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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) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF APPROXIMATELY 66.31%
OF THE EQUITY INTERESTS IN THE TARGET COMPANY**

AND

**(2) POSSIBLE CONTINUING CONNECTED TRANSACTIONS IN RELATION
TO THE 2020 MASTER PROPERTY MANAGEMENT
SERVICES AGREEMENTS**

AND

**(3) POSSIBLE CONTINUING CONNECTED TRANSACTIONS IN RELATION
TO THE TRADEMARK LICENSING AGREEMENTS**

Sole Financial Adviser



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



THE PROPOSED ACQUISITION

The Board is pleased to announce that on 15 October 2020 (after trading hours), the Purchaser, an indirectly wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Vendors, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, which represent approximately 66.31% of the equity interests in the Target Company, at a cash consideration of RMB68,000,000 (equivalent to approximately HK\$77,520,000).

Completion is subject to the fulfilment of the Conditions Precedent. Upon Completion, the equity interests in the Target Company will be held by the Purchaser and Other Existing Shareholders as to approximately 66.31% and 33.69%, respectively. The Target Company will become an indirectly non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated in the Group's financial statements.

The Target Group is principally engaged in the provision of professional property management services and value-added services for residential and commercial properties.

THE 2020 MASTER PROPERTY MANAGEMENT SERVICES AGREEMENTS

Members of the Target Group had, in their ordinary course of business, regularly provided the Property Management Services to members and associates of the Fineland Group and the Fineland Education Group.

It is expected that such provision of the Property Management Services will continue after the completion of the Proposed Acquisition. In order to streamline these possible continuing connected transactions in relation to the provision of the Property Management Services and to facilitate compliance with relevant requirements under the Listing Rules, the Company proposes to enter into the 2020 Master Property Management Services Agreements upon completion of the Proposed Acquisition, the principal terms and conditions of which are set out in this announcement.

THE TRADEMARK LICENSING AGREEMENTS

Pursuant to the Trademark Licensing Agreements entered into between certain members of the Target Group and Fineland Group Holdings on 1 January 2020, these members of the Target Group are licensed to use certain trademarks owned by Fineland Group Holdings on a non-exclusive and royalty-free basis for the period from 1 January 2020 until the expiry of the trademarks. The principal terms of the Trademark Licensing Agreements have been set out in this announcement. It is expected that the above arrangements will continue after completion of the Proposed Acquisition.

LISTING RULES IMPLICATIONS

The Proposed Acquisition

As at the date of this announcement, Vendor A is a directly wholly-owned subsidiary of Fineland Investment, which in turn is owned as to 99% by Mr. Fong, a controlling shareholder of the Company. As such, Vendor A is an associate of Mr. Fong and a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Proposed Acquisition under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Proposed Acquisition constitutes a major transaction and a connected transaction of the Company and is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The 2020 Master Property Management Services Agreements

As the Target Company will become an indirectly non-wholly owned subsidiary of the Company upon completion of the Proposed Acquisition, the possible continuing transactions to be entered into between the Group, on the one hand, and Fineland Group Holdings (a controlling shareholder of the Company) and Fineland Education (a company which Mr. Fong indirectly holds approximately 89% effective equity interests as at the date of this announcement), on the other hand, will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Proposed Annual Caps of the 2020 Master Property Management Services Agreements under Rule 14.07 of the Listing Rules exceeds 5% and is more than HK\$10,000,000, the possible transactions under these agreements and the Proposed Annual Caps are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Trademark Licensing Agreements

Upon Completion, the Target Company will become an indirectly non-wholly owned subsidiary of the Company. The existing continuing transactions contemplated under the Trademark Licensing Agreements will also become continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon Completion.

As the continuing connected transactions contemplated with Fineland Group Holdings under the Trademark Licensing Agreements will be conducted on a royalty-free basis until the expiry of the trademarks, they are fully exempt from the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Independent Financial Adviser has been appointed to issue an independent opinion, which will be set out in a subsequent circular, to explain the reasons for requiring a duration longer than three years and to confirm that the period of each of these agreements with Fineland Group Holdings exceeding three years is consistent with the practice adopted for similar types of transactions, under Rule 14A.52 of the Listing Rules.

GENERAL

In view of the above, an EGM will be convened, during which ordinary resolutions will be proposed to the Independent Shareholders to consider and if appropriate, approve the Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the transactions contemplated thereunder and the Proposed Annual Caps. Any vote of the Independent Shareholders at the EGM will be taken by poll. Shareholders with material interests, namely (i) Mr. Fong (due to his shareholding interests in Vendor A, the Fineland Group and the Fineland Education Group and his role as executive director and general manager of Vendor A as well as his role as director of Fineland Group Holdings and Fineland Education; (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/or the Fineland Education Group and/or their shareholding interest in the Target Company); and (iv) each of their respective associates, will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

For the purpose of seeking the approval of the Independent Shareholders, a circular containing, among other things, (i) details of the Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the transactions contemplated thereunder and the Proposed Annual Caps; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser (including the reasons why the Trademark Licensing Agreements require a duration longer than three years and that it is consistent with the practice adopted for similar type of transactions, pursuant to Rule 14A.52 of the Listing Rules); and (iv) a notice to convene the EGM will be despatched to the Shareholders on or before 3 December 2020 as additional time is required to prepare and finalise, among other things, the financial information to be included in the circular.

The Proposed Acquisition and the 2020 Master Property Management Services Agreements are subject to the fulfilment (or, as the case may be, waiver) of conditions. As the Proposed Acquisition and the Continuing Connected Transactions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PROPOSED ACQUISITION

The Board is pleased to announce that on 15 October 2020 (after trading hours), the Purchaser, an indirectly wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Vendors, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, which represent approximately 66.31% of the equity interests in the Target Company. ABCI Capital has been appointed by the Company as the sole financial adviser in relation to the Proposed Acquisition.

SHARE PURCHASE AGREEMENT

Date : 15 October 2020

Parties : (i) the Purchaser;

(ii) Vendor A; and

(iii) Vendor B.

The backgrounds of the parties are set out in the section headed “Information on the Parties” below.

Assets to be acquired

Pursuant to the Share Purchase Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares which represent approximately 66.31% of the equity interests in the Target Company.

Please refer to the section headed “Information on the Target Group” below for further information on the Target Group.

Consideration

Pursuant to the Share Purchase Agreement, the Consideration of RMB68,000,000 (equivalent to approximately HK\$77,520,000) will be payable to the Vendors, in proportion to each of their respective equity interests in the Target Company as at the date of the Share Purchase Agreement, and settled by the Purchaser in cash in the following manner:

- (i) RMB13,600,000 (equivalent to approximately HK\$15,504,000), being 20% of the Consideration at the later of (a) the Completion Date; or (b) the date on which the Vendors are allowed under applicable laws (including the completion of any requisite foreign exchange registration) to receive the Consideration;
- (ii) RMB20,400,000 (equivalent to approximately HK\$23,256,000), being 30% of the Consideration within 180 days from the Completion Date; and
- (iii) RMB34,000,000 (equivalent to approximately HK\$38,760,000), being 50% of the Consideration at the later of (a) 28 February 2022; or (b) within 360 days from the Completion Date.

The Consideration was determined after arm’s length negotiation between the Purchaser and the Vendors after taking into account, among others:

- (i) the preliminary valuation of 66.3111% of the equity interests in the Target Company being approximately RMB69,000,000 (equivalent to approximately HK\$78,660,000) as at 31 July 2020 as prepared by the Valuer using market approach;

- (ii) the unaudited consolidated financial information of the Target Group for the three financial years ended 31 December 2017, 2018 and 2019 and for the eight months ended 31 August 2020; and
- (iii) the strategic implication of the Proposed Acquisition to the Company as mentioned in the section headed “Reasons for and the benefits of the Proposed Acquisition” below.

The Consideration will be financed primarily by the internal resources of the Group but it is open to other means of financing including but not limited to debt or equity fund raising, or a combination of the aforesaid, to finance current and future acquisitions (if any).

Conditions Precedent

Pursuant to the Share Purchase Agreement, Completion is conditional upon, *inter alia*:

- (i) the Purchaser having completed the legal, financial and other due diligence review on the Target Group and it being reasonably satisfied with the results;
- (ii) the Transaction Documents having been duly executed;
- (iii) the Purchaser having obtained a PRC legal opinion in respect of the Share Purchase Agreement, the 2020 Master Property Management Services Agreements and the Proposed Acquisition, from a PRC legal adviser appointed by the Purchaser, in the form and substance satisfactory to the Purchaser;
- (iv) all consents, approvals, authorisations or waivers required by the Target Company, other members of the Target Group and the Vendors for the implementation of the Proposed Acquisition and the Continuing Connected Transactions (including but not limited to consents, approvals, authorisations or waivers from the relevant government authorities, stock exchange, management, board, shareholders (or shareholders’ meetings), any lenders pursuant to facility agreements or any third parties pursuant to other contracts (if applicable)), having been obtained and remains valid;
- (v) the Target Company having filed and completed the filing with the competent local branch of the State Administration for Market Regulation of the PRC (中國國家市場監督管理總局當地部門) for the revision and restatement of the articles of association of the Target Company to reflect the completion of the Proposed Acquisition;
- (vi) all consents, approvals or authorisations required by the Purchaser for the implementation of the Proposed Acquisition and the Continuing Connected Transactions (including but not limited to the approvals of the Board and Independent Shareholders), having been obtained and remains valid;

- (vii) to the knowledge of the Purchaser, there being no material adverse change to the conditions (including but not limited to the financial position, business, asset, property, results of operations, prospects, etc.) of the Target Group from the date of the Share Purchase Agreement and up to the Completion, and there being no restrictions, court orders, claims, or pending or threatened claims, or instigations, that limits any parties to the Proposed Acquisition and the Continuing Connected Transactions to consummate them;
- (viii) the Vendors' not having violated the obligations and undertakings under the Share Purchase Agreement or the Transaction Documents;
- (ix) from the date of the Share Purchase Agreement and up to the Completion, the warranties and representations given by the Vendors in the Share Purchase Agreement remain true, accurate and not misleading and there being no fact, matter or circumstance (when repeated at Completion) which would render the warranties and representations untrue or inaccurate in any respect, and the Vendors having delivered a completion letter to the satisfaction of the Purchaser; and
- (x) the delivery of the documents (including share certificates, updated register of members (reflecting the shareholding of the Target Company after the Proposed Acquisition) and evidence showing the completion of items (iv), (v) and (ix) above).

Each party to the Share Purchase Agreement shall use its best endeavours to procure the fulfilment of the Conditions Precedent. The Purchaser may at any time prior to Completion waive any of the Conditions Precedent (except for condition (vi)) in writing.

Completion

Subject to the fulfilment (or, as the case may be, waiver (except for condition (vi))) of the Conditions Precedent, Completion shall take place on the Completion Date.

Upon Completion, the equity interests in the Target Company will be held by the Purchaser and Other Existing Shareholders as to approximately 66.31% and 33.69%, respectively. The Target Company will become an indirectly non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated in the Group's financial statements.

Indemnity

Each of the Vendors, severally, agrees to indemnify and compensate the Purchaser from and against any and all direct or foreseeable losses, damages, expenses or liabilities which are caused by any breach of the representations, warranties and undertakings given by such Vendor under the Share Purchase Agreement. In addition, Vendor A has agreed to indemnify and compensate the Purchaser from and against any and all direct or foreseeable losses, damages, expenses or liabilities incurred by the Target Group in respect of contributions for social insurance and housing provident fund of employees, tax, leased properties and registration of leased properties.

Termination

The Purchaser and the Vendors may terminate the Share Purchase Agreement by mutual agreement. The Purchaser may also elect to terminate the Share Purchase Agreement by notice in writing upon the occurrence of the following termination events, *inter alia*:

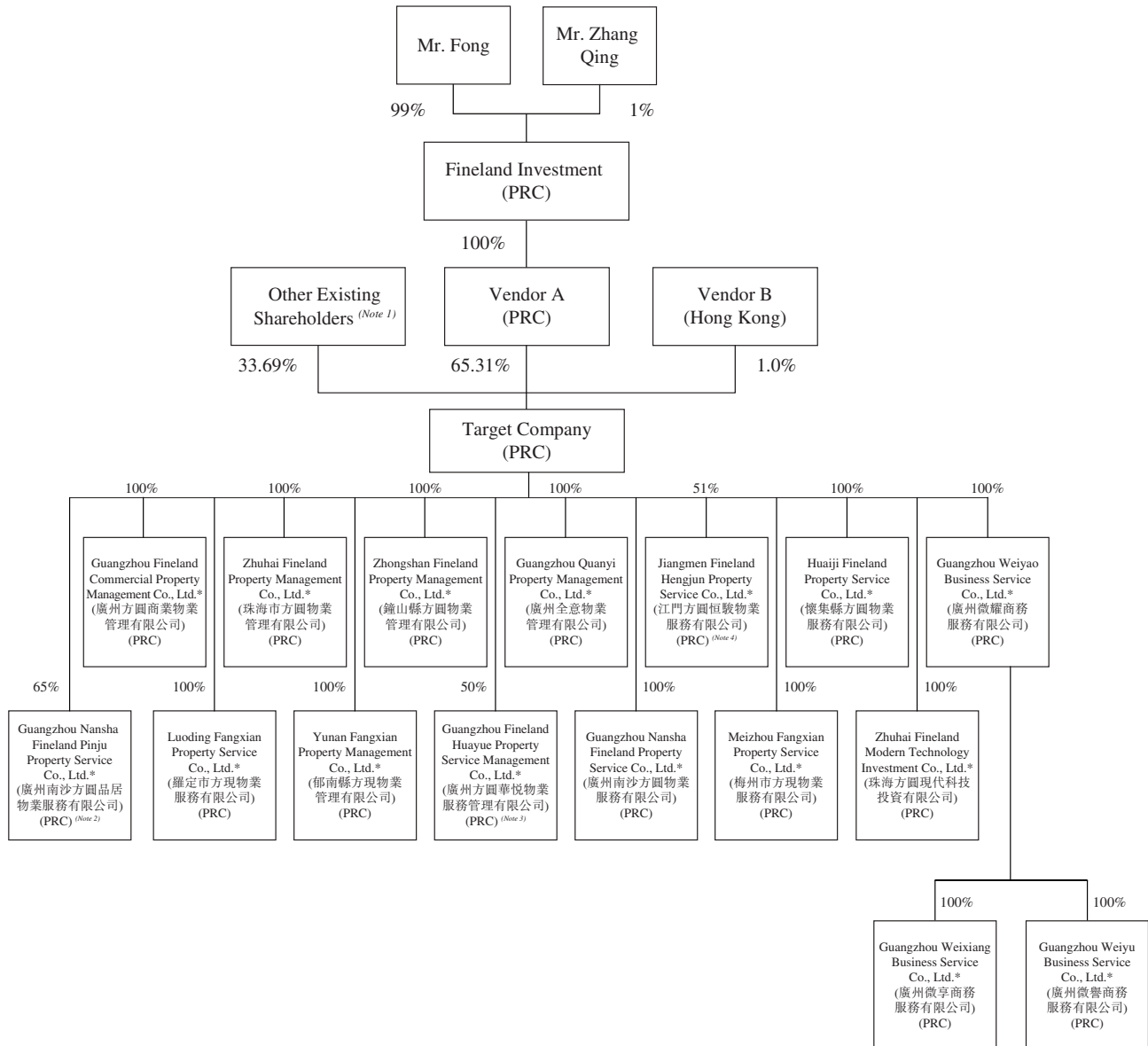
- (i) the Conditions Precedent not being fulfilled (or, as the case may be, waived) within 180 days after the execution of the Share Purchase Agreement;
- (ii) there being a breach by any of the Vendors of their obligations, representations or warranties under the Share Purchase Agreement, and such breach has not been rectified within 30 days after being notified by the Purchaser;
- (iii) any of the Transaction Documents having been terminated;
- (iv) any governmental, regulatory, judiciary authorities or stock exchange:
 - (1) taking any actions or investigations to impose, or threaten to impose, any restrictions or limitations on the execution or fulfilment of the Share Purchase Agreement;
 - (2) threatening to take any legal actions against the entering into the Proposed Acquisition;
 - (3) not granting the required approvals within the timeframe of the Proposed Acquisition or the transactions contemplated thereunder (if applicable);
 - (4) imposing any law, regulation or decree that restricts, limits or imposes any actions after the signing of the Share Purchase Agreement that, in the reasonable opinion of the Purchaser, materially delays the execution of the Share Purchase Agreement or disrupts the operation of the Target Company; or
- (v) there being a material adverse change to the conditions (including but not limited to the financial position, business, asset, property, results of operations, prospects, etc.) of the Target Group.

Upon termination, none of the parties to the Share Purchase Agreement shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms of the Share Purchase Agreement.

INFORMATION ON THE TARGET GROUP

Corporate structure of the Target Group

(i) Corporate structure of the Target Group as at the date of this announcement



Note 1: The Other Existing Shareholders include the following entities and individuals:

- (i) Lejia Yida holds approximately 8.67% of the equity interests in the Target Company, and is owned as to approximately 40%, 25%, 20% and 15% by Mr. Zhou Song (周松先生) (an Independent Third Party), Finland Investment, Mr. Chen Hao (陳浩先生) (an Independent Third Party) and Mr. Chen, respectively.
- (ii) Haofang Xihui holds approximately 8.67% of the equity interests in the Target Company, and is owned as to approximately 25%, 15%, 15%, 15%, 15%, 10% and 5% by Finland Investment, Mr. Xu, Mr. Han, Ms. Rong, Mr. Lin, Mr. Liu Jingping (柳景平先生) (an Independent Third Party) and Mr. Li Qiyong (李琪勇先生) (an Independent Third Party), respectively.
- (iii) Mr. Xu and Mr. Lin also directly hold approximately 0.67% and 0.67%, respectively, of the equity interests in the Target Company.
- (iv) Guangzhou Yuefang Investment Consulting Co., Ltd.* (廣州市悅方投資諮詢有限公司), which is wholly-owned by Mr. Li Qiyong (李琪勇先生), Guangzhou Dingmei Information Technology Co., Ltd.* (廣州市鼎美信息科技有限公司), which is wholly-owned by Mr. Huo Zhiguo (霍志國先生), and Guangzhou Lexin Equity Investment Fund Management Co., Ltd.* (廣州市樂鑫股權投資基金管理有限公司), which is indirectly wholly-owned by Mr. Zhang Qing (張清先生), hold approximately 5.69%, 3.47% and 2.22%, respectively, of the equity interests in the Target Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all of these entities and individuals are Independent Third Parties.
- (v) Mr. Zhou Song (周松先生), Ms. Liu Shaoying (劉少英女士), Mr. Chen Hao (陳浩先生), Mr. Hu Chun (胡純先生), Ms. OuYang Xiaoqing (歐陽小青女士), Mr. Li Jialong (李家龍先生), Ms. Liu Ping (劉蘋女士), Mr. Hao Yong (郝勇先生), Mr. Chen Tingwen (陳廷文先生), Mr. Song Qiong (宋瓊先生), Mr. Chen Wenyi (陳文藝先生) directly hold approximately 0.67%, 0.67%, 0.67%, 0.36%, 0.22%, 0.22%, 0.22%, 0.22%, 0.16%, 0.13% and 0.11%, respectively, of the equity interests in the Target Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all of these individuals are Independent Third Parties.

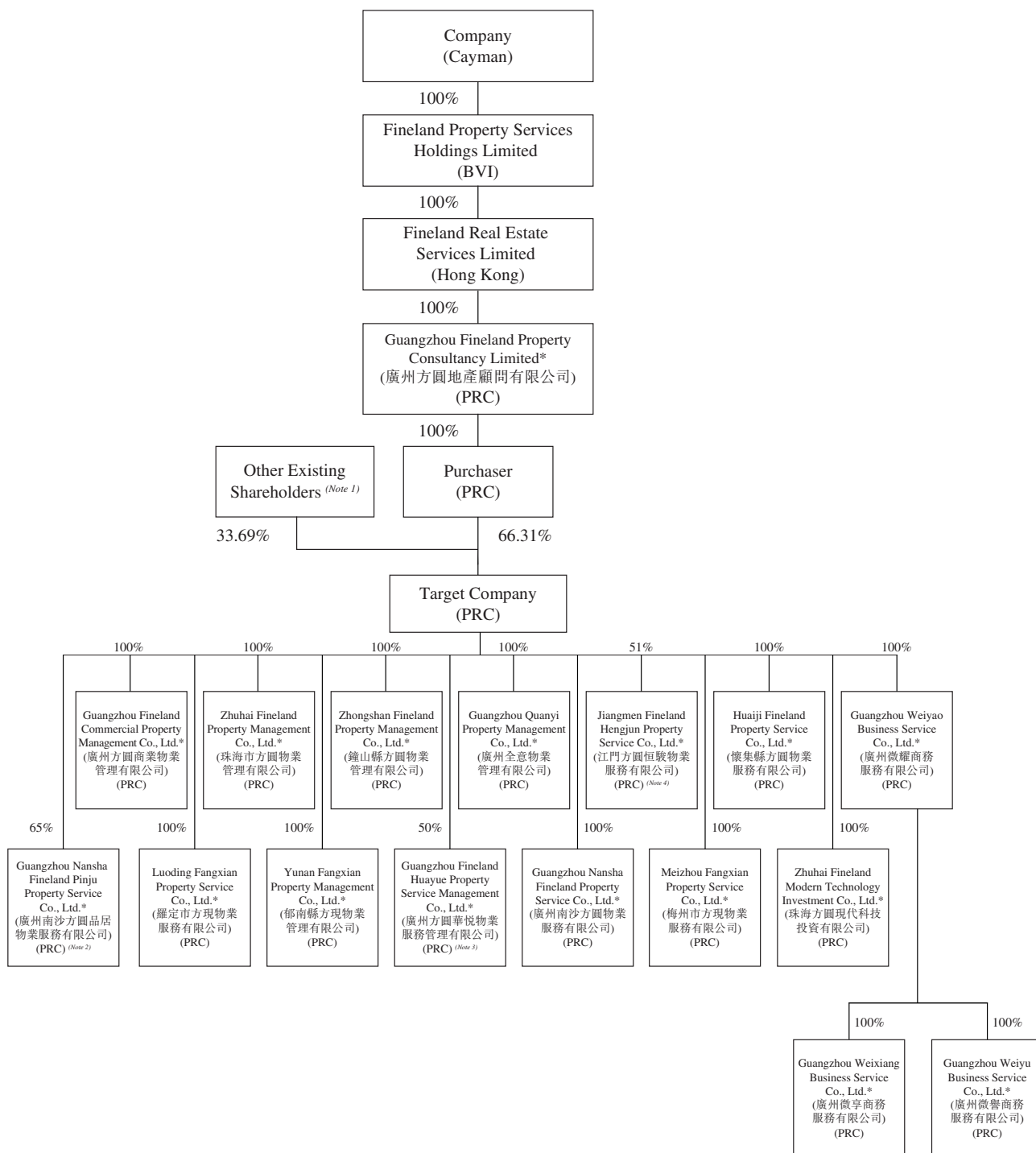
Note 2: Guangzhou Nansha Finland Pinju Property Service Co., Ltd* (廣州南沙方圓品居物業服務有限公司) is held as to 65% by the Target Company and 35% by Guangzhou Yuesheng Investment Co., Ltd* (廣州粵晟投資有限公司). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Guangzhou Yuesheng Investment Co., Ltd and its ultimate beneficial owner(s) is/are Independent Third Party(ies).

Note 3: Guangzhou Fangyuan Huayue Property Service Management Co., Ltd.* (廣州方圓華悅物業服務管理有限公司) is held as to 50% by the Target Company and 50% by Guangzhou Huaxin Group Holdings Co., Ltd.* (廣州華新集團控股有限公司). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Guangzhou Huaxin Group Holdings Co., Ltd. and its ultimate beneficial owner(s) is/are Independent Third Party(ies).

Note 4: Jiangmen Fangyuan Hengjun Property Service Co., Ltd.* (江門方圓恒駿物業服務有限公司) is held as to 51% by the Target Company and 49% by Foshan Hengjun Property Management Co., Ltd.* (佛山市恒駿物業管理有限公司). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Foshan Hengjun Property Management Co., Ltd. and its ultimate beneficial owner(s) is/are Independent Third Party(ies).

Note 5: The aggregate of the percentage figures above may not add up to 100% due to rounding of the percentage figures to two decimal places.

(ii) Corporate structure of the Target Group immediately after the Completion



For Notes 1, 2, 3 and 4, please refer to the same notes in the section headed “Information on the Target Group — (i) Corporate structure of the Target Group as at the date of this announcement” above.

History and background of the Target Group

The Target Company was established in 1996 under the laws of the PRC with limited liability. It has been providing property management services for 24 years, and continues to provide professional property management services and value-added services for residential and commercial properties. The Target Company is committed to becoming a leading modern integrated service provider in the property management industry in the PRC, and it has been awarded the title of “PRC’s Top 100 Property Management Companies”* (“中國物業服務百強企業”) for six consecutive years. In 2020, according to China Index Academy, the Target Company was ranked 22nd in the “PRC’s Top 100 Property Management Companies”* (“中國物業服務22強企業”), and was awarded the title of “PRC Leading Property Management Companies in terms of Characteristic Service”* (“中國特色物業服務領先企業-東方管家”) and “PRC’s Top 100 Property Management Companies with High Customer Satisfaction”* (“中國物業服務百強滿意度領先企業”).

The Target Company is based in Guangzhou, where its services mainly cover the Greater Bay Area and spread steadily across some other regions of the PRC. As at 31 August 2020, the Target Company has been contracted to provide property management services for 71 projects, covering a gross floor area of 12 million square meters. In the future, the Target Company aims to focus on the Greater Bay Area and the areas where existing projects are located for its market expansion, and plans to steadily expand under the premise of cost-effectiveness.

Financial information of the Target Group

Set out below is the summary of the key unaudited consolidated financial information of the Target Group for the three financial years ended 31 December 2017, 2018 and 2019, which were prepared in accordance with the accounting policies in compliance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountant:

	For the year ended 31 December		
	2017	2018	2019
	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000
Revenue	173,574	197,962	210,435
Profit before taxation and extraordinary items for the year	22,458	22,438	15,308
Profit after taxation and extraordinary items for the year	15,696	17,391	13,302

Vendor A has become a shareholder of the Target Company since 2014. The original acquisition cost of 65.31% of the equity interests in the Target Company is approximately RMB21,900,000 (equivalent to approximately HK\$24,966,000).

As at the date of this announcement, Vendor B is an Independent Third Party.

As of 31 August 2020, the unaudited net asset value of the Target Group was approximately RMB57,716,000 (equivalent to approximately HK\$65,796,000).

REASONS FOR AND THE BENEFITS OF THE PROPOSED ACQUISITION

Expand and diversify business portfolio and improve profitability

The Company has been consistently seeking opportunities that can further expand its business scale, diversify its revenue stream and increase its profitability and market share. The Directors believe that the Proposed Acquisition presents a great opportunity for the Group to enter the property management industry in the PRC and that it will provide a reliable revenue stream to the Group. The Directors are of the view that the property management industry has shown steady growth in the past few years and will continue to flourish in the coming years driven by the support from the PRC government and continued increase in both demand of property management services and supply of commodity properties. With the integration of the Target Group into the Group, the revenue size and business scale of the Enlarged Group is expected to be enlarged, thereby bringing greater diversity to the Enlarged Group's business portfolio. Based on the historical financial performance of the Target Group, it is also expected to bring a positive financial impact to the Group.

Create synergies and enhance operational and management efficiencies

Property management services can complement the Group's existing real estate agency business, and may potentially create more synergies by sharing customer base, market resources and operational and management experience as they serve the same group of customers in the same industry, that is, the property developers, the property owners and the property occupants in the real estate industry. Therefore, the Proposed Acquisition is expected to improve customer satisfaction as a result of the Group's integrated offering of both agency and management services. The synergistic combination of the Group and the Target Group not only leads to a greater market acceptance of the Company's brand and services, but also presents new business opportunities for the Group to enhance the breadth and depth of its services along the value chain of real estate agency and property management. The Directors also believe that the Group could optimise the deployment of manpower across various business segments to improve operational efficiency and costs control, and enable more opportunities for self-development of the staff.

THE 2020 MASTER PROPERTY MANAGEMENT SERVICES AGREEMENTS

Members of the Target Group had, in their ordinary course of business, regularly provided the Property Management Services to members and associates of the Fineland Group and the Fineland Education Group.

It is expected that such provision of the Property Management Services will continue after the completion of the Proposed Acquisition. In order to streamline these possible continuing connected transactions in relation to the provision of the Property Management Services and to facilitate compliance with relevant requirements under the Listing Rules, the Company proposes to enter into the 2020 Master Property Management Services Agreements upon completion of the Proposed Acquisition, the principal terms and conditions of which are set out in this announcement.

It is proposed that, upon Completion, written agreements will be entered into by the Company and the relevant counterparties for the above continuing connected transactions in accordance with the requirements under the Listing Rules, details of which are set out below:

2020 FGH Master Property Management Services Agreement

Date	:	Upon completion of the Proposed Acquisition
Parties	:	(i) Fineland Group Holdings (for itself and on behalf of its subsidiaries and associates, as the receiving parties); and (ii) the Company (for itself and on behalf of its subsidiaries, as the service providers).
Condition Precedent	:	The 2020 FGH Master Property Management Services Agreement is conditional upon approval by the Independent Shareholders at the EGM of the 2020 FGH Master Property Management Services Agreement, the transactions contemplated thereunder and the Proposed Annual Caps.
Nature of the transactions	:	The Enlarged Group will continue to provide the Property Management Services to the members and associates of the Fineland Group.
Term	:	Subject to the fulfilment of the condition precedent, the term of the 2020 FGH Master Property Management Services Agreement will commence from the Completion Date and ending on 31 December 2023 (both days inclusive), unless terminated at an earlier date pursuant to the 2020 FGH Master Property Management Services Agreement.

Within 90 days of its expiry, the parties may agree to extend the 2020 FGH Master Property Management Services Agreement, subject to compliance with the then applicable Listing Rules. Either party may terminate the 2020 FGH Master Property Management Services Agreement during the term by giving one-month prior notice.

- Pricing : The fees to be received by the Enlarged Group for services rendered under the 2020 FGH Master Property Management Services 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.
- Payment terms : The payment terms for the Continuing Connected Transactions will be stipulated in the Implementation Agreements. The Continuing Connected Transactions will normally be settled by bank transfer on a monthly basis or on an agreed period basis.
- Implementation Agreements : Members of the Enlarged Group and members and associates of the Fineland Group will, from time to time during the term of the 2020 FGH Master Property Management Services Agreement, enter into separate Implementation Agreements in respect of the Property Management Services contemplated thereunder which shall always be in compliance with the Listing Rules and the 2020 FGH Master Property Management Services Agreement.

2020 FE Master Property Management Services Agreement

- Date : Upon completion of the Proposed Acquisition
- Parties : (i) Fineland Education (for itself and on behalf of its subsidiaries and associates, as the receiving parties); and
(ii) the Company (for itself and on behalf of its subsidiaries, as the service providers).
- Condition Precedent : The 2020 FE Master Property Management Services Agreement is conditional upon the approval by the Independent Shareholders at the EGM of the 2020 FE Master Property Management Services Agreement, the transactions contemplated thereunder and the Proposed Annual Caps.
- Nature of the transactions : The Enlarged Group will continue to provide the Property Management Services to the members and associates of Fineland Education.
- Term : Subject to the fulfilment of the condition precedent, the term of the 2020 FE Master Property Management Services Agreement will commence from the Completion Date and ending on 31 December 2023 (both days inclusive), unless terminated at an earlier date pursuant to the 2020 FE Master Property Management Services Agreement.

Within 90 days of its expiry, the parties may agree to extend the 2020 FE Master Property Management Services Agreement, subject to compliance with the then applicable Listing Rules. Either party may terminate the 2020 FE Master Property Management Services Agreement during the term by giving one-month prior notice.

- Pricing : The fees to be received by the Enlarged Group for services rendered under the 2020 FE Master Property Management Services 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.
- Payment terms : The payment terms for the Continuing Connected Transactions will be stipulated in the Implementation Agreements. The Continuing Connected Transactions will normally be settled by bank transfer on a monthly basis or on an agreed period basis.
- Implementation Agreements : Members of the Enlarged Group and members and associates of the Finland Education Group will, from time to time during the term of the 2020 FE Master Property Management Services Agreement, enter into separate Implementation Agreements in respect of the Property Management Services contemplated thereunder which shall always be in compliance with the Listing Rules and the 2020 FE Master Property Management Services Agreement.

Pricing Policies

As a general principle, the pricing and terms of the 2020 Master Property Management Services Agreements with respect to the Property Management Services shall be determined on normal commercial terms, negotiated on an arm's length basis, and the fees shall be no less favourable than those available from Independent Third Parties.

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

Types of services

Specific pricing policies

- Sales office property management services* : (i) the service fee shall be determined according to the Enlarged Group's service cost (including but not limited to labour cost, specific skills or qualifications required by employees, environmental cleaning cost, material cost and miscellaneous expenses) plus management fee profit margin (generally ranging from 10% to 20%) and tax; and

(ii) when determining the management fee profit margin, the Enlarged Group and the Finland Group will consider a number of factors, including type of property, geographical location/region, contractual period, sales cycle, nature and complexity of related projects, customer's expectation of service quality, and past profit margin of similar existing contracts, etc., and also the fees received by the Enlarged Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them. If there are insufficient comparable transactions, the Enlarged Group will make reference to the prevailing market prices for providing services for comparable properties in terms of scale, location, and quality, etc., offered by other real estate property management service providers.

Property management services before and after completion and delivery of the property

: (i) the service fee shall be determined according to the prevailing market price multiplied by the gross floor area of the relevant property management project. If the scope of service involves the management of parking spaces, it shall be determined according to the prevailing market price multiplied by the gross floor area of parking spaces or a fixed fee based on the number of parking spaces; and

(ii) when determining the prevailing market price, the Enlarged Group and the Finland Group will consider a number of factors, including the type of property and its status, geographical location/region, scope and quality of services, general situation of owners and residents, pricing guidance on property management fees issued by the local authorities (if any), and pricing of property management service fee of surrounding properties, and also the fees received by the Enlarged Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them. If there are insufficient comparable transactions, the Enlarged Group will make reference to the prevailing market prices for providing services for comparable properties in terms of scale, location, and quality, etc., offered by other real estate property management service providers.

- Property management services to school(s)* : (i) the service fee shall be determined according to the Enlarged Group's service cost (including but not limited to labour cost, specific skills or qualifications required by employees, environmental cleaning cost, material cost and miscellaneous expenses) plus management fee profit margin (generally ranging from 10% to 20%) and tax; and
- (ii) when determining the management fee profit margin, the Enlarged Group and the Finland Education Group will consider a number of factors, including type of property and its status, geographical location/region, contractual period, nature and complexity of related projects, customer's expectation of service quality, and past profit margin of similar existing contracts, etc., and also the fees received by the Enlarged Group for providing services of a similar scale and quality to Independent Third Parties, taking into account not less than two transactions entered into with them. If there are insufficient comparable transactions, the Enlarged Group will make reference to the prevailing market prices for providing services for comparable properties in terms of scale, location, and quality, etc., offered by other real estate property management service providers.

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

Historical Aggregate Transaction Amounts

The table below sets out the historical transaction amounts for fees received by the Target Group in respect of the Property Management Services for the respective periods below:

Categories	Historical transaction amounts			
	For the year ended 31 December 2017 (unaudited) <i>RMB'000</i>	For the year ended 31 December 2018 (unaudited) <i>RMB'000</i>	For the year ended 31 December 2019 (unaudited) <i>RMB'000</i>	For the eight months ended 31 August 2020 (unaudited) <i>RMB'000</i>
Property Management Services between the Target Group and the Fineland Group	31,039	33,579	40,499	18,206
Property Management Services between the Target Group and the Fineland Education Group	664	919	761	91

Proposed Annual Caps

The table below sets out the Proposed Annual Caps in respect of the 2020 Master Property Management Services Agreements for the respective periods below:

Categories	Proposed Annual Caps		
	For the period from the Completion Date to 31 December 2021 <i>RMB'000</i>	For the year ending 31 December 2022 <i>RMB'000</i>	For the year ending 31 December 2023 <i>RMB'000</i>
2020 FGH Master Property Management Services Agreement	49,000	53,000	60,000
2020 FE Master Property Management Services Agreement	720	740	760

The Proposed Annual Caps in respect of the Property Management Services transactions contemplated under the 2020 Master Property Management Services Agreements are determined on the following bases:

- (i) in relation to the 2020 FGH Master Property Management Services Agreement:
 - (a) historical transaction amounts between the Target Group and the members and associates of the Fineland Group for the period from 1 January 2017 to 31 August 2020;

- (b) the estimated revenue to be recognised in relation to the Property Management Services provided by the Target Group pursuant to existing contracts; and
 - (c) the expected gross floor areas of the sales offices and new property projects of the members and associates of the Fineland Group which will require the Property Management Services provided by the Enlarged Group, as well as:
 - (1) in relation to the sales office property management services, the estimated number of staff required and the management fee expected to be generated by those staff members; and
 - (2) in relation to the property management services before and after completion and delivery of the property, the estimated management fee to be charged for the new property projects by reference to the historical contracts between the Target Group and the members and associates of the Fineland Group.
- (ii) in relation to the 2020 FE Master Property Management Services Agreement:
- (a) historical transaction amounts between the Target Group and the Fineland Education Group for the period from 1 January 2017 to 31 August 2020;
 - (b) the estimated revenue to be recognised in relation to the Property Management Services provided by the Target Group pursuant to existing contracts; and
 - (c) the estimated number of school(s) of the members and associates of the Fineland Education Group which will require the Property Management Services to be provided by the Enlarged Group and the expected cost of managing such school(s) plus a management fee profit margin by reference to historical transactions between the Target Group and the members and associates of the Fineland Education Group.

Shareholders and potential investors should note that the Proposed Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Enlarged Group.

REASONS FOR AND THE BENEFITS OF THE 2020 MASTER PROPERTY MANAGEMENT SERVICES AGREEMENTS

The Property Management Services contemplated under the 2020 Master Property Management Services Agreements are of a recurrent nature and, subject to Completion having taken place, will occur on a regular and continuing basis in the ordinary and usual course of business of the Enlarged Group and the counterparties to the 2020 Master Property Management Services Agreements.




In line with the market practice and the Company's past practice, the Company considered it necessary for Listing Rules compliance purposes and administrative convenience to enter into a framework agreement with each of the holding companies of the relevant contract counterparties in order to better document and manage these continuing connected transactions. The 2020 Master Property Management Services Agreements serve to streamline the Property Management Services between members of the Enlarged Group and members and associates of the Fineland Group and the Fineland Education Group by

providing a single basis upon which the Company could comply with the applicable reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules and thereby reducing the administrative burden and costs of the Company in complying with these requirements.

Members and associates of the Fineland Group and the Fineland Education Group are with respectable experience and reputation in their respective areas of businesses or services and solid financial standing and have demonstrated themselves as reliable customers of the Target Group over the years. The Directors believe that the maintenance of the strategic business relationships with them will not only allow the realisation of synergies and economies of scale but will also continue to bring sustainable contribution to the Enlarged Group's growth in the long run.

THE TRADEMARK LICENSING AGREEMENTS

On 1 January 2020, certain members of the Target Group had entered into 14 trademark licensing agreements with Fineland Group Holdings. The principal terms of each of the Trademark Licensing Agreements are largely similar and are as follows:

Date	:	1 January 2020
Parties	:	(i) Certain members of the Target Group; and (ii) Fineland Group Holdings.
Nature of transaction	:	Fineland Group Holdings granting certain members of the Target Group the license to use the trademarks (“  为服务力管家”, “  ”, “fineland” and “  为现代生活”) owned by it on a non-exclusive basis.
Term	:	From 1 January 2020 until the expiry of the trademarks.
Consideration	:	Royalty-free.
Termination	:	Fineland Group Holdings may, at its discretion, elect to terminate the agreement if the counterparty fails to use the trademarks in accordance with Fineland Group Holdings' guidance.

It is expected that the above arrangements will continue after the completion of the Proposed Acquisition.

REASONS FOR AND THE BENEFITS OF THE TRADEMARK LICENSING AGREEMENTS

Since around 2007, the Target Group has been adopting some of the trademarks for its property management business and corporate promotions. As the trademarks have been widely adopted in the businesses and activities managed and operated by the Target Group and are generally known and recognised by the public, the trademarks have become an important means of promoting the Target Group's brand and image as well as a key icon in the Target Group's external promotion and marketing activities. The continual use of the trademarks will ensure the continuity of the brand and image of the Target Group, thereby

ensuring that the services and businesses of the Target Group will be well recognised by the market. This will also be an important guarantee of the Target Group's competitiveness and efficiency.

In view of the above, certain members of the Target Group entered into the Trademark Licensing Agreements with Fineland Group Holdings to continue the use of the trademarks.

INFORMATION ON THE PARTIES

The Group and the Purchaser

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 Purchaser is a company established under the laws of the PRC with limited liability, an indirectly wholly-owned subsidiary of the Company and is an investment holding company.

The Vendors

Vendor A is an investment holding company established under the laws of the PRC with limited liability and is principally engaged in investment holding. As at the date of this announcement, Vendor A is a directly wholly-owned subsidiary of Fineland Investment, which in turn is owned as to 99% by Mr. Fong. Mr. Fong, who is the chairman, the non-executive Director and a controlling shareholder of the Company, is also the executive director and general manager of Vendor A. As such, Vendor A is a connected person of the Company.

Vendor B is a company incorporated in Hong Kong with limited liability and is principally engaged in the procurement and derivatives trading of grain and oil commodities. Vendor B and its ultimate beneficial owner, Mr. Lai Ningchang (賴寧昌先生), are Independent Third Parties.

The counterparties to the 2020 Master Property Management Services Agreements

Fineland Group Holdings, formerly known as Fineland Real Estate 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 of the Company. The Fineland Group (including Fineland Group Holdings and its subsidiaries) is principally engaged in the business of the development and sale of residential and commercial properties, including the development of hotels and serviced apartments, and hotel management.

Fineland Education is a company established under the laws of the PRC with limited liability. As at the date of this announcement, it is owned as to approximately 90% by Fineland Investment. The Fineland Education Group is principally engaged in the business of education services, including childcare services, preschool education and compulsory education, etc.

INTERNAL CONTROL MEASURES

The Group has established internal control measures for reporting and monitoring on continuing connected transactions which will be complied by the Enlarged Group upon Completion to ensure the compliance with Chapter 14A of the Listing Rules.

According to the Group's prevailing internal policy and procedure manual, the designated officer of operation department will report to the internal control department headed by Mr. Yi Ruofeng, an executive Director and the compliance officer of the Company, with details of the possible notifiable or connected transactions to be entered by the Group for review and checking in order to determine the appropriate type of disclosure in compliance with Chapter 14A of the Listing Rules. For a transaction that falls within the scope of continuing connected transactions in the ordinary and usual course of business of the Group, the internal control department will check with the actual monthly continuing connected transaction and ensure the transaction amounts of the potential connected transactions should not exceed the Proposed Annual Caps of the Continuing Connected Transactions. Also, the internal control department is required to review and approve the Implementation Agreements to ensure that the fees charged to the Fineland Group and the Fineland Education Group are in accordance with the prevailing market prices of providing similar Property Management Services.

Meanwhile, the internal audit department will carry out regular assessment of the continuing connected transactions conducted by the Group for each financial year and report to the board of Directors. One of the assessment objectives was to ensure that the Continuing Connected Transactions were carried out at arm's length and the terms are comparable to those projects of Independent Third Parties.

Furthermore, pursuant to Chapter 14A of the Listing Rules:

- (i) the independent non-executive Directors shall, on an annual basis, review the transactions contemplated under the 2020 Master Property Management Services Agreements and confirm, among other matters, such transactions have been entered into according to the agreement governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole; and
- (ii) the external auditors of the Group shall, on an annual basis, report on the transactions contemplated under the 2020 Master Property Management Services Agreements and confirm, among other matters, whether anything has come to their attention that causes them to believe such transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions.

LISTING RULES IMPLICATIONS

The Proposed Acquisition

As at the date of this announcement, Vendor A is a directly wholly-owned subsidiary of Fineland Investment, which in turn is owned as to 99% by Mr. Fong, a controlling shareholder of the Company. As such, Vendor A is an associate of Mr. Fong and a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Proposed Acquisition under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Proposed Acquisition constitutes a major transaction and a connected transaction of the Company and is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The 2020 Master Property Management Services Agreements

Upon Completion, the Target Company will become an indirectly non-wholly owned subsidiary of the Company. The possible continuing transactions to be entered into between the Group, on the one hand, and Fineland Group Holdings (a controlling shareholder of the Company) and Fineland Education (a company which Mr. Fong indirectly holds approximately 89% effective equity interests as at the date of this announcement), on the other hand, will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Proposed Annual Caps of the 2020 Master Property Management Services Agreements under Rule 14.07 of the Listing Rules exceeds 5% and is more than HK\$10,000,000, the possible transactions under these agreements and the Proposed Annual Caps are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Trademark Licensing Agreements

Upon Completion, the Target Company will become an indirectly non-wholly owned subsidiary of the Company. The existing continuing transactions contemplated under the Trademark Licensing Agreements will also become continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon Completion.

As the possible continuing connected transactions contemplated with Fineland Group Holdings under the Trademark Licensing Agreements will be conducted on a royalty-free basis until the expiry of the trademarks, they are fully exempt from the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Independent Financial Adviser has been appointed to issue an independent opinion, which will be set out in a subsequent circular, to explain the reasons for requiring a duration longer than three years and to confirm that the period of each of these agreements with Fineland Group Holdings exceeding three years is consistent with the practice adopted for similar types of transactions, under Rule 14A.52 of the Listing Rules.

APPROVAL BY THE BOARD

As at the date of this announcement, as (i) Mr. Fong, being the chairman, the non-executive Director and a controlling shareholder of the Company, is the executive director and general manager of Vendor A and indirectly holds approximately 99% of its equity interests, and is also a director of Fineland Group Holdings and Fineland Education and indirectly holds equity interests in each of them (as further detailed above in the section headed "Information on the Parties"); (ii) Ms. Tse, being an executive Director and a controlling shareholder of the Company, is a party acting in concert with Mr. Fong; and

(iii) Ms. Rong, being the chief executive officer of the Company and an executive Director, owns approximately 15% of Haofang Xihui which in turn holds approximately 8.67% of the equity interests in the Target Company, and also holds positions in the Fineland Group, each of Mr. Fong, Ms. Tse and Ms. Rong is deemed to be materially interested in the Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the Trademark Licensing Agreements and the transactions contemplated thereunder. Accordingly, each of Mr. Fong, Ms. Tse and Ms. Rong has abstained from voting on the Board resolutions approving the Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the Trademark Licensing Agreements, the transactions contemplated thereunder and the Proposed Annual Caps.

Save as disclosed above, none of the other Directors has a material interest who is required to abstain from voting on the Board resolutions approving the Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the Trademark Licensing Agreements, the transactions contemplated thereunder and the Proposed Annual Caps.

(1) The Directors (excluding Mr. Fong, Ms. Tse and Ms. Rong, and the independent non-executive Directors who will form their view after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the transactions contemplated thereunder and the Proposed Annual Caps, and (2) the Directors (including the independent non-executive Directors but excluding Mr. Fong, Ms. Tse and Ms. Rong) consider that the terms of the Trademark Licensing Agreements and the transactions contemplated thereunder: are (i) fair and reasonable; (ii) on normal commercial terms or better; and (iii) in the interests of the Company and its Shareholders as a whole.

GENERAL

In view of the above, an EGM will be convened, during which ordinary resolutions will be proposed to the Independent Shareholders to consider and if appropriate, approve the Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the transactions contemplated thereunder and the Proposed Annual Caps. Any vote of the Independent Shareholders at the EGM will be taken by poll. Shareholders with material interests, namely (i) Mr. Fong (due to his shareholding interests in Vendor A, the Fineland Group and the Fineland Education Group and his role as executive director and general manager of Vendor A as well as his role as director of Fineland Group Holdings and Fineland Education); (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/or the Fineland Education Group and/or their shareholding interest in the Target Company); and (iv) each of their respective associates, will be required to abstain from voting on the relevant resolutions to be proposed at the EGM. As at the date of this announcement, (i) Mr. Fong and Ms. Tse indirectly through Mansion Green, hold 216,000,000 Shares, representing approximately 54.0% of the issued share capital of the Company; (ii) Ms. Rong, Mr. Han, Mr. Xu, Mr. Lin and Mr. Chen indirectly hold 24,000,000 Shares, 4,500,000 Shares, 4,500,000 Shares, 4,500,000 Shares and 4,500,000 Shares, representing approximately 6%, 1.125%, 1.125%, 1.125% and 1.125%, respectively, of the issued share capital of the Company.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Share Purchase Agreement, the 2020 Master Property Management Services Agreements (including the Proposed Annual Caps) and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolutions to be proposed at the EGM. Optima Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same issue.

For the purpose of seeking the approval of the Independent Shareholders, a circular containing, among other things, (i) details of the Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the transactions contemplated thereunder and the Proposed Annual Caps; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser (including the reasons why the Trademark Licensing Agreements require a duration longer than three years and that it is consistent with the practice adopted for similar type of transactions, pursuant to Rule 14A.52 of the Listing Rules); and (iv) a notice to convene the EGM will be despatched to the Shareholders on or before 3 December 2020 as additional time is required to prepare and finalise, among other things, the financial information to be included in the circular.

The Proposed Acquisition and the 2020 Master Property Management Services Agreements are subject to the fulfilment (or, as the case may be, waiver) of conditions. As the Proposed Acquisition and the Continuing Connected Transactions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

- | | |
|---|--|
| “2020 Master Property Management Services Agreements” | the following proposed master property management services agreements: <ul style="list-style-type: none">(i) the agreement to be entered into between the Company and Finland Group Holdings in relation to the provision of the Property Management Services by the Enlarged Group to the Finland Group (“2020 FGH Master Property Management Services Agreement”); and(ii) the agreement to be entered into between the Company and Finland Education in relation to the provision of the Property Management Services by the Enlarged Group to the Finland Education Group (“2020 FE Master Property Management Services Agreement”) |
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“ABCI Capital”	ABCI Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571), being the sole financial adviser to the Company in relation to the Proposed Acquisition
“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 of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Days”	any date (other than a Saturday or Sunday or public holiday) on which banks in the PRC are open for the transaction of normal business
“BVI”	the British Virgin Islands
“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)
“Completion”	the completion of the Proposed Acquisition pursuant to the terms and conditions of the Share Purchase Agreement
“Completion Date”	the date which is 10 Business Days, or such other date as the Purchaser and the Vendors may agree, after the date (not being later than 180 days after the execution of the Share Purchase Agreement) on which the last of the Conditions Precedent to be satisfied or waived is satisfied or waived (as applicable)
“Condition(s) Precedent”	the condition(s) precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration to be paid by the Purchaser to the Vendors for the Sale Shares being RMB68,000,000 (equivalent to approximately HK\$77,520,000)

“Continuing Connected Transactions”	the continuing connected transactions contemplated under the 2020 Master Property Management Services Agreements and the Trademark Licensing Agreements
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“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 Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the transactions contemplated thereunder and the Proposed Annual Caps
“Enlarged Group”	the Group as enlarged by the Target Group upon Completion
“Fineland Education”	Guangdong Fineland Education Investment Limited* (廣東方圓教育投資有限公司), a company established under the laws of the PRC with limited liability which is owned as to approximately 90% by Fineland Investment as at the date of this announcement
“Fineland Education Group”	Fineland Education and its subsidiaries
“Fineland Group”	Fineland Group Holdings and its subsidiaries, being the parent group of the Group
“Fineland Group Holdings”	Fineland Group Holdings Company Limited (方圓集團控股有限公司), formerly known as Fineland Real Estate Holdings Company Limited (方圓地產控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 22 June 2016, and one of the controlling shareholders of the Company
“Fineland Investment”	Guangdong Fineland Investment Limited* (廣東方圓投資有限公司), a company established under the laws of the PRC with limited liability which is owned as to approximately 99% by Mr. Fong as at the date of this announcement
“Greater Bay Area”	the region set out in the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area in the PRC, and consisting of four core cities (Hong Kong, Macao, Guangzhou and Shenzhen) and seven non-core cities (Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, and Zhaoqing), and for the Company’s purposes, excluding Hong Kong and Macao
“Group”	the Company and its subsidiaries

“Haofang Xihui”	Shenzhen Haofang Xihui Investment Partnership (Limited Partnership)* (深圳市灝方熹匯投資合夥企業 (有限合夥)), a company established under the laws of the PRC with limited liability which is owned as to approximately 25%, 15%, 15%, 15%, 15%, 10% and 5% by Finland Investment, Mr. Xu, Mr. Han, Ms. Rong, Mr. Lin, Mr. Liu Jingping (柳景平先生) (an Independent Third Party) and Mr. Li Qiyong (李琪勇先生) (an Independent Third Party), respectively, as at the date of this announcement
“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 Finland Group Holdings, and one of the controlling shareholders of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implementation Agreements”	with respect to any 2020 Master Property Management Services Agreements, the individual implementation agreements in respect of the Property Management Services contemplated under each of the 2020 Master Property Management Services Agreements which may from time to time be entered into in pursuance thereto
“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 Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the transactions contemplated thereunder and the Proposed Annual Caps
“Independent Financial Adviser”	Optima Capital Limited, a corporation licensed by the Securities and Futures Commission to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the 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 Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the Trademark Licensing Agreements, the transactions contemplated thereunder and the Proposed Annual Caps

“Independent Shareholder(s)”	the Shareholders who are not required to abstain from voting at the EGM to approve the Share Purchase Agreement, the 2020 Master Property Management Services Agreements, the transactions contemplated thereunder and the Proposed Annual Caps
“Independent Third Party(ties)”	individuals or 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
“Lejia Yida”	Shenzhen Lejia Yida Investment Partnership (Limited Partnership)* (深圳市樂嘉益達投資合夥企業 (有限合夥)), a company established under the laws of the PRC with limited liability which is owned as to approximately 40%, 25%, 20% and 15% by Mr. Zhou Song (周松先生) (an Independent Third Party), Finland Investment, Mr. Chen Hao (陳浩先生) (an Independent Third Party) and Mr. Chen, respectively, as at the date of this announcement
“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 approximately 70% by Stand Smooth and approximately 30% by Aspiring Vision as at the date of this announcement, and one of the controlling shareholders of the Company
“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 approximately 1.125% of the total issued share capital of the Company as at the date of this announcement, who is also a director of a PRC subsidiary of Finland 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 (方明先生), one of the controlling shareholders of the Company and the non-executive Director, who is also a director of Finland 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 approximately 1.125% of the total issued share capital of the Company as at the date of this announcement, who is also a director of Fineland Group Holdings, Hero Dragon and Stand Smooth
“Mr. Lin”	Mr. Lin Tingfang (林庭芳先生), the sole legal and beneficial owner of Kingson Orient Holdings Limited, being one of the pre-IPO investors of the Company that holds approximately 1.125% of the total issued share capital of the Company as at the date of this announcement, who is also a director of Hero Dragon and Stand Smooth
“Mr. Xu”	Mr. Xu Jun (徐珺先生), the sole legal and beneficial owner of Kaffir Holding Limited, being one of the pre-IPO investors of the Company that holds approximately 1.125% of the total issued share capital of the Company as at the date of this announcement, who is also a director of Hero Dragon and Stand Smooth
“Ms. Rong”	Ms. Rong Haiming (容海明女士), one of the executive Directors and the sole legal and beneficial owner of Metropolitan Dawn Holdings Limited, being one of the pre-IPO investors of the Company that holds approximately 6% of the total issued share capital of the Company as at the date of this announcement, who is also a director of Fineland Group Holdings, Hero Dragon and Stand Smooth
“Ms. Tse”	Ms. Tse Lai Wa (謝麗華女士), one of the controlling shareholders of the Company 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
“Other Existing Shareholders”	the existing shareholders of the Target Company (other than the Vendors (prior to Completion) and the Purchaser (after Completion)) who in aggregate hold approximately 33.69% of the equity interests in the Target Company as at the date of this announcement and upon Completion
“percentage ratios”	having the meaning ascribed to it in the Listing Rules

“PRC”	the People’s Republic of China (中華人民共和國), except where the context requires otherwise, and for the purpose of this announcement only geographical references to the PRC or China exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Property Management Services”	property management services, which primarily include (i) in relation to 2020 FGH Master Property Management Services Agreement, sales office property management services such as customer services, cleaning, security and repair and maintenance services to various venues of members and associates of the Fineland Group including the sales offices, pre-sale display units, exhibition halls and clubs; (ii) in relation to 2020 FGH Master Property Management Services Agreement, property management services to the members and associates of the Fineland Group before and after completion and delivery of the property projects such as security, cleaning, gardening, repair and maintenance, traffic order maintenance, parking management, and maintenance and management of the common areas and equipment of the buildings and their surrounding areas; and (iii) in relation to 2020 FE Master Property Management Services Agreement, property management services to the members and associates of the Fineland Education Group such as cleaning, security and repair and maintenance services
“Proposed Acquisition”	the proposed acquisition in relation to the Sale Shares pursuant to the terms and conditions of the Share Purchase Agreement
“Proposed Annual Caps”	the proposed annual cap amounts in respect of fees payable by the Fineland Group and the Fineland Education Group to the Enlarged Group for the provision of the Property Management Services under the 2020 Master Property Management Services Agreements for the period commencing from the date of Completion of the Proposed Acquisition and ending on 31 December 2023 as stated in the section headed “Proposed Annual Caps” in this announcement
“Purchaser”	Guangzhou Fangrun Property Agency Limited* (廣州方潤房地產代理有限公司), a company established under the laws of the PRC with limited liability on 6 May 2020, and an indirectly wholly-owned subsidiary of the Company and is an investment holding company
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Shares”	approximately 66.31% of the equity interests in the Target Company to be sold by the Vendors (as to approximately 65.31% by Vendor A and approximately 1% by Vendor B)
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Share Purchase Agreement”	the conditional share purchase agreement dated 15 October 2020 entered into between the Vendors and the Purchaser in relation to the Proposed Acquisition
“Shareholder(s)”	registered holder(s) of the Share(s)
“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 one of the controlling shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	having the meaning ascribed to it in the Listing Rules
“Target Company”	Guangzhou Fineland E-Life Service Co., Ltd. (廣州方圓現代生活服務股份有限公司), a company established under the laws of the PRC with limited liability and, as at the date of this announcement, held as to approximately 65.31% by Vendor A, approximately 1% by Vendor B and approximately 33.69% by Other Existing Shareholders
“Target Group”	Target Company and its subsidiaries
“Trademark Licensing Agreements”	the 14 trademark licensing agreements entered into between certain members of the Target Group and Fineland Group Holdings on 1 January 2020 in relation to the grant of licensing to certain members of the Target Group to use certain trademarks owned by Fineland Group Holdings
“Transaction Documents”	the revised and restated articles of association of the Target Company in the form and substance satisfactory to the Purchaser, and any documents, contracts or arrangements in connection with the Proposed Acquisition which are signed by, or related to, the parties to the Share Purchase Agreement or the Target Company, including the 2020 Master Property Management Services Agreements and the Trademark Licensing Agreements
“Valuer”	Cushman & Wakefield Limited, an independent professional qualified valuer engaged by the Company

“Vendor A”	Guangzhou Leguan Investment Co., Ltd.* (廣州市樂冠投資有限公司), a company established under the laws of the PRC with limited liability which is a directly wholly-owned subsidiary of Fineland Investment and indirectly held as to approximately 99% by Mr. Fong as at the date of this announcement
“Vendor B”	Dongling Grain (HK) Co., Limited (東凌糧油(香港)有限公司), a company incorporated in Hong Kong with limited liability, and an Independent Third Party
“Vendors”	Vendor A and Vendor B
“%”	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.*

For the purposes of this announcement, unless the context otherwise requires or expressly specified, an exchange rate of RMB1.00 to HK\$1.14 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute any representation that any amount in RMB or HK\$ has been, could have been or may be converted at such rate.

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

Hong Kong, 15 October 2020

As at the date of this announcement, 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.