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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)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE 2022 ANNUAL REPORT

Reference is made to the annual report of Fineland Living Services Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2022 published on 12 April 2023 (the “**2022 Annual Report**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the 2022 Annual Report.

Clarification of the total transaction amount under the Renewal Master Agency Service Agreement for the year ended 31 December 2022

The Board wishes to clarify that due to an inadvertent oversight, the Company had not included the outstanding earnest money balance (the “**Outstanding Earnest Money Balance**”), as further detailed below, in the total transaction amount under the Renewal Master Agency Service Agreement for the year ended 31 December 2022 in the 2022 Annual Report. The total transaction amount under the Renewal Master Agency Service Agreement for the year ended 31 December 2022 stated on page 41 of the 2022 Annual Report should have included not only the agency service fee of RMB31,935,000 for the year ended 31 December 2022 (the “**Agency Service Fee**”), but also the Outstanding Earnest Money balance as at 31 December 2022 of RMB34,452,000, which in aggregate would amount to a total of “RMB66,387,000”, instead of “RMB31,935,000” as stated in the 2022 Annual Report.

The Outstanding Earnest Money Balance was accrued as a result of the earnest money payment arrangement which is part and parcel of the Group's real estate agency service business. It is an industry practice developed under the rapidly changing, challenging and competitive PRC real estate market, whereby the Group would pay to property developers an upfront earnest money, being usually 50% to 100% of the agreed value of the properties the Group is appointed to sell. In return, the Group is entitled to an exclusive agency right to sell the properties during an exclusive period and to receive the relevant portion of the consideration for the sold properties to off-set against the earnest money paid in respect of the relevant agreed value of such sold properties. In addition, the Group shall be entitled to an agency commission equivalent to the amount exceeding the agreed value of the sold properties. At the end of the exclusive period, the Group shall be entitled to a full refund of any outstanding earnest money.

Nonetheless, even if the Outstanding Earnest Money Balance had been added to the Agency Service Fee, the aggregated amount would be RMB66,387,000, which is within the limits of the relevant annual cap of RMB220,000,000.

Enhanced Internal Control Measures

In order to avoid the occurrence of similar events in the future, the Company will strengthen the protocols with the personnel within the Company and in particular, provide training and improve the guidance provided to the staff in respect of the types of transactions that are subject to the Listing Rules.

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

Hong Kong, 20 June 2023

As at the date of this announcement, 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.