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Fineland Living Services Group Limited

方圓生活服務集團有限公司

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9978)

PERFORMANCE OF PROFIT GUARANTEE

This announcement is made by the board (“**Board**”) of directors (“**Directors**”) of Fineland Living Services Group Limited (the “**Company**”) pursuant to Rule 14.36B(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Reference is made to the announcements of the Company in relation to the discloseable transaction regarding the acquisition of the 60% equity interests of Guangdong Yikang Property Service Co., Ltd. (“**Yikang**”) dated 25 October 2021 (the “**Announcement**”) and the completion announcement dated 9 February 2022. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, pursuant to the Share Purchase Agreement, payment of the 3rd payment instalment of the Consideration is subject to fulfilment of several conditions, among which the audited Net Profit of the Target Company for the year ended 31 December 2021 shall not be less than RMB5,085,800 (the “**2021 Guaranteed Profit**”).

In the event that the actual Net Profit for the year ended 31 December 2021 (the “**2021 Actual Profit**”) does not meet the 2021 Guaranteed Profit, the Purchaser is entitled to deduct an amount from the Consideration for the 3rd payment instalment, being calculated as follows:

Deduction amount = (RMB5,085,800 – 2021 Actual Profit) × 12.4 × 60%.

However, if the deduction amount exceeds the Consideration payable for the 3rd payment instalment, i.e. RMB5,159,800 (the “**3rd Instalment**”), the Vendor shall on top pay the Purchaser separately for the exceeded amount to make up for the shortfall.

The Company has received the audited financial statements of the Target Company for the year ended 31 December 2021 and the 2021 Actual Profit amounted to approximately RMB3.6 million, which is less than the 2021 Guaranteed Profit.

Accordingly, the Consideration will be adjusted in accordance with the above formula as set out in the Share Purchase Agreement and the deduction amount will be approximately RMB10.7 million (the “**Deduction Amount**”). As the Deduction Amount exceeds the 3rd Instalment, the Vendor shall procure to pay the Purchaser the difference between the Deduction Amount and the 3rd Instalment, which is approximately RMB5.6 million (“**Amount Due From Vendor**”). The Vendor has agreed to settle the Amount Due From Vendor with the Purchaser on or before 31 August 2023. The Board is of the view that the Vendor has agreed to fulfil obligations pursuant to the 2021 Guarantee Profit under the Share Purchase Agreement based on a timeline acceptable to the Company. Further disclosure will be made by the Company in relation to the above in its interim report for the six months ended 30 June 2022.

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

Hong Kong, 30 August 2022

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