INTERIM REPORT 2019

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FINELAND REAL ESTATE SERVICES GROUP LIMITED

方圓房地產服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8376

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

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

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CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non-executive Director

Mr. FONG Ming

Independent non-executive Directors

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

Company secretary

Mr. TSO Ping Cheong, Brian

Audit committee

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

Remuneration committee

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

Nomination committee

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

Authorised representatives

Mr. TSO Ping Cheong, Brian
Mr. YI Ruofeng

Compliance officer

Mr. YI Ruofeng

Legal Advisers

As to Hong Kong Laws
Hogan Lovells

As to PRC Laws
Beijing Jingtian & Gongcheng Law Firm

Compliance Adviser

RaffAello Capital Limited

Auditor

BDO Limited

Principal bankers

Industrial Bank Company Limited,
Guangzhou Tianhe branch

Industrial and Commercial Bank of China,
Guangzhou Liuhua branch

China Construction Bank,
Guangzhou Tiyu East Road branch

Registered office

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Cayman Islands

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Principal place of business in Hong Kong

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Central
Hong Kong

Hong Kong Share Registrar

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

Principal share registrar and transfer office

Estera Trust (Cayman) Limited
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

Company's website address

www.finelandassets.com

HIGHLIGHTS

- The Group recorded revenue of approximately RMB128.2 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: approximately RMB91.0 million).

- Profit attributable to owners of the Company for the six months ended 30 June 2019 amounted to approximately RMB8.3 million (for the six months ended 30 June 2018 was approximately RMB4.5 million).

- The Directors do not recommend the payment of any dividend for the six months ended 30 June 2019.

INTERIM RESULTS

The Board of Directors of the Company (the "**Board**") hereby reports the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019 (the "**Period**") with the unaudited comparative figures for the six months ended 30 June 2018.

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

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 *RMB'000* (Unaudited)	 2018 *RMB'000* (Unaudited)
Revenue	*5*	**128,197**	91,002
Other income and gains	*6*	**1,287**	205
Employee benefit expenses		**(53,268)**	(49,423)
Advertising, promotion and other commission expenses		**(53,289)**	(26,407)
Operating lease charges in respect of office and shop premises		**–**	(6,594)
Operating lease charges in respect of short-term leases		**(1,716)**	–
Depreciation of property, plant and equipment		**(584)**	(660)
Depreciation of right-of-use assets		**(2,475)**	–
Expected credit loss on financial assets		**(56)**	–
Other operating expenses		**(5,682)**	(1,593)
Finance cost		**(335)**	–
Profit before income tax	*7*	**12,079**	6,530
Income tax	*8*	**(3,699)**	(2,032)
Profit for the period		**8,380**	4,498
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**112**	(2,388)
Total comprehensive income for the period		**8,492**	2,110
Profit attributable to:			
Owners of the Company		**8,324**	4,498
Non-controlling interests		**56**	–
		8,380	4,498
Total comprehensive income attributable to:			
Owners of the Company		**8,436**	2,110
Non-controlling interests		**56**	–
Total comprehensive income for the period		**8,492**	2,110
		RMB cents	*RMB cents*
Earnings per share			
— Basic and diluted	*10*	**2.08**	1.12

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	3,246	3,887
Right-of-use assets	12	13,992	–
Deposits paid for acquisition of property, plant and equipment		260	240
Total non-current assets		17,498	4,127
Current assets			
Trade receivables	13	40,189	22,817
Deposits, prepayments and other receivables		7,351	7,471
Amounts due from fellow subsidiaries	14	13,774	34,751
Bank balances and cash	15	118,393	109,754
Total current assets		179,707	174,793
Current liabilities			
Trade payables	16	27,427	14,762
Contract liabilities		3,654	16,296
Accruals and other payables		21,112	27,271
Lease liabilities		5,283	–
Tax payable		13,604	12,275
Total current liabilities		71,080	70,604
Net current assets		108,627	104,189
Total assets less current liabilities		126,125	108,316
Non-current liabilities			
Lease liabilities		9,023	–
Deferred tax liabilities		2,031	2,031
Total non-current liabilities		11,054	2,031
Net assets		115,071	106,285
Capital and reserves			
Share capital	17	3,403	3,403
Reserves		111,319	102,883
Equity attributable to owners of the Company		114,772	106,286
Non-controlling interests		349	(1)
Total equity		115,071	106,285

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Retained profits *RMB'000*	Equity attributable to owners of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2019	3,403	51,677	5,987	6,782	(2,678)	41,115	106,286	(1)	106,285
Profit for the period	–	–	–	–	–	8,324	8,324	56	8,380
Exchange differences on translation of foreign operations	–	–	–	–	112	–	112	–	112
Total comprehensive income for the period	–	–	–	–	112	8,324	8,436	56	8,492
Capital injected by non-controlling interest	–	–	–	–	–	–	–	294	294
As at 30 June 2019	**3,403**	**51,677**	**5,987**	**6,782**	**(2,566)**	**49,439**	**114,722**	**349**	**115,071**
As at 1 January 2018	3,403	51,677	5,987	6,009	512	11,771	79,359	–	79,359
Profit for the period	–	–	–	–	–	4,498	4,498	–	4,498
Exchange differences on translation of foreign operations	–	–	–	–	(2,388)	–	(2,388)	–	(2,388)
Total comprehensive income for the period	–	–	–	–	(2,388)	4,498	2,110	–	2,110
As at 30 June 2018	3,403	51,677	5,987	6,009	(1,876)	16,269	81,469	–	81,469

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	**9,411**	(5,518)
Net cash generated from/(used in) investing activities	**1,612**	(755)
Net cash used in financing activities	**(2,496)**	–
Net increase/(decrease) in cash and cash equivalents	**8,527**	(6,273)
Effect of foreign exchange rate changes	**112**	(2,388)
Cash and cash equivalents at beginning of the period	**109,754**	91,151
Cash and cash equivalents at end of the period	**118,393**	82,490

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 P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1–1108, Cayman Islands. Its principal place of business is located at 9/F, Wah Yuen Building, 149 Queen's Road Central, Central, Hong Kong. Since 15 November 2017, its shares have been listed on GEM of the Stock Exchange.

The principal activities of the Group are the provision of real estate agency services, property research and consultancy and integrated services in the People's Republic of China (the "**PRC**").

The immediate holding company and ultimate holding company of the Company are Mansion Green Holdings Limited ("**Mansion Green**") and Widethrive Investments Limited ("**Widethrive Investments**"), respectively, companies incorporated in the British Virgin Islands (the "**BVI**") with limited liability.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Company's subsidiaries established in the PRC 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 2018 (the "**2018 Financial Statements**"), except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively "**new and revised HKFRSs**") issued by the HKICPA which have become effective in this period as detailed in note 2 of the 2018 Financial Statements.

Adoption of new or revised standards and interpretations relevant to the Group and effective on 1 January 2019:

HKFRS 16	Leases
HK(IFRIC) -Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs

Except for HKFRS 16, none of the new or revised standards and interpretations have had a material effect on the Group's accounting policies. The Group has not applied any new standard or interpretation that is not yet effective for the period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC) — Int 4 Determining whether an Arrangement contains a Lease, HK(SIC) — Int 15 Operating Leases — Incentives and HK(SIC) — Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under HKFRS 16 is substantially unchanged under HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

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

HKFRS 16 Leases *(Continued)*

Impact on the unaudited condensed consolidated statement of financial position as at 30 June 2019 (increase/(decrease)):

	RMB'000
Assets	
Non-current assets	
Right-of-use assets	13,992
Total non-current assets	13,992
Liabilities	
Current liabilities	
Lease liabilities	5,283
Total current liabilities	5,283
Non-current liabilities	
Lease liabilities	9,023
Total non-current liabilities	9,023
Total liabilities	14,306
Equity	
Retained profits	(314)
Total equity	(314)

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

HKFRS 16 Leases *(Continued)*

Impact on the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the period (increase/(decrease)):

	RMB'000
Operating lease charges in respect of office and shop premises	(4,212)
Operating lease charges in respect of short-term leases	1,716
Depreciation of right-of-use assets	2,475
Finance cost	335
Profit for the period	(314)

Impact on the unaudited condensed consolidated statement of cash flows for the period (increase/(decrease)):

	RMB'000
Net cash flows from operating activities	2,496
Net cash flows used in financing activities	(2,496)

(a) Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for properties (i.e. office and shop premises). Before the adoption of HKFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. For an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and accruals, respectively. Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for lease contracts with a lease term of 12 months or less and do not contain a purchase option ("**short-term leases**") and lease contracts for which the underlying asset is of low value ("**low-value assets**"). The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted average of the incremental borrowing rates used for determination of the remaining lease payments was 4.75%.

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

HKFRS 16 Leases *(Continued)*

(a) Nature of the effect of adoption of HKFRS 16 *(Continued)*

To ease the transition to HKFRS 16, the Group applied practical expedients at the date of initial application of HKFRS 16 whereby it elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019, used a single discount rate to a portfolio of leases with reasonably similar characteristics and used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Based on the foregoing, right-of-use assets and lease liabilities of RMB12,082,000 were recognised and presented separately in the consolidated statement of financial position respectively as at 1 January 2019.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	RMB'000
Operating lease commitments at 31 December 2018	22,335
Less:	
Commitments relating to short-term leases	(3,445)
Commitments relating to leases early terminated	(5,784)
	13,106
Less: Total future interest expenses	(1,024)
Lease liabilities recognised at 1 January 2019	12,082

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

HKFRS 16 Leases *(Continued)*

(b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of HKFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of properties (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

HKFRS 16 Leases *(Continued)*

(c) Amounts recognised in the unaudited condensed consolidated statement of financial position and unaudited condensed consolidated statement of profit or loss and other comprehensive income

The movements of the carrying amounts of the Group's right-of-use assets and lease liabilities during the period are set out below:

	Right-of-use assets *RMB'000*	Lease liabilities *RMB'000*
As at 1 January 2019	12,082	12,082
Additions	4,385	4,385
Depreciation expense	(2,475)	–
Interest expense	–	335
Payments	–	(2,496)
As at 30 June 2019	13,992	14,306

4. SEGMENT REPORTING

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

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

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

Information about major customers

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Fineland Real Estate Holdings Company Limited ("**Fineland Real Estate**") and its subsidiaries (collectively the "**Fineland Group**")	**50,473**	33,183

5. REVENUE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from customers recognised at point in time:		
Real estate agency service income (including online property referral and agency service income*)	**126,637**	90,082
Property research and consultancy service income	**666**	637
Integrated services income	**894**	283
	128,197	91,002

* Online property referral and agency service income amounted to approximately RMB73,496,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB24,808,000).

6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest income	**1,175**	195
Government grants	**–**	10
Other income	**112**	-
	1,287	205

7. PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Auditor's remuneration	**41**	31
Exchange losses/(gain), net	**105**	(2,230)
Gain on disposal of property, plant and equipment	**(106)**	–

8. INCOME TAX

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax — PRC Enterprise Income Tax ("**EIT**")	**3,699**	2,032

(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) Provision for the PRC EIT is calculated at a statutory tax rate of 25% (2018: 25%) of the estimated assessable profit as determined in accordance with the relevant EIT law in the PRC.

9. DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2019 (2018: nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	**8,324**	4,498
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share	**400,000,000**	400,000,000

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2018 and 2019.

11. PROPERTY, PLANT AND EQUIPMENT

	As at 31 December 2018 *RMB'000*	Addition *RMB'000*	Disposal *RMB'000*	As at 30 June 2019 *RMB'000*
Cost	8,248	67	(909)	**7,406**
Accumulated depreciation	(4,361)	(584)	785	**(4,160)**
Carrying amounts	3,887	(517)	(124)	**3,246**

12. RIGHT-OF-USE ASSETS

As detailed in note 3, the Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17.

During the six months ended 30 June 2019, the Group entered into a number of lease agreements for use of shop premises, and therefore recognised the additions to right-of-use assets of RMB4,385,000.

13. TRADE RECEIVABLES

	As at 30 June 2019 ***RMB'000***	As at 31 December 2018 *RMB'000*
Trade receivables	**41,601**	24,173
Less: Impairment losses	**(1,412)**	(1,356)
	40,189	22,817

Trade receivables mainly represent real estate agency service income receivables from customers whereby no general credit terms are granted. The customers are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements. The aging analysis of trade receivables (net of impairment loss) based on invoice date (which is also the due date) as at 30 June 2019 is as follows:

	As at 30 June 2019 ***RMB'000***	As at 31 December 2018 *RMB'000*
Within 3 months	**40,107**	22,817
4 to 6 months	**82**	–
	40,189	22,817

13. TRADE RECEIVABLES *(Continued)*

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.

As at 30 June 2019, 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. As at 30 June 2019, a provision of RMB56,000 (30 June 2018: RMB85,000) was made against the gross amounts of trade receivables.

	As at 30 June 2019 ***RMB'000***	As at 31 December 2018 *RMB'000*
At beginning of the period/year	**(1,356)**	(1,271)
Impairment loss recognised	**(56)**	(85)
At end of the period/year	**(1,412)**	(1,356)

14. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The amounts due from fellow subsidiaries as at 31 December 2018 and as at 30 June 2019 are trade in nature, unsecured and interest-free and the fellow subsidiaries are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements.

As at 30 June 2019, the Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECLs provision for all amount due from fellow subsidiaries that are trade in nature. To measure the ECLs, these balances have been grouped based on shared credit risk characteristics and the days past due.

The Directors consider that there are no significant credit risk on amounts due from fellow subsidiaries due to the past payment history and taking into account of the sound financial performance and position of the fellow subsidiaries to meet contractual cash flow obligations in the near term. Accordingly, the ECL rate on amounts due from fellow subsidiaries was assessed to be minimal and no provision was made for the period.

15. BANK BALANCES AND CASH

As at 31 December 2018 and as at 30 June 2019, bank balances carry interest at prevailing deposit rates.

As at 30 June 2019, the Group had bank balances of approximately RMB110,095,000, (as at 31 December 2018: RMB 108,305,000), which are deposits with banks in the PRC and Hong Kong and RMB is not a freely convertible currency.

16. TRADE PAYABLES

The amount mainly represented the commissions payable to co-operative real estate agents. The ageing analysis of trade payables based on invoice date as at 30 June 2019 is as follows:

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
Within 3 months	**27,427**	14,762

17. SHARE CAPITAL

The share capital as at 30 June 2019 represented the issued share capital of the Company as detailed below:

	Number	**Amount** *HK$'000*
Ordinary shares at par value of HK$0.01 each		
Authorised		
As at 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	10,000,000,000	100,000

	Number	**Amount** *HK$'000*	**Amount** *RMB'000*
Issued and fully paid			
As at 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	400,000,000	4,000	3,403

18. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating lease commitments

As at 31 December 2018, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office and shop premises as follows:

	As at 31 December 2018 *RMB'000*
Not later than one year	8,921
Later than one year and not later than five years	13,414
	22,335

Leases for the Group's office and shop premises are negotiated for range of two to five years (2018: two to five years) at fixed rental. Certain leases of the Group contain an option to renew and renegotiate the terms at the expiry date or at dates mutually agreed between the Group and respective landlords/lessors.

The Group is the lessee in respect of a number of properties which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 3). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 3.

(b) Capital commitment

As at 30 June 2019, the Group's capital commitment was as follows:

	As at 30 June 2019 ***RMB'000***	As at 31 December 2018 *RMB'000*
Capital expenditure, contracted for but not provided for, in respect of:		
Acquisition of property, plant and equipment	**370**	370

(c) Contingent liability

As at 30 June 2019, the Group did not have any significant contingent liability.

19. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Real estate agency service income from fellow subsidiaries (including online property referral and agency service income*)	**49,374**	32,692
Property research and consultancy service income from fellow subsidiaries	**57**	491
Integrated services income from fellow subsidiaries	**712**	–
	50,143	33,183
Other research service income from fellow subsidiaries	**330**	–
Operating lease charges to fellow subsidiaries	**925**	969
Operating lease charges to a related party *(Note)*	**134**	128
Deposits paid for acquisition of property, plant and equipment to a fellow subsidiary	**20**	240

The above transactions were conducted on mutually agreed terms.

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

* The related online property referral and agency service income amounted to approximately RMB25,080,000 (six months ended 30 June 2018: RMB10,776,000).

20. EVENTS AFTER REPORTING PERIOD

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

BUSINESS REVIEW AND OUTLOOK

The Group engages in property agency services, with a focus mainly on Guangzhou and also elsewhere in the Greater Bay Area. Since the successful listing on GEM of the Stock Exchange on 15 November 2017 by way of share offer, there has been no significant change in the business operations.

The mortgage facilities granted by the banks to potential property purchasers have become slightly more favourable. As of May 2019, when compared to the first ten months in 2018, the mortgage interest rates had decreased from 5.71% to 5.42% for first-time purchasers and from 6.07% to 5.74% for second-time purchasers. The trend is primarily attributable to the central bank's policies to lower the bank reserve ratio in 2018, resulting in an increase in availability of funds. Our Directors consider that such recent market development is beneficial to the business of the Group.

For the six months ended 30 June 2019, the Group recorded total revenue of approximately RMB128.2 million, representing an increase by approximately RMB37.2 million or approximately 40.9%, from RMB91.0 million for the six months ended 30 June 2018. The increase is mainly due to the expansion of real estate agency services, in particular online property referral agency services in the Greater Bay Area. After the entry into Qingyuan and Huizhou markets in 2017 and the Heyuan market in 2018, the Group further entered into Zhongshan market in 2019. The Group's services currently cover a majority of the cities in the Greater Bay Area.

Property research and consultancy services

The Group's property research and consultancy services are for the primary property market and mainly provided to property developers. Property research and consultancy services recorded revenue of approximately RMB0.67 million for the six months ended 30 June 2019, representing a slight increase of 4.6% from approximately RMB0.64 million for the six months ended 30 June 2018.

Real estate agency services

Real estate agency services accounted for approximately 98.8% of the Group's revenue for the six months ended 30 June 2019 and is therefore the Group's largest business segment. The real estate agency service business revenue increased by approximately RMB36.6 million or 40.6% to approximately RMB126.6 million for the six months ended 30 June 2019 when compared with approximately RMB90.1 million for the six months ended 30 June 2018.

For primary market real estate agency services, with the entry into Zhongshan market in 2019, the Group provided agency services for 166 projects for the six months ended 30 June 2019 (six months ended 30 June 2018: 96). For the second half of 2019, the Group will further explore opportunities in the Greater Bay Area with an aim to capture more market share in those markets.

The Group has shifted resources from the development of secondary property agency services to the expansion and development of primary property agency services. This was implemented in part by slowing down the pace of opening of new outlets and closing down or not renewing leases upon expiry for outlets with less competitive advantage in terms of cost and revenue generated. For the six months ended 30 June 2019, the Group opened 3 new outlets in Guangzhou and 1 in Foshan, and closed down 14 outlets in various locations in the Greater Bay Area, which brought the number of outlets of the Group down to 40 as at 30 June 2019 (as at 31 December 2018: 50).

The online property referral and agency services platform acts as a bridge between property developers and other real estate agents. It tends to be used for projects that may have a lower level of market interest where property developers are typically willing to pay a higher commission. Online property referral and agency services recorded revenue of approximately RMB73.5 million for the six months ended 30 June 2019, representing an increase of approximately 196.3% from RMB24.8 million for the six months ended 30 June 2018, which was primarily due to the increase in number of projects and sales volume. The Group undertook 11 projects for the six months ended 30 June 2018, compared with 37 projects for the six months ended 30 June 2019.

Integrated services

The Integrated Services segment refers to the wide range of value-added services provided to customers including property developers, individual customers and companies. These services include *Zhaoshangyi* and One-stop Service Centre. Revenue generated from Integrated Services for the six months 30 June 2019 increased by approximately 216.0% to approximately RMB0.9 million compared with approximately RMB0.3 million for the six months ended 30 June 2018.

Zhaoshangyi

The Group's *Zhaoshangyi* business focuses on the leasing of commercial units in primary market development projects. The Group receives a fee based on a multiplier of the monthly rent for commercial units from the property developers. The Group handled 1 project during the six months ended 30 June 2019 (six months ended 30 June 2018: 3 projects). For the six months ended 30 June 2019, revenue generated from *Zhaoshangyi* amounted to approximately RMB657,000, representing increase of approximately 168.2% compared with approximately RMB245,000 for the six months ended 30 June 2018, which was primarily due to a large contribution to revenue from one new project the Company handled where a tenant entered into a lease for large square meterage units.

One-stop Service Centre

The Group's One-stop Service Centre business provides value-added services such as rent collection, property repair and maintenance and design and furnishing services as well as assisting purchasers to obtain ownership certificates and apply for mortgages from banks. For the six months ended 30 June 2019, revenue generated from the One-stop Service Centre services was approximately RMB238,000, representing increase of approximately 526.3% compared with approximately RMB38,000 for the six months ended 30 June 2018, which was primarily due to a significant increase in revenue from one project the Company handled.

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2019 was approximately RMB128.2 million, representing an increase of approximately 40.9% compared to approximately RMB91.0 million for the six months ended 30 June 2018. Such increase was primarily attributable to the increase in revenue generated from online property referral and agency services income of approximately RMB48.7 million, which were in turn primarily driven by an increase in number of projects and transaction volume.

Employee benefit expenses

Employee benefit expenses increased by 7.8% to approximately RMB53.3 million for the six months ended 30 June 2019 from approximately RMB49.4 million for the six months ended 30 June 2018. This increase is mainly because more employees were hired primarily for primary property agency services, where the number of total employees increased from 685 as at 30 June 2018 to 750 as at 30 June 2019, resulting in an increase in salary and benefits of the Group.

Advertising, promotion and other commission expenses

The Group recorded approximately RMB53.3 million for advertising, promotion and other commission expenses for the six months ended 30 June 2019, representing a 101.8% increase compared to RMB26.4 million for the six months ended 30 June 2018. This increase was primarily due to the development of the online property referral and agency services, as a result of which the commission that was split to real estate agents that brought in buyers also increased.

Operating lease charges

The Group recorded operating lease charges in respect of office and shop premises of approximately RMB6.6 million for the six months ended 30 June 2018. Due to the adoption of revised HKFRS 16, operating lease charges in respect of short-term leases was RMB1.7 million for the six months ended 30 June 2019, representing a decrease of approximately 74.0% when compared to operating lease charges in respect of office and shop premises for the six months ended 30 June 2018.

Depreciation of right-of-use assets

The Group recorded depreciation of right-of-use assets of approximately RMB2.5 million for the six months ended 30 June 2019, compared to nil for the six months ended 30 June 2018, was due to the Group's adoption of HKFRS 16 with the date of initial application of 1 January 2019. For further details, please refer to Note 3 of the Notes to the Condensed Consolidated Financial Statements above.

Other operating expenses

The Group recorded other operating expenses of approximately RMB5.7 million for the six months ended 30 June 2019, representing an increase of approximately 256.7% compared to approximately RMB1.6 million for the six months ended 30 June 2018, which was mainly driven by increases in professional fees and travelling expenses due to the expansion of the Group's business.

Net Profit Margin

The net profit margin increased to 6.6% for the six months ended 30 June 2019 as compared to 4.9% for the six months ended 30 June 2018. This increase was mainly due to business expansion and a relatively larger increase in revenue than the increase in corresponding expenses as a result of improved efficiency during the period.

Profit for the Period

As a result of the factors discussed above, the Group made a profit before income tax for the Period of approximately RMB12.1 million, compared to approximately RMB6.5 million for the six months ended 30 June 2018.

Liquidity, financial resources and capital structure

In 2019, the Group's main source of funds has been cash generated from operating activities and for the six months ended 30 June 2019, the Company had a net increase in cash and cash equivalents of approximately RMB8.5 million (for the six months ended 30 June 2018: net decrease in cash and cash equivalents of approximately RMB6.3 million).

As at 30 June 2019, the Group had net current assets of approximately RMB108.6 million (as at 31 December 2018: approximately RMB104.2 million) and total assets of approximately RMB197.2 million (as at 31 December 2018: approximately RMB178.9 million).

As at 30 June 2019, the bank balances and cash of the Group amounted to approximately RMB118.4 million (as at 31 December 2018: approximately RMB109.8 million), of which bank balances were approximately RMB110.1 million (as at 31 December 2018: approximately RMB108.3 million). These bank balances were deposits with banks in the PRC and Hong Kong and held in Renminbi or Hong Kong dollars.

Indebtedness

As at 30 June 2019, the Group did not have any short-term borrowings (as at 31 December 2018: Nil) nor long term borrowings (as at 31 December 2018: Nil).

Foreign Exchange Risks

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

Gearing Ratio

The gearing ratio (calculated as total liabilities divided by total assets) was 42% as at 30 June 2019, as compared to 41% as at 31 December 2018.

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. The table below sets out the number of employees within different business segments as at 30 June 2019.

Management and administration	5
Property research and consultancy services	52
Real estate agency services	652
Integrated services	41
Total	750

Principal risks and uncertainties

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

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

The Group is an established real estate agent in Guangzhou and elsewhere in the Greater Bay Area and is heavily dependent on the growth of the real estate market in this region. As one of the Group's business strategies is to strengthen its established position in Guangzhou and elsewhere in the Greater Bay Area, any adverse movements in the supply of, or demand for, properties in this area, or in prices paid for such properties, may have a material adverse effect on the Group's business, results of operations, and financial position. These property markets may be affected by local, regional, national, and global factors, including economic and financial conditions, speculative activities in local markets, the demand for and supply of properties, the availability of alternative investment choices for property buyers, inflation, government policies, interest rates, and the availability of capital. Demand for properties and property prices in Guangzhou and elsewhere in the Greater Bay Area are expected to be affected by macroeconomic control measures implemented by the PRC government from time to time. Further restrictive measures adopted by the PRC government have had, and may continue to have, a dampening effect on property markets in many areas of the PRC, including Guangzhou and elsewhere in the Greater Bay Area. This, in turn, could have a material adverse effect on the Group's business, results of operations, and financial position.

Competition in the real estate agency business is intense.

The real estate agency business in Guangzhou and elsewhere in the Greater Bay Area is fragmented. Some of the Group's competitors may be better positioned, with greater resources and longer standing relationships with the property developers and the purchasers. A number of the Group's competitors may also offer property research and consultancy services. The intensity of the competition may result in a shortage of quality real estate agents and other employees, increased compensation costs for agents and employees in order to retain them, and lower commission rates in both the primary and secondary markets, any of which could materially and adversely affect the Group's business, results of operations, and financial position. If the Group is unable to respond to changes in market conditions more quickly or more effectively than its competitors or otherwise maintain or enhance its competitiveness, the Group's business, results of operations and financial position could also be adversely affected.

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

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

The PRC government exerts considerable influence over the growth and development of the PRC property market through policies and other economic measures, for example, by setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duty on property transfers, and imposing restrictions on foreign investment and currency exchange. The PRC government has also acted to control the supply of land for property development, which could directly impact the Group's property research and consultancy business. Recent government measures along these lines have generally been designed to result in downward pricing pressure on the PRC property market and have impacted the buoyancy of the primary and secondary real estate markets in which the Group operates.

Comparison of business objectives with actual business progress

An analysis comparing the future plans and use of proceeds contained in the Prospectus and subsequently revised in the announcement dated 8 August 2019 (the "**Announcement**") with the Group's actual business progress for the period from the date of Listing to 30 June 2019 (the "**Relevant Period**") is set out below:

Business strategies and implementation as stated in the Announcement	Actual business progress up to 30 June 2019
Expand our secondary market real estate agency services by opening more outlets and employing more sales staff in Guangzhou and continue to expand our primary market real estate agency services by enhancing our relationship with property developers	The Group opened 4 outlets[1], of which 3 outlets were in Guangzhou and 1 was in other cities. The Group employed 454 sales staff during the Relevant Period, among which 331 were primary real estate sales staff, 93 were secondary real estate sales staff and 22 were sales staff for online property referral and agency service platform.[2] Focusing on establishing business relationships with well-known developers who have newly entered the real estate market in the Greater Bay Area while enhancing well established relationships with primary property developers we have previously partnered with. The Group has set up a business development team comprising four employees as at 30 June 2019, who are responsible for promoting the Group's primary market real estate agency services to property developers and procuring projects from them. They have successfully obtained additional primary property projects by liaising with existing property developers where the Group had existing cooperation, and by establishing new relationships.
Further enhance the Group's brand recognition	During the Relevant Period, the Group engaged in various marketing activities to further enhance its brand recognition, including launching official promotional activities on the Group's WeChat public account, producing merchandise bearing the image of its brand mascot, and participated in industry events and ranking campaigns for industry player.
Expand the Integrated Services business segment	The Group employed 13 employees for the Group's integrated services business segment during the Relevant Period.

Notes:

1. The Group closed 14 outlets in certain areas, mainly in Guangzhou, that were no longer profitable in response to market conditions. As at 30 June 2019, the number of outlets was 40.

2. Due to the Group's focus on expanding primary market real estate agency services, additional primary property sales staff were hired for direct marketing efforts targeted at property developers. There has been less emphasis on secondary property sales staff as the demand for real estate agency services in the secondary property market has experienced weakened demand. As at 30 June 2019, the number of primary sales staff was 394, the number of secondary sales staff was 222 and the number of online property referral and agency service platform sales staff was 36.

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

Use of proceeds from the Company's initial public offering

Based on the offer price of HK$0.79 per offer Share, the net proceeds from the listing on GEM Board, after deducting related expenses, amounted to approximately HK$41.5 million (approximately RMB34.7 million). During the Relevant Period, the net proceeds from the share offer had been applied as follows:

Business objectives	Amount of usage of net proceeds up to 30 June 2019[(1)] Planned *RMB'000*	Actual *RMB'000*
Continue to expand the Group's secondary and primary market real estate agency services	23,738	23,738
Expand the Group's Integrated Services business segment	1,824	1,824
Further enhance the Group's brand recognition	1,210	1,210
General working capital	3,019	3,019
Total	29,791	29,791

Note:

1. The planned amount of usage of net proceeds up to 30 June 2019 has been adjusted in the same proportion and same manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds received.

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code for the six months ended 30 June 2019.

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

As at 30 June 2019, the interests or short positions of the Directors and chief executives in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Long position in the Shares as at the date of this report:

Name	Nature of interest	Total number of shares held	Percentage of shareholding
Mr. FONG Ming ("**Mr. Fong**")	Interest in controlled corporation(1)	216,000,000	54%
Ms. TSE Lai Wa ("**Ms. Tse**")	Interest in controlled corporation(1)	216,000,000	54%
Ms. RONG Haiming ("**Ms. Rong**")	Interest in controlled corporation(2)	24,000,000	6%
Mr. YI Ruofeng ("**Mr. Yi**")	Interest in controlled corporation(3)	9,000,000	2.25%

Notes:

1. 216,000,000 Shares are registered in the name of Mansion Green, which is held 70% by Mr. Fong's holding companies (including Stand Smooth Group Limited ("**Stand Smooth**"), which is held as to 100% by Hero Dragon Management Limited ("**Hero Dragon**"), which is in turn held as to 100% by Fineland Group Holdings Company Limited ("Fineland Real Estate", formerly known as Fineland Real Estate Holdings Company Limited) and Widethrive Investments) and 30% by Aspiring Vision Holdings Limited ("**Aspiring Vision**"), which is wholly-owned by Ms. Tse.

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

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

Save as disclosed above, none of the Directors, chief executives of the Company or their respective associates had any interests or short positions 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) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2019, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Long Positions in Shares:

Name	Nature of Interest	Number of Shares held	Approximate percentage of shareholding
HE Kangkang (何康康)(1)	Interest of spouse	216,000,000	54%
ZHENG Muming (鄭木明)(2)	Interest of spouse	216,000,000	54%
WANG Haihui (王海暉)(3)	Interest of spouse	24,000,000	6%
Mansion Green(4)	Legal and beneficial owner	216,000,000	54%
Widethrive Investments(4)	Interest in a controlled corporation	216,000,000	54%
Fineland Real Estate(4)	Interest in a controlled corporation	216,000,000	54%
Hero Dragon(4)	Interest in a controlled corporation	216,000,000	54%
Stand Smooth(4)	Interest in a controlled corporation	216,000,000	54%
Aspiring Vision(4)	Interest in a controlled corporation	216,000,000	54%
Metropolitan Dawn(5)	Legal and beneficial owner	24,000,000	6%

Notes:

1. Ms. HE Kangkang (何康康) is the spouse of Mr. Fong. Under the SFO, Ms. HE Kangkang (何康康) is deemed to be interested in the same number of Shares in which Mr. Fong is interested in.

2. Mr. ZHENG Muming (鄭木明) is the spouse of Ms. Tse. Under the SFO, Mr. ZHENG Muming (鄭木明) is deemed to be interested in the same number of Shares in which Ms. Tse is interested in.

3. Mr. WANG Haihui (王海暉) is the spouse of Ms. Rong. Under the SFO, Mr. WANG Haihui (王海暉) is deemed to be interested in the same number of Shares in which Ms. Rong is interested in.

4. Mansion Green is the registered owner of 216,000,000 Shares, representing 54% of the issued share capital of the Company. Mansion Green is owned as to 30% by Aspiring Vision, which is in turn wholly-owned by Ms. Tse, and as to 70% by Stand Smooth. Stand Smooth is wholly owned by Hero Dragon, which is wholly-owned by Fineland Real Estate, which in turn is wholly owned by Widethrive Investments, and ultimately wholly- owned by Mr. Fong. Accordingly, Widethrive Investments, Fineland Real Estate, Hero Dragon, Stand Smooth, Aspiring Vision, Mr. Fong and Ms. Tse are therefore deemed to be interested in the same number of Shares as to which Mansion Green is interested under the SFO.

5. Metropolitan Dawn is the registered owner of 24,000,000 Shares, representing 6% of the issued share capital of the Company. Metropolitan Dawn is wholly- owned by Ms. Rong. Ms. Rong is therefore deemed to be interested in the same number of Shares as to which Metropolitan Dawn is interested under the SFO.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares and debentures which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' 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 2019 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 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 2019.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Scheme**") on 23 October 2017. As at 30 June 2019, no option had been granted, agreed, exercised, cancelled or lapsed under the Scheme, and there was no share option outstanding.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board has reviewed the Group's corporate governance practices and is satisfied that during the six months ended 30 June 2019, the Company had complied with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report of the GEM 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 2019.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Raffles Partners Asset Management (Hong Kong) Ltd., a company wholly owned by the sole shareholder of RaffAello Capital Limited (the "**Compliance Adviser**"), held 8,000 shares which accounted for approximately 0.002% of the total issued shares of the Company as at 30 June 2019. Other than as disclosed above and the compliance adviser agreement dated 3 April 2017 and entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPETITION AND CONFLICT OF INTERESTS

During the six months ended 30 June 2019, save as disclosed in the Prospectus, 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.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2019 and up to the date of this report.

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 15 February 2018 in compliance with Rule 5.28 and 5.29 of the GEM 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 2019 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 GEM Listing Rules and that adequate disclosures have been made.

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 2019.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

APPRECIATION

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

By Order of the Board
Mr. FONG Ming
Chairman

Hong Kong, 8 August 2019

As at the date of this report, the executive Directors are Ms. RONG Haiming, Mr. YI Ruofeng and Ms. TSE Lai Wa; the non-executive Director is Mr. FONG Ming; and the independent non-executive Directors are Mr. LEUNG Wai Hung, Mr. LIAO Junping, Mr. TIAN Qiusheng and Mr. DU Chenhua.