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)

2020 ANNUAL RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Directors**") of Fineland Real Estate Services Group Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020. This announcement, containing the full text of the 2020 Annual Report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in relation to information to accompany preliminary announcements of annual results. The printed version of the Company's 2020 Annual Report will be delivered to shareholders of the Company and will be available for viewing on the websites of the Company and the Stock Exchange in due course.

By Order of the Board
Fineland Real Estate Services Group Limited
FONG Ming
Chairman

Hong Kong, 30 March 2021

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, Dr. LIAO Junping, Mr. DU Chenhua and Mr. TIAN Qiusheng.

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ANNUAL REPORT
2020

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors
Ms. RONG Haiming
Mr. YI Ruofeng
Ms. TSE Lai Wa

Non-executive Director
Mr. FONG Ming

Independent non-executive Directors
Mr. LEUNG Wai Hung
Mr. LIAO Junping
Mr. DU Chenhua
Mr. TIAN Qiusheng

Company secretary
Mr. TSO Ping Cheong, Brian,
FCPA, FCCA, FCG (CS,CGP), FCS (CS,CGP)

Audit committee
Mr. LEUNG Wai Hung *(Chairman)*
Mr. TIAN Qiusheng
Mr. DU Chenhua

Remuneration committee
Mr. TIAN Qiusheng *(Chairman)*
Mr. LEUNG Wai Hung
Mr. YI Ruofeng

Nomination committee
Ms. RONG Haiming *(Chairman)*
Mr. LIAO Junping
Mr. TIAN Qiusheng

Authorised representatives
Mr. TSO Ping Cheong, Brian,
FCPA, FCCA ,FCG (CS,CGP), FCS (CS,CGP)
Mr. YI Ruofeng

Legal Advisers
As to Hong Kong Laws
Hogan Lovells

As to PRC Laws
Beijing Jingtian & Gongcheng Law Firm

Auditor
BDO Limited

Principal bankers
Industrial Bank Company Limited,
Guangzhou Tianhe branch

Industrial and Commercial Bank of China,
Guangzhou Liuhua branch

China Construction Bank,
Guangzhou Dongbao Building branch

Registered office
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1–1108
Cayman Islands

Headquarters in the PRC
No. 28 Tiyu East Road
Tianhe District
Guangzhou
PRC

Principal place of business in Hong Kong
Unit B, 17/F., United Centre,
95 Queensway, Admiralty
Hong Kong

Hong Kong Share Registrar
Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Principal share registrar and transfer office
Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1–1108
Cayman Islands

Company's website address
www.finelandassets.com

CHAIRMAN'S STATEMENT

In early 2020, the outbreak of COVID-19 had an adverse impact on the livelihood of the people and the economy of the PRC and caused interruptions to many businesses. The Chinese government and private sector organizations took significant measures to respond to and combat effects of the pandemic and to encourage recovery of the economy including by implementing various relief measures. As the domestic economy recovered with the property market among the first to improve, in the second half of 2020, regulatory policies in the real estate industry were gradually tightened to reinforce a rational market, especially in cities where the land and housing prices were fluctuating and showing signs of instability.

After a dip in February, the National Real Estate Climate Index (國房景氣指數) increased for ten consecutive months from March to December 2020. With the pandemic largely under control, the growth rate of China's investment in real estate development increased month on month, to 1.9% for June 2020 from a negative figure since February 2020, and eventually recording an overall increase of 7.0% at year end, according to the National Bureau of Statistics of the People's Republic of China ("**NBS**"). The sales area of commercial housing was 1,760.9 million square meters, representing an increase of 2.6% over the previous year, and the sales area of residential buildings also increased by 3.2%. The sales of commercial housing reached RMB17,361.3 billion, representing an increase of 8.7% over the previous year, and sales of residential buildings also increased by 10.8%.

In the first quarter of 2020, growth rate of Guangdong Province's GDP decreased sharply, subsequently improved by the end of June, and the growth rate returned to be positive in the third quarter and onwards. By year end, Guangdong Province's GDP reached RMB11,076.1 billion, marking its position as champion in China for thirty-two consecutive years, and representing an increase of 2.3% compared with 2019, which was tied with national level. Growth rate of Guangdong's investment in real estate development increased month on month, 2.5% for June from negative figure since February 2020, and 9.2% at year end. The sales area of commercial housing was 149.1 million square meters, representing an increase of 7.7% over the previous year, and the sales area of residential buildings also increased by 8.9%. The sales of commercial housing reached RMB2,257.5 billion, representing an increase of 14.3% over the previous year, and sales of residential buildings increased by 18.3%.

Despite the prevailing market conditions, the Group delivered rather satisfactory results in 2020, where total revenue amounted to approximately RMB276.7 million in 2020, representing an increase of approximately 8.0%, from RMB256.3 million in 2019.

In 2020, the Company also successfully transferred its listing from GEM to the Main Board of the Stock Exchange (the "**Transfer of Listing**") and shares of the Company began trading on the Main Board under the stock code "9978" on 28 May 2020.

The Transfer of Listing will further promote the Company's corporate profile and recognition among public investors, and will allow the Group to solidify its position in the industry and enhance its competitive strengths in retaining and attracting professional staff and customers. The Transfer of Listing will be beneficial to the future growth, financing flexibility, and business development of the Group, which will create long-term value to the Shareholders.

CHAIRMAN'S STATEMENT

Diversification of Customer Base and Expansion of Market Coverage

The Group has a well-established network and business relationships with a diversified client base of property developers and their designated agents. The ratio of the Group's independent customers increased to over 80% since 2019 and remained at the same level for the year ended 31 December 2020. The Group expects to further upgrade its services and continue marketing to other customers who are independent third parties to further diversify the client base, and the proportion of independent customers is expected to increase going forward.

The Group has been trusted as the primary property sales agency by a number of prestigious China Real Estate Top 100 Enterprises, and market coverage has expanded since 2019 to seven out of nine cities in Guangdong-Hong Kong-Macau Greater Bay Area ("**Greater Bay Area**") in mainland China, including Guangzhou, Foshan, Jiangmen, Huizhou, Zhaoqing, Zhongshan and Zhuhai. With the market conditions in 2020, the Group has focused its efforts on further exploring opportunities in the existing market and expanding our market share, rather than aggressively entering new markets, thus entered into one more market in Meizhou, a city in eastern Guangdong.

Changes in the Regulatory Environment and Intense Competition

An announcement after the People's Bank of China ("**PBOC**") and Ministry of Housing and Urban-Rural Development ("**MOHURD**"), the state regulator, met with developer representatives on 20 August 2020 laid out a proposal to divide real estate enterprises into four tiers, divided by "three red lines" based on debt to asset ratios, excluding advance revenue on sales, which is intended to push the property developers to healthy debt levels, and possibly the end of rapid expansion with the help of "high leverage" if strictly implemented. These financing rules and metrics regarding debt will likely curb growing debt levels and force developers to deleverage. Real estate is a significant part of the Chinese economy, and the stricter government controls are intended to ensure a more sustainable future.

The outbreak of COVID-19 in the first half of 2020 and the unveiling of the "three red lines" policy in the second half (announcement in August 2020, which was officially implemented since 1 January 2021) meant property developers faced more pressure than ever, and they pushed real estate agencies harder to gain sufficient cash flow, which created more opportunities and many competitors entered the market. Although the property developers are willing to provide higher commissions, the competition drove the actual commissions down, as the real estate agents and other outlets that the Group's Online Referral Platform cooperated with pushed for higher commission splits, which resulted in higher advertising, promotion and other commission expenses for 2020.

Proposed Final Dividend

The Board considers the Group's operational and financial performance during the year to be satisfactory. The Board has always believed in sharing the success of our growth with our Shareholders through the distribution of dividends. Given that the Group has sufficient funds to satisfy its working capital and investment requirements for the foreseeable future, the Board recommends the payment of a final dividend of HK1 cent per ordinary share of the Company for the year ended 31 December 2020.

CHAIRMAN'S STATEMENT

Flexible Allocation of Group Resources

The Group has strategically shifted resources from the development of secondary property agency services to the expansion and development of primary property agency services. This was implemented in part by slowing down the pace of opening new outlets and closing down or not renewing leases upon expiry for outlets which were less competitive in terms of cost and revenue generated. As at 31 December 2020, the Group had 29 outlets.

On 28 January 2021, the Company completed the acquisition of approximately 66.31% of the equity interests in Guangzhou Fineland E-Life Service Co., Ltd. (廣州方圓現代生活服務股份有限公司) ("**Fineland E-Life**"). Upon completion, Fineland E-Life became an indirectly non-wholly owned subsidiary of the Company and the financial results of Fineland E-Life and its subsidiaries will be consolidated into the Group's financial statements.

Looking forward, the Group will continue to offer professional real estate agency services while integrating social media promotions, offline resources and its Online Referral Platform to improve conversion rate for real estate developers and agents with whom it cooperates. With acquisition of Fineland E-Life, the Group expects to enlarge its business scale and diversify its business portfolio, and this will further tap into more value-added services that complement the Group's existing services to achieve higher customer satisfaction, improve profitability, ensure a solid financial position and create favourable outcomes with all clients, customers, employees and other stakeholders.

On behalf of the Board, I would like to extend our heartfelt gratitude to my fellow Board members, the management and all the staff members for everyone's dedication over the past year. I also would like to express my sincere thanks to our shareholders, customers, and business partners for your trust and support. We will strive with all our might for taking the Company's long-term development and shareholders' value to a much higher level.

FONG Ming
Chairman

Hong Kong, 30 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group primarily engages in property agency services, with a focus mainly in Guangzhou and also elsewhere in the Greater Bay Area, through three main business segments, namely (i) real estate agency services; (ii) property research and consultancy services; and (iii) integrated services, as well as property management services and value-added services for residential and commercial properties after acquisition of Fineland E-Life in January 2021. Our business strategy is to expand our real estate agency services, and property management services and community value-added services.

The Group's total revenue amounted to approximately RMB276.7 million in 2020, representing an increase of approximately 8.0%, from RMB256.3 million in 2019.

Property research and consultancy services

Our property research and consultancy services are for the primary property market and mainly provided to property developers and generally includes macroeconomic analysis of the market and developing overall strategies for projects. The revenue generated from property research and consultancy services for the year ended 31 December 2020 was approximately RMB2.3 million, which accounted for 0.8% of the total revenue and increased by 58.1% compared with RMB1.4 million for the year ended 31 December 2019. The Group was engaged to provide these services for fewer projects during the year ended 31 December 2020, namely 9, representing a drop of 18.2% compared with 11 projects in 2019, but this was offset by a large contribution from one new project.

Real estate agency services

Revenue generated from real estate agency services accounted for 98.7% of the total revenue for the year ended 31 December 2020, and thus is the largest business segment of the Group. Our real estate agency services are provided for the primary market, secondary market and also online. The real estate agency service turnover increased by approximately 8.0% to approximately RMB273.0 million for the year ended 31 December 2020 when compared with RMB252.9 million for the year ended 31 December 2019. This increase was primarily due to the growth and expansion of online property referral and agency services.

For primary market real estate agency services, the Group has been actively building up relationships with primary property developers. The Group provided agency services for 205 projects for the year ended 31 December 2020 (year ended 31 December 2019: 229). Although the total number of projects dropped by approximately 10.5%, the number of projects that utilised online property and referral services increased from 56 for the year ended 31 December 2019 to 68 for the year ended 31 December 2020. The online property referral and agency services is an online platform for information exchanging and matching for primary property development projects that connects the property developers with a greater number of third party real estate agencies that have been cooperating with the Group (the "**Online Referral Platform**"). Revenue contributed from each project using the online property and referral service is usually higher than that from traditional real estate agency services, and a percentage of revenue received from each of these projects will be split with other real estate agencies that brought in buyers and recorded as commission expenses.

After continuous efforts, the Group's business in the primary real estate market has expanded to cover seven out of the nine cities of the Greater Bay Area in Guangdong, and also the Meizhou market in 2020. In the foreseeable future, the Group will further explore opportunities in other cities of the Greater Bay Area and outside Guangdong Province, with an aim to seize and grab more market share in those new markets.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has shifted resources from the development of secondary property agency services to the expansion and development of primary property agency services. This was implemented in part by slowing down the pace of opening new outlets and closing down or not renewing leases upon expiry for outlets with less competitive advantage in terms of cost and revenue generated. For the year ended 31 December 2020, the Group closed down 12 outlets, opened 1 new outlet, which brought the number of outlets of the Group down to 29 as at 31 December 2020 (as at 31 December 2019: 40).

Integrated services

The Integrated Services segment refers to the wide range of value-added services provided to customers including property developers, individual customers and companies. These include the Group's *Zhaoshangyi* offering, which assists property developers with primary market development projects that have commercial units identify and approach prospective lessees. The Group also offers the One-stop Service Centre where a variety of value-added services such as rent collection, property repair and maintenance, and design and furnishing are provided to purchasers. Revenue generated from Integrated Services for the year ended 31 December 2020 decreased by 26.2% to approximately RMB1.4 million compared with RMB2.0 million in 2019.

Property management services

After the acquisition of Fineland E-Life, the Group entered into the property management industry in the PRC, which has shown steady growth in the past few years and is expected to 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. The acquisition of Fineland E-Life brought greater diversity to the Group's business portfolio. Property management services and real estate agency business will complement each other, and potentially create more synergies by sharing customer base, market resources and operational and management experience.

The integration will not only lead 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.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2020 was approximately RMB276.7 million, representing an increase of approximately 8.0% as compared to RMB256.3 million for the year ended 31 December 2019. The increase was primarily attributable to the expansion of online property referral and agency business in terms of covered business areas and numbers of business partners.

Employee benefit expenses

Employee benefit expenses decreased by 10.3% to approximately RMB93.8 million for the year ended 31 December 2020, compared with RMB104.6 million for the year ended 31 December 2019, which was primarily due to the decrease in numbers of total employees hired during the year ended 31 December 2019 of 719 to 687 for the year ended 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Advertising, promotion and other commission expenses

The Group recorded approximately RMB129.7 million for advertising, promotion and other commission expenses for the year ended 31 December 2020, representing an increase of 36.0% compared to RMB95.4 million the year ended 31 December 2019. This increase was primarily due to the increase in revenue brought in from the online property referral and agency services, resulting in an increase in the commission that was split to real estate agents that brought in buyers, which was recorded under advertising, promotion and other commission expenses.

Short-term leases expenses

For the year ended 31 December 2020, the Group recorded RMB2.8 million for short-term leases expenses, representing a decrease of approximately 11.5% when compared to RMB3.1 million for the year ended 31 December 2019, which was primarily due to the decrease in the number of outlets.

Other operating expenses

The Group recorded approximately RMB21.4 million for other operating expenses for the year ended 31 December 2020, representing an increase of 69.4% compared to RMB12.7 million the year ended 31 December 2019. This increase was primarily due to an increase in office expenses from RMB3.0 million for the year ended 31 December 2019 to RMB6.1 million due to the Group's business expansion, acquisition-related costs of RMB2.1 million, and a donation of RMB0.9 million to the Community Chest of Hong Kong.

Listing expenses

The Group recorded expenses of approximately RMB5.0 million for the year ended 31 December 2020 for professional fees relating to its transfer of listing from GEM to the Main Board, compared to RMB4.2 million for the year ended 31 December 2019.

Liquidity and Financial Resources

In 2019 and in 2020, the Group's source of funds was mainly cash generated from operating activities.

As at 31 December 2020, the Group had net current assets of approximately RMB142.0 million (as at 31 December 2019: approximately RMB122.5 million), total assets of approximately RMB219.9 million (as at 31 December 2019: approximately RMB210.4 million) and shareholders' funds of approximately RMB140.8 million (as at 31 December 2019: approximately RMB128.1 million).

As at 31 December 2020, the bank and cash balances of the Group amounted to approximately RMB138.5 million (as at 31 December 2019: approximately RMB98.7 million).

Indebtedness

The Group did not have any short term borrowings (2019: RMBNil) nor long term borrowings (2019: RMBNil) as at 31 December 2020.

As at 31 December 2020, the gearing ratio of the Group (calculated as total liabilities divided by total assets) was 35% (2019: 39%).

Foreign Exchange Risk

As the Group's sales are denominated in Renminbi, the Group's purchases and expenses are either denominated in Renminbi or Hong Kong dollars, and there are no significant foreign currency borrowings, the Group's currency fluctuation risk is considered insignificant. The Group currently does not have a foreign currency hedging policy. However, the management continuously monitors the foreign exchange risk exposure and will consider hedging significant currency risk exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

Interest Rate Risk

The Group's exposure to interest rate risk mainly stemmed from fluctuations of interest rates for the Group's bank balances, as the Group had no bank borrowings as at 31 December 2020.

Financial key performance indicators

	2020	2019
Net profit margin	4.2%	8.7%
Gearing ratio	35%	39%

Net Profit Margin

The net profit margin decreased to 4.2% for the year ended 31 December 2020 as compared to 8.7% for the year ended 31 December 2019. This decrease was mainly due to (i) an increase in advertising, promotion and other commission expenses from approximately RMB95.4 million for the year ended 31 December 2019 to approximately RMB129.7 million for the year ended 31 December 2020 due to expansion of online property referral and agency services; and (ii) expenses related to the transfer of listing to the Main Board of approximately RMB5.0 million which were incurred for the year ended 31 December 2020, compared to approximately RMB4.2 million for the year ended 31 December 2019, and costs related to the acquisition of Fineland E-Life of approximately RMB2.1 million.

Gearing Ratio

The gearing ratio decreased slightly to 35% as at 31 December 2020, as compared to 39% as at 31 December 2019, which was mainly due to the increase of bank balances and cash from efficient payment collection.

Staff and the Group's Remuneration Policy

As at 31 December 2020, the Group had a total of 687 staff (2019: 719 staff).

For details of total employee benefits and directors' emoluments of the Group, please refer to notes 10 and 11 to the consolidated financial statements.

For the details of share option scheme, please refer to "Share Option Scheme" of the Directors' Report of this Annual Report.

The remuneration policies of the Group are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibility, merit, qualifications and competence, as well as comparable market statistics and state policies. The emolument policies of the Group are reviewed by the management of the Group regularly.

The Company's policies concerning emoluments of Directors are generally that (i) the amount of emoluments is determined on the basis of the relevant Director's experience, responsibility, workload and the time devoted to the Company; and (ii) non-cash benefits may be provided to the Directors under their remuneration package.

Major Investments

For the year ended 31 December 2020, no significant investment was held by the Group. As at the date of this Annual Report, the Group had no future plans for material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2020 (2019: RMBNil).

Capital Commitments

The Group had no capital commitments as at 31 December 2020 (2019: RMB0.4 million).

Other than as set out in this Annual Report, the Group did not acquire or dispose of any major subsidiaries or affiliated companies during the year ended 31 December 2020 (2019: Nil).

Impact of the outbreak of COVID-19

The outbreak of the respiratory disease caused by COVID-19 in late 2019 and early 2020 had an adverse impact on the livelihood of the people and the economy of the PRC and caused interruptions to many businesses, including those of real estate companies. Control measures undertaken by the Chinese government and private sector organizations gradually brought the outbreak in the PRC under control, and the domestic economy recovered with the property market among the first to improve.

The outbreak of COVID-19 did not have any material adverse impact on the Group's business operations and financial condition. Based on the Group's assessment of the impact on its business operations, disruptions were small in scale and largely limited to the first quarter of 2020, when real estate projects for which the Group was providing services were limiting property visits and viewings, and remote working arrangements were in place for the Group's offices. Normal operations had resumed since the second quarter of 2020.

The Group considered the impact on its financial condition to be mild. Revenue for first half of 2020 accounted for approximately 46.6% of total revenue for the year and revenue for the second half of 2020 accounted for approximately 53.4% of total revenue for the year. There were also no major effects on the Group's liquidity position or working capital sufficiency.

To ensure a healthy and safe working environment for the Group's employees and to prevent any spreading of COVID-19 in the office or outlets of the Group, the Group has undertaken various precautionary measures, including (a) enhancing the hygienic level of the Group's office and outlets by cleaning and sanitising indoor facilities, elevators and nearby public areas regularly; (b) performing daily temperature checks of all employees before they enter into office premises; (c) limiting the use of elevators; (d) monitoring travel history of the employees; (e) minimising in-person meetings to the extent possible; and (f) requesting employees to wear masks at all times during work and report to the Group promptly whenever they feel unwell. These precautionary measures, including purchases of preventive necessities, have had, and are expected to contribute to, a limited increase in costs.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business is heavily dependent on the state of the real estate market in Guangzhou and elsewhere in the Greater Bay Area.

The Group is an established real estate agency in Guangzhou and elsewhere in the Greater Bay Area and is heavily dependent on the growth of the real estate market in this region. As one of the Group's business strategies is to strengthen its established position in Guangzhou and elsewhere in the Greater Bay Area, any adverse movements in the supply of, or demand for, properties in this area, or in prices paid for such properties, may have a material adverse effect on the Group's business, results of operations, and financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

Demand for properties and property prices in Guangzhou and elsewhere in the Greater Bay Area are expected to be affected by macroeconomic control measures implemented by the PRC government from time to time as well as the overall Greater Bay Area development plan. In addition, as the future growth of Guangzhou and other cities of the Greater Bay Area is reliant on the overall Greater Bay Area development plan and its implementation by the PRC government and other stakeholders, the Group's strategy to strengthen its position in this market may be affected and the anticipated future business opportunities may not materialise. If there are any negative changes to the Greater Bay Area development plan, or unsatisfactory, or hindrances to, implementation, the Group's future plans, profitability, and growth may be adversely affected.

The Group's business is subject to various regulations imposed by the PRC government as the real estate industry as a whole is highly regulated.

The Group's business is subject to extensive laws, governmental regulations and policies, and the Group is susceptible to policy changes in the PRC property industry, such as restrictions or relaxation on purchases or mortgage loans and incentives on rental housing. The Group must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In addition, the Group is impacted indirectly by laws and regulations designed to influence the wider PRC property sector.

The PRC government exerts considerable influence over the growth and development of the PRC property market through policies and other economic measures, for example, by setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duty on property transfers, and imposing restrictions on foreign investment and currency exchange. The PRC government has also acted to control the supply and demand of land for property development, which could directly impact the Group's business in different segments. Recent government measures along these lines have generally been designed to result in downward pricing pressure on the PRC property market and have impacted the buoyancy of the primary and secondary real estate markets in which the Group operates. Further restrictive measures, such as tightening of monetary and credit policy, adopted by the PRC government have had, and may continue to have, a dampening effect on property markets in many areas of the PRC, including Guangzhou and elsewhere in the Greater Bay Area. This, in turn, could have a material adverse effect on the Group's business, results of operations, and financial position.

Competition in the real estate agency business is intense.

The real estate agency business in Guangzhou and elsewhere in the Greater Bay Area is fragmented. Some of the Group's competitors may be better positioned, with greater resources and longer standing relationships. The Group competes with other companies that also provide primary and secondary market real estate agency services and will be susceptible to the local market competition dynamics. A number of the Group's competitors may also offer property research and consultancy services. The intensity of the competition may result in a shortage of quality real estate agents and other employees, increased compensation costs for agents and employees in order to retain them, and lower commission rates in both the primary and secondary markets, any of which could materially and adversely affect the Group's business, results of operations, and financial position. Furthermore, there is no assurance that the Group will be able to hire quality real estate agents or other employees, or find appropriate sites for new outlets. In addition, the developers' use of various integrated sales strategies, such as building their own sales team and having price-off promotions, may negatively affect the industry of real estate agencies. If the Group is unable to respond to changes in market conditions more quickly or more effectively than its competitors or otherwise maintain or enhance its competitiveness, the Group's business, results of operations and financial position could also be adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's business could be adversely affected by an occurrence of a natural disaster, widespread health epidemic or other outbreaks.

The Group is engaged in real estate agency services in Guangzhou and elsewhere in the Greater Bay Area, and the Group's business is subject to general economic and social conditions in this region and in China. Natural disasters, epidemics such as swine flu, avian influenza, severe acute respiratory syndrome (SARS) or coronavirus may adversely affect the economy, infrastructure and livelihood of the people in China. The occurrence of a natural disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in China could adversely affect the Group's business and operations.

Since the outbreak of COVID-19, temporary suspension of property development projects and temporary closure of outlets had caused disruption to the Group's operation for a short period of time. The increasing concerns on public health and safety and the impact of COVID-19 on the economy in general may lower the interests of property visits or investment in real estate by potential property buyers, which in turn may have an adverse effect on the Group's business, financial condition and results of operations. The outbreak may also affect and restrict the level of economic activity in general as the government may impose regulatory or administrative measures such as quarantining affected areas or other measures to control or contain the outbreak of the infectious disease, which in turn may have a material and adverse effect on the Group's business, financial position and results of operations.

OUTLOOK AND PROSPECTS

Considerable opportunities exist for real estate development as a result of the dual-circulation development pattern in the 14th Five-Year Plan period (2021-2025), particularly in new urbanization, rental housing, upgrade of existing properties and extension of the real estate industrial chain. China's robust development and economic momentum is expected to continue to stabilize property prices in the coming years, with home prices and sales expected to see steady growth.

Looking forward to 2021, the central government will take multiple measures to unblock the domestic circulation, fully tap the potential of domestic demand, and monetary policy will be to focus on stable growth, structural adjustment, risk management and inflation control, and provide a favorable financial environment for economic recovery. The real estate regulation and control will continue and stay stable as a whole, adhering to the overarching policy that "housing is built to be inhabited, not for speculation", and regulatory policies from local government will focus on creating and maintaining a healthy market to support the goal of "stabilising land prices, housing prices and expectations". As a result, the policies such as loan restriction and limitation on purchase and sales are not expected to be lifted in the short term.

The GDP growth rate in 2021 is set to be over 6% in the Government Work Report, and the potential growth rate of Greater Bay Area (for the nine cities in mainland China) is 4.8% to 5.5% in the 14th Five-Year Plan period, higher than the growth rate of Yangtze River Delta, according the comparative research study of growth potential in GBA and Yangtze River Delta of Guangdong Statistics.

MANAGEMENT DISCUSSION AND ANALYSIS

Benefiting from central government support policies, mature industrial development, and strong population attraction, and the adjustment of regional market in the previous years, there is suppressed demand in the market, which could enable a strong recovery. On the supply end, the land supply increased considerably in 2020, and active new construction, which will effectively improve the overall supply of demand. The real estate market in Greater Bay Area will benefit from the positive influence of supply and demand. In view of the current growth of land price and house price, local governments and regulatory organizations are likely to step in to slow the trend of rapid increases, and so the growth rate of housing prices will fall back to a reasonable level.

The Group expects a stable economy in 2021, and the Group will continually focus on business development in the Greater Bay Area by building stronger relationships with property developers and undertaking more primary property projects in cities where the Group has already successfully entered and been developing, and continue to focus on the comprehensive property consultancy and agency service as its main business while remaining cautious in relation to market volatility and changes. The Group also considers the online property referral and agency services to be beneficial for maintaining a solid and steady flow of projects for the Group and for raising its profile with property developers, and expects to continue expanding its coverage. The Group is well-positioned to take advantage of these opportunities, especially with its expansion into the provision of professional property management services and value-added services for residential and commercial properties. As another essential business segment in the Group, property management services will complement with previously existing agency services to achieve synergy. Looking forward, in view of the favourable government policies, the Group intends to consider further expanding its service offerings to cover additional value-added services and lifestyle services to its customer communities, and potentially develop a digital platform to promote a contemporary interactive and intelligent environment within the communities.

EVENTS AFTER THE REPORTING PERIOD

On 15 October 2020, the Group entered into a share purchase agreement with Guangzhou Leguan Investment Co., Ltd., a company established under the laws of the PRC with limited liability which is a directly wholly-owned subsidiary of Guangdong Fineland Investment Limited and indirectly held as to approximately 99% by Mr. Fong Ming, the Company's Chairman and Non-executive Director, and an unrelated company (collectively the "**Vendors**") in relation to the acquisition of approximately 66.31% of the equity interests in Fineland E-Life (the "**Acquisition**"). The Acquisition was completed on 28 January 2021 ("**the Completion Date**"). Upon completion, Fineland E-Life became an indirectly non-wholly owned subsidiary of the Company and the financial results of Fineland E-Life and its subsidiaries after the Completion Date will be consolidated into the Group's consolidated financial statements.

Further details of the Acquisition and the related services and lease agreements entered into between the Group and the Fineland Group upon the completion of the Acquisition are set out in the Company's announcements dated 3 September 2020 and 28 January 2021 and circular dated 3 December 2020.

The Board recommends the payment of a final dividend of HK1 cent per ordinary share of the Company for the year ended 31 December 2020.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board currently consists of eight Directors, comprising three executive Directors, one non-executive Director and four independent non-executive Directors:

Name	Age	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors					
RONG Haiming (容海明)	44	16 February 2017	January 2016	Providing strategic plans and general management of our Group	none
YI Ruofeng (易若峰)	43	16 February 2017	January 2016	Overseeing the daily operations, administrative, and finance matters of our Group	none
TSE Lai Wa (謝麗華)	65	16 February 2017	April 1997	Providing advice on overall business plans and overseeing strategic matters	none
Non-executive Director					
FONG Ming (方明)	55	16 February 2017	March 1997	Providing strategic advice to our Group	none
Independent non-executive Directors					
LEUNG Wai Hung (梁偉雄)	53	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	none
LIAO Junping (廖俊平)	58	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	none
TIAN Qiusheng (田秋生)	65	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	none
DU Chenhua (杜稱華)	51	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	none

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. RONG Haiming (容海明) ("Ms. Rong"), aged 44, is the Chief Executive Officer and was appointed as the Company's Executive Director on 16 February 2017 and is primarily responsible for strategic planning and general management of the Group.

In August 1999, Ms. Rong joined Fineland Group Holdings Limited and its subsidiaries (other than the Group) ("**Fineland Group**") as a deputy manager in the marketing and sales management department and was promoted to the manager and general manager of the same department in January 2004 and May 2005 respectively. She stayed with the same department until December 2009 and throughout such period she was mainly responsible for planning of sales and marketing. In between December 2009 and June 2010, Ms. Rong was the general manager of the commercial property management department of the Fineland Group and was mainly responsible for property management. Ms. Rong was given the title of vice-president of the Fineland Group in June 2010 and subsequently the title of director of the Fineland Group in November 2014, and held such title until December 2015, throughout which she was mainly responsible for the strategic planning and general management of the Fineland Group. In January 2016, Ms. Rong joined Guangzhou Fineland Property Consultancy as a general manager, being primarily responsible for providing strategic advice, overseeing the management and administration of the company, and has held the same position since then. Ms. Rong is also currently a director of Fineland Group.

Ms. Rong obtained her bachelor's degree in marketing from Sun Yat-Sen University in the PRC in June 1999 and her master's degree in corporate management from the Sun Yat-Sen University in the PRC in December 2007.

Mr. YI Ruofeng (易若峰) ("Mr. Yi"), aged 43, was appointed as an Executive Director on 16 February 2017 and is primarily responsible for overseeing the daily operations, administration and finance matters of the Group.

From July 1999 to April 2007, Mr. Yi worked at Guangdong Yangcheng Certified Public Accountants Company Limited, his last position held was a business manager and was responsible for handling audit work. Mr. Yi joined the Fineland Group in April 2007 as the deputy general manager of the audit centre of the Fineland Group and was mainly responsible for handling audit work. He was subsequently promoted to the position of deputy general manager of the regulatory and audit monitoring control centre of the Fineland Group in June 2010, a position he held until December 2015, and he was responsible for handling compliance and audit work of the company. In January 2016, Mr. Yi joined Guangzhou Fineland Property Consultancy as a deputy general manager, being primarily responsible for overseeing the daily operations, administration and finance of the company.

Mr. Yi obtained his bachelor's degree in Finance from Jinan University in the PRC in June 1999. He has been a registered accountant of the Ministry of Finance of the PRC since December 2002, obtained the Intermediate Accounting Certification from the Ministry of Finance of the PRC in May 2005 and was admitted as a registered accountant of CPA Australia in November 2015.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Ms. TSE Lai Wa (謝麗華) ("Ms. Tse"), aged 65, was appointed as an Executive Director on 16 February 2017 and is one of the Controlling Shareholders. She joined the Group in April 1997 as a director of Guangzhou Fineland Property Consultancy Limited, a position which she has been holding since then and has been responsible for providing advice on overall business plans and overseeing strategic matters.

Prior to joining the Group, Ms. Tse worked as an administrative manager in Nanfang Hospital* (南方醫科大學南方醫院) from October 1976 to October 1992, primarily responsible for daily administrative and logistics management. From March 1996 to March 1997, Ms. Tse worked as a manager of the Fineland Group, and was mainly responsible for administrative work.

Ms. Tse completed an intensive course on executive masters in business administration from the Hong Kong Sino-Australia Management College in June 2001.

Non-executive Director

Mr. FONG Ming (方明) ("Mr. Fong"), aged 55, is the chairman and was appointed as the Non-executive Director on 16 February 2017. He is one of the founders of the Group and one of the Controlling Shareholders. Mr. Fong is primarily responsible for providing strategic advice to the Group.

Mr. Fong has approximately 20 years of experience in property development, property consultancy and business management. He was the chairman and general manager of Guangzhou Fineland Enterprises Company Limited* (廣州方圓企業有限公司) and Guangzhou Fineland Real Estate Development Company Limited* (廣州市方圓房地產發展有限公司) from 1994 to 1997, in which he was primarily responsible for overseeing the management of the companies. He was also the chairman and president of Guangdong Fineland Group Co., Ltd* (廣東方圓集團有限公司) from 1997 to 2006 in which he was primarily responsible for overseeing the operations of the company. Since 2006, he has been the chairman and the president of the Fineland Group and has been primarily responsible for making investment decisions, providing overall strategic planning and supervising property development projects of the Fineland Group.

Mr. Fong obtained his bachelor's degree in law from the Sun Yat-Sen University in the PRC in July 1987 and was qualified as a lawyer by Department of Justice in Guangdong Province in April 2007.

Independent Non-executive Directors

Mr. LEUNG Wai Hung (梁偉雄) ("Mr. Leung"), aged 53, was appointed as an Independent Non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgement to the board of directors. Mr. Leung is also the chairman of the audit committee and a member of the remuneration committee of the Company.

Mr. Leung has more than 20 years working experience in various listed companies in Hong Kong mainly engaged in property development including Cheung Kong (Holdings) Limited (now known as CK Hutchison Holdings Limited) (stock code: 001). Mr. Leung also has extensive experience in real estate investment trusts ("**REIT**"). He participated in the IPO setup of the first private sector REIT, Prosperity REIT (stock code: 808) in Hong Kong in 2005 and worked for the manager of Fortune REIT (stock code: 778) as a Finance Director from 2011 to 2012. Fortune REIT was dually listed in both Hong Kong and Singapore. Other than property development, he has also worked as the financial controller of Shougang Concord International Enterprises Company Limited (now known as Shoucheng Holdings Limited) (stock code: 697) ("**SCIECL**") from 2013 to 2018. SCIECL is a state-owned enterprise and a member of Shougang Group Co., Ltd, one of the top 10 steel producers in the world. Mr. Leung was an independent non-executive director of a listed GEM board Company in Hong Kong, Beaver Group (Holding) Company Limited (stock code: 8275) from September 2017 to February 2021.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Leung also has extensive financial knowledge in initial public offering, merger and acquisition as well as fund raising and is familiar with the business environment of both Hong Kong and the Mainland China.

Mr. Leung holds a Bachelor Degree of Business Administration from the Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Dr. LIAO Junping (廖俊平) ("Dr. Liao"), aged 58, was appointed as an Independent Non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgement to our Board. Dr. Liao is also a member of our nomination committee.

Dr. Liao has more than 35 years of experiences in providing property-related tertiary education. From July 1983 to November 1984, Dr. Liao was a supervision engineer in the infrastructure department of Wuhan Urban Construction Institute* (武漢城市建設學院) and was responsible for overseeing building projects. From December 1984 to October 1992, Dr. Liao was a teacher in the urban management department of Wuhan Urban Construction Institute and participated in founding the urban management and real estate management tertiary education courses of the institute. From October 1992 to May 1995, Dr. Liao was a lecturer in the construction management department of Wuhan Urban Construction Institute. From May 1995 to April 1998, Dr. Liao was a lecturer and then associate professor of the property operations and management courses in the department of economics in Lingnan (University) College, Sun Yat-Sen University* (中山大學嶺南學院). From April 1998 to January 2002, Dr. Liao was an associate professor and deputy head of the business management department of Lingnan (University) College, Sun Yat-Sen University. Since January 2002, Dr. Liao has been serving as an associate professor and afterward, a professor in the business management department of Lingnan (University) College, Sun Yat-Sen University. He is also currently the director of the Centre of Real Estate Studies in Lingnan (University) College, Sun Yat-Sen University.

Dr. Liao is also currently the expert consultant of the China Institute of Real Estate Appraisers and Agents* (中國房地產估價師與房地產經紀人學會), the founding member of the board of China Association of Real Estate Academicians* (中國高等院校房地產學者聯誼會), the founding president of the Guangzhou Association of Real Estate Agents* (廣州市房地產中介協會), the founding member of the council of directors of the Global Chinese Real Estate Congress* (世界華人不動產學會), the chairman of the Sun Yat-Sen University Branch of China Democratic National Construction Association* (民建中山大學支部), a member of the National Property Development and Management for Tertiary Education Institutes Committee (全國高等學校房地產開發與管理和物業管理學科專業指導委員會) from 2013 to 2018, and a member of the Eleventh and the Twelfth Guangdong Provincial Committee of the Chinese People's Political Consultative Conference. Dr. Liao had previously served as the president of the Guangzhou Real Estate Appraisal Association* (廣州市房地產評估專業人員協會) in between 2004 and 2010.

Dr. Liao obtained his bachelor's degree in civil engineering from Zhejiang University* (浙江大學) in 1983, his master s degree in engineering management from Tongji University in July 1989, and his doctorate degree in world economics from Lingnan (University) College, Sun Yat-Sen University in June 2007. Dr. Liao was certified as a certified real estate appraiser in September 1994.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. TIAN Qiusheng (田秋生) ("Mr. Tian"), aged 65, was appointed as an Independent Non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgement to the board of directors. Mr. Tian is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company.

Mr. Tian has more than 25 years of experiences in providing business and finance related tertiary education. From July 1982 to July 2005, Mr. Tian held different positions in the School of Economics of Lanzhou University, including being the deputy head of the department. Since July 2005, Mr. Tian has held various positions in South China University of Technology, including being the deputy head of the economics and trade department, the general manager of the finance department, and the director of the regional business research centre of the university from July 2015 to June 2017.

Mr. Tian is also a member of the China International Finance Society, a guest economist of the National Bureau of Statistics for China's economic climate survey, a member of the National Higher Education Self-educated Examination Steering Committee, a member of the Academic Committee under the Guangdong Finance Institute, a member of the Academic Committee under the Guangdong Regional Financial Policy Research Center, the director of the Academic Committee under the Guangdong Industry Research Institute, a member of the Teaching Steering Committee of the National Economics Management Experimental Teaching Demonstrative Center (Zhongshan University), a vice president of the Guangdong Financial Think-tank Federation, a financial consultant for Guangdong Province, and a counselor of the Guangdong People"s Government.

Mr. Tian is currently an independent non-executive Director of Guangzhou Lingnan Holding Joint-Stock Company Limited* (廣州嶺南控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 524), Livzon Pharmaceutical Group Inc.* (麗珠醫藥集團股份有限公司), a company listed on The Stock Exchange of Hong Kong Limited (stock code: 1513), Wanlian Securities Joint-Stock Company Limited* (萬聯證券股份有限公司), Zhuhai Rural Commercial Bank Company Limited* (珠海農村商業銀行股份有限公司), and Guangdong Audiowell Technology Joint-Stock Company Limited* (廣東奧迪威傳感科技股份有限公司).

Mr. Tian obtained his bachelor"s degree in Economics from the Lanzhou University in June 1982 and his doctorate degree in Economics from the Northwest University in the PRC* (西北大學) in June 2001.

Mr. DU Chenhua (杜稱華) ("Mr. Du"), aged 51, was appointed as an Independent Non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgement to the board of directors. Mr. Du is also a member of the audit committee of the Company.

Previously, from February 1997 to December 2003, Mr. Du was the manager of the legal department of Guangdong Guangkong Group Limited* (廣東廣控集團有限公司) which was then a wholly-owned subsidiary of China Guangfa Bank. From January 2004 to December 2014, Mr. Du was a senior partner of Guangdong Guardian Law Firm and was mainly responsible for providing legal services. Since February 2015, Mr. Du has been a director of Guangdong Yingdu Law Firm* (廣東瀛杜律師事務所).

Mr. Du is currently the deputy general manager of the Guangzhou Law Society Civil Law Committee* (廣州市法學會民法專業委員會), a manager of the Guangzhou Law Society Distressed Assets Committee* (廣州市律師協會不良資產專業委員會), a representative of the Guangdong Province Lawyer's Congress* (廣東省律師代表大會), and a committee member of the Guangzhou Arbitration Commission.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Du obtained his bachelor's degree in law from Wuhan Institute of Water Transportation* (武漢水運工程學院) in June 1992, his bachelor's degree in finance from the Nanjing University International Business School in July 1996, his master's degree in law from Jinan University in June 2002, and his doctorate degree in law from Wuhan University in December 2012. Mr. Du was qualified as a lawyer by the Department of Justice in Guangdong Province in April 2015.

SENIOR MANAGEMENT

The following table set forth the information concerning our senior management:

Name	Age	Position	Date of appointment of current position	Date of joining our Group	Roles and responsibilities	Relationship with others Directors and senior management
XU Peng (徐鵬)	41	deputy general manager	January 2016	January 2016	Sales and marketing of property projects	none
ZHU Xiaoming (朱曉明)	36	deputy general manager	January 2016	March 2012	Sales of primary property projects	none

Mr. XU Peng (徐鵬) ("Mr. Xu"), aged 41, joined our Group in January 2016 as a deputy general manager and is currently primarily responsible for the sales of first-hand property projects of our Group.

Prior to joining our Group, Mr. Xu was a sales director at Guangdong Nonghao Group Yantang Property Development Limited* (廣東農墾集團燕塘地產開發公司) in between July 2001 and March 2007, and was primarily responsible for sales. In between March 2007 and May 2009, Mr. Xu was a deputy sales director at Guangzhou Qintian Property Group Limited* (廣州市勤天地產集團有限公司), and was primarily responsible for sales. In between May 2009 and March 2010, Mr. Xu was a deputy general manager at Guangzhou Jiuru Real Estate Consultancy Limited* (廣州九如房地產諮詢有限公司), and was responsible for providing real estate consultancy services. In between March 2010 and March 2011, Mr. Xu was a project director at Guangzhou WorldUnion Property Consultancy Company Limited* (廣州市世聯房地產諮詢有限公司), and was primarily responsible for sales. In between March 2011 and July 2011, Mr. Xu was a sales director at Cinese Group* (富盈地產集團), and was primarily responsible for sales. From August 2011 to December 2015, Mr. Xu worked for the Fineland Group as a senior manager of the marketing department and was mainly responsible for the sales and marketing of properties.

Mr. Xu obtained his bachelor's degree in real estate operations and management from Huazhong University of Science and Technology in June 2001 and his master's degree in law from Sun Yat-Sen University in June 2006.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Ms. ZHU Xiaoming (朱曉明) ("Ms. Zhu"), aged 36, joined our Group in March 2012 as a manager of the primary property sales department of Guangzhou Fineland Property Consultancy and was primarily responsible for project management and sales, and was eventually promoted to be the deputy general manager of Guangzhou Fineland Property Consultancy in January 2016. Ms. Zhu is currently primarily responsible for the sales of primary property projects of our Group.

Prior to joining our Group, Ms. Zhu was a senior planning manager at Jingboheng Property Consultancy Limited* (景博行地產諮詢有限公司) in between January 2005 and March 2011, and was primarily responsible for sales planning. In between April 2011 and March 2012, Ms. Zhu worked for Guangdong Chuanghong Investment Company Limited* (廣東創鴻投資有限公司) and Guangzhou Wanye Property Development Company Limited* (廣州萬業房地產開發有限公司), and was primarily responsible for sales planning.

Ms. Zhu completed a higher education course in journalism from Sun Yat-Sen University in January 2013.

Mr. XU Peng and Ms. ZHU Xiaoming do not have any current or past directorships in any listed companies.

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translation, the Chinese names shall prevail. The English translation of such names are marked with * and are for identification purposes only.

COMPANY SECRETARY

Mr. TSO Ping Cheong, Brian (曹炳昌) ("Mr. Tso"), aged 41, joined our Group on 21 March 2017 as our company secretary.

Mr. Tso is currently a director of a corporate services company and has over 15 years of accounting and financial experience. Mr. Tso was admitted as a member of the Hong Kong Institute of Certified Public Accountants in September 2008, a fellow of the Hong Kong Institute of Certified Public Accountants in October 2015, a fellow of the Association of Chartered Certified Accountants in October 2011, an associate of The Hong Kong Institute of Chartered Secretaries in January 2014, a fellow of The Hong Kong Institute of Chartered Secretaries in November 2015, an associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in January 2014 and a fellow of The Chartered Governance Institute in November 2015.

Mr. Tso obtained his bachelor's degree in accountancy in November 2003 and master's degree in corporate governance in October 2013 from the Hong Kong Polytechnic University.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit Committee

Our Company has established an audit committee on 23 October 2017 with written terms of reference which were revised and adopted on 26 May 2020 in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group. The audit committee has three members comprising Mr. LEUNG Wai Hung, Mr. TIAN Qiusheng and Mr. DU Chenhua, of whom Mr. LEUNG Wai Hung has been appointed as the chairman of the audit committee.

Remuneration Committee

Our Company has established a remuneration committee on 23 October 2017 with written terms of reference which were revised and adopted on 26 May 2020 in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The remuneration committee has three members comprising Mr. YI Ruofeng, Mr. LEUNG Wai Hung and Mr. TIAN Qiusheng, of whom Mr. TIAN Qiusheng has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

Nomination Committee

Our Company has established a nomination committee on 23 October 2017 with written terms of reference which were revised and adopted on 26 May 2020 in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 to the Listing Rules. The nomination committee has three members comprising Ms. RONG Haiming, Mr. LIAO Junping and Mr. TIAN Qiusheng, of whom Ms. RONG Haiming has been appointed as the chairman of the nomination committee. The Company deviates from CG Code Provision A.5.1 as the nomination committee is not chaired by the chairman of the Board or an independent non-executive director. The nomination committee is chaired by an executive director instead because the Board believes that an executive director involved in the daily operations of the Company may be better positioned to review the composition of the Board so as to complement the Group's corporate development strategy and has a better understanding of the needs of the Group. The nomination committee is mainly responsible for reviewing the structure, size, composition and diversity of the Board and make recommendations to the Board on the appointment of our Directors and management of Board succession.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the year ended 31 December 2020, total remuneration (including salaries and bonus, allowances, and pension costs) paid by us to our Directors amounted to approximately RMB3.2 million (2019: RMB3.1 million).

Out of the five highest paid individuals, total remuneration (including salaries and bonus, and pension costs) paid to the three (2019: three) non-director, highest paid individuals of our Group during the year amounted to approximately RMB2.3 million (2019: RMB2.8 million).

We did not pay our Directors or senior management any inducement fees to join us or as compensation for loss of office for each of the years ended 31 December 2020 and 2019. Furthermore, none of our Directors waived any compensation for the same period.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of directors' fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of our Group. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets.

The Board has reviewed the Group's corporate governance practices and is satisfied that, for the year ended 31 December 2020, the Company had complied with all the code provisions set out in the CG Code and Corporate Governance Report in Appendix 14 of the Listing Rules, except for CG Code Provision A.5.1 as described in the section headed "Board Committees – Nomination Committee" above.

Model Code for Directors' Securities Transactions

The Company has adopted the code of conduct for securities transactions by directors on terms equivalent to the Model Code for securities Transactions by Directors of the Listed Issuers (the "**Model Code**") in Appendix 10 to the Listing Rules. The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code for the year ended 31 December 2020.

The Board

During the year ended 31 December 2020, the Board comprised the following Directors:

Executive Directors

Ms. RONG Haiming *(Chief Executive Officer)*
Mr. YI Ruofeng
Ms. TSE Lai Wa

Non-executive Director

Mr. FONG Ming *(Chairman)*

Independent Non-executive Directors

Mr. LEUNG Wai Hung
Mr. LIAO Junping
Mr. TIAN Qiusheng
Mr. DU Chenhua

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results and the risk management and internal control systems;

- policies relating to key business and financial objectives of the Company;

CORPORATE GOVERNANCE REPORT

- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or reappointment of Board members and auditors;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates Shareholders on the operations and financial position of the Group through interim and annual results announcements as well as the publication of timely reports and announcements of other matters as prescribed by the relevant laws, rules and regulations.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company. All Directors, including Independent Non-executive Directors assume the responsibilities to the Shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Non-executive Directors (including the Independent Non-executive Directors), advise the Company on strategic and critical matters. The Board considers that each Non-executive Director brings his own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the Executive Directors and Non-executive Directors. The Chairman held meetings with the Non-executive Directors at least annually without presence of the Executive Directors to evaluate the functioning of the Board.

Each Independent Non-executive Directors has confirmed, in accordance with the guidelines for assessing independence set out in the Listing Rules that he is independent of the Company and the Company also considers that all of them are independent.

Each of the Executive Directors, including Non-executive Director, has entered into a service contract with the Company until terminated by either party giving not less than one month written notice to the other expiring at the end of the term of their appointment or any time thereafter. The appointments are subject to the provisions of the Amended and Restated Memorandum and Articles of Association of the Company (the "**Articles of Association**") with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

The Executive Directors of the Company have the responsibility to oversee and monitor the operation of specific business areas and to implement the strategies and policies set by the Board and the day-to-day management of the Company is delegated to the management.

There is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board.

CORPORATE GOVERNANCE REPORT

The Board Committees

For the formation and responsibilities of the Board Committee, please refer to pages 25 to 29 of this Annual Report.

Remuneration Committee (the "RC")

The primary duties of the RC are to establish and review the policy and structure of the remuneration of our Directors and senior management, and make recommendations on employee benefit arrangements to the Board.

The RC reviews and approves the remuneration of Directors with reference to the Board's corporate goal and objectives. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. The RC was set up on 23 October 2017 with written terms of references to oversee the remuneration policy and structure for all Directors and senior management. The RC is formed by two independent non-executive directors, one executive director, and chaired by an independent non-executive Director. The RC had 1 meeting during the year ended 31 December 2020 at which it has reviewed the terms of reference and discussed the 2020 performance bonus proposal of the Company, and discussed the remuneration packages of Directors and senior management of the Company, and the attendance of each member is set out as follows:

Name of members of Remuneration Committee	Number of meetings attended in the financial year ended 31 December 2020
Mr. TIAN Qiusheng *(Chairman of RC)*	1/1
Mr. LEUNG Wai Hung	1/1
Mr. YI Ruofeng	1/1

Nomination Committee (the "NC")

The NC was set up on 23 October 2017 with written terms of reference which were revised and adopted on 26 May 2020, to review the structure, size and composition (including but not limited to the gender, skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. When identifying suitable director candidates and making recommendations to the Board, the NC will consider factors such as a mix to promote diversity of background and experience on the Board, competency, business, technical, or specialised skills, and commitment and willingness to serve. The NC comprises two independent non-executive directors, one executive director, and is chaired by an executive Director. The NC had 1 meeting during the year ended 31 December 2020 at which it reviewed the terms of reference, structure, size and composition (including the skills, knowledge and experience) of the Board, assessed the independence of the Independent Non-executive Directors and made recommendations to the Board on the re-appointment of Directors considering their experience and qualifications. The attendance of each member is set out as follows:

Name of members of Remuneration Committee	Number of meetings attended in the financial year ended 31 December 2020
Ms. RONG Haiming *(Chairman of NC)*	1/1
Mr. LIAO Junping	1/1
Mr. TIAN Qiusheng	1/1

CORPORATE GOVERNANCE REPORT

Audit Committee (the "AC")

The AC was set up on 23 October 2017 with written terms of reference which were revised and adopted on 15 February 2019 and on 26 May 2020 in compliance with the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the AC are, among other things, to make recommendations to our Board on the appointment, reappointment and removal of external auditor, review the financial information, oversee our financial reporting process, risk management and internal control procedures, risk management systems and audit process and perform other duties and responsibilities assigned by our Board. The AC comprises all independent non-executive directors and is chaired by an independent non-executive Director, Mr. LEUNG Wai Hung. He is a is a fellow member of Association of Chartered Certified Accountants and also a member of the Certified Public Accountant of Hong Kong Institute of Certified Public Accountants, and he possesses extensive experience in finance and accounting. The AC had 3 meetings during the year ended 31 December 2020 at which it reviewed the terms of reference and discussed the Company's audited consolidated financial results for the year ended 31 December 2019, including the accounting principles and practice adopted by the Group, the Company's compliance with the CG Code and disclosure in this Corporate Governance Report, the effectiveness of the Group's risk management and internal control systems as well as the Group's internal audit function. The Audit Committee has recommended to the Board to consider the re-appointment of BDO Limited as the Company's external independent auditors at the forthcoming annual general meeting. The attendance of each member is set out as follows:

Name of members of Remuneration Committee	Number of meetings attended in the financial year ended 31 December 2020
Mr. LEUNG Wai Hung *(Chairman of AC)*	3/3
Mr. TIAN Qiusheng	3/3
Mr. DU Chenhua	3/3

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The board diversity policy (the "**Policy**") adopted aims to set out the approach to achieve diversity on the Board. A summary of the Policy is set out below:

Measurable Objectives and Implementation

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Monitoring and Reporting

The NC will report annually, in this Annual Report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

During the year ended 31 December 2020, the NC held 1 meeting to review the Board's composition, and was of the opinion that the Board consisted of members with different gender, age, cultural and educational background, professional experience, skills and knowledge. All Executive Directors possess extensive and diversified experience in management, finance and real estate agency industry-related experience. The Independent Non-executive Directors possess professional knowledge in corporate finance and accountancy, legal, and real estate business management. Further details of the Directors are set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

Review of this Policy

The NC will review this Policy, as appropriate, to ensure the effectiveness of the Policy. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Nomination Policy

The Company has adopted a nomination policy on 15 February 2019, which establishes written guidelines for the NC to identify individuals suitably qualified to become Board members and to make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors. The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well-considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**") with effect from 15 February 2019. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

(a) the Company's current and future operations, actual and expected financial performance;

(b) any corporate development plans;

(c) the Group's liquidity position, working capital and capital expenditure requirements and future expected capital needs;

(d) the level of the Group's debt to equity ratio, return on equity and the relevant financial covenants;

(e) any restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties;

CORPORATE GOVERNANCE REPORT

(f) retained earnings and distributable reserves of the Company and each of the members of the Group;

(g) general economic conditions, the business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factor that the Board deems appropriate and relevant.

The declaration and payment of dividends is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and the Articles of Association.

For the Board's proposed payment of a final dividend for the year ended 31 December 2020, please refer to the section headed "Recommended Dividend" in the "Directors' Report" section of this Annual Report.

Board Composition and Board and Committee Meetings

Practices and Conduct of Meetings

Provision A.1.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through other electronic means of communication. Since the listing of the Company on GEM on 15 November 2017, the Board adopted the practice to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. Other Board meetings will be held if necessary and notice will be given at a reasonable time in advance.

Composition

As at 31 December 2020 the Board comprises three executive Directors, one non-executive Director and four independent non-executive Directors. The Company has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of whom is with appropriate professional qualifications or accounting or related financial management expertise throughout the year. Biographical details of the Directors are shown on pages 14 to 20 of this report and set out on the website of the Company. The List of Directors and their Role and Function was published both on the websites of the Company and the Stock Exchange. The Board is currently supported by the AC, RC and NC to oversee specific areas of the Company's affairs. Each of these Committees has been established with written terms of reference, which were approved by the Board, setting out the Committees' major duties and responsibilities. These terms of reference were published both on the websites of the Company and the Stock Exchange.

Meetings Held and Attendance

The composition of the Board and the Committees, and the individual attendance records of each Director at the Board and Committees' meetings during the year are set out below:

	Meetings attended/Meetings held					
Name of Directors	Board meetings	AC meetings	RC meetings	NC meetings	Annual general meetings	Extraordinary general meetings
Executive Directors						
Ms. RONG Haiming	5/5			1/1	1/1	2/2
Mr. YI Ruofeng	5/5		1/1		1/1	2/2
Ms. TSE Lai Wa	5/5				1/1	2/2
Non-executive Director						
Mr. FONG Ming	5/5				1/1	2/2
Independent Non-executive Directors						
Mr. LEUNG Wai Hung	5/5	3/3	1/1		1/1	2/2
Mr. LIAO Junping	5/5			1/1	1/1	2/2
Mr. TIAN Qiusheng	5/5	3/3	1/1	1/1	1/1	2/2
Mr. DU Chenhua	4/5	3/3			0/1	1/2

Induction and Continuous Development

Each newly appointed Director receives a comprehensive induction package (the "**Package**") designed to enhance his/her knowledge and understanding of the Group's culture and operations. The Package usually includes a briefing or an introduction to the Group's structure, businesses strategies, recent developments and governance practices. Pursuant to the code provision A.6.5 of the CG Code, in order to keep Directors informed and refresh their relevant knowledge and skills (note 1), the Company has funded suitable trainings and encouraged Directors to participate in continuous professional development programs. The Directors have confirmed that they have received training:

Name of Directors who have attended seminars or briefings or have read journals	
Ms. RONG Haiming	✓
Mr. YI Ruofeng	✓
Ms. TSE Lai Wa	✓
Mr. FONG Ming	✓
Mr. LEUNG Wai Hung	✓
Mr. LIAO Junping	✓
Mr. TIAN Qiusheng	✓
Mr. DU Chenhua	✓

Note 1: Training set out above refers to training relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities.

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

CORPORATE GOVERNANCE REPORT

Accountability and Audit

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or condition that might cast significant doubt upon the Group's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Group on a going concern basis.

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and half-yearly reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and to report information required to be disclosed pursuant to statutory requirements to the regulators.

The above statements, which should be read in conjunction with the independent auditor's report, are made with a view to distinguishing for Shareholders how the responsibilities of the Directors differ from those of the auditor in relation to the financial statements.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are reasonable in accordance with applicable accounting standards.

The quarterly, interim and annual results and reports were published within the time limits as required under the GEM Listing Rules and the Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

Auditor's Remuneration

For the year ended 31 December 2020, the remuneration paid or payable to BDO Limited and its affiliate companies in respect of audit and non-audit services provided amounted to approximately RMB1,143,000 and RMB1,310,000, respectively. The nature of the non-audit services provided was for transfer of listing from GEM to Main Board and acquisition of Fineland E-Life.

The remuneration paid or payable to another auditor for audit services in PRC was approximately RMB65,000 (2019: RMB42,000).

CORPORATE GOVERNANCE REPORT

Corporate Governance Function

The written terms of reference of the corporate governance functions was adopted by the Company on 23 October 2017 and the Board is collectively responsible for the following corporate governance functions:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updates;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

5. to review the Company's compliance with the CG Code and disclosure in corporate governance reports; and

6. such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board are responsible.

Risk Management and Internal Control

The Company had established Internal Risk Management Process and procedures to identify, assess and manage major risks of the Group. The Board has overall responsibilities for establishing and maintaining an effective risk management and internal control systems of the Group and reviewing their effectiveness. However, such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management is responsible for implementing the procedures approved by the Board and to monitor compliance with the procedures. The Audit Committee reviews the risk areas and assesses the feasibility and effectiveness of the procedures at least once a year.

The key features of the Company's risk management and internal control system include: (i) designated departments for implementation and execution; (ii) the management ensures appropriate measures have been taken in relation to significant risks that may affect business and operation; and (iii) internal auditor provides independent confirmation to the Board, Audit Committee and the management on the effectiveness of risk management and internal control.

The internal audit function monitors the Company's internal governance and provides independent confirmation on the adequacy and effectiveness of the risk management and internal control system. The internal auditor in charge reports directly to the Audit Committee, submits the internal audit report to the Audit Committee, and reports the results of internal audit works to all Directors.

CORPORATE GOVERNANCE REPORT

Also, the Company performed an internal audit to assess the effectiveness of the Group's risk management and internal control systems which covered all material controls, including financial, operational and compliance controls as well as risk management functions during the year ended 31 December 2020. The internal control report was reviewed by the Audit Committee and the Board. No major issue was raised for improvement. For the year ended 31 December 2020, the Board considered that the risk management and internal control system of the Company is adequate and effective and the Company has complied with the code provisions on internal control and risk management of the CG Code.

The Company has established the inside information policy for fair and timely dissemination to public based on applicable laws and regulations. The Director authorised by the Group to take charge of the investor relations, corporate matters and financial control functions is responsible for ensuring and monitoring compliance with the applicable disclosure procedures. The relevant Director may access inside information on an "as needed" basis at any times. Personnel and professionals involved are reminded to keep inside information confidential until public disclosure. The Company has other procedures in place to prevent mishandling of inside information, including prior approval of trading of the Company's securities by Directors and the management, regular notice of lock-up period, restrictions on securities trading of Directors and staff and code for project identification.

Besides, the Company regularly reminds the directors and employees about due compliance with all policies regarding the Inside Information. The Company keeps directors and employees appraised of the latest regulatory updates to ensure compliance with regulatory requirements.

Company Secretary

The appointment and removal of the Company Secretary is subject to approval by the Board in accordance with the Articles of Association. The Company Secretary is responsible for ensuring the Board procedures and policy are followed and Board activities are effectively conducted. The Company Secretary is also responsible for maintaining minutes recorded in sufficient details of all the meetings of the Board and committees of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. The Directors have full and timely access to the minutes of the Board and committees of the Company. The Company Secretary, Mr. TSO Ping Cheong, Brian, confirmed that he has complied with all the qualifications, experience, and training requirements under the Listing Rules, including taking no less than 15 hours of relevant professional training.

Shareholders' Rights

The general meetings of the Company provided an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("**EGM**").

Right to Convene EGMs and Procedures

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. Any one or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

CORPORATE GOVERNANCE REPORT

Such requisition shall be made in writing to the Board or the company secretary of the Company at the following:

Principal place of business of the Company in the PRC:
No.28 Tiyu East Road, Tianhe District, Guangzhou, PRC

Registered office of the Company:
Address: Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands

If within 21 days of such deposit, the Board fails to proceed duly to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

For matters in relation to the Board, the Shareholders can contact the Company at the following:

by post to principal place of business of the Company in Hong Kong: Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong or by email to ir@fydc.cn.

If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Right to Put forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemental from time to time. However, pursuant to the Company's Articles of Association, Shareholders who wish to move a resolution may by means of requisitions convene an EGM following the procedures set out above.

Constitutional Documents

During the year ended 31 December 2020, there had been no significant change in the Company's constitutional documents. The Articles of Association are available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

Investor Relations

The Board recognises the importance of maintaining on-going communication with the Shareholders. The Company promotes communications with the Shareholders through several communication channels including publication of notices, circulars and announcements of key developments, and interim and annual reports as prescribed under the Listing Rules which can also be accessed via the "Investor Relations" of the Company's website.

The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from the Shareholders. The Shareholders are encouraged to attend all general meetings of the Company. The notices of the special general meetings and annual general meeting of the Company were circulated to all the Shareholders in accordance with the requirements of the Listing Rules and the Articles of Association. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

Any comments and suggestions to the Board can be addressed to our Hong Kong office or the Company Secretary by mail to Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong or email at ir@fydc.cn.

DIRECTORS' REPORT

The Directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2020.

Principal Place of Business

The Company is a limited company incorporated in the Cayman Islands and has its registered office and principal place of business at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong respectively.

Principal Activities and Business Review

The principal activities of the Group are (i) comprehensive real estate agency services in the primary and secondary property markets; (ii) property research and consultancy services; and (iii) integrated services as well as property management services and value-added services for residential and commercial properties after the acquisition of Fineland E-Life in January 2021. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including the Group's business review and a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 5 to 12 of this Annual Report. This discussion forms part of this Directors' report.

Major Customers and Suppliers

During the year ended 31 December 2020, our largest customer accounted for approximately 12.8% of total revenue. The aggregate sales to our five largest customers contributed approximately 46.7% of our total sales during the year, of which three customers are connected customers as they are the group entities within the Fineland Group. Together, customers that were entities within the Fineland Group in aggregate accounted for approximately 38.4% of total revenue. Other than as disclosed, none of the Directors, their close associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in these major customers.

Due to the nature of our principal business activities, we have no major suppliers. We have entered into agreements with various suppliers mainly in relation to the provision of marketing and advertising services. Also, we may split commission received from property developers under our online property referral and agency service business with real estate agents that bring in buyers.

Segment Information

The segment information of the Group for the year is set out in note 6 to the financial statements.

Recommended Dividend

The Directors recommended the payment of a final cash dividend of HK1 cent per share for the year ended 31 December 2020 (the "**Proposed Final Dividend**") (2019: nil) to the Shareholders whose names are on the register of members of the Company on 10 June 2021.

Subject to the approval by the Shareholders at the Company's forthcoming annual general meeting (the "**2020 AGM**") and compliance with the Companies Law of the Cayman Islands, the Proposed Final Dividend will be paid on or about 25 June 2021.

DIRECTORS' REPORT

Closure of Register of Members

The AGM is expected to be held on Friday, 28 May 2021. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from 25 May 2021 to 28 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents 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 17M, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 24 May 2021.

For determining the entitlement to the proposed final dividend (subject to approval by the Shareholders at the AGM), the Register of Members of the Company will be closed from 5 June 2021 to 10 June 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the Proposed Final Dividend, all share transfer documents 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 17M, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 4 June 2021.

Gearing Ratio

As at 31 December 2020, the Group has gearing ratio (total liabilities divided by total assets) of 35% compared to that of 39% as at 31 December 2019.

Charitable Donations

The Group participated in the Stock Code Balloting Scheme organized by Hong Kong Exchanges and Clearing Limited, and approximated RMB0.9 million was donated to the Community Chest of Hong Kong in 2020.

Summary Financial Information

A summary of the published result and assets, liabilities of the Group for the last four financial years, as extracted from the audited financial statements, is set out on page 102. This summary does not form part of the audited financial statements.

Share Capital

Details of the movements in share capital of the Company during the year ended 31 December 2020 are set out in note 23 to the financial statements. Details about the issue of shares are also set out in note 23 to the financial statements.

Purchase, Sale or Redemption of Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities on the Stock Exchange or any other Stock Exchange, by private arrangement, or by way of grant offer, during the year.

Distributable Reserves

As at 31 December 2020, the Company had approximately RMB7.8 million distributable reserves. Details of the movements in the reserve of the Company for the year are set out in note 33 to the financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Directors

The directors during the financial year and up to the date of this report were:

Executive Directors

Ms. RONG Haiming
Mr. YI Ruofeng
Ms. TSE Lai Wa

Non-executive Director

Mr. FONG Ming

Independent Non-executive Directors

Mr. LEUNG Wai Hung
Mr. LIAO Junping
Mr. TIAN Qiusheng
Mr. DU Chenhua

Directors' Service Contracts

Each of the Executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date and shall continue thereafter until terminated by, not less than six months' notice in writing served by either party on the other.

Each of the Independent Non-executive Directors has signed a letter of appointment with the Company for an initial term of one year commencing from the Listing Date, and renewed each year for one year, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than one month's notice in writing served by either party on the other.

Pursuant to Article 108 of the Company's Articles of Associations, one-third of the directors will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' REPORT

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2020, 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 Securities and Futures Ordinance (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 the Model Code are as follows:

(i) Long positions in Shares of the Company

Name	Nature of interest	Total number of shares held	Percentage of shareholding
Mr. Fong	Interest in controlled corporation *(Note 1)*	216,000,000	54%
Ms. Tse	Interest in controlled corporation *(Note 1)*	216,000,000	54%
Ms. Rong	Interest in controlled corporation *(Note 2)*	24,000,000	6.0%
Mr. Yi	Interest in controlled corporation *(Note 3)*	6,300,000	1.575%

Notes:

1. 216,000,000 shares are registered in the name of Mansion Green Holdings Limited ("**Mansion Green**"), which is held 70% by Mr. Fong's Holding Companies (includes Stand Smooth Group Limited ("**Stand Smooth**"), Hero Dragon Management Limited ("**Hero Dragon**"), Fineland Group Holdings Company Limited ("**Fineland Real Estate**", formerly known as Fineland Real Estate Holdings Company Limited) and Widethrive Investments Limited ("**Widethrive Investments**")), and 30% by Aspiring Vision Holdings Limited ("**Aspiring Vision**"), which is wholly-owned by Ms. Tse.

2. 24,000,000 Shares are held by Metropolitan Dawn Holdings Limited ("**Metropolitan Dawn**"), which is wholly-owned by Ms. Rong. Ms. Rong purchased 500,000 Shares from the market in August 2019, after which Ms. Rong is interested in a total of 24,500,000 Shares, representing 6.125% of the entire issued share capital of the Company. Ms. Rong sold 500,000 shares in May and June 2020, after which Ms. Rong is interested in a total of 24,000,000 Shares, representing 6.0% of the entire issued share capital of the Company.

3. Shares are held by Totoro Holding Limited, which is wholly-owned by Mr. Yi. Totoro sold 2,700,000 Shares in May and June 2020, after which Mr. Yi is interested in a total of 6,300,000 Shares, representing 1.575% of the entire issued share capital of the Company.

(ii) Associated corporation

Apart from the foregoing, as at 31 December 2020, none of the Directors nor the chief executives of the Company had any interest or short position 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) that was required to be 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 the Model Code.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 31 December 2020, 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:

DIRECTORS' REPORT

Long positions in Shares

Name	Nature of Interest	Number of Shares held	Approximate percentage of shareholding
Ms. HE Kangkang (何康康)(1)	Interest of spouse	216,000,000	54%
Mr. ZHENG Muming (鄭木明)(2)	Interest of spouse	216,000,000	54%
Mr. 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 Real Estate(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%
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 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 Fineland Real Estate, which in turn is wholly owned by Widethrive Investments, and ultimately wholly-owned by Mr. Fong. Accordingly, Widethrive Investments, Fineland Real Estate, 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 31 December 2020, 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.

DIRECTORS' REPORT

Share Option Scheme

A share option scheme ("**Share Option Scheme**") was adopted by the Company on 23 October 2017. As of the date of this report, no option had been granted, agreed, exercised, cancelled or lapsed under the Share Option Scheme.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Group to grant Share Options to the eligible persons as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the "**Invested Entity**"). As at the date of this report, there was no Invested Entity other than members of our Group, and our Group has not identified any potential Invested Entity for investment.

2. Who may join and basis for determining eligibility

The Board may, at its absolute discretion, offer eligible persons (being any director or employee (whether full time or part time), consultant or adviser of our Group who in the sole discretion of the Board has contributed to and/or will contribute to our Group) (the "**Eligible Persons**") to subscribe for such number of Shares in accordance with the terms of the Share Option Scheme.

3. Grant of options

(a) On and subject to the terms of the Share Option Scheme, our Board shall be entitled at any time on a business day within ten years commencing on the effective date of the Share Option Scheme to offer the grant of a Share Option to any Eligible Person as our Board may in its absolute discretion select in accordance with the eligibility criteria set out in the Share Option Scheme. An offer shall be accepted when we receive the duly signed offer letter together with a non-refundable payment of HK$1.00 (or such other sum in any currency as our Board may determine).

(b) Any grant of Share Options to any Director, substantial Shareholder, chief executive of our Company or their respective associates must be approved by all of our Company's independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee).

4. Exercise Price

The exercise price for any Share under the Share Option Scheme shall be a price determined by our Board and notified to each grantee and shall be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day,(ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option and the nominal value of a Share on the date of grant.

5. Maximum number of Shares

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 10% of the total number of Shares in issue from time to time. No Share Options may be granted under the Share Option Scheme and any other share option schemes of our Company if this will result in such limit being exceeded.

The maximum number of Shares issued and to be issued upon exercise of the Options granted to any one Eligible Person (including both exercised and outstanding Options) in any 12-month period shall not exceed one percent of the Shares in issue from time to time.

6. Time of exercise of option

(a) Subject to certain restrictions contained in the Share Option Scheme, a Share Option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option.

(b) There is no general requirement on the minimum period for which a Share Option must be held or the performance targets which must be achieved before a Share Option can be exercised under the terms of the Share Option Scheme. However, at the time of granting any Share Option, our Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the Share Options to be held and/or the performance targets to be achieved as our Board may determine in its absolute discretion.

7. Remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme on 23 October 2017.

During the year of 2020, no option has been granted under the Share Option Scheme adopted by the Company on 23 October 2017.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and "Share option scheme" above, at no time during the year ended 31 December 2020 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

DIRECTORS' REPORT

Related Party Transactions and Connected Transactions

Details of the related party transactions entered into by the Group are set out in note 26 to the financial statements.

Other than as disclosed in the section below headed connected transaction and continuing connected transaction, the Directors confirm that the remaining related party transactions set out in note 26(a) to the financial statements constituted exempt connected transactions and exempt continuing connected transactions, and that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Connected transaction and continuing connected transaction

Non-exempted Continuing Connected Transactions up to 31 December 2019

On 11 October 2017, the Company (for itself and on behalf of its subsidiaries, as service providers) and Fineland Real Estate (for itself and on behalf of its subsidiaries, as service recipients) entered into a master agency service agreement (the "**Master Agency Service Agreement**"), pursuant to which our 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.

The Supplemental Master Agency Service Agreement dated 26 September 2018 was entered (the "**Supplemental Master Agency Service Agreement**") between the Company (for itself and on behalf of its subsidiaries, as the service providers) and Fineland Real Estate (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 effective date to 31 December 2020.

As disclosed in the circular of the Company dated 7 November 2018, the Directors estimate that the maximum annual fees charged by the Group in relation to the services to be provided under the Master Agency Service Agreement and Supplemental Master Agency Service Agreement for each of the three years ending 31 December 2020 will not exceed RMB91.0 million, RMB106.0 million and RMB118.0 million, respectively (the "**Revised Annual Caps**").

The renewal master agency service agreement dated 3 September 2020 was entered ("**the Renewal Master Agency Service Agreement**") 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

As disclosed in the circular of the Company dated 5 October 2020, the Directors estimate that the maximum annual fees charged by the Group in relation to the services to be provided under the Renewal Master Agency Service Agreement for each of the three years ending 31 December 2023 will not exceed RMB165.0 million, RMB220.0 million and RMB280.0 million, respectively (the "**Annual Caps**").

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the proposed annual caps for the transactions contemplated under the Renewal Master Agency Service Agreement is, on an annual basis, expected to be more than 5%, the transactions contemplated under Master Agency Service Agreement are subject to annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

The Annual Caps were approved by the independent shareholders who were not required to abstain from voting at the Company's extraordinary general meeting held on 27 October 2020.

Service provider	Service recipient	Nature of transactions	Annual cap for the year ended 31 December 2020	Total amount for the year ended 31 December 2020
Our Group	Fineland Real Estate and other connected parties	Services provided under the Supplemental Master Agency Service Agreement	RMB118.0 million	RMB117.3 million

During the year, the above continuing connected transactions were carried out within their respective annual caps. The Independent Non-executive Directors have reviewed and confirmed that during the year, the above continuing connected transactions were conducted and entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing it on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Confirmation from Auditor of the Company

The Board of Directors has received an unqualified letter issued by the auditor of the Company in accordance with Hong Kong Standard on Assurance Engagement 3000 and Practice Note 740 issued by the Hong Kong Institute of Certified Public Accountants confirming that:

a. nothing has come to their attention that causes them to believe that the above non-exempt continuing connected transactions have not been approved by the Board;

b. for transactions involving the provision of services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

d. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap set by the Company.

A copy of the letter has been provided by the Company to the Stock Exchange.

DIRECTORS' REPORT

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float required by the Listing Rules for the year ended 31 December 2020 and up to the date of this report.

Directors' Interest in Competing Business

The Directors are not aware of any business or interest of the Directors nor our controlling shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the year.

Deed of Non-competition

Our Controlling Shareholders, Mr. Fong, Ms. Tse, Mansion Green, Mr. Fong's Holding Companies, Stand Smooth and Aspiring Vision (each the "**Obligor**" and collectively the "**Obligors**") entered the deed of non-competition dated 23 October 2017 in favour of the Company (the "**Deed of Non-competition**"). Pursuant to the Deed of Non-competition, each of the Obligors has irrevocably and unconditionally undertaken to our Company (for ourselves and as trustee for our subsidiaries) that, save and except as disclosed in the prospectus of the Company dated 31 October 2017, during the period that the Deed of Non-competition remains effective, he/she/it shall not, and shall procure that his/her/its close associates (other than any member of our Group) not to carry on or be engaged, concerned or interested, or otherwise be involved, directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group and any business of our Group may engage in from time to time within the PRC, Hong Kong and such other parts of the world where any member of our Group may operate from time to time, save for the holding of not more than 5% shareholding interests (individually or with his/her/its close associates) in any company listed on a recognised stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with his/her/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Obligor (individually or with his/her/its close associates).

Each of the Obligors further undertakes that if he/she/it or his/her/its close associates other than any member of our Group is offered or becomes aware of any business opportunity which may compete with the business of our Group, he/she/it shall procure that his/her/its close associates to promptly notify our Group in writing and our Group shall have a right of first refusal to take up such opportunity. Our Group shall, within 30 days after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Obligor(s) whether our Group will exercise the right of first refusal.

The Independent Non-executive Directors of the Company had reviewed the status of the compliance as well as confirmation by the Controlling Shareholders of the Company and, on the basis of such confirmation, are of the view that such Controlling Shareholders have complied with their non-competition undertakings under the Deed of Non-Competition and the non-competition undertakings have been enforced by the Company in accordance with its terms.

Competition and Conflict of Interests

During the year, none of the Directors or controlling shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Indemnity of Directors

During the year ended 31 December 2020 and up to the date of this report, there were permitted indemnity provisions (within the meaning in Section 469 of the Hong Kong Companies Ordinance) provided for in the Articles of Association of the Company.

The Company has maintained directors' and officers' liability insurance starting from 1 December 2017, which provides appropriate cover for certain legal actions brought against its directors and officers arising out of corporate activities.

Directors and Controlling Shareholders' Material Interests in Transactions, Arrangements or Contracts of Significance

Except for the continuing connected transactions disclosed above and in the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries was a party, and in which a Director, a controlling shareholder or an entity connected with him had a material interest, subsisted at the end of the year or at any time during the year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Environmental Policies and Performance

In light of the Group's principal activities, the Directors consider that the Group's businesses do not have any direct adverse impact on the environment. Nevertheless, the Group is committed to building an environmentally-friendly corporation that pays close attention to conserving resources for its operation and raise environmental awareness within the Group. During the year, the key environmental impacts from the Group's operations relate to office energy and paper consumption. The Group strives to minimise any possible impacts or harms to the environment by, among others, establishing environmental policies and various procedures to be adopted in its usual and ordinary course of business reducing unnecessary usage of paper, conserving electricity and encouraging recycle of office supplies and other materials. When providing comprehensive property consultancy or pure property planning and consultancy services, the Group would also consider the possible environmental impacts of such plans.

DIRECTORS' REPORT

Compliance with Laws and Regulations

As at the date of this annual report, the Company has complied with all the relevant laws and regulations that have a significant impact on the operations of the Group.

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with relevant authorities effectively through effective communications.

The Group also complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Securities and Futures Ordinance (the "**SFO**") for the disclosure of information and corporate governance.

Key Relationships with Employees, Customers and Suppliers

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. Apart from basic remuneration, share options may be granted under the share option scheme to eligible employees by reference of the Group's performance as well as individual's contribution. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review. The table below set out number of employees within our different business segments as at 31 December 2020.

Management and administration	5
Property research and consultancy services	52
Real estate agency services	622
Integrated services	8
Total	687

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regularly analyses and makes changes based on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

DIRECTORS' REPORT

Five Years Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 102 of the Annual Report.

Corporate Governance

Details of the corporate governance practices adopted by the Company are set out on pages 23 to 34 of this Annual Report.

Confirmation of Independence

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to the Listing Rules and, based on contents of such confirmation, considers all the Independent Non-executive Directors to be independent and that they have met the specific independence guidelines as set out in the Listing Rules.

Review by Audit Committee

The audited financial statements of the Group for the year ended 31 December 2020 have been reviewed by the audit committee. The audit committee is of the opinion that the financial statements of the Group for the year ended 31 December 2020 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's shares.

Auditor

BDO Limited retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of BDO Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

There was no change in auditors in any of the preceding 3 years.

By order of the board
FONG Ming
Chairman
Hong Kong, 30 March 2021

INDEPENDENT AUDITOR'S REPORT

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FINELAND REAL ESTATE SERVICES GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Fineland Real Estate Services Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 101, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Revenue recognition of real estate agency service income

Refer to Notes 4(m), 5(i) and 7 to the consolidated financial statements.

For the year ended 31 December 2020, the Group's real estate agency service income amounted to approximately RMB273 million. In order to determine the amounts of such real estate agency service income, management is required to exercise significant judgements by taking into account factors such as customers' profiles and contractual terms. Revenue is recognised only when the control of the services underlying the particular performance obligation has been transferred.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters *(Continued)*

Revenue recognition of real estate agency service income *(Continued)*

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

— Obtaining an understanding on the basis of the recognition of real estate agency service income;

— Evaluating the estimation of real estate agency service income, on a sample basis, to the terms set out in the contracts and with reference to management's knowledge about contracted parties; and

— Checking the accuracy of the amounts of real estate agency service income recognised, on a sample basis, to invoices issued to customers and statements with the customers.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Lam Siu Fung
Practising Certificate no.: P05308
Hong Kong, 30 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	7	276,725	256,275
Other income and gains	8	3,487	3,016
Employee benefit expenses	10	(93,822)	(104,593)
Advertising, promotion and other commission expenses		(129,719)	(95,394)
Short-term lease expenses		(2,769)	(3,129)
Depreciation of property, plant and equipment	15	(854)	(1,086)
Depreciation of right-of-use assets	16(a)	(3,928)	(5,136)
Expected credit loss on financial assets	28(a)	(282)	(23)
Other operating expenses	9	(21,447)	(12,661)
Listing expenses		(4,966)	(4,246)
Finance costs		(433)	(673)
Profit before income tax	9	21,992	32,350
Income tax	12(a)	(10,317)	(9,933)
Profit for the year		11,675	22,417
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1,786	(401)
Total comprehensive income for the year		13,461	22,016
Profit attributable to:			
Owners of the Company		10,914	22,165
Non-controlling interests		761	252
		11,675	22,417
Total comprehensive income attributable to:			
Owners of the Company		12,700	21,764
Non-controlling interests		761	252
		13,461	22,016

		RMB cents	RMB cents
Earnings per share for profit attributable to equity holders of the Company			
— Basic and diluted	14	2.73	5.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	**2020 RMB'000**	2019 RMB'000
Non-current assets			
Property, plant and equipment	15	**2,040**	2,286
Right-of-use assets	16(a)	**6,665**	13,277
Deposits paid for acquisition of property, plant and equipment		**–**	897
Total non-current assets		**8,705**	16,460
Current assets			
Trade receivables	17	**23,734**	35,013
Deposits, prepayments and other receivables	18	**14,290**	23,991
Amounts due from fellow subsidiaries	19	**24,202**	21,712
Amounts due from related companies	19	**10,501**	14,560
Bank balances and cash	20	**138,481**	98,662
Total current assets		**211,208**	193,938
Current liabilities			
Trade payables	21	**22,232**	17,545
Contract liabilities	22	**3,410**	7,978
Accruals and other payables		**20,619**	24,183
Lease liabilities	16(b)	**2,886**	5,561
Tax payable		**20,093**	16,207
Total current liabilities		**69,240**	71,474
Net current assets		**141,968**	122,464
Total assets less current liabilities		**150,673**	138,924
Non-current liabilities			
Lease liabilities	16(b)	**4,228**	8,298
Deferred tax liabilities	12(b)	**4,389**	2,031
Total non-current liabilities		**8,617**	10,329
Net assets		**142,056**	128,595
Capital and reserves			
Share capital	23	**3,403**	3,403
Reserves	24	**137,347**	124,647
Equity attributable to owners of the Company		**140,750**	128,050
Non-controlling interests		**1,306**	545
Total equity		**142,056**	128,595

Approved and authorised for issue by the board of directors on 30 March 2021.

RONG Haiming	**YI Ruofeng**
Executive Director	*Executive Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Retained profits *RMB'000*	Equity attributable to owners of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2019	3,403	51,677	5,987	6,782	(2,678)	41,115	106,286	(1)	106,285
Profit for the year	–	–	–	–	–	22,165	22,165	252	22,417
Other comprehensive income									
Exchange differences on translation of foreign operations	–	–	–	–	(401)	–	(401)	–	(401)
Total comprehensive income for the year	–	–	–	–	(401)	22,165	21,764	252	22,016
Capital injection by non-controlling interest	–	–	–	–	–	–	–	294	294
Profit appropriations to statutory reserve	–	–	–	1,200	–	(1,200)	–	–	–
As at 31 December 2019 and 1 January 2020	3,403	51,677	5,987	7,982	(3,079)	62,080	128,050	545	128,595
Profit for the year	–	–	–	–	–	10,914	10,914	761	11,675
Other comprehensive income									
Exchange differences on translation of foreign operations	–	–	–	–	1,786	–	1,786	–	1,786
Total comprehensive income for the year	–	–	–	–	1,786	10,914	12,700	761	13,461
Profit appropriations to statutory reserve	–	–	–	3,252	–	(3,252)	–	–	–
As at 31 December 2020	3,403	51,677	5,987	11,234	(1,293)	69,742	140,750	1,306	142,056

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 **RMB'000**	2019 RMB'000
Cash flows from operating activities		
Profit before income tax	**21,992**	32,350
Adjustments for:		
Interest income	**(1,405)**	(2,100)
Depreciation of property, plant and equipment	**854**	1,086
Depreciation of right-of-use assets	**3,928**	5,136
Finance costs	**433**	673
Expected credit loss on financial assets	**282**	23
Loss on disposal of property, plant and equipment	**502**	707
Currency translation differences	**1,762**	(455)
COVID-19-related rent concessions	**(137)**	–
Gain on lease modifications, net	**(226)**	–
Operating profit before working capital changes	**27,985**	37,420
Decrease/(increase) in trade receivables	**10,997**	(12,219)
Decrease/(increase) in deposits, prepayments and other receivables	**9,701**	(16,520)
(Increase)/decrease in amounts due from fellow subsidiaries	**(2,490)**	13,039
Decrease/(increase) in amounts due from related companies	**4,059**	(14,560)
Increase in trade payables	**4,687**	2,783
Decrease in contract liabilities	**(4,568)**	(8,318)
Decrease in accruals and other payables	**(3,496)**	(3,108)
Cash generated from/(used in) operations	**46,875**	(1,483)
Income tax paid	**(4,073)**	(6,001)
Net cash generated from/(used in) operating activities	**42,802**	(7,484)
Cash flows from investing activities		
Interest income received	**1,405**	2,100
Purchases of property, plant and equipment, net of deposits paid for acquisition of property, plant and equipment	**(257)**	(867)
Proceeds from disposal of property, plant and equipment	**44**	18
Net cash generated from investing activities	**1,192**	1,251
Cash flows from financing activities		
Capital injection by non-controlling interest	**–**	294
Payment of principal portion of lease payments	**(3,698)**	(4,554)
Payment of interest portion of lease payments	**(433)**	(673)
Net cash used in financing activities	**(4,131)**	(4,933)
Net increase/(decrease) in cash and cash equivalents	**39,863**	(11,166)
Effect of foreign exchange rate changes	**(44)**	74
Cash and cash equivalents at beginning of year	**98,662**	109,754
Cash and cash equivalents at end of year	**138,481**	98,662
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**138,481**	98,662

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Fineland Real Estate Services Group Limited (the "Company") was incorporated as an exempted company in the Cayman Islands with limited liability. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong. Since 15 November 2017, its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the shares were transferred from GEM to the Main Board of the Stock Exchange on 28 May 2020.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the provision of real estate agency services, property research and consultancy and integrated services in the People's Republic of China (the "PRC").

The immediate holding company and ultimate holding company of the Company are Mansion Green Holdings Limited and Widethrive Investments Limited, respectively, companies incorporated in the British Virgin Islands (the "BVI") with limited liability. The directors of the Company consider that the Company is ultimately controlled by Mr. Fong Ming and Ms. Tse Lai Wa.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs — effective on 1 January 2020

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendment to HKFRS 16	COVID-19-Related Rent Concessions

Except for the early adoption of amendment to HKFRS 16, COVID-19-Related Rent Concessions, the other amended HKFRSs that are effective from 1 January 2020 did not have any significant impact on the Group's financial performance and financial position.

Amendments to HKFRS 3 — Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

Amendments to HKAS 1 and HKAS 8 — Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new or revised HKFRSs — effective on 1 January 2020 *(Continued)*

Amendment to HKFRS 16 — COVID-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained profits at 1 January 2020 on initial application of the amendment.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's shop premises have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concession of RMB137,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and recognising as other income in the consolidated statement of comprehensive income for the year ended 31 December 2020 (Note 8).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group in the preparation of these financial statements. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Annual Improvements to HKFRSs 2018-2020[2]	

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments require that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKAS 16 — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37 — Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

HKFRS 17 — Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

Amendments to HKFRS 3 — Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective *(Continued)*

Annual Improvements to HKFRSs 2018-2020

The annual improvements amend a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permits a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarifies the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amends Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 — Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Company do not anticipate that the application of the above new or amendments to HKFRSs in the future will have an impact on the financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company's subsidiaries established in the PRC. The functional currency of the Company is Hong Kong dollars ("HK$"). All values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired during the reporting period are included in the consolidated statement of comprehensive income from the dates of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Business combination and basis of consolidation *(Continued)*

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights to, variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position (Note 33), interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Historical cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss in the period in which it is incurred. In situations where it is probable that future economic benefits of the expenditure will flow to the entity, and the cost of which can be measured reliably, the expenditure is capitalised as an additional cost of the asset or a separate asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Property, plant and equipment *(Continued)*

Depreciation is charged so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Land and building	Over the remaining unexpired period of the lease or 20 years, whichever is the shorter
Furniture, fixtures and equipment	20%
Motor vehicles	25%
Computer equipment and software	10% to $33^1/_3$%
Leasehold improvements	Annual rates as determined by shorter of expected useful lives of 5 years and the unexpired period of the leases

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Leases

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. The right-of-use asset is depreciated over the shorter of the asset's estimated useful life and the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Leases *(Continued)*

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for COVID-19-Related Rent Concessions applies (see Note 2(a)), if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 "Financial Instruments" ("HKFRS 9") simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables and accruals and other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(f) Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Impairment of non-financial assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into a known amount of cash and which are subject to an insignificant risk of changes in value.

(h) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(i) Taxation

Income tax represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years respectively and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Translation of foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange reserve.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the period when the employees rendered the related service.

(ii) Retirement benefits scheme

The Group's contributions to the defined contribution retirement scheme are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parents.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax.

Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

Revenue from real estate agency services is recognised at a point in time when the service is rendered and the property buyer has executed the sale and purchase agreement and made the required payments according to the terms and conditions stated in different agency contracts, since only by that time the Group has an enforceable right to payment from the property developers for the services performed. The Group's commission rate receivable is variable based on a pre-agreed sales target. Before the Group met the agreed sales target, the Group will recognise revenue based on a lower commission rate. Until when the sales target is met, the Group will recognise the incremental revenue, representing the variable considerations, at the higher commission rate on the performance obligations satisfied in previous periods. Performance bonus for reaching sales target pre-agreed with certain property developers is only recognised to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognised will not occur.

Revenue from property research and consultancy services is recognised at a point in time when the service is rendered and the customer has received and endorsed the report, since the customers do not simultaneously receive and consume the benefits until the report is received and only by that time the Group has an enforceable right to payment for the services performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Revenue recognition *(Continued)*

Revenue from integrated services is recognised at a point in time when the service is rendered with the specified performance obligation met, since the services bring no benefits to the customers until the aforementioned events occur and only by that time the Group has an enforceable right to payment for the services performed.

Interest income is recognised on a time-proportion basis using the effective interest method.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(n) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

(o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements in applying the Group's accounting policies, and estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Revenue recognition of real estate agency service income

Management estimates the total consideration of real estate agency service income, including an estimate of variable consideration, received in exchange for the services rendered, details of which are set out in Note 4(m). The variable consideration is the amount for which it is highly probable that a significant reversal in the cumulative amount of revenue recognised will not occur in future period when the uncertainty associated with the variable consideration is subsequently resolved.

(ii) Impairment of trade receivables and amounts due from fellow subsidiaries and related parties

The Group makes allowance for impairment on trade receivables and amounts due from fellow subsidiaries and related parties based on assumptions about risk of default and ECL rates, details of which are set out in Note 28(a). The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

(iii) Deferred tax liabilities

Deferred tax liabilities have been accrued at a tax rate of 10% on the undistributed earnings of subsidiaries of the Company in the PRC after taking into consideration of the historical dividend records of the relevant subsidiaries of the Company, details of which are set out in Note 12(b).

The dividend policy of the relevant subsidiaries is subject to the financial and market conditions, the availability of funding and reserves available for distribution of the relevant subsidiaries. If the dividend policy of the relevant subsidiaries of the Company has changed, the deferred tax in relation to withholding tax of undistributed earnings would be changed accordingly.

(iv) Determining the lease term of contracts with extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Further information is set out in Note 16.

6. SEGMENT REPORTING

The Group is principally engaged in provision of comprehensive real estate agency services. The executive directors of the Company, who are the chief operating decision-makers of the Group, assess the performance of the Group's internal reporting based on a measure of operating results and consider the range of agency services as a single operating segment. Information reported to the executive directors for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated.

Management regularly reviews the financial information of the Group as a whole as reported under HKFRSs. Accordingly, the Group has identified one operating segment which is provision of comprehensive real estate agency services. Business segment information is not considered necessary.

As the executive directors consider the Group's revenue and results are all derived from provision of services in the PRC and no significant consolidated assets of the Group are located outside the PRC except bank balances in Hong Kong, geographical segment information is not considered necessary.

Information about major customers

Revenue from the following customers with whom transactions have exceeded 10% of the Group's revenue, is as follows:

	2020 ***RMB'000***	2019 *RMB'000*
Fineland Group Holdings Company Limited (formerly known as Fineland Real Estate Holdings Company Limited) ("Fineland Group Holdings") and its subsidiaries* (collectively the "Fineland Group")	**106,158**	106,649
Investee company of the Fineland Group#	**30,018**	N/A

* Fellow subsidiaries of the Company

The revenue in the year ended 31 December 2019 did not contribute over 10% of the total revenue of the Group for that year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7. REVENUE

Disaggregation of revenue by each significant category and timing of revenue recognition are as follows:

	2020 *RMB'000*	2019 *RMB'000*
Revenue from customers recognised at point in time:		
Real estate agency service income	273,032	252,900
Property research and consultancy service income	2,252	1,424
Integrated services income	1,441	1,951
	276,725	256,275

The following table provides information about the revenue recognised in the reporting period relating to carried-forward contract liabilities:

	2020 *RMB'000*	2019 *RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year:		
Real estate agency service income *(Note 22)*	7,978	16,296

8. OTHER INCOME AND GAINS

	2020 *RMB'000*	2019 *RMB'000*
COVID-19-related rent concessions *(Note 2(a))*	137	–
Exchange gains, net	–	468
Gain on lease modifications, net *(Note 16)*	226	–
Government grants	1,010	–
Interest income	1,405	2,100
Others	709	448
	3,487	3,016

The government grants mainly represent unconditional grants received from local government to encourage the Group's development. There were no unfulfilled conditions relating to the grants.

9. PROFIT BEFORE INCOME TAX

This is arrived at after charging:

	2020 *RMB'000*	2019 *RMB'000*
Listing expenses *(Note (a))*	**4,966**	4,246
Finance costs:		
Interest expenses on lease liabilities	**433**	673
Other operating expenses:		
Office expenses	**6,119**	3,000
Auditor's remuneration	**1,208**	1,292
Travelling expenses	**4,018**	3,870
Business entertainment expenses	**1,214**	890
Donation	**893**	–
Exchange losses, net	**1,900**	–
Acquisition-related costs	**2,082**	–
Legal and professional fees	**2,821**	2,166
Loss on disposal of property, plant and equipment	**502**	707
Others *(Note (b))*	**690**	736
	21,447	12,661

Notes:

(a) The listing expenses were the professional fees incurred relating to the application of the transfer of listing from GEM to the Main Board of the Stock Exchange.

(b) Others included individual items less than RMB200,000, such as bank charges, insurance expenses, motor vehicle expenses, repairs and maintenance, consumables and miscellaneous expenses.

10. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses (including directors' emoluments (Note 11)) comprise:

	2020 *RMB'000*	2019 *RMB'000*
Salaries, allowances and other benefits	**92,026**	94,400
Contributions to retirement benefits scheme	**1,796**	10,193
	93,822	104,593

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

11. DIRECTORS' EMOLUMENTS (INCLUDING CHIEF EXECUTIVES) AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments (including Chief Executives)

The emoluments of each of the directors (including Chief Executives) for the year are set out below:

	Directors' fees *RMB'000*	Salaries, allowances and other benefits *RMB'000*	Discretionary bonuses *RMB'000*	Contributions to retirement benefits scheme *RMB'000*	Total *RMB'000*
Year ended 31 December 2020					
Executive directors					
Ms. Rong Haiming	–	786	414	52	1,252
Mr. Yi Ruofeng	–	575	300	52	927
Ms. Tse Lai Wa	–	120	–	–	120
Non-executive director					
Mr. Fong Ming	120	–	–	–	120
Independent non-executive directors					
Mr. Leung Wai Hung	177	–	–	–	177
Dr. Liao Junping	190	–	–	–	190
Mr. Tian Qiusheng	190	–	–	–	190
Mr. Du Chenhua	190	–	–	–	190
	867	1,481	714	104	3,166

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

11. DIRECTORS' EMOLUMENTS (INCLUDING CHIEF EXECUTIVES) AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' emoluments (including Chief Executives) *(Continued)*

	Directors' fees *RMB'000*	Salaries, allowances and other benefits *RMB'000*	Discretionary bonuses *RMB'000*	Contributions to retirement benefits scheme *RMB'000*	Total *RMB'000*
Year ended 31 December 2019					
Executive directors					
Ms. Rong Haiming	–	779	411	72	1,262
Mr. Yi Ruofeng	–	563	298	72	933
Ms. Tse Lai Wa	–	120	–	–	120
Non-executive director					
Mr. Fong Ming	120	–	–	–	120
Independent non-executive directors					
Mr. Leung Wai Hung	158	–	–	–	158
Dr. Liao Junping	185	–	–	–	185
Mr. Tian Qiusheng	185	–	–	–	185
Mr. Du Chenhua	185	–	–	–	185
	833	1,462	709	144	3,148

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2019: RMBNil). In addition, none of the directors waived or agreed to waive any remuneration during the year (2019: RMBNil).

The discretionary bonuses are determined by reference to the financial performance of the Group and the performance of the individual director for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

11. DIRECTORS' EMOLUMENTS (INCLUDING CHIEF EXECUTIVES) AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Five highest paid individuals

The five individuals with the highest emoluments in the Group included two directors (2019: two directors) of the Company during the year, whose emoluments are included in the analysis presented in Note 11(a). The emoluments of the remaining non-director, highest paid individuals for the year, are as follows:

	2020 ***RMB'000***	2019 *RMB'000*
Salaries, allowances and other benefits	**2,290**	2,767
Contributions to retirement benefits scheme	**25**	47
	2,315	2,814

During the year, no remuneration was paid by the Group to the highest paid individuals above as an inducement to join or upon joining the Group or as compensation for loss of office (2019: RMBNil).

The number of non-director, highest paid individuals whose emoluments fell within the following bands:

	2020 **Number of individuals**	2019 Number of individuals
Nil to HK$1,000,000 (equivalent to approximately Nil to RMB893,000)	**2**	1
HK$1,000,001 to HK$1,500,000 (equivalent to approximately RMB893,001 to RMB1,340,000)	**1**	2
	3	3

The emoluments paid or payable to members of senior management were within the following bands:

	2020 **Number of individuals**	2019 Number of individuals
Nil to HK$1,000,000 (equivalent to approximately Nil to RMB893,000)	**2**	1
HK$1,000,001 to HK$1,500,000 (equivalent to approximately RMB893,001 to RMB1,340,000)	**–**	1
	2	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

12. INCOME TAX

(a) The amounts of income tax in the consolidated statement of comprehensive income represent:

	2020	2019
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax ("EIT")		
— provision for the year	**7,866**	9,933
— over-provision in respect of prior years	**(364)**	–
	7,502	9,933
Deferred tax *(Note 12(b))*	**2,815**	–
	10,317	9,933

Notes:

(i) No Hong Kong profits tax has been provided as the Group has no estimated assessable profits arising in Hong Kong for the current and prior years.

(ii) Under the PRC EIT Law, the Group's PRC entities are subject to income tax at a rate of 25%, except that certain subsidiaries are qualified as small enterprises and micro businesses and enjoy a preferential income tax rate of 5% and 10% respectively for the year ended 31 December 2020.

Income tax for the year can be reconciled to profit before income tax per the consolidated statement of comprehensive income as follows:

	2020	2019
	RMB'000	*RMB'000*
Profit before income tax	**21,992**	32,350
Taxation calculated at PRC EIT rate of 25% (2019: 25%)	**5,498**	8,088
Tax effect of different tax rates of subsidiaries with low profits	**(1,388)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,039**	659
Tax effect of revenue not taxable for tax purposes	**–**	(117)
Tax effect of expenses not deductible for tax purposes	**2,616**	1,369
Tax effect of tax losses not recognised	**102**	–
Utilisation of tax losses previously not recognised	**–**	(10)
Tax allowances granted to a PRC subsidiary	**(1)**	(56)
Deferred tax on undistributed earnings of PRC subsidiaries	**2,815**	–
Over-provision in respect of prior years	**(364)**	–
Income tax for the year	**10,317**	9,933

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

12. INCOME TAX *(Continued)*

(b) Deferred tax liabilities

The movements in deferred tax liabilities during the current and prior years are as follows:

	Undistributed earnings of subsidiaries in the PRC *RMB'000*
At 1 January 2019, 31 December 2019 and 1 January 2020	2,031
Transferred upon payment of dividends	(457)
Charged to profit or loss *(Note 12(a))*	2,815
As at 31 December 2020	4,389

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% for the unremitted earnings of the PRC subsidiaries. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at 31 December 2020, no deferred tax liability was provided for the withholding tax that would be payable on certain unremitted earnings amounting to RMB76,860,000 (2019: RMB76,860,000). Such amount of unremitted earnings was expected to be retained by the PRC subsidiaries and not be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

As at 31 December 2020, the Group had unused tax losses of approximately RMB659,000 (2019: RMB252,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profits streams.

The unused tax losses will be available within five years for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2020, the Group did not have other material unrecognised deferred tax (2019: RMBNil).

13. DIVIDEND

	2020 ***RMB'000***	2019 *RMB'000*
Proposed final dividend — HK1 cent (2019: Nil) per ordinary share	**3,394**	–

The proposed final dividend for the year is subject to the approval of the Company's Shareholders at the forthcoming annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2020	2019
Profit for the year attributable to the owners of the Company *(RMB'000)*	**10,914**	22,165
Weighted average number of ordinary shares for the purpose of basic earnings per share	**400,000,000**	400,000,000

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding for the years ended 31 December 2019 and 2020.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and building *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Computer equipment and software *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
Cost						
As at 1 January 2019	–	838	395	2,887	4,128	8,248
Additions	–	21	–	44	145	210
Disposals	–	(106)	–	(115)	(1,121)	(1,342)
As at 31 December 2019 and 1 January 2020	–	753	395	2,816	3,152	7,116
Additions	621	32	–	373	128	1,154
Disposals	–	(121)	–	(157)	(1,224)	(1,502)
As at 31 December 2020	621	664	395	3,032	2,056	6,768
Accumulated depreciation						
As at 1 January 2019	–	(510)	(141)	(1,925)	(1,785)	(4,361)
Depreciation for the year	–	(62)	(94)	(302)	(628)	(1,086)
Eliminated on disposals	–	28	–	68	521	617
As at 31 December 2019 and 1 January 2020	–	(544)	(235)	(2,159)	(1,892)	(4,830)
Depreciation for the year	(20)	(38)	(94)	(235)	(467)	(854)
Eliminated on disposals	–	44	–	115	797	956
As at 31 December 2020	(20)	(538)	(329)	(2,279)	(1,562)	(4,728)
Carrying amounts						
As at 31 December 2020	601	126	66	753	494	2,040
As at 31 December 2019	–	209	160	657	1,260	2,286

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

16. LEASES

The Group entered into a number of lease agreements for the use of office and shop premises in the PRC with lease terms ranging from 2 to 5 years (2019: from 2 to 5 years). Certain lease agreements contain options to extend or terminate the lease. Under certain lease agreements with the extension option, the rental amount and lease terms for extension period are subject to negotiation with respective landlords on an individual basis at the time of renewal. At lease commencement date, the management assessed and concluded that the Group is not reasonably certain to exercise the extension options and the Group is not reasonably certain not to exercise the termination option of the lease agreements.

Due to the persistence of COVID-19 pandemic during the year ended 31 December 2020, the Group renegotiated the contractual terms of certain leases and exercised termination options. As a result of lease modifications, right-of-use assets with aggregate costs of RMB9,008,000 and accumulated depreciation of RMB3,854,000 and the corresponding lease liabilities of RMB5,380,000 are derecognised and accordingly, a gain on lease modifications of RMB226,000 has been recognised as other income in profit or loss during the year (Note 8).

(a) Right-of-use assets

	Office and shop premises *RMB'000*
Cost	
As at 1 January 2019	12,082
Additions	6,331
As at 31 December 2019 and 1 January 2020	18,413
Additions	2,470
Lease modifications	(9,008)
Written-off	(708)
As at 31 December 2020	11,167
Accumulated depreciation	
As at 1 January 2019	–
Depreciation for the year	(5,136)
As at 31 December 2019 and 1 January 2020	(5,136)
Depreciation for the year	(3,928)
Eliminated on lease modifications	3,854
Eliminated on written-off	708
As at 31 December 2020	(4,502)
Carrying amounts	
As at 31 December 2020	6,665
As at 31 December 2019	13,277

For the year ended 31 December 2020, the total cash payments for the Group's lease arrangements (including repayment of lease liabilities) amounted to RMB4,131,000 (2019: RMB5,227,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

16. LEASES *(Continued)*

(b) Lease liabilities

	2020 **RMB'000**	2019 RMB'000
Current liabilities	**2,886**	5,561
Non-current liabilities	**4,228**	8,298
	7,114	13,859

Included in the current lease liabilities is an amount with a related party who is a daughter of Ms. Tse Lai Wa, a director and shareholder of the Company, of RMB288,000 (2019: RMB273,000).

As at 31 December 2020	**Present value** ***RMB'000***	**Interest** ***RMB'000***	**Minimum lease payments** ***RMB'000***
Not later than one year	**2,886**	**70**	**2,956**
Later than one year and not later than two years	**2,090**	**160**	**2,250**
Later than two years and not later than five years	**2,138**	**344**	**2,482**
	7,114	**574**	**7,688**

As at 31 December 2019	Present value *RMB'000*	Interest *RMB'000*	Minimum lease payments *RMB'000*
Not later than one year	5,561	144	5,705
Later than one year and not later than two years	4,284	331	4,615
Later than two years and not later than five years	4,014	634	4,648
	13,859	1,109	14,968

17. TRADE RECEIVABLES

	2020 ***RMB'000***	2019 *RMB'000*
Trade receivables	**25,395**	36,392
Less: Impairment losses	**(1,661)**	(1,379)
	23,734	35,013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

17. TRADE RECEIVABLES *(Continued)*

Trade receivables mainly represent real estate agency service income receivables from customers whereby no credit terms are granted generally. The customers are obliged to settle the amounts due upon completion of services provided or pursuant to the terms and conditions of the relevant agreements. The aging analysis of trade receivables (net of impairment losses) based on invoice date (which is also the due date) as of the end of the reporting period is as follows:

	2020 **RMB'000**	2019 *RMB'000*
Within 3 months	**23,217**	34,459
4 to 12 months	**517**	554
	23,734	35,013

The directors of the Company consider that the carrying amounts of trade receivables approximate their fair values.

No interest is charged on trade receivables.

In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables.

For the years ended 31 December 2019 and 2020, the Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECLs provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Movements in the provision for impairment of trade receivables are set out in Note 28(a). For the year ended 31 December 2020, additional provision of RMB282,000 (2019: RMB23,000) was made against the gross amounts of trade receivables.

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020 **RMB'000**	2019 *RMB'000*
Rental and utility deposits	**1,304**	1,830
Prepayments *(Note (a))*	**9,086**	15,800
Other receivables and deposits *(Note (b))*	**3,900**	6,361
	14,290	23,991

Notes:

(a) The balance represents prepaid commissions to real estate agents enabling them to carry out the real estate agency services to the Group in the primary market projects situated in the PRC. Prepaid commissions will be subsequently recognised as commission expenses and charged in profit or loss when the Group recognises the related real estate agency service income.

(b) As at 31 December 2020, other receivables and deposits included deposits paid to real estate agents of approximately RMB3,339,000 (2019: RMB5,290,000) in accordance with the underlying agreements to enable them to carry out the real estate agency services to the Group in the primary market projects situated in the PRC. The deposits will be released to the Group upon completion of the respective agreements with terms that are generally less than one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

19. AMOUNTS DUE FROM FELLOW SUBSIDIARIES AND RELATED COMPANIES

The amounts due from fellow subsidiaries and related companies as at 31 December 2019 and 2020 are trade in nature, unsecured and interest-free and they are obliged to settle the amounts due upon completion of services provided or pursuant to the terms and conditions of the relevant agreements. The related companies are investee companies of the Fineland Group and there are common directors between Fineland Group Holdings and the investee companies.

The Group has adopted the same impairment policies on trade receivables and amounts due from fellow subsidiaries and related companies in 2019 and 2020 respectively, details of which are set out in Note 17.

The aging analysis of amounts due from fellow subsidiaries and related companies based on invoice date (which is also the due date) as of the end of the reporting period is as follows:

	2020	2019
	RMB'000	*RMB'000*
Amounts due from fellow subsidiaries		
Within 3 months	**23,092**	20,862
4 to 12 months	**1,110**	850
	24,202	21,712
Amounts due from related companies		
Within 3 months	**10,501**	14,552
4 to 12 months	**–**	8
	10,501	14,560

20. BANK BALANCES AND CASH

As at 31 December 2019 and 2020, bank balances carry interest at prevailing deposit rates.

As at 31 December 2020, included in the Group's bank balances is an amount of approximately RMB138,094,000 (2019: RMB94,521,000), which are deposits with banks in the PRC and denominated in RMB, and RMB is not a freely convertible currency.

21. TRADE PAYABLES

The amounts mainly represented the commissions payable to co-operative real estate agents. The ageing analysis of trade payables based on invoice date as of the end of the reporting period is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**22,232**	17,545

The directors of the Company consider that the carrying amounts of trade payables approximate their fair values as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

22. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	2020 **RMB'000**	2019 RMB'000
Contract liabilities from third parties	**3,410**	7,978

Movements in contract liabilities

	2020 **RMB'000**	2019 RMB'000
Balance as at 1 January	**7,978**	16,296
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year *(Note 7)*	**(7,978)**	(16,296)
Increase in contract liabilities as a result of receipt in advance of real estate agency service income	**3,410**	7,978
Balance at 31 December	**3,410**	7,978

23. SHARE CAPITAL

	Number	**Amount** *HK$'000*
Ordinary shares at par value of HK$0.01 each		
Authorised		
As at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	10,000,000,000	100,000

	Number	**Amount** *HK$'000*	**Amount** *RMB'000*
Ordinary shares at par value of HK$0.01 each			
As at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	400,000,000	4,000	3,403

24. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. The nature and purpose of the reserves are as follows:

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

Capital reserve

Capital reserve represents the difference between the fair value of the consideration paid and the carrying value of the subsidiaries acquired and was recorded in the equity.

Statutory reserve

In accordance with the relevant laws and regulations in the PRC and articles of association of the PRC subsidiaries, it is required to appropriate 10% of the annual net profits of the PRC subsidiaries, after offsetting any prior years' losses as determined under the relevant PRC accounting standards, to their respective statutory reserves before distributing any net profit. When the balances of the statutory reserves reach 50% of their respective registered capital, any further appropriation is at the discretion of equity owners.

Exchange reserve

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. This reserve is dealt with in accordance with the accounting policy in Note 4(j) to the financial statements.

25. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitment

	2020 ***RMB'000***	2019 *RMB'000*
Capital expenditure, contracted for but not provided for, in respect of:		
Acquisition of property, plant and equipment	–	370

(b) Contingent liability

At the end of the reporting period, the Group did not have any significant contingent liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

26. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group entered into the following transactions with related parties:

	2020 *RMB'000*	2019 *RMB'000*
Real estate agency service income from fellow subsidiaries	**104,059**	104,744
Property research and consultancy service income from fellow subsidiaries	**1,980**	178
Integrated services income from fellow subsidiaries	**119**	759
Other research service income from fellow subsidiaries	**–**	913
Other real estate agency service income from a fellow subsidiary	**–**	55
Other real estate agency service income from an associate company of a fellow subsidiary	**17**	–
Real estate agency service income from investee companies of fellow subsidiaries	**31,466**	14,605
Real estate agency service income from associates of fellow subsidiaries	**16,966**	–
Property research and consultancy service income from an associate of a fellow subsidiary	**94**	–
Short-term lease expenses to fellow subsidiaries	**2,375**	1,843
Lease payments to a related party *(Note)*	**298**	290
Consultancy fee to a fellow subsidiary	**779**	–
Deposits paid for acquisition of property, plant and equipment to a fellow subsidiary	**–**	657

The above transactions were conducted on mutually agreed terms.

Note:

The related party is a daughter of Ms. Tse Lai Wa, a director and shareholder of the Company.

(b) As at the end of the reporting period, the Group had capital commitment to a fellow subsidiary in respect of acquisition of property, plant and equipment of approximately RMBNil (2019: RMB370,000).

(c) On 11 October 2017, the Group and Fineland Group Holdings, an intermediate holding company of the Company, entered into trademark license 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 ("Licensed Trademarks") in Hong Kong and the PRC at nil consideration. The term of the Trademark License Agreements commences on the date thereof until the expiration date of the Licensed Trademarks.

26. RELATED PARTY TRANSACTIONS *(Continued)*

(d) On 11 October 2017, the Group and Fineland Group Holdings entered into a 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 commencing from the date thereof to 31 December 2019. On 26 September 2018, the Group and Fineland Group Holdings entered into a supplemental master agency service agreement that extended the contract terms to 31 December 2020. On 3 September 2020, the Group and Fineland Group Holdings entered into a renewal master agency agreement for a further term of three years commencing on 1 January 2021 to 31 December 2023.

(e) Compensation of key management personnel

Emoluments of key management personnel, who are executive directors of the Company, during the reporting period are set out in Note 11.

27. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

As consistent with industry practice, the Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

The gearing ratio as at the end of the reporting period was as follows:

	2020	2019
	RMB'000	*RMB'000*
Total liabilities	**77,857**	81,803
Total assets	**219,913**	210,398
Gearing ratio	**35%**	39%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

28. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk and currency risk.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, deposits and other receivables, amounts due from fellow subsidiaries and related companies which are trade in nature and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Bank balances

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and reputable banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade receivables and amounts due from fellow subsidiaries and related companies which are trade in nature

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables. The Group measures the expected credit losses on a combination of both individual and collective basis.

The Group expects that the credit risk associated with amounts due from fellow subsidiaries and related companies to be low, since these companies have a strong capacity to meet their contractual cash flow obligations in the near term. The Group assessed that the impairment allowance was immaterial, and therefore no provision was made for the year.

Receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision of impairment allowance. As at 31 December 2020, the balance of loss allowance in respect of these individually assessed receivables was RMB1,652,000 (2019: RMB1,367,000).

ECLs are estimated by grouping the remaining receivables based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward-looking information. The information about the Group's exposure to credit risk and ECLs for remaining receivables as at 31 December 2019 and 2020 is set out in the table in Note 28(a) below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

28. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iii) Deposits and other receivables

The Group makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience as well as ECL assessment. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of deposits and other receivables. Accordingly, the ECL rate on deposits and other receivables was assessed to be minimal and no provision was recognised for the year.

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECLs. The Group considers available reasonable and supportive forwarding-looking information and especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of individual property owner or the debtor;
- significant increases in credit risk on other financial instruments of the individual property owner or the debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

As at 31 December 2020, loss allowance provision for trade receivables was determined as follows:

	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Net carrying amount *RMB'000*
Assessed collectively				
Within 3 months	0.03%	23,224	(7)	23,217
Within 4 to 12 months	0.31%	519	(2)	517
Assessed Individually				
Full expected loss	100%	1,652	(1,652)	–
Total		25,395	(1,661)	23,734

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

28. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

As at 31 December 2019, loss allowance provision for trade receivables was determined as follows:

	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Net carrying amount *RMB'000*
Assessed collectively				
Within 3 months	0.03%	34,469	(10)	34,459
Within 4 to 12 months	0.31%	556	(2)	554
Assessed Individually				
Full expected loss	100%	1,367	(1,367)	–
Total		36,392	(1,379)	35,013

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	2020 ***RMB'000***	2019 *RMB'000*
Balance at 1 January	**1,379**	1,356
Impairment losses recognised during the year	**282**	23
Balance at 31 December	**1,661**	1,379

The increase in impairment loss allowance of approximately RMB282,000 (2019: RMB23,000) was primarily due to increase in gross carrying amount of individually assessed credit — impaired trade receivables.

Normally, the Group does not obtain collateral from customers.

As at 31 December 2019 and 2020, the Group has concentration of credit risk on amounts due from fellow subsidiaries and related companies as the debtors were group entities under the Fineland Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any other guarantee which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 17.

28. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Group maintains a reasonable level of cash and cash equivalents. The Group finances its working capital requirements mainly through funds generated from operations.

The following tables show the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period, based on undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates ruling at the end of the reporting period) and at the earliest date the Group can be required to pay.

	Carrying amount *RMB'000*	Total contractual undiscounted cash flows *RMB'000*	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*
As at 31 December 2020					
Trade payables	22,232	22,232	22,232	–	–
Accruals and other payables	15,821	15,821	15,821	–	–
Lease liabilities	7,114	7,688	2,956	2,250	2,482
	45,167	45,741	41,009	2,250	2,482

	Carrying amount *RMB'000*	Total contractual undiscounted cash flows *RMB'000*	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*
As at 31 December 2019					
Trade payables	17,545	17,545	17,545	–	–
Accruals and other payables	18,044	18,044	18,044	–	–
Lease liabilities	13,859	14,968	5,705	4,615	4,648
	49,448	50,557	41,294	4,615	4,648

(c) Currency risk

Currency risk to the Group is minimal as most of the Group's transactions are carried out in the respective functional currencies of the group entities.

(d) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values due to their short term nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

29. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised as at 31 December 2020 is categorised as follows:

	2020 **RMB'000**	2019 RMB'000
Financial assets:		
Financial assets measured at amortised cost	**202,122**	178,138
Financial liabilities:		
Financial liabilities measured at amortised cost	**45,167**	49,448

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2020, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,470,000 (2019: RMB6,331,000) and RMB2,470,000 (2019: RMB6,331,000) respectively, in respect of lease arrangements for office and shop premises.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities *RMB'000*
At 1 January 2020	13,859
Changes from cash flows:	
Payment of principal portion of lease payments	(3,698)
Payment of interest portion of lease payments	(433)
Total changes from financing cash flows	(4,131)
Non-cash changes:	
New lease liabilities	2,470
Modification of leases	(5,380)
COVID-19-related rent concessions	(137)
Interest expenses of lease liabilities	433
Total non-cash changes	(2,614)
At 31 December 2020	7,114

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Lease liabilities *RMB'000*
At 1 January 2019	12,082
Changes from cash flows:	
Payment of principal portion of lease payments	(4,554)
Payment of interest portion of lease payments	(673)
Total changes from financing cash flows	(5,227)
Non-cash changes:	
New lease liabilities	6,331
Interest expenses of lease liabilities	673
Total non-cash changes	7,004
At 31 December 2019	13,859

31. RETIREMENT BENEFIT SCHEME

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the local governments in the PRC. The Group is required to contribute a specified percentage of the qualifying payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions. There were no forfeited contributions under the retirement benefit schemes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

32. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment and type of legal entity	Place of operations	Issued and fully paid capital/paid-in capital	Effective interest held by the Company 2020	Effective interest held by the Company 2019	Principal activities
Directly held:						
Fineland Property Services Holdings Limited	The BVI 16 February 2017 Limited liability company	The PRC	200 shares of US$200	100%	100%	Investment holding
Indirectly held:						
Fineland Real Estate Services Limited	Hong Kong 16 June 2016 Limited liability company	The PRC	10 shares of HK$10	100%	100%	Investment holding
Guangzhou Fineland Living Services Limited* (formerly known as Guangzhou Fineland Property Consultancy Limited*) 廣州方圓生活服務有限公司 (前稱廣州方圓地產顧問有限公司)	The PRC 17 March 1997 Limited liability company	The PRC	HK$60,000,000	100%	100%	Provision of real estate consultation, agency, market analysis and marketing services
Guangzhou Fang Yuan Bao Network and Technology Limited* 廣州房緣寶網絡科技有限公司	The PRC 17 June 2015 Limited liability company	The PRC	RMB1,000,000	100%	100%	Provision of online property referral and agency services
Guangzhou Hai Yuan Bao Investment Consultancy Limited* 廣州海緣寶投資諮詢有限公司	The PRC 13 May 2016 Limited liability company	The PRC	RMB300,000	100%	100%	Inactive
Guangzhou Fang Qin Real Estate Agency Limited* 廣州方勤房地產代理有限公司	The PRC 30 May 2018 Limited liability company	The PRC	RMB1,000,000	100%	100%	Provision of property agency services
Guangzhou Fang Ying Real Estate Agency Limited* 廣州方贏房地產代理有限公司	The PRC 31 May 2018 Limited liability company	The PRC	RMB1,000,000	100%	100%	Inactive
Guangzhou Cheng Hui Property Consultancy Limited* 廣州誠滙地產顧問有限公司	The PRC 25 October 2018 Limited liability company	The PRC	RMB600,000 *(Note (a))*	51%	51%	Provision of property agency services
Guangzhou Fanghong Property Agency Limited * 廣州方弘房地產代理有限公司	The PRC 30 April 2020 Limited liability company	The PRC	RMBNil *(Note (b))*	100%	N/A	Not yet commenced business
Guangzhou Fangrun Property Agency Limited* 廣州方潤房地產代理有限公司	The PRC 6 May 2020 Limited liability company	The PRC	RMBNil *(Note (c))*	100%	N/A	Not yet commenced business

* The English translated names are for identification purpose only.

Notes:

(a) According to the articles of association of the subsidiary, the registered capital of the subsidiary is RMB1,000,000 of which RMB510,000 is to be contributed by the Group in 5 equal instalments of RMB102,000 by end of every two years up to 31 December 2027.

As at 31 December 2019 and 2020, the aggregate paid-in capital was RMB600,000 of which the Group and the non-controlling interest contributed 51% and 49% respectively. The non-controlling interest is considered to be immaterial.

(b) According to the articles of association of the subsidiary, the registered capital of the subsidiary is RMB1,000,000 and to be contributed by the Group before 31 December 2030.

(c) According to the articles of association of the subsidiary, the registered capital of the subsidiary is RMB1,000,000 and to be contributed by the Group before 31 December 2030.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

33. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	2020	2019
	RMB'000	*RMB'000*
Non-current asset		
Interests in subsidiaries	**20,648**	29,853
Current asset		
Bank balances and cash	**158**	137
Current liabilities		
Accruals and other payables	**1,074**	1,257
Amounts due to subsidiaries	**7,082**	3,493
Total current liabilities	**8,156**	4,750
Net current liabilities	**(7,998)**	(4,613)
Total assets less current liabilities	**12,650**	25,240
Net assets	**12,650**	25,240
Capital and reserves		
Share capital	**3,403**	3,403
Reserves *(Note (i))*	**9,247**	21,837
Total equity	**12,650**	25,240

Approved and authorised for issue by the board of directors on 30 March 2021.

RONG Haiming	**YI Ruofeng**
Executive Director	*Executive Director*

Note:

(i) **Reserves of the Company**

	Share premium	**Capital reserve**	**Exchange reserve**	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	51,677	922	1,869	(25,478)	28,990
Loss for the year	–	–	–	(7,456)	(7,456)
Other comprehensive income					
Exchange differences on translation to presentation currency	–	–	303	–	303
Total comprehensive income for the year	–	–	303	(7,456)	(7,153)
As at 31 December 2019 and 1 January 2020	51,677	922	2,172	(32,934)	21,837
Loss for the year	–	–	–	(11,841)	(11,841)
Other comprehensive income					
Exchange differences on translation to presentation currency	–	–	(749)	–	(749)
Total comprehensive income for the year	–	–	(749)	(11,841)	(12,590)
As at 31 December 2020	51,677	922	1,423	(44,775)	9,247

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

34. SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders of the Company on 23 October 2017, the adoption of the share option scheme of the Company (the "Scheme") was approved to enable the Company to grant share options to eligible persons as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees. Eligible participants of the Scheme include any director or employee (whether full time or part time), consultant or adviser of the Group who in the sole discretion of the directors has contributed to and/or will contribute to the Group.

The Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Scheme on 23 October 2017. The exercise price for any share under the Scheme shall be a price determined by the directors and notified to each grantee and shall be not less than the highest of (i) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day, (ii) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option and (iii) the nominal value of a share on the date of grant.

The maximum aggregate number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 10% of the total number of shares in issue from time to time. No share options may be granted under the Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

There is no general requirement on the minimum period for which a share option must be held or the performance targets which must be achieved before a share option can be exercised under the terms of the Scheme. However, at the time of granting any share option, the directors may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the share options to be held and/or the performance targets to be achieved as the directors may determine in its absolute discretion.

During the years ended 31 December 2019 and 2020, there were no share options granted, exercised, cancelled or lapsed under the Scheme.

35. EVENTS AFTER THE REPORTING DATE

On 15 October 2020, the Group entered into a share purchase agreement with Guangzhou Leguan Investment Co., Ltd., a company established under the laws of the PRC with limited liability which is a directly wholly-owned subsidiary of Guangdong Fineland Investment Limited and indirectly held as to approximately 99% by Mr. Fong Ming, the Company's Chairman and Non-executive Director, and an unrelated company (collectively the "Vendors") in relation to the acquisition of approximately 66.31% of the equity interests in Guangzhou Fineland E-Life Service Co., Ltd. ("Fineland E-life") (the "Acquisition"). The Acquisition was completed on 28 January 2021 ("the Completion Date"). Upon completion, Fineland E-Life became an indirectly non-wholly owned subsidiary of the Company and its financial results after the Completion Date will be consolidated into the Group's consolidated financial statements.

Fineland E-Life and its subsidiaries (collectively "Fineland E-Life Group") are principally engaged in the provision of professional property management services and value-added services for residential and commercial properties in the PRC. The Acquisition can further expand and diversify the Group's business portfolio and improve its profitability by entering into the property management industry in the PRC.

Up to the date when the Group's consolidated financial statements are authorised for issue, the preparation of consolidated management accounts of the Fineland E-Life Group at the Completion Date was not yet completed and valuation of the Acquisition was still in progress. Accordingly, the fair value of the acquired assets and liabilities and the provisional goodwill arising on the Acquisition cannot be determined.

Further details of the Acquisition and the related services and lease agreements entered into between the Group and the Fineland Group upon the completion of the Acquisition are set out in the Company's announcements dated 3 September 2020 and 28 January 2021 and circular dated 3 December 2020.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**276,725**	256,275	228,903	166,360	106,345
Profit/(loss) before income tax	**21,992**	32,350	41,396	(1,622)	20,890
Income tax	**(10,317)**	(9,933)	(11,280)	(5,023)	(5,563)
Profit/(loss) for the year	**11,675**	22,417	30,116	(6,645)	15,327

	As at 31 December				
	2020	2019	2018	2017	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets and liabilities					
Total assets	**219,913**	210,398	178,920	130,857	82,264
Total liabilities	**(77,857)**	(81,803)	(72,635)	(51,498)	(51,852)
Net assets	**142,056**	128,595	106,285	79,359	30,412

Note:

The summary above does not form part of the audited consolidated financial statements.

The financial information for the year ended 31 December 2016 was extracted from the prospectus of the Company dated 31 October 2017.