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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

INTERIM REPORT 2018

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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.

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Rong Haiming
Mr. Yi Ruofeng
Ms. Tse Lai Wa

Non-executive Director

Mr. Fong Ming

Independent non-executive Directors

Mr. Leung Wai Hung
Mr. Liao Junping
Mr. Du Chenhua
Mr. Tian Qiusheng

Company secretary

Mr. Tso Ping Cheong, Brian

Audit committee

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

Remuneration committee

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

Nomination committee

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

Authorised representatives

Mr. Tso Ping Cheong, Brian
Mr. Yi Ruofeng

Compliance officer

Mr. Yi Ruofeng

Legal Advisers

As to Hong Kong Laws
Hogan Lovells

As to PRC Laws
Beijing Jingtian & Gongcheng Law Firm

Compliance Adviser

RaffAello Capital Limited

Auditor

BDO Limited

Principal bankers

Industrial Bank Company Limited,
Guangzhou Tianhe branch

Industrial and Commercial Bank of China,
Guangzhou Liuhua branch

China Construction Bank,
Guangzhou Tiyu East Road branch

Registered office

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

Headquarters in the PRC

No. 28 Tiyu East Road
Tianhe District
Guangzhou
PRC

Principal place of business in Hong Kong

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

Hong Kong Share Registrar

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

Principal share registrar and transfer office

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

Company's website address

www.finelandassets.com

HIGHLIGHTS

- The Group recorded revenue of approximately RMB91.0 million for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately RMB64.8 million).
- Profit attributable to owners of the Company for the six months ended 30 June 2018 amounted to approximately RMB4.5 million, while loss attributable to owners of the Company for the six months ended 30 June 2017 was approximately RMB1.5 million.
- The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2018.

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 2018 with comparative figures for the six months ended 30 June 2017.

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

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	4	91,002	64,765
Other income and gains	5	205	223
Employee benefit expenses		(49,423)	(41,458)
Advertising, promotion and other commission expenses		(26,407)	(7,118)
Operating lease charges in respect of office and shop premises		(6,594)	(3,864)
Depreciation of property, plant and equipment		(660)	(285)
Other operating expenses		(1,593)	(2,863)
Listing expenses		—	(8,166)
Profit/(loss) before income tax	6	6,530	1,234
Income tax	7	(2,032)	(2,689)
Profit/(loss) for the period		4,498	(1,455)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations:		(2,388)	—
Total comprehensive income for the period		2,110	(1,455)
		RMB cents	RMB cents
Earnings/(loss) per share			
— Basic and diluted	9	1.12	(0.49)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	4,970	4,169
Deposits paid for acquisition of property, plant and equipment		240	741
Total non-current assets		5,210	4,910
Current assets			
Trade receivables	11	22,084	31,630
Deposits, prepayments and other receivables		7,626	2,728
Amounts due from fellow subsidiaries	13	10,081	438
Bank balances and cash	14	82,490	91,151
Total current assets		122,281	125,947
Current liabilities			
Trade payables	12	12,288	12,253
Accruals and other payables		27,553	27,229
Dividend payable	8	—	—
Amounts due to fellow subsidiaries		—	6,507
Tax payable		4,150	3,478
Total current liabilities		43,991	49,467
Net current assets		78,290	76,480
Total assets less current liabilities		83,500	81,390
Non-current liability			
Deferred tax liabilities		2,031	2,031
Net assets		81,469	79,359
Capital and reserves			
Share capital	15	3,403	3,403
Reserves		78,066	75,956
Total equity		81,469	79,359

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 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	—	—	—	—	—	4,498	4,498
Exchange differences on translation of foreign operations	—	—	—	—	(2,388)	—	(2,388)
Total comprehensive income for the period	—	—	—	—	(2,388)	4,498	2,110
As at 30 June 2018	3,403	51,677	5,987	6,009	(1,876)	16,269	81,469

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Net cash generated (used in)/from operating activities	(5,518)	1,906
Net cash used in investing activities	(755)	(1,690)
Net cash generated used in financing activities	—	(15,332)
Net increase/(decrease) in cash and cash equivalents	(6,273)	(15,116)
Effect of foreign exchange rate changes	(2,388)	—
Cash and cash equivalents at beginning of year	91,151	58,167
Cash and cash equivalents at end of year	82,490	43,051

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 on 16 February 2017. 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, the shares of the Company (the "Shares") were listed on GEM of the Stock Exchange (the "Listing").

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the provision of real estate agency services, online property referral and agency services, property research and consultancy services 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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 2017 (the "2017 Financial Statements"), except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively "new and revised HKFRSs") issued by HKICPA which have become effective in this period as detailed in note 2 of the 2017 Financial Statements. The adoption of such new and revised HKFRSs has no material impact on the accounting policies in the Group's interim financial statements for the reporting period.

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.

4. REVENUE

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Real estate agency service income	65,274	52,939
Online property referral and agency service income	24,808	10,316
Property research and consultancy service income	637	468
Integrated services income	283	1,042
	91,002	64,765

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Interest income	195	127
Gain on disposal of property, plant and equipment	—	96
Government grants	10	—
	205	223

6. (LOSS)/PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Auditor's remuneration	31	—
Exchange losses, net	(2,230)	—
(Gain)/loss on disposal of property, plant and equipment	—	(96)

7. INCOME TAX

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

	Six months ended	
	30 June	
	2018	2017
	RMB'000	RMB'000
Current tax — PRC Enterprise Income Tax (“EIT”)	2,032	2,689

- (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.

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: nil).

9. 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:

	Six months ended	
	30 June	
	2018	2017
	RMB'000	RMB'000
Profit/(loss) for the period	4,498	(1,455)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	400,000,000	300,000,000

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 six months ended 30 June 2017 and 2018.

10. PROPERTY, PLANT AND EQUIPMENT

	As at	Addition	Disposal	As at
	31 December			30 June
	2017			2018
	RMB'000	RMB'000	RMB'000	RMB'000
Cost	7,609	1,461	—	9,070
Accumulated depreciation	(3,440)	(660)	—	(4,100)
Carrying amounts	4,169	801	—	4,970

11. TRADE RECEIVABLES

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Trade receivables	23,355	32,901
Less: Impairment losses	(1,271)	(1,271)
	22,084	31,630

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 2018 is as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Within 3 months	20,418	31,554
4 to 6 months	1,510	1
7 to 12 months	81	55
Over 1 year	75	20
	22,084	31,630

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.

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

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
At beginning of the year	(1,271)	(1,271)
Impairment loss recognised	-	-
At end of the year	(1,271)	(1,271)

12. 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 2018 is as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Within 3 months	12,288	12,253
	12,288	12,253

13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The amounts due from fellow subsidiaries as at 31 December 2017 and as at 30 June 2018 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.

14. BANK BALANCES AND CASH

As at 31 December 2017 and as at 30 June 2018, bank balances carry interest at prevailing deposit rates.

As at 30 June 2018, the Group had bank balances of approximately RMB 34,877,000 (as at 31 December 2017: RMB 40,400,000), which are deposits with banks in the PRC and Hong Kong denominated in RMB and Hong Kong dollar, and RMB is not a freely convertible currency.

15. SHARE CAPITAL

The share capital as at 30 June 2018 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			
30 June 2018	10,000,000,000		100,000
		Number	Amount
		HK\$'000	RMB'000
Issued and fully paid			
As at 31 December 2017,			
1 January 2018 and 30 June 2018	400,000,000	4,000	3,403

16. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating lease commitments

As at 30 June 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 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Not later than one year	11,439	11,160
Later than one year and not later than five years	21,008	23,028
	32,447	34,188

Leases for the Group's office and shop premises are negotiated for range of two to five years (2017: two to five years) at fixed rental. Certain leases of the Group contain an option to renew and renegotiate the terms at the expiry date or at dates mutually agreed between the Group and respective landlords/lessors.

(b) Capital commitment

As at 30 June 2018, the Group's capital commitment was as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Capital expenditure, contracted for but not provided for, in respect of:		
Acquisition of property, plant and equipment	370	585

(c) Contingent liability

As at 30 June 2018, the Group did not have any significant contingent liability.

17. RELATED PARTY TRANSACTIONS

	Six months ended	
	30 June	
	2018	2017
	RMB'000	RMB'000
Real estate agency service income from fellow subsidiaries	21,916	26,602
Online property referral and agency service income from fellow subsidiaries	10,776	467
Property research and consultancy service income from fellow subsidiaries	491	—
Integrated services income from fellow subsidiaries	—	—
	33,183	27,069
Operating lease charges to fellow subsidiaries	969	909
Operating lease charges to a director	—	137
Operating lease charges to a related party (<i>Note</i>)	128	121
Consultancy fee to a fellow subsidiary	—	179
Deposits paid for acquisition of property, plant and equipment to a fellow subsidiary	240	78

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.

18. CAPITAL MANAGEMENT

The Group's objective of capital management is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

18. CAPITAL MANAGEMENT *(Continued)*

The gearing ratio as 30 June 2018 was as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Total liabilities	46,022	51,498
Total assets	127,491	130,857
Gearing ratio	36%	39%

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 the Stock Exchange on 15 November 2017 by way of share offer, there has been no significant change in the business operations.

Since March 2017, the real estate industry in mainland China has experienced a phase of regulatory control encompassing home purchase restrictions, mortgage restrictions, sales restrictions, credit facilities, land purchases, commercial housing and provident fund loans. These regulatory controls have also spread progressively from tier-one cities to tier-two and tier-three cities, which brought challenges to the Group's business. Meanwhile, the development of Greater Bay Area has led to increasing number of major real estate developers seeking to build up land reserve and develop projects in the area to benefit from the future economic growth. The Greater Bay Area covers Hong Kong, Macau and nine other cities in the Guangdong province. These cities such as Huizhou, Jiangmen, Foshun and Zhaoqing are within the Pearl River Delta in which the Group operates. These areas have therefore seen an increase in the supply of primary properties, which brought opportunities to the Group.

During the six months ended 30 June 2018, the Group made timely adjustments to its business and expansion strategies according to market changes. For the six months ended 30 June 2018, the Group recorded total revenue of approximately RMB91.0 million, representing an increase of approximately RMB26.2 million or 40.5%, from approximately RMB64.8 million for the same period in 2017. The increase was mainly due to the expansion of primary property real estate agency services in the Pearl River Delta. After the entry into the Qingyuan and Huizhou markets in 2017, the Group has reinforced its foothold in existing regions, and further expanded to Leizhou in Zhanjiang and Zhaoqing for the six months ended 30 June 2018.

Building and maintaining healthy and mutually beneficial cooperation with property developers is another important strategy of the Group. Through years of business, the Group had already developed relationships with major local property developers. Seizing the opportunity presented by entry of new property developers, the Group made further progress and extended its client base by providing property research and consultancy services and primary market real estate agency services for more projects and exploring future cooperation with them.

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 RMB0.64 million for the six months ended 30 June 2018, representing an increase of approximately 36.1% from approximately RMB0.47 million for the six months ended 30 June 2017, which was mainly because the Group successfully obtained new contracts for preparation of feasibility analyses for large-scale property development projects in areas including Shantou, Jieyang and Meizhou. The Group undertook 14 projects during the six months ended 30 June 2018 (six months ended 30 June 2017: 21 projects).

Real estate agency services

Real estate agency services are provided for both the primary and secondary markets. Real estate agency services account for approximately 71.7% of the Group's revenue for the six months ended 30 June 2018 and is therefore the Group's largest business segment. The real estate agency service business turnover increased by approximately 23.3% to approximately RMB65.3 million for the six months ended 30 June 2018 when compared with approximately RMB52.9 million for the six months ended 30 June 2017. The number of sales staff providing real estate agency services decreased from 670 as at 31 December 2017 to 572 as at 30 June 2018 primarily because the Group focused more on primary real estate agency services during the six months ended 30 June 2018, which required lesser number of sales staff for the secondary real estate agency services. Unlike the provision of secondary real estate agency services which rely on the Group's network of outlets, primary real estate agency services are provided by teams of sales staff stationed on-site in accordance with the sales and marketing plan of the property developers for primary property projects. The Group can flexibly reallocate its sales staff between different primary property projects depending on the timeline of the primary property projects on hand.

For primary market real estate agency services, with its first entry into Leizhou in Zhanjiang and Zhaoqing markets in the first half of 2018, the Group provided agency services for 96 projects for the six months ended 30 June 2018 (six months ended 30 June 2017: 70). For the second half of 2018, the Group will further explore opportunities in the Greater Bay Area with an aim to capture more market share in those markets.

For secondary market real estate agency services, during the six months ended 30 June 2018, the Group opened 5 new outlets in Guangzhou, which brought the number of outlets of the Group as at 30 June 2018 to 51.

Online property referral and agency services

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

Online property referral and agency services recorded approximately RMB24.8 million for the six months ended 30 June 2018, representing an increase of approximately 140.5% from RMB10.3 million for the six months ended 30 June 2017. For the six months ended 30 June 2018, the Group successfully utilised the *Fangyuanbao* platform for 11 projects (six months ended 30 June 2017: 10 projects). The increase was primarily due to the increase in transaction volume through the *Fangyuanbao* platform from 470 for the six months ended 30 June 2017 to 569 for the six months ended 30 June 2018. Moreover, due to the stricter regulatory control in tier-one and tier-two cities, property developers placed more focus on property projects in tier-three and tier-four cities and were willing to pay a higher commission rate for the services provided by the *Fangyuanbao* platform to accelerate their sales in these markets.

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 2018 decreased by approximately 72.8% to approximately RMB0.3 million compared with approximately RMB1.0 million for the six months ended 30 June 2017, which was mainly due to decrease in revenue of *Zhaoshangyi* services.

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 3 projects during the six months ended 30 June 2018 (six months ended 30 June 2017: 5 projects). For the six months ended 30 June 2018, revenue generated from *Zhaoshangyi* amounted to approximately RMB245,000, representing decrease of approximately 74.7% compared with approximately RMB967,000 for the six months ended 30 June 2017, which was primarily because the market showed a lower level of interests to the remaining commercial units of the Group's existing projects on hand, which were located in less prime locations. As at 30 June 2018, the Group had obtained 2 new projects which are scheduled to commence in the second half of 2018.

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 2018, revenue generated from the One-stop Service Centre services was approximately RMB38,000, representing decrease of approximately 49.3% compared with approximately RMB75,000 for the six months ended 30 June 2017, which was primarily due to the Group's lower transaction volume for its secondary market real estate agency services for the six months ended 30 June 2018. The Directors consider that One-stop Service Centre services are more reliant on the performance of the Group's secondary real estate agency services as buyers of secondary properties generally have higher demand for the Integrated Services given that they could not rely on property developers to assist them to obtain ownership certificates and bank mortgages.

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2018 was approximately RMB91.0 million, representing an increase of approximately 40.5% compared to approximately RMB64.8 million for the six months ended 30 June 2017. Such increase was primarily attributable to i) the increase in revenue generated from real estate agency services by approximately RMB12.3 million primarily driven by the increase in number of projects for the Group's primary market real estate agency services; and ii) increase in revenue generated from online property referral and agency services by approximately RMB14.5 million primarily driven by an increase in transaction volume and higher commission rates.

Employee benefit expenses

Employee benefit expenses increased by 19.2% to approximately RMB49.4 million for the six months ended 30 June 2018 from approximately RMB41.5 million for the six months ended 30 June 2017. The increase was primarily because the number of total employees of 685 as at 30 June 2018 was higher than the total number of employees of 655 as at 30 June 2017.

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, representing an increase of approximately 70.7% compared to approximately RMB3.9 million for the six months ended 30 June 2017. This is primarily due to the increase in the number of outlets from 34 as at 30 June 2017 to 51 as at 30 June 2018.

Liquidity and Financial Resources

In 2018, the Group's source of funds was mainly cash generated from operating activities and as at 30 June 2018, the net decrease in cash and cash equivalents is approximately RMB6.3 million (as at 30 June 2017: approximately RMB15.1 million). In 2017, the Group's source of funds was mainly cash generated from financing activities.

As at 30 June 2018, the Group had net current assets of approximately RMB78.3 million (as at 31 December 2017: approximately RMB76.5 million), total assets of approximately RMB127.5 million (as at 31 December 2017: approximately RMB130.9 million) and shareholders' funds of approximately RMB81.5 million (as at 31 December 2017: approximately RMB79.4 million).

As at 30 June 2018, the bank and cash balances of the Group amounted to approximately RMB82.5 million (as at 31 December 2017: approximately RMB91.2 million).

Indebtedness and Charge on Assets

As at 30 June 2018, the Group did not have any short term borrowings (as at 31 December 2017: RMB Nil) nor long term borrowings (as at 31 December 2017: RMB Nil).

Major Investments

For the six months ended 30 June 2018, no significant investment was held by the Group. As at the date of this interim report, save for the plans under "Use of Proceeds from the Company's initial public offering" in this report, the Group had no future plans for material investments or capital assets.

Foreign Exchange Risks

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

Interest Rate Risks

The Group's exposure to interest rate risk is considered as insignificant as the Group had no bank borrowings as at 30 June 2018.

Net Profit Margin

The net profit margin increased to 4.9% for the six months ended 30 June 2018 as compared to -2.2% for the six months ended 30 June 2017. This increase was mainly due to (i) expansion of business with revenue increased by approximately RMB26.2 million; and (ii) there was no listing expenses incurred for the six months ended 30 June 2018, while listing expenses of approximately RMB8.2 million was incurred for the six months ended 30 June 2017.

Gearing Ratio

The gearing ratio (calculated as total liabilities divided by total assets) decreased to 36% as at 30 June 2018 as compared to 39% as at 31 December 2017. The improvement was mainly due to decrease in total liabilities as a result of the decrease in amounts due to fellow subsidiaries and the increase of reserves as a result of the net profit for the six months ended 30 June 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 2018.

Management and administration	5
Online Property referral and agency services	24
Property research and consultancy services	44
Real estate agency services	572
Integrated services	40
<hr/>	
Total	685

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 may be unable to renew its real estate agency agreements with property developers upon their expiry.

The real estate agency agreements which the Group enters into with property developers usually cover a relatively short period of time, and some of them are renewable upon expiry. For the six months ended 30 June 2018, the Group successfully increased its cooperation with property developers in providing real estate agency services in the primary property market. The number of primary property projects undertaken by the Group for the six months ended 30 June 2018 increased by more than 30% to 96 compared with 70 for the six months ended 30 June 2017. In particular, the number of primary property projects undertaken by the Group in cities other than Guangzhou in the Pearl River Delta grew at a faster rate and accounted for over 50% of the total number of primary property projects undertaken by the Group for the six months ended 30 June 2018. These agreements usually expire upon completion of the sale of units in the relevant real estate projects or a certain period (usually one year) after the commencement of the sale of units in the projects. If the Group is unable to renew these agency agreements upon their expiry or to procure new business with property developers, the Group's business, results of operations and financial position may be adversely affected.

The Group may fail to implement its strategy to expand its secondary market real estate agency services by opening more outlets and employing more sales staff in Guangzhou.

The Group has experienced a recent slowdown in the demand for its real estate agency services in the secondary property market in Guangzhou, which the Directors consider to be attributable to the phenomenon that the sales prices per square metre for secondary properties have exceeded primary properties in certain areas of Guangzhou, causing potential buyers to turn to the primary property market. In view of such latest market development, the Group has slowed down its pace of opening of new outlets and employment of additional secondary property sales staff in Guangzhou. Furthermore, there is no assurance that the Group will be able to find appropriate sites for new outlets or to hire quality real estate agents and other employees to implement this strategy. In addition, the Group competes with other companies that also provide secondary market real estate agency services and will be susceptible to the local market competition dynamics. There is no assurance that the Group will be successful in capturing future business opportunities in the secondary property market or successfully compete against new or existing competitors. Changes in the competitive landscape may result in lowered prices, reduced profitability, or loss of market share. If the Group fails to implement this strategy successfully, its future plans, profitability and growth may 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 impact directly on 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 with the Group’s actual business progress for the period from the date of Listing to 30 June 2018 (the “Relevant Period”) is set out below:

Business strategies	Implementation plan up to 30 June 2018 as stated in the Prospectus	Actual business progress up to 30 June 2018
Continue to expand the secondary and primary market real estate agency services	Open 27–42 new outlets, engage in direct marketing targeted at property developers, with plans specific to whether we have provided primary market real estate agency services to them in the past, and employ 188–293 additional employees	<p>The Group opened 15 outlets and employed 229 sales staff during the Relevant Period, among which 172 were primary real estate sales staff and 57 were secondary real estate sales staff.⁽¹⁾</p> <p>During the Relevant Period, the Group set up a business development team comprising two employees as at 30 June 2018, which is responsible for promoting the Group’s primary market real estate agency services to primary developers and procuring primary property projects from them. During the Relevant Period, the business development team successfully obtained more new primary property projects by (i) liaising with property developers which the Group had existing cooperation to obtain new projects; and (ii) establishing new relationships with property developers by promoting the Group’s capabilities and experience in particular regions.</p>

Business strategies	Implementation plan up to 30 June 2018 as stated in the Prospectus	Actual business progress up to 30 June 2018
Expand the Integrated Services business segment	Enhance marketing effort to promote the Integrated Services with the aim to engage more customers, and to employ 13–21 additional employees for the One-stop Service Centre and <i>Zhaoshangyi</i> services	<p>During the Relevant Period, the primary market real estate agents were able to increase direct marketing efforts to property developers, such as by conducting site visits to assist property developers in formulating sales and marketing plans for their projects, and stationing on-site for property developers to assist and follow-up with potential purchasers.</p> <p>The Group employed two employees for the Group’s Integrated Services business segment during the Relevant Period.⁽²⁾</p>
Further enhance the Group’s brand recognition	Engage in various marketing strategies such as internet keyword search functions on search engines, official promotional activities on the Group’s WeChat public account, and production of merchandise bearing the image of brand mascot	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 enhancing the promotion content of the Group’s official website. ⁽³⁾

Notes:

1. The number of outlets opened was less than planned as the Group experienced a recent slowdown in the demand for its real estate agency services in the secondary property market in Guangzhou, which the Directors consider to be attributable to (i) the phenomenon that the sales prices per square metre for secondary properties has exceeded that of primary properties in certain areas of Guangzhou, causing potential buyers to turn to the primary property market; (ii) the increase in bank interest rates, resulting in an increase in the cost of mortgages, especially for those properties in Guangzhou with higher purchase prices, which cause prospective purchasers to turn instead to primary properties outside Guangzhou with lower purchase prices; and (iii) the market’s general perception that tighter regulatory control in first-tier cities including Guangzhou as compared to other second-tier and third-tier cities will continue to persist.

On the other hand, the Group has successfully increased its cooperation with more property developers in providing real estate agency services in the primary property market. More property developers have purchased land and are developing primary property projects in the Greater Bay Area. The Greater Bay Area covers Hong Kong, Macau and nine other cities in the Guangdong province. These cities such as Huizhou, Jiangmen, Foshun and Zhaoqing are within the Pearl River Delta in which the Group operates. The number of primary property projects undertaken by the Group during the six months ended 30 June 2018 has increased by more than 30% when compared to that of the six months ended 30 June 2017. In particular, the number of primary property projects undertaken by the Group in cities other than Guangzhou in the Pearl River Delta (including the Greater Bay Area) grew at a faster rate and accounted for 50% of the total number of primary property projects undertaken by the Group during the six months ended 30 June 2018. Revenue from primary property market transactions in cities outside Guangzhou in the Pearl River Delta was RMB38.5 million for the six months ended 30 June 2018, compared to RMB26.8 million for primary property market transactions in Guangzhou. The Group expects to continue developing relationships with property developers and undertaking more primary property projects in the Pearl River Delta including the Greater Bay Area. This will require additional primary property sales staff and direct marketing efforts targeted at property developers.

Due to the reasons mentioned above, the Directors have decided to down-size the plan on opening of new outlets and employment of secondary property sales staff in Guangzhou and place more focus on expanding the Group's primary market real estate agency services. Instead of the Group's geographical network of the outlets, the development of primary real estate agency services rely primarily on primary property sales staff and direct marketing efforts targeted at property developers, and the unutilised portions of the proceeds originally earmarked for opening of outlets and employment of secondary property sales staff had been applied towards these areas accordingly during the Relevant Period to accommodate the business needs of the Group. The Directors consider that it is necessary to flexibly allocate the Group's financial resources between the business development of real estate agency services in the primary and secondary markets to maximize the profitability of the Group.

2. The number of employees hired was less than planned because the Group experienced a decrease in revenue for its Integrated Services for the six months ended 30 June 2018.

The decrease in demand for the *Zhaoshangyi* services was primarily because the market showed a lower level of interest to the remaining commercial units of the Group's existing projects on hand, which were located in less prime locations. As at 30 June 2018, the Group had obtained 2 new projects which are scheduled to commence in the second half of 2018.

The decrease in demand for the One-stop Service Centre services was primarily because the Group experienced lower transaction volume for its secondary market real estate agency services for the six months ended 30 June 2018. The Directors consider that One-stop Service Centre services are more reliant on the performance of the Group's secondary real estate agency services as buyers of secondary properties generally have higher demand for the Integrated Services given that they could not rely on property developers to assist them to obtain ownership certificates and bank mortgages.

The Directors would continue to evaluate the market conditions and utilise the remaining balance of the proceeds allocated for the expansion of the Group's Integrated Services in response to the available market opportunities.

3. On top of these marketing activities, the Group plans to organize certain public marketing events to enhance its brand awareness. However, the Group is still in negotiation with the relevant parties to finalise the arrangements and hence it had not yet incur expenses in this regard during the Relevant Period, resulting in less actual spending.

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 2018 ⁽¹⁾	
	Planned RMB'000	Actual RMB'000
Continue to expand the Group's secondary and primary market real estate agency services	9,857	6,981
Expand the Group's Integrated Services business segment	773	293
Further enhance the Group's brand recognition	516	225
General working capital	1,284	1,284
Total	12,430	8,783

Note:

1. The planned amount of usage of net proceeds up to 30 June 2018 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 2018.

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

As at 30 June 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 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:

- 216,000,000 Shares is registered in the name of Mansion Green, which is held 70% by Mr. Fong's holding companies (including Stand Smooth Group Limited ("Stand Smooth"), Hero Dragon Management Limited ("Hero Dragon"), Finland Real Estate Holdings Company Limited ("Finland Real Estate") and 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 the Model Code.

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

As at 30 June 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:

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:

- 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.
- 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.
- 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.
- 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 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.
- 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 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 Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the six months ended 30 June 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.

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in Directors' information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of rule 17.50(2) is as follows:

Mr. Leung Wai Hung has ceased to be the financial controller of Shougang Concord International Enterprises Company Limited, a company listed in the Stock Exchange (stock code: 697), since 1 July 2018.

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 2018.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 23 October 2017. As at 30 June 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 during the six months ended 30 June 2018, 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 2018.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, RaffAello Capital Limited (the "Compliance Adviser"), one former employee, Ms. Lin Wei, who resigned on 1 April 2018, held 4,000 Shares which accounted for approximately 0.001% of the total issued shares of the Company as at 30 June 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 six months ended 30 June 2018, 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 2018 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 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 interim results of the Group for the six months ended 30 June 2018 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited interim 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, associates and joint ventures during the six months ended 30 June 2018.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 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, 8 August 2018

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.