



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

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

(Stock Code: 9978)

INTERIM REPORT
.....2024.....

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. HAN Shuguang (*Chief executive officer*)
(re-designated as chief executive officer
on 30 April 2024)
Ms. TSE Lai Wa

Non-executive Director

Mr. FONG Ming (*Chairman*)
(re-designated as chairman on 30 April 2024)

Independent non-executive Directors

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

Company secretary

Mr. TSO Ping Cheong, Brian
FCPA, FCCA, FCG (CS, CGP), HKFCG (CS, CGP)

Audit committee

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

Remuneration committee

Mr. TIAN Qiusheng (*Chairman*)
Mr. LEUNG Wai Hung
Mr. HAN Shuguang

Nomination committee

Mr. FONG Ming (*Chairman*)
(appointed on 30 April 2024)
Mr. LEUNG Wai Hung
Mr. TIAN Qiusheng

Authorised representatives

Mr. TSO Ping Cheong, Brian
Mr. HAN Shuguang

Legal advisers

As to Hong Kong Laws
Hogan Lovells

Auditor

BDO Limited
Registered Public Interest Entity Auditor

Principal bankers

Industrial Bank Company Limited,
Guangzhou Tianhe branch

Industrial and Commercial Bank of China,
Guangzhou Liuhua branch

China Construction Bank,
Guangzhou Dongbao Building branch

Registered office

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

Headquarters in the PRC

No. 28 Tiyu East Road
Tianhe District
Guangzhou
PRC

Principal place of business in Hong Kong

Unit B, 17/F., United Centre
95 Queensway, Admiralty
Hong Kong

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F., Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Principal share registrar and transfer office

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Company's website address

www.finelandassets.com

INTERIM RESULTS

The Board (the “**Board**”) of Directors (the “**Directors**”) of the Company hereby reports the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) with the unaudited comparative figures for the six months ended 30 June 2023.

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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	186,085	217,595
Cost of services		(148,094)	(165,329)
Gross profit		37,991	52,266
Other income and gains, net	6	795	2,142
Selling and marketing expenses		(72)	(395)
Administrative expenses		(18,440)	(27,002)
Impairment losses of financial assets, net		(32,816)	(46,948)
Finance costs		(771)	(741)
Loss before income tax	7	(13,313)	(20,678)
Income tax	8	1,003	2,123
Loss for the period		(12,310)	(18,555)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(107)	(1,235)
Total comprehensive loss for the period		(12,417)	(19,790)

		Six months ended 30 June	
	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss attributable to:			
Owners of the Company		(14,673)	(22,911)
Non-controlling interests ("NCI")		2,363	4,356
		(12,310)	(18,555)
Total comprehensive loss attributable to:			
Owners of the Company		(14,780)	(24,146)
NCI		2,363	4,356
		(12,417)	(19,790)
		RMB cents	RMB cents
Loss per share			
— Basic and diluted	10	(3.67)	(5.73)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2024*

		As at 30 June 2024	As at 31 December 2023
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	11,841	13,083
Investment properties		3,223	–
Right-of-use assets	12(a)	977	1,138
Financial assets at fair value through profit or loss		4,121	3,950
Goodwill		47,646	47,646
Other intangible assets		20,564	23,336
Deposits for acquisition of properties		3,888	3,888
Deferred tax assets		19,544	17,802
Total non-current assets		111,804	110,843
Current assets			
Trade receivables	13	111,617	103,948
Deposits, prepayments and other receivables		69,910	63,641
Amounts due from fellow subsidiaries	14	49,839	62,477
Amounts due from related companies	14	38,738	40,678
Amounts due from NCI	14	1,494	1,544
Financial assets at fair value through profit or loss	15	4,437	4,382
Restricted bank balances	16	3,098	2,644
Bank balances and cash	16	54,317	88,134
Total current assets		333,450	367,448
Current liabilities			
Trade payables	17	67,575	71,356
Contract liabilities		50,121	50,862
Accruals and other payables		134,279	139,508
Lease liabilities	12(b)	276	321
Amounts due to fellow subsidiaries	14	2,262	1,940
Amounts due to related companies	14	2	–
Amounts due to NCI	14	159	259
Bank borrowings	18	13,739	19,366
Tax payable		11,731	12,511
Total current liabilities		280,144	296,123

		As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
	Notes		
Net current assets		53,306	71,325
Total assets less current liabilities		165,110	182,168
Non-current liabilities			
Lease liabilities	12(b)	777	880
Deferred tax liabilities		7,669	8,362
Total non-current liabilities		8,446	9,242
Net assets		156,664	172,926
Capital and reserves			
Share capital	19	3,403	3,403
Reserves		94,582	109,362
Equity attributable to owners of the Company		97,985	112,765
NCI		58,679	60,161
Total equity		156,664	172,926

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2024*

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Equity attributable to owners of the Company <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
As at 1 January 2024	3,403	51,677	6,721	14,707	(4,402)	40,659	112,765	60,161	172,926
Profit for the period	-	-	-	-	-	(14,673)	(14,673)	2,363	(12,310)
Exchange differences on translation of foreign operations	-	-	-	-	(107)	-	(107)	-	(107)
Total comprehensive income for the period	-	-	-	-	(107)	(14,673)	(14,780)	2,363	(12,417)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(3,845)	(3,845)
As at 30 June 2024	3,403	51,677	6,721	14,707	(4,509)	25,968	97,985	58,679	156,664
As at 1 January 2023	3,403	51,677	6,118	13,946	(3,931)	102,029	173,242	64,265	237,507
Profit for the period	-	-	-	-	-	(22,911)	(22,911)	4,356	(18,555)
Exchange differences on translation of foreign operations	-	-	-	-	(1,235)	-	(1,235)	-	(1,235)
Total comprehensive income for the period	-	-	-	-	(1,235)	(22,911)	(24,146)	4,356	(19,790)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,200)	(1,200)
Capital contribution from the NCI	-	-	-	-	-	-	-	890	890
As at 30 June 2023	3,403	51,677	6,118	13,946	(5,166)	79,118	149,096	68,311	217,407

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2024*

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash used in operating activities	(22,551)	(1,536)
Investing activities		
Interest received	105	137
Purchase of property, plant and equipment	(917)	(583)
Proceeds from sale of property, plant and equipment	250	81
Placement of restricted cash	(454)	(2,295)
Net cash used in investing activities	(1,016)	(2,660)
Financing activities		
Interest paid	(371)	(737)
Capital contribution from the NCI	–	890
Dividend paid to non-controlling interest	(3,845)	(1,200)
Payment of principal portion of lease payments	(148)	(57)
Payment of interest portion of lease payments	(28)	(4)
Proceeds from bank borrowings	–	4,270
Repayment of bank borrowings	(6,000)	(5,000)
Net cash used in financing activities	(10,392)	(1,838)
Net decrease in cash and cash equivalents	(33,959)	(6,034)
Effect of foreign exchange rate changes	142	151
Cash and cash equivalents at beginning of year	88,134	117,684
Cash and cash equivalents at end of year	54,317	111,801

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal activities of the Company and its subsidiaries (collectively referred as the "**Group**") are the provision of professional property management services, value-added services and real estate agency services, for residential and commercial properties in the People's Republic of China (the "**PRC**").

The Company is directly held as to 24.3% by Mansion Green Holdings Limited ("**Mansion Green**"), as to 16.2% by Aspiring Vision Holdings Limited, as to 15.0% by Huiyu Investment Holdings Limited and as to 0.99% by Mr. Huang Peng and/or his spouse. Pursuant to the deed of concert parties entered into on 24 January 2024, Mr. Fong, Ms. Tse and Mr. Huang are parties acting in concert in respect of the Company.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated financial statements have been prepared in accordance Hong Kong Accounting Standards ("**HKASS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit and loss, investment properties and contingent consideration payable which have been measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Company's subsidiaries established in the PRC from which all of the Group's revenue and operating profit were generated. The functional currency of the Company is Hong Kong dollars ("**HK\$**"). All values are rounded to the nearest thousand of RMB ("**RMB'000**") except when otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2023 (the "**2023 Financial Statements**"), except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively "**new and revised HKFRSs**") issued by the HKICPA which have become effective in this period.

The Directors were not aware of any material impact from the application of the new and revised HKFRSs in the financial statements of the Group for the six months ended 30 June 2024 and in the future.

4. SEGMENT REPORTING

The Group has determined its operating segments and prepared segmental information based on regular internal financial information that is based on a measure of operating results reported to the chief operating decision makers, i.e. the executive Directors of the Company, who are responsible for making strategic decisions. The executive Directors review the Group's internal reporting in order to assess the performance and allocate the resources and have determined the operating segments based on these reports. The Group's reportable and operating segments for the six months ended 30 June 2024 are as follows:

- (a) provision of comprehensive real estate agency services; and
- (b) provision of professional property management services.

Reportable segments

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

	Six months ended 30 June 2024		
	Provision of comprehensive real estate agency services RMB'000 (Unaudited)	Provision of professional property management services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue			
External sales	5,432	180,653	186,085
Intersegment sales	–	–	–
<i>Reconciliation</i>			
Elimination of intersegment sales	–	–	–
Total revenue	5,432	180,653	186,085
Segment (loss)/profit	(14,251)	18,804	4,553
<i>Reconciliation:</i>			
Fair value loss on contingent consideration payable			77
Unallocated corporate expenses			(17,943)
Loss before income tax			(13,313)

4. SEGMENT REPORTING *(Continued)***Reportable segments** *(Continued)*

	Six months ended 30 June 2023		
	Provision of comprehensive real estate agency services <i>RMB'000</i> (Unaudited)	Provision of professional property management services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue			
External sales	20,089	197,506	217,595
Intersegment sales	–	–	–
<i>Reconciliation</i>			
Elimination of intersegment sales	–	–	–
Total revenue	20,089	197,506	217,595
Segment (loss)/profit	(22,495)	28,285	5,790
<i>Reconciliation:</i>			
Fair value loss on contingent consideration payable			(435)
Unallocated corporate expenses			(26,033)
Loss before income tax			(20,678)

Unallocated corporate expenses mainly comprises legal and professional fees and salaries and allowances for the six months ended 30 June 2024 and 2023.

Segment assets and liabilities

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

Geographical information

As the CODM 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.

4. SEGMENT REPORTING *(Continued)***Information about major customers**

For the six months ended 30 June 2024, there was no revenue from a single customer or a group of customers under common control amounting to 10% or more of the Group's revenue (six months ended 30 June 2023: Nil).

5. REVENUE

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

		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		Revenue from customers and recognised	
Real estate agency services			
Real estate agency services income	at a point in time	5,432	20,089
Property management services			
Property management services income	over time	152,648	166,911
Value-added services to non-property owners	over time	7,983	10,713
Community value-added services			
— Other value-added services	over time	19,511	19,484
— Sale of goods	at a point in time	511	398
		186,085	217,595

6. OTHER INCOME AND GAINS/(LOSSES), NET

		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Interest income		105	137
Exchange gains, net		105	1,262
Government grants <i>(Note)</i>		52	942
Gain on lease modifications <i>(Note 13(a))</i>		—	13
Fair value gain on financial assets at fair value through profit or loss		199	48
Fair value gain/(loss) on contingent consideration payable		77	(435)
Other income		257	175
		795	2,142

Note:

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

7. LOSS BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Auditor's remuneration	109	305
Amortisation of other intangible assets (included in administrative expenses)	2,771	2,771
Depreciation of property, plant and equipment	1,610	1,604
Depreciation of right-of-use assets	160	56
Exchange (gains)/losses, net	(105)	(1,262)
(Gain)/loss on disposal of property, plant and equipment (Note 12)	(202)	(33)
Finance costs:		
— Interest expenses on lease liabilities	28	4
— Interest expenses on bank borrowings	743	737
Employee benefit expenses	71,136	88,332
Short-term lease expenses	2,188	2,515
Impairment losses/(reversal of impairment losses) on financial assets, net, recognised on:		
— Trade receivables (Note 13)	19,755	6,646
— Amounts due from fellow subsidiaries (Note 14)	7,123	22,744
— Amounts due from related companies (Note 14)	4,987	18,024
— Amounts due from NCI (Note 14)	50	(414)
— Deposits, prepayments and other receivables	901	(52)
	111,254	141,977

8. INCOME TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current tax — PRC Enterprise Income Tax ("EIT")	1,431	3,293
Deferred tax	(2,434)	(5,416)
	(1,003)	(2,123)

- (i) No Hong Kong profits tax has been provided as the Group has no estimated assessable profits arising in Hong Kong for the current and prior periods.
- (ii) Under the PRC EIT Law, the Group's PRC entities are subject to income tax at a rate of 25%, except that certain subsidiaries are qualified as small enterprises and micro businesses and enjoy a preferential income tax rate of 5% respectively for the six months ended 30 June 2024.

9. DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to the owners of the Company (RMB'000)	(14,673)	(22,911)
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share	400,000,000	400,000,000

Diluted (loss)/earnings per share are the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment at total cost of RMB930,000 (six months ended 30 June 2023: RMB2,090,000). Items of property, plant and equipment with net carrying amount of RMB563,000 (six months ended 30 June 2023: RMB112,000) were disposed of during the six months ended 30 June 2024, resulting in a gain on disposal of RMB202,000 (six months ended 30 June 2023, gain on disposal of RMB33,000) (Note 7).

12. LEASES

The Group entered into a number of lease agreements for the use of office and shop premises in the PRC with lease terms of 2 to 7 years (2023: 3 years). Certain lease agreements contain options to extend or terminate the lease. Under certain lease agreements with the extension option, the rental amount and lease terms for extension period are subject to negotiation with respective landlords on an individual basis at the time of renewal.

(a) Right-of-use assets

During the six months ended 30 June 2024, no right-of-use assets (six months ended 30 June 2023: RMB141,000) were disposed of, resulting in no gain or loss on disposal (six months ended 30 June 2023, gain on disposal of RMB13,000) (Note 6).

(b) Lease liabilities

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Unaudited)
Current liabilities	276	321
Non-current liabilities	777	880
	1,053	1,201

13. TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Unaudited)
Trade receivables	170,023	142,599
Less: impairment losses	(58,406)	(38,651)
	111,617	103,948

Trade receivables are mainly receivables of property management services income and real estate agency services income and no credit terms are granted generally. For property management services income, the customers are required to settle the invoices which are due on presentation. For real estate agency services income, the customers are required to settle the amounts due upon completion of services provided or pursuant to the terms and conditions of the relevant agreements. The ageing analysis of trade receivables (net of impairment losses) based on invoice date (which is also the due date) as at 30 June 2024 is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	68,871	64,456
1 to 2 years	33,440	32,977
Over 2 years	9,306	6,515
	111,617	103,948

The Directors consider that the carrying amounts of trade receivables approximate their fair values. No interest is charged on trade receivables.

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

The Group applies the simplified approach to provide for the expected credit loss ("ECLs") prescribed by HKFRS 9, which permits the use of the lifetime ECLs provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. For the six months ended 30 June 2024, additional provision of RMB19,755,000 (six months ended 30 June 2023: RMB6,646,000) was made against the gross amounts of trade receivables (Note 7).

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

The amounts due from/to fellow subsidiaries, related companies and NCI as at 31 December 2023 and as at 30 June 2024 are trade in nature, unsecured and interest-free and are obliged to settle the amounts due upon completion of services provided or pursuant to the terms and conditions of the relevant agreements. The related companies are investee companies of the Fineland Group and there are common directors between Fineland Group Holdings and the investee companies.

Included in the amounts due from fellow subsidiaries at the reporting date are earnest money of RMB9,680,000 after impairment losses of RMB20,137,000 (as at 31 December 2023: RMB13,508,000, after impairment losses of RMB17,411,000) paid by the Group to the property developers enabling the Group to entitle to an exclusive agency right to sell properties relating to certain primary market projects in the PRC during an agreed period ("**Exclusivity Period**"). The earnest money will be released to the Group at the end of the Exclusivity Period as stipulated in the respective agreements.

The impairment policies on amounts due from fellow subsidiaries, related companies and NCI during the year ended 31 December 2023 and six months ended 30 June 2024 are the same as those on trade receivables as set out in Note 13.

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Unaudited)
Amounts due from fellow subsidiaries	115,178	120,692
Less: impairment losses	(65,339)	(58,215)
	49,839	62,477
Within 1 year	801	8,323
1 to 2 years	8,264	40,676
Over 2 years	40,774	13,478
	49,839	62,477

14. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, RELATED COMPANIES AND NCI *(Continued)*

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Unaudited)
Amounts due from related companies	64,234	61,187
Less: impairment losses	(25,496)	(20,509)
	38,738	40,678
Within 1 year	3,434	2,961
1 to 2 years	2,513	37,717
over 2 years	32,791	–
	38,738	40,678
Amounts due from NCI	1,660	1,660
Less: impairment losses	(166)	(116)
	1,494	1,544
Within 1 year	–	950
1 to 2 years	900	594
over 2 years	594	–
	1,494	1,544

The Group applies the simplified approach to provide for the ECL prescribed by HKFRS 9, which permits the use of the lifetime ECLs provision for all the amounts due from fellow subsidiaries, related companies and NCI. To measure the ECLs, the amounts due from fellow subsidiaries, related companies and NCI have been grouped based on shared credit risk characteristics and the historical collection period. For the six months ended 30 June 2024, additional provision of RMB12,160,000 (six months ended 30 June 2023: RMB40,354,000) was made against the gross amounts due from fellow subsidiaries, related companies and NCI (Note 7).

14. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, RELATED COMPANIES AND NCI *(Continued)*

The ageing analysis of amounts due to fellow subsidiaries, related companies and NCI based on invoice date as of the end of the reporting period is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Amounts due to fellow subsidiaries		
Within 1 year	1,813	1,491
1 to 2 years	449	449
	2,262	1,940
Amounts due to related companies		
Within 1 year	2	–
Amounts due to NCI		
Within 1 year	–	259
1 to 2 years	159	–
	159	259

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Unlisted partnership investment, at fair value	4,121	3,950
Unlisted investments, at fair value	505	527
Contingent consideration receivable	3,932	3,855
	8,558	8,332
Categorised as:		
Non-current portion	4,121	3,950
Current portion	4,437	4,382
	8,558	8,332

As at 30 June 2024, the fair value of the partnership investment was RMB4,121,000 (at 31 December 2023: RMB3,950,000). Change in fair value of the partnership investment is recognised in "other income and gains/(losses), net" in the consolidated statement of comprehensive income.

The above unlisted investments were wealth management products issued by a bank in the PRC. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

16. RESTRICTED BANK BALANCES, BANK BALANCES AND CASH

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Total bank balances and cash	57,415	90,778
Less: Restricted bank balances	(3,098)	(2,644)
Cash and cash equivalents	54,317	88,134

As at 31 December 2023 and as at 30 June 2024, bank balances carry interest at prevailing deposit rates.

As at 30 June 2024, included in the Group's restricted bank balances and bank balances is an amount of approximately RMB52,542,000 (at 31 December 2023: RMB88,235,000), which are deposits with banks in the PRC and denominated in RMB, and RMB is not a freely convertible currency.

17. TRADE PAYABLES

The ageing analysis of trade payables based on invoice date as of the end of the reporting period is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	54,698	58,256
1 to 2 years	12,877	13,100
	67,575	71,356

18. BANK BORROWINGS

On 14 November 2023, the Group mutually agreed with the bank to extend the bank loan of approximately RMB19,930,000 until 14 November 2024. The bank loan is secured by trade receivables of one of the Company's subsidiaries with a maximum amount of approximately RMB28,152,000, a personal guarantee from Mr. Fong, corporate guarantees from the fellow subsidiaries and a legal charge over a fellow subsidiary's land and building. In January 2024, the Group pledged approximately 68.9% equity interests in one of the Company's subsidiaries to secure the bank loan granted to the Group. At the date of issuance of the consolidated financial statements, the balance loan amount was RMB13,739,000, and there are no breach of loan covenants and default in loan repayments.

The loan carried fixed interest rate of 4% per annum. The loan shall be repayable within six months.

19. SHARE CAPITAL

The share capital as of the end of the reporting period represented the issued share capital of the Company as detailed below:

	Number	Amount <i>HK\$'000</i>
Ordinary shares at par value of HK\$0.01 each		
Authorised		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	10,000,000,000	100,000

	Number	Amount <i>HK\$'000</i>	Amount <i>RMB'000</i>
Issued and fully paid			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	400,000,000	4,000	3,403

20. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitment

As at 30 June 2024, the Group did not have any significant capital commitment.

(b) Contingent liability

As at 30 June 2024, the Group did not have any significant contingent liability.

21. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Real estate agency services income from fellow subsidiaries	120	5,361
Real estate agency services income from investee companies of fellow subsidiaries	275	982
Real estate agency services income from associates of fellow subsidiaries	881	1,681
Property management services income from fellow subsidiaries	2,272	7,930
Property management services income from related companies	–	277
Property management services income from associates of fellow subsidiaries	3,061	2,339
Property management services income from an investee company of a fellow subsidiary	445	257
Value-added services to non-property owners income from fellow subsidiaries	2,926	3,498
Value-added services to non-property owners income from associates of fellow subsidiaries	1,213	1,555
Value-added services to non-property owners income from investee companies of fellow subsidiaries	524	3,486
Other value-added services income from fellow subsidiaries	119	13
Other value-added services income from an associate of a fellow subsidiary	–	26
Sale of goods income from associates of fellow subsidiaries	–	19
Short-term leases expenses to fellow subsidiaries	1,708	1,857
Consultancy fee to a fellow subsidiary	250	990

The above transactions were conducted on mutually agreed terms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group engages in living services, a focus mainly in Guangzhou and elsewhere in the Greater Bay Area, as well as other parts of the PRC, through two business segments, namely professional property management service and comprehensive real estate agency services. Our business strategy is to expand our services nationwide, with strategic focus on the provision of property management services and complementary value-added services.

Affected by the long-term difficulties facing by real estate industry and property developers, revenue from the Group's real estate agency services declined further and made no progress to recover, and it further affected revenue from the value-added services to non-property owners. The Group's total revenue amounted to approximately RMB186.1 million for the six months ended 30 June 2024 (the "Period"), representing a decrease of approximately 14.5%, from RMB217.6 million for the corresponding period of 2023.

Comprehensive real estate agency services

Real estate agency services segment consists of (i) real estate agency services; and (ii) integrated services. Revenue recorded from comprehensive real estate agency services was approximately RMB5.4 million for the six months ended 30 June 2024, representing a decrease of 73.0% from RMB20.1 million for the corresponding period in 2023.

Financial difficulties facing by the property developers remained challenging, and the developers fell short on their capability to launch new projects and fulfill their payment obligations on time, thus the Company has adopted a more cautious approach to undertaking additional projects. Despite supportive government policies, the sales of the existing projects underperformed due to the developers' slow adaptation to market changes. As a result, real estate agency services income fell sharply during the months leading to the Period.

Professional property management services segment

Property management services segment mainly consists of (i) property management services, (ii) value-added services to non-property owners, and (iii) community value-added services. Revenue recorded from professional property management services segment was approximately RMB180.7 million for the six months ended 30 June 2024, representing a decrease of 8.5%, compared with RMB197.5 million for the corresponding period of 2023.

Contracted gross floor areas ("GFA") as of 30 June 2024 is approximately 18.6 million sq.m., a decrease of 3.6% compared with approximately 19.3 million sq.m. as of 31 December 2023, and GFA under management is approximately 14.5 million sq.m., a slight increase of 2.1% compared with approximately 14.2 million sq.m. as of 31 December 2023.

Property management services

Property management services are mainly for property developers and property owners. Services provided include standard property management services and ancillary services such as security, cleaning, gardening, repair and maintenance and butler services. The Group provides services for residential and non-residential properties, including public facilities, commercial and office buildings, schools, etc. Revenue recorded for property management services was approximately RMB152.6 million for the six months ended 30 June 2024, representing a decrease of 8.5% compared with RMB166.9 million for the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Value-added services to non-property owners

Value-added services to non-property owners are mainly for property developers, services including cleaning, security and maintenance services for pre-sale display units and sales offices, etc. Revenue recorded for Value-added services to non-property owners was approximately RMB8.0 million for the six months ended 30 June 2024, representing a decrease of 25.5%, compared with RMB10.7 million for the six months ended 30 June 2023. This is mainly due to the financing difficulties the real estate developers faced.

Community value-added services

Community value-added services include common area value-added services, community retail, community media, furnishing services, and other community convenience services to property owners. Revenue recorded for community value-added services was approximately RMB20.0 million for the six months ended 30 June 2024, representing a slight increase of approximately 0.7%, compared with RMB19.9 million for the six months ended 30 June 2023.

INDUSTRY REVIEW AND OUTLOOK

In the first half of 2024, Chinese economy continued recovery and made strides in high-quality development, and China's GDP achieved targeted growth rate of 5.0%. China's economy possesses developmental resilience and potential, and the fundamental factors of the overall long-term positive trend remain unchanged.

To mediate risks and promote high quality development, on 17 May 2024, the People's Bank of China initiated a new series of "heavyweight" real estate policies aiming to reduce housing inventory levels and stabilizing the real estate industry, including reducing the down payment ratio for home purchases to 15 percent for the first-time homebuyers and removing the lower limit of mortgage interest rates nationwide, etc. With the heavyweight favorable policies, the year-on-year decrease, both in sales area and sales amount, narrowed to 14.6% and 20.8%, respectively in the second quarter, which also showed that the housing demand is heavily subdued and the market confidence remained at low level.

Looking ahead, it's expected that more city-specific supporting policies will be released to stabilize the property sector in the near future, but the market confidence will take time to materialize, when it comes, the core first-tier and second-tier cities will be among the first beneficiaries.

The property management services industry has grown in the past few years, but in decreasing rate, especially affected by the real estate industry. The incremental market accessible shrank, and the expansion in scale for property management companies shifted from incremental market to inventory market, which resulting in a more intense competition on all fronts.

Supporting policies continued for the property management services industry. The 2024 Industrial Structure Adjustment Catalogue, published by China's National Development and Reform Commission (NDRC), has come into effect on 1 February 2024. Property services was listed in the "encouraged" list, non-residential property services were included with residential services, which will encourage more opportunities and development in the future.

Looking forward to the second half of 2024, to promote employees' enthusiasm and creativity, the Group will adjust performance appraisal system to better serve managerial target, while ensuring employee's efforts are fairly evaluated and reasonably rewarded. Utilizing the "5D" service quality control system, upgraded fee collection system and newly online work order and warehousing system, the Group will continue to improve management effectiveness and organizational efficiency, to achieve higher customer satisfaction and effective cost control.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will implement specific strategies for different project types, promote and value projects which can lead by example, thus enhance the overall brand image and market competitiveness. The Group will, being aware of credit risks, regularly review operational status of projects under management, cutting back deadweight to alleviated the company's financial burden, and concentrate resources on advantageous projects to successfully retain projects. At the same time, despite intense competition, the Group will strive to seek opportunities for a sustained and stable development.

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2024 was approximately RMB186.1 million, representing a decrease of approximately 14.5% as compared to RMB217.6 million for the six months ended 30 June 2023. The decrease was primarily attributable to the decrease in revenue generated from real estate agency services and property management services resulting from the decrease of contract GFA.

Cost of services

Cost of services for the six months ended 30 June 2024, amounted to approximately RMB148.1 million, representing a decrease of approximately 10.4% as compared to RMB165.3 million for the six months ended 30 June 2023. The decrease was mainly due to prompt downward adjustment along the decrease in contract GFA and other cost control measures.

Administrative expenses

For the six months ended 30 June 2024, the administrative expenses of the Group were approximately RMB18.4 million, representing a decrease of approximately 31.7% as compared to approximately RMB27.0 million for the six months ended 30 June 2023. Such decrease was mainly due to the decrease in numbers of employees and other cost control measures.

Net impairment losses on financial assets

For the six months ended 30 June 2024, the net impairment losses on financial assets of the Group were approximately RMB32.8 million, representing a decrease of approximately 30.1% as compared to approximately RMB46.9 million for the six months ended 30 June 2023. The decrease was primarily attributed to the decrease in provision for impairment loss on amounts due from fellow subsidiaries and amounts due from related parties of approximately RMB15.6 million and RMB13.0 million, respectively, which was partially offset by the increase of approximately RMB13.1 million in the provision for impairment losses on trade receivables.

Net Profit Margin

The net profit margin increased to -6.6% for the six months ended 30 June 2024 as compared to -8.5% for the six months ended 30 June 2023. This increase was mainly due to the decrease in administrative expenses and net impairment loss of approximately RMB8.6 million and RMB14.1 million, which was partially offset by the decrease in gross profit of approximately RMB14.3 million.

Loss for the Period

As a result of the factors discussed above, unaudited net loss for the six months ended 30 June 2024 was approximately RMB12.3 million, compared to a loss of approximately RMB18.6 million for the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

In 2024, the Group's main source of funds has been cash generated from operating activities.

As at 30 June 2024, the Group had net current assets of approximately RMB53.3 million (as at 31 December 2023: approximately RMB71.3 million), total assets of approximately RMB445.3 million (as at 31 December 2023: approximately RMB478.3 million) and equity attributable to owners of the Company of approximately RMB98.0 million (as at 31 December 2023: approximately RMB112.8 million).

As at 30 June 2024, the total bank balances and cash (restricted bank balances: approximately RMB3.1 million) of the Group amounted to approximately RMB57.4 million (as at 31 December 2023: approximately RMB90.8 million).

Trade receivables, amounts due from fellow subsidiaries and related companies

Trade receivables, amounts due from fellow subsidiaries and related companies are mainly receivables attributable to the provision of the Group's property management services, real estate agency services and earnest money paid to the property developers to entitle to an exclusive agency right to sell properties in the primary market projects during an agreed period. Trade receivables increased by approximately RMB7.7 million, from RMB103.9 million as at 31 December 2023 to RMB111.6 million as at 30 June 2024. Amounts due from fellow subsidiaries and related companies decreased by approximately RMB12.6 million and RMB1.9 million, respectively, from approximately RMB62.5 million and RMB40.7 million, respectively, as at 31 December 2023 to approximately RMB49.8 million and RMB38.7 million, respectively, as at 30 June 2024.

Indebtedness

As at 30 June 2024, the Group had short-term borrowings of RMB13.7 million (as at 31 December 2023: RMB19.4 million), which is principally to finance daily operation and general working capital, but had no long-term borrowings (as at 31 December 2023: Nil). Please refer to note 18 to the financial statements for details.

Foreign Exchange Risk

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

Gearing Ratio

The gearing ratio (calculated as total liabilities divided by total assets) was 65% as at 30 June 2024, as compared to 64% as at 31 December 2023.

Employees and the Group's remuneration policy

The Group recognizes the accomplishment of the employees by providing comprehensive benefit packages, career development opportunities and internal training appropriate to individual needs. Apart from basic remuneration, share options may be granted under the share option scheme to eligible employees by reference of the Group's performance as well as individual's contribution. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents were found in the Period under review.

As at 30 June 2024, numbers of the employees were approximately 1,629 (as at 30 June 2023: approximately 1,869), and the decrease was mainly due to decrease in contract GFA and numbers of the projects undertaken.

DISCLOSURE OF INTERESTS

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code for the six months ended 30 June 2024.

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

As at 30 June 2024, the interests or short positions of the Directors and chief executives in the shares of the Company (the "**Shares**"), underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Long positions in Shares of the Company

Name	Nature of interest	Total number of shares held	Percentage of shareholding
Mr. FONG Ming (" Mr. Fong ")	Interest in controlled corporation ⁽¹⁾	225,948,000	56.49%
Ms. TSE Lai Wa (" Ms. Tse ")	Interest in controlled corporation ⁽¹⁾	225,948,000	56.49%
Mr. HAN Shuguang (" Mr. Han ")	Interest in controlled corporation ⁽²⁾	4,500,000	1.125%

Notes:

- (1) 97,200,000 Shares are held by Mansion Green Holdings Limited ("**Mansion Green**"), which is wholly-owned by Mr. Fong through his holding companies (including Stand Smooth Group Limited ("**Stand Smooth**"), Hero Dragon Management Limited ("**Hero Dragon**"), Fineland Group Holdings Company Limited ("**Fineland Group Holdings**", formerly known as Fineland Real Estate Holdings Company Limited) and Widethrive Investments Limited ("**Widethrive Investments**"). 64,800,000 Shares are held by Aspiring Vision Holdings Limited ("**Aspiring Vision**"), which is wholly-owned by Ms. Tse. 60,000,000 Shares are held by Huiyu Investment Holdings Limited ("**Huiyu Investment**"), which is wholly-owned by Mr. HUANG Peng ("**Mr. Huang**"). Mr. Huang and his spouse are interested in 3,948,000 Shares. And pursuant to the deed of concert parties, Mr. Fong and Ms. Tse are therefore deemed to be interested in the total number of Shares in which each of Mr. Fong, Mr. Huang and Ms. Tse is interested.
- (2) Shares are held by Adwan Orient Holdings Limited ("**Adwan**"), which is wholly-owned by Mr. Han.
- (3) All interests are calculated based on the total Shares in issue as at 30 June 2024, being 400,000,000 Shares.

(ii) Associated corporation

Apart from the foregoing, as at 30 June 2024, none of the Directors nor the chief executives of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

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

As at 30 June 2024, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

Long positions in Shares

Name	Nature of Interest	Number of Shares held	Approximate percentage of shareholding
Ms. HE Kangkang (何康康) ⁽¹⁾	Interest of spouse	225,948,000	56.49%
Mr. ZHENG Muming (鄭木明) ⁽²⁾	Interest of spouse	225,948,000	56.49%
Mr. HUANG Peng (黃鵬) ⁽³⁾	Interest in a controlled corporation, interest of spouse and a legal and beneficial owner	225,948,000	56.49%
Ms. ZHENG Hui (鄭暉) ⁽⁴⁾	Interest of spouse and a legal and beneficial owner	225,948,000	56.49%
Mansion Green ⁽⁵⁾	Legal and beneficial owner	97,200,000	24.3%
Widethrive Investments ⁽⁵⁾	Interest in a controlled corporation	97,200,000	24.3%
Fineland Group Holdings ⁽⁵⁾	Interest in a controlled corporation	97,200,000	24.3%
Hero Dragon ⁽⁵⁾	Interest in a controlled corporation	97,200,000	24.3%
Stand Smooth ⁽⁵⁾	Interest in a controlled corporation	97,200,000	24.3%
Aspiring Vision ⁽²⁾	Legal and beneficial owner	64,800,000	16.2%
Huiyu Investment ⁽³⁾	Legal and beneficial owner	60,000,000	15%

Notes:

- (1) Ms. HE Kangkang (何康康) is the spouse of Mr. Fong. Under the SFO, Ms. HE is deemed to be interested in the same number of Shares in which Mr. Fong is interested in.
- (2) 64,800,000 Shares, representing 16.2% of the issued share capital of the Company, are held by Aspiring Vision, which is wholly-owned by Ms. Tse. And pursuant to the deed of concert parties, Ms. Tse is therefore deemed to be interested in the total number of Shares in which each of Mr. Fong, Mr. Huang and Ms. Tse is interested. Mr. ZHENG Muming (鄭木明) is the spouse of Ms. Tse. Under the SFO, Mr. ZHENG is deemed to be interested in the same number of Shares in which Ms. Tse is interested.
- (3) 60,000,000 Shares, representing 15% of the issued share capital of the Company, are held by Huiyu Investment, which is wholly-owned by Mr. Huang. Mr. Huang and his spouse are interested in 3,948,000 Shares. And pursuant to the deed of concert parties, Mr. Huang is therefore deemed to be interested in the total number of Shares in which each of Mr. Fong, Mr. Huang and Ms. Tse is interested.
- (4) Ms. ZHENG Hui (鄭暉) is the spouse of Mr. Huang. Under the SFO, Ms. ZHENG is deemed to be interested in the same number of Shares in which Mr. Huang is interested.
- (5) Mansion Green is the registered owner of 97,200,000 Shares, representing 24.3% of the issued share capital of the Company. Mansion Green is wholly-owned by Stand Smooth. Stand Smooth is wholly owned by Hero Dragon, which is wholly-owned by Fineland Group Holdings, which in turn is wholly owned by Widethrive Investments, and ultimately wholly-owned by Mr. Fong. Accordingly, Widethrive Investments, Fineland Group Holdings, Hero Dragon and Stand Smooth are therefore deemed to be interested in the same number of Shares in which Mansion Green is interested under the SFO.
- (6) All interests are calculated based on the total Shares in issue as at 30 June 2024, being 400,000,000 Shares.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other persons who had any interest or short positions in the Shares or underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the six months ended 30 June 2024 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.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including treasury shares, as defined under the Listing Rules) on the Stock Exchange or any other stock exchange, by private arrangement, or by way of grant offer, during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Scheme**") on 23 October 2017. As at 30 June 2024, no option had been granted, agreed, exercised, cancelled or lapsed under the Scheme, and there was no share option outstanding. The number of share options available for grant under the Scheme was 40,000,000 as at 30 June 2024, representing 10% of the Company's issued share capital as at 15 November 2017, on which dealing of the Shares first commenced on GEM.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board has reviewed the Group's corporate governance practices and is satisfied that during the six months ended 30 June 2024, the Company had complied with all the code provisions set out in the Corporate Governance Code in Appendix C1 of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 June 2024.

COMPETITION AND CONFLICT OF INTERESTS

During the six months ended 30 June 2024, save as disclosed in the prospectus of the Company dated 31 October 2017, none of the Directors or controlling shareholders of the Company or any of their respective close associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

OTHER INFORMATION

PLEDGE OF ASSETS

The Company and Agricultural Bank of China Limited Guangzhou Beixiu branch mutually agreed to extend the bank loan of approximately RMB19,930,000 on 14 November 2023, with a term of one year, carrying a fixed rate of 4% per annum, which is secured, among others, by certain trade receivables of Fineland E-Life Service Co., Ltd.* (廣州方圓現代生活服務股份有限公司) (“**Fineland E-life**”) of a maximum amount of approximately RMB28,152,000. In January 2024, the subsidiary of the Company pledged approximately 68.9% equity interests in Fineland E-life to Agricultural Bank of China Limited Guangzhou Beixiu branch.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

DISPOSAL OF SHARES BY A CONTROLLING SHAREHOLDER

On 24 January 2024, Mr. Fong, a controlling shareholder and the non-executive director of the Company and Mansion Green entered into a share transfer agreement (the “**Share Transfer Agreement**”) with an independent third party, Huiyu Investment Holdings Limited (“**Huiyu Investment**”), a company wholly-owned by Mr. Huang. Pursuant to the Share Transfer Agreement, Mr. Fong and Mansion Green conditionally agreed to sell, and Huiyu Investment conditionally agreed to purchase, 60,000,000 shares of the Company, representing 15.00% of the total issued share capital of the Company as at the date of the Share Transfer Agreement, at a cash consideration of HK\$4,998,000 (being HK\$0.0833 per Share) (the “**Disposal**”). The Share Transfer Agreement is conditional upon, among others, completion of the Share Swap (as defined below). To facilitate the Disposal, Aspiring Vision, Stand Smooth and Mansion Green entered into a share swap agreement on 24 January 2024, pursuant to which Aspiring Vision conditionally agreed to transfer its 30% shareholding interests in Mansion Green to Stand Smooth in exchange for Mansion Green transferring to Aspiring Vision 64,800,000 Shares, representing 16.20% of the total issued share capital of the Company (the “**Share Swap**”). On 24 January 2024, Mr. Fong, Ms. Tse and Mr. Huang entered into a deed of concert parties (the “**Deed**”) to formalise their relationship as parties acting in concert in respect of the Company, and Mr. Fong Ming will continue to be the leader of the concert group with Mr. Huang added as a new member. The Deed takes effect upon completion of the Share Swap and the Disposal. Further details are set out in the announcement of the Company dated 24 January 2024.

The completion of the Share Swap and the Disposal (the “**Completion**”) has been taken place on 20 March 2024. Upon Completion, the Company is directly held as to 24.30% by Mansion Green, as to 16.20% by Aspiring Vision, as to 15.00% by Huiyu Investment and as to 0.99% by Mr. Huang and/or Mr. Huang’s spouse.

OTHER INFORMATION

DEVELOPMENTS OF THE PREVIOUS NOTIFIABLE AND/OR CONNECTED TRANSACTIONS

Major Transaction

On 21 June 2023, Guangzhou Fineland Living Services Limited* (廣州方圓生活服務有限公司) ("**Guangzhou Fineland Living**"), an indirectly wholly-owned subsidiary of the Company, as purchaser, and Heshan Fudu Property Development Company Limited* (鶴山市富都物業發展有限公司) ("**Heshan Fudu**"), as vendor, entered into a settlement agreement, pursuant to which, Guangzhou Fineland Living has conditionally agreed to procure the relevant purchaser(s) to pay the down payment of approximately RMB4.0 million and set-off the outstanding receivables of approximately RMB16.0 million which remained outstanding and payable by Heshan Fudu to Guangzhou Fineland Living and its subsidiaries by way of accepting the transfer of 23 properties from Heshan Fudu to the relevant purchaser(s). By the end of 2023, Heshan Fudu and the relevant purchaser(s) have entered into the respective property presale agreement(s) and completed the filing(s) with the relevant local housing authority (the "**Filing(s)**") in accordance with the terms of the property presale agreement and the result of the Filing(s) status have been publicly available on the website of the relevant local housing authority. The actual delivery of the 23 properties will be subject to, among others, the relevant properties being granted the construction project completion acceptance certification and the housing survey report which is expected to take place on or before 30 August 2025.

Major and Connected Transactions

Settlement agreement I

On 6 December 2023, Guangzhou Fineland Living, as purchaser, and Guangzhou Fineland Real Estate Development Limited* (廣州市方圓房地產發展有限公司, "**Vendor A**"), as vendor, entered into a settlement agreement I (as amended and supplemented on 22 December 2023), pursuant to which, Guangzhou Fineland Living has conditionally agreed to set-off outstanding receivables of approximately RMB13.1 million owed to it and its subsidiaries by subsidiaries of Vendor A, by way of accepting the transfer of seven commercial properties situated in Yunshan Poetry Garden I and six car parking spaces situated in Fangyuan Xinhui Moon Island Mansion from the subsidiaries of Vendor A to the relevant purchaser(s).

As disclosed in the Company's annual report for the year ended 31 December 2023, the Group has obtained the title certificates of the six car parking spaces situated in Fangyuan Xinhui Moon Island Mansion. The Group is currently negotiating with Vendor A regarding the settlement arrangements of the remaining seven commercial properties situated in Yunshan Poetry Garden I, because certain conditions precedent related to such properties had not yet been fulfilled as at the agreed long stop date. Further announcements will be issued by the Company as and when necessary in accordance with applicable rules and regulations.

Settlement agreement II

On 6 December 2023, Guangzhou Fineland Living, Vendor A and Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司, "**Vendor B**") entered into a settlement agreement II (as amended and supplemented on 22 December 2023), pursuant to which, Guangzhou Fineland Living has conditionally agreed to set-off the outstanding receivables of approximately RMB2.7 million owed to it and its subsidiaries by a subsidiary of Vendor A (for approximately RMB2.1 million) and Vendor B (for approximately RMB0.6 million), by way of accepting the transfer of four commercial properties situated in Fangyuan Zengcheng Yunxi (Guangzhou) from Vendor B to the relevant purchaser(s).

OTHER INFORMATION

As disclosed in the Company's annual report for the year ended 31 December 2023, the Group has obtained the title certificates of the three commercial properties situated in Fangyuan Zengcheng Yunxi (Guangzhou). However, due to the unfulfilled conditions precedent for the remaining one commercial property by the agreed long stop date, the Group has decided to partially rescind the settlement agreement II in accordance with its terms because such property has been placed under court restriction prohibiting the transfer of its title without court consent.

Upon the partial recession of the settlement agreement II, all above outstanding receivables from Vendor B and approximately RMB1.4 million in above outstanding receivables from Vendor A have been settled. The Company is still communicating and negotiating with Vendor A to recover the remaining balance of the outstanding receivables.

OUTSTANDING EARNEST MONEY BALANCE

The outstanding earnest money balance (the "**Outstanding Earnest Money Balance**") was accrued as a result of the earnest money payment arrangement which is part and parcel of the Group's real estate agency service business. It is an industry practice developed under the rapidly changing, challenging and competitive PRC real estate market, whereby the Group would pay to property developers an upfront earnest money, being usually 50% to 100% of the agreed value of the properties the Group is appointed to sell. In return, the Group is entitled to an exclusive agency right to sell the properties during an exclusive period and to receive the relevant portion of the consideration for the sold properties to off-set against the earnest money paid in respect of the relevant agreed value of such sold properties. In addition, the Group shall be entitled to an agency commission equivalent to the amount exceeding the agreed value of the sold properties. At the end of the exclusive period, the Group shall be entitled to a full refund of any outstanding earnest money. However, there will be no earnest money payment arrangement for the Group's services to be provided pursuant to the 2024 Master Agency Service Agreement. The Outstanding Earnest Money Balance which was initially expected to be repaid by 31 December 2023, remains unsettled.

On 13 March 2024, a civil legal proceeding (the "**Litigation**") has been initiated by Guangzhou Fangyuan Real Estate Agency Co., Ltd.* (廣州方圓房服房地產代理有限公司) ("**Fangyuan Agency**"), a wholly-owned subsidiary of the Company, against Guangzhou Fangyuan Huijin Real Estate Development Limited* (廣州市方圓匯金房地產發展有限公司) ("**Fangyuan Huijin**"), a company ultimately non-wholly owned by Mr. Fong, with the People's Court of Guangzhou Tianhe District in respect of the Outstanding Earnest Money Balance of approximately RMB14.2 million owed by Fangyuan Huijin to Fangyuan Agency. Fangyuan Agency requested Fangyuan Huijin to repay the outstanding balance along with accrued interest. The initial hearing took place in August 2024. As at the date of the initial hearing, Fangyuan Huijin has made partial repayments to Fangyuan Agency and the remaining outstanding balance amounted to approximately RMB13.1 million.

Given that the Litigation is still in its early stages, the potential impact on the Group cannot be definitively assessed at this time. The Company will provide updates to shareholders regarding any developments related to the Litigation, and further announcements will be issued by the Company as necessary or as required by applicable rules and regulations. As at the date of this interim report, the Company was still communicating and negotiating with the relevant members of Fineland Group to recover the remaining balance of the Outstanding Earnest Money Balance.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

OTHER INFORMATION

REVIEW BY AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 23 October 2017 with written terms of reference which were revised and adopted on 26 May 2020 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist the Board in reviewing and supervising the financial reporting process and internal control system of the Group. At present, the Audit Committee consists of three members who are Mr. LEUNG Wai Hung, Mr. TIAN Qiusheng and Mr. DU Chenhua. Mr. LEUNG Wai Hung has been appointed as the chairman of the Audit Committee.

The unaudited interim results of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited interim results comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

APPRECIATION

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

By order of the board

FONG Ming

Chairman

Hong Kong, 26 August 2024