

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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Fineland Real Estate Services Group Limited

方圓房地產服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9978)

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS;
(2) PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A letter from the Board is set out on pages 8 to 24 of this circular. A letter from the Independent Board Committee is set out on page 25 of this circular. A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and Independent Shareholders is set out on pages 26 to 51 of this circular.

A notice convening the Extraordinary General Meeting (the “EGM”) to be held on 27 October 2020 at 3:00 p.m. at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC is set out on pages 58 to 60 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 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.

Considering the outbreak of the coronavirus (COVID-19), certain measures will be implemented at the EGM with a view to addressing the risk to attendees of infection, including, without limitation:

- (i) all attendees being required to (a) undergo compulsory body temperature check; and (b) wear surgical masks prior to admission to the EGM venue;
- (ii) all attendees being required to wear surgical masks throughout the EGM;
- (iii) each attendee being assigned a designated seat at the time of registration to ensure social distancing; and
- (iv) no refreshment packs or coffee/tea being provided.

The Company reminds attendees that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances. The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the EGM (if any).

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DEFINITIONS

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

“Amendments”	the amendments to the Memorandum and Articles of Association to reflect, among other things, the Transfer of Listing as described in this circular subject to the approval of the Shareholders
“Aspiring Vision”	Aspiring Vision Holdings Limited, a company incorporated with limited liability on 15 February 2017 in the BVI, which is wholly-owned by Ms. Tse, and one of the Controlling Shareholders
“Articles of Association”	the amended and restated articles of association of the Company adopted on 23 October 2017 and effective on 15 November 2017, as amended from time to time
“associate(s)”	the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“close associate(s)”	the meaning ascribed thereto under the Listing Rules
“Company”	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 and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9978)
“Controlling Shareholder(s)”	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 Renewal Master Agency Service Agreement, the transactions contemplated thereunder, the Proposed Annual Caps and the Amendments
“Fineland Group”	Fineland Group Holdings and its subsidiaries, being the parent group of the Company

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“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, which is a wholly-owned subsidiary of Widethrive Investments and one of the Controlling Shareholders
“GFA”	gross floor area
“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, Dongguan, Huizhou, Zhongshan, Jiangmen and Zhaoqing), and for the Company’s purposes, excluding Hong Kong and Macao
“Group”	the Company and its subsidiaries
“Guangzhou Fineland Property Consultancy”	Guangzhou Fineland Property Consultancy Limited* (廣州方圓地產顧問有限公司), a company established under the laws of the PRC with limited liability on 17 March 1997, which was known as Guangzhou Fineland Sino Property Consultancy Limited* (廣州方圓中粵物業顧問有限公司) prior to 29 September 1997, and an indirect wholly-owned subsidiary of the Company
“GZ Fineland Property Management”	GZ Fineland Commercial Property Management Limited* (廣州市方圓商業物業經營有限公司), a company established in the PRC and is a member of the Fineland Group
“Hero Dragon”	Hero Dragon Management Limited, a company incorporated in the BVI on 12 April 2006 with limited liability, which is a wholly-owned subsidiary of Fineland Group Holdings, and is one of the Controlling Shareholders
“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 Renewal Master Agency Service Agreement and the Proposed Annual Caps

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“Independent Financial Adviser” or “Optima Capital”	Optima Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Renewal Master Agency Service Agreement and the Proposed Annual Caps
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the Renewal Master Agency Service Agreement and the Proposed Annual Caps
“Independent Third Parties”	individuals or a companies who or which are 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
“Integrated Services”	the business segment of the Company that provides value added services to its customers, including through the <i>Zhaoshangyi</i> business and the One-stop Services Centre business
“Latest Practicable Date”	28 September 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

DEFINITIONS

“Master Agency Service Agreement”	the master agency service agreement dated 11 October 2017 entered into between the Company (for itself and on behalf of its subsidiaries, as the service providers) and Fineland Group Holdings (for itself and on behalf of its subsidiaries, as the receiving parties), pursuant to which the Group agreed to provide real estate agency services in the primary property market to members of the Fineland Group for a term commencing from the date thereof to 31 December 2019
“Memorandum”	the amended and restated memorandum of association of the Company, adopted on 23 October 2017 and effective on 15 November 2017, as amended from time to time
“Memorandum and Articles of Association”	the amended and restated memorandum and articles of association of the Company adopted on 23 October 2017 and effective on 15 November 2017, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Chen”	Mr. Chen Xi* (陳曦先生), the sole legal and beneficial owner of Beaming Light Holdings Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company, who is also a director of a PRC subsidiary of Fineland Group Holdings, namely Foshan Nanhai Zhixing Real Estate Investment Co., Ltd.* (佛山市南海志興房地產投資有限公司)
“Mr. Fong”	Mr. Fong Ming (方明), one of the Controlling Shareholders and the non-executive Director, who is also a director of Fineland Group Holdings, Hero Dragon and Stand Smooth
“Mr. Han”	Mr. Han Shuguang* (韓曙光先生), the sole legal and beneficial owner of Adwan Orient Holdings Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company, who is also a director of Fineland Group Holdings, Hero Dragon and Stand Smooth

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“Mr. Lin”	Mr. Lin Tingfang* (林庭芳先生), the sole legal and beneficial owner of Kingson Orient Holdings Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company, who is also a director of Hero Dragon and Stand Smooth
“Mr. Xu”	Mr. Xu Jun* (徐珺), the sole legal and beneficial owner of Kaffir Holding Limited, being one of the pre-IPO investors of the Company that holds 1.125% of the total issued share capital of the Company, who is also a director of Hero Dragon and Stand Smooth
“Ms. Rong”	Ms. Rong Haiming* (容海明), one of the executive Directors who is also a director of Fineland Group Holdings, Hero Dragon and Stand Smooth, and is interested in 6.0% of the total issued share capital of the Company
“Ms. Tse”	Ms. Tse Lai Wa (謝麗華), one of the Controlling Shareholders and an executive Director, and is a party acting in concert with Mr. Fong under the Deed of Concert Parties executed on 31 March 2017
“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 a greater number of real estate agents without the individual agents directly entering into business relationships with the property developer
“Original Annual Caps”	the annual cap amounts in respect of the fees payable by the Fineland Group to the Group for the provision of real estate agency services in the primary property market under the Master Agency Service Agreement for the three years ending 31 December 2019
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Proposed 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 under the Renewal Master Agency Service Agreement for the three years ending 31 December 2023

DEFINITIONS

“Renewal Master Agency Service Agreement”	the renewal master agency service agreement dated 3 September 2020 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 the receiving parties), pursuant to which the Group agreed to provide real estate agency services in the primary property market to members of the Fineland Group for a term commencing from 1 January 2021 to 31 December 2023
“Revised Annual Caps”	the revised annual cap amounts in respect of fees payable by the Fineland Group to the Group for the provision of real estate agency services in the primary property market under the Supplemental Master Agency Service Agreement for the three years ending 31 December 2020
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with nominal value of HK0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“sq.m.”	square metres
“Stand Smooth”	Stand Smooth Group Limited (立順集團有限公司), a company incorporated in the BVI on 22 June 2006, which is indirectly wholly-owned by Mr. Fong, and is one of the Controlling Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Master Agency Service Agreement”	the supplemental master agency service agreement dated 26 September 2018 entered into between the Company (for itself and on behalf of its subsidiaries, as the service providers) and Fineland Group Holdings (for itself and on behalf of its subsidiaries, as the receiving parties), pursuant to which the Group agreed to provide real estate agency services in the primary property market to members of the Fineland Group for a term commencing from 28 November 2018 to 31 December 2020

DEFINITIONS

“Transfer of Listing”	the transfer of listing of the Shares from GEM to the Main Board of the Stock Exchange on 28 May 2020
“Widethrive Investments”	Widethrive Investments Limited, a company incorporated in the BVI on 29 March 2006 with limited liability, which is wholly-owned by Mr. Fong, and is one of the Controlling Shareholders
“%”	per cent.

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

LETTER FROM THE BOARD

Fineland Real Estate Services Group Limited

方圓房地產服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9978)

Executive Directors

Ms. Rong Haiming
Mr. Yi Ruofeng
Ms. Tse Lai Wa

Registered office in the Cayman Islands

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

Non-executive Director

Mr. Fong Ming

Independent Non-executive Directors

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

*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

5 October 2020

To the Shareholders

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS;
(2) PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Company's announcement dated 3 September 2020.

References are also made to the prospectus of the Company dated 31 October 2017 in relation to the continuing connected transactions under the Master Agency Service Agreement and the Original Annual Caps; and to (i) the announcement of the Company dated 26 September 2018; (ii) the circular of the Company dated 7 November 2018; and (iii) the transfer of listing from GEM to the Main Board of the Stock Exchange announcement of the Company dated 20 May 2020 in relation to the continuing connected transactions under the Supplemental Master Agency Service Agreement and the Revised Annual Caps.

LETTER FROM THE BOARD

As the Supplemental Master Agency Service Agreement will expire on 31 December 2020, the Company (for itself and on behalf of its subsidiaries, as the service providers) and Fineland Group Holdings (for itself and on behalf of its subsidiaries, as the receiving parties) entered into the Renewal Master Agency Service Agreement on 3 September 2020, pursuant to which the Group will continue to provide real estate agency services in the primary property market to members of the Fineland Group for a further term of three years commencing on 1 January 2021 to 31 December 2023.

Reference is also made to the announcement of the Company dated 22 September 2020 regarding the Amendments. The Board also proposes to seek approval of the Shareholders by special resolution to amend the Memorandum and Articles of Association to reflect the current name of the registered office services provider of the Company and the Transfer of Listing by replacing all references in the Articles of Association to the “GEM Listing Rules” with “Listing Rules” at the EGM.

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

RENEWAL MASTER AGENCY SERVICE AGREEMENT

Major terms of the Renewal Master Agency Service Agreement are set out below:

Date

3 September 2020

Parties

- (a) The Company
- (b) Fineland Group Holdings

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

Term

The term of the Renewal Master Agency Service Agreement will commence from 1 January 2021 and expire on 31 December 2023, subject to the approval of the Renewal Master Agency Service Agreement, the transactions contemplated thereunder and the Proposed Annual Caps by the Independent Shareholders at the EGM.

LETTER FROM THE BOARD

Within three months of its expiry, the parties may agree to extend the Renewal Master Agency Service Agreement, subject to compliance with the then applicable Listing Rules.

Scope of services

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

- (i) *property research, consultancy and marketing services* — including (a) formulating the overall sales and marketing strategies; (b) overseeing the preparation of marketing materials such as promotional leaflets and letter of intent to purchase real estate; and (c) providing regular reports in relation to the market and project conditions, development and positioning and the corresponding sales and marketing strategies;
- (ii) *sales agency services* — primary market real estate agency services and online property referral and 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; and (c) uploading property information and introducing property buyers through real estate agencies; and
- (iii) *Integrated Services* — including (a) assisting property developers to identify, approach, and negotiate leasing terms and conditions with prospective lessees for commercial units in their development projects; and (b) providing customer services to the purchasers such as assisting the purchasers with obtaining the relevant ownership certificates and applying for mortgages from banks.

Pricing policy

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

	<u>Property research, consultancy and marketing services</u>	<u>Sales agency services</u>	<u>Integrated Services</u>
Fees to be charged for different types of services:	A fixed lump-sum fee for each project.	Commission rates are normally based on a fixed percentage or a progressive scale percentage or an agreed fixed sum per unit.	Commission rates are normally based on a percentage of the rental fees for leasing agency services or a fixed amount per transaction for assisting in obtaining ownership certificates and a fee based on the amount of mortgage for mortgage application.

LETTER FROM THE BOARD

	<u>Property research, consultancy and marketing services</u>	<u>Sales agency services</u>	<u>Integrated Services</u>
Factors to be considered for determining the fees charged for different types of services:			
Scale and location of the projects and the required level of resources and time costs involved	√	√	√
GFA and the expected gross transaction amount of the properties for sale/ expected monthly rent of the properties for rent	x	√	√ (for leasing agency services) X (for other Integrated Services)
Historical costs of services and the fees received by the Group in providing similar services to members of the Finland Group	√	√	√
Fees received by the Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them	√	√	√

Payment terms for different types of services:

The credit terms granted are generally 10 to 60 days upon delivery of project analysis reports, which is in line with the payment terms of the Independent Third Parties.	Invoices are issued on a monthly basis. There is generally no specific credit policy granted but the Finland Group generally settle payment with the Group within 90 days from the issuance of invoices, which is consistent with the arrangement between the Group and Independent Third Parties.	<i>Leasing Agency Services</i> Invoices are issued on a monthly basis and the Finland Group is generally required to settle payment with the Group within ten business days, which is shorter than the credit period granted by the Group to the Independent Third Parties. <i>Other Integrated Services</i> The credit terms granted are generally within 1 month upon issuance of monthly invoices.
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Details of the internal control measures on price determination are set out in the paragraphs headed “Internal Control” below.

LETTER FROM THE BOARD

Implementation agreements

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

Condition

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

Save for the Proposed Annual Caps, the other key terms of the Renewal Master Agency Service Agreement are substantially the same as those of the Master Agency Service Agreement as supplemented by the Supplemental Master Agency Service Agreement.

HISTORICAL FIGURES

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

	For the year ended 31 December 2018 <i>RMB'000</i>	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>
Revised Annual Caps	91,000	106,000	118,000
Historical transaction amount	88,560	105,681	65,078 ^(Note)

Note: This is the historical transaction amount for the six months ended 30 June 2020.

The Directors confirm that the transaction amounts from 1 January 2017 to the date of this circular are within the Original Annual Caps and the Revised Annual Caps, as applicable, for the respective years.

PROPOSED ANNUAL CAPS

The table below sets out the Proposed Annual Caps for the continuing connected transactions under the Renewal Master Agency Service Agreement for the three years ending 31 December 2023:

	For the year ended 31 December 2021 <i>RMB'000</i>	For the year ended 31 December 2022 <i>RMB'000</i>	For the year ended 31 December 2023 <i>RMB'000</i>
Proposed Annual Caps	165,000	220,000	280,000

LETTER FROM THE BOARD

The Proposed Annual Caps represent a 39.8%, 33.3% and 27.3% year-on-year increase for 2020 to 2021, 2021 to 2022 and 2022 to 2023, respectively. The Proposed Annual Caps have been determined after taking into account the following factors:

- (i) the historical transaction amounts between the Group and the Fineland Group;
- (ii) the historical sales amounts of the Fineland Group;
- (iii) the historical average commission rate charged by the Group;
- (iv) the expected increase in sales amount of the properties to be developed and launched for sale by the Fineland Group for the three years ending 31 December 2023 resulting in the anticipated increase in demand of the Group's real estate agency services including both traditional agency services and agency services through the Group's Online Referral Platform;
- (v) the increase in proportion of revenue generated from the Online Referral Platform which typically commands a higher commission rate (with a portion to be split with the other third party real estate agencies and recorded as other commission expenses) than those generated from primary real estate agency services; and
- (vi) the inclusion of a buffer due to numerical rounding,

on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group or the Fineland Group.

Historically, for each of 2018 and 2019, the Revised Annual Caps were almost fully utilised, with the actual transaction amounts for fees received by the Group pursuant to the Supplemental Master Agency Service Agreement as a percentage of the Revised Annual Caps amounting to over 95%. For the six months ended 30 June 2020, the percentage of the Revised Annual Cap for 2020 used was approximately 55.2%.

An increase is expected in the sales amount of the properties to be developed and launched for sale by the Fineland Group for the three years ending 31 December 2023 primarily because the Fineland Group has successfully obtained more projects of larger scale in terms of GFA to be sold, mainly in areas outside of Guangzhou in the Greater Bay Area. Since the beginning of 2018, the management of the Fineland Group has increased its efforts in procuring new projects in areas outside Guangzhou in the Greater Bay Area, which are perceived to have strong market potential alongside the expected accelerated economic growth. As many of these new projects to be launched for sale are larger in scale in terms of GFA, the GFA to be sold is expected to increase steadily in 2021, 2022 and 2023. Historically, the average actual sales amount of the average forecasted sales amount for the three years ended 31 December 2019 set out in the previous development and sales plans prepared by the Fineland Group was over 90%, and thus the Directors consider these plans to be a major consideration and reliable factor in determining the Proposed Annual Caps. Taking into account the development and sales plan of the Fineland Group for the three years up to

LETTER FROM THE BOARD

2023, the Directors believe that the demand for the Group's real estate agency services and the use of the Online Referral Platform by the Fineland Group would increase from 2021 to 2023, and the transaction amount under the Renewal Master Agency Service Agreement will in turn increase year-on-year during the corresponding years.

As part of the Group's provision of real estate agency services, the Online Referral Platform is offered, which is an online platform for information exchange and matching for primary property development projects that connects the property developers with real estate agencies that can then reach out to potential purchasers. Property developers have an incentive to use this Online Referral Platform when the traditional sales channels are not generating enough demand to meet sales targets, especially for projects that are in non-prime locations or where the market interest is lower. By using the Group's Online Referral Platform, they can reach a greater number of third party real estate agencies without entering into separate agreements with each individual agent. On the other hand, the third party real estate agencies also have exposure to a greater number of sales projects from different property developers by using the Online Referral Platform without requiring extra efforts for marketing and finding business opportunities. The average commission rate for properties sold using the Online Referral Platform is generally higher than that for traditional agency services as property developers use higher commission rates to attract real estate agencies to bring in purchasers for projects with lower market interest. The average commission rate for using the Online Referral Platform services was in the range between 4.1% and 5.2% for 2017, 2018 and 2019, as compared to the range between 0.9% and 1.3% for primary real estate agency services during the same period. The Group then splits a portion of this commission received with the third party real estate agency that brings in the purchaser. The sales volume and amount of revenue generated from the Online Referral Platform has exhibited strong historical growth over the past few years, both from the Fineland Group and from independent property developers. The revenue generated from the Online Referral Platform under the Supplemental Master Agency Service Agreement increased significantly by approximately 457% and 53% in 2018 and 2019 respectively, and the figure for the first six months of 2020 already represented approximately 96% of the amount for the full year of 2019. The Directors expect that the Fineland Group's use of the Online Referral Platform will continue to grow steadily in the near future, and it will continue to be a viable and worthwhile alternative or complementary service to traditional agency services for property developers.

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

LETTER FROM THE BOARD

INTERNAL CONTROL

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

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

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impact on the demand of the Group's services. The aforesaid changes will be assessed by the Group on a case-by-case basis and the relevant adjustment will be made to the prescribed floor rate/amount as appropriate.

- (iii) *Integrated Services* — the Group has set a prescribed floor rate/amount for the commission or fees chargeable to both Independent Third Parties and the Fineland Group for provision of Integrated Services. The prescribed floor rate/amount is the lowest commission rate/amount as shown in the relevant implementation agreement and/or payment invoice between the Group and the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The relevant sales team would propose the commission rates based on a percentage of rental fees for leasing agency services, or on a fixed amount for other Integrated Services as applicable, which shall be equal or higher than the prescribed floor rate, or a minimum fixed amount, based on factors set out above on a case-by-case basis. The management of the Group regularly reviews the prescribed floor rate/amount for commission chargeable to both the Independent Third Parties and the Fineland Group for provision of Integrated Services on a half-yearly basis or when there is any change in market conditions such as changes in government policies which may result in a significant impact on supply and demand of the property market or sudden modification in behavior of other industry players that may cause an adverse impact on the demand of the Group's services. The aforesaid changes will be assessed by the Group on a case-by-case basis and the relevant adjustment will be made to the prescribed floor rate/amount as appropriate.

The Directors consider that the frequency of review of the prescribed floor rates or amounts by on a half-yearly basis is sufficient, especially taking into account (i) it only serves the purpose of setting the lowest benchmark for the sales team to develop and propose an appropriate rate/amount for a particular project based on other factors such as scale and location, level of resources and expected transaction amount; and (ii) the review and approval process for each implementation agreement, which considers the prevailing market prices, as described below.

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

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

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

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

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

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

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

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

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

The Directors have been carefully monitoring the historical transaction amounts of, and the estimated demand for, the continuing connected transactions of the Group. The Group has maintained a stable and amicable business relationship with the Fineland Group for a long period of time since 1998, and the Directors consider that the provision of real estate agency services in the primary property market by the Group under the Renewal Master Agency Service Agreement would further consolidate the Group's market position in Guangzhou and elsewhere in the Greater Bay Area and also allow it to capture the market opportunities arising from the increasing supply of primary properties resulting from the development of the Greater Bay Area. The Directors consider that the Renewal Master Agency Service Agreement and the 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 in the region.

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 terminate in the future. There has not been any interruption over the past 22 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. The Group has also upgraded its Online Referral Platform to be fully integrated with the Fineland Group to allow for seamless and efficient use to reach a vast number of real estate agents without directly entering into a business relationship with them.

LETTER FROM THE BOARD

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 ranked as one of the Top 9 property consultancy and agencies on the China Real Estate Top 100 Enterprises list. 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 2019, the Group had 74 new customers with no transaction amounts recorded in the previous year, and 69 of them were independent third parties. For the first half of 2020, 20 out of the 23 new customers of the Group were independent third parties.

For 2019, total revenue of the Group increased by approximately 12% as compared to 2018, whereas the revenue generated from the Fineland Group under the Supplemental Master Agency Service Agreement as a percentage of the total revenue only increased slightly from approximately 38.7% for 2018 to 41.2% for 2019. For the six months ended 30 June 2020, revenue generated from the Fineland Group pursuant to the Supplemental Master Agency Service Agreement as a percentage of total revenue was approximately 50.5%. The Directors expect that the revenue generated from the Fineland Group pursuant to the Supplemental Master Agency Agreement as a percentage of total revenue will be below 50% for the year ending 31 December 2020.

For further details on reasons why the Group is capable of carrying on its businesses independently of and does not place undue reliance on the Fineland Group, please refer to the section headed “Controlling Shareholders” in the transfer announcement of the Company dated 20 May 2020.

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

LETTER FROM THE BOARD

APPROVAL BY THE BOARD

Directors with material interest, namely (i) Mr. Fong (due to his shareholding interests in the Fineland Group); (ii) Ms. Tse (due to the acting-in-concert arrangement with Mr. Fong); and (iii) Ms. Rong (due to her directorship in Fineland Group Holdings), are regarded as having material interests in the Renewal Master Agency Service Agreement and the Proposed Annual Caps. As such, they have abstained from voting on the resolutions approving the Renewal Master Agency Service Agreement, the transactions contemplated thereunder and the Proposed Annual Caps.

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

INFORMATION ON THE PARTIES

The Group is principally engaged in the provision of property intermediary services through three main business segments, namely (i) real estate agency services in the primary and secondary property markets (including online referral platform services); (ii) property research and consultancy services; and (iii) Integrated Services, with a focus mainly in Guangzhou and also elsewhere in the Greater Bay Area.

The Fineland Group is principally engaged in the business of development and sale of residential and commercial properties, including the development of hotels and serviced apartments, and hotel management.

LISTING RULES IMPLICATION

As at the Latest Practicable Date, Mansion Green holds 216,000,000 Shares, representing 54.0% of the issued share capital of the Company. Mansion Green is an indirect subsidiary of Fineland Group Holdings. Fineland Group Holdings is an indirect Controlling Shareholder and a connected person of the Company. Accordingly, the transactions under the Renewal Master Agency Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Annual Caps under the Renewal Master Agency Service Agreement are, on an annual basis, more than 5%, such transactions are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Leung Wai Hung, Mr. Liao Junping, Mr. Tian Qiusheng and Mr. Du Chenhua, being all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Renewal Master Agency Service Agreement and the Proposed Annual Caps. None of the members of the Independent Board Committee has any material interest in the Renewal Master Agency Service Agreement and the Proposed Annual Caps. The letter from the Independent Board Committee is set out on page 25 of this circular.

The Company has also appointed Optima Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewal Master Agency Service Agreement and the Proposed Annual Caps. The letter from the Independent Financial Adviser is set out on pages 26 to 51 of this circular.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to make Amendments to the Memorandum and Articles of Association to reflect the current name of the registered office services provider of the Company and the Transfer of Listing. Details of the proposed Amendments are set out below:

- (i) Existing Clause 2 of the Memorandum:

The registered office will be situate at the offices of Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands or at such other place in the Cayman Islands as the Directors may from time to time decide.

By deleting Clause 2 in its entirety, and inserting in place thereof the new Clause 2 as set out below:

The registered office is situated at the offices of Ocorian Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands or at such other place in the Cayman Islands as the Directors may from time to time decide.

- (ii) Article 1(b) of the Articles of Association:

In the definition of Listing Rules, the words “the Growth Enterprise Market of” be deleted in its entirety.

LETTER FROM THE BOARD

The above proposed amendments to the Memorandum and Articles of Association are subject to the approval of the Shareholders by way of special resolution at the EGM and shall become effective upon the passing of such special resolution by the Shareholders at the EGM. Save for the above proposed amendments to the Memorandum and Articles of Association, other provisions of the Memorandum and Articles of Association remain unchanged. The Hong Kong and Cayman Islands legal advisors of the Company have confirmed that the Amendments are not inconsistent with the requirements of the Listing Rules and the laws of the Cayman Islands, respectively. The Directors also confirmed that there is nothing unusual about the proposed amendments to the Memorandum and Articles of Association for a company listed in Hong Kong.

CLOSURE OF REGISTER

To ascertain the members' entitlement to attend and vote at the meeting, the register of members of the Company will be closed from 21 October 2020 to 27 October 2020 (both days inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the EGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on 20 October 2020.

EGM AND PROXY ARRANGEMENT

The notice convening the EGM to be held at 3:00 p.m. on 27 October 2020 at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC is set out on pages 58 to 60 of this circular. At the EGM, ordinary resolutions will be proposed for the purpose of considering and, if thought fit, approving the Renewal Master Agency Service Agreement and the Proposed Annual Caps; and a special resolution will be proposed for the purpose of considering and, if thought fit, approving the Amendments.

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 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 resolutions to be considered and, if thought

LETTER FROM THE BOARD

fit, approved at the EGM will be voted by way of a poll by the Shareholders. An announcement on the poll results will be made by the Company after the EGM, in the manner prescribed under Rule 13.39(5) of the Listing Rules, on the results of the EGM.

Shareholders with material interests, namely (i) Mr. Fong (due to his shareholding interests in the Fineland Group); (ii) Ms. Tse (due to the acting-in-concert arrangement with Mr. Fong); (iii) Ms. Rong, Mr. Han, Mr. Xu, Mr. Lin, and Mr. Chen (due to their positions held in the Fineland Group); and (iv) each of their respective associates, who in aggregate hold 258,000,000 Shares, representing 64.5% of the issued share capital of the Company, will be required to abstain from voting on the relevant ordinary resolutions in relation to the Renewal Master Agency Agreement and the Proposed Annual Caps to be proposed at the EGM.

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

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

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

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 25 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and to the letter from Optima Capital as set out on pages 26 to 51 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Renewal Master Agency Service Agreement and the Proposed Annual Caps.

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

LETTER FROM THE BOARD

RECOMMENDATION

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

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

The Directors consider that the proposed special resolutions set out in the notice of extraordinary general meeting on the Amendments are in the interests of the Company and the shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

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

Fineland Real Estate Services Group Limited

方圓房地產服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9978)

5 October 2020

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 5 October 2020 (the “**Circular**”) despatched by the Company to the Shareholders of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular shall have the same meanings in this letter.

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

We wish to draw your attention to the “Letter from the Board” set out on pages 8 to 24 of the Circular and the “Letter from Optima Capital” containing its advice to us set out on pages 26 to 51 of the Circular.

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

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

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

LETTER FROM OPTIMA CAPITAL

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



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

5 October 2020

To: the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewal Master Agency Service Agreement and the transactions contemplated thereunder (the “**Continuing Connected Transactions**”) together with the proposed annual caps for the Continuing Connected Transactions for the three years ending 31 December 2021 to 2023 (collectively, the “**Proposed Annual Caps**”). Details of the Renewal Master Agency Service Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company to the Shareholders dated 5 October 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As referred to in the Board Letter, on 3 September 2020, the Company and Fineland Group Holdings entered into the Renewal Master Agency Service Agreement, pursuant to which the Group agreed to provide real estate agency services in the primary property market to members of the Fineland Group for a term of three years commencing from 1 January 2021 to 31 December 2023. An annual cap in respect of the fees payable by the Fineland Group to the Group for provision of real estate agency services in the primary property market was set in the Renewal Master Agency Service Agreement for each of the three years ending 31 December 2023.

As Mansion Green, a company which holds 54.0% of the issued share capital of the Company, is an indirect subsidiary of Fineland Group Holdings, Fineland Group Holdings is an indirect Controlling Shareholder and a connected person of the Company. Accordingly, the transactions contemplated under the Renewal Master Agency Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM OPTIMA CAPITAL

Given that one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Proposed Annual Caps under the Renewal Master Agency Service Agreement are, on an annual basis, more than 5%, the Continuing Connected Transactions are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In this connection, the Company will seek the Independent Shareholders' approval for the Renewal Master Agency Service Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) at the EGM by way of poll. Shareholders with material interests, namely (i) Mr. Fong (due to his shareholding interests in the Fineland Group); (ii) Ms. Tse (due to the acting in-concert arrangement with Mr. Fong); (iii) Ms. Rong, Mr. Han, Mr. Xu, Mr. Lin and Mr. Chen (due to their positions held in the Fineland Group); and (iv) each of their respective associates will abstain from voting on the ordinary resolution to be proposed at the EGM for approving the aforesaid transactions and the related caps.

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

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

During the past two years, we have acted as an independent financial adviser to the independent board committee and independent shareholders of the Company in relation to continuing connected transactions as detailed in the circular of the Company dated 7 November 2018. The past engagement was limited to providing independent advisory services to the Company pursuant to the Listing Rules, for which we received normal professional fees. According, we do not consider the past engagement gives rise to any conflict of interest for us in acting as the Independent Financial Adviser in this case.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, amongst others, (i) the Renewal Master Agency Service Agreement; (ii) the interim report of the Company for the six months ended 30 June 2020; (iii) the annual report of the Company for the year ended 31 December 2019; (iv) the prospectus of the Company dated 31 October 2017; (v) the announcement of the Company dated 20 May 2020 regarding the Transfer of Listing; and (vi)

LETTER FROM OPTIMA CAPITAL

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information on the Group and Fineland Group

The Group is a property consultancy and agency company based in Guangzhou, the PRC which is principally engaged in the provision of property intermediary services. There are three main business segments, namely (i) property research and consultancy services; (ii) real estate agency services in the primary (including Online Referral Platform Services) and secondary property markets; and (iii) Integrated Services.

Fineland Group Holdings, formerly known as Fineland Group Holdings Company Limited (方圓地產控股有限公司), is an exempted company incorporated in the Cayman Islands with limited liability on 22 June 2016 and one of the Controlling Shareholders. Fineland Group (including Fineland Group Holdings and its subsidiaries) is principally engaged in the business of development and sale of residential and commercial properties, including the development of Hotels and serviced apartment, and hotel management.

The Group provides mainly the real estate agency services to its customers and most of its customers are properties developers and their designated agents. As Fineland Group is one of the property developers in the PRC, the Group provides its agency services in order to assist the sale and promotion of Fineland Group’s property projects.

Having considered the respective principal activities of the Group and Fineland Group as described above, we are of the view that the Renewal Master Agency Service Agreement is entered into in the ordinary and usual course of business of the Group.

2. Reasons for and benefits of the entering into of the Continuing Connected Transaction

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

As stated in the Board Letter, the Group has maintained a stable and amicable business relationship with the Fineland Group for a long period of time since 1998, and the Directors consider that the provision of real estate agency services in the primary property market by the Group under the Renewal Master Agency Service Agreement would further consolidate the Group's market position in Guangzhou and elsewhere in the Greater Bay Area and also allow it to capture the market opportunities arising from the increasing supply of primary properties resulting from the development of the Greater Bay Area. The Directors consider that the Renewal Master Agency Service Agreement and the 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 in the region.

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 terminate in the future. There has not been any interruption over the past 22 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. The Group has also upgraded its Online Referral Platform to be fully integrated with the Fineland Group to allow for seamless and efficient use to reach a vast number of real estate agents without directly entering into a business relationship with them. 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 ranked as one of the Top 9 property consultancy and agencies on the China Real Estate Top 100 Enterprises list. 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 2019, the Group had 74 new customers with no transaction amounts recorded in the previous year, and 69 of them were independent third parties. For the first half of 2020, 20 out of the 23 new customers of the Group were independent third parties.

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Shareholders' attention is drawn to further details set out under the paragraph headed "Reasons for, and benefits of, the Renewal Master Agency Service Agreement and the Proposed Annual Caps" in the Board Letter.

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

3. Principal terms of the Renewal Master Agency Service Agreement

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

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

Scope of services of the Continuing Connected Transactions

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

- (i) *Property research, consultancy and marketing services* — including (a) formulating the overall sales and marketing strategies; (b) overseeing the preparation of marketing materials such as promotional leaflets and letter of intent to purchase real estate; and (c) providing regular reports in relation to the market and project conditions, development and positioning and the corresponding sales and marketing strategies;
- (ii) *Sales agency services* — primary market real estate agency services and online property referral and 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 Finland Group in respect of the sale of primary properties; and (c) uploading property information and introducing property buyers through third party real estate agencies; and

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- (iii) *Integrated Services* — including (a) assisting property developers to identify, approach, and negotiate leasing terms and conditions with prospective lessees for commercial units in their development projects (the “**Leasing Agency Services**”); and (b) providing customers services to the purchasers such as assisting the purchasers with obtaining the relevant ownership certificates and applying for mortgages from banks (the “**Other Integrated Services**”).

Pricing policy

The real estate agency services provided by the Group to members of the Finland Group are also offered to other Independent Third Parties. The fees to be received by the Group for services rendered under the Renewal 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. Set out below is the table summarising the pricing method for the different types of real estate agency services and the corresponding business segments as set out in the financial statements of the Group for the six months ended 30 June 2020:

Type of services	Pricing method	Corresponding business segments
Property research, consultancy and marketing services	A fixed lump-sum fees for each project	Property research and consultancy services
Sales agency services	Commission rates are normally based on a fixed percentage or a progressive scale percentage or an agreed fixed sum per unit	Primary real estate agency services (including Online Referral Platform Services)
Integrated Services	<p><i>Leasing Agency Services</i></p> <p>Commission rates are normally based on a percentage of the rental fees</p> <p><i>Other Integrated Services</i></p> <p>A fixed fee per transaction for assisting in obtaining ownership certificates and a fee based on the amount of mortgage for mortgage application</p>	Integrated Services

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

Factors to be considered for determining the fees charged for different types of services:	Property research, consultancy and marketing services	Sale agency services	Integrated Services
Scale and location of the projects, the required level of resources and time costs involved	✓	✓	✓
Gross floor area and expected transaction amount or expected monthly rent of the properties for sale/rent	x	✓	✓ (for Leasing Agency Services) x (for Other Integrated Services)
Historical costs of services and the fees received by the Group in providing similar services to members of the Finland Group	✓	✓	✓
Fees received by the Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them.	✓	✓	✓

We have discussed with the Management to understand the rationale of the pricing method of different types of services and factors considered by the Company for determining the services fee for different types of services:

(i) Property research, consultancy and marketing services

The Group generally charges a fixed lump-sum fee for provision of pre-sales marketing services in respect of a property project and such fee is determined by the Group on a case-by-case basis in according with the aforementioned pricing policy. We have reviewed six samples of (i) the contract entered into between the Company and members of the Finland Group and (ii) the contract entered into between the Company and the Independent Third Parties in respect of provision of pre-sales marketing services. We noted that (i) for each sample, the scope of services are similar; and (ii) the lump sum fees charged by the Company to the members of the Finland Group are no less favourable than those charged by the Company to the Independent Third Parties.

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As advised by the Management, it is common for the Group to provide both pre-sales marketing service together with the sales agency service to the property developer (including the Fineland Group and Independent Third Parties) for a single property project and the Group may not charge a separate service fee for provision of pre-sales marketing service if the Group considers the commission charged for provision of sales agency services is sufficient to cover the costs incurred for provision of pre-sales marketing services and generate positive return as a whole for the project. We have reviewed five samples of (i) the contract entered into between the Company and members of the Fineland Group and (ii) the contract entered into between the Company and the Independent Third Parties in respect of the provision of both pre-sales marketing services and sales agency services by the Company. We noted that (i) the Group has not charged any service fee for the provision of pre-sales marketing services; and (ii) the commission rate charged by the Group to the members of the Fineland Group and the Independent Third Parties in respect of the sales agency service are higher than the prescribed floor rate (as described below), being the historical lowest commission rate charged by the Group to the Independent Third Party. Given such, and the fact that for most large scale projects the fees generated from sales agency service are usually significantly higher than the pre-sales marketing service fee that the Group could have obtained, we are of the view that such nil fee arrangement between the Group and members of the Fineland Group (i) is in the ordinary and usual course of business of the Group; (ii) is no less favourable than those arrangements between the Company and the Independent Third Parties; and (iii) is fair and reasonable and in the interest of the Company and its shareholders as a whole.

(ii) Sales agency services

The sales agency services include (i) traditional agency service; and (ii) online property referral and agency service.

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

The Management advised that the prescribed floor rate is the lowest commission rate charged by the Group to the Independent Third Party within the past three years and such rate is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The Management further advised that the Group has provided both provision of property research, consultancy and marketing services and the traditional agency service to that Independent Third Party and the Group has not charged that Independent Third Party a separate fee for provision of property research, consultancy and marketing services. The Management advised that if the proposed commission rate is equal to or higher than the aforementioned prescribed floor rate, the Group would be able to generate positive return even if the Group has not

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charged a separate fee for provision of property research, consultancy and marketing services. The prescribed floor rate for the commission chargeable to both Independent Third Parties and the Fineland Group for provision of traditional agency services is the same. Further, the Management advised that they review the prescribed floor rate for commission chargeable to both the Independent Third Parties and the Fineland Group for provision of the traditional agency services on a half-yearly basis or when there is any change in market conditions such as changes in government policies which may result in a significant impact on supply and demand of property market or sudden modification in behavior of other industry players that may cause an adverse impact on the demand of the Group's services. The aforesaid changes will be assessed by the Group on a case-by-case basis and relevant adjustment will be made to the prescribed floor rate as appropriate. Given the current prescribed floor rate is the lowest commission rate charged by the Group to the Independent Third Party within the past three years and the management has regularly reviewed such rate, we consider it is fair and reasonable to use such rate as a prescribed floor rate for commission chargeable by the Group.

We have reviewed nine samples of (i) the contract entered into between members of the Group and the Fineland Group and (ii) the contract entered into between the Group and the Independent Third Parties in respect of provision of traditional agency services. We noted that (i) for each sample, the scope of services are similar; and (ii) the commission rate charged by the Group to the members of the Fineland Group and the Independent Third Parties are higher than the abovementioned prescribed floor rate, being the lowest commission rate charged by the Group to the Independent Third Party within the past three years. Given the Group has adhered to the same pricing principle in determining the commission rates for its traditional agency services chargeable to both the Independent Third Parties and the Fineland Group, we consider that the commission rate charged by the Group to the members of the Fineland Group are no less favourable than those charged by the Group to the Independent Third Parties.

Online Referral Platform is an online platform that serves as a bridge between the property developers and other real estate agents. When a property developer engages the Group for the Online Referral Platform, the Group will upload the relevant property information onto Online Referral Platform. If a real estate agent has a potential buyer who is interested in buying the property, the real estate agent will directly liaise with the Group and the Group will then arrange for a site visit and act as the bridge between the real estate agent and the property developer. For each of the successful purchase from the customer referred by the real estate agent, the property developer will pay the Group the commission for the transaction, and the Group will split the commission with the real estate agent that brings in the buyer. As advised by the Management, the Group has set a prescribed floor rate/amount for the fees chargeable to both Independent Third Parties and the Fineland Group for provision of sales agency services through the Online Referral Platform and such rate/amount is the lowest rate/amount charged by the Group to the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The prescribed floor rate/amount for the fee chargeable to both Independent Third Parties and the Fineland Group for provision of real agency services through Online Referral Platform is the same. The Management advised that they review

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the prescribed floor rate/amount for the fees chargeable to both the Independent Third Parties and the Finland Group for provision of sales agency services through Online Referral Platform on a half-yearly basis or when there is any change in market conditions such as changes in government policies which may result in a significant impact on supply and demand of property market or sudden modification in behavior of other industry players that may cause an adverse impact on the demand of the Group's services. The aforesaid changes will be assessed by the Group on a case-by-case basis and relevant adjustment will be made to the prescribed floor rate/amount as appropriate. Given the current prescribed floor rate/amount is the lowest rate/amount charged by the Group to the Independent Third Party within the past three years and the management has regularly reviewed such rate/amount, we consider it is fair and reasonable to use such rate/amount as a prescribed floor rate/amount for fees chargeable by the Group.

The Directors consider that the frequency of review of the prescribed floor rate/amount on a half-yearly basis is sufficient, especially taking into account (i) it only serves the purpose of setting the lowest benchmark for the sales team to develop and propose an appropriate rate/ amount for a particular project based on other factors such as scale and location, level of resources and expected transaction amount; (ii) the review and approval process for each implementation agreement, which considers the prevailing market prices. Given any changes in government policies and behavior of other industry players may impact the performance of the Group, the management team, which possess extensive experience in the industry, monitors the market closely and regular meetings are held to discuss the market condition and any trends or developments. We understood from the Management that the review of prescribed floor rate/amount on a half-yearly basis is part of its internal control policy and they, in practice, review the prescribed floor rate/amount more frequently. In light of the above, we consider the review on prescribed floor rate/amount by the Management is sufficient and appropriate.

We have reviewed nine samples of (i) the contract entered into between the Group and the Finland Group and (ii) the contract entered into between the members of the Group and the Independent Third Parties in respect of provision of agency services through Online Referral Platform for the two years ended 31 December 2019. We noted that (i) for each sample, the scope of services are similar; and (ii) the amount charged by the Group to the members of the Finland Group and the Independent Third Parties are higher than the abovementioned prescribed floor rate/amount; and (c) the commission rates charged by the Group to the Finland Group are no less favourable than those charged by the Group to the Independent Third Parties. We consider that the Group has adhered to the same pricing principle in determining the commission rates/amount for its agency services through Online Referral Platform chargeable to both the Independent Third Parties and the Finland Group.

(iii) Integrated Services

The Group generally charges a commission based on a percentage of the rental fees for provision of Leasing Agency Services after taking into consideration the relevant factors as set out above on a case-by-case basis. As advised by the Management, the Group has set a prescribed floor rate for fees chargeable to both Independent Third

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Parties and the Fineland Group for provision of Leasing Agency Services and such rate is the lowest commission rate charged by the Group to the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The prescribed floor rate for the commission rate chargeable to both Independent Third Parties and the Fineland Group for provision of Leasing Agency Services is the same. The Management advised that they review the prescribed floor rate for the commission rate chargeable to both the Independent Third Parties and the Fineland Group for provision of Leasing Agency Services on a half yearly basis or when there is any change in market conditions such as changes in government policies which may result in a significant impact on supply and demand of property market or sudden modification in behavior of other industry players that may cause an adverse impact on the demand of the Group's services. The aforesaid changes will be assessed by the Group on a case-by-case basis and relevant adjustment will be made to the prescribed floor rate as appropriate. Given the current prescribed floor rate is the lowest commission rate charged by the Group to the Independent Third Party within the past three years and the management has regularly reviewed such rate, we consider it is fair and reasonable to use such rate as a prescribed floor rate for commission chargeable by the Group.

We have reviewed seven samples of (i) the contract entered into between the Group and the Fineland Group; and (ii) the contract entered into between the Group and the Independent Third Parties in respect of provision of Leasing Agency Services for the two years ended 31 December 2019 and the six month ended 30 June 2020. We also noted that (a) for each sample, the scope of services are similar; (b) the rates charged by the Group to the members of the Fineland Group are higher than the abovementioned prescribed floor rate; and (c) the commission rates charged by the Group to the members of the Fineland Group are no less favourable than those charged by the Group to the Independent Third Parties. We consider the Group has adhered to the same pricing principle in determining the commission rates for its Leasing Agency Services chargeable to both the Independent Third Parties and the Fineland Group.

The Group generally charges a fixed fee per transaction for Other Integrated Services after taking into consideration of the relevant factors as set out in the above table. As advised by the Management, the Group has set a prescribed floor rate/amount for fees chargeable to both Independent Third Parties and the Fineland Group for provision of Other Integrated Services and such rate/amount is the lowest commission rate/amount charged by the Group to the Independent Third Party within the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The prescribed floor rate/amount for the fees chargeable to both Independent Third Parties and the Fineland Group for provision of Other Integrated Services is the same. The Management advised that they review the prescribed floor rate/amount for the fees chargeable to both the Independent Third Parties and the Fineland Group for provision of Integrated Services on a half-yearly basis or when there is any change in market conditions such as changes in government policies which may result in a significant impact on supply and demand of property market or sudden modification in behavior of other industry players that may cause an adverse impact on the demand of the Group's services. The aforesaid changes

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will be assessed by the Group on a case-by-case basis and relevant adjustment will be made to the prescribed floor rate as appropriate. Given the current prescribed floor rate/ amount is the lowest rate/amount rate charged by the Group to the Independent Third Party within the past three years and the management has regularly reviewed such rate/ amount, we consider it is fair and reasonable to use such rate/amount as a prescribed floor rate/amount for fees chargeable by the Group. We have reviewed four samples of (i) the contract entered into between the Group and the Finland Group and (ii) the contract entered into between the Group and the Independent Third Parties in respect of provision of the Other Integrated Services. We noted that (i) for each sample, the scope of services are similar; and (ii) the lump sum fees charged by the Group to the Finland Group are no less favourable than those charged by the Company to the Independent Third Parties. We consider the Group has adhered to the same pricing principle in determining the fee for its Other Integrated Services chargeable to both the Independent Third Parties and the Finland Group.

The Directors consider that the frequency of review of the prescribed floor rate/ amount on a half-yearly basis is sufficient, especially taking into account (i) it only serves the purpose of setting the lowest benchmark for the sales team to develop and propose an appropriate rate/ amount for a particular project based on other factors such as scale and location, level of resources and expected transaction amount; (ii) the review and approval process for each implementation agreement, which considers the prevailing market prices. Given any changes in government policies and behavior of other industry players may impact the performance of the Group, the management team, which possess extensive experience in the industry, monitors the market closely and regular meetings are held to discuss the market condition and any trends or developments. We understood from the Management that the review of prescribed floor rate/amount on a half-yearly basis is part of its internal control policy and they, in fact, review the prescribed floor rate/amount more frequently. In light of the above, we consider the review on prescribed floor rate/amount by the Management is sufficient and appropriate.

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Payment term

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

Property research, consultancy and marketing services

Sales agency services

Integrated Services

Payment terms for different types of services:

The credit terms granted are generally 10 to 60 days upon delivery of project analysis reports, which is in line with the payment terms of the Independent Third Parties.

Invoices are issued on a monthly basis. There is generally no specific credit policy granted but the Fineland Group generally settle payment with the Group within 90 days from the issuance of invoices, which is consistent with the arrangement between the Group and Independent Third Parties.

Leasing Agency Services
Invoices are issued on a monthly basis and the Fineland Group is generally required to settle payment with the Group within ten business days, which is shorter than the credit period granted by the Group to Independent Third Parties.
Other Integrated Services
The credit terms granted is generally within 1 month upon issuance of monthly invoices.

(i) Property research, consultancy and marketing services

We have reviewed six samples of (a) the contract entered into between the Group and the Fineland Group and (b) the contract entered into between the Group and the Independent Third Parties in respect of provision of property research, consultancy and marketing services for the two years ended 31 December 2019 and the six months ended 30 June 2020. As advised by the Management, it is the normal practice of the Group to set a credit terms from 10 days to 60 days. We noted that for each sample, the credit terms granted to the customers of the Group fall within the range of 10 to 60 days upon delivery of project analysis reports.

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(ii) Sales agency services

We have reviewed nine samples of (a) the contract entered into between the Group and the Fineland Group and (b) the contract entered into between the Group and the Independent Third Parties in respect of provision of primary market agency services and real estate agency services through the Online Referral Platform for the two years ended 31 December 2019 and the six months ended 30 June 2020 respectively. We noted that for each sample, the credit terms granted to the customers of the Group fall within 90 days from the issuance of invoices. As advised by the Management, there is generally no specific credit policy granted to the customers, but the customers of the Group generally settle the fee within 90 days from the issuance of invoices.

(iii) Integrated Services

We have reviewed seven samples of (a) the contract entered into between the Group and the Fineland Group and (b) the contract entered into between the Group and the Independent Third Parties in respect of provision of Leasing Agency Services for the two years ended 31 December 2019 and the six months ended 30 June 2020. As advised by the Management, the Fineland Group is generally required to settle payment within ten business days after the issuance of invoices. We noted that for each sample, the credit terms granted to the Fineland Group fall within ten business days upon issuance of the invoices, which is shorter than the credit period granted by the Group to the Independent Third Parties.

We have reviewed four sample of (a) the contract entered into between members of the Group and the Fineland Group and (b) the contract entered into between the Group and an Independent Third Party in respect of provision of Other Integrated Services for the two years ended 31 December 2019 and the six months ended 30 June 2020. As advised by the Management, the credit terms granted is generally within one month upon issuance of monthly invoices. We noted that for each sample, the credit terms granted to the Fineland Group fall within a month upon issuance of monthly invoices.

In view of the above and having also considered that (i) the terms of the Renewal Master Agency Service Agreement are substantially the same as the Supplemental Master Agency Service Agreement and (ii) the internal control procedures in place to monitor the transactions under the Renewal Master Agency Service Agreement as set out in the section headed “5. Internal control and risk management measures” below, we consider the terms of the Renewal Master Agency Service Agreement are on normal commercial terms and fair and reasonable as far as the Company and the Independent Shareholders are concerned.

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4. The Proposed Annual Caps

Historical figures

Set out below is a summary of (i) the historical transaction amounts for the two years ended 31 December 2019 and for the six months ended 30 June 2020; and (ii) the revised annual caps under the Supplementary Master Agency Service Agreement:

<i>(RMB million)</i>	For the year ended 31 December		For the six months ended 30 June
	2018	2019	2020
Property research, consultancy and marketing services	0.6	0.2	0.1
Sales Agency services:			
— <i>Primary market agency services</i>	55.4	55.8	17.7
— <i>Online Referral Platform</i>	32.0	48.9	47.2
Integrated Services	0.5	0.8	0.1
Aggregate Historical Transaction Amount	88.5	105.7	65.1 ^(Note)
Revised Annual Caps	91.0	106.0	118.0
Percentage of the Revised Annual Caps used (%)	97.3%	99.7%	55.2%

Note: It represents the historical transaction amount for the six months ended 30 June 2020.

For the year ended 31 December 2019, the actual service fees received by the Group from the members of the Finland Group was approximately RMB105.7 million, which was very close to the Revised Annual Cap for the year ended 31 December 2019. For the six months ended 30 June 2020, the aggregate service fees received by the Group from the Finland Group amounted to approximately RMB65.1 million, representing approximately 55.2% of the Revised Annual Cap for the year ending 31 December 2020. Based on the list of properties to be launched for sale by the Finland Group for the year ending 31 December 2020, the Management expected that the Revised Annual Cap for the year ending 31 December 2020 of RMB118.0 million will be fully utilised at the end of 2020.

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We have discussed with the Management and understood that the internal audit department of the Company is responsible for monitoring the total agency service fees received from the Fineland Group from time to time and should the Revised Annual Cap for the year ending 31 December 2020 nearly be exceeded, the responsible department will suspend the provision of agency services to the Fineland Group. In view of this and the internal control procedures set out in the section headed “5. Internal control measures” below, we concur with the Directors’ view that the Revised Annual Cap for the year ending 31 December 2020 will not be exceeded.

Assessment of the Proposed Annual Caps

Set out below are the proposed Annual Caps for each of the three years ending 31 December 2023:

<i>(RMB million)</i>	For the year ending 31 December		
	2021	2022	2023
Property research, consultancy and marketing services	0.6	0.7	0.8
Sales Agency services:			
— <i>Primary market agency services</i>	84.9	125.7	163.4
— <i>Online Referral Platform</i>	76.9	92.3	110.8
Integrated Services	0.5	0.6	0.6
Projected Aggregate Transaction Amount	162.9	219.3	275.6
Proposed Annual Caps	165.0	220.0	280.0

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

(i) Property research, consultancy and marketing services

The Proposed Annual Cap for the provision of the property research, consultancy and marketing services for the year ending 31 December 2021 is calculated by the average monthly service fee received by the Group from the Fineland Group for the period commencing from 1 January 2016 to 30 June 2020 multiplying by 12 with an annual growth of 10%. Each of the Proposed Annual Caps for the provision of the property research, consultancy and marketing services for the years ending 31 December 2022 and 2023 is calculated by multiplying the Proposed Annual Cap for the provision of the property research, consultancy and marketing services for the previous financial year by a growth rate of 10%. We noted that the service fee charged by the Group for provision of property research, consultancy and marketing services remained low in the

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recent years as a result of the increase in the nil-fee arrangement as described in section headed “3. Principal terms of the Renewal Master Agency Service Agreement — pricing policy — (i) property research, consultancy and marketing services” above. We considered it is appropriate to take into account the historical service fee in arriving at the Proposed Annual Caps in respect of the provision of the property research, consultancy and marketing services.

We have also discussed with the Management regarding the fairness and reasonableness of applying an annual growth rate of 10% in arriving at the Proposed Annual Caps for the provision of the property research, consultancy and marketing services for the three years ending 31 December 2023. The Management advised that a growth rate of 10% is determined with reference to the historical compounded annual growth rate (“CAGR”) of the fixed assets investment in Guangdong Province of approximately 14.6% for 2019 as published by the National Bureau of Statistics of Guangdong Province. At the same time, according to the “Analysis on the completion of Guangdong real estate development in 2019” published by the Fixed Assets Investment Statistics Office (固定資產投資統計處), the investment in real estate development in Guangdong Province also increased by approximately 10.0% and the investment increased by approximately 11.8% in the Greater Bay Area (except Hong Kong and Macau) in 2019. Given it is uncertain as to whether (i) the Group will charge the Fineland Group a separate service fee in respect of the pre-sale marketing services due to the nil-fee arrangement as discussed above; and (b) the Fineland Group will engage the Group for provision of property research, consultancy and marketing services for property projects to be launched by the Fineland Group, the Management considers it is more appropriate to determine the growth rate in calculation of the Proposed Annual Caps based on abovementioned growth rate in respect of the property market in Guangdong Province. We also noted that the historical service fees charged to the Fineland Group in respect of the provision of property research, consultancy and marketing services and the historical service fees charged to the Fineland Group in respect of the provision of primary market agency services for the two years ended 31 December 2019 and the six months ended 30 June 2020 bear little correlation with each other. Given the Group is engaged in the real estate agency services and the performance of the Group is highly correlated to the trend of the property market in Guangzhou, we considered it is reasonable to apply an annual growth rate of 10% in arriving at the Proposed Annual Caps for the three years ending 31 December 2023 so as to provide flexibility to the Group in the provision of property research, consultancy and marketing services to the Fineland Group.

(ii) Sales agency services

Traditional agency services

The Proposed Annual Caps for provision of traditional agency services for each of the two financial years ending 31 December 2021 and 2022 is computed based on (i) the forecasted sale amount of the Fineland Group of the properties to be launched for sales by the Fineland Group for the coming two financial years ending 31 December 2022 (the “**Fineland Business Plan**”); multiplied by (ii) the average

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ratio (the “**Ratio**”) calculated by the revenue of the Group generated through provision of traditional agency service to the Fineland Group (which also represented the commission paid by the Fineland Group to the Group on the traditional agency services received) divided by the total sales of the Fineland Group throughout 1 January 2015 to 30 June 2020. Although the Ratio does not represent a direct correlation to the contribution of the Group on the Fineland Group’s revenue, it could provide a pattern or a trend demonstrating the Group involvement in the Fineland Group’s sales plan. The Proposed Annual Caps for the provision of the traditional agency services for the year ending 31 December 2023 is calculated by multiplying the Proposed Annual Cap for the provision of the traditional agency services for the 2022 by a growth rate of 30%.

The services fee charged to the Fineland Group for provision of the traditional agency services contributed approximately 62.6% and 52.8% of the total revenue derived under the Supplemental Master Agency Service Agreement for the years ended 31 December 2018 and 2019. As advised by the Management, such fee is highly correlated to the properties launched for sale by the Fineland Group in each financial year. However, due to the unexpected outbreak of COVID-19, the service fee charged to the Fineland Group for provision of the traditional agency services contributed only approximately 27.2% of the total revenue derived under the Supplemental Master Agency Service Agreement for the six months ended 30 June 2020. The Management explained that due to the pandemic, most of the physical promotion exhibitions for sale of first hand properties were temporary closed for about two months, thereby affected the business operation and the performance of the Group on traditional agency services. However, the Group expected that the business performance would not be materially affected given the Group has resumed operations and the Management believes that the revenue will bounce back in the second half of 2020.

We understood from the Management that the Fineland Business Plan is prepared by Fineland Group with reference to, among other things, the ongoing projects and its landbank. The Management also advised that Fineland Group has been aggressive in building up its landbank in the recent years and accordingly it is expected that there is steady growth in forecasted sales amount as set out in the Fineland Business Plan for the years ending 31 December 2022. As the forecasted sales amount as set out in Fineland Business Plan is one of the key elements in arriving at Proposed Annual Caps, we have compared the forecasted sales amount as set out in the business plan of Fineland Group with the actual sales amount for the three years ended 31 December 2019 and we noted the mean of the actual sales amount over the forecasted sales amount for the three years ended 31 December 2019 is over 90%. In light of the above, we consider it is fair and reasonable to determine the Proposed Annual Cap in respect of the traditional agency services based on the Fineland Business Plan.

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We noted the Ratio as calculated for the years ended 31 December 2015 to the six-month period ended 30 June 2020 are within the range of approximately 0.66% and 0.87%. As such, we consider it is appropriate to use the average of 0.78% for calculation of the Proposed Annual Caps for the provision of the traditional agency services.

We understood from the Management that there is no Fineland Business Plan for the year ending 31 December 2023 as the Fineland Group considers it is immature to prepare a full-blown sales plan for the year ending 31 December 2023 at this stage. However, given the Fineland Group has adopted an aggressive strategy in building up its landbank, it successfully obtained more projects of larger scale in terms of GFA to be sold, mainly in areas outside Guangzhou in the Greater Bay Area and increased its efforts in procuring new projects in areas outside Guangzhou in the Greater Bay Area, which are perceived to have strong market potential alongside the accelerated economic growth in the Greater Bay Area. Thus, it is expected that there will be a substantial growth in the sales amount of Fineland Group for the year ending 31 December 2023. The Management advised that Fineland Group has numerous on-going projects and projects in pipelines, and it has devised a clear sales plan for these projects. In addition, the Fineland Group has adopted an aggressive strategy in obtaining land use rights certificates or entering into land transfer agreements for land in the recent years.

We have also discussed with the Management regarding the fairness and reasonableness of applying an annual growth rate of 30% in arriving at the Proposed Annual Cap for the provision of the traditional agency services for the year ending 31 December 2023. The Management advised that such growth rate is determined with reference to (i) the 2014-2019 CAGR of the transaction amount for the primary commodity residential properties in the Greater Bay Area of approximately 17.3% as quoted from the Guangdong Statistical Yearbook published by the National Bureau of Statistics and CREIS; and (ii) the significant growth in landbank of Fineland Group in the recent years. Given (i) we consider it is fair and reasonable to determine the Proposed Annual Cap in respect of the traditional agency services based on the Fineland Business Plan and the forecasted annual growth rate in sales amount as set out in the Fineland Business Plan amounts to over 30% in the year ending 31 December 2022; and (ii) the Revised Annual Cap for the traditional agency services was nearly fully utilised by the Group in 2018 and 2019, we consider it is reasonable to apply an annual growth rate of 30% in arriving at the Proposed Annual Cap for the year ending 31 December 2023 so as to accommodate the expansion plan of Fineland Group and to provide flexibility to the Group to provide traditional agency services to the Fineland Group.

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

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Online Referral Platform

The Proposed Annual Cap for the year ending 31 December 2021 is calculated by annualising the average monthly service fee received by the Group from the Fineland Group for the past eighteen months ended 30 June 2020 and multiplying by a growth rate of 20%. Each of the Proposed Annual Caps for the years ending 31 December 2022 and 2023 is calculated by multiplying the Proposed Annual Cap for the previous financial year by an annual growth rate of 20%.

The service fees charged to the Fineland Group for provision of Online Referral Platform services increased by approximately 52.8% from approximately RMB32.0 million for the year ended 31 December 2018 to approximately RMB48.9 million for the year ended 31 December 2019. As advised by the Management, the utilisation rate of Online Referral Platform increased significantly for the two years ended 31 December 2019 and the six months ended 30 June 2020 as Online Referral Platform has successfully built its brand and the Online Referral Platform has gained increasing popularity for the real estate agent to identify properties that suit the needs of potential buyers. The service fee for the six-months ended 30 June 2020 has reached approximately RMB47.2 million, which represented approximately 96.5% of the service fees charged to the Fineland Group for the year ended 31 December 2019. The significant increase in the services fee charged was partly due to the outbreak of COVID-19 which led to temporary closure of promotion exhibitions. As such, the revenue derived from traditional agency services recorded a notable decrease in 2020 while the utilisation rate of Online Referral Platform increased.

Given the utilisation rate of Online Referral Platform increased since the third quarter of the year ended 31 December 2017 and there was rapid growth in revenue derived from Online Referral Platform in 2018 as compared with that in 2017, we concur with the view of the Board that it is not be appropriate to take into account the historical service fee in respect of Online Referral Platform received from the Fineland Group before 1 January 2019 in arriving at the Proposed Annual Cap. We agreed that it is more sensible to determine the Proposed Annual Cap for the year ending 31 December 2021 based on the average service fee charged to the Fineland Group for the past 18 months ended 30 June 2020 multiplying by 12 with an annual growth rate of 20%. Each of the Proposed Annual Caps for the provision of the sales agency services by Online Referral Platform for the years ending 31 December 2022 and 2023 is calculated by multiplying the Proposed Annual Cap for the provision of the sales agency services by Online Referral Platform for the previous financial year by a growth rate of 20%. Given the service fee in respect of Online Referral Platform received from the Fineland Group grew by approximately 52.8% to approximately RMB48.9 million for the year ended 31 December 2019 and the service fee in respect of Online Referral Platform for the six months ended 30 June 2020 already represented approximately 96.5% of that for the year ended 31 December 2019, we consider it is fair and reasonable to include an annual

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growth rate of 20% in arriving at the Proposed Annual Cap for the year ending 31 December 2021 in order to provide sufficient flexibility to the Group in the provision of Online Referral Platform service to the Fineland Group.

We have also discussed with the Management regarding the fairness and reasonableness of applying an annual growth rate of 20% in arriving at the Proposed Annual Caps for provision of the sales agency services by Online Referral Platform for the years ending 31 December 2022 and 2023. The Management advised that a growth rate of 20% is determined with reference to (i) the aforementioned 2014-2019 CAGR of the transaction amount for the primary commodity residential properties in the Greater Bay Area was approximately 17.3%; and (ii) the increasing popularity of Online Referral Platform among the real estate agents. In light of (i) the significant increase in the revenue derived from the provision of sales agency services via Online Referral Platform in 2019; and (ii) the remarkable growth in revenue derived from Online Referral Platform in the first half of 2020 which represents around 96.6% of the revenue derived from Online Referral Platform in 2019, we considered it is reasonable to apply an annual growth rate of 20% in arriving at the Proposed Annual Caps for the two years ending 31 December 2023 so as to provide flexibility to the Group in the provision of sales agency services via Online Referral Platform to the Fineland Group.

In light of the above, we consider the basis for determining the Proposed Annual Caps for the service fee in respect of Online Referral Platform is fair and reasonable.

(iii) Integrated Services

The Proposed Annual Cap for the Integrated Services the year ending 31 December 2021 is determined based on the estimated transaction amount between the Group and the Fineland Group with reference to the actual transaction amount between the parties for the thirty months ended 30 June 2020. Each of the Proposed Annual Caps for the years ending 31 December 2022 and 2023 is calculated by multiplying the Proposed Annual Cap for the Integrated Services for the previous financial year by an annual growth rate of 10%. The service fee charged to the Fineland Group in respect of the Integrated Services represented only less than 0.7% of the total service fee charged to the Fineland Group for each of the two years ended 31 December 2019 and the six months ended 30 June 2020. Given the transaction amount increased by around 60% from approximately RMB0.5 million for the year ended 31 December 2018 to approximately RMB0.8 million for the year ended 31 December 2019, we considers it reasonable to (a) determine the Proposed Annual Cap based on the estimated transaction amount between the Group and the Fineland Group for the year ending 31 December 2021 and (b) include an annual growth rate of 10% to allow sufficient buffer in the Proposed Annual Caps for the three years ending 31 December 2023.

In light of the above, we consider the basis for determining the Proposed Annual Caps for the three years ending 31 December 2023 to be fair and reasonable.

5. Internal control and risk management measures

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

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

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Group's services. The aforesaid changes will be assessed by the Group on a case-by-case basis and the relevant adjustment will be made to the prescribed floor rate/amount as appropriate.

Integrated Services — the Group has set a prescribed floor rate/amount for the commission or fees chargeable to both Independent Third Parties and the Fineland Group for provision of Integrated Services. The prescribed floor rate/amount is the lowest commission rate/amount as shown in the relevant implementation agreement and/or payment invoice between the Group and the Independent Third Party.

- (iii) for the past three years, which is determined on normal commercial terms through arm's length negotiation between the Group and the Independent Third Party. The relevant sales team would propose the commission rates based on a percentage of rental fees for leasing agency services, or on a fixed amount for other Integrated Services as applicable, which shall be equal or higher than the prescribed floor rate, or a minimum fixed amount, based on factors set out above on a case-by-case basis. The management of the Group regularly reviews the prescribed floor rate/amount for commission chargeable to both the Independent Third Parties and the Fineland Group for provision of Integrated Services on a half-yearly basis or when there is any change in market conditions such as changes in government policies which may result in a significant impact on supply and demand of the property market or sudden modification in behavior of other industry players that may cause an adverse impact on the demand of the Group's services. The aforesaid changes will be assessed by the Group on a case-by-case basis and the relevant adjustment will be made to the prescribed floor rate/amount as appropriate.

The Directors consider that the frequency of review of the prescribed floor rate or amounts on a half-yearly basis is sufficient, especially taking into account (i) it only serves the purpose of setting the lowest benchmark for the sales team to develop and propose an appropriate rate/ amount for a particular project based on other factors such as scale and location, level of resources and expected transaction amount; and (ii) the review and approval process for each implementation agreement, which considers the prevailing market prices. In addition to the above price determination procedures, the proposed fees determined by the sales team as above are subject to the review and approval of the Group's internal control department headed by Mr. Yi Ruofeng, an executive Director and the compliance officer of the Company, who has no interests in the transactions contemplated under the Renewal Master Agency Service Agreement. The review and approval process is based on the following principles and aims to ensure that under the respective implementation agreements the fees charged to the Fineland Group will be in accordance with the prevailing market prices of similar services:

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

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

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

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

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

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

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

We have reviewed samples of documents and records maintained by the Group for the two years ended 31 December 2019 and the six months ended 30 June 2020, and noted that the Group has followed the aforesaid procedures.

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

OPINION AND RECOMMENDATION

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

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

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

Mr. Ng Ka Po is a responsible officer of Optima Capital Limited and a licensed person registered with the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 15 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(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 ⁽¹⁾	216,000,000	54%
Ms. Tse Lai Wa	Interest in controlled corporation ⁽¹⁾	216,000,000	54%
Ms. Rong Haiming	Interest in controlled corporation ⁽²⁾	24,000,000	6%
Mr. Yi Ruofeng	Interest in controlled corporation ⁽³⁾	6,300,000	1.575%

Notes:

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

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

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

(ii) Substantial Shareholders

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

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

Long Positions in Shares:

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

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

Notes:

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

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

3. NO MATERIAL ADVERSE CHANGE

The Directors confirm that as at the Latest Practicable Date there had not been any material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group have been made up.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, the Controlling Shareholders and their respective close associates had any interest in a business which competes or may compete with the businesses of the Group.

5. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

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

As disclosed in the prospectus of the Company dated 31 October 2017, the Company intended to continue leasing office premises from GZ Fineland Property Management upon the listing of the Company. GZ Fineland Property Management is a member of the Fineland Group and an associate of Mr. Fong, being one of the Controlling Shareholders and the non-executive Director. GZ Fineland Property Management (as the landlord) has entered into annual tenancy agreements with Guangzhou Fang Yuan Bao Network and Technology Limited* (廣州房緣寶網絡科技有限公司) (“**Fang Yuan Bao**”) and Guangzhou Fineland Property Consultancy Limited* (廣州方圓地產顧問有限公司) (“**Guangzhou Fineland Property Consultancy**”) (both of which are members of the Group as the tenants) for office premises located at unit 701, No. 28 Tiyu East Road, Tianhe District, Guangzhou, PRC (the “**Tianhe Office Premises**”) (the “**Tianhe Office Tenancy Agreements**”). Pursuant to the latest Tianhe Office Tenancy Agreements, GZ Fineland Property Management agreed to lease certain portions of the Tianhe Office Premises with an aggregate floor area of approximately 742.5 square meters and 742.5 square meters to Fang Yuan Bao and Guangzhou Fineland Property Consultancy, respectively, for use as offices. The term of each of the Tianhe Office Tenancy Agreements commences from 1 January 2020 and ends on 31 December 2020. The rental payable by Fang Yuan Bao and Guangzhou Fineland Property Consultancy under the Tianhe Office Tenancy Agreements is RMB107,659.60 and RMB107,659.60 per month, respectively. The above-mentioned rental rates were determined after arm’s length negotiations and with reference to the prevailing market rates, namely the rental payable for similar properties to be leased from Independent Third Parties at similar location.

As disclosed in the prospectus of the Company dated 31 October 2017, Ms. Zheng Xin (“**Ms. Zheng**”), being the daughter of Ms. Tse (as the landlord), entered into a tenancy agreement with Guangzhou Fineland Property Consultancy (as the tenant) (the “**Baiyun Outlet Tenancy Agreement**”), which was amended by a supplemental agreement dated 29 March 2017 (the “**Baiyun Outlet Supplemental Agreement**”). As at the Latest Practicable Date, Ms. Tse is one of the executive Directors. Pursuant to the Baiyun Outlet Tenancy Agreement, Ms. Zheng Xin agreed to lease the premises located at 1/F, Ying Yueju, Baiyun Golf Garden, 118 Huangshi East Road, Baiyun District, the PRC* (中國廣州白雲區黃石東路118號白雲高爾夫花園盈月居首層商舖) with an aggregate floor area of approximately 52.5 square meters, to Guangzhou Fineland Property Consultancy for use as an outlet. The term of the Baiyun Outlet Tenancy Agreement commences from 1 January 2015 and ends on 31 December 2020.

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

Rental period	Rental payable to Ms. Zheng per month
	<i>(RMB)</i>
1 January 2015 to 31 December 2015	18,109.05
1 January 2016 to 31 December 2016	19,158.85
1 January 2017 to 31 December 2017	20,208.65
1 January 2018 to 31 December 2018	21,258.45
1 January 2019 to 31 December 2019	22,308.25
1 January 2020 to 31 December 2020	23,358.05

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

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019 (the date to which the latest published audited consolidated financial statements of the Group were made up).

6. DIRECTORS' SERVICE CONTRACTS

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

7. EXPERT AND CONSENT

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

Optima Capital	A corporation licensed by the Securities and Futures Commission to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
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Optima Capital has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 5 October 2020 and/or references to its name in the form and context in which it appear.

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

As at the Latest Practicable Date, Optima Capital did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019 (the date to which the latest published audited consolidated financial statements of the Group were made up).

8. GENERAL

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Master Agency Service Agreement, the Supplemental Master Agency Service Agreement and the Renewal Master Agency Service Agreement will be available for inspection at the principal place of business of the Company at Unit B, 17/F United Centre, 95 Queensway, Admiralty, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Fineland Real Estate Services Group Limited

方圓房地產服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9978)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Fineland Real Estate Services Group Limited (the “**Company**”) will be held at 3:00 p.m. on 27 October 2020 at 11th Floor, No. 28 Tiyu East Road, Tianhe District, Guangzhou, the PRC for the following purposes:

ORDINARY RESOLUTION

1. To consider, and if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) the Renewal Master Agency Service Agreement (as defined in the circular of the Company dated 5 October 2020 (the “**Circular**”), a copy of which is tabled at the meeting and marked “A” and signed by the chairman of the meeting for the purpose of identification) entered into between the Company and Fineland Group Holdings Company Limited (方圓集團控股有限公司) and the transactions contemplated therein be and are hereby approved, confirmed and ratified;
- (b) the Proposed Annual Caps for the three years ending 31 December 2023 (as set out in the Circular) be and are hereby approved; and
- (c) any one of the directors of the Company be and is hereby authorised to take such actions and execute such documents for and on behalf of the Company as he or she may consider appropriate and expedient to carry out or give effect to or otherwise in connection with or in relation to the Renewal Master Agency Service Agreement and the transactions contemplated therein (including the Proposed Annual Caps).”

NOTICE OF EXTRAORDINARY GENERAL MEETING

SPECIAL RESOLUTION

2. To consider, and if thought fit, pass with or without amendments, the following resolution as a special resolution:

“THAT:

- (a) the memorandum and articles of association of the Company be and is hereby amended in the following manner (collectively, the **“Amendments”**):

- (i) Existing Clause 2 of the Memorandum of Association:

The registered office will be situate at the offices of Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands or at such other place in the Cayman Islands as the Directors may from time to time decide.

By deleting Clause 2 in its entirety, and inserting in place thereof the new Clause 2 as set out below:

The registered office is situated at the offices of Ocorian Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands or at such other place in the Cayman Islands as the Directors may from time to time decide.

- (ii) Article 1(b) of the Articles of Association:

In the definition of the Listing Rules, the words “the Growth Enterprise Market of” be deleted in its entirety; and

- (b) any one of the directors of the Company, the registered office services provider, or the company secretary of the Company be and is hereby authorised to take such actions and execute such documents for and on behalf of the Company as he or she may consider appropriate and expedient to carry out or give effect to the Amendments and to make relevant registrations and filings in accordance with the relevant requirements of the applicable laws and regulations in the Cayman Islands and Hong Kong.”

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

Hong Kong, 5 October 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the EGM (and any adjournment of such meeting) shall be entitled to appoint one or if he is a holder of two or more shares of the Company, more than one, proxies to attend and vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM. Completion and return of the form of proxy will not preclude a member of the Company from attending the EGM and voting in person should he so wish. In such event, his form of proxy will be deemed to have been revoked.
2. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. A form of proxy for the EGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time for holding the EGM or any adjournment thereof.
4. To ascertain the members' entitlement to attend and vote at the meeting, the register of members of the Company will be closed from 21 October 2020 to 27 October 2020 (both days inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on 20 October 2020.
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.
7. Considering the outbreak of the coronavirus (COVID-19), certain measures will be implemented at the EGM with a view to addressing the risk to attendees of infection, including, without limitation, (i) all attendees being required to (a) undergo compulsory body temperature check; and (b) wear surgical masks prior to admission to the EGM venue; (ii) all attendees being required to wear surgical masks throughout the EGM; (iii) each attendee being assigned a designated seat at the time of registration to ensure social distancing; and (iv) no refreshment packs or coffee/tea being provided.

The Company reminds attendees that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances. The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the EGM (if any).

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