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)

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023 AND (2) RESUMPTION OF TRADING

References are made to the announcements of Fineland Living Services Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 28 March 2024 and 18 April 2024 in relation to, among other things, the delay in publication of its preliminary annual results for the year ended 31 December 2023.

The board of directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023, together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*4*	**426,784**	511,945
Cost of services		**(339,750)**	(409,680)
Gross profit		**87,034**	102,265
Other income and gains, net	*5*	**7,422**	11,421
Selling and marketing expenses		**(933)**	(1,184)
Administrative expenses		**(58,474)**	(71,340)
Impairment losses on financial assets, net		**(101,062)**	(9,302)
Finance costs		**(1,473)**	(1,188)

	Notes	**2023**	2022
		RMB'000	*RMB'000*
(Loss)/profit before income tax	*6*	**(67,486)**	30,672
Income tax	*7*	**10,374**	1,040
(Loss)/profit for the year		**(57,112)**	31,712
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(471)**	(3,895)
Total comprehensive income for the year		**(57,583)**	27,817
(Loss)/profit attributable to:			
Owners of the Company		**(60,609)**	18,163
Non-controlling interests		**3,497**	13,549
		(57,112)	31,712
Total comprehensive income attributable to:			
Owners of the Company		**(61,080)**	14,268
Non-controlling interests		**3,497**	13,549
		(57,583)	27,817
		RMB cents	*RMB cents*
(Loss)/earnings per share			
— Basic and diluted	*8*	**(15.15)**	4.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**13,083**	9,546
Right-of-use assets		**1,138**	197
Financial assets at fair value through profit or loss		**3,950**	3,715
Goodwill		**47,646**	47,646
Other intangible assets		**23,336**	28,878
Deposit for acquisition of properties		**3,888**	–
Deferred tax assets		**17,802**	6,613
Total non-current assets		**110,843**	96,595
Current assets			
Trade receivables	*10*	**103,948**	106,928
Deposits, prepayments and other receivables		**63,641**	60,322
Amounts due from fellow subsidiaries	*11*	**62,477**	117,016
Amounts due from related companies	*11*	**40,678**	63,396
Amounts due from non-controlling interests	*11*	**1,544**	10,228
Financial assets at fair value through profit or loss		**4,382**	516
Restricted bank balances		**2,644**	1,153
Bank balances and cash		**88,134**	117,684
Total current assets		**367,448**	477,243
Current liabilities			
Trade payables	*12*	**71,356**	73,647
Contract liabilities		**50,862**	47,312
Accruals and other payables		**139,508**	140,159
Lease liabilities		**321**	60
Amounts due to fellow subsidiaries	*11*	**1,940**	5,320
Amounts due to related companies	*11*	**–**	19
Amounts due to non-controlling interests	*11*	**259**	2,713
Bank borrowings		**19,366**	35,730
Tax payable		**12,511**	14,007
Total current liabilities		**296,123**	318,967
Net current assets		**71,325**	158,276
Total assets less current liabilities		**182,168**	254,871

	Notes	**2023**	2022
	Notes	***RMB'000***	*RMB'000*
Non-current liabilities			
Contingent consideration payable		**–**	7,337
Lease liabilities		**880**	150
Deferred tax liabilities		**8,362**	9,877
Total non-current liabilities		**9,242**	17,364
Net assets		**172,926**	237,507
Capital and reserves			
Share capital		**3,403**	3,403
Reserves		**109,362**	169,839
Equity attributable to owners of the Company		**112,765**	173,242
Non-controlling interests		**60,161**	64,265
Total equity		**172,926**	237,507

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Fineland Living Services Group Limited (the "**Company**") was incorporated as an exempted company in the Cayman Islands with limited liability. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1–1108, Cayman Islands. Its principal place of business is located at Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong. 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 to as the "**Group**") are the provision of real estate agency services, provision of professional property management services and value-added services for residential and commercial properties in the People's Republic of China (the "**PRC**").

The immediate holding company and ultimate holding company of the Company are Mansion Green Holdings Limited and Widethrive Investments Limited, respectively, companies incorporated in the British Virgin Islands with limited liability. As at 31 December 2023, the directors of the Company consider that the Company was ultimately controlled by Mr. Fong Ming and Ms. Tse Lai Wa. Subsequent to the end of the reporting period, there was a share transfer agreement entered by Mr. Fong Ming as disclosed in "Events After the Reporting Period" in this announcement.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

The consolidated 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.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new or amended HKFRSs — effective on 1 January 2023

The Group has applied the following new or amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to and effective for the Group's consolidated financial statements for the current accounting period:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance Contracts

Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

Amendments to HKAS 8 — Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The application of the amendments has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemptions so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The application of the amendments has had no material impact on the Group's consolidated financial statements.

HKFRS 17 — Insurance Contracts

The Group has applied the new standard and the relevant amendments for the first time in the current year.

HKFRS 17 defines an insurance contract as a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

In October 2020, the HKICPA issued Amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA issued Amendments to HKFRS 4 Extension of the Temporary Exemption from HKFRS 9 that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In February 2022, the HKICPA issued Amendment to HKFRS 17 Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information to address implementation challenges that were identified after HKFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

Certain contracts entered into by the Group, including contingent consideration receivable and payable in business combinations issued by the Group, meet the definition of insurance contracts under HKFRS 17. However, these contracts are specifically scoped out from HKFRS 17 and the Group continues to account for these contracts under relevant accounting standards. Therefore, the application of HKFRS 17 in the current year had no material impact on the consolidated financial statements.

Except as described above, the application of these new or amended HKFRSs has no material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(b) Revised HKFRSs that have been issued but are not yet effective

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

Amendments to HKAS 1 and HK Interpretation 5 (Revised)	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (Revised), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

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

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

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

Amendments to HKAS 1 — Non-current Liabilities with Covenants

The amendments deal with the classification of long-term loan arrangements with covenants by specifying that covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date. Instead, companies are required to disclose information about these covenants in the notes to the consolidated financial statements.

Amendments to HKAS 1 — Non-current Liabilities with Covenants

The amendments deal with the classification of long-term loan arrangements with covenants by specifying that covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date. Instead, companies are required to disclose information about these covenants in the notes to the consolidated financial statements.

Amendments to HKAS 21 — Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

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

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

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

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

Reportable segment/ Type of goods or services	Revenue from customers and recognised	2023	2022
		RMB'000	*RMB'000*
Real estate agency services			
Real estate agency services income	at a point in time	**29,364**	108,713
Property management services			
Property management services income	over time	**324,118**	303,663
Value-added services to non-property owners	over time	**18,045**	42,540
Community value-added services			
— Other value-added services	over time	**54,356**	51,517
— Sales of goods	at a point in time	**901**	3,067
Software service income	over time	**–**	2,445
		397,420	403,232
		426,784	511,945

Unsatisfied performance obligations

For property management services income, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts is generally set to expire when the counterparties notify the Group that the services are no longer required.

For value-added services to non-property owners, community value-added services and software services are rendered over a short period of time and there is no unsatisfied performance obligation at the end of respective periods.

(b) Segment information

The Group has determined its operating segments and prepared segmental information based on regular internal financial information that is used as a measure of operating results reported to the chief operating decision makers ("**CODM**"), i.e. the executive directors of the Company, who are responsible for making strategic decisions. The CODM 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 are as follows:

(i) provision of comprehensive real estate agency services; and

(ii) provision of professional property management services

Reportable segments

The 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.

	Year ended 31 December 2023		
	Real estate agency services	**Property management services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Segment revenue			
External sales	**29,364**	**397,420**	**426,784**
Intersegment sales	**–**	**–**	**–**
	29,364	**397,420**	**426,784**
Reconciliation:			
Elimination of intersegment sales	**–**	**–**	**–**
Total revenue	**29,364**	**397,420**	**426,784**
Segment (loss)/profit	**(48,237)**	**32,383**	**(15,854)**
Reconciliation:			
Fair value gain on contingent consideration			**5,006**
Unallocated corporate expenses			**(56,638)**
Loss before income tax			**(67,486)**

Unallocated corporate expenses mainly comprise legal and professional fees and certain salaries and allowances.

	Year ended 31 December 2023		
	Real estate agency services	**Property management services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Other segment information			
Capital expenditure	**2**	**6,917**	**6,919**
Impairment losses on financial assets, net	**48,410**	**52,652**	**101,062**
Depreciation of property, plant and equipment	**190**	**3,168**	**3,358**
Depreciation of right-of-use assets	**56**	**161**	**217**
Amortisation of other intangible assets	**–**	**5,542**	**5,542**
Finance costs	**4**	**1,469**	**1,473**
Fair value loss on financial assets at fair value through profit or loss	**–**	**1,018**	**1,018**

	Year ended 31 December 2022		
	Real estate agency services	Property management services	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue			
External sales	108,713	403,232	511,945
Intersegment sales	130	12	142
	108,843	403,244	512,087
Reconciliation:			
Elimination of intersegment sales	(130)	(12)	(142)
Total revenue	108,713	403,232	511,945
Segment profit	15,960	70,787	86,747
Reconciliation:			
Fair value gain on contingent consideration			4,037
Unallocated corporate expenses			(60,112)
Profit before income tax			30,672

	Year ended 31 December 2022		
	Real estate agency services	Property management services	Total
	RMB'000	*RMB'000*	*RMB'000*
Other segment information			
Capital expenditure	–	1,279	1,279
(Reversal of impairment losses)/impairment losses on financial assets, net	(183)	9,485	9,302
Depreciation of property, plant and equipment	270	3,087	3,357
Depreciation of right-of-use assets	522	77	599
Amortisation of other intangible assets	–	5,782	5,782
Finance costs	70	1,118	1,188
Fair value gain on financial assets at fair value through profit or loss	–	(361)	(361)

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.

Information about major customers

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

	2023	2022
	RMB'000	*RMB'000*
Fineland Group Holdings Company Limited ("**Fineland Group Holdings**") and its subsidiaries* (collectively the "**Fineland Group**")	N/A#	62,710

Revenue above are attributable to real estate agency services and property management services segments.

* Fellow subsidiaries of the Company

\# The revenue in the year ended 31 December 2023 did not contribute over 10% of the Group's revenue for the year.

5. OTHER INCOME AND GAINS, NET

	2023	2022
	RMB'000	*RMB'000*
Gain on lease reassessment	**13**	–
Gain on lease modifications	**–**	93
Gain on loan modification	**668**	–
Government grants *(Note)*	**1,608**	2,415
Interest income	**272**	276
Fair value gain on contingent consideration	**5,006**	4,037
Recovery of trade and other receivables after acquisition	**–**	882
Exchange gains, net	**462**	3,830
Loss arising from disposal of a subsidiary	**–**	(1,326)
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(1,018)**	361
Others	**411**	853
	7,422	11,421

Note: The government grants mainly represent refunds of value-added tax and other taxes benefits from the PRC tax authorities. There were no unfulfilled conditions relating to the grants.

6. LOSS/(PROFIT) BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	2023	2022
	RMB'000	*RMB'000*
Auditor's remuneration		
— audit services	**1,986**	1,720
— non-audit services	**429**	–
Amortisation of other intangible assets (included in administrative expenses)	**5,542**	5,782
Depreciation of property, plant and equipment	**3,358**	3,357
Depreciation of right-of-use assets	**217**	599
Exchange gains, net	**(462)**	(3,830)
(Gain)/loss on disposal of property, plant and equipment	**(34)**	515
Finance costs:		
Interest expenses on lease liabilities	**40**	81
Interest expenses on bank borrowings	**1,433**	1,107
Employee benefit expenses	**172,421**	222,529
Short-term leases expenses	**7,982**	6,462
Impairment losses/(reversal of impairment losses) on financial assets, net, recognised on:		
— trade receivables	**24,156**	5,009
— amounts due from fellow subsidiaries	**56,492**	1,723
— amounts due from related companies	**19,869**	640
— amounts due from non-controlling interests	**(384)**	500
— deposits for acquisition of properties	**100**	–
— other receivables	**829**	1,430
	101,062	9,302

7. INCOME TAX

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

	2023	2022
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax ("**EIT**")		
— provision for the year	**2,978**	3,567
— (over)/under provision in respect of prior years	**(648)**	916
	2,330	4,483
Deferred tax	**(12,704)**	(5,523)
	(10,374)	(1,040)

Notes:

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

(ii) Under the PRC EIT Law, the Group's PRC entities are subject to income tax at a rate of 25%, except for certain subsidiaries which qualified as small enterprises and micro businesses and enjoy preferential income tax rate of 5% (2022: 2.5% and 5%) respectively for the year ended 31 December 2023.

8. (LOSS)/EARNINGS PER SHARE

	2023	2022
(Loss)/profit for the year attributable to the owners of the Company *(RMB'000)*	**(60,609)**	18,163
Weighted average number of ordinary shares for the purpose of basic (loss)/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 dilutive potential ordinary shares outstanding for the years ended 31 December 2023 and 2022.

9. DIVIDENDS

No dividend was paid or declared by the Company during the year (2022: Nil), nor has any dividend been proposed since the end of the current reporting period.

10. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**142,599**	121,423
Less: Impairment losses	**(38,651)**	(14,495)
	103,948	106,928

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 the end of the reporting period is as follows:

	2023	**2022**
	RMB'000	*RMB'000*
Within 1 year	**64,456**	87,029
1 to 2 years	**32,977**	17,326
Over 2 years	**6,515**	2,573
	103,948	106,928

11. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, RELATED COMPANIES AND NON-CONTROLLING INTERESTS

The amounts due from/to fellow subsidiaries, related companies and non-controlling interests as at 31 December 2022 and 2023 are trade in nature, unsecured, interest-free and they are obliged to settle the amounts due upon completion of services provided or pursuant to the terms and conditions of the relevant agreements. The related companies are investee companies of the Fineland Group and there are common directors between Fineland Group Holdings and the investee companies.

Included in the amounts due from fellow subsidiaries and non-controlling interests at the reporting date are earnest money of RMB13,508,000, after impairment losses of RMB17,411,000 (2022: RMB34,452,000) and RMBNil (2022: RMB8,550,000) respectively paid by the Group to the property developers enabling the Group to entitle to an exclusive agency right to sell properties in the primary market projects 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 ageing analysis of amounts due from fellow subsidiaries, related companies and non-controlling interests, based on invoice date (which is also the due date), is as follows:

	2023	2022
	RMB'000	*RMB'000*
Amounts due from fellow subsidiaries	**120,692**	118,739
Less: Impairment losses	**(58,215)**	(1,723)
	62,477	117,016
Within 1 year	**8,323**	97,037
1 to 2 years	**40,676**	19,979
Over 2 years	**13,478**	–
	62,477	117,016

Movements in the loss allowance account in respect of amounts due from fellow subsidiaries during the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
As at 1 January	**1,723**	–
Impairment losses recognised during the year	**56,492**	1,723
As at 31 December	**58,215**	1,723

	2023	2022
	RMB'000	*RMB'000*
Amounts due from related companies	**61,187**	64,036
Less: Impairment losses	**(20,509)**	(640)
	40,678	63,396
Within 1 year	**2,961**	63,396
Over 1 year	**37,717**	–
	40,678	63,396

Movements in the loss allowance account in respect of amounts due from related companies during the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
As at 1 January	**640**	–
Impairment losses recognised during the year	**19,869**	640
As at 31 December	**20,509**	640

	2023	2022
	RMB'000	*RMB'000*
Amounts due from non-controlling interests	**1,660**	10,728
Less: Impairment losses	**(116)**	(500)
	1,544	10,228
Within 1 year	**950**	10,228
Over 1 year	**594**	–
	1,544	10,228

Movements in the loss allowance account in respect of amounts due from non-controlling interests during the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
As at 1 January	**500**	–
Impairment losses recognised during the year	**–**	500
Impairment losses reversed during the year	**(384)**	–
As at 31 December	**116**	500

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

	2023	2022
	RMB'000	*RMB'000*
Amounts due to fellow subsidiaries		
Within 1 year	**1,491**	5,320
Over 1 year	**449**	–
	1,940	5,320

	2023	2022
	RMB'000	*RMB'000*
Amounts due to related companies		
Within 1 year	**–**	19

	2023	2022
	RMB'000	*RMB'000*
Amounts due to non-controlling interests		
Within 1 year	**259**	2,713

12. TRADE PAYABLES

The amounts mainly represented the commissions payable to co-operative real estate agents and payable to the property management service providers. The ageing analysis of trade payables based on invoice date (which is also the due date) as at the end of the reporting period is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**58,256**	72,878
Over 1 year	**13,100**	769
	71,356	73,647

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. Trade payables are interest-free and the normal trade credit terms granted to the Group range from 30 days to 180 days from the date of invoice.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group engages in living services, mainly focusing in Guangzhou and elsewhere in the Greater Bay Area, as well as other parts of the PRC, through two business segments, namely comprehensive real estate agency services and professional property management 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.

The Group's total revenue amounted to approximately RMB426.8 million for the year ended 31 December 2023, representing a decrease of approximately 16.6%, from RMB511.9 million in the corresponding period of 2022, which was mainly due to the decline in revenue generated from real estate agency services.

Comprehensive real estate agency services segment

Real estate agency services segment consists of (i) real estate sales agency services and (ii) integrated services. Revenue recorded from comprehensive real estate agency services was approximately RMB29.4 million for the year ended 31 December 2023, representing a decrease of 73.0% from RMB108.7 million for the corresponding period in 2022.

In 2023, the sales area of commercial housing in Guangdong shrunk to approximately 96.2 million sq.m., representing a further decrease of 9.2% on the basis of a year-on-year decrease of 24.4% in 2022, which was a record-low in the last eight years. The sales volume in commercial housing was approximately RMB1.51 trillion, representing a further decrease by 4.6% on the basis of a year-on-year decrease of 28.9% in 2022. Our real estate agency projects mostly located in Guangdong province, the downward adjustment in which, amplified in our performance results in the real estate agency services segment.

The property developers in China, including Fineland Group, our largest revenue source, continue to face existing financial difficulties. This situation has posed constraints on the supply, coupled with sluggish demand factors. In December 2023, the China Real Estate Climate Index hits a historic low, leading to a significant decline in revenue from real estate agency services.

Professional property management services segment

Property management services segment 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 was approximately RMB397.4 million for the year ended 31 December 2023, representing a slight decrease of 1.4%, from RMB403.2 million for the year ended 31 December 2022, which is mainly due to the decrease of approximately RMB24.5 million from value-added services to non-property owners, which was partially offset by the increase of approximately RMB20.5 million from property management services.

Property management services

Property management services are mainly for real estate developers and property owners. Services provided include standard property management services and ancillary services such as cleaning, gardening, security, repair and maintenance and butler services. The Group provides services for residential and non-residential properties, including public facilities, office buildings, industry parks, schools, etc. Revenue recorded for property management services was approximately RMB324.1 million for the year ended 31 December 2023, representing an increase of 6.7% from approximately RMB303.7 million for the year ended 31 December 2022.

Contracted gross floor areas ("**GFA**") as of 31 December 2023 is approximately 19.3 million square meters, a slight increase of 0.5% compared with approximately 19.2 million square meters as of 31 December 2022, and GFA under management is approximately 14.2 million square meters, an increase of 2.9% compared with approximately 13.8 million square meters as of 31 December 2022.

Value-added services to non-property owners

Value-added services to non-property owners are mainly for real estate developers. Services include 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 RMB18.0 million for the year ended 31 December 2023, representing a decrease of 57.6% from RMB42.5 million for the year ended 31 December 2022. This is mainly due to the financing difficulties the real estate developers faced throughout 2023, and their capability to develop and launch new projects.

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 RMB55.3 million for the year ended 31 December 2023, representing an increase of 1.2% from approximately RMB54.6 million for the year ended 31 December 2022.

Software services

Software services include the provision of development, supply and maintenance of information technology applications. No revenue was recorded for software services for the year ended 31 December 2023, since the business line was disposed of in April 2022, as compared with RMB2.4 million for the year ended 31 December 2022.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2023 was approximately RMB426.8 million, representing a decrease of approximately RMB85.1 million as compared to RMB511.9 million for the year ended 31 December 2022. Such decrease was primarily attributable to the decrease in revenue generated from real estate agency services segment of approximately RMB79.3 million.

Cost of Services

For the year ended 31 December 2023, the cost of services of the Group amounted to approximately RMB339.8 million, representing a decrease of approximately 17.1% as compared to RMB409.7 million for the year ended 31 December 2022. The decrease was mainly due to the decrease in numbers of frontline employees in both real estate agency services segment and property management services segment.

Selling and marketing expenses

For the year ended 31 December 2023, the selling and marketing expenses of the Group were approximately RMB0.9 million, representing a decrease of approximately 25.0% as compared to approximately RMB1.2 million for the year ended 31 December 2022, which was due to effective cost control measures by cutting back major promotion events.

Administrative expenses

For the year ended 31 December 2023, the administrative expenses of the Group were approximately RMB58.5 million, representing a decrease of approximately 18.0% as compared to approximately RMB71.3 million for the year ended 31 December 2022. Such decrease was primarily due to the Company's effective cost control measures.

Net impairment losses on financial assets

For the year ended 31 December 2023, the net impairment losses on financial assets of the Group were approximately RMB101.1 million, representing an increase of approximately 987.1% as compared to approximately RMB9.3 million for the year ended 31 December 2022. The increase was primarily attributed to the significant increase in provision for impairment loss on trade receivables, amounts due from fellow subsidiaries and amounts due from related parties of approximately RMB24.2 million, RMB56.5 million and RMB19.9 million, respectively, which is mainly resulting from the slowdown in collecting receivables from major customers and increased credit risk due to financial difficulties of property developers, leading to a downturn in the real estate industry, which necessitated the reasonable provision for impairment losses by the Company.

On 23 August 2023, Guangzhou Fineland Real Estate Development Company Limited ("**Guangzhou Fineland**"), a wholly owned subsidiary of the Fineland Group Holdings, announced that it was unable to redeem its US dollar-denominated senior notes of US$340 million (the "**Senior Notes**") and pay interest of approximately US$69.4 million by the maturity date. Despite having attempted to enter into an exchange offer with bond holders, Guangzhou Fineland terminated the exchange offer in order to channel its financial resources into property construction work, adhering to the government policy in ensuring the timely delivery of pre-sold properties. Guangzhou Fineland subsequently announced on 13 November 2023, that due to uncertainty of major events, trading of the listed notes was suspended since 14 November 2023. The notes with principal of RMB918 million and a term of four years, was listed on 9 December 2020, carrying a fixed rate of 10% per annum. The above events have been taken into account during the assessment of credit risk over the expected life of the financial assets.

Net Profit Margin

The net profit margin decreased to -13.4% for the year ended 31 December 2023 as compared to 6.2% for the year ended 31 December 2022. This decrease was mainly due to sharp increase in the net impairment losses on financial assets.

(Loss)/profit for the Period

As a result of the factors discussed above, the Group made a net loss for the year ended 31 December 2023 of approximately RMB57.1 million, compared to a net profit of approximately RMB31.7 million for the year ended 31 December 2022. The Group made a loss before income tax for the year ended 31 December 2023 of approximately RMB67.5 million, compared to a profit before income tax of approximately RMB30.7 million for the year ended 31 December 2022. The net profit before income tax and impairment losses on financial assets of the Group would be approximately RMB33.6 million for the year ended 31 December 2023, compared to approximately RMB40.0 million for the corresponding period of 2022.

Liquidity, Financial Resources and Position

In 2023 and 2022, the Group's main source of funds was cash generated from operating activities.

As at 31 December 2023, the Group had net current assets of approximately RMB71.3 million (as at 31 December 2022: approximately RMB158.3 million), total assets of approximately RMB478.3 million (as at 31 December 2022: approximately RMB573.8 million) and equity attributable to owners of the Company of approximately RMB112.8 million (as at 31 December 2022: approximately RMB173.2 million).

As at 31 December 2023, the total bank balances and cash (restricted bank balances: approximately RMB2.6 million) of the Group amounted to approximately RMB90.8 million (as at 31 December 2022: approximately RMB118.8 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, amounts due from fellow subsidiaries and related companies decreased by approximately RMB3.0 million, RMB54.5 million and RMB22.7 million, respectively, from approximately RMB106.9 million, RMB117.0 million and RMB63.4 million, respectively, as at 31 December 2022 to approximately RMB103.9 million, RMB62.5 million and RMB40.7 million, respectively, as of 31 December 2023, which are all primarily due to the increase in the provision of impairment losses based on the principle of prudence, as a result of continued weakness and uncertainty in the real estate industry in the PRC.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2023 (2022: Nil).

Significant Investments

For the year ended 31 December 2023, no significant investment was held by the Group.

Material Acquisition and Disposals

The Group had no material acquisition or disposal of subsidiaries, associates or jointly controlled entities during the year under review.

Pledged Assets of the Group

The subsidiary of 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. Subsequent to the reporting period, the subsidiary of the Company pledged approximately 68.9% equity interests in Fineland E-life to Agricultural Bank of China Limited Guangzhou Beixiu branch.

PROSPECTS

Looking forward to 2024, promoting the stable and healthy development of the real estate market remains a priority for local governments in addressing real estate risks. The introduction of a series of favorable policies on the demand side will help release the demand for housing demand in the short term and boost market confidence. According to Ni Hong, Minister of Housing and Urban-Rural Development, China will ramp up efforts to build a new development model for real estate industry to solve the market difficulties and bolster its sound and steady development.

For real estate agency services segment, the Group will continually focus on business development in the Greater Bay Area by building and maintaining stronger ties with clients and customers with better credit, especially those with government background and undertake more projects in cities where the Group has already successfully entered or previously achieved great results. Efforts will also be made to optimize cost control and credit risk awareness. To capture the opportunities comes along with the improved market confidence, the Group will explore diversified, personalized and profitable business models.

For property management services segment, the Group has reviewed the property management industry and believes that the nature of the industry remains unchanged and favorable laws and policies will continue to improve a supportive and orderly market environment and accelerate the development of the industry. The Group will adhere to the core value of quality services, customer orientation and pursue high-quality development and growth, avoid excessive expansion, seize profitable opportunities, especially in urban services line and value-added services. Moreover, the Group will further improve internal management through standardization, professionalization, service quality and cost control to achieve efficient operations and profitability.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023 and thereafter until the date of this announcement.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "**Code**") as contained in Appendix C1 to the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in force during the year ended 31 December 2023. Details of the corporate governance of the Group will be set out in the section headed "Corporate Governance Report" in the annual report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2023.

REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE

The Company has established an audit committee on 23 October 2017 with written terms of reference in compliance with the then Rule 5.28 of the GEM Listing Rules. The terms of reference were revised on 26 May 2020. 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.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2023. It meets regularly with the management, the external auditors of the Company and the internal audit personnel to discuss the accounting principles and practices adopted by the Group, the risk management and internal control systems, and the financial reporting matters.

SCOPE OF WORK OF BDO LIMITED

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the annual results announcement have been agreed by the Company's external auditors, BDO Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this annual results announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on 20 June 2024. The notice of the AGM will be published on the Company's website at http://www.finelandassets.com and the website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

The annual general meeting (the "**AGM**") is expected to be held on 20 June 2024. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Monday, 17 June 2024 to Thursday, 20 June 2024 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 14 June 2024.

EVENTS AFTER THE REPORTING PERIOD

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). Such set-off is conditional upon all the conditions precedent set out in the settlement agreement having been obtained and fulfilled by 30 June 2024.

Upon the fulfillment of the conditions precedent by 30 June 2024 and completion of the transfer of the aforementioned properties, amounts due from fellow subsidiaries with carrying amounts of RMB13.1 million will be set off by the recognition of non-current deposits paid for acquisition of investment properties for the transfer of the aforementioned properties of RMB13.1 million measured at fair value. It will be recognised as investment properties after the transfer of the titles of these properties subject to the fair value measurement with impact reflected in profit or loss in future.

Further details are set out in the announcements of the Company dated 6 December 2023, 22 December 2023 and 25 January 2024, and the circular of the Company dated 22 December 2023.

On 6 December 2023, Guangzhou Fineland Living, Vendor A and Guangzhou Zengcheng Fangyuan MingshengReal 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). Such set-off is conditional upon all the conditions precedent set out in the settlement agreement having been obtained and fulfilled by 30 June 2024.

Upon the fulfillment of the conditions precedent by 30 June 2024 and completion of the transfer of the aforementioned properties, amounts due from fellow subsidiaries with carrying amounts of RMB2.1 million and trade receivables of RMB0.6 million will be set off by the recognition of non-current deposits for acquisition of investment properties for the transfer of the aforementioned properties of RMB2.7 million measured at fair value. It will be recognised as investment properties after the transfer of the titles of the these properties subject to the fair value measurement with impact reflected in profit or loss in future.

Further details are set out in the announcements of the Company dated 6 December 2023, 22 December 2023 and 25 January 2024, and the circular of the Company dated 22 December 2023.

On 24 January 2024, Mr. Fong Ming ("**Mr. Fong**"), a controlling shareholder and the non-executive director of the Company and Mansion Green Holdings Limited ("**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 Peng ("**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 Holdings Limited ("**Aspiring Vision**"), Stand Smooth Group Limited ("**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 Lai Wa 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. Peng 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 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.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2023 ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.finelandassets.com). The annual report of the Group for the year ended 31 December 2023, which contains all the information required under the Listing Rules, will be despatched to Shareholders and be available on the above websites in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 pending the publication of this announcement. An application has been made to the Stock Exchange to resume the trading in the shares of the Company at 9:00 a.m. on Thursday, 2 May 2024.

By Order of the Board
Fineland Living Services Group Limited
FONG MING
Chairman

Hong Kong, 30 April 2024

As at the date of this announcement, the Executive Directors are Mr. HAN Shuguang and Ms. TSE Lai Wa; the Non-Executive Director is Mr. FONG Ming; and the Independent Non-Executive Directors are Mr. LEUNG Wai Hung, Mr. TIAN Qiusheng and Mr. DU Chenhua.