuer on the Properties, with the market value of the Properties of approximately RMB20.0 million as at 31 May 2023. The Valuer has considered, among other things, the proposed pre-sale price of the residential units in block 51 of Fangyuan Yunshan Poetry (Heshan) and the market selling prices of comparable properties.

Please refer to the valuation report by the Valuer set out in “*Appendix II — Property Valuation Report*”.

FINANCIAL IMPLICATION OF THE SETTLEMENT TRANSACTIONS

As at 30 April 2023, the Total Outstanding Receivables, being the amounts due from the Vendor was at approximately RMB58.2 million. Upon Completion Date, the Outstanding Receivables of approximately RMB16.0 million will be derecognized by the recognition of the Down Payment of approximately RMB4.0 million paid for acquisition of investment properties of approximately RMB20.0 million measured at market value. All Properties will be recognized as investment properties on the Completion Date subject to fair value measurement with impact reflected in the Company's profit or loss in the future.

LETTER FROM THE BOARD

It is estimated that the Group will incur cost of approximately RMB1.2 million in connection with the Settlement Transactions which include deed tax, stamp duty on the acquisition of Properties and professional fees, etc.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE SETTLEMENT TRANSACTIONS

The Settlement Transactions were entered into as the Vendor was unable to settle the Total Outstanding Receivables on schedule and it is expected that the Vendor would not be able to settle the Total Outstanding Receivables in the near future. The Total Outstanding Receivables arose from property agency and property management services provided by the Group to the Vendor in the past. Since the beginning of 2022, which was when the Total Outstanding Receivables have started to accrue, the Company has taken various measures to recover the Total Outstanding Receivables, including periodically demanding payments through oral and electronic means as well as organizing physical meetings. The Company has also issued at least five formal letters and one legal demand letter to the Vendor. Further, the Company and the Vendor entered into a mediation agreement in the second quarter of 2022 to agree on a revised payment schedule concerning a portion of the Total Outstanding Receivables. However, the Vendor had continually failed to pay. Having exhausted all other means in recovering the Total Outstanding Receivables, it is agreed between the Parties that the Properties are to be transferred to the Relevant Purchaser(s) as full settlement of the Outstanding Receivables due from the Vendor.

Since late 2022, the national government has promulgated ever-widening policies to support housing consumption in China, which allow the regional governments, including the government of Jiangmen, to ease the minimum mortgage down payment, cut the housing provident fund loan interest rate and relax the mortgage rate. These supportive measures have strengthened the market demand for houses and boosted the recovery in the real estate market. Further, Jiangmen, a city in Guangdong province that is also part of Greater Bay Area development zone, is attracting interest from PRC and Hong Kong-based investors. The influx of such investors have spurred the demand for housing in Jiangmen, which may result in a rise in housing prices. As such, the Company saw the potential upside in the resale value of the Properties located in Fangyuan Yunshan Poetry (Heshan) against the backdrop of the reviving PRC property market. The Group intends to hold the Properties for investing purposes and shall dispose of them to cash in when the right opportunity comes. The Group is exploring other options to recover the remaining balance of the Total Outstanding Receivables and will continue to issue letters and demand letters to the Vendor. It will not preclude the possibility of taking legal action against the Vendor on the remaining balance of the Total Outstanding Receivables. After taking various business rationales into consideration, the Group considers the continued provision of property agency services and pre-sale property management services to the Vendor is justified as there will be expected increase in property management service revenue coming from property buyers when Fangyuan Yunshan Poetry (Heshan) is fully developed and sold in the future.

LETTER FROM THE BOARD

Pursuant to the Property Presale Agreement(s), the expected delivery date of the Properties which were still under development as at the date of this circular is the Latest Completion Date. Further and in line with industry practice, a buffer of three months was created to allow for late delivery of the Properties which had factored in the potential delay in receiving the construction project completion acceptance certification and the housing survey report by the Vendor. As a result, the Parties had agreed on a prolonged timing of the Long Stop Date which is over two years after the date of the Settlement Agreement. Having noted the Vendor has obtained the pre-sale permit dated 5 October 2022, conducted site visit of the Properties by the Company's representatives, and considered the favorable policies promulgated by the central government and the local governments, in particular, policies and financial support pertaining to ensuring the timely delivery of newly constructed properties, the Company and its Directors were of the view that the Latest Completion Date is a realistic timeline. For details of the terms of delivery of the Properties under the Property Presale Agreement(s), please refer to the section headed "*Principal terms of the Property Presale Agreement(s) — Delivery*" of this letter from the Board.

The Company had considered the risks associated with the Settlement Transactions, in particular the Down Payment which had been transferred into a segregated account as at the date of this circular. In accordance with the terms of the Settlement Agreement, if any of the Conditions Precedent cannot be fulfilled, Fineland Living Services shall be entitled to rescind the Settlement Agreement. If Fineland Living Services elects to rescind the Settlement Agreement triggering, amongst others, the refund of the Down Payment to the Relevant Purchaser(s) but the Vendor fails to make the refund within the stipulated time frame, the Company and/or the Relevant Purchaser(s) shall rigorously chase for the refund and the penalty payments and would not rule out the possibility of resorting to legal recourse. In addition, the Relevant Purchaser(s) shall have a good standing in priority concerning the Properties when the Filing(s) have been made with the results of the Filing(s) status being made publicly available on the website of the relevant local housing authority.

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

As of the date of this circular, the Board had approved the terms of the Settlement Agreement, Property Presale Agreement(s) and the Settlement Transactions. Although the Properties are only expected to be delivered in 2025, as (i) Fangyuan Yunshan Poetry (Heshan) is the only property development project of the Vendor; (ii) time is of the essence in securing right to ownership of the Properties; and (iii) the Company had assessed its financial position before deciding on the amount of the Down Payment, the Board is of the view that the Settlement Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION OF THE PARTIES

The Group and Fineland Living Services

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

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

The Vendor

The Vendor, Heshan Fudu Property Development Company Limited* (鶴山市富都物業發展有限公司) was incorporated in the PRC on 10 December 2009 with limited liability and is principally engaged in property development primarily in the Guangdong Province of the PRC. It is owned as to 82%, 10.8% and 7.2% by Heshan Mingxin Property Investment Company Limited* (鶴山市明鑫房地產投資有限公司) (“**Heshan Mingxin**”), Jiangmen Pengjiang Mingxuan Rental Company Limited* (江門市蓬江區名軒租賃有限公司) (“**Jiangmen Mingxuan**”) and Jiangmen Xinfangsheng Investment Consulting Company Limited* (江門市新方盛投資諮詢有限公司) (“**Jiangmen Xinfangsheng**”) respectively. To the best of the Company and the Directors’ knowledge, the respective ultimate beneficial owners of Jiangmen Mingxuan and Jiangmen Xinfangsheng are Independent Third Parties.

Heshan Mingxin is owned as to 51% and 49% by Guangzhou Mingxin Investment Development Company Limited* (廣州市明鑫投資發展有限公司) (“**Guangzhou Mingxin**”) and Zhuhai Fineland Lexin Equity Investment Limited Partnership* (珠海方圓樂鑫股權投資合夥企業(有限合夥)) (“**Zhuhai Lexin**”) respectively, and is controlled by Guangzhou Mingxin. Zhuhai Lexin is controlled by Guangzhou Mingxin as to 69.8%, and the remaining 30.2% is owned by Guangzhou Zhenhui Real Estate Investment Company Limited* (廣州市臻惠實業投資有限公司) (“**Guangzhou Zhenhui**”). Guangzhou Mingxin is owned as to 100% by Guangzhou Xinwan Investment Group Company Limited* (廣州鑫灣投資集團有限公司) (“**Guangzhou Xinwan**”), which is in turn owned as to 99% and 1% by Guangzhou Bay Area International Investment Company Limited* (廣州灣區國際投資有限公司) and Guangdong Jinhenghui Investment Consulting Company Limited* (廣東金恒匯投資諮詢有限公司) respectively. Guangzhou Bay Area International Investment Company Limited and Guangdong Jinhenghui Investment Consulting Company Limited are owned as to 100% by the ultimate beneficial owners Zhang Qing (“**Mr. Zhang**”) and Li Yepeng respectively, both of which are Independent Third Parties. Guangzhou Zhenhui is indirectly wholly owned by Mr. Fong. As such, the Vendor is ultimately controlled by Mr. Zhang who is an Independent Third Party.

Prior to March 2018, Heshan Mingxin was a wholly owned subsidiary of Heshan Fineland Real Estate Development Company Limited* (鶴山市方圓房地產發展有限公司) (“**Fineland Heshan**”) which was a wholly owned subsidiary of Fineland Group Holdings. More specifically, on 14 March 2018, Fineland Heshan entered into an agreement with

LETTER FROM THE BOARD

Guangzhou Mingxin (which was then indirectly owned by Fineland Group Holdings at the time of this transfer) pursuant to which Fineland Heshan agreed to sell and Guangzhou Mingxin agreed to purchase the entire issued share capital of Heshan Mingxin at a cash consideration of RMB10,000,000. On 21 June 2018, Guangzhou Fineland Real Estate Development Company Limited* (廣州市方圓房地產發展有限公司) (“**Fineland Guangzhou**”), a wholly owned subsidiary of Fineland Group Holdings, entered into an agreement with Guangzhou Xinwan pursuant to which Fineland Guangzhou agreed to transfer the entire issued share capital of Guangzhou Mingxin to Guangzhou Xinwan in exchange for Guangzhou Xinwan agreeing to assume all the debts and liabilities of Guangzhou Mingxin. The transfer of Heshan Mingxin did not involve any performance guarantees and/or commitment provided by Fineland Heshan, Fineland Group Holdings, Mr. Fong and their associates. Similarly, the transfer of Guangzhou Mingxin did not involve any performance guarantees and/or commitment provided by Fineland Guangzhou, Fineland Group Holdings, Mr. Fong and their associates.

Mr. Fong and Mr. Zhang have made co-investments in other companies in certain industry sectors including real estate, education and healthcare. The Group has provided property agency and property management services to some of these co-invested companies in its ordinary course of business. Save as aforesaid, to the best knowledge of the Company, there is no other relationship/association/arrangement (business or otherwise) among each of shareholders in the Vendor, the Company and its connected persons including Mr. Fong apart from their existing shareholding in the Vendor.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, with the exception of Guangzhou Zhenhui and Mr. Fong, the ultimate beneficial owner(s) of the Vendor are Independent Third Parties.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio in respect of the Settlement Transactions exceeds 25% but is less than 100%, the Settlement Transactions shall constitute a major transaction of the Company under the Listing Rules and is therefore subject to reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

APPROVAL BY THE BOARD

As at the date of the Announcement, (i) Mr. Fong indirectly held approximately 12% attributable equity interest in the Vendor; (ii) Ms. Tse is a party acting-in-concert with Mr. Fong; (iii) Mr. Han is a director of Guangzhou Fineland Real Estate Development Company Limited* (廣州市方圓房地產發展有限公司) (“**Fineland Real Estate Development**”), a company that holds approximately 90% of Guangzhou Zhenhui which is ultimately owned by Mr. Fong; and (iv) Ms. Rong is a director of Fineland International Investment Group Company Limited* (方圓國際投資集團有限公司), a company that holds 100% of Fineland Real Estate Development which is ultimately owned by Mr. Fong.

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Each of Mr. Fong, Ms. Tse, Mr. Han and Ms. Rong had declared their interests in the Board meeting held on 21 June 2023, being the date of the Announcement. In relation to Mr. Fong and Ms. Tse, the Board considered that, despite Mr. Fong indirectly holds approximately 12% attributable equity interest in the Vendor, he (i) is not a director in the Vendor and cannot fetter with the board or shareholder's meetings of the Vendor; (ii) does not have equity interest, directorship or board control in the intermediate companies (namely Heshan Mingxin and Guangzhou Mingxin) that have shareholding control over the Vendor as described in the section headed "*Information of the Parties — The Vendor*"; and (iii) his equity interest in the Company (being 55.5% as at the Latest Practicable Date) is far greater than his 12% attributable interest in the Vendor and there is an alignment of interests in Mr. Fong vis-à-vis other Shareholders. In relation to Mr. Han and Ms. Rong, the Board considered that the companies which they hold directorships in are part of the chain of companies that Mr. Fong had ownership in Guangzhou Zhenhui. As such, the Board (excluding Mr. Fong, Ms. Tse, Mr. Han and Ms. Rong) was of the view that Mr. Fong, Ms. Tse, Mr. Han and Ms. Rong did not have material interests in the Settlement Transactions and did not have to abstain from voting on the Board resolutions approving the Settlement Transactions.

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

CLOSURE OF REGISTER

To ascertain the members' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 11 September 2023 to Friday, 15 September 2023 (both days inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the EGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 8 September 2023.

EGM AND PROXY ARRANGEMENT

The notice convening the EGM to be held at 11:00 a.m. on Friday, 15 September 2023 at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, an ordinary resolution will be proposed to the Shareholders to consider and if appropriate, approve the Settlement Transactions. Any vote of the Shareholders at the EGM will be taken by poll. A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:00 a.m.

LETTER FROM THE BOARD

on Wednesday, 13 September 2023) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjourned meeting thereof) should you so wish.

VOTING ARRANGEMENT

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be considered and, if thought fit, approved at the EGM will be voted by way of a poll by the Shareholders. An announcement on the poll results will be made by the Company after the EGM, in the manner prescribed under Rule 13.39(5) of the Listing Rules, on the results of the EGM.

As at the Latest Practicable Date, each of Mr. Fong, Ms. Tse, Mr. Han and Ms. Rong held Shares in the Company. Details of their respective shareholdings in the Company are set out in “*Appendix III — General Information — 2. Disclosure of Interests — (i) Directors and chief executives*” of this circular. In relation to Mr. Fong and Ms. Tse, despite Mr. Fong indirectly holds approximately 12% attributable equity interest in the Vendor, he (i) is not a director in the Vendor and cannot fetter with the board or shareholder’s meetings of the Vendor; (ii) does not have equity interest, directorship or board control in the intermediate companies (namely Heshan Mingxin and Guangzhou Mingxin) that have shareholding control over the Vendor as described in the section headed “*Information of the Parties — The Vendor*”; and (iii) his equity interest in the Company (being 55.5% as at the Latest Practicable Date) is far greater than his 12% attributable interest in the Vendor and there is an alignment of interests in Mr. Fong vis-à-vis other Shareholders. In relation to Mr. Han and Ms. Rong, the companies which they hold directorships in are part of the chain of companies that Mr. Fong had ownership in Guangzhou Zhenhui. As such, Mr. Fong, Ms. Tse, Mr. Han and Ms. Rong did not have material interests in the Settlement Transactions and it is therefore not necessary for them to abstain from voting on the resolution approving the Settlement Transactions at the EGM.

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

- (i) save for the deed of concert parties dated 31 March 2017 entered into between Mr. Fong and Ms. Tse, none of the above-mentioned Shareholders has entered into or is bound upon any voting trust or other agreement or arrangement or understanding;
- (ii) none of the above-mentioned Shareholders is subject to any obligation or entitlement causing he/she/it has or may have, temporarily or permanently, passed control over the exercise of the voting right in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis; and
- (iii) there was no discrepancy between the beneficial shareholding interest of the above mentioned Shareholders and the number of Shares in respect of which he/she/it will control or will be entitled to exercise control over the voting right at the EGM.

LETTER FROM THE BOARD

Therefore, no Shareholder is required to abstain from voting on the relevant resolution at the EGM due to their interests in the Settlement Transactions.

RECOMMENDATION FROM THE BOARD

The Directors consider that the Settlement Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommend the Shareholders to vote in favour of the ordinary resolution approving the Settlement Transactions at the EGM.

GENERAL

Your attention is drawn to the information set out in the appendices to this circular, which contain (i) financial information of the Group; (ii) the valuation report of the Properties; and (iii) other information as required under the Listing Rules.

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

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

1. FINANCIAL INFORMATION OF THE GROUP

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

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

2. STATEMENT OF INDEBTEDNESS

As at 30 June 2023, being the most recent practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the indebtedness of the Group was approximately RMB35.0 million comprising outstanding bank borrowings of RMB35.0 million.

Bank borrowings

As at 30 June 2023, the Group had secured bank loan of RMB35.0 million. The bank loan is secured by a personal guarantee from Mr. Fong, corporate guarantees from the fellow subsidiaries and a legal charge over a fellow subsidiary's land and buildings.

Save as aforesaid, and apart from intra-group liabilities, as at 30 June 2023, being the most recent practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Directors were not aware of the Group having any other debt securities, any outstanding loan capital, any lease liabilities, any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, pledges, mortgages, charges, finance leases, guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

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

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In recent years, the COVID-19 outbreak and PRC government's curb on the debt-infused property market have posed significant challenges on the PRC's economy and downward pressure on its real estate market. Many property developers were confronted with liquidity problems causing delays and disruptions in scheduled construction works or worse still, defaults. The instability in the real estate market has caused substantial decrease in transaction volumes in both first-hand and second-hand properties, all of which have exposed the Group to credit risks associated with sluggish recovery of receivables for services the Group had previously rendered to its clients, including property developers, which may have a negative impact on the financial performance of the Group.

The real estate market has shown signs of revival since 2023 with the roll out of favorable policies by the PRC government. The Government Work Report released on 5 March 2023 for instance, aims for an economic growth at around 5% in 2023 and highlighted the bottom line of preventing regional or systemic financial risks related to the real estate industry. At provincial level, the Guangdong provincial government implemented various financial policies in March 2023 that support a stable and healthy development of the real estate market to buttress the delivery of newly constructed properties. Recent data published by the Jiangmen Municipal People's Government shows that the aggregate gross floor area of first-hand and second-hand properties that were sold and have completed the relevant filings with the relevant local housing authority during the period from January to March 2023 have increased by 41.9% and 61.1% respectively compared to the same period in 2022. While the Group remains conservative over its business and financial performance in the future, it believes the favorable policies and the gradual recovery of the PRC's real estate market increases the likelihood of a timely delivery of construction projects and builds a stronger case for decent resale value of the Properties.

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

Looking ahead, the Group will continue to monitor its exposure to credit risks and take measures as appropriate to recover its receivables. In relation to the real estate agency services segment, the Group will continuously focus on business development in the Greater Bay Area by building and maintaining stronger ties with clients and customers with better credit. In particular, it will take on more projects with counterparties with state-owned backgrounds. In relation to the property management services segment, the Group will expand moderately, seize profitable opportunities, especially in city services line and value-added services. Moreover, the Group will strengthen internal management by standardization, professional development, service quality and cost control to achieve efficiency and profitability.

5. MATERIAL ADVERSE CHANGE

Reference is made to the profit warning announcement of the Company dated 9 August 2023 (the “**Profit Warning Announcement**”) in which it was disclosed that the Company expects the unaudited net loss of the Company for the the six months ended 30 June 2023 will not exceed RMB18.6 million, compared to the unaudited net profit of approximately RMB17.4 million for the six months ended 30 June 2022. The expected net loss was mainly attributable to the significant increase in impairment losses for the receivables from the provision of property management services segment and real estate agency services segment.

Save as disclosed in the Profit Warning Announcement, the Directors confirm that to the best of the Directors’ knowledge, there was no material adverse change in the financial or trading position of the Group since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up) and up to the Latest Practicable Date.

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



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

24 August 2023

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

Dear Sirs,

Re: 23 residential units in Block 51 of Fangyuan Yunshan Poetry (Heshan)* 方圓·鶴山雲山詩意, Nos. 1, 27 to 43 Tianyue 4th Street, Shaping Jiedao, Heshan City, Jiangmen City, Guangdong Province, the People's Republic of China
(中國廣東省江門市鶴山市沙坪街道天樾四街1、27至43號方圓·鶴山雲山詩意51棟23個住宅單位) (the “Property”)

Instructions, Purpose & Valuation Date

In accordance with the instructions of Fineland Living Services Group Limited (the “**Company**”) for us to value the Property of Heshan Fudu Property Development Company Limited* (鶴山市富都物業發展有限公司) (the “**Vendor**”), in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value in existing state of the Property as at 31 May 2023 (the “**Valuation Date**”).

Definition of Market Value

Our valuation of the Property represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis & Assumptions

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

With reference to the PRC legal opinion of the Company's legal adviser, Tian Yuan Law Firm* (北京市天元(廣州)律師事務所), we have prepared our valuation on the basis that transferable land use rights in respect of the Property for respective specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion, dated 21 August 2023, regarding the title to the Property and the interest of the Vendor in the Property. We have prepared our valuation on the basis that the Vendor has enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired term as granted.

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

Method of Valuation

Guangzhou Fineland Living Services Limited* (廣州方圓生活服務有限公司) (“**Fineland Living Services**”), an indirectly wholly-owned subsidiary of the Company, or its nominated subsidiary(ies) shall enter into the property presale agreement(s) with the Vendor (collectively referred to as the “**Relevant Purchasers**”).

In valuing the Property contracted to be acquired by the Relevant Purchasers in the PRC, we have adopted Market Comparison Method by making reference to comparable sales evidences as available in the relevant market.

Market Comparison Method is a commonly used valuation method for property valuation, whereby relevant comparable sales evidence are considered to arrive at the market value. This method rests on the wide acceptance of the market evidence as the best indicator that can be extrapolated to similar properties, subject to allowances for variable factors. We consider the market value arrived at by Market Comparison Method is reliable. Such method is in line with the market practice.

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

Source of Information

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

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

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

Title Investigation

We have been provided by the Company with copies of documents in relation to the current title to the Property. However, we have not been able to conduct searches to verify the ownership of the Property and we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Property in the PRC and we have therefore relied on the advice given by the Company and the PRC legal opinion. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Our valuer of Guangzhou Office, Leo Y. K. Li (China Real Estate Appraiser with 9 years' experience in property valuation), inspected the exterior of the Property on 14 July 2023. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

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

Other Disclosure

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

We attach herewith a valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MHKIS, MRICS, RPS (GP)
Senior Director
Valuation & Advisory Services, Greater China

Notes:

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

VALUATION REPORT

Property contracted to be acquired by the Relevant Purchasers in the PRC

Property	Description and tenure	Particulars of occupancy	Market value on completion basis* as at 31 May 2023
<p>23 residential units in Block 51 of Fangyuan Yunshan Poetry (Heshan)* (方圓·鶴山雲山詩意), Nos. 1, 27 to 43 Tianyue 4th Street, Shaping Jiedao, Heshan City, Jiangmen City, Guangdong Province, the PRC</p> <p>(中國 廣東省 江門市 鶴山市 沙坪街道 天樾四街1、27至43號 方圓·鶴山雲山詩意 51棟23個住宅單位)</p>	<p>Fangyuan Yunshan Poetry (Heshan) is a residential and commercial development with various high-rise buildings being developed in phases.</p> <p>The Property comprises 23 residential units on different floors in Block 51, Fangyuan Yunshan Poetry (Heshan), which has 31 storeys plus 1 basement.</p> <p>According to the information provided by the Company, those 23 residential units have a total gross floor area of 2,620.70 sq m (please see Note 1 below).</p> <p>Fangyuan Yunshan Poetry (Heshan) is situated at the west side of Yanta Road, Gubu New Town, Heshan City. Developments in the vicinity comprise mainly residential developments, scenery area and some factories.</p> <p>According to the Company, the Property is proposed for residential use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term from 11 August 2010 to 10 August 2080 for residential use.</p>	<p>As at the Valuation Date, the Property was under construction and was scheduled to be completed in 2025.</p>	<p>RMB20,000,000 (RENMINBI TWENTY MILLION) (Inclusive of Value-added Tax)</p> <p>* On the assumption that the Property will be delivered on completion basis free from encumbrances and Real Estate Title Certificate will be issued to the Relevant Purchasers in due course.</p>

Notes:

- (1) According to the information provided by the Company, the Property comprises 23 residential units contracted to be acquired by the Relevant Purchasers as below:

Fangyuan Yunshan Poetry (Heshan)* 方圓·鶴山雲山詩意	Gross Floor Area (sq m)
Block 51-402	99.80
Block 51-801	99.80
Block 51-901	99.80
Block 51-1901	99.80
Block 51-1902	99.80
Block 51-2002	99.80
Block 51-2501	99.80
Block 51-2601	99.80
Block 51-2702	99.80
Block 51-2802	99.80
Block 51-2902	99.80
Block 51-201	108.75
Block 51-202	108.75
Block 51-303	130.54
Block 51-604	130.54
Block 51-703	130.54
Block 51-804	130.54
Block 51-1003	130.54
Block 51-1303	130.54
Block 51-1604	130.54
Block 51-1903	130.54
Block 51-2104	130.54
Block 51-2703	130.54
Grand Total:	<u>2,620.70</u>

- (2) According to Real Estate Title Certificate No. (2020) 0029356 dated 12 August 2020, the land use rights of the site of 47,436.95 sq m have been vested in the Vendor for terms from 11 August 2010 to 10 August 2080 for residential use and from 11 August 2010 to 10 August 2050 for commercial service use.
- (3) According to Planning Permit for Construction Use of Land No. 440784201900171 dated 3 June 2019, the construction site of Fangyuan Yunshan Poetry (Heshan) Phase 7, with a total site area of 47,436.95 sq m, complied with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works No. 440784202100596 dated 20 December 2021, the construction works of Block 51 of Fangyuan Yunshan Poetry (Heshan), with a total gross floor area of 16,637.10 sq m, complied with the requirements of urban planning.
- (5) According to Permit for Commencement of Construction Works No. 440784202112220301 dated 22 December 2021, the construction works of Blocks 46, 50 and 51 of Fangyuan Yunshan Poetry (Heshan), with a total gross floor area of 49,809.30 sq m complied with the requirements and have been permitted to commence construction works.
- (6) According to Pre-sale Permit of Commodity Housing No. 20220074 dated 5 October 2022, Block 51 of Fangyuan Yunshan Poetry (Heshan) complied with the pre-sale requirement and was permitted for pre-sale.

- (7) According to the legal opinion prepared by the Company's PRC legal adviser:
- (a) The owner of the land, where 23 residential units are located, is the Vendor;
 - (b) Real Estate Title Certificate No. (2020) 0029356 had been obtained, the land was granted for land use terms from 11 August 2010 to 10 August 2080 for residential use and from 11 August 2010 to 10 August 2050 for commercial service use; and
 - (c) 23 residential units are construction in progress; and the Pre-sale Permit of Commodity Housing No. 20220074 had been obtained.

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

Real Estate Title Certificate	Yes (Land)
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit of Commodity Housing	Yes

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

Comparable Development	Address	Gross Floor Area (sq m)	Unit Rate (RMB/sq m)
Times King City	Jiezhou Avenue	82-135	7,600
Times Lake Forest	Yanqian Road	95-135	7,100
Poly Yunshang Xitang	Binjiang Avenue	78-140	8,200

The comparables selected by us are considered exhaustive in terms of relevance and representativeness. The unit rates of these comparable properties range from about RMB7,100 to RMB8,200 per sq m (inclusive of value-added tax) for residential units.

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

Factor	Adjustment
Transaction Nature	-2%
Location	0%
Accessibility	0%
Decoration Standard	0% to 5%

We have taken into account the comparables with appropriate adjustments made to reflect differences in transaction nature, location and accessibility, and decoration standard to arrive at a unit rate of RMB7,597 per sq m for a benchmark mid-zone unit of 99.8 sq m. On top of this, we further adjust the unit rate for different floor levels and room size of the various units within the Property in order to arrive at the market value of the entire Property on completion status which is in the sum of RMB20,000,000.

Comparable Development	Unit Rate (RMB/sq m)	Total Adjustment	Adjusted Unit Rate (RMB/sq m)
Times King City	7,600	98%	7,448
Times Lake Forest	7,100	103%	7,306
Poly Yunshang Xitang	8,200	98%	8,036

Unit	Gross Floor Area (sq m)	Unit rate (RMB/sq m)	Value (RMB)
Block 51-402	99.80	7,217	720,237
Block 51-801	99.80	7,217	720,237
Block 51-901	99.80	7,217	720,237
Block 51-1901	99.80	7,597	758,144
Block 51-1902	99.80	7,597	758,144
Block 51-2002	99.80	7,976	796,051
Block 51-2501	99.80	7,976	796,051
Block 51-2601	99.80	7,976	796,051
Block 51-2702	99.80	7,976	796,051
Block 51-2802	99.80	7,976	796,051
Block 51-2902	99.80	7,976	796,051
Block 51-201	108.75	7,217	784,827
Block 51-202	108.75	7,217	784,827
Block 51-303	130.54	7,217	942,081
Block 51-604	130.54	7,217	942,081
Block 51-703	130.54	7,217	942,081
Block 51-804	130.54	7,217	942,081
Block 51-1003	130.54	7,597	991,665
Block 51-1303	130.54	7,597	991,665
Block 51-1604	130.54	7,597	991,665
Block 51-1903	130.54	7,597	991,665
Block 51-2104	130.54	7,976	1,041,248
Block 51-2703	130.54	7,976	1,041,248
Total	2,620.70	7,571	19,840,439

rounded 20,000,000

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(i) Directors and chief executives

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

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

Long position in the Shares:

Name	Nature of interest	Total number of Shares held	Percentage of Shareholding
Mr. Fong Ming	Interest in controlled corporation and a legal and beneficial owner ⁽¹⁾	222,000,000	55.5%
Ms. Tse Lai Wa	Interest in controlled corporation ⁽¹⁾	216,000,000	54%
Ms. Rong Haiming	Interest in controlled corporation ⁽²⁾	3,176,000	0.794%
Mr. Yi Ruofeng	Interest in controlled corporation ⁽³⁾	6,120,000	1.53%
Mr. Han Shuguang	Interest in controlled corporation ⁽⁴⁾	4,500,000	1.125%

Notes:

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

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

(ii) Substantial Shareholders***Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares and Debentures***

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

Long position in the Shares:

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

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

Notes:

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

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

3. COMPETING INTERESTS

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

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

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

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

(ii) Interest in contracts and arrangements

As at the Latest Practicable Date, (i) Mr. Fong (due to his shareholding interests in the Fineland Group), (ii) Ms. Tse (due to the acting-in-concert arrangement with Mr. Fong), (iii) Ms. Rong (due to her directorship in Fineland Group Holdings), and (iv) Mr. Han (due to his directorship in Fineland Group Holdings) had material interests in the following:

- (i) the master property management services agreement dated 28 January 2021 entered into between the Company and Fineland Group Holdings in relation to the provision of property management services by the Group to members of the Fineland Group for a term of three years commencing 28 January 2021 to 31 December 2023;
- (ii) the master property management services agreement dated 28 January 2021 entered into between the Company and Guangdong Fineland Education Investment Limited* (廣東方圓教育投資有限公司) (“**Fineland Education**”) in relation to the provision of property management services by the Group to members of Fineland Education for a term of three years commencing 28 January 2021 to 31 December 2023;
- (iii) the renewal master agency service agreement dated 3 September 2020 entered into between the Company and Fineland Group Holdings in relation to the provision of real estate agency services in the primary property market by the Group to members of the Fineland Group for a term of three years commencing on 1 January 2021 and expiring on 31 December 2023; and
- (iv) the master lease agreement dated 28 January 2021 entered into between the Company and Fineland Group Holdings pursuant to which any subsidiaries of the Company as tenant may continue, amend, renew the existing lease agreements or enter into new leases with members of the Fineland Group for a term of three years commencing retrospectively from 1 January 2021 and ending on 31 December 2023.

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

5. DIRECTORS' SERVICE CONTRACTS

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

6. MATERIAL CONTRACT

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

- (i) the Settlement Agreement (enclosing the Property Presale Agreement in its standard form).

7. CLAIMS AND LITIGATION

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

8. EXPERT'S QUALIFICATION AND CONSENT

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

Name	Qualification
Cushman & Wakefield Limited	Independent Valuer

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

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

9. DOCUMENTS ON DISPLAY

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

- (i) the Settlement Agreement (enclosing the Property Presale Agreement in its standard form) which is also the material contract referred to in the section headed "5. *Material Contract*" in this appendix;
- (ii) the valuation report prepared by the Valuer for the appraisal of the value of the Properties as at 31 May 2023, the text of which is set out in Appendix II to this circular; and
- (iii) the written consent referred to in the section headed "8. *Expert's Qualification and Consent*" in this appendix.

10. GENERAL

- (a) The company secretary of the Company is Mr. Tso Ping Cheong, Brian, who is a fellow member of the Association of Chartered Certified Accountants, a certified public accountant (practicing) of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).
- (b) The registered office of the Company is situated in Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (c) The Company's headquarters in the PRC is situated in No. 28 Tiyu East Road, Tianhe District, Guangzhou, PRC.
- (d) The Company's principal place of business in Hong Kong is situated in Unit B, 17/F, United Centre, 95 Queensway, Admiralty, Hong Kong.
- (e) The Company's branch share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited situated in Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (f) The Company's principal share registrar and transfer office is Ocorian Trust (Cayman) Limited situated in Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (g) In case of inconsistencies, the English text of this circular shall prevail over the Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Fineland Living Services Group Limited

方圓生活服務集團有限公司

(formerly known as Fineland Real Estate Services Group Limited 方圓房地產服務集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9978)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Fineland Living Services Group Limited (the “Company”) will be held at 11:00 a.m. on Friday, 15 September 2023 at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolution. Words and expressions that are not expressly defined in this notice of EGM shall bear the same meaning as those defined in the circular of the Company dated 24 August 2023.

ORDINARY RESOLUTION

“THAT:

- (a) the Settlement Agreement entered into between Guangzhou Fineland Living Services Limited* (廣州方圓生活服務有限公司) (an indirectly wholly-owned subsidiary of the Company) (“**Fineland Living Services**”) and Heshan Fudu Property Development Company Limited* (鶴山市富都物業發展有限公司) as vendor (the “**Vendor**”) (a copy of which is tabled at the meeting and marked “A” and signed by the chairman of the meeting for the purpose of identification), pursuant to which, Fineland Living Services has conditionally agreed to procure the Relevant Purchaser(s) to pay the Down Payment of approximately RMB4.0 million and set-off the Outstanding Receivables of approximately RMB16.0 million owed to it and its subsidiaries by the Vendor, by way of accepting the transfer of the Properties from the Vendor to the Relevant Purchaser(s), and all transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Property Presale Agreement(s) entered into between the Vendor and the Relevant Purchaser(s) (copies of which are tabled at the meeting and marked “B” and signed by the chairman of the meeting for the purpose of identification), are hereby approved, confirmed and ratified; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) any one of the Directors be and is hereby authorised to take such actions and execute such documents for and on behalf of the Company as he or she may consider appropriate and expedient to carry out or give effect to or otherwise in connection with or in relation to the Settlement Transactions.”

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

Hong Kong, 24 August 2023

Notes:

1. A member of the Company entitled to attend and vote at the EGM shall be entitled to appoint one or if he is a holder of two or more shares of the Company, more than one proxies to attend and vote in his stead. A proxy needs not be a member of the Company but must be present in person at the EGM to represent the member. Completion and return of the form of proxy will not preclude a member of the Company from attending the EGM and voting in person should he so wish. In such event, his form of proxy will be deemed to have been revoked.
2. Where there are joint registered holders of any share, any one of such persons may vote at the annual general meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the annual general 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. A form of proxy for the EGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 48 hours before the time for holding the EGM (i.e. not later than 11:00 a.m. on Wednesday, 13 September 2023) or any adjournment thereof.
4. To ascertain the members' entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Monday, 11 September 2023 to Friday, 15 September 2023 (both days inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 8 September 2023.
5. Members of the Company or their proxies shall produce documents of their proof of identity when attending the EGM.
6. If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the website of Company at www.finelandassets.com and on the HKEXnews website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice, the executive Directors are Mr. HAN Shuguang, Ms. RONG Haiming, Mr. YI Ruofeng and Ms. TSE Lai Wa; the non-executive Director is Mr. FONG Ming; and the independent non-executive Directors are Mr. LEUNG Wai Hung, Mr. LIAO Junping, Mr. TIAN Qiusheng and Mr. DU Chenhua.