



**Fineland Living Services Group Limited**  
**方圓生活服務集團有限公司**

*(formerly known as Fineland Real Estate Services Group Limited 方圓房地產服務集團有限公司)*  
*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9978)**

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INTERIM REPORT  
**2021**

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## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors

Mr. HAN Shuguang (*Chairman*)  
(appointed on 15 June 2021)  
Ms. RONG Haiming (*Chief executive officer*)  
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  
*FCCA, 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  
*FCCA, 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](http://www.finelandassets.com)

## HIGHLIGHTS

- The Group recorded revenue of approximately RMB264.4 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: approximately RMB128.9 million).
- Profit attributable to owners of the Company for the six months ended 30 June 2021 amounted to approximately RMB11.1 million (for the six months ended 30 June 2020: approximately RMB2.7 million).
- The Directors do not recommend the payment of any dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

## INTERIM RESULTS

The Board (the “Board”) of Directors (the “Directors”) of the Company hereby reports the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Period”) with the unaudited comparative figures for the six months ended 30 June 2020.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Revenue</b>	5	<b>264,373</b>	128,913
Cost of services		<b>(210,467)</b>	(110,485)
Gross profit		<b>53,906</b>	18,428
Other income and gains	6	<b>1,657</b>	1,740
Selling and marketing expenses		<b>(3,595)</b>	(3,004)
Administrative expenses		<b>(31,311)</b>	(13,332)
Impairment losses of trade and other receivables		<b>(2,694)</b>	(58)
Finance costs		<b>(163)</b>	(230)
<b>Profit before income tax</b>	7	<b>17,800</b>	3,544
Income tax	8	<b>(2,635)</b>	(931)
<b>Profit for the period</b>		<b>15,165</b>	2,613
<b>Other comprehensive income</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		<b>567</b>	(507)
<b>Total comprehensive income for the period</b>		<b>15,732</b>	2,106
<b>Profit attributable to:</b>			
Owners of the Company		<b>11,090</b>	2,710
Non-controlling interests (“NCI”)		<b>4,075</b>	(97)
		<b>15,165</b>	2,613
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>11,657</b>	2,203
NCI		<b>4,075</b>	(97)
		<b>15,732</b>	2,106
		<i>RMB cents</i>	<i>RMB cents</i>
<b>Earnings per share for profit attributable to owners of the Company</b>			
— Basic and diluted	10	<b>2.77</b>	0.68

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	5,482	2,040
Goodwill		5,528	–
Other intangible asset		30,316	–
Right-of-use assets	12(a)	5,866	6,665
Deferred tax assets		2,205	–
<b>Total non-current assets</b>		<b>49,397</b>	8,705
<b>Current assets</b>			
Inventories		129	–
Trade receivables	13	72,836	23,734
Deposits, prepayments and other receivables		19,578	14,290
Amounts due from fellow subsidiaries	14	106,810	24,202
Amounts due from related companies	14	37,737	10,501
Amount due from NCI	14	14,250	–
Bank balances and cash	15	97,146	138,481
<b>Total current assets</b>		<b>348,486</b>	211,208
<b>Current liabilities</b>			
Trade payables	16	49,892	22,232
Contract liabilities		18,583	3,410
Accruals and other payables		78,096	20,619
Lease liabilities	12(b)	2,516	2,886
Amounts due to fellow subsidiaries		35,408	–
Tax payable		11,152	20,093
<b>Total current liabilities</b>		<b>195,647</b>	69,240
<b>Net current assets</b>		<b>152,839</b>	141,968
<b>Total assets less current liabilities</b>		<b>202,236</b>	150,673
<b>Non-current liabilities</b>			
Lease liabilities	12(b)	3,735	4,228
Deferred tax liabilities		11,155	4,389
<b>Total non-current liabilities</b>		<b>14,890</b>	8,617
<b>Net assets</b>		<b>187,346</b>	142,056
<b>Capital and reserves</b>			
Share capital	17	3,403	3,403
Reserves		145,643	137,347
<b>Equity attributable to owners of the Company</b>		<b>149,046</b>	140,750
NCI		38,300	1,306
<b>Total equity</b>		<b>187,346</b>	142,056

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Equity attributable to owners of the Company <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
<b>As at 1 January 2021</b>	<b>3,403</b>	<b>51,677</b>	<b>5,987</b>	<b>11,234</b>	<b>(1,293)</b>	<b>69,742</b>	<b>140,750</b>	<b>1,306</b>	<b>142,056</b>
Profit for the period	-	-	-	-	-	11,090	11,090	4,075	15,165
Exchange differences on translation of foreign operations	-	-	-	-	567	-	567	-	567
Total comprehensive income for the period	-	-	-	-	567	11,090	11,657	4,075	15,732
Acquisition of NCI	-	-	-	-	-	-	-	34,788	34,788
Dividends paid (Note 9)	-	-	-	-	-	(3,361)	(3,361)	(1,869)	(5,230)
<b>As at 30 June 2021</b>	<b>3,403</b>	<b>51,677</b>	<b>5,987</b>	<b>11,234</b>	<b>(726)</b>	<b>77,471</b>	<b>149,046</b>	<b>38,300</b>	<b>187,346</b>
<b>As at 1 January 2020</b>	<b>3,403</b>	<b>51,677</b>	<b>5,987</b>	<b>7,982</b>	<b>(3,079)</b>	<b>62,080</b>	<b>128,050</b>	<b>545</b>	<b>128,595</b>
Profit for the period	-	-	-	-	-	2,710	2,710	(97)	2,613
Exchange differences on translation of foreign operations	-	-	-	-	(507)	-	(507)	-	(507)
Total comprehensive income for the period	-	-	-	-	(507)	2,710	2,203	(97)	2,106
<b>As at 30 June 2020</b>	<b>3,403</b>	<b>51,677</b>	<b>5,987</b>	<b>7,982</b>	<b>(3,586)</b>	<b>64,790</b>	<b>130,253</b>	<b>448</b>	<b>130,701</b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net cash used in operating activities	(70,245)	(6,210)
Net cash generated from investing activities	35,156	730
Net cash used in financing activities	(6,813)	(2,161)
<b>Net decrease in cash and cash equivalents</b>	<b>(41,902)</b>	<b>(7,641)</b>
Effect of foreign exchange rate changes	567	(507)
Cash and cash equivalents at beginning of the period	138,481	98,662
<b>Cash and cash equivalents at end of the period</b>	<b>97,146</b>	<b>90,514</b>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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.

Pursuant to a special resolution duly passed at the annual general meeting of the Company held on 28 May 2021, together with the approval of the Registrar of Companies in the Cayman Islands on 1 June 2021 and the approval of the Registrar of Companies in Hong Kong on 16 June 2021, the name of the Company has been changed from “Fineland Real Estate Services Group Limited (方圓房地產服務集團有限公司)” to “Fineland Living Services Group Limited (方圓生活服務集團有限公司)” with effect from 1 June 2021.

The principal activities of the Group are the provision of real estate agency services, provision of professional property management services and value-added services for residential and commercial properties 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 (“**Mansion Green**”) and Widethrive Investments Limited (“**Widethrive Investments**”), respectively, companies incorporated in the British Virgin Islands with limited liability. The Directors consider that the Company is ultimately controlled by Mr. Fong Ming and Ms. Tse Lai Wa.

#### (a) Change of presentation of statement of profit or loss and other comprehensive income

For the six months ended 30 June 2021, the Group has presented its operating expenditures in the condensed consolidated statement of profit or loss and other comprehensive income by function instead of by nature as adopted in the previous period. The Directors are of the view that:

- To present the expenditures by function could better depict the characteristics of the real estate agency services and professional property management services that the Group engages; and
- Expenditure items by function are more transparent, which is beneficial for investors to understand the businesses of the Group.

The financial results such as revenue, profit and total comprehensive income of the Group are not affected by the change of presentation.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

These unaudited condensed financial statements have been prepared in accordance Hong Kong Accounting Standards (“**HKASS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 from which all of the Group’s revenue and operating profit were generated. The functional currency of the Company is Hong Kong dollars (“**HK\$**”). All values are rounded to the nearest thousand of RMB (“**RMB’000**”) except when otherwise indicated.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2020 (the “**2020 Financial Statements**”), except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively “**new and revised HKFRSS**”) issued by the HKICPA which have become effective in this period as detailed below and the inclusion of the following additional accounting policies of “**goodwill**”, “**other intangible asset**” and “**inventories**” as adopted by the Group.

### Goodwill

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer’s previously held equity interests in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or the groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset’s carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Other intangible asset

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible asset with finite useful lives is amortised from the date it is available for use and its estimated useful lives is as follows:

Customer relationship	8 years
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Both the period and method of amortisation are reviewed annually.

#### Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

#### Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is calculated using the weighted average method/first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Adoption of new or revised standards and interpretations relevant to the Group and effective on 1 January 2021:

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

The adoption of the above amendments to existing standards did not have any significant effect on the Group's financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group:

Amendments to HKAS 1 and HK Interpretation 5 (2020)	“Classification of Liabilities as Current or Non-current” and “Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause” <sup>4</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>4</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>4</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>4</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>2</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> 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.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023.

The Directors do not anticipate that the application of the above amendments to HKFRSs in the future will have material impact in the financial statements.

### 4. SEGMENT REPORTING

The Group has determined its operating segments and prepared segmental information based on regular internal financial information that is based on a measure of operating results reported to the chief operating decision makers, i.e. the executive directors of the Company, who are responsible for making strategic decisions. The executive directors review the Group’s internal reporting in order to assess the performance and allocate the resources and have determined the operating segments based on these reports. The Group’s reportable and operating segments for the six months ended 30 June 2021 are as follows:

- (i) provision of comprehensive real estate agency services; and
- (ii) provision of professional property management services

#### 4. SEGMENT REPORTING *(Continued)*

##### Reportable segments

The chief operating decision makers monitor the results of its service lines separately for the purpose of making decision about resources allocation and performance assessment. Segment performance is evaluated based on the results from the reportable segments as explained in the table below.

	Six months ended 30 June 2021		
	Provision of comprehensive real estate agency services <i>RMB'000</i> (Unaudited)	Provision of professional property management services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Segment revenue</b>			
External sales	135,635	128,738	264,373
Intersegment sales	–	1,656	1,656
<i>Reconciliation</i>			
Elimination of intersegment sales	–	(1,656)	(1,656)
Total revenue	135,635	128,738	264,373
<b>Segment results</b>	14,934	9,062	23,996
<i>Reconciliation:</i>			
Unallocated corporate expenses			(6,196)
Profit before income tax			17,800

##### Segment assets and liabilities

As the Group's segment assets and liabilities are not regularly reviewed by the chief operating decision makers, the measure of total assets and liabilities for each operating segment is therefore not presented.

During the six months ended 30 June 2020, the Group's operation was solely derived from the provision of comprehensive real estate agency services and accordingly, the Group presented only one single operating segment and no further operating segment analysis thereof was presented.

#### 4. SEGMENT REPORTING *(Continued)*

##### Geographical information

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:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Fineland Group Holdings Company Limited (formerly known as Fineland Real Estate Holdings Company Limited) ("Fineland Group Holdings") and its subsidiaries* (collectively the "Fineland Group")	58,645	76,974
Investee company of the Fineland Group#	32,151	—

\* Fellow subsidiaries of the Company

# The revenue during the six months ended 30 June 2020 did not contribute over 10% of the total revenue of the Group for that period.

#### 5. REVENUE

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

		Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
	<b>Revenue from customers and recognised</b>		
Real estate agency service income	at a point in time	135,635	128,913
Property management services	over time	85,547	—
Value-added services	over time	19,559	—
Community value-added services			
— Other value-added services	over time	23,072	—
— Sale of goods	at a point in time	560	—
		<b>264,373</b>	128,913

## 6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	741	713
Exchange gains, net	–	472
Government grants (Note)	758	317
Gain on modification of leases (Note 12(a))	98	222
Other income	60	16
	<b>1,657</b>	<b>1,740</b>

Note:

The amounts mainly represent refunds of value-added tax and other taxes received from the PRC tax authorities.

## 7. PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	195	75
Amortisation of other intangible asset (included in administrative expenses)	1,684	–
Depreciation of property, plant and equipment	784	430
Depreciation of right-of-use assets	1,453	2,032
Exchange losses/(gains), net	654	(472)
Loss on disposal of property, plant and equipment (Note 11)	1	75
Finance costs: Interest expenses on lease liabilities	163	230
Employee benefit expenses	104,106	48,687
Short-term lease expenses	2,756	1,946
Listing expenses	–	5,367

## 8. INCOME TAX

The amounts of income tax in the unaudited consolidated statement of profit or loss and other comprehensive income represent:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax — PRC Enterprise Income Tax ("EIT")	4,518	931
Deferred tax	(1,883)	—
	2,635	931

- (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 periods.
- (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 2.5% and 10% respectively for the six months ended 30 June 2021.

## 9. DIVIDEND

In the current period, a final dividend of HK1 cent per share, totalling HK\$4,000,000 or RMB3,361,000, in relation to the year ended 31 December 2020 was declared and paid.

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## 10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company (RMB'000)	11,090	2,710
Weighted average number of ordinary shares in issue during the period 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 six months ended 30 June 2021 and 2020.



## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment at total cost of RMB874,000 (six months ended 30 June 2020: RMB924,000) and through acquisition of subsidiaries with net carrying amount of RMB3,353,000. Items of property, plant and equipment with net carrying amount of RMB1,000 (six months ended 30 June 2020: RMB118,000) were disposed of during the six months ended 30 June 2021, resulting in a loss on disposal of RMB1,000 (six months ended 30 June 2020: RMB75,000) (Note 7).

## 12. LEASES

The Group entered into a number of lease agreements for the use of office and shop premises in Guangzhou, Guangdong Province, the PRC with lease terms ranging from 2 to 5 years. Certain lease agreements contain options to extend or terminate the lease. Under certain lease agreements with the extension options, 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 the commencement dates of the lease agreements, 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.

### (a) Right-of-use assets

During the six months ended 30 June 2021, right-of-use assets with net book value of RMB944,000 (six months ended 30 June 2020: RMB3,761,000) were disposed of, resulting in a gain on disposal of RMB98,000 (six months ended 30 June 2020: RMB222,000) (Note 6). In addition, right-of-use assets amounting to RMB1,597,000 (six months ended 30 June 2020: Nil) have been recognised for the current period.

### (b) Lease liabilities

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Current liabilities	<b>2,516</b>	2,886
Non-current liabilities	<b>3,735</b>	4,228
	<b>6,251</b>	7,114

Included in the current lease liabilities is an amount with a related party who is a daughter of Ms. Tse Lai Wa, an executive director and a controlling shareholder of the Company, of RMB73,000 (31 December 2020: RMB288,000).

### 13. TRADE RECEIVABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade receivables	76,943	25,395
Less: Impairment losses	(4,107)	(1,661)
	<b>72,836</b>	23,734

Trade receivables mainly represent real estate agency service income receivables from customers whereby no general credit terms are granted and property management services income. The customers are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements. The aging analysis of trade receivables (net of impairment loss) based on invoice date (which is also the due date) as at 30 June 2021 is as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 3 months	57,776	23,217
4 to 12 months	10,945	517
1 to 2 years	2,767	–
2 to 3 years	1,348	–
	<b>72,836</b>	23,734

The Directors 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.

The Group applies the simplified approach to provide for the expected credit loss (“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. For the six months ended 30 June 2021, additional provision of RMB2,446,000 (six months ended 30 June 2020: RMB58,000) was made against the gross amounts of trade receivables.

#### 14. AMOUNTS DUE FROM FELLOW SUBSIDIARIES, RELATED COMPANIES AND NCI

The amounts due from fellow subsidiaries, related companies and NCI as at 31 December 2020 and as at 30 June 2021 are trade in nature, unsecured and interest-free and the fellow subsidiaries, related companies and NCI are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements. The related companies are investee companies of the Fineland Group and there were 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, related companies and NCI during the year ended 31 December 2020 and six months ended 30 June 2021 respectively, details of which are set out in Note 13.

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Amounts due from fellow subsidiaries		
Within 3 months	77,641	23,092
4 to 12 months	15,586	1,110
1 to 2 years	12,784	–
2 to 3 years	799	–
	<b>106,810</b>	24,202
Amounts due from related companies		
Within 3 months	29,737	10,501
4 to 12 months	8,000	–
	<b>37,737</b>	10,501
Amount due from NCI		
Within 3 months	–	–
4 to 12 months	14,250	–
	<b>14,250</b>	–

#### 15. BANK BALANCES AND CASH

As at 31 December 2020 and as at 30 June 2021, bank balances carry interest at prevailing deposit rates.

As at 30 June 2021, the Group had bank balances of approximately RMB94,139,000 (as at 31 December 2020: RMB138,094,000), which are deposits with banks in the PRC and denominated in RMB, and RMB is not a freely convertible currency.

## 16. TRADE PAYABLES

The aging analysis of trade payables based on invoice date as at 30 June 2021 is as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 3 months	43,330	22,232
4 to 6 months	315	–
7 to 12 months	6,247	–
	<b>49,892</b>	22,232

## 17. SHARE CAPITAL

The share capital as at 30 June 2021 represented the issued share capital of the Company as detailed below:

	Number	Amount HK\$'000	
Ordinary shares at par value of HK\$0.01 each			
<b>Authorised</b>			
As at 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	10,000,000,000	100,000	
	Number	Amount HK\$'000	Amount RMB'000
<b>Issued and fully paid</b>			
As at 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	400,000,000	4,000	3,403

## 18. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitment

As at 30 June 2021, the Group did not have any significant capital commitment.

### (b) Contingent liability

As at 30 June 2021, the Group did not have any significant contingent liability.

## 19. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Real estate agency service income from fellow subsidiaries	44,990	65,078
Real estate agency service income from associates of fellow subsidiaries	14,433	–
Real estate agency service income from investee companies of fellow subsidiaries	29,102	11,896
Property management services income from fellow subsidiaries	4,329	–
Other value-added services income from fellow subsidiaries	91	–
Value-added services income from fellow subsidiaries	9,235	–
Property management services income from associates of fellow subsidiaries	189	–
Value-added services income from associates of fellow subsidiaries	5,075	–
Property management services income from an investee company of a fellow subsidiary	2	–
Value-added services income from an investee company of a fellow subsidiary	3,047	–
Property management services income from related companies	79	–
Other value-added services income from related companies	11	–
Short-term leases expenses to fellow subsidiaries	2,428	1,913
Short-term leases expenses to an associate company of a fellow subsidiary	14	–
Operating lease charges to a related party ( <i>Note</i> )	219	152
Consultancy fee to a fellow subsidiary	1,359	485

The above transactions were conducted on mutually agreed terms.

*Note:* The related party is a daughter of Ms. Tse Lai Wa, an executive director and a controlling shareholder of the Company.

## 20. BUSINESS COMBINATIONS

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 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. (廣州方圓現代生活服務股份有限公司) ("**Fineland E-life**") (the "**FE Acquisition**"). 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 FE 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, as well as create synergies and enhance operational and management efficiencies of the Group. The Group obtained the control over Fineland E-Life on the date of completion of the FE Acquisition. The FE Acquisition was completed on 28 January 2021 (the "**Completion Date**").

The FE Acquisition was satisfied by a total consideration of RMB68,000,000 (the "**Consideration**") in cash in the following manner:

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

## 20. BUSINESS COMBINATIONS *(Continued)*

The fair values of identifiable assets and liabilities of the acquired subsidiary as at the date of acquisition and the goodwill arising therefrom were as follows:

	Fair value at date of acquisition RMB'000 (Unaudited)
Property, plant and equipment	3,353
Deferred tax assets	1,556
Other intangible asset	32,000
Trade receivables	26,394
Amounts due from fellow subsidiaries	47,474
Amount due from a related company	4,564
Amount due from NCI	14,250
Prepayments, deposits and other receivables	7,780
Cash at banks and in hand	69,795
Inventories	129
Trade payables	(15,888)
Amounts due to fellow subsidiaries	(165)
Accruals and other payables	(64,572)
Contract liabilities	(19,758)
Tax payable	(1,652)
Deferred tax liabilities	(8,000)
<b>Total identifiable net assets at fair value</b>	<b>97,260</b>
Less: NCI	(34,788)
	<b>62,472</b>
Goodwill	5,528
<b>Total consideration</b>	<b>68,000</b>
Consideration satisfied by:	
Cash	34,505
Payable included in amount due to a fellow subsidiary	33,495
	<b>68,000</b>

**20. BUSINESS COMBINATIONS** *(Continued)*

The trade receivables and other receivables acquired with a fair value of RMB33,368,000 as at the date of acquisition had gross contractual amounts of RMB36,283,000. The best estimate at acquisition date of contractual cash flows not expected to be collected amounted to RMB2,915,000.

The fair value of other intangible asset acquired in business combination is estimated by an independent valuer using income approach. This approach estimates the future economic benefits and costs attributed to the customer relationship of the acquiree.

The non-controlling interests arising from the FE Acquisition were measured by reference to the proportionate share of the acquiree's net assets at the acquisition date.

The goodwill arose in the above FE Acquisition because the consideration included benefit of revenue growth, and future market development of the Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill arising on this FE Acquisition is not deductible for tax purposes.

Acquisition-related costs of RMB3,045,000 have been charged to administrative expenses in the condensed consolidated statement of profit of loss and other comprehensive income for the six months ended 30 June 2021.

An analysis of the cash flows in respect of the FE Acquisition is as follows:

	<b>RMB'000</b> <b>(Unaudited)</b>
Cash consideration paid	<b>(34,505)</b>
Cash at banks and in hand	<b>69,795</b>
<b>Net cash inflows</b>	<b>35,290</b>

Since the FE Acquisition, the acquired business contributed revenue of approximately RMB128,738,000 and profit of approximately RMB7,867,000 to the Group's consolidated profit for the six months ended 30 June 2021.

The Group's revenue and profit would have been approximately RMB285,272,000 and RMB16,305,000 respectively for the period if the FE Acquisition had been completed on 1 January 2021. These pro forma information are for illustrative purpose only and are not necessarily indication of revenue and results of operations of the Group that actually would have been achieved had the FE Acquisition been completed on 1 January 2021 nor are they intended for projection of future results.



## 21. EVENTS AFTER REPORTING PERIOD

On 10 June 2021, the Company announced the acquisition of the entire equity interests in Guangzhou Fangheng Technology Co., Ltd.\* (廣州方恒資訊技術有限公司) (“**Fangheng**”) at a cash consideration of RMB4,500,000 (the “**Fangheng Acquisition**”) from Guangdong Fineland Group Co., Ltd.\* (廣東方圓集團有限公司), which was ultimately controlled by Mr. Fong Ming, being one of the controlling shareholders and a non-executive Director of the Company, which was later completed on 15 July 2021. Upon completion, Fangheng became an indirectly wholly-owned subsidiary of the Company and its financial results will be consolidated in the Group’s financial statements. The acquisition of Fangheng will allow the Group to further develop its services in smart community. In particular, the acquisition will combine the Group’s professional expertise in property management services and allow the Group to provide high quality and sophisticated smart community services to its customers through standardised processes, which will strengthen the Group’s operational efficiency and cost control effectiveness.

Fangheng is principally engaged in the provision of development, supply and maintenance of information technology applications, websites and software, and related technological consultancy services, and is expected to further develop into aspects of smart community and internet of things applications.

Further details of the Fangheng Acquisition and the related services agreement entered into between the Group and the Fineland Group upon the completion of the Fangheng Acquisition are set out in the Company’s announcement dated 10 June 2021.

On 30 July 2021, the Group entered into a share purchase agreement with Shanghai Dongzimen Business Management Partnership (Limited Partnership)\* (上海東紫門企業管理合夥企業 (有限合夥)), and two individuals (all independent third parties, collectively the “**Vendors**”) in relation to the acquisition of 51% of the equity interests in Changsha Ji Yang Hong Property Management Co., Ltd.\* (長沙市霽陽紅物業管理有限公司) (“**Ji Yang Hong**”) at a cash consideration of RMB24,745,000 (subject to adjustments) (the “**JYH Acquisition**”). Upon completion, Ji Yang Hong will become an indirectly non-wholly owned subsidiary of the Company and its financial results will be consolidated into the Group’s consolidated financial statements.

Ji Yang Hong is principally engaged in the provision of comprehensive professional property management services in Liuyang Changsha, Hunan Province, the PRC. The JYH Acquisition can further expand the Group’s property management portfolio in Changsha, Hunan Province market.

Further details of the JYH Acquisition are set out in the Company’s announcement dated 30 July 2021.

Save as disclosed above, there were no other material events requiring disclosure after the reporting date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group engages in living services, mainly focusing in Guangzhou and elsewhere in the Greater Bay Area, as well as other parts of the PRC, through four main businesses, namely (i) real estate agency services, (ii) property management services; (iii) value-added services; and (iv) community value-added services. Our business strategy is to expand our services nationwide.

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, the Group added property management services, value-added services, and community value-added services into the line of business, which constitute an integral part of the Group’s main businesses. On 30 July 2021, the Company announced the acquisition of 51% of the equity interests in Changsha Ji Yang Hong Property Management Co., Ltd.\* (長沙市霽陽紅物業管理有限公司) (“**Ji Yang Hong**”). The acquisition of Ji Yang Hong expanded the property management portfolio in Changsha, Hunan Province.

On 10 June 2021, the Company announced the acquisition of the entire equity interests in Guangzhou Fangheng Technology Co., Ltd.\* (廣州方恒資訊技術有限公司) (“**Fangheng**”), which was later completed on 15 July 2021. Upon completion, Fangheng became an indirectly wholly-owned subsidiary of the Company and its financial results will be consolidated in the Group’s financial statements. The acquisition of Fangheng will allow the Group to further develop its services in smart community. In particular, the acquisition will combine the Group’s professional expertise in property management services and allow the Group to provide high quality and sophisticated smart community services to its customers through standardised processes, which will strengthen the Group’s operational efficiency and cost control effectiveness.

To curb the trend showing signs of overheating in the real estate industry along with the normalization of the COVID-19 epidemic, the Central and local government regulatory bodies gradually tightened their policies to reinforce a rational market, which is not expected to change in the short run. Property developers are facing pressure of financing and deleveraging, which in turn gives rise to challenges and opportunities to real estate agency services providers. In the first half of 2021, relevant departments of the Central government announced a number of favorable policies, and the growing demand seen in property developers and property owners provided capable property management services providers with vast business opportunities.

Moreover, the Group will further utilize the synergies between the abovementioned acquired operations and its original real estate agency services by sharing customer base, market resources and operational and management experience, etc. to broaden the breadth and depth of the Group’s services. With sophisticated industry experience in the real estate agency services and property management services businesses, the Group will strive to improve profitability, ensure a solid financial position and create favorable outcomes with all clients, customers, employees and other stakeholders.

The Group’s total revenue amounted to approximately RMB264.4 million for the six months ended 30 June 2021, representing an increase of approximately 105.1%, from RMB128.9 million for the corresponding period of 2020, which was mainly due to the acquisition of Fineland E-Life.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Real estate agency services

Real estate agency services consists of (i) real estate agency services online and offline; (ii) property research and consultancy services; and (iii) integrated services. Revenue recorded from real estate agency services was approximately RMB135.6 million for the six months ended 30 June 2021, representing an increase of 5.2% from RMB128.9 million for the corresponding period in 2020, which is relatively stable.

### Property management services

Property management services for are mainly for property developers and property owners. Services provided include standard property management services and ancillary services such as cleaning, gardening, security, repair and maintenance and butler services. The Group provides services for residential and non-residential properties, including office buildings, industry parks, schools, etc. Revenue recorded for property management services was approximately RMB85.5 million for the six months ended 30 June 2021.

### Value-added services

Value-added services are mainly for property developers. Services include cleaning, security and maintenance services for pre-sale display units and sales offices, etc. Revenue recorded for value-added services was approximately RMB19.6 million for the six months ended 30 June 2021.

### Community value-added services

Community value-added services include common area value-added services, community retail, community media, furnishing services, and other community convenience services to property owners. Revenue recorded for community value-added services was approximately RMB23.6 million for the six months ended 30 June 2021.

## FINANCIAL REVIEW

### Revenue

Revenue for the six months ended 30 June 2021 was approximately RMB264.4 million, representing an increase of approximately 105.1% as compared to RMB128.9 million for the six months ended 30 June 2020. Such increase was primarily attributable to the increase in revenue generated from property management services of approximately RMB85.5 million, value-added services of approximately RMB19.6 million, community value-added services of approximately RMB23.6 million, which were due to the acquisition of Fineland E-Life.

### Cost of services

During the Period, the cost of services of the Group amounted to approximately RMB210.5 million (for the six months ended 30 June 2020: approximately RMB110.5 million), representing an increase of approximately 90.5% as compared to the corresponding period of 2020. The increase was mainly due to the increase of employee benefit expenses, cleaning cost, facilities operating cost and security cost for the provision of property management services, value-added services and community value-added services of Fineland E-Life.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Selling and marketing expenses

For the six months ended 30 June 2021, the selling and marketing expenses of the Group were approximately RMB3.6 million, representing an increase of approximately 19.7% as compared to approximately RMB3.0 million for the six months ended 30 June 2020, which was mainly due the expansion of businesses.

### Administrative expenses

For the six months ended 30 June 2021, the administrative expenses of the Group were approximately RMB31.3 million, representing an increase of approximately 134.9% as compared to approximately RMB13.3 million for the six months ended 30 June 2020. Such increase was primarily due to the increase in administrative expenses that brought along with the businesses from the acquisition of Finland E-Life.

### Net Profit Margin

The net profit margin increased to 5.7% for the six months ended 30 June 2021 as compared to 2.0% for the six months ended 30 June 2020. This increase was mainly due to business expansion and a relatively larger increase in revenue than the increase in corresponding expenses as a result of improved efficiency during the Period.

### Profit for the Period

As a result of the factors discussed above, the Group made a profit before income tax for the Period of approximately RMB17.8 million, compared to approximately RMB3.5 million for the six months ended 30 June 2020.

### Liquidity and Financial Resources

In 2021, the Group's main source of funds has been cash generated from operating activities and for the six months ended 30 June 2021, the Company had a net decrease in cash and cash equivalents of approximately RMB41.9 million (for the six months ended 30 June 2020: net decrease in cash and cash equivalents of approximately RMB7.6 million).

As at 30 June 2021 the Group had net current assets of approximately RMB152.8 million (as at 31 December 2020: approximately RMB142.0 million) and total assets of approximately RMB397.9 million (as at 31 December 2020: approximately RMB219.9 million).

As at 30 June 2021, the bank balances and cash of the Group amounted to approximately RMB97.1 million (as at 31 December 2020: approximately RMB138.5 million).

### Indebtedness

As at 30 June 2021, the Group did not have any short-term borrowings (as at 31 December 2020: Nil) nor long term borrowings (as at 31 December 2020: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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. The management continuously monitors the foreign exchange risk exposure and will consider hedging significant currency risk exposure should the need arise.

### Gearing Ratio

The gearing ratio (calculated as total liabilities divided by total assets) was 53% as at 30 June 2021, as compared to 35% as at 31 December 2020.

### Employees and the Group's remuneration policy

The Group recognizes the accomplishment of the employees by providing comprehensive benefit packages, 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 were found in the Period under review.

As at 30 June 2021, numbers of the employees was approximately 1,674 (as at 30 June 2020: approximately 655), and the increase was mainly due to the acquisition of Finland E-Life.

### Principal risks and uncertainties

Below is a summary of certain principal risks and uncertainties, which may materially and adversely affect the achievement of the Group's business progress:

#### **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. Such policies are introduced to curb overheating or speculation in the real estate industry and may reduce market demand for properties overall. In the event that they decelerate the overall growth of property development in the PRC, we may experience slower growth in the market, which could in turn restrict our potential in and efforts to expand our business, and could have a material adverse effect on the Group's business, results of operations, and financial position.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Competition in the real estate agency business and property management business are intense.**

The real estate agency business and property management business are intensely competitive and highly fragmented. Some of the Group's competitors may be better positioned, with greater resources and longer standing relationships. Such service providers may be better positioned than we are to compete for customers, financing, skilled management and labor resources. The Group competes with other companies that also provide real estate agency services and property management services and will be susceptible to the local market competition dynamics. The intensity of the competition may result in a shortage of quality employees, increased compensation costs in order to retain them, any of which could materially and adversely affect the Group's business, results of operations, and financial position. In addition, property developers may establish their own in-house property management businesses or engage their affiliated service providers and build their own sales team. These developments may reduce the availability of business opportunities. 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.

### **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 and property management services mainly 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.

The increasing concerns on public health and safety and the impact of COVID-19 on the economy in general may lower potential property buyer's interests in property visits or investment in real estate, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EVENTS AFTER THE REPORTING PERIOD

On 10 June 2021, the Company announced the acquisition of the entire equity interests in Guangzhou Fangheng Technology Co., Ltd.\* (廣州方恒資訊技術有限公司) (“**Fangheng**”) from Guangdong Fineland Group Co., Ltd.\* (廣東方圓集團有限公司), which was ultimately controlled by Mr. Fong, being one of the controlling shareholders and a non-executive director of the Company. The connected transaction was later completed on 15 July 2021. Upon completion, Fangheng became an indirectly wholly-owned subsidiary of the Company and its financial results will be consolidated in the Group’s financial statements.

On 30 July 2021, the Group entered into a share purchase agreement with Shanghai Dongzimen Business Management Partnership (Limited Partnership)\* (上海東紫門企業管理合夥企業(有限合夥)), and two individuals (all independent third parties, collectively the “**Vendors**”) in relation to the acquisition of 51% of the equity interests in Changsha Ji Yang Hong Property Management Co., Ltd.\* (長沙市霽陽紅物業管理有限公司) (“**Ji Yang Hong**”). Upon completion, Ji Yang Hong will become an indirectly non-wholly owned subsidiary of the Company and its financial results will be consolidated into the Group’s consolidated financial statements.

### 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 Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”). 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 six months ended 30 June 2021.



## DISCLOSURE OF INTERESTS

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2021, the interests or short positions of the Directors and chief executives in the shares of the Company (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 Ming ("Mr. Fong")	Interest in controlled corporation <sup>(1)</sup>	216,000,000	54%
Ms. TSE Lai Wa ("Ms. Tse")	Interest in controlled corporation <sup>(1)</sup>	216,000,000	54%
Ms. RONG Haiming ("Ms. Rong")	Interest in controlled corporation <sup>(2)</sup>	25,500,000	6.375%
Mr. YI Ruofeng ("Mr. Yi")	Interest in controlled corporation <sup>(3)</sup>	7,300,000	1.825%
Mr. HAN Shuguang ("Mr. Han")	Interest in controlled corporation <sup>(4)</sup>	4,500,000	1.125%

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 (including Stand Smooth Group Limited ("Stand Smooth"), Hero Dragon Management Limited ("Hero Dragon"), Fineland Group Holdings Company Limited ("Fineland Group Holdings", 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 were held by Metropolitan Dawn Holdings Limited ("Metropolitan Dawn"), which is wholly-owned by Ms. Rong. In April 2021, Metropolitan Dawn purchased 1,500,000 Shares from the market, after which Ms. Rong is interested in a total of 25,500,000 Shares, representing 6.375% of the entire issued share capital of the Company.
- (3) Shares are held by Totoro Holding Limited ("Totoro"), which is wholly-owned by Mr. Yi. Totoro purchased 1,000,000 Shares from the market in May 2021, after which Mr. Yi is interested in a total of 7,300,000 Shares, representing 1.825% of the entire issued share capital of the Company.
- (4) Shares are held by Adwan Orient Holdings Limited ("Adwan"), which is wholly-owned by Mr. Han.

**(ii) Associated corporation**

Apart from the foregoing, as at 30 June 2021, 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.



## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, 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:

#### Long positions in Shares:

Name	Nature of Interest	Number of Shares held	Approximate percentage of shareholding
Ms. HE Kangkang (何康康) <sup>(1)</sup>	Interest of spouse	216,000,000	54%
Mr. ZHENG Muming (鄭木明) <sup>(2)</sup>	Interest of spouse	216,000,000	54%
Mr. WANG Haihui (王海暉) <sup>(3)</sup>	Interest of spouse	25,500,000	6.375%
Mansion Green <sup>(4)</sup>	Legal and beneficial owner	216,000,000	54%
Widethrive Investments <sup>(4)</sup>	Interest in a controlled corporation	216,000,000	54%
Fineland Group Holdings <sup>(4)</sup>	Interest in a controlled corporation	216,000,000	54%
Hero Dragon <sup>(4)</sup>	Interest in a controlled corporation	216,000,000	54%
Stand Smooth <sup>(4)</sup>	Interest in a controlled corporation	216,000,000	54%
Aspiring Vision <sup>(4)</sup>	Interest in a controlled corporation	216,000,000	54%
Metropolitan Dawn <sup>(5)</sup>	Legal and beneficial owner	25,500,000	6.375%

#### 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 Group Holdings, which in turn is wholly owned by Widethrive Investments, and ultimately wholly-owned by Mr. Fong. Accordingly, Widethrive Investments, Fineland Group Holdings, 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 25,500,000 Shares, representing 6.375% 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 30 June 2021, 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.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the six months ended 30 June 2021 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.

### CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B (1) of the Listing Rules, the change in Directors' information required to be disclosed by Directors is as follows:

Mr. Leung Wai Hung has been appointed as an independent non-executive director of China Fortune Holdings Limited (stock code: 110), since 9 July 2021.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed 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 six months ended 30 June 2021.

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 23 October 2017. As at 30 June 2021, no option had been granted, agreed, exercised, cancelled or lapsed under the Scheme, and there was no share option outstanding.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board has reviewed the Group's corporate governance practices and is satisfied that during the six months ended 30 June 2021, the Company had complied with all the code provisions set out in the Appendix 14 Corporate Governance Code and Corporate Governance Report of the Listing Rules.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company 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 six months ended 30 June 2021.

### COMPETITION AND CONFLICT OF INTERESTS

During the six months ended 30 June 2021, save as disclosed in the prospectus of the Company dated 31 October 2017, none of the Directors or controlling shareholders of the Company or any of their respective close 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.

## OTHER INFORMATION

### REVIEW BY AUDIT COMMITTEE

The Company established an audit committee (the “**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. The primary duties of the Audit Committee are to assist the Board in reviewing and supervising the financial reporting process and internal control system of the Group. At present, the Audit Committee consists of three members who are Mr. LEUNG Wai Hung, Mr. TIAN Qiusheng and Mr. DU Chenhua, Mr. LEUNG Wai Hung has been appointed as the chairman of the Audit Committee.

The unaudited interim results of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited interim results comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

### PLEDGE OF ASSETS

As of 30 June 2021, the Group did not have any material pledge of assets.

### SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2021, the Group did not hold any significant investments. Save as otherwise disclosed in this report, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

### APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our shareholders, business partners and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to all the Directors, management and staff for their hard work and dedication throughout the period.

By Order of the Board  
**HAN Shuguang**  
*Chairman*

Hong Kong, 30 August 2021

If there is any inconsistency between the Chinese names of the PRC entities, enterprises or nationals and their English translations, the Chinese names shall prevail. The English translation of the PRC entities, enterprises or nationals which are marked with “\*” are for identification purposes only.