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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: 8376

ANNUAL REPORT 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the director (collectively the "Directors" and individually a "Director") of Fineland Real Estate Services Group Limited ("the Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report will be available on the Company's website ***www.finelandassets.com*** *and will remain on the "Latest Company Announcements" page on the GEM website at* ***www.hkgem.com*** *for at least 7 days from the date of its posting.*

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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

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
Mr. Yi Ruofeng

Compliance officer
Mr. Yi Ruofeng

Legal Advisers
As to Hong Kong Laws
Hogan Lovells

As to PRC Laws
Beijing Jingtian & Gongcheng Law Firm

Compliance Adviser
RaffAello Capital Limited

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 Tiyu East Road branch

Registered office
P.O. Box 1350
Clifton House
75 Fort Street
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
9/F, Wah Yuen Building
149 Queen's Road Central
Central
Hong Kong

Hong Kong Share Registrar
Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Principal share registrar and transfer office
Estera Trust (Cayman) Limited
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

Company's website address
www.finelandassets.com

CHAIRMAN'S STATEMENT

Looking back upon 2017, the main theme of the property market of Mainland China was regulatory control. Relevant policies were released in support of the "establishment of the long-term property mechanism". The National People's Congress meeting and the National Committee of the Chinese People's Political Consultative Conference meeting at the beginning of 2017 set the keynote of control, which was reiterated and echoed in the subsequent 19th National Congress of the Communist Party meeting and the Central Economic Work Conference. While in the past, housing price increases in the first and second-tier cities were always leading the national market, they were surpassed by housing price increases in third and fourth-tier cities in the second half of this year. The housing prices in most third and fourth-tier cities rose continuously within the year as a result of destocking policies. With the gradual expiration of destocking policies, the rise in the housing price in the third and fourth-tier cities began to slow down. It is noteworthy that, despite frequent release of control measures, the floor area sold and sales amount of commercial houses in China still set new records with a continuous decline in the floor area available for sale in 2017.

According to the National Bureau of Statistics of China, the sold area of commercial houses reached approximately 1.7 billion sq.m in 2017, representing a year-on-year growth of 7.7% as compared with that in 2016, and the growth rate was 0.2 percentage points lower than that from January to November. The sales amount reached RMB13,370.1 billion, representing a year-on-year growth of 13.7% compared with that in 2016. In addition, the area to be sold was approximately 589.2 million sq.m at the end of 2017, which was approximately 6.8 million sq.m less than that at the end of November. Moreover, the local and national governments promulgated favorable policies for the leasing market, and indications are that the government will focus on housing reform system and long-term mechanism building next year, which will contribute to the greater development of the leasing market.

From the long-term perspective, the rapid economic growth, increasing income level, continuously enhanced urbanization rate, and gradually released demographic dividend will build a favorable environment for the long-term development of the industry, and promote the rapid growth of property sales and development investment. The PRC property market is in the rapid growth phase of prosperous development. As a result, we are confident in the PRC property market. The Group (the Company and its subsidiaries, collectively referred to as the "Group") will, under the guidance of national policies, strive to maximize customer value, continuously improve management and control system, and enhance the diversified development of corporate business with the brand reputation, outstanding performance and stable strategy by leveraging the market development opportunities.

In 2017, the turnover of the Group amounted to approximately RMB166.4 million, representing an increase of approximately 56.6% as compared with RMB106.3 million in 2016.

Improved reputation of the primary property agency

Encouraged by destocking policies, the Group promptly acted on market opportunities and by proactively pursuing opportunities, integrating resources and relying on our innovative and integrated service model, the Group successfully completed several primary projects. This resulted in good sales performance results and a rapid building of its reputation in the Pearl River Delta Area. Meanwhile, the Group further developed favorable areas by leveraging internal resources and other channels, proactively pushed forward the business in the new developing cities, and grasped favorable opportunities to gradually expand the strategic layout in the Pearl River Delta Area.

CHAIRMAN'S STATEMENT

Active business expansion of secondary property agency

The first tier and upper-second tier cities in China are rapidly entering into the "housing stock" era as the housing circulation capacity increases, trading agency of housing stock becomes more prevalent, and the house trading and management service become more mature. In close response to the market demand, the Group concentrated its resources in the secondary property sales, established a professional team to develop primary business and office building business, and enriched the business system of the Company, setting a new record in the performance of both primary and secondary projects. In 2017, we opened 25 new outlets to consolidate the market share in advantageous regions, and effectively expanded the source of commission income of the secondary property agency business in response to the market situation.

Initiation of new integrated mode of business operation

Special business teams initiated large-scale commercial complex projects with exclusive whole-process positioning planning, business attraction agency and sales agency, winning the recognition among developers and the market with precise marketing planning, rich channels and operation resources, and successfully built an image of a professional business operation service provider. The business projects realized development as expected and attained stable incomes. The Group will greatly develop commercial agency projects and further optimize its diversified services and comprehensive competitiveness.

Fangyuanbao Platform reinforced the stable growth of revenue

As a real estate platform subordinate to the Group, *Fangyuanbao* has successfully handled over 44 projects, interfaced with thousands of agencies, big and small, to set up the agent alliance composed of tens of thousands members since its establishment. It can provide convenient services such as online property visit and consultancy service. Through the organic combination of online media promotion, circle marketing and offline resources, we helped the real estate developers to effectively increase their customer, conversion rate, which brings in continuous, stable and ideal contributions to the Group.

The Group strives to provide professional, innovative and efficient services including secondary real estate transactions and business attraction operation and management, primary real estate agency, professional planning and consultancy, integrated channel resources and one-stop integrated services, in response to diversified customer demands. Following the service tenet of "more consideration for you", the Group will carry out the diversification strategy, innovate in business development, and improve the management and control system, in order to guarantee the sound and continuous development of the Group. All the employees will make concerted efforts to realize mutual benefits and bring better returns to shareholders!

On behalf of the Group and the board of directors of the Group (the "Board"), I would like to extend my sincerest gratitude to all the shareholders, business partners, clients and investors for their long term support and trust. I also express my special thanks to all the hardworking and dedicated employees for their great endeavors to achieve mutual growth with the Group.

Fong Ming
Chairman

Hong Kong, 22 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group engages in property intermediary services, with a focus mainly on Guangzhou and also elsewhere in the Pearl River Delta, through four main business segments, namely (i) property research and consultancy services, (ii) real estate agency services in the primary and secondary property markets, (iii) online property referral and agency service, and (iv) integrated business services. Our business strategy is to expand our primary and secondary property real estate agency services, enhance the Group's brand recognition and expand our integrated services in particular our *Zhaoshangyi* and one-stop service centre offerings.

Since the Group's successful listing on GEM of the Stock Exchange on 15 November 2017 by share offer, there has been no significant change in the business operations of the Group.

The Group's total revenue amounted to approximately RMB166.4 million in 2017, representing an increase of approximately RMB60.1 million, from RMB106.3 million in 2016.

Property research and consultancy services

Our property research and consultancy services are for the primary property market and mainly provided to property developers. The Company further developed our property research and consultancy services in 2017, and undertook 49 projects during the year ended 31 December 2017 ("the Year") (2016: 28 projects) in Guangzhou and elsewhere in the Pearl River Delta. This was at a similar pace in line with primary real estate agency services. As a result, the revenue generated increased by 18.8% to approximately RMB3.8 million in 2017 compared with RMB3.2 million in 2016, which accounted for 2.3% of our total revenue for the Year.

Real estate agency services

Real estate agency services accounts for the largest business segment of the Group, and are provided for both the primary and secondary markets. The real estate agency service business turnover increased by approximately 28.7% to approximately RMB120.7 million in 2017 when compared with RMB93.8 million in 2016, which accounted for 72.5% of our total revenue.

With its first entry into the Qingyuan and Huizhou markets in 2017, the Group successfully provided agency services for a number of projects, and the professional services and strong sales earned a great reputation in the area. Not only did the revenue generated from primary real estate agency services grow as planned, the Company also handled over 100 projects, both large and small scale, which generated more revenue compared with the year ended 31 December 2016 ("the Last Year"). Given the focus on developing the Pearl River Delta, for 2018, the Group will further explore opportunities in other cities of the Greater Bay Area, with an aim to seize and grab more market share in those markets.

To capture business opportunities, the Group opened 25 more outlets in Guangzhou, covering Baiyun, Luogang, Yuexiu, Haizhu district and Heshan during the Year, which brought the current number of outlets of the Group to 49. Expansion resulted in more capital commitment in 2017, and new outlets are expected to take time to mature. However, we are confident in the real estate inventory market, and expect the investment to be recovered in the very near future.

Online property referral and agency services

The online property referral and agency services segment refers to our *Fangyuanbao* business acquired in 2016. This platform serves as a referral business and online platform that acts as a bridge between property developers and other real estate agents so that properties in a developer's development project are promoted by a greater number of real estate agents without the individual agents directly entering into business relationships with the property developer. It tends to be used for projects that may have a lower level of market interest where property developers are typically willing to pay a higher commission. Where the Fangyuangbao platform is used, the Group splits the commission with the real estate agent that brings in a buyer.

The Group improved teamwork and effectiveness across the different business segments in 2017, resulting in an increase in total performance. In 2017, the Company successfully utilised the *Fangyuanbao* platform for 44 development projects, which was a 131.6% increase compared to 19 projects in the previous year, and due to the larger size of new projects in terms of GFA and numbers of units, the sales volume was significant which reflected in a fourfold increase in revenue to approximately RMB39.5 million in 2017 compared with RMB7.4 million in 2016.

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 Company's *Zhaoshangyi* offering, which assists property developers with primary market development projects that have commercial units identify and approach prospective lessees. The Company also offers the One-stop Service Centre where we provide a variety of value-added services such as rent collection, property repair and maintenance, and design and furnishing. Revenue generated from Integrated Services in 2017 increased by 21.1% to approximately RMB2.3 million compared with RMB1.9 million in 2016, which was mainly due to the expansion and development of *Zhaoshangyi* business.

Zhaoshangyi

In line with the trend of an increase in supply of apartments and offices for lease and operation, the Group handled three more projects in 2017 than in the previous year, and all the projects generated more than RMB1 million in revenue, representing a 42.9% increase compared with approximately RMB0.7 million in revenue generated in the year ended 31 December 2016. In addition, the Group is also striving to expand the services offered to Guangzhou and elsewhere in the Pearl River Delta.

One-stop services

We provide a range of ancillary services for customers through our One-stop Service Centre business, and assist them in relation to the sale, including after the sale occurs, including (i) to obtain the relevant ownership certificates, (ii) to apply for mortgages from banks and in relation to other administrative matters, (iii) to provide value-added services.

In 2016 and 2017, revenue generated from our One-stop Service Centre services was RMB1.2 million and RMB1.3 million, respectively, which accounted for 1.1% and 0.8%, respectively, of our total revenue for these periods.

Business strategies and objectives as stated in the prospectus of the Company dated 31 October 2017 (the "Prospectus")	Actual progress up to 31 December 2017
Expand our secondary market real estate agency services by opening more outlets and employing more sales staff in Guangzhou	Opened 10 outlets after 23 October 2017, resulting in a total of 25 more outlets in 2017 than in 2016.
Continue to expand our primary market real estate agency services by enhancing our relationship with property developers	Kept good relationships with current property developers which gave the Group more projects in the Year. The Group also attended industry forums to get in touch with potential partners.
Further enhance our Group's brand recognition	Designed mascot, brand new logo, launched new company website, hosted press conference, celebration party for successful listing on GEM Board.
Expand our Integrated Services business segment, in particular our *Zhaoshangyi* and One-stop Service Centre offering	21.1% increase in revenue compared with that in 2016.

FINANCIAL REVIEW

Revenue

Revenue for the Year was approximately RMB166.4 million (2016: approximately RMB106.3 million), representing an increase of approximately 56.5% as compared to the Last Year. Such increase was primarily attributable to the net effect of (i) expansion of primary and secondary agency business, with revenue increased to approximately RMB120.7 million (2016: approximately RMB93.8 million) representing 28.7% increase; and (ii) increase in revenue generated from online property referral and agency service.

Employee benefit expenses

Due to business expansion, employee numbers and employee benefit expenses increased accordingly in 2017. Employee benefit expenses were approximately RMB88.5 million (2016: approximately RMB70.2 million), a 26.1% increase from 2016.

Operating lease charges

For the year 2017, the Group had lease payments in respect of office and shop premises of approximately RMB9.7 million (2016: approximately RMB5.2 million), which coincided with the increase in number of outlets and rent increase in the current market. The Group has opened 25 additional outlets in 2017. As at the end of 2016, the total number of outlets was 24.

MANAGEMENT DISCUSSION AND ANALYSIS

Listing expenses

The Group recorded listing expenses of approximately RMB20.3 million during the Year in relation to the Group's listing on GEM of the Stock Exchange.

Liquidity and Financial Resources

In 2016, the Group's source of funds was mainly cash generated from operating activities. In 2017, the Group's source of funds was mainly cash generated from financing activities.

As at 31 December 2017, the Group had net current assets of approximately RMB76.5 million (2016: approximately RMB30.9 million), total assets of approximately RMB130.9 million (2016: approximately RMB82.3 million) and shareholders' funds of approximately RMB79.4 million (2016: approximately RMB30.4 million).

As at 31 December 2017, the bank and cash balances of the Group amounted to approximately RMB91.2 million (2016: approximately RMB58.2 million).

Indebtedness and Charge on Assets

The Group did not have any short term borrowings (2016: RMBNil) nor long term borrowing (2016: RMBNil) as at 31 December 2017.

As at 31 December 2017, the gearing ratio of the Group (calculated as total liabilities divided by total assets) was 39% (2016: 63%).

Foreign Exchange Risks

As the Group's sales are denominated in Renminbi, the Group's purchases and expenses are either denominated in Renminbi or Hong Kong dollar, 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.

Interest Rate Risks

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 2017.

Financial key performance indicator

	2017	2016
Net profit margin	- 4.0%	14.4%
Gearing ratio	39%	63%

Net Profit Margin

The net profit margin decreased by 18.4% to – 4.0% in 2017 as compared to 14.4% in 2016. This decrease was mainly due to (i) the rapid expansion of online property referral and agency services, and (ii) expansion of secondary property agency services by opening more outlets in one year than were existing at beginning of the year. The Group had a net profit of approximately RMB13.7 million for the Year (excluding Listing expenses of approximately RMB20.3 million), which is RMB1.6 million short of the net profit in 2016.

Gearing Ratio

The gearing ratio decreased by 24% to 39% for the Year as compared to 63% for the Last Year. The improvement was mainly due to increase in total assets, especially (i) expansion caused increase in PP&E, (ii) increase in bank balances and cash resulted from business expansion and the Share Offer proceeds.

Staff and the Group's Remuneration Policy

As at 31 December 2017, the Group had a total of 807 staff (2016: 784 staff).

For details of total employee benefit and directors remunerations 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.

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

Major Investments

For the year ended 31 December 2017, no significant investment was held by the Group. As at the date of this annual report, save for the plans under "Use of Proceeds", the Group had no future plans for material investments or capital assets.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2017 (2016: RMBNil).

Capital Commitments

The Group had approximately RMB0.6 million capital commitments as at 31 December 2017 (2016: RMBNil).

The Group did not acquire/dispose any major subsidiaries or affiliated companies as at 31 December 2017.

Principal risks and uncertainties

Our business is heavily dependent on the state of the real estate market in Guangzhou and elsewhere in the Pearl River Delta.

As all of our current projects are located in Guangzhou and elsewhere in the Pearl River Delta, and as one of our business strategies is to strengthen our established position in this 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 our business, results of operations, and financial position. These property markets may be affected by local, regional, national, and global factors.

MANAGEMENT DISCUSSION AND ANALYSIS

In managing dependency on state of real estate market in Guangzhou, the Company is progressively expanding our market into second tier cities adjacent to Guangzhou and other cities in Pearl River Delta. The Company has confidence that the economy of Pearl River Delta will grow in leaps and bounds, and we are capable to seize any opportunities that comes along.

Competition in the real estate agency business is intense.

The real estate agency business in Guangzhou and elsewhere in the Pearl River Delta is fragmented. Some of our competitors may be better positioned than us, with greater resources and longer standing relationships. 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 our business, results of operations, and financial position.

Intensive competition could be either a risk or an opportunity. The Company is actively expanding real estate agency, online referral and agency services, and integrated services, with the comprehensive service system and increasingly brand reputation, the Company is effectively managing and expanding according to plan, and will increase market share in the near future.

Our business is subject to various regulations imposed by the PRC government, as the real estate industry as a whole is highly regulated.

Our business is subject to extensive laws, governmental regulations and policies, and we are susceptible to policy changes in the PRC property industry. We 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, we are impacted directly by laws and regulations designed to influence the wider PRC property sector.

As a market participant in Guangzhou, the Company has no power over regulations' change, but the Company has strong market research team to grasp market trend and dynamics, thus the Company is able to make market and business decisions accurately and in time.

Outlook and prospects

The Group was listed on the GEM of the Stock Exchange on 15 November 2017 (the "Listing Date") and the fund raised from the listing laid a solid foundation for the future development of the Group. Primary real estate sales amount reached record high in 2017, yet growth rate of average sales price, gross floor area sold or sales amount all showed slowdown in trend due to government regulatory control, but the sales is steady and growing which indicates sound market demand.

Guangzhou City Master Plan (2017 to 2035) published on 24 February 2017 by Guangzhou Land Resources and Urban Planning Commission on its official website, aims to reach to a world-class level by 2035. The Plan includes second international airport in Zengcheng, Nansha positioned to be the second city centre, 20 million population control by year 2035, 2000 kilometer railway, etc.

Guangzhou and the whole Greater Bay Area possess enormous potential on housing inventory market. In order to seize the opportunity and benefit from the continuously expanding scale and market share as planned, the Group strives to further improve operation efficiency and fully utilize customer resources.

Utilizing expertise, decades of experience in the industry, and the capital raised in the Share Offer in 2017, the Group is fully capable of grasping market trends, seizing any opportunities that come along for further business expansion.

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)	41	16 February 2017	January 2016	Providing strategic plans and general management of our Group	none
Yi Ruofeng (易若峰)	40	16 February 2017	January 2016	Overseeing the daily operations, administrative, and finance matters of our Group	none
Tse Lai Wa (謝麗華)	62	16 February 2017	April 1997	Providing strategic plans and overseeing matters relating to our secondary market real estate agency services	none
Non-executive Director					
Fong Ming (方明)	52	16 February 2017	March 1997	Providing strategic advice to our Group	none
Independent non-executive Directors					
Leung Wai Hung (梁偉雄)	50	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	none
Liao Junping (廖俊平)	55	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	none
Tian Qiusheng (田秋生)	62	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	none
Du Chenhua (杜稱華)	48	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 41, is our chief executive officer and was appointed as our executive Director on 16 February 2017 and is primarily responsible for strategic planning and general management of our Group.

In August 1999, Ms. Rong joined the Fineland Group (Fineland Real Estate Holdings Company Limited and its subsidiaries, being our parent 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. Mr. Rong is also currently a director of Fineland Real Estate.

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 40, was appointed as our executive Director on 16 February 2017 and is primarily responsible for overseeing the daily operations, administration and finance matters of our 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.

Ms. Tse Lai Wa (謝麗華) ("Ms. Tse"), aged 62, was appointed as an executive Director on 16 February 2017. She joined our Group in April 1997 as a director of Guangzhou Fineland Property Consultancy, a position which she has been holding since then and has been responsible for providing strategic plans and overseeing matters relating to our secondary market real estate agency services.

Prior to joining our 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.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

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 52, is our chairman and was appointed as our non-executive Director on 16 February 2017. He is one of the founders of our Group and one of our Controlling Shareholders. Mr. Fong is primarily responsible for providing strategic advice to our 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 the Guangdong Province in April 2007.

Independent non-executive Directors

Mr. Leung Wai Hung (梁偉雄) ("Mr. Leung"), aged 50, was appointed as our independent non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgement to our Board. Mr. Leung is also the chairman of our audit committee and a member of our remuneration committee.

Mr. Leung has over 20 years of experience in accounting and finance and working as executives for listed companies mainly engaged in property development. From August 1989 to September 1992, Mr. Leung worked at Protech Property Management Limited and his last position held was accountant. From October 1992 to May 1994, Mr. Leung worked as an accountant in Seapower Consortium Company Limited, a wholly-owned subsidiary of a company listed on the Stock Exchange. From May 1994 to June 2005, he worked as an accountant in Cheung Kong (Holdings) Limited (now known as CK Hutchison Holdings Limited), a company listed on the Main Board (stock code: 001), where he was primarily responsible for accounting works. From September 2005 to September 2006, Mr. Leung worked as a finance manager in ARA Asset Management (Prosperity) Limited, the manager of Prosperity Real Estate Investment Trust, which is listed on the Stock Exchange (stock code: 808), and was primarily responsible for handling the listing, accounting and finance matters of the company. In between December 2006 and December 2010, Mr. Leung worked at Fineland Real Estate and last served as a vice president and the chief financial officer where he was primarily responsible for accounting, finances and compliance matter of the Company. In between February 2011 and July 2012, Mr. Leung worked as a finance director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust, which is listed on the Stock Exchange (stock code: 778) and the Stock Exchange of Singapore, where he was primarily responsible for overseeing the functions on all accounting, finance and treasury matters. Since January 2013, Mr. Leung has been the financial controller of Shougang Concord International Enterprises Company Limited, a company listed on the Main Board (stock code: 697), primarily responsible for handling finance matters. Since 22 September 2017, Mr. Leung has been an independent non-executive director of Beaver Group (Holding) Company Limited, a company listed on GEM (stock code: 8275).

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Leung obtained his bachelor's degree in business administration from the Chinese University of Hong Kong in December 1989. He has been a fellow member of Association of Chartered Certified Accountants since May 1999 and a member of the Certified Public Accountant of Hong Kong Institute of Certified Public Accountants since February 1996.

Dr. Liao Junping (廖俊平)（"Dr. Liao"), aged 55, was appointed as our 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 33 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 vice-president 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 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), and a member of the Twelveth 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 62, was appointed as our independent non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgement to our Board. Mr. Tian is also the chairman of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Tian has more than 24 years of experiences in providing business and finance related tertiary education. From July 1982 to July 2005, Mr. Tian held different positions in the business and business administration department 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.

Mr. Tian is also currently a member of the Guangdong Chinese People's Political Consultative Conference and its economics committee, a consultant to the Guangdong Province Government, a committee member of the Guangdong Province Government Strategy Consultant Branch* (廣東省人民政府決策諮詢顧問), a member of the professional consultant committee of the Guangdong Province Market Regulation Society* (廣東省市場監管體系建設工作專家諮詢委員會), a committee member of the National Self-Learning Tertiary Education Exam Direction Board* (全國高等教育自學考試指導委員會), a researcher and committee member of the Guangdong Industrial Finance Research Centre* (廣東產業金融研究院) and Guangdong Province Society Research Centre* (廣東省省情調查研究中心), a researcher of the Guangdong Province Reform and Development Research Centre* (廣東省綜合改革發展研究院), a consultant of the Dongguan Songshanhu National Technology Industrial Development Zone* (東莞松山湖國家高新技術產業開發區), a member of the academia committee of the Shenzhen University China Economy Research Centre* (深圳大學中國經濟特區研究中心), a member of the academia committee of the Guangdong Finance Society* (廣東省金融學會), a counsellor of the Chinese Consumer Economics Society* (中國消費經濟學會), a general manager of the Guangdong Province Pricing Association* (廣東省價格協會), and the general counsel of the China International Finance Society.

Mr. Tian is also currently an independent non-executive Director of Wanlian Securities Shares Limited* (萬聯證券股份有限公司) and Zhuhai Port Holdings Group Limited, a company listed on the Shenzhen Stock Exchange (stock code: 507).

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 48, was appointed as our independent non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgement to our Board. Mr. Du is also a member of our audit committee.

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).

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

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.

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 the Guangdong Province in April 2015.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed in this section, each of our Directors confirms with respect to him/her that: (a) he/she has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (b) he/she did not hold other positions in our Company or other members of our Group; (c) he/she did not have any relationship with any other Directors, senior management, substantial shareholder or Controlling Shareholder of our Company; (d) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in "Appendix IV — Statutory and General Information — C. Further Information about our Directors and substantial Shareholders — 1. Interests and short positions of Directors and the chief executives of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations" in the Prospectus; (e) he/she does not have any interest in any business which competes or is likely to compete, directly or indirectly, with us, which is discloseable under GEM Listing Rules; and (f) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no additional information relating to our Directors or senior management that was required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and no other matter with respect to their appointments that needed to be brought to the attention of our Shareholders.

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)	38	deputy general manager	January 2016	January 2016	Sales and marketing of properties	none
Zhu Xiaoming (朱曉明)	33	deputy general manager	January 2016	March 2012	Sales of primary property projects	none
Deng Haozhi (鄧浩志)	40	deputy general manager	January 2016	March 2012	Sales of primary property projects	none

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu Peng (徐鵬) ("Mr. Xu"), aged 38, 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* (廣州市世聯房地產咨詢有限公司), 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.

Ms. Zhu Xiaoming (朱曉明) ("Ms. Zhu"), aged 33, 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. Deng Haozhi (鄧浩志) ("Mr. Deng"), aged 40, has been a deputy general manager of our Group since he joined our Group in March 2012. Mr. Deng is primarily responsible for the sales of primary property projects of our Group. Mr. Deng is also currently a deputy general manager of Guangzhou Fineland Property Consultancy.

Prior to joining our Group, in between April 2001 and October 2001, Mr. Deng was a marketing manager at Guangzhou TianBiGao Property Consultancy Company Limited* (廣州天比高物業顧問有限公司), primarily responsible for devising marketing strategies. In between October 2001 and January 2004, Mr. Deng was a marketing manager at Guangzhou Dongxun Real Estate Development Limited* (廣州市東迅房地產發展有限公司), and was responsible for marketing. In between July 2004 and October 2005, Mr. Deng was a sales manager at Guangdong Xinhengji Real Estate Development Limited* (廣東新恒基房地產開發有限公司), and was responsible for marketing. In between November 2005 and July 2007, Mr. Deng was a strategy and promotion manager at Guangzhou Lixun Investment Limited* (廣州力迅投資有限公司), and was responsible for sales. In between August 2007 and July 2010, Mr. Deng was a sales manager of Zhongtai International Group Limited* (中泰國際集團), and was primarily responsible for sales. In between August 2010 and February 2012, Mr. Deng was a deputy general manager of Guangdong Runtai Investment Group Limited* (廣東潤鈦投資集團有限公司), and was primarily responsible for corporate governance and sales.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Deng completed online higher education courses in finance and Chinese Literature from Peking University in July 2004, and July 2007 respectively.

Mr. Xu Peng, Ms. Zhu Xiaoming and Mr. Deng Haozhi do not have any current or past directorships in any listed companies.

COMPANY SECRETARY

Mr. Tso Ping Cheong, Brian (曹炳昌) ("Mr. Tso"), aged 37, joined our Group on 21 March 2017 as our company secretary

Mr. Tso is currently a director of a corporate services company and the sole proprietor of an accounting firm. Mr. Tso has over 14 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 Institute of Chartered Secretaries and Administrators in January 2014 and a fellow of the Institute of Chartered Secretaries and Administrators 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.

BOARD COMMITTEES

Audit Committee

Our Company has established an audit committee on 23 October 2017 with written terms of reference in compliance with Rules 5.28 of the GEM 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 in compliance with Rules 5.34 of the GEM 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 in compliance with the Corporate Governance Code in Appendix 15 to the GEM 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 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

COMPLIANCE OFFICER

Mr. Yi Ruofeng was appointed as the compliance officer pursuant to the requirements under Rule 5.19 of the GEM Listing Rules of our Company on 16 March 2017. Please refer to the paragraph headed "Executive Directors" of this section for details of the qualification and experience of Mr. Yi Ruofeng.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the year ended 31 December 2017, total remuneration (including salaries and bonus, allowances, and pension costs) paid by us to our Directors amounted to approximately RMB1.9 million (2016: RMB1.5 million).

Out of the five highest paid individuals, total remuneration (including salaries and bonus, and pension costs) paid to the three non-director, highest paid individuals of our Group during the year amounted to approximately RMB3 million (2016: RMB4 million).

We did not pay to 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 2017. 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 director 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.

COMPLIANCE ADVISER

We have appointed RaffAello Capital Limited as our compliance adviser in accordance with Rule 6A.19 of the GEM Listing Rules to provide us with services including providing guidance and advice in connection with compliance with requirements under the GEM Listing Rules. The term of appointment shall commence on the Listing Date and shall end on the publication date of our financial results for the second full financial year after the Listing in compliance with Rule 18.03 of the GEM Listing Rules. Our Company will pay to RaffAello Capital Limited an agreed fee for its provision of services with the scope required under the GEM Listing Rules.

Pursuant to Rule 6A.23 of the GEM Listing Rules, we will consult with and, if necessary, seek advice from the compliance adviser in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues or share repurchase;

(iii) where we propose to use the net proceeds from the Share Offer in a manner different from that detailed in the Prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in the Prospectus; and

(iv) where the Stock Exchange makes an inquiry to our Company concerning unusual movements in the price and trading volume of our shares and/or any other matters.

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 since the Listing Date, the Company had complied with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report (the "CG Code") of the GEM Listing Rules.

Model Code for Directors' Securities Transactions

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM 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 since the Listing Date and up to 31 December 2017.

The Board

During the year, 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;
- 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 quarterly, 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 GEM 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 or has signed a letter of appointment with the Company for an initial term of three years commencing from the Listing Date until terminated by either party giving not less than six months' written notice to the other expiring at the end of the initial term of their appointment or any time thereafter. The appointments are subject to the provisions of the Articles of Association of the Company 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.

The Board Committees

For the formation and responsibilities of the Board Committee, please refer to pages 20 to 22 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 recommendation on employee benefit arrangement 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 no meeting during the year ended 31 December 2017 and its members are as follows:

Mr. Tian Qiusheng *(Chairman of RC)*
Mr. Leung Wai Hung
Mr. Yi Ruofeng

Nomination Committee (the "NC")

The NC was set up on 23 October 2017 with written terms of reference 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 chaired by an executive Director. The NC had no meeting during the year ended 31 December 2017 and its members are as follows:

Ms. Rong Haiming *(Chairman of NC)*
Mr. Liao Junping
Mr. Tian Qiusheng

Audit Committee (the "AC")

The AC was set up on 23 October 2017 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of our AC was adopted in compliance with paragraphs C3.3 and C3.7 of the CG Code. 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 chaired by an independent non-executive Director. The AC had no meeting during the year ended 31 December 2017 and its members are as follows:

Mr. Leung Wai Hung *(Chairman of AC)*
Mr. Tian Qiusheng
Mr. Du Chenhua

Mr. Leung Wai Hung 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.

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

The Company commits to selecting the best person for the role. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, 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.

For the purpose of implementation of the Policy, the following measurable objectives were adopted:

(A) at least 1/3 of the members of the Board shall be independent non-executive directors;

(B) at least 1 of the members of the Board shall have obtained accounting or relevant financial management professional qualifications; and

(C) at least 50% of the members of the Board shall have China related work experience.

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.

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.

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. As the Company was listed on 15 November 2017, the Board was not required to hold meetings in compliance with Provision A.1.1 of the CG Code before the Listing Date and did not hold regular meetings for 2017. Going forward, the Board will schedule 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 2017, the Board comprises three executive Directors, one non-executive Director and four independent non-executive Directors. The Company has met the requirements of the GEM 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 11 to 16 and set out on the websites 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 Committee's 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	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)
Mr. Yi Ruofeng	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)
Ms. Tse Lai Wa	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)
Non-executive Director						
Mr. Fong Ming	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)
Independent Non-executive Directors						
Mr. Leung Wai Hung	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)
Mr. Liao Junping	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)
Mr. Tian Qiusheng	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)
Mr. Du Chenhua	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)

Note 1: Due to the fact that the Company was listed on 15 November 2017, no Board meeting, AC meeting, RC meeting, NC meeting, annual general meeting and extraordinary meeting were held during the year ended 31 December 2017. These meetings will be held in 2018 accordingly.

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 remain informed and refresh their relevant knowledge and skills (note 1), the Company has funded suitable trainings and encouraged Directors to participate in continuous professional developments. The Directors have confirmed that they have received the training as follows:

Name of Directors Attended seminars or briefing or 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.

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 Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

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

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 after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

Auditor's Remuneration

Apart from provision of annual audit services for the year ended 31 December 2017, BDO Limited, the Company's auditor, was also the reporting accountant of the Company in relation to the listing of the Company.

For the year ended 31 December 2017, the remuneration paid or payable to BDO Limited and its affiliate companies in respect of audit and non-audit services provided amounted to approximately RMB1,042,000 and RMB2,285,000 respectively. The non-audit services provided included professional services rendered in connection with internal control review and as reporting accountant in relation to the initial public offering.

The remuneration paid or payable to other auditor for audit services in PRC was approximately RMB53,000.

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:

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
- to review and monitor the training and continuous professional development of Directors and senior managements;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in corporate governance reports; and
- 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 chief executives in charge report directly to the Audit Committee, submit the internal audit report to the Audit Committee, and report the results of internal audit works to all Directors.

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 2017. 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 2017, 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 chief executives authorized by the Group to take charge of the investor relations, corporate matters and financial control functions are responsible for ensuring and monitoring compliance with the applicable disclosure procedures. The relevant chief executives may access inside information on "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.

Beside, 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 the 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, confirmed that he has complied with all the qualifications, experience, and has taken no less than 15 hours of relevant professional training requirements of the GEM Listing Rules.

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.

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
Address: No.28 Tiyu East Road Tianhe District, Guangzhou, PRC

Registered office of the Company
Address: P.O. Box 1350, Clifton House 75 Fort Street 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: 9/F, Wah Yuen Building, 149 Queen's Road Central, Central, 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 2017, there had been no significant change in the Company's constitutional documents. The articles of association of the Company are available on the websites of the Stock Exchange and the Company.

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 GEM 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 9/F, Wah Yuen Building, 149 Queen's Road Central, Central, 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 2017.

Corporate Reorganisation

The Company was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands as an exempted company with limited liability on 16 February 2017.

In preparing for the Listing, the Company became the holding company of the companies comprising the Group pursuant to the reorganisation as more particularly described in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" of the Prospectus.

The Shares of the Company were listed on GEM of the Stock Exchange on 15 November 2017.

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 9/F, Wah Yuen Building, 149 Queen's Road Central, Central, Hong Kong.

Principal activities and business review

The principal activities of the Group are (i) property research and consultancy services, (ii) comprehensive real estate agency services in the primary and secondary property markets, (iii) online property referral and agency service, and (iv) integrated services. 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 10 of this Annual Report. This discussion forms part of this directors' report.

Major customers and suppliers

During the year ended 31 December 2017, our largest customer accounted for approximately 16.0% of total revenue. The aggregate sales to our five largest customers contributed approximately 45.9% of our total sales during the year. Three of these five customers are connected customers as they are subsidiaries of the Fineland Group and sales to these three connected customers within our five largest customers in aggregate accounted for approximately 20.5% of total revenue. Together, customers that were entities within the Fineland Group in aggregate accounted for approximately 29% 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 Fangyuanbao 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 do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: RMBNil).

Use of proceeds from the Company's initial public offering

Based on the offer price of HK$0.79 per share, the net proceeds from the listing on GEM Board, after deducting related expenses, amounted to approximately HK$41.5 million (approximately RMB34.7 million). In accordance with the future development plan of the Group and the use of proceeds as set out in the prospectus, the Group planned to allocate its net proceeds as follows:

Use	Approximate percentage of total net proceeds
Expansion of secondary and primary real estate agency services	80%
Expansion of Integrated Services business	6%
Enhance brand recognition	4%
General working capital	10%

During the year ended 31 December 2017, the Group has applied the net proceeds as follows:

Use	Amount RMB'000
Expansion of secondary and primary real estate agency services	1,994
Expansion of Integrated Services business	48
Enhance brand recognition	106
General working capital	416

The Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

All the unutilised balances have been placed in licensed banks in the PRC and Hong Kong.

Gearing Ratio

As at 31 December 2017, the Group has gearing ratio (total liabilities divided by total assets) of 39% compared to that of 63% as at 31 December 2016.

Charitable donations

The Group did not make any charitable donations during the year (2016: RMBNil).

Summary financial information

A summary of the published result and assets, liabilities of the Group for the last three financial years, as extracted from the audited financial statements, is set out on page 88. 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 are set out in note 20 to the financial statements. Details about the issue of shares are also set out in note 20 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 2017, the Company had approximately RMB31.7 million distributable reserves. Details of the movements in the reserve of the Company for the Year are set out in note 31 to the financial statements.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles of Associations 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 (Appointed on 16 February 2017)
Mr. Yi Ruofeng (Appointed on 16 February 2017)
Ms. Tse Lai Wa (Appointed on 16 February 2017)

Non-executive Directors

Mr. Fong Ming (Appointed on 16 February 2017)

Independent Non-executive Directors

Mr. Leung Wai Hung (Appointed on 23 October 2017)
Mr. Liao Junping (Appointed on 23 October 2017)
Mr. Tian Qiusheng (Appointed on 23 October 2017)
Mr. Du Chenhua (Appointed on 23 October 2017)

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, 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 112 of the articles of association of the Company ("Articles of Association"), all 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' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31 December 2017, 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 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%
Mr. Yi	Interest in controlled corporation *(Note 3)*	9,000,000	2.25%

Notes:

1. 216,000,000 shares is 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 Real Estate Holdings Company Limited ("Fineland Real Estate") and Widethrive Investments Limited ("Widethrive Investments")), and 30% by Aspiring Vision Holdings Limited ("Aspiring Vision"), which is wholly-owned by Ms. Tse.

2. Shares are held by Metropolitan Dawn Holdings Limited ("Metropolitan Dawn"), which is wholly-owned by Ms. Rong.

3. Shares are held by Totoro Holding Limited, which is wholly-owned by Mr. Yi.

(ii) Associated corporation

Apart from the foregoing, as at 31 December 2017, none of the Directors nor the chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was 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.

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

As at 31 December 2017, 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 GEM Listing Rules on the Stock Exchange:

DIRECTORS' REPORT

Long positions in Shares

Name	Nature of Interest	Number of Shares held	Approximate percentage of shareholding
Mr. Fong	Interest in a controlled corporation	216,000,000	54%
He Kangkong (何康康)[(1)]	Interest of spouse	216,000,000	54%
Ms. Tse	Interest in a controlled corporation	216,000,000	54%
Zheng Muming (鄭木明)[(2)]	Interest of spouse	216,000,000	54%
Ms. Rong	Interest in a controlled corporation	24,000,000	6%
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 our issued share capital immediately upon completion of the Share Offer and Capitalisation Issue (without taking into any account any Shares will may be issued upon exercise of any option which may be granted under the Share Option Scheme). Mansion Green is owned as to 30% by Aspiring Vision, which is in turn direct 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 is 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 our issued share capital immediately upon completion of the Share Offer and Capitalisation Issue (without taking into any account any Shares will may be issued upon exercise of any option which may be granted under the Share Option Scheme). 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 2017, 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.

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 (iii) 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.

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 2017, 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 2017 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.

Related party transactions

Details of the related party transactions entered into by the Group are set out in note 24 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 24(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 20 of the GEM Listing Rules.

Connected transaction and continuing connected transaction

Non-exempted Continuing Connected Transactions up to 31 December 2017

On 11 October 2017, our 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.

As disclosed in the Prospectus, 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 for each of the three years ending 31 December 2019 will not exceeded RMB48.0 million, RMB53.0 million and RMB59.0 million, respectively.

As one or more of the applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the proposed annual caps for the transactions contemplated under the Master Agency Agreement is, on an annual basis, expected to be more than 5%, the transactions contemplated under Master Agreement are subject to annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Group has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 20 of GEM Listing Rules in respect of the above non-exempt continuing connected transactions.

Service provider	Service recipient	Nature of transactions	Annual cap for the year ended 31 December 2017	Total amount for the year ended 31 December 2017
Our Group	Fineland Real Estate and its subsidiaries	Services provided under the Master Agency Services Agreement	RMB48.0 million	RMB47.5 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.

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 GEM Listing Rules for the year ended 31 December 2017 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. 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, 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 GEM 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, save as disclosed in the Prospectus, 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 2017 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 minimize 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.

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.

Compliance with laws and regulations

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 GEM of 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 recognizes 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 2017.

Management and administration	6
Online Property referral and agency services	37
Property research and consultancy services	49
Real estate agency services	670
Integrated services	45
Total	807

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 regular analyze on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

Three years summary

A summary of the results and of the assets and liabilities of the Group for the last three financial years is set out on page 88 of the annual report.

Interests of compliance adviser

As notified by the Company's compliance adviser, RaffAello Capital Limited, one newly-joined employee, Ms. Lin Wei held 4,000 shares which accounted for approximately 0.001% of the total issued shares of the Company as at the date of this report since 15 November 2017. Save as disclosed above, neither RaffAello Capital Limited nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules except for the compliance adviser service provided by RaffAello Capital Limited as at the date of this report.

Corporate Governance

Details of the corporate governance practices adopted by the Company are set out on pages 20 to 29 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 Rule 5.09 of the GEM 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 Rule 5.09 of the GEM Listing Rules.

Review by Audit Committee

The audited financial statements of the Group for the year ended 31 December 2017 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 2017 comply with applicable accounting standards, GEM 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, 22 March 2018

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FINELAND REAL ESTATE SERVICES GROUP LIMITED
(formerly known as Fineland Assets Management Holdings 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 (formerly known as Fineland Assets Management Holdings Group Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 87, which comprise the consolidated statement of financial position as at 31 December 2017, 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 2017, 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 and online property referral and agency service income

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

For the year ended 31 December 2017, the Group's real estate agency service income and online property referral and agency service income amounted to approximately RMB160,211,000. In order to determine the amounts of such referral and agency service income, management is required to exercise significant judgements by taking into account of factors such as customers' profiles and contractual terms. Revenue is recognised only when it is probable that economic benefits will flow to the Group.

Key Audit Matters *(Continued)*

Revenue recognition of real estate agency service income and online property referral and 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 of the basis of the recognition of the referral and agency service income;

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

— Checking the accuracy of the amounts of the referral and agency service income recognised, on a sample basis, to invoices issued to customers and correspondences 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 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.

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, related safeguards.

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, 22 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 RMB'000	2016 RMB'000
Revenue	7	**166,360**	106,345
Other income and gains	8	**492**	565
Employee benefit expenses	10	**(88,517)**	(70,186)
Advertising, promotion and other commission expenses		**(42,233)**	(6,776)
Operating lease charges in respect of office and shop premises		**(9,743)**	(5,173)
Depreciation of property, plant and equipment	15	**(754)**	(393)
Other operating expenses		**(6,887)**	(3,492)
Listing expenses		**(20,340)**	–
(Loss)/profit before income tax	9	**(1,622)**	20,890
Income tax	12(a)	**(5,023)**	(5,563)
(Loss)/profit for the year		**(6,645)**	15,327
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**512**	–
Total comprehensive income for the year		**(6,133)**	15,327

		RMB cents	RMB cents
(Loss)/earnings per share			
— Basic and diluted	14	**(2.12)**	5.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment	15	**4,169**	1,527
Deposits paid for acquisition of property, plant and equipment		**741**	–
Total non-current assets		**4,910**	1,527
Current assets			
Trade receivables	16	**31,630**	9,804
Deposits, prepayments and other receivables		**2,728**	3,375
Amounts due from fellow subsidiaries	17	**438**	9,391
Bank balances and cash	18	**91,151**	58,167
Total current assets		**125,947**	80,737
Current liabilities			
Trade payables	19	**12,253**	3,169
Accruals and other payables		**27,229**	26,002
Dividend payable		**–**	14,637
Amounts due to fellow subsidiaries	17	**6,507**	4,479
Tax payable		**3,478**	1,534
Total current liabilities		**49,467**	49,821
Net current assets		**76,480**	30,916
Total assets less current liabilities		**81,390**	32,443
Non-current liability			
Deferred tax liabilities	12(b)	**2,031**	2,031
Net assets		**79,359**	30,412
Capital and reserves			
Share capital	20	**3,403**	–
Reserves	21	**75,956**	30,412
Total equity		**79,359**	30,412

Approved and authorised for issue by the board of directors on 22 March 2018.

Rong Haiming	**Yi Ruofeng**
Executive Director	*Executive Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
As at 1 January 2016	–	–	5,987	5,736	–	15,238	26,961
Profit and total comprehensive income for the year	–	–	–	–	–	15,327	15,327
Dividend declared *(Note 13)*	–	–	–	–	–	(11,876)	(11,876)
As at 31 December 2016 and 1 January 2017	–	–	5,987	5,736	–	18,689	30,412
Issue of share	–^	–	–	–	–	–	–
Allotment of shares	–^	–	–	–	–	–	–
Issue of shares under share offer and placing	851	66,355	–	–	–	–	67,206
Share issue expenses	–	(12,126)	–	–	–	–	(12,126)
Capitalisation issue	2,552	(2,552)	–	–	–	–	–
	3,403	51,677	–	–	–	–	55,080
Loss for the year	–	–	–	–	–	(6,645)	(6,645)
Other comprehensive income							
Exchange differences on translation of foreign operations	–	–	–	–	512	–	512
Total comprehensive income for the year	–	–	–	–	512	(6,645)	(6,133)
Profit appropriations to statutory reserve	–	–	–	273	–	(273)	–
As at 31 December 2017	**3,403**	**51,677**	**5,987**	**6,009**	**512**	**11,771**	**79,359**

^ The balance represents amount less than RMB1,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 RMB'000	2016 RMB'000
Cash flows from operating activities		
(Loss)/profit before income tax	**(1,622)**	20,890
Adjustments for:		
Interest income	**(396)**	(533)
Gain on bargain purchase	**–**	(32)
Depreciation of property, plant and equipment	**754**	393
Impairment loss on trade receivables	**–**	369
(Gain)/loss on disposal of property, plant and equipment	**(96)**	3
Operating (loss)/profit before working capital changes	**(1,360)**	21,090
Increase in trade receivables	**(21,826)**	(5,133)
Decrease/(increase) in deposits, prepayments and other receivables	**647**	(2,226)
Decrease in amounts due from fellow subsidiaries	**8,953**	9,106
Increase in amounts due to fellow subsidiaries	**6,507**	–
Increase in trade payables	**9,084**	3,097
Increase in accruals and other payables	**1,227**	7,662
Net cash generated from operations	**3,232**	33,596
Income tax paid	**(3,079)**	(7,287)
Net cash generated from operating activities	**153**	26,309
Cash flows from investing activities		
Interest income received	**396**	533
Purchases of property, plant and equipment	**(3,476)**	(1,179)
Deposits paid for acquisition of property, plant and equipment	**(741)**	–
Proceeds from disposal of property, plant and equipment	**176**	10
Decrease in amount due from a fellow subsidiary	**–**	20,000
Net cash inflow on business combination	**–**	382
Net cash (used in)/generated from investing activities	**(3,645)**	19,746

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 ***RMB'000***	2016 *RMB'000*
Cash flows from financing activities		
Proceeds from the share offer and placing, net of share issue expenses	**55,080**	–
Dividend paid	**(14,637)**	(13,624)
Decrease in amounts due to fellow subsidiaries	**(4,479)**	(1,504)
Net cash generated from/(used in) financing activities	**35,964**	(15,128)
Net increase in cash and cash equivalents	**32,472**	30,927
Effect of foreign exchange rate changes	**512**	–
Cash and cash equivalents at beginning of year	**58,167**	27,240
Cash and cash equivalents at end of year	**91,151**	58,167
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**91,151**	58,167

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

Fineland Assets Management Holdings Group Limited (the "Company") was incorporated as an exempted company in the Cayman Islands with limited liability on 16 February 2017. Pursuant to the issuance of Certificate of Incorporation on Change of Name by the Registrar of Companies in the Cayman Islands on 4 August 2017, the name of the Company changed from "Fineland Assets Management Holdings Group Limited" to "Fineland Real Estate Services Group Limited". The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 9/F, Wah Yuen Building, 149 Queen's Road Central, Central, Hong Kong. During the year, its shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing").

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 ("Mansion Green") and Widethrive Investments Limited, respectively, companies incorporated in the British Virgin Islands (the "BVI") with limited liability.

In connection with the Listing, the Company underwent a reorganisation (the "Reorganisation") and has become the holding company of its subsidiaries now comprising the Group since 1 March 2017 by way of share swaps, through Fineland Property Services Holdings Limited ("Fineland Holdings"), the direct wholly-owned subsidiary of the Company, with the then existing shareholders of Fineland Real Estate Services Limited ("Fineland Real Estate Services"). The share swaps had no substance and did not form a business combination, and accordingly, the financial statements of the Company and Fineland Holdings were consolidated with those of Fineland Real Estate Services using the predecessor carrying amounts. Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 31 October 2017.

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

(a) Adoption of new or revised HKFRSs — effective on 1 January 2017

Amendments to HKFRS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The adoption of the amendments has led to the additional disclosure presented in the Note 28 to the financial statements.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value. The adoption of amendments to HKAS 12 does not have impact on the Group's results and financial position as the Group does not have debt instruments measured at fair value.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. The adoption of the amendments to HKFRS 12 has no impact on these financial statements.

(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.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

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)*

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in the financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The initial adoption of HKFRS 9 would not have a significant impact on the Group's financial performance and financial position.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1:	Identify the contract(s) with a customer
Step 2:	Identify the performance obligations in the contract
Step 3:	Determine the transaction price
Step 4:	Allocate the transaction price to each performance obligation
Step 5:	Recognise revenue when each performance obligation is satisfied

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)*

HKFRS 15 — Revenue from Contracts with Customers *(Continued)*

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The initial adoption of HKFRS 15 would not have a significant impact on the Group's financial performance and financial position.

Amendments to HKFRS 15 — Clarification to HKFRS 15 Revenue from Contracts with Customers

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 — Leases

For lessee accounting, HKFRS 16 introduces a single accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of its operating lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed in Note 23(a) to the financial statements.

As set out in Note 23(a) to the financial statements, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of office and shop premises as at 31 December 2017 amounted to approximately RMB34,188,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expense on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated statement of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events (e.g. a change in the lease term) and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's consolidated statement of cash flows.

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 HKFRS 2 — Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Except as described above, the Group preliminarily considers that these new or revised HKFRSs would not have a significant impact on the Group's financial performance and financial position.

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 GEM of the Stock Exchange (the "GEM 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

These financial statements incorporate the financial statements of the Group. As explained in Note 1, the Reorganisation is accounted for using the predecessor carrying amounts. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing these 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.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. 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. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

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

(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, investment in a subsidiary is stated at cost less impairment loss, if any. The results of subsidiary 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.

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:

Furniture, fixtures and equipment	20% to $33^1/_3$%
Motor vehicles	25%
Computer equipment and software	20% 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.

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

(d) Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment 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.

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.

(e) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

The Group's financial assets are loans and receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers, and also incorporate other types of contractual monetary asset. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

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

(e) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group assesses, at the end of the reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

— significant financial difficulty of the debtors;
— a breach of contract, such as a default or delinquency in interest or principal payments;
— granting concession to a debtor because of debtor's financial difficulty; and
— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liabilities were incurred.

Financial liabilities at amortised cost are initially recognised at fair value, net of directly attributable costs incurred, and are subsequently measured at amortised cost, using 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.

(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.

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

(e) Financial instruments *(Continued)*

(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 HKAS 39.

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

(f) 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.

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the lessees. All other leases are classified as operating leases.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(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.

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

(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.

(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.

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

(j) Translation of foreign currencies *(Continued)*

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.

(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.

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

(l) Related parties *(Continued)*

(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.

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

(m) Revenue recognition

Revenue comprises the fair value for rendering of services. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(i) Real estate agency service income is recognised when a buyer and seller execute a legally binding sale agreement and when the relevant agreement becomes unconditional and irrevocable.

(ii) Online property referral and agency service income is recognised when a buyer and seller execute a legally binding sales agreement and when the relevant agreement becomes unconditional and irrevocable.

(iii) Property research and consultancy service income and integrated services income are recognised when the services are rendered.

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

(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.

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 and online property referral and agency service income

Management reviews sales transactions arising from such referral and agency service to determine whether it is probable that future economic benefits would flow to the Group taking into account the customers' profiles, contractual terms and other relevant factors. Revenues from those transactions that economic benefits are not probable to flow to the Group would not be recognised in the consolidated statement of comprehensive income until the relevant transactions are completed or until the uncertainty of completion is removed.

(ii) Impairment of trade receivables

The Group makes allowance for impairment of trade receivables, if any, based on an estimate of the recoverability of these receivables. Allowances are applied to trade receivables where events of changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade receivables requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of receivables and allowance for impairment losses in the period in which such estimate had been changed.

(iii) Deferred tax liabilities

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

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

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:

	2017 ***RMB'000***	2016 *RMB'000*
Fineland Real Estate Holdings Company Limited ("Fineland Real Estate") and its subsidiaries (collectively the "Fineland Group")	**48,193**	44,632
Customer A	**26,582**	–

7. REVENUE

	2017 ***RMB'000***	2016 *RMB'000*
Real estate agency service income	**120,663**	93,799
Online property referral and agency service income	**39,548**	7,441
Property research and consultancy service income	**3,846**	3,193
Integrated services income	**2,303**	1,912
	166,360	106,345

8. OTHER INCOME AND GAINS

	2017 ***RMB'000***	2016 *RMB'000*
Interest income	**396**	533
Gain on disposal of property, plant and equipment	**96**	–
Gain on bargain purchase *(Note 22)*	**–**	32
	492	565

9. (LOSS)/PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	2017 RMB'000	2016 RMB'000
Auditor's remuneration	**1,095**	53
Exchange losses, net	**252**	–
(Gain)/loss on disposal of property, plant and equipment	**(96)**	3
Impairment loss on trade receivables	**–**	369

10. EMPLOYEE BENEFIT EXPENSES

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

	2017 RMB'000	2016 RMB'000
Salaries, allowances and other benefits	**81,389**	65,061
Contributions and charges to retirement benefits scheme	**7,128**	5,125
	88,517	70,186

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 2017					
Executive directors					
Ms. Rong Haiming*	**–**	**656**	**257**	**72**	**985**
Mr. Yi Ruofeng*	**–**	**540**	**248**	**72**	**860**
Ms. Tse Lai Wa*	**–**	**15**	**–**	**–**	**15**
Non-executive director					
Mr. Fong Ming^	**15**	**–**	**–**	**–**	**15**
Independent non-executive directors					
Mr. Leung Wai Hung#	**20**	**–**	**–**	**–**	**20**
Dr. Liao Junping#	**18**	**–**	**–**	**–**	**18**
Mr. Tian Qiusheng#	**18**	**–**	**–**	**–**	**18**
Mr. Du Chenhua#	**18**	**–**	**–**	**–**	**18**
	89	**1,211**	**505**	**144**	**1,949**

	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 2016					
Executive directors					
Ms. Rong Haiming*	–	452	54	54	560
Mr. Yi Ruofeng*	–	417	407	60	884
Ms. Tse Lai Wa*	–	8	–	–	8
	–	877	461	114	1,452

* appointed as executive director on 16 February 2017.

^ appointed as non-executive Director on 16 February 2017.

\# appointed as independent non-executive Director on 23 October 2017.

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

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

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 (2016: RMBNil). In addition, none of the directors waived or agreed to waive any remuneration during the year (2016: 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.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2016: one) were directors of the Company during the year, whose emoluments are included in the analysis presented in Note 11(a). The emoluments of the remaining three (2016: four) non-director, highest paid individuals for the year, are as follows:

	2017 ***RMB'000***	2016 *RMB'000*
Salaries, allowances and other benefits	**2,935**	3,933
Contributions to retirement benefits scheme	**51**	63
	2,986	3,996

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 (2016: RMBNil).

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

	2017	2016
Nil to HK$1,000,000 (equivalent to approximately Nil to RMB847,000)	**1**	–
HK$1,000,001 to HK$1,500,000 (equivalent to approximately RMB847,001 to RMB1,271,000)	**2**	4
	3	4

12. INCOME TAX

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

	2017 **RMB'000**	2016 RMB'000
Current tax — PRC Enterprise Income Tax ("EIT")		
— provision for the year	**5,052**	5,225
— over-provision in respect of prior years	**(29)**	–
	5,023	5,225
Deferred tax *(Note 12(b))*	**–**	338
	5,023	5,563

(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) Provision for the PRC EIT is calculated at a statutory tax rate of 25% (2016: 25%) of the estimated assessable profit as determined in accordance with the relevant EIT law in the PRC.

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

	2017 **RMB'000**	2016 RMB'000
(Loss)/profit before income tax	**(1,622)**	20,890
Taxation calculated at PRC EIT rate of 25% (2016: 25%)	**(406)**	5,223
Effect of different tax rates of subsidiaries operating in other jurisdiction	**1,860**	–
Tax effect of revenue not taxable for tax purposes	**(2)**	(8)
Tax effect of expenses not deductible for tax purposes	**3,685**	225
Tax effect of tax losses not recognised	**38**	–
Tax allowances granted to a PRC subsidiary	**(123)**	(215)
Deferred tax on undistributed earnings of a PRC subsidiary	**–**	338
Over-provision in respect of prior years	**(29)**	–
Income tax for the year	**5,023**	5,563

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 a subsidiary in the PRC *RMB'000*
At 1 January 2016	1,693
Charged to profit or loss for the year *(Note 12(a))*	338
At 31 December 2016, 1 January 2017 and 31 December 2017	**2,031**

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.

During the year ended 31 December 2016, a provision of RMB338,000 was charged to profit or loss, representing 10% of the unremitted earnings accrued in the year ended 31 December 2016.

During the year ended 31 December 2017, no deferred tax liability has been provided for the withholding tax that would be payable on the unremitted earnings totalling RMB13,720,000 as at 31 December 2017. Such earnings are 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 2017, the Group had unused tax losses of approximately RMB153,000 (2016: RMBNil) 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 2017, the Group did not have other material unrecognised deferred tax (2016: RMBNil).

13. DIVIDEND

	2017 ***RMB'000***	2016 *RMB'000*
Interim dividend	–	11,876

No dividend has been paid or declared by the Company since its incorporation. For the purpose of this report, the interim dividend for the year ended 31 December 2016 represented interim dividend declared by a group entity to its then equity owners.

The rates of dividend and the number of shares ranking for dividends for the year ended 31 December 2016 were not presented as such information was not meaningful having regard to the purpose of these financial statements.

14. (LOSS)/EARNINGS PER SHARE

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

	2017 ***RMB'000***	2016 *RMB'000*
(Loss)/profit for the year	**(6,645)**	15,327
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share *(Note)*	**312,876,712**	300,000,000

Note: The weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective on 1 January 2016.

Diluted (loss)/earnings per share are the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding for the years ended 31 December 2016 and 2017.

15. PROPERTY, PLANT AND EQUIPMENT

	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 2016	453	1,171	1,422	1,202	4,248
Additions	18	–	208	953	1,179
Business combination *(Note 22)*	–	–	91	–	91
Disposals	–	(261)	–	(109)	(370)
As at 31 December 2016 and 1 January 2017	471	910	1,721	2,046	5,148
Additions	190	395	636	2,255	3,476
Disposals	–	(910)	–	(105)	(1,015)
As at 31 December 2017	661	395	2,357	4,196	7,609
Accumulated depreciation					
As at 1 January 2016	(349)	(1,113)	(1,261)	(862)	(3,585)
Depreciation for the year	(68)	–	(141)	(184)	(393)
Eliminated on disposals	–	248	–	109	357
As at 31 December 2016 and 1 January 2017	(417)	(865)	(1,402)	(937)	(3,621)
Depreciation for the year	(22)	(47)	(189)	(496)	(754)
Eliminated on disposals	–	865	–	70	935
As at 31 December 2017	(439)	(47)	(1,591)	(1,363)	(3,440)
Carrying amounts					
As at 31 December 2017	222	348	766	2,833	4,169
As at 31 December 2016	54	45	319	1,109	1,527

16. TRADE RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**32,901**	11,075
Less: Impairment losses	**(1,271)**	(1,271)
	31,630	9,804

Trade receivables mainly represent real estate agency service income receivables from customers whereby no general credit terms are granted. 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 of the end of the reporting period is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**31,554**	8,275
4 to 6 months	**1**	729
7 to 12 months	**55**	800
Over 1 year	**20**	–
	31,630	9,804

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.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The movements in impairment loss on trade receivables during the year are as follows:

	2017	2016
	RMB'000	*RMB'000*
At beginning of the year	**(1,271)**	(902)
Impairment loss recognised	**–**	(369)
At end of the year	**(1,271)**	(1,271)

17. AMOUNTS DUE WITH FELLOW SUBSIDIARIES

The amounts due from fellow subsidiaries as at 31 December 2016 and 2017 are trade in nature, unsecured and interest-free and the fellow subsidiaries are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements.

The amounts due to fellow subsidiaries as at 31 December 2017 are trade in nature, unsecured and interest-free and represent agency service income received in advance.

The amounts due to fellow subsidiaries as at 31 December 2016 were non-trade in nature, unsecured, interest-free and repayable on demand.

18. BANK BALANCES AND CASH

As at 31 December 2016 and 2017, bank balances carry interest at prevailing deposit rates.

As at 31 December 2017, included in the Group's bank balances is an amount of approximately RMB40,400,000 (2016: RMB58,145,000), which are deposits with banks in the PRC and denominated in RMB, and RMB is not a freely convertible currency.

19. TRADE PAYABLES

The amount 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:

	2017 ***RMB'000***	2016 *RMB'000*
Within 3 months	**12,253**	3,169

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.

20. SHARE CAPITAL

The share capital as at 31 December 2017 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		
Authorised		
On date of incorporation *(Note (a))*	38,000,000	380
Increase in authorised share capital *(Note (b))*	9,962,000,000	99,620
31 December 2017	10,000,000,000	100,000

20. SHARE CAPITAL *(Continued)*

	Number	Amount *HK$'000*	Amount *RMB'000*
Ordinary shares at par value of HK$0.01 each			
Issued and fully paid			
On date of incorporation *(Note (a))*	1	–	–
Allotment of shares *(Note (c))*	199	–	–
Issue of shares under share offer and placing *(Note (d))*	100,000,000	1,000	851
Capitalisation issue *(Note (e))*	299,999,800	3,000	2,552
31 December 2017	400,000,000	4,000	3,403

Notes:

(a) The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 16 February 2017 with initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares at par value of HK$0.01 each. Upon incorporation, 1 nil-paid subscriber share was allotted and issued to the subscriber, which was transferred to Mansion Green on the same date, as part of the Reorganisation.

(b) Pursuant to the written resolution of the shareholders of the Company on 23 October 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$100,000,000 by the creation of additional 9,962,000,000 ordinary shares at par value of HK$0.01 each.

(c) On 1 March 2017, Fineland Holdings, acquired the entire issued share capital of Fineland Real Estate Services by way of a share swap, in consideration of which, the Company credited as fully paid at par the 1 nil-paid share held by Mansion Green; and allotted and issued 199 fully paid-up new shares of the Company to Mansion Green as part of the Reorganisation.

(d) 100,000,000 new ordinary shares at par value of HK$0.01 each were issued, by way of share offer and placing, at a price of HK$0.79 per share for a total cash consideration (before share issue expenses of HK$13,964,000 (equivalent to approximately RMB12,126,000) of HK$79,000,000 (equivalent to approximately RMB67,206,000); and

(e) Pursuant to the written resolution of the shareholders of the Company on 23 October 2017, after the share premium account of the Company being credited as a result of the share offer and placing of the Company, an amount of HK$2,999,998 (equivalent to approximately RMB2,552,000) standing to the credit of the share premium account of the Company was applied in paying up in full at par 299,999,800 ordinary shares to be allotted and issued to shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on 23 October 2017.

21. 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.

21. RESERVES *(Continued)*

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 shareholders.

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.

22. BUSINESS COMBINATION

In May 2016, the Group acquired 100% equity interest in Guangzhou Fang Yuan Bao Network and Technology Limited ("Fang Yuan Bao") for a total consideration of RMB1,000,000 in cash. Fang Yuan Bao was engaged in the provision of online property referral and agency services in the PRC. The acquisition of Fang Yuan Bao was made by the Group with the aim of expanding the Group's business.

Details of the fair value of identifiable assets and liabilities, acquisition consideration and gain on bargain purchase from business combination at the date of acquisition were as follows:

	Notes	*RMB'000*
Property, plant and equipment	*15*	91
Trade receivables *(Note (ii))*		77
Deposits, prepayments and other receivables		3
Bank balances and cash		1,382
Trade payables		(72)
Accruals and other payables		(449)
		1,032
Gain on bargain purchase	*8*	(32)
Total consideration		1,000
Satisfied by:		
Cash consideration		1,000
Analysis of cash flows on business combination:		
Cash paid		(1,000)
Net cash acquired		1,382
Net cash inflow on business combination		382

22. BUSINESS COMBINATION *(Continued)*

Notes:

(i) The acquisition costs of approximately RMB1,000 were expensed and included in other operating expenses in the consolidated statement of comprehensive income for the year ended 31 December 2016.

(ii) The fair value of trade receivables amounted to RMB77,000, which was the same as the gross amount of trade receivables as no trade receivables were expected to be uncollectible.

(iii) The former equity owners of Fang Yuan Bao were willing to accept the acquisition consideration which was slightly less than the fair value of Fang Yuan Bao's net assets due to lack of stable track records of business as Fang Yuan Bao only operated for a short period after its establishment, resulting in a gain on bargain purchase from business combination.

(iv) Since the acquisition date, Fang Yuan Bao contributed RMB7,441,000 and a profit of RMB141,000 to the Group's revenue and net profit respectively for the year ended 31 December 2016.

(v) Had the acquisition occurred on 1 January 2016, the Group's revenue and profit for the year ended 31 December 2016 would have been RMB110,332,000 and RMB15,253,000 respectively.

23. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating lease commitments

As at the end of the reporting period, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office and shop premises as follows:

	2017 ***RMB'000***	2016 *RMB'000*
Not later than one year	**11,160**	4,197
Later than one year and not later than five years	**23,028**	9,794
	34,188	13,991

Leases for the Group's office and shop premises are negotiated for range of two to five years (2016: two to five years) at fixed rental. Certain leases of the Group contain an option to renew and renegotiate the terms at the expiry date or at dates mutually agreed between the Group and respective landlords/ lessors.

(b) Capital commitment

	2017 ***RMB'000***	2016 *RMB'000*
Capital expenditure, contracted for but not provided for, in respect of:		
Acquisition of property, plant and equipment	**585**	–

23. COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

(c) Contingent liability

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

24. 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:

	2017 RMB'000	2016 RMB'000
Real estate agency service income from fellow subsidiaries	**40,661**	41,099
Online property referral and agency service income from fellow subsidiaries	**5,749**	2,892
Property research and consultancy service income from fellow subsidiaries	**1,122**	528
Integrated services income from fellow subsidiaries	**–**	113
	47,532	44,632
Other research service income from a fellow subsidiary	**661**	–
Operating lease charges to fellow subsidiaries	**1,969**	1,560
Operating lease charges to a director	**137**	247
Operating lease charges to a related party (Note)	**243**	223
Consultancy fee to a fellow subsidiary	**179**	314
Purchase of property, plant and equipment from a fellow subsidiary	**97**	–
Deposits paid for acquisition of property, plant and equipment to a fellow subsidiary	**240**	–

The above transactions were conducted on mutually agreed terms.

Note:

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

(b) As at the end of the reporting period, the Group had future aggregate minimum lease payments to fellow subsidiaries, a director and a related party under non-cancellable operating leases in respect of office and shop premises as follows:

	2017 RMB'000	2016 RMB'000
Not later than one year	**2,376**	491
Later than one year and not later than five years	**1,800**	1,649
	4,176	2,140

24. RELATED PARTY TRANSACTIONS *(Continued)*

(c) 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 RMB370,000 (2016: RMBNil).

(d) In May 2016, the Group acquired 30% and 70% equity interests of Fang Yuan Bao from Ms. Tse Lai Wa, a director of the Company, and an independent third party corporate respectively, at a total consideration of RMB1,000,000. Further details of the acquisition were set out in Note 22.

(e) On 1 March 2012, the Group and Fineland Real Estate, an intermediate holding company of the Company, entered into two trademark license agreements (the "PRC Trademark License Agreements"), pursuant to which Fineland Real Estate agreed to grant to the Group non-exclusive licenses to use certain trademark registered by Fineland Real Estate in the PRC (the "PRC Licensed Trademarks") at nil consideration. The term of each of the PRC Trademark License Agreements commenced on the date thereof until the expiration date of the PRC Licensed Trademarks. The PRC Trademark License Agreements were cancelled during the year.

On 11 October 2017, the Group and Fineland Real Estate entered into trademark license agreements (the "Trademark License Agreements"), pursuant to which Fineland Real Estate agreed to grant to the Group an exclusive license to use certain trademarks registered by Fineland Real Estate ("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.

(f) On 11 October 2017, the Group and Fineland Real Estate 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.

(g) 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.

25. 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.

25. CAPITAL MANAGEMENT *(Continued)*

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

	2017 **RMB'000**	2016 RMB'000
Total liabilities	**51,498**	51,852
Total assets	**130,857**	82,264
Gearing ratio	**39%**	63%

26. 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 and amounts due from fellow subsidiaries which are trade in nature. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables and amounts due from fellow subsidiaries which are trade in nature, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of customers. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. As at 31 December 2016 and 2017, the Group has concentration of credit risk on amounts due from fellow subsidiaries 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 16.

(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.

26. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity risk *(Continued)*

The Group's financial liabilities comprise trade payables and accruals and other payables maturing in less than one year and their contractual undiscounted payments approximate their carrying amounts as shown in the consolidated statement of financial position.

(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.

27. 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 2017 is categorised as follows:

	2017 **RMB'000**	2016 *RMB'000*
Financial assets:		
Loans and receivables (including bank balances and cash) measured at amortised cost	**125,907**	79,180
Financial liabilities:		
Financial liabilities measured at amortised cost	**35,013**	43,106

28. 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.

	Dividend payable *RMB'000*	Amounts due to fellow subsidiaries *RMB'000*	Total *RMB'000*
At 1 January 2017	14,637	4,479	19,116
Changes from cash flows:			
Dividend paid	(14,637)	–	(14,637)
Decrease in amounts due to fellow subsidiaries	–	(4,479)	(4,479)
Total changes from financing cash flows:	(14,637)	(4,479)	(19,116)
At 31 December 2017	–	–	–

Comparative figures are not required as this is the first year of disclosure.

29. 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.

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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 Directly	Effective interest held by the Company Indirectly	Principal activities
Fineland Property Services Holdings Limited (formerly known as Fineland Assets Management Holdings Limited)	The BVI 16 February 2017 Limited liability company	The PRC	200 shares of US$200	100%	–	Investment holding
Fineland Real Estate Services Limited (formerly known as Fineland Assets Management Company Limited)	Hong Kong 16 June 2016 Limited liability company	The PRC	10 shares of HK$10	–	100%	Investment holding
Guangzhou Fineland Property Consultancy Limited* 廣州方圓地產顧問有限公司	The PRC 17 March 1997 Limited liability company	The PRC	HK$6,000,000	–	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%	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%	Inactive

* The English translated names are for identification purpose only.

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

31. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	As at 31 December 2017 *RMB'000*
Non-current asset	
Investment in a subsidiary	922
Current asset	
Bank balances and cash	50,313
Current liabilities	
Accruals and other payables	1,034
Amounts due to subsidiaries	15,056
Total current liabilities	16,090
Net current asset	34,223
Total assets less current liabilities	35,145
Net assets	35,145
Capital and reserves	
Share capital	3,403
Reserves *(note (i))*	31,742
Total equity	35,145

Approved and authorised for issue by the board of directors on 22 March 2018.

Rong Haiming
Executive Director

Yi Ruofeng
Executive Director

31. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION *(Continued)*

Note:

(i) Reserve of the Company

	Share premium *RMB'000*	Capital reserve *RMB'000*	Exchange reserve *RMB'000*	Accumulated loss *RMB'000*	Total *RMB'000*
At date of incorporation	–	–	–	–	–
Issue of shares pursuant to Reorganisation	–	922	–	–	922
Issue of shares under share offer and placing	66,355	–	–	–	66,355
Share issue expenses	(12,126)	–	–	–	(12,126)
Capitalisation issue	(2,552)	–	–	–	(2,552)
	51,677	922	–	–	52,599
Loss for the period	–	–	–	(21,390)	(21,390)
Other comprehensive income					
Exchange differences from translation to presentation currency	–	–	533	–	533
Total comprehensive income for the period	–	–	533	(21,390)	(20,857)
As at 31 December 2017	51,677	922	533	(21,390)	31,742

32. 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.

32. SHARE OPTION SCHEME *(Continued)*

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 year ended 31 December 2017, there were no share options granted, exercised, cancelled or lapsed under the Scheme.

33. EVENTS AFTER THE REPORTING DATE

There were no material events requiring disclosure after the reporting date.

THREE YEARS FINANCIAL SUMMARY

	For the year ended 31 December		
	2017	2016	2015
	RMB'000	*RMB'000*	*RMB'000*
Results			
Revenue	**166,360**	106,345	90,059
(Loss)/profit before income tax	**(1,622)**	20,890	19,005
Income tax	**(5,023)**	(5,563)	(6,112)
(Loss)/profit for the year	**(6,645)**	15,327	12,893

	As at 31 December		
	2017	2016	2015
	RMB'000	*RMB'000*	*RMB'000*
Assets and liabilities			
Total assets	**130,857**	82,264	72,509
Total liabilities	**(51,498)**	(51,852)	(45,548)
Net assets	**79,359**	30,412	26,961

Note:

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

No financial statements of the Group for the years ended 31 December 2014 and 2013 were published.

The financial information for the years ended 31 December 2016 and 2015 was extracted from the prospectus of the Company dated 31 October 2017.