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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

FIRST QUARTERLY REPORT **2018**

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

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

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

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

HIGHLIGHTS

- The Group recorded revenue of approximately RMB47.6 million for the three months ended 31 March 2018 (2017: approximately RMB32.1 million).
- Profit attributable to owners of the Company for the three months ended 31 March 2018 amounted to approximately RMB3.6 million, while loss attributable to owners of the Company for the three months ended 31 March 2017 was approximately RMB78,000.
- The Directors do not recommend the payment of any interim dividend for the three months ended 31 March 2018.

FIRST QUARTERLY 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 three months ended 31 March 2018 with the unaudited comparative figures for the corresponding period in 2017.

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

For the three months ended 31 March 2018

	Notes	Three months ended 31 March	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	3	47,551	32,073
Other income and gains		117	130
Employee benefit expenses		(27,351)	(20,421)
Advertising, promotion and other commission expenses		(10,370)	(1,520)
Operating lease charges in respect of office and shop premises		(2,706)	(1,898)
Depreciation of property, plant and equipment		(319)	(107)
Other operating expenses		(1,824)	(1,037)
Listing expenses		–	(5,760)
Profit/(loss) before income tax		5,098	1,460
Income tax	4	(1,486)	(1,538)
Profit/(loss) for the period		3,612	(78)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations:		(2,639)	(494)
Total comprehensive income for the period		973	(572)
		RMB cents	RMB cents
Earnings/(loss) per share			
— Basic and diluted	6	0.90	(0.03)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2018

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
As at 1 January 2017	–	–	5,987	5,736	–	18,689	30,412
Issue of share	– [^]	–	–	–	–	–	–
Allotment of shares	– [^]	–	–	–	–	–	–
Issue of shares under share offer and placing	851	66,355	–	–	–	–	67,206
Share issue expenses	–	(12,126)	–	–	–	–	(12,126)
Capitalisation issue	2,552	(2,552)	–	–	–	–	–
	3,403	51,677					55,808
Loss for the year	–	–	–	–	–	(6,645)	(6,645)
Exchange differences on translation of foreign operations	–	–	–	–	512	–	512
Total comprehensive income for the year					512	(6,645)	(6,133)
Profit appropriations to statutory reserve	–	–	–	273	–	(273)	–
As at 31 December 2017 and 1 January 2018	3,403	51,677	5,987	6,009	512	11,771	79,359
Profit for the period	–	–	–	–	–	3,612	3,612
Exchange differences on translation of foreign operations	–	–	–	–	(2,639)	–	(2,639)
Total comprehensive income for the period	–	–	–	–	(2,639)	3,612	973
As at 31 March 2018	3,403	51,677	5,987	6,009	(2,127)	15,383	80,332

[^] The balance represents an amount less than RMB1,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

Fineland Assets Management Holdings Group Limited (the “Company”) was incorporated as an exempted company in the Cayman Islands with limited liability on 16 February 2017. Pursuant to the issuance of Certificate of Incorporation on Change of Name by the Registrar of Companies in the Cayman Islands on 4 August 2017, the name of the Company changed from “Fineland Assets Management Holdings Group Limited” to “Fineland Real Estate Services Group Limited”. The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 9/F, Wah Yuen Building, 149 Queen’s Road Central, Central, Hong Kong. On 15 November 2017, its shares were listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”).

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”).

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

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed 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 GEM Listing Rules. The accounting policies and basis of preparation used in preparation of the unaudited condensed consolidated results are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2017.

(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 (“RMB’000”) except when otherwise indicated.

3. REVENUE

	Three months ended 31 March	
	2018	2017
	RMB'000	RMB'000
	Unaudited	Unaudited
Real estate agency service income	36,226	28,262
Online property referral and agency service income	10,974	2,857
Property research and consultancy service income	141	–
Integrated services income	210	954
	47,551	32,073

4. INCOME TAX

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

	Three months ended 31 March	
	2018	2017
	RMB'000	RMB'000
	Unaudited	Unaudited
Current tax — PRC Enterprise Income Tax ("EIT")	1,486	1,538

- (i) No Hong Kong profits tax has been provided as the Group has no estimated assessable profits arising in Hong Kong for the current and prior years.
- (ii) Provision for the PRC EIT is calculated at a statutory tax rate of 25% (2017: 25%) of the estimated assessable profit as determined in accordance with the relevant EIT law in the PRC.

5. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2018 (2017: nil).

6. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 31 March	
	2018	2017
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit/(loss) for the period	3,612	(78)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (Note)	400,000,000	300,000,000

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

Diluted earnings/(loss) per share are the same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding for the three months ended 31 March 2017 and 2018.

BUSINESS REVIEW AND OUTLOOK

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

For the three months ended 31 March 2018, the Group recorded total revenue of approximately RMB47.6 million, representing an increase of approximately RMB15.5 million, or approximately 48.3%, from RMB32.1 million for the same period in 2017. The increase is mainly due to the expansion of real estate agency services in the Pearl River Delta. After the entry of Qingyuan and Huizhou markets in 2017, the Group further developed the business and gained momentum in those markets. In 2018, Foshan City is also one of the focuses of the Group's business expansion landscape, and has already made considerable contributions to the Group's total revenue.

At the same time as business expansion in the Pearl River Delta area, another strategy of the Group is to develop new business partners and maintain harmonious and healthy relationships with real estate developers. Although in the past, the Group had established business relationships with some of the major real estate developers in the region, after the Listing, the Group has made further progress with its new platform.

After the traditional slower season of the first quarter, the real estate market is expected to step into the busy season in the second quarter, and in particular, the Golden Week that occurs around Labour's Day. Under the fully diversified regional regulation policies, the Group is prepared with elite staff and market positioning, and is striving to seize regional market initiatives.

FINANCIAL REVIEW

Revenue

Revenue for the three months ended 31 March 2018 was approximately RMB47.6 million, representing an increase of approximately 48.3% compared to approximately RMB32.1 million for the three months ended 31 March 2017. Such increase was primarily attributable to i) the expansion of real estate agency business, with revenue increasing to approximately RMB36.2 million, and ii) development of online property referral and agency services, primarily driven by an increase in the number of partners and projects, with revenue generated increasing to approximately RMB11.0 million.

Employee benefit expenses

Due to business expansion, employee numbers, especially employee numbers in the real estate agency services segment, and employee benefit expenses increased accordingly for the three months ended 31 March 2018. Employee benefit expenses increased by 33.9% to approximately RMB27.4 million for the three months ended 31 March 2018 from approximately RMB20.4 million for the three months ended 31 March 2017.

Operating lease charges in respect of office and shop premises

The Group recorded operating lease charges in respect of office and shop premises of approximately RMB2.7 million for the three months ended 31 March 2018, representing an approximately 42.6% increase compared to the same period in 2017. This is primarily due to the increase in shop numbers during the period from 31 March 2017 to 31 March 2018.

Net Profit Margin

The net profit margin increased by 7.8% to 7.6% for the three months ended 31 March 2018 as compared to -0.2% for the three months ended 31 March 2017. This increase was mainly due to (i) expansion of real estate agency business, with revenue increasing to approximately RMB36.2 million, and (ii) no listing expense in the three months ended 31 March 2018, while the listing expenses in the three months ended 31 March 2017, including professional fees and other expenses related to the Listing, was approximately RMB5.8 million.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code since the Listing Date and up to 31 March 2018.

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

As at 31 March 2018, the interests or short positions of the Directors and chief executives in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

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 (<i>Note 1</i>)	216,000,000	54%
Ms. Tse Lai Wa ("Ms. Tse")	Interest in controlled corporation (<i>Note 1</i>)	216,000,000	54%
Ms. Rong Haiming ("Ms. Rong")	Interest in controlled corporation (<i>Note 2</i>)	24,000,000	6%
Mr. Yi Ruofeng ("Mr. Yi")	Interest in controlled corporation (<i>Note 3</i>)	9,000,000	2.25%

Notes:

- 216,000,000 shares is registered in the name of Mansion Green Holdings Limited ("Mansion Green"), which is held 70% by Mr. Fong's holding companies (includes Stand Smooth Group Limited ("Stand Smooth"), Hero Dragon Management Limited ("Hero Dragon"), Fineland Real Estate Holdings Company Limited ("Fineland Real Estate") and Widethrive Investments Limited ("Widethrive Investments")), and 30% by Aspiring Vision Holdings Limited ("Aspiring Vision"), which is wholly-owned by Ms. Tse.
- Shares are held by Metropolitan Dawn Holdings Limited ("Metropolitan Dawn"), which is wholly-owned by Ms. Rong.
- 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2018, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules on the Stock Exchange:

Long Positions in Shares:

Name	Nature of Interest	Number of Shares held	Approximate percentage of shareholding
He Kangkong (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 Kangkong (何康康) is the spouse of Mr. Fong. Under the SFO, Ms. He Kangkong (何康康) is deemed to be interested in the same number of Shares in which Mr. Fong is interested in.
- (2) Mr. Zheng Muming (鄭木明) is the spouse of Ms. Tse. Under the SFO, Mr. Zheng Muming (鄭木明) is deemed to be interested in the same number of Shares in which Ms. Tse is interested in.
- (3) Mr. Wang Haihui (王海暉) is the spouse of Ms. Rong. Under the SFO, Mr. Wang Haihui (王海暉) is deemed to be interested in the same number of Shares in which Ms. Rong is interested in.
- (4) Mansion Green is the registered owner of 216,000,000 Shares, representing 54% of our issued share capital. Mansion Green is owned as to 30% by Aspiring Vision, which is in turn direct wholly-owned by Ms. Tse, and as to 70% by Stand Smooth. Stand Smooth is wholly owned by Hero Dragon, which is wholly-owned by Fineland Real Estate, which in turn is wholly owned by Widethrive Investments, and ultimately wholly-owned by Mr. Fong. Accordingly, Widethrive Investments, Fineland Real Estate, Hero Dragon, Stand Smooth, Aspiring Vision, Mr. Fong and Ms. Tse 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 our issued share capital. Metropolitan Dawn is wholly-owned by Ms. Rong. Ms. Rong is therefore deemed to be interested in the same number of Shares as to which Metropolitan Dawn is interested under the SFO.

Save as disclosed above, as at 31 March 2018, 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 executive's interests and short positions in shares, underlying shares and debentures" above, at no time during the three months ended 31 March 2018 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 three months ended 31 March 2018.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 23 October 2017. As at 31 March 2018, 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 since the Listing Date to 31 March 2018, the Company had complied with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report (the "CG Code") of the GEM Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors are not aware of any business or interest of the Directors nor our controlling shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the three months ended 31 March 2018.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, RaffAello Capital Limited (the "Compliance Adviser"), one employee, Ms. Lin Wei held 4,000 shares which accounted for approximately 0.001% of the total issued shares of the Company as at 31 March 2018. Ms. Lin Wei resigned on 1 April 2018. 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 three months ended 31 March 2018, save as disclosed in the Prospectus, none of the Directors or controlling shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

REVIEWED BY AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 23 October 2017 with written terms of reference in compliance with Rule 5.28 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 first quarterly results of the Group for the three months ended 31 March 2018 has been reviewed by the Audit Committee. The audit committee is of the opinion that the unaudited first quarterly results comply with applicable accounting standards, 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 or associates since the Listing to the date of this report.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2018 (three months ended 31 March 2017: 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, 7 May 2018