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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

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References are made to the announcement and the circular of the Company dated 3 September 2020 and 5 October 2020 respectively in relation to the continuing connected transactions of the provision of real estate agency services by the Group and the Agency Service Existing Annual Caps under the 2020 Master Agency Service Agreement.

As the 2020 Master Agency Service Agreement will expire on 31 December 2023, the Company (for itself and on behalf of its subsidiaries, as service providers) and Fineland Group Holdings (for itself and on behalf of its subsidiaries and associates, as receiving parties) entered into the 2024 Master Agency Service Agreement on 25 October 2023, pursuant to which the Group will continue to provide real estate agency services to members of the Fineland Group for a further term of three years commencing on 1 January 2024 to 31 December 2026.

References are made to (i) the announcement of the Company dated 15 October 2020 in relation to the acquisition of Fineland E-Life by the Group and the then proposed continuing connected transactions to be entered into following the completion of such acquisition; (ii) the circular of the Company dated 3 December 2020; and (iii) the announcement of the Company dated 28 January 2021 in relation to the completion of such acquisition and the continuing connected transactions of the provision of property management services by the Group and the Property Management Services Existing Annual Caps under the 2020 FGH Master Property Management Services Agreement and 2020 FE Master Property Management Services Agreement.

As the 2020 FGH Master Property Management Services Agreement and the 2020 FE Master Property Management Services Agreement will expire on 31 December 2023, the Company (for itself and on behalf of its subsidiaries, as service providers) and Mr. Fong (on behalf of Mr. Fong's Associated Companies, as receiving parties) entered into the 2024 Master Property Management Services Agreement on 25 October 2023, pursuant to which the Group will continue to provide property management services to Mr. Fong's Associated Companies (which include the Fineland Group and the Fineland Education Group) for a further term of three years commencing on 1 January 2024 to 31 December 2026.

References are also made to (i) the announcement of the Company dated 28 January 2021; and (ii) the supplemental announcement of the Company dated 5 February 2021, in relation to the continuing connected transactions of the leasing of office premises and other properties by the Group and the Lease Existing Annual Caps under the Master Lease Agreement.

As the Master Lease Agreement will expire on 31 December 2023, the Company (for itself and on behalf of its subsidiaries, as tenants) and Fineland Group Holdings (for itself and on behalf of its subsidiaries and associates, as landlords) entered into the 2024 Master Lease Agreement on 25 October 2023, pursuant to which any member of the Group may continue, amend or renew the Existing Leases or enter into new Leases with members of the Fineland Group for a further term of three years commencing on 1 January 2024 to 31 December 2026.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Fong and Fineland Group Holdings are both Controlling Shareholders and connected persons of the Company. Accordingly, the transactions under each of the 2024 Master Agency Service Agreement, 2024 Master Property Management Services Agreement and the 2024 Master Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the 2024 Master Agency Service Agreement and the 2024 Master Property Management Services Agreement, as (i) the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of each of the Agency Service Proposed Annual Caps and Property Management Services Proposed Annual Caps exceeds 5%; and (ii) each of the Agency Service Proposed Annual Caps and Property Management Services Proposed Annual Caps is more than HK\$10,000,000, the 2024 Master Agency Service Agreement, the 2024 Master Property Management Services Agreement, the transactions contemplated under these agreements, the Agency Service Proposed Annual Caps and the Property Management Services Proposed Annual Caps are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the 2024 Master Lease Agreement, as all the Leases to be entered into under the 2024 Master Lease Agreement will be short-term leases, the rental payments to be made by the members of the Group under the 2024 Master Lease Agreement will be recognised as expenses in the consolidated statement of comprehensive income of the Group. As such, the transactions contemplated under the 2024 Master Lease Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As (i) the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Lease Annual Caps is more than 5% but less than 25%; and (ii) the Lease Annual Caps do not exceed HK\$10,000,000, the 2024 Master Lease Agreement (including the Lease Annual Caps) and the transactions contemplated thereunder are subject to the announcement, reporting and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

In view of the above, an EGM will be convened, during which ordinary resolutions will be proposed to the Independent Shareholders to consider and if appropriate, approve of the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements. Any vote of the Independent Shareholders at the EGM will be taken by poll.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolutions to be proposed at the EGM. Optima Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same issues.

For the purpose of seeking the approval of the Independent Shareholders, a circular containing, among other things, (i) details of the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice to convene the EGM will be despatched to the Shareholders on or before 23 November 2023.

I. BACKGROUND

References are made to the announcement and the circular of the Company dated 3 September 2020 and 5 October 2020 respectively in relation to the continuing connected transactions of the provision of real estate agency services by the Group and the Agency Service Existing Annual Caps under the 2020 Master Agency Service Agreement.

As the 2020 Master Agency Service Agreement will expire on 31 December 2023, the Company (for itself and on behalf of its subsidiaries, as service providers) and Fineland Group Holdings (for itself and on behalf of its subsidiaries and associates, as receiving parties) entered into the 2024 Master Agency Service Agreement on 25 October 2023, pursuant to which the Group will continue to provide real estate agency services to members of the Fineland Group for a further term of three years commencing on 1 January 2024 to 31 December 2026.

References are made to (i) the announcement of the Company dated 15 October 2020 in relation to the acquisition of Fineland E-Life by the Group and the then proposed continuing connected transactions to be entered into following the completion of such acquisition; (ii) the circular of the Company dated 3 December 2020; and (iii) the announcement of the Company dated 28 January 2021 in relation to the completion of such acquisition and the continuing connected transactions of the provision of property management services by the Group and the Property Management Services Existing Annual Caps under the 2020 FGH Master Property Management Services Agreement and 2020 FE Master Property Management Services Agreement.

As the 2020 FGH Master Property Management Services Agreement and the 2020 FE Master Property Management Services Agreement will expire on 31 December 2023, the Company (for itself and on behalf of its subsidiaries, as service providers) and Mr. Fong (on behalf of Mr. Fong's Associated Companies, as receiving parties) entered into the 2024 Master Property Management Services Agreement on 25 October 2023, pursuant to which the Group will continue to provide property management services to Mr. Fong's Associated Companies (which include the Fineland Group and the Fineland Education Group) for a further term of three years commencing on 1 January 2024 to 31 December 2026.

References are also made to (i) the announcement of the Company dated 28 January 2021; and (ii) the supplemental announcement of the Company dated 5 February 2021, in relation to the continuing connected transactions of the leasing of office premises and other properties by the Group and the Lease Existing Annual Caps under the Master Lease Agreement.

As the Master Lease Agreement will expire on 31 December 2023, the Company (for itself and on behalf of its subsidiaries, as tenants) and Fineland Group Holdings (for itself and on behalf of its subsidiaries and associates, as landlords) entered into the 2024 Master Lease Agreement on 25 October 2023, pursuant to which any member of the Group may continue, amend or renew the Existing Leases or enter into new Leases with members of the Fineland Group for a further term of three years commencing on 1 January 2024 to 31 December 2026.

For the avoidance of doubt, the 2024 Master Agency Service Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Lease Agreement are not inter-conditional upon each other.

II. THE 2024 MASTER AGENCY SERVICE AGREEMENT

- Date : 25 October 2023
- Conditions precedent : The 2024 Master Agency Service Agreement is conditional upon approval by the Independent Shareholders at the EGM of the 2024 Master Agency Service Agreement, the transactions contemplated thereunder and the Agency Service Proposed Annual Caps.
- Parties : (i) Fineland Group Holdings (for itself and on behalf of its subsidiaries and associates, as receiving parties); and
(ii) the Company (for itself and on behalf of its subsidiaries, as service providers).
- Nature of the transactions : The Group will continue to provide the following types of services to the members of the Fineland Group:
(i) *sales agency services* — including (a) conducting on-site promotion and distributing the promotional materials to prospective purchasers; (b) entering into sale and purchase agreements for and on behalf of members of the Fineland Group in respect of the sale of primary properties; (c) uploading property information to the internet and introducing property buyers through third party real estate agencies; and (d) assisting in property sales at property sales fairs and sales offices and being responsible for the operation of the sales offices; and

- (ii) *integrated services* — including but not limited to property research, consultancy, marketing, sales planning services and leasing agency services such as (a) formulating the overall sales and marketing strategies; (b) overseeing the preparation of marketing materials and assisting in printing such materials; (c) providing regular reports in relation to the market conditions and the corresponding sales and marketing strategies; (d) assisting property developers to identify, approach, and negotiate leasing terms and conditions with prospective lessees for commercial units in their development projects; and (e) providing after-sales services to the purchasers such as assisting the purchasers with obtaining the relevant ownership certificates and applying for mortgages from banks.

Term : The term of the 2024 Master Agency Service Agreement will commence from 1 January 2024 to 31 December 2026, subject to the approval of the 2024 Master Agency Service Agreement, the transactions contemplated thereunder and the Agency Service Proposed Annual Caps by the Independent Shareholders at the EGM.

At least three months prior to its expiry, the parties may agree to extend the 2024 Master Agency Service Agreement, subject to compliance with the then applicable Listing Rules. Either party may terminate the 2024 Master Agency Service Agreement by giving at least one month prior notice.

Implementation agreements : Members of the Group shall, from time to time during the term of the 2024 Master Agency Service Agreement, enter into separate implementation agreements (the “**Agency Implementation Agreements**”) with members of the Fineland Group in respect of real estate agency services contemplated thereunder which shall always be in compliance with the Listing Rules and the 2024 Master Agency Service Agreement.

Pricing policy : The fees to be received by the Group for services rendered under the 2024 Master Agency Service Agreement are to be determined on normal commercial terms, negotiated on an arm’s length basis, and should be no less favourable than those available from Independent Third Parties.

The pricing policy applicable is similar to that for similar services rendered to Independent Third Parties, which shall take into account a number of factors including (i) the scale and location of the projects, the required level of resources and time costs involved; (ii) the gross floor area and expected transaction amounts or expected monthly rent of the properties for sale/rent; (iii) the historical costs of services and the fees received by the Group in providing similar services to members of the Fineland Group; and (iv) the fees received by the Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them. If there are insufficient comparable transactions, the Group will make reference to the prevailing market prices for providing services for comparable properties in terms of scale, location, and quality offered by other real estate agency service providers.

Based on the above, the relevant sales team and internal control team of the Group will ensure that the pricing terms agreed with members of the Finland Group are not less favourable than those for similar services provided to Independent Third Parties.

Payment terms : The payment terms will be stipulated in each of the Agency Implementation Agreements, which shall normally be settled by bank transfer on a monthly basis or on an agreed period basis.

Agency Service Existing Annual Caps and Historical Transaction Amounts

The table below sets out the Agency Service Existing Annual Caps and the historical transaction amounts for fees received by the Group pursuant to the 2020 Master Agency Service Agreement:

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
Agency Service Existing Annual Caps	165,000	220,000	280,000
Historical transaction amounts ^(Note 1)	93,562	31,935	9,546 ^(Note 2)

Notes:

1. The historical transaction amounts do not include the outstanding earnest money balance that accrued as a result of the earnest money payment arrangement which is part and parcel of the Group's services provided pursuant to the 2020 Master Agency Service Agreement (the "Outstanding Earnest Money Balance"). As at 31 December 2021, 31 December 2022 and 31 August 2023, the Outstanding Earnest Money Balance was RMB7,000,000, RMB34,452,000 and RMB33,169,000, respectively. For further information about the Outstanding Earnest Money Balance, please refer to the supplemental announcement of the Company dated 20 June 2023.
2. This is the unaudited historical transaction amount for the eight months ended 31 August 2023.

Agency Service Proposed Annual Caps

The table below sets out the Agency Service Proposed Annual Caps for the continuing connected transactions under the 2024 Master Agency Service Agreement during the Term:

	For the year ending 31 December 2024 RMB'000	For the year ending 31 December 2025 RMB'000	For the year ending 31 December 2026 RMB'000
Agency Service Proposed Annual Caps ^(Note)	81,000	90,000	99,000

Note: There will be no earnest money payment arrangement for the Group's services to be provided pursuant to the 2024 Master Agency Service Agreement.

The Agency Service Proposed Annual Caps have been prepared by the Directors mainly with reference to the following factors:

- (i) the historical transaction amounts between the Group and the Fineland Group for the period from 1 January 2021 to 31 August 2023;
- (ii) the historical sales amounts of the Fineland Group in the primary property market in the PRC;
- (iii) the historical average commission rates charged by the Group;
- (iv) the business plan in respect of the properties to be developed and launched for sale by the Fineland Group for the two years ending 31 December 2025;
- (v) the expected decrease in sales amount of the properties to be developed and launched for sale by the Fineland Group during the Term as compared to that forecasted for the three years ending 31 December 2023 in the current term, resulting in the anticipated decrease in demand for the Group's real estate agency services including both traditional agency services and agency services through the Group's Online Referral Platform; and
- (vi) the anticipation of 10% growth in the sales area and sales amount of the properties for the year ending 31 December 2026 as compared to the previous financial year.

The Agency Service Proposed Annual Caps are determined based on the principal assumption that, for the duration of the Term, there will not be any adverse change or disruption in market conditions, operations and business environment or government policies which may materially affect the business and affairs of the Group or the Fineland Group.

These projections are assumed solely for determining the Agency Service Proposed Annual Caps and shall not be regarded as any indication, directly or indirectly, as to the respective revenue, profitability or trading prospects of the Group.

Reasons for and benefits of entering into the 2024 Master Agency Service Agreement

The Group has maintained a stable business relationship with the Fineland Group in the past, and the Directors consider that the provision of real estate agency services in the primary property market by the Group under the 2024 Master Agency Service Agreement would further consolidate the Group's market position in Guangzhou and elsewhere in the Greater Bay Area. The Directors consider that the 2024 Master Agency Service Agreement and the Agency Service Proposed Annual Caps will continue to enable the Group to benefit from such market opportunities and are in line with the Group's business strategy to further expand its primary market real estate agency services.

Notwithstanding the above, the Directors consider that the Group is capable of carrying on its businesses independently of and does not place undue reliance on the Fineland Group. The well-established long-term relationship with the Fineland Group is mutually beneficial and it is highly unlikely that this relationship will suddenly change or be terminated in the future. There has not been any interruption over the past years and the Group has acted as the real estate agent for the majority of the Fineland Group's sales transactions in the primary property market in recent years. If the Fineland Group were to cease its business relationship with the Group, it would have to incur time and costs to re-establish these relationships at similar levels with alternative property agencies.

The Group is also an established real estate agency and was honoured as one of the 2022 Outstanding China Top 100 Real Estate Agencies. It operates independently from the Fineland Group, with its own key functions including sales, marketing, procurement, accounting and finance which carried on completely independently from the Fineland Group. There are various legal entities under the Fineland Group umbrella who were customers of the Group and each member selects its real estate agents independently by performing its own internal evaluation and bidding procedures. The Group is not an exclusive agent and is required to submit tenders and carry out the

same bidding processes as other competitors in order to secure a mandate. In addition, the Group has a diversified client base of property developers who are Independent Third Parties to whom it provides real estate agency services and is also actively building up relationships with other independent property developers. In 2022, the Group had engaged 22 new customers, and 21 of them were Independent Third Parties. For the eight months ended 31 August 2023, all of the 12 new customers of the Group were Independent Third Parties.

Notwithstanding the above, the slowdown in economic activities in the PRC property market in recent years as highlighted by delayed delivery schedules of first-hand properties have resulted in decrease in revenue in the Group's real estate agency segment in the past year. As such, the Directors have made necessary downward adjustments to the Agency Service Proposed Annual Caps (as compared to the Agency Service Existing Annual Caps) to reflect the current and expected future market conditions.

In view of the above, the Directors (excluding the independent non-executive Directors who will form their view after taking into account the advice of the Independent Financial Adviser) consider that the terms under the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps) are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its Shareholders as a whole.

III. THE 2024 MASTER PROPERTY MANAGEMENT SERVICES AGREEMENT

Date : 25 October 2023

Parties : (i) Mr. Fong (on behalf of Mr. Fong's Associated Companies, as receiving parties); and
(ii) the Company (for itself and on behalf of its subsidiaries, as service providers).

Conditions precedent : The 2024 Master Property Management Services Agreement is conditional upon approval by the Independent Shareholders at the EGM of the 2024 Master Property Management Services Agreement, the transactions contemplated thereunder and the Property Management Services Proposed Annual Caps.

- Nature of the transactions : The Group will continue to provide the Property Management Services to Mr. Fong’s Associated Companies which include members of Fineland Group and Fineland Education Group.
- Term : The term of the 2024 Master Property Management Services Agreement will commence from 1 January 2024 to 31 December 2026, subject to the approval of the 2024 Master Property Management Services Agreement, the transactions contemplated thereunder and the Property Management Services Proposed Annual Caps by the Independent Shareholders at the EGM.
- At least three months prior to its expiry, the parties may agree to extend 2024 Master Property Management Services Agreement, subject to compliance with the then applicable Listing Rules. Either party may terminate the 2024 Master Property Management Services Agreement during the Term by giving at least one month prior notice.
- Implementation agreements : Mr. Fong’s Associated Companies will, from time to time during the term of the 2024 Master Property Management Services Agreement, enter into separate implementation agreements (the “**Property Management Implementation Agreements**”) in respect of the Property Management Services contemplated thereunder which shall always be in compliance with the Listing Rules and the 2024 Master Property Management Services Agreement.
- Payment terms : The payment terms will be stipulated in each of the Property Management Implementation Agreements, which shall normally be settled by bank transfer on a monthly basis or on an agreed period basis.

Pricing Policies

As a general principle, the pricing and terms of the 2024 Master Property Management Services Agreement with respect to the Property Management Services shall be determined on normal commercial terms, negotiated on an arm's length basis, and the fees shall be no less favourable than those available from Independent Third Parties.

The pricing policy applicable is similar to that for similar services rendered to Independent Third Parties, having regard to the following:

Types of services	Details of services	Specific pricing policies
<i>Value-added services to non-property owners</i>	customer services, cleaning, security and repair and maintenance services to the sales offices, pre-sale display units, exhibition halls and clubs, etc.	<p>(i) the service fee shall be determined according to the Group's service cost (including but not limited to labour cost, specific skills or qualifications required by employees, environmental cleaning cost, material cost and miscellaneous expenses) plus management fee profit margin (generally ranging from 3% to 15%) and tax; and</p> <p>(ii) when determining the management fee profit margin, the Group and Mr. Fong's Associated Companies will consider a number of factors, including type and condition of property, geographical location/region, contractual period, sales cycle, nature and complexity of related projects, customer's expectation of service quality, past profit margin of similar existing contracts, etc., and also the fees received by the Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them. If there are insufficient comparable transactions, the Group will make reference to the prevailing market prices for providing services for comparable properties in terms of scale, location, and quality, etc., offered by other real estate property management service providers.</p>

- Property management services to real estate developers and property owners* security, cleaning, gardening, repair and maintenance, traffic order maintenance, parking management, maintenance and management of the common areas and equipment of the buildings and their surrounding areas, and community value-added services
- (i) the service fee shall be determined according to (a) the prevailing market price multiplied by the gross floor area of the relevant property management project and/or the number of car parking spaces; and (b) (in relation to the community value-added services) the service cost (including but not limited to labour cost, specific skills or qualifications required by employees, environmental cleaning cost, material cost and miscellaneous expenses) plus management fee profit margin (generally ranging from 5% to 20%) and tax; and
- (ii) when determining the prevailing market price or the management fee profit margin, the Group and Mr. Fong's Associated Companies will consider a number of factors, including the type and condition of property, geographical location/region, scope and quality of services, general situation of owners and residents, pricing guidance on property management fees issued by the local authorities (if any), pricing of property management service fee of surrounding properties, past profit margin of similar existing contracts, and also the fees received by the Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them. If there are insufficient comparable transactions, the Group will make reference to the prevailing market prices for providing services for comparable properties in terms of scale, location, and quality, etc., offered by other real estate property management service providers.

- Property management services to school(s)* cleaning, security, repair and maintenance services and community value-added services
- (i) the service fee shall be determined according to the Group's service cost (including but not limited to labour cost, specific skills or qualifications required by employees, environmental cleaning cost, material cost and miscellaneous expenses) plus management fee profit margin (generally ranging from 3% to 15% or (in relation to the community value-added services) ranging from 5% to 20%) and tax; and
 - (ii) when determining the management fee profit margin, the Group and the Finland Education Group will consider a number of factors, including type and condition of property and its status, geographical location/region, contractual period, nature and complexity of related projects, customer's expectation of service quality, past profit margin of similar existing contracts, etc., and also the fees received by the Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them. If there are insufficient comparable transactions, the Group will make reference to the prevailing market prices for providing services for comparable properties in terms of scale, location, and quality, etc., offered by other real estate property management service providers.

Based on the above, the relevant internal control team of the Group will also conduct market research and investigation from time to time to ensure that the above property management service fee is not lower than the market price. The internal control team of the Group will examine and approve within its authority according to the approval procedures of the Group, and ensure that the pricing terms agreed with the members of each of the Fineland Group and the Fineland Education Group are no less favourable than the pricing or prevailing market terms of similar services provided by the Group to Independent Third Parties.

The Property Management Services Existing Annual Caps and Historical Transaction Amounts

The table below sets out the Property Management Services Existing Annual Caps and the historical transaction amounts for fees received by the Group pursuant to 2020 FGH Master Property Management Services Agreement and 2020 FE Master Property Management Services Agreement:

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
Property Management Services	49,720	53,740	60,760
Existing Annual Caps			
<i>of which pursuant to</i>			
2020 FGH Master Property Management Services Agreement	49,000	53,000	60,000
2020 FE Master Property Management Services Agreement	720	740	760
Historical transaction amounts	42,715	42,565	21,421 ^(Note)
<i>of which pursuant to</i>			
2020 FGH Master Property Management Services Agreement	42,041	41,936	21,018 ^(Note)
2020 FE Master Property Management Services Agreement	674	629	403 ^(Note)

Note: This is the unaudited historical transaction amounts for the eight months ended 31 August 2023.

Property Management Services Proposed Annual Caps

The table below sets out the Property Management Services Proposed Annual Caps for the continuing connected transactions under the 2024 Master Property Management Services Agreement during the Term:

	For the year ending 31 December 2024 <i>RMB'000</i>	For the year ending 31 December 2025 <i>RMB'000</i>	For the year ending 31 December 2026 <i>RMB'000</i>
Property Management Services			
Proposed Annual Caps	32,000	34,000	36,000

The Property Management Services Proposed Annual Caps contemplated under the 2024 Master Property Management Services Agreement are determined on the following bases:

- (i) in relation to the transactions to be entered into with members of the Fineland Group:
 - (a) historical transaction amounts between the Group and the members of the Fineland Group for the period from 1 January 2021 to 31 August 2023;
 - (b) the estimated revenue to be recognised in relation to the Property Management Services provided by the Group pursuant to existing contracts;
 - (c) the expected gross floor areas of the sales offices and new property projects of the members of the Fineland Group for the two years ending 31 December 2025 which will require the Property Management Services provided by the Group, as well as:
 - (1) in relation to the sales office property management services, the estimated number of staff required and the management fee expected to be generated by those staff members; and
 - (2) in relation to the property management services to real estate developer and property owners, the estimated management fee to be charged for the new property projects by reference to the historical contracts between the Group and the members of the Fineland Group; and

- (d) the anticipation of 5% growth in the Property Management Services to be provided to the Fineland Group for the year ending 31 December 2026 as compared to the previous financial year.
- (ii) in relation to the transactions to be entered into with members of the Fineland Education Group:
 - (a) historical transaction amounts between the Group and the Fineland Education Group for the period from 1 January 2021 to 31 August 2023;
 - (b) the estimated revenue to be recognised in relation to the Property Management Services provided by the Group pursuant to existing contracts;
 - (c) the estimated number of schools of the members of the Fineland Education Group which will require the Property Management Services to be provided by the Group and the expected cost plus a management fee profit margin by reference to historical transactions between the Group and the members of the Fineland Education Group; and
 - (d) the anticipation of 3% annual growth in the Property Management Services to be provided to the Fineland Education Group for the three years ending 31 December 2026.

The Property Management Services Proposed Annual Caps are determined based on the principal assumption that, for the duration of the Term, there will not be any adverse change or disruption in market conditions, operations and business environment or government policies which may materially affect the business and affairs of the Group, the Fineland Group and the Fineland Education Group.

These projections are assumed solely for determining the Property Management Services Proposed Annual Caps and shall not be regarded as any indication, directly or indirectly, as to the respective revenue, profitability or trading prospects of the Group.

Reasons for and benefits of entering into the 2024 Master Property Management Services Agreement

The Property Management Services contemplated under the 2024 Master Property Management Services Agreement are of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and the counterparties to the 2024 Master Property Management Services Agreement.

The Company considered it necessary for Listing Rules compliance purposes and administrative convenience to enter into a framework agreement with the ultimate controlling shareholder of the relevant contract counterparties in order to better document and manage these continuing connected transactions. The 2024 Master Property Management Services Agreement serves to streamline the Property Management Services between members of the Group and members of the Fineland Group and the Fineland Education Group by providing a single basis upon which the Company could comply with the applicable reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules and thereby reducing the administrative burden and costs of the Company in complying with these requirements.

Members of the Fineland Group and the Fineland Education Group are with respectable experience and reputation in their respective areas of businesses or services and have had long standing relationships with the Group over the years. However, due to the slowdown in economic activities in the PRC property market in recent years, the Fineland Group has reduced its investment in new property projects, which in turn, results in a decrease in demand for Property Management Services by the Fineland Group. Therefore, the Directors have made necessary downward adjustments to the Property Management Services Proposed Annual Caps (as compared to the Property Management Services Existing Annual Caps) to reflect the current and expected future market conditions. Nevertheless, with the roll-out of various stimulating policies by the central and local governments in recent months, the Directors remain cautiously optimistic about the future PRC property market and believe that the maintenance of the strategic business relationships with Fineland Group and the Fineland Education Group will continue to allow the realisation of synergies and economies of scale amongst the Group, the Fineland Group and the Fineland Education Group.

In view of the above, the Directors (excluding the independent non-executive Directors who will form their view after taking into account the advice of the Independent Financial Adviser) consider that the terms under the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its Shareholders as a whole.

IV. THE 2024 MASTER LEASE AGREEMENT

- Date : 25 October 2023
- Parties : (i) Fineland Group Holdings (for itself and on behalf of its subsidiaries and associates, as landlords); and
(ii) the Company (for itself and on behalf of its subsidiaries, as tenants).
- Nature of the transactions : Fineland Group Holdings agrees to lease and to procure its subsidiaries and associates to lease office premises, storefronts or other properties to the Group during the Term, and any members of the Group may continue, amend or renew the Existing Leases or enter into new Leases with members of the Fineland Group, subject to the Lease Annual Caps.
- Term : The term of the 2024 Master Lease Agreement will commence from 1 January 2024 to 31 December 2026.

At least three months prior to its expiry, the parties may agree to extend the 2024 Master Lease Agreement, subject to compliance with the then applicable Listing Rules. Either party may terminate the 2024 Master Lease Agreement or a Lease by giving at least one month prior notice.
- Implementation Agreements : Members of the Group may from time to time during the term of the 2024 Master Lease Agreement, enter into separate Leases in accordance with the 2024 Master Lease Agreement provided that the Listing Rules are complied with. The Leases to be entered into shall be on normal commercial terms after arm's length negotiations and the terms contemplated therein shall be fair and reasonable.

The duration of each Lease shall be short term in nature (i.e. 12 months or less). The terms of the Leases (including options to renew thereof, if any) shall expire on or before the expiry date of the 2024 Master Lease Agreement.

- Pricing policy : The rent payable by the relevant members of the Group (as tenants) to the relevant members of the Finland Group (as landlords) under each Lease will be determined by them with reference to the prevailing market conditions and the rental rates of properties of similar sizes within the same building or, where it is not available, properties with similar sizes in the vicinity of the property to be leased, and in any event, such rent payable shall be no less favourable than when renting from an Independent Third Party. The same pricing policy shall apply to the Leases.
- Payment terms : The payment terms will be stipulated in each of the Leases, which shall normally be settled by bank transfer on a monthly basis or on an agreed period basis.

The Lease Existing Annual Caps and Historical Transaction Amounts

The table below sets out the Lease Existing Annual Caps and the historical transaction amounts for fees paid by the Group pursuant to the Master Lease Agreement:

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
Lease Existing Annual Caps	5,445	5,915	6,430
Historical transaction amount	5,274	4,090	2,475 ^(Note)

Note: This is the unaudited historical transaction amount for the eight months ended 31 August 2023.

The Lease Annual Caps

The table below sets out the Lease Annual Caps for the continuing connected transactions under the 2024 Master Lease Agreement during the Term:

	For the year ending 31 December 2024 <i>RMB'000</i>	For the year ending 31 December 2025 <i>RMB'000</i>	For the year ending 31 December 2026 <i>RMB'000</i>
Lease Annual Caps	4,250	4,500	4,750

The Lease Annual Caps have been determined by the Directors mainly with reference to the estimated aggregated annual rent payable by the Group to the Fineland Group under (a) the Existing Leases; (b) the expected renewals of certain Existing Leases during the Term; (c) the Leases which will or may be entered into by the members of the Group with members of the Fineland Group during the Term; and (d) a buffer for any possible increase of market rental of properties with similar sizes in the vicinity of the properties to be leased and any unexpected fees and charges incidental to the transactions contemplated under the 2024 Master Lease Agreement.

The Lease Annual Caps are determined based on the principal assumption that, for the duration of the Term, there will not be any adverse change or disruption in market conditions, operations and business environment or government policies which may materially affect the business and affairs of the Group or the Fineland Group.

Internal Control Measures

In order to ensure that the continuing connected transactions contemplated under the 2024 Master Lease Agreement are conducted on normal commercial terms or on terms no less favourable than when renting from Independent Third Parties and in accordance with the terms of the 2024 Master Lease Agreement, the Company has adopted the following internal control procedures:

- (i) before entering into each Lease, at least two rental comparable properties rented by Independent Third Parties of similar size within the same building or, if not available, properties of similar sizes in the vicinity of the property to be leased will be reviewed;

- (ii) the internal control team will keep proper documentation of each Lease and regularly review rental comparable properties in the same building or in the vicinity of the leased property;
- (iii) the internal control team will collect and monitor data of the continuing connected transactions contemplated under the 2024 Master Lease Agreement on a regular basis to ensure Lease Annual Caps are not exceeded and will prepare a related party transaction report setting out the transaction amount of the corresponding period and an aggregated transaction amount for the respective year;
- (iv) the internal control team will conduct checks before entering into each Lease to review and assess whether the terms of each Lease are in accordance with the terms of the 2024 Master Lease Agreement and each Lease is subject to approval by the Group's internal control team;
- (v) the internal control team will conduct annual review of the internal control measures of the Group in relation to continuing connected transactions of the Company and where any weaknesses are identified, the Company will take appropriate measures to address them to ensure its internal controls remain complete and effective; and
- (vi) the external auditors of the Company and the independent non-executive Directors will conduct an annual review and/or confirmation on the continuing connected transactions of the Company (including those under the 2024 Master Lease Agreement) conducted during the preceding financial year pursuant to the requirements of the Listing Rules.

Reasons for and benefits of entering into the 2024 Master Property Lease Agreement

The Group anticipated that it will continue to rent various premises from the Finland Group to satisfy the future business needs of the Group from time to time. Accordingly, the Company has entered into the 2024 Master Lease Agreement with Finland Group Holdings to set out a framework of the terms for the leases between them.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms under the 2024 Master Lease Agreement (including the Lease Annual Caps) are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its Shareholders as a whole.

V. INFORMATION ON THE PARTIES

The Company and the Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 16 February 2017. The Group is principally engaged in 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.

Finland Education

Finland Education is a company established under the laws of the PRC with limited liability on 20 August 2013. The Finland Education Group (including Finland Education) is principally engaged in the business of education services, including childcare services, preschool education and compulsory education, etc. As at the date of this announcement, it is wholly owned by Finland Investment which is in turn owned as to 42% by Mr. Fong, 34.65% by Mr. Li Yang, 0.35% by Mr. Li Zichun, and 23% by Mr. Zhang Qing. Each of Mr. Li Yang, Mr. Li Zichun and Mr. Zhang Qing is an Independent Third Party.

Finland Group Holdings

Finland Group Holdings is an exempted company incorporated in the Cayman Islands with limited liability on 22 June 2006. It is one of the Controlling Shareholders of the Company and is ultimately wholly owned by Mr. Fong. The Finland Group (including Finland Group Holdings and its subsidiaries and associates) is principally engaged in the business of the development and sale of residential and commercial properties, and investment in commercial real estate, including office buildings, hotels and serviced apartments in the PRC.

Mr. Fong

Mr. Fong is one of the Controlling Shareholders and the non-executive Director. Mr. Fong is in control of Finland Group Holdings and Finland Education through his equity interests in each of them and is a director of Finland Group Holdings.

VI. LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Fong and Fineland Group Holdings are both Controlling Shareholders and connected persons of the Company. Accordingly, the transactions under each of the 2024 Master Agency Service Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the 2024 Master Agency Service Agreement and the 2024 Master Property Management Services Agreement, as (i) the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of each of the Agency Service Proposed Annual Caps and Property Management Services Proposed Annual Caps exceeds 5%; and (ii) each of the Agency Service Proposed Annual Caps and Property Management Services Proposed Annual Caps is more than HK\$10,000,000, the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Annual Caps) and the transactions contemplated under each of these agreements are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the 2024 Master Lease Agreement, as all the Leases to be entered into under the 2024 Master Lease Agreement will be short-term leases, the rental payments to be made by the members of the Group under the 2024 Master Lease Agreement will be recognised as expenses in the consolidated statement of comprehensive income of the Group. As such, the transactions contemplated under the 2024 Master Lease Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As (i) the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Lease Annual Caps is more than 5% but less than 25%; and (ii) the Lease Annual Caps do not exceed HK\$10,000,000, the 2024 Master Lease Agreement (including the Lease Annual Caps) and the transactions contemplated thereunder are subject to the announcement, reporting and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

VII. APPROVAL BY THE BOARD

(i) Mr. Fong (due to his shareholding interests in the Fineland Group and Fineland Education Group); (ii) Ms. Tse (due to the acting-in-concert arrangement with Mr. Fong); and (iii) Mr. Han (due to his directorship in the Fineland Group) are regarded as having material interests in the transactions contemplated under the 2024 Master Agency Service Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Lease Agreement. As such, they have abstained from voting on the resolutions approving the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps), the 2024 Master Lease Agreement (including the Lease Annual Caps) and the transactions contemplated under each of the agreements.

Save as disclosed above, no other Directors have material interests or were required to abstain from voting on the resolutions passed for the approval of the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Annual Caps), the 2024 Master Lease Agreement (including the Lease Annual Caps) and the transactions contemplated under each of the agreements.

VIII. INDEPENDENT SHAREHOLDERS' APPROVAL

In view of the above, an EGM will be convened, during which ordinary resolutions will be proposed to the Independent Shareholders to consider and if appropriate, approve of the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements. Any vote of the Independent Shareholders at the EGM will be taken by poll.

Shareholders with material interests, namely (i) Mr. Fong, through Mansion Green (due to his shareholding interests in the Fineland Group and the Fineland Education Group and his role as director in Fineland Group Holdings); (ii) Ms. Tse, through Mansion Green (due to the acting-in-concert arrangement with Mr. Fong); (iii) Mr. Han, Mr. Xu, Mr. Lin and Mr. Chen (due to their respective directorships held in the Fineland Group); and (iv) each of their respective associates, will be required to abstain from voting on the relevant resolutions to be proposed at the EGM. As at the date of this announcement, (i) Mr. Fong and Ms. Tse indirectly through Mansion Green, hold 216,000,000 Shares, representing approximately 54.0% of the issued share capital of the Company; (ii) Mr. Fong separately directly holds 6,000,000 Shares, representing

approximately 1.5% of the issued share capital of the Company; and (iii) each of Mr. Han, Mr. Xu, Mr. Lin and Mr. Chen indirectly holds 4,500,000 Shares, representing approximately 1.125% each of the issued share capital of the Company.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolutions to be proposed at the EGM. Optima Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same issues.

For the purpose of seeking the approval of the Independent Shareholders, a circular containing, among other things, (i) details of the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice to convene the EGM will be despatched to the Shareholders on or before 23 November 2023.

IX. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2020 FE Master Property Management Services Agreement”	the agreement entered into between the Company and Finland Education on 28 January 2021 in relation to the provision of property management services by the Group to the subsidiaries of Finland Education for a term commencing from the date thereof to 31 December 2023
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“2020 FGH Master Property Management Services Agreement”	the agreement entered into between the Company and Fineland Group Holdings on 28 January 2021 in relation to the provision of property management services by the Group to the subsidiaries of Fineland Group Holdings for a term commencing from the date thereof to 31 December 2023
“2020 Master Agency Service Agreement”	the master agency service agreement entered into between the Company (for itself and on behalf of its subsidiaries, as service providers) and Fineland Group Holdings (for itself and on behalf of its subsidiaries, as receiving parties) on 3 September 2020 in relation to the provision of real estate agency services in the primary property market to members of the Fineland Group for a term commencing from 1 January 2021 to 31 December 2023
“2024 Master Agency Service Agreement”	the renewal master agency service agreement dated 25 October 2023 entered into between the Company (for itself and on behalf of its subsidiaries, as service providers) and Fineland Group Holdings (for itself and on behalf of its subsidiaries and associates, as receiving parties), in relation to the continued provision of real estate agency services by the Group to Fineland Group during the Term, subject to the Agency Service Proposed Annual Caps
“2024 Master Lease Agreement”	the renewal master lease agreement dated 25 October 2023 entered into between the Company (for itself and on behalf of its subsidiaries, as tenants) and Fineland Group Holdings (for itself and on behalf of its subsidiaries and associates, as landlords), in relation to the continuation, amendment, or renewal of Existing Leases or the entering into of new Leases with the Fineland Group during the Term, subject to the Lease Annual Caps

“2024 Master Property Management Services Agreement”	the renewal master property management services agreement dated 25 October 2023 entered into between the Company (for itself and on behalf of its subsidiaries, as service providers) and Mr. Fong (on behalf of Mr. Fong’s Associated Companies, as receiving parties) in relation to the continued provision of property management services by the Group to Mr. Fong’s Associated Companies during the Term, subject to the Property Management Services Proposed Annual Caps
“Agency Service Existing Annual Caps”	the existing annual cap amounts in respect of the fees payable by the Fineland Group to the Group for the provision of real estate agency services in the primary property market by the Group under the 2020 Master Agency Service Agreement for the three years ending 31 December 2023
“Agency Service Proposed Annual Caps”	the proposed annual cap amounts in respect of fees payable by the Fineland Group to the Group for the provision of real estate agency services in the primary property market by the Group during the Term under the 2024 Master Agency Service Agreement
“Aspiring Vision”	Aspiring Vision Holdings Limited, a company incorporated with limited liability on 15 February 2017 in the BVI, which is wholly owned by Ms. Tse, and is one of the Controlling Shareholders
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands

“Company”	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), an exempted company incorporated in the Cayman Islands with limited liability on 16 February 2017 whose shares are listed on the Main Board of the Stock Exchange (stock code: 9978)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	the group of controlling shareholder(s) (having the meaning ascribed to it under the Listing Rules) of the Company, namely Mr. Fong, Ms. Tse, Hero Dragon, Fineland Group Holdings, Widethrive Investments, Stand Smooth, Aspiring Vision and Mansion Green
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for consideration and if appropriate, approval of the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements
“Existing Leases”	collectively (or individually) the existing leases entered into between members of the Group and the subsidiaries of Fineland Group Holdings pursuant to the Master Lease Agreement and prior to the entering of the 2024 Master Lease Agreement
“Fineland E-Life”	Guangzhou Fineland E-Life Service Co., Ltd. (廣州方圓現代生活服務股份有限公司), a company established under the laws of the PRC with limited liability and an indirectly non-wholly owned subsidiary of the Company. It was acquired by the Company on 28 January 2021

“Fineland Education”	Guangdong Fineland Education Investment Limited* (廣東方圓教育投資有限公司), a company established under the laws of the PRC with limited liability on 20 August 2013 which is wholly owned by Fineland Investment as at the date of this announcement
“Fineland Education Group”	Fineland Education and its subsidiaries and associates
“Fineland Group”	Fineland Group Holdings and its subsidiaries and associates, being the parent group of the Group
“Fineland Group Holdings”	Fineland Group Holdings Company Limited (方圓集團控股有限公司), formerly known as Fineland Real Estate Holdings Company Limited (方圓地產控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 22 June 2006 that is wholly owned by Widethrive Investments and indirectly wholly owned by Mr. Fong, and is one of the Controlling Shareholders
“Fineland Investment”	Guangdong Fineland Investment Limited* (廣東方圓投資有限公司), a company established under the laws of the PRC with limited liability which is owned as to 42% by Mr. Fong, 34.65% by Mr. Li Yang, 0.35% by Mr. Li Zichun, and 23% by Mr. Zhang Qing as at the date of this announcement
“Greater Bay Area”	the region set out in the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area in the PRC, and consisting of four core cities (Hong Kong, Macao, Guangzhou and Shenzhen) and seven non-core cities (Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, and Zhaoqing), and for the Company’s purposes, excluding Hong Kong and Macao Special Administrative Region
“Group”	the Company and its subsidiaries

“Hero Dragon”	Hero Dragon Management Limited, a company incorporated in the BVI on 12 April 2006 with limited liability, which is a wholly owned subsidiary of Fineland Group Holdings, and is one of the Controlling Shareholders
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely, Mr. Leung Wai Hung, Mr. Liao Junping, Mr. Tian Qiusheng and Mr. Du Chenhua) established for the purpose of advising the Independent Shareholders in respect of the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements
“Independent Financial Adviser”	Optima Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements

“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the 2024 Master Agency Service Agreement (including the Agency Service Proposed Annual Caps), the 2024 Master Property Management Services Agreement (including the Property Management Services Proposed Annual Caps) and the transactions contemplated under each of the agreements
“Independent Third Party(ies)”	individual(s) or company(ies) who or which is not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Lease Annual Caps”	the annual aggregate maximum amounts payable by the Group to the Fineland Group during the Term under the 2024 Master Lease Agreement
“Lease Existing Annual Caps”	the existing annual cap amounts in respect of the rental fees payable by the Group to the Fineland Group under the Master Lease Agreement for the three years ending 31 December 2023
“Leases”	collectively (or individually) new leases (including renewed and amended leases) to be entered into pursuant to the 2024 Master Lease Agreement setting out specific details including location, rental and duration, each of which shall be a short-term lease having the meaning ascribed to it under HKFRS 16, and each of them a “Lease”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mansion Green”	Mansion Green Holdings Limited, a company incorporated in the BVI on 15 February 2017 with limited liability, whose shares are owned as to 70% by Stand Smooth and 30% by Aspiring Vision, and is one of the Controlling Shareholders

- “Master Lease Agreement” the master lease agreement dated 28 January 2021 entered into between the Company and Fineland Group Holdings in respect of the leasing of commercial properties from members of the Fineland Group from time to time for a term commencing from 1 January 2021 to 31 December 2023
- “Mr. Chen” Mr. Chen Xi (陳曦先生), the sole legal and beneficial owner of Beaming Light Holdings Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company as at the date of this announcement, who is also a director of a PRC subsidiary of Fineland Group Holdings, namely Huizhou Huisheng Real Estate Development Company Limited* (惠州市輝盛房地產開發有限公司)
- “Mr. Fong” Mr. Fong Ming (方明先生), one of the Controlling Shareholders and the non-executive Director, who is also a director of Widethrive Investments, Fineland Group Holdings, Hero Dragon and Stand Smooth
- “Mr. Fong’s Associated Companies” companies (including Fineland Group and Fineland Education Group) in which Mr. Fong can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries
- “Mr. Han” Mr. Han Shuguang (韓曙光先生), an executive Director and the chairman of the Board. He is the sole legal and beneficial owner of Adwan Orient Holdings Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company as at the date of this announcement, who is also a director of Fineland Group Holdings, Hero Dragon and Stand Smooth

“Mr. Lin”	Mr. Lin Tingfang (林庭芳先生), the sole legal and beneficial owner of Kingson Orient Holdings Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company as at the date of this announcement, who is also a director of Fineland Group Holdings, Hero Dragon and Stand Smooth
“Mr. Xu”	Mr. Xu Jun* (徐珺先生), the sole legal and beneficial owner of Kaffir Holding Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company as at the date of this announcement, who is also a director of Widethrive Investments, Fineland Group Holdings, Hero Dragon and Stand Smooth
“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
“Online Referral Platform”	the <i>Fangyuanbao</i> business and platform acquired by the Group in May 2016 and operated by the Group since then, which serves as a referral business and online platform for property developers to reach out to real estate agents without the individual agents directly entering into business relationships with the property developer
“PRC”	the People’s Republic of China (中華人民共和國), except where the context requires otherwise, and for the purpose of this announcement only geographical references to the PRC or China exclude Hong Kong, Macau Special Administrative Region and Taiwan

“Property Management Services”	property management services, which primarily include (i) in relation to services provided to members of Fineland Group, (a) value-added services to non-property owners such as customer services, cleaning, security and repair and maintenance services to various venues including the sales offices, pre-sale display units, exhibition halls and clubs; and (b) property management services to real estate developers and property owners such as security, cleaning, gardening, repair and maintenance, traffic order maintenance, parking management, maintenance and management of the common areas and equipment of the buildings and their surrounding areas, and community value-added services; and (ii) in relation to services provided to members of the Fineland Education Group such as cleaning, security, repair and maintenance services and community value-added services
“Property Management Services Existing Annual Caps”	the existing annual cap amounts in respect of the fees payable by the Fineland Group and Fineland Education Group to the Group for the provision of property management services by the Group under the 2020 FGH Master Property Management Services Agreement and the 2020 FE Master Property Management Services Agreement respectively for the three years ending 31 December 2023
“Property Management Services Proposed Annual Caps”	the proposed annual cap amounts in respect of fees payable by Mr. Fong’s Associated Companies (including Fineland Group and Fineland Education Group) to the Group for the provision of Property Management Services by the Group during the Term under the 2024 Master Property Management Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)

“Stand Smooth”	Stand Smooth Group Limited, a company incorporated in the BVI on 22 June 2006, which is wholly owned by Hero Dragon and indirectly wholly owned by Mr. Fong, and is one of the Controlling Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	three-year period commencing from 1 January 2024 to 31 December 2026 (both days inclusive)
“Widethrive Investments”	Widethrive Investments Limited, a company incorporated in the BVI on 29 March 2006 with limited liability, which is directly wholly owned by Mr. Fong, and is one of the Controlling Shareholders

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

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

Hong Kong, 25 October 2023

As at the date of this announcement, the executive Directors are Mr. HAN Shuguang, 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.