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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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Reference is made to (i) 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 “**Original Announcement**”); (ii) the completion announcement dated 9 February 2022; (iii) the announcement in relation to the performance of profit guarantee in 2021 dated 30 August 2022; (iv) the announcement in relation to the performance of profit guarantee in 2022 dated 30 March 2023; (v) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”) and its supplemental announcement dated 25 July 2024 (the “**Supplemental Announcement**”); and (vi) the announcement dated 30 September 2024 in relation to an update of the performance of profit guarantee (the “**Update Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Original Announcement, the 2023 Annual Report, the Supplemental Announcement and the Update Announcement.

Fifth Payment Instalment of the Consideration

As disclosed in the Original Announcement, pursuant to the Share Purchase Agreement, payment of the fifth payment instalment of the consideration of the Yikang Acquisition (the “**Consideration**”) is subject to the fulfilment of several conditions, among which, the audited Net Profit of Yikang for the year ended 31 December 2023 shall not be less than RMB6,153,800 (the “**2023 Guaranteed Profit**”). In the event that the actual Net Profit of Yikang for the year ended 31 December 2023 (the “**2023 Actual Profit**”) does not meet the 2023 Guaranteed Profit, the Purchaser is entitled to deduct an amount from the amount of the fifth payment instalment (i.e. RMB6,879,800) of the Consideration.

As at the date of this announcement, the Vendor and the Purchaser have reached a consensus on the auditing results of Yikang and the 2023 Actual Profit (after deducting non-recurring profit and loss combined tax) amounted to approximately RMB5.85 million, which was less than the 2023 Guaranteed Profit, with a shortfall of approximately RMB0.30 million. Accordingly, the fifth payment instalment of the Consideration will be adjusted in accordance with the formula as set out in the Share Purchase Agreement and the deduction amount will be approximately RMB2.23 million. The fifth payment instalment of the Consideration payable by the Purchaser to the Vendor after adjustment will therefore be approximately RMB4.65 million.

Since the total actual Net Profit of Yikang for three years ended 31 December 2021, 31 December 2022 and 31 December 2023 falls short of the sum of the guaranteed profit for the same period, the Performance Commitment Percentage is less than 100%. Therefore, no previously deducted amount shall be payable by the Purchaser to the Vendor as part of the fifth payment instalment of the Consideration.

Settlement Arrangement

As disclosed in the Supplemental Announcement, the Remaining Balance payable by the Vendor to the Purchaser in relation to the third and fourth payment instalments of the Consideration is approximately RMB4.67 million and remains unsettled. On 26 March 2025, the Purchaser and the Vendor have mutually agreed to offset the Remaining Balance with the fifth payment instalment of the Consideration. As a result, the total balance owed by the Vendor to the Purchaser is approximately RMB22,000 (the "**Outstanding Balance**") and will be waived.

Considering that (i) the Outstanding Balance is minimal and does not materially affect the overall transaction; and (ii) the significance of maintaining a strong business relationship with the Vendor, the Purchaser has decided to waive the Vendor's obligation to pay the Outstanding Balance. The ultimate beneficial owners of the Vendor have confirmed that they will not engage in any attempt to seize or compete for any existing projects of Yikang and will not undermine the business relationships between Yikang and its customers, suppliers, employees or any other relevant third parties, and in the event that they fail to adhere to this commitment, they will compensate the Purchaser for any losses incurred as a result of the anticipated benefits.

In light of the above, the Board is of the view that the settlement arrangement in relation to the Outstanding Balance is fair and reasonable and in the interests of the shareholders of the Company as a whole and that the Vendor has fulfilled all of its profit guarantee obligations under the Share Purchase Agreement.

By order of the Board of
Fineland Living Services Group Limited

FONG Ming

Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the executive Directors are Mr. FONG Ming, Mr. SUN Ligong, Mr. HAN Shuguang and Ms. TSE Lai Wa; and the independent non-executive Directors are Mr. LEUNG Wai Hung, Mr. TIAN Qiusheng and Mr. DU Chenhua.