



**Hopefluent Group Holdings Limited**

**合富輝煌集團控股有限公司**

(Incorporated in the Cayman Islands with limited liability) Stock Code: 733

INTERIM  
REPORT **2023**



The board of directors (the “Directors”) of Hopefluent Group Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023, together with comparative figures for the corresponding period in 2022 as follows:

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

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	699,901	2,973,645
Other income		8,098	13,826
Selling expenses		(601,817)	(3,049,435)
Administrative expenses		(158,690)	(328,760)
Loss allowance on financial assets		(109,289)	(19,918)
Share of results of associates and a joint venture		–	2,155
Impairment of goodwill	11	–	(206,040)
Finance costs	5	(16,372)	(27,123)
Loss before tax		(178,169)	(641,650)
Income tax credit/(expense)	6	27,119	(22,225)
<b>Loss for the period</b>	7	<b>(151,050)</b>	<b>(663,875)</b>
<b>Other comprehensive expense for the period</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		(126,734)	(150,215)
<b>Total comprehensive expense for the period</b>		<b>(277,784)</b>	<b>(814,090)</b>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>(Loss)/profit for the period attributable to:</b>			
— Owners of the Company		(151,660)	(487,174)
— Non-controlling interests		610	(176,701)
		<b>(151,050)</b>	<b>(663,875)</b>
<b>Total comprehensive (expense)/income for the period attributable to:</b>			
— Owners of the Company		(278,109)	(598,751)
— Non-controlling interests		325	(215,339)
		<b>(277,784)</b>	<b>(814,090)</b>
Dividends	8	—	—
<b>Loss per share</b>			
— Basic and diluted	9	<b>HK(22.50) cents</b>	<b>HK(72.26) cents</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited) (restated)
<b>NON-CURRENT ASSETS</b>			
Investment properties		131,794	139,282
Property, plant, equipment	10	267,871	288,899
Right-of-use assets	10	98,143	94,966
Goodwill	11	11,707	11,707
Interest in a joint venture		–	–
Loan receivables		172,413	531,116
Other receivables and deposits		8,696	7,752
Deferred tax assets		174,718	147,395
		<b>865,342</b>	<b>1,221,117</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	12	644,731	656,951
Loan receivables		253,441	42,585
Other receivables, deposits and prepayments		428,903	710,921
Amount due from a joint venture		14,972	17,980
Financial assets at fair value through profit or loss ("FVTPL")	13	5,475	7,500
Bank balances and cash		317,980	393,966
		<b>1,665,502</b>	<b>1,829,903</b>
<b>CURRENT LIABILITIES</b>			
Payables and accruals	14	141,170	310,755
Contract liabilities		18,818	25,642
Lease liabilities		15,373	43,037
Tax liabilities		37,531	61,773
Bank and other borrowings		133,957	50,659
		<b>346,849</b>	<b>491,866</b>
<b>NET CURRENT ASSETS</b>		<b>1,318,653</b>	<b>1,338,037</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,183,995</b>	<b>2,559,154</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

At 30 June 2023

		<b>30 June 2023 HK\$'000 (unaudited)</b>	31 December 2022 HK\$'000 (audited) (restated)
	Notes		
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>67,949</b>	35,665
Deferred tax liabilities		<b>107,648</b>	108,205
Bank and other borrowings		<b>50,968</b>	181,250
		<b>226,565</b>	325,120
<b>CAPITAL AND RESERVES</b>			
Share capital	15	<b>6,741</b>	6,741
Share premium and reserves		<b>1,944,226</b>	2,221,155
Equity attributable to owners of the Company		<b>1,950,967</b>	2,227,896
Non-controlling interests		<b>6,463</b>	6,138
<b>TOTAL EQUITY</b>		<b>1,957,430</b>	2,234,034
		<b>2,183,995</b>	2,559,154

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory surplus reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	6,741	416,637	29,315	155,883	-	27,359	5,527	2,305,211	2,946,673	1,165,804	4,112,477
Other comprehensive expense for the period	-	-	-	-	-	(111,577)	-	-	(111,577)	(38,638)	(150,215)
Loss for the period	-	-	-	-	-	-	-	(487,174)	(487,174)	(176,701)	(663,875)
Total comprehensive expense for the period	-	-	-	-	-	(111,577)	-	(487,174)	(598,751)	(215,339)	(814,090)
At 30 June 2022 (unaudited)	6,741	416,637	29,315	155,883	-	(84,218)	5,527	1,818,037	2,347,922	950,465	3,298,387
Other comprehensive expense for the period	-	-	-	-	-	(26,823)	-	-	(26,823)	(19,424)	(46,247)
(Loss)/profit for the period	-	-	-	-	-	-	-	(93,203)	(93,203)	8,711	(84,492)
Total comprehensive expense for the period	-	-	-	-	-	(26,823)	-	(93,203)	(120,026)	(10,713)	(130,739)
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(602,330)	(602,330)
Derecognition of discontinued operations	-	-	-	(30,343)	-	7,742	-	22,601	-	(331,397)	(331,397)
Disposal of subsidiaries	-	-	-	-	-	(119)	-	119	-	113	113
Transfer	-	-	-	48,724	-	-	-	(48,724)	-	-	-
At 31 December 2022 (audited)	6,741	416,637	29,315	174,264	-	(103,418)	5,527	1,698,830	2,227,896	6,138	2,234,034
Other comprehensive expense for the period	-	-	-	-	-	(126,449)	-	-	(126,449)	(285)	(126,734)
(Loss)/profit for the period	-	-	-	-	-	-	-	(151,660)	(151,660)	610	(151,050)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(126,449)	-	(151,660)	(278,109)	325	(277,784)
Equity settled share-based transactions	-	-	-	-	1,180	-	-	-	1,180	-	1,180
At 30 June 2023 (unaudited)	6,741	416,637	29,315	174,264	1,180	(229,867)	5,527	1,547,170	1,950,967	6,463	1,957,430

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	41,322	(125,746)
Net cash used in investing activities	(5,680)	(4,599)
Net cash used in financing activities	(81,711)	(166,414)
Net decrease in cash and cash equivalents	(46,069)	(296,759)
Cash and cash equivalents at beginning of the period	393,966	1,720,919
Effect of foreign exchange rate changes	(29,917)	(89,079)
Bank balances and cash transfer to assets held for sale	–	(848,678)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	317,980	486,403

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

Hopefluent Group Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company and its subsidiaries (the “Group”) are principally engaged in provision of property real estate agency services and mortgage referral and loan financing services.

## 2. BASIS OF PREPARATION

The unaudited condensed interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, issued by the Hong Kong Institute of Certified Public Accountant (the “HKICPA”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

The interim financial statements have been prepared with the same accounting policies adopted in the 2022 annual financial statements, except for those relating to new periods beginning on or after 1 January 2023. Details of any changes in accounting policies are set out in note 3.

The preparation of these interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. For the areas where significant judgments and estimates have been made in preparing these interim financial statements, the Company’s accounting policies applied and the key sources of estimation uncertainty were the same as those that applied to 2022 annual financial statements.

These interim financial statements are presented in Hong Kong dollars (“HK\$”) and all amounts are rounded to the nearest thousand (“HK\$’000”) except otherwise indicated. These interim financial statements contain consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2022 annual financial statements. These interim financial statements and the notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and should be read in conjunction with the 2022 annual financial statements.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial assets at FVTPL which are measured at fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those set out in the Group's annual financial statements for the year ended 31 December 2022.

In the current reporting period, the Group has applied, for the first time, the following new and amendments to HKASs and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's unaudited condensed consolidated financial statements:

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

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period.

## 4. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group has two (2022: two) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

The following summary describes the operations in each of the Group's reportable segments:

- Property real estate agency is the provision of first hand real estate services and secondary real estate services to property developers, corporates and individuals; and
- Financial services is the provision of mortgage referral and loan financing services to individuals or companies.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 4. REVENUE AND SEGMENT INFORMATION (Cont'd)

Revenue represents agency commission in respect of real estate agency services, financial services income and interest income from loan receivables, net of business tax and other taxes. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Disaggregation of revenue</b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Agency commission (note)	672,573	2,937,664
<b>Revenue from other sources outside the scope of HKFRS 15</b>		
Finance income		
Interest income from loan receivables	27,328	33,259
Financial services income	–	2,722
	699,901	2,973,645

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Timing of revenue recognition</b>		
At a point in time		
Agency commission	672,573	2,937,664
Financial services income	–	2,722
Over-time		
Interest income from loan receivables	27,328	33,259
	699,901	2,973,645

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 4. REVENUE AND SEGMENT INFORMATION (Cont'd)

Note: On 31 March 2022, the Company entered into a conditional shareholder cooperation adjustment agreement (the "Agreement") with Poly Developments and Holdings Group Co., Ltd. ("Poly") to dispose the entire issued share capital of Poly Real Estate Investment Consultancy Co., Ltd. and its subsidiaries ("Poly Consultancy Group"). Poly has 43.9% equity interest of Hopefluent (China) Real Estate Consultancy Co., Ltd. ("Hopefluent China"), a company established under the law of the PRC and an indirect non-wholly-owned subsidiary of the Company. Pursuant to the Agreement, the Company conditionally agreed to sell, and Poly conditionally agreed to acquire the entire issued share capital of Poly Consultancy Group for the consideration of 43.9% equity interest of Hopefluent China (the "Proposed Restructuring"). Upon the completion of the Proposed Restructuring, Hopefluent China will become an indirectly wholly-owned subsidiary of the Company and Poly Consultancy Group will cease to be subsidiaries of the Company.

Subsequent to the date of signing the Agreement, the obligation of the Company and Poly fulfilled the conditions precedent stated in the Agreement. Both parties mutually agreed that Poly Consultancy Group was ceased to be subsidiaries of the Company and 43.9% equity interest of Hopefluent China held by Poly was derecognised as non-controlling interest on 31 August 2022.

The revenue contributed from Poly Consultancy Group is HK\$nil for six months ended 30 June 2023 (2022: HK\$2,076 million).

The following is an analysis of the Group's revenue and results by geographical markets.

	Six months ended 30 June 2023 (unaudited)		
	Property real estate agency HK\$'000	Financial services HK\$'000	Total HK\$'000
The People's Republic of China ("PRC")	672,573	27,328	699,901
Australia	–	–	–
	<b>672,573</b>	<b>27,328</b>	<b>699,901</b>
	Six months ended 30 June 2022 (unaudited)		
	Property real estate agency HK\$'000	Financial services HK\$'000	Total HK\$'000
The PRC	2,930,569	35,981	2,966,550
Australia	7,095	–	7,095
	<b>2,937,664</b>	<b>35,981</b>	<b>2,973,645</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 4. REVENUE AND SEGMENT INFORMATION (Cont'd)

The following is an analysis of the Group's revenue and results by operating and reportable segments.

	Six months ended 30 June 2023 (unaudited)		
	Property real estate agency HK\$'000	Financial services HK\$'000	Total HK\$'000
Segment revenue	672,573	27,328	699,901
Segment loss	(36,362)	(6,676)	(43,038)
Other income			8,098
Central administrative costs			(17,568)
Loss allowance on financial assets			(109,289)
Finance costs			(16,372)
Loss before tax			(178,169)
Income tax credit			27,119
Loss for the period			(151,050)

	Six months ended 30 June 2022 (unaudited)		
	Property real estate agency HK\$'000	Financial services HK\$'000	Total HK\$'000
Segment revenue	2,937,664	35,981	2,973,645
Segment (loss)/profit	(384,600)	19,355	(365,245)
Other income			13,826
Central administrative costs			(39,305)
Loss allowance on financial assets			(19,918)
Share of results of associates and a joint venture			2,155
Impairment of goodwill			(206,040)
Finance costs			(27,123)
Loss before tax			(641,650)
Income tax expense			(22,225)
Loss for the period			(663,875)

Segment profit represents the profit earned by each segment without allocation of other income, central administrative costs including directors' emoluments, share of results of associates and a joint venture and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 5. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interests on:		
Bank and other borrowings	9,263	16,051
Lease liabilities	7,109	11,072
	<b>16,372</b>	<b>27,123</b>

### 6. INCOME TAX CREDIT/(EXPENSE)

The tax charges for both periods represent the PRC Enterprises Income Tax ("EIT") for those periods.

EIT is provided on the estimated assessable profits of the Group's subsidiaries in the PRC in accordance with the laws and regulations in the PRC at 25%.

The tax rate under Australian tax law is inapplicable during the six months ended 30 June 2023 as those subsidiaries incorporated in Australia were disposed during the year ended 31 December 2022. Under Australian tax law, the tax rate is 30% on taxable profits on Australian incorporated entities during the six months ended 30 June 2022. No tax provision has been made in the consolidated financial statements as there is no assessable profits arising in Australia for both periods.

No Hong Kong profits tax has been provided in both current and prior periods in the condensed consolidated financial statements as the Group has no estimated assessable profits arising in Hong Kong for both periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Salaries and other benefit	463,714	1,576,736
Retirement benefits scheme contributions	48,462	148,263
<b>Total staff costs</b>	<b>512,176</b>	<b>1,724,999</b>
Impairment of goodwill	–	206,040
Depreciation charges		
Property, plant and equipment	11,373	21,651
Right-of-use assets	23,151	43,778
	<b>34,524</b>	<b>65,429</b>
Loss allowance on financial assets		
Allowance recognised on accounts receivable	640	19,918
Allowance recognised on loan receivables	108,649	–
	<b>109,289</b>	<b>19,918</b>
Bank interest income	(800)	(5,409)
Rental income net of direct expenses of HK\$543,000 (2022: HK\$1,268,000)	(4,936)	(10,256)

### 8. DIVIDENDS

The Directors of the Company do not recommend the payment of any dividend in respect of the six months ended 30 June 2023 (2022: HK\$nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 9. LOSS PER SHARE

#### (a) Basic

Basic loss per share is calculated by dividing loss for the period attributable to owners of the Company by the weighted average number ordinary shares in issue during the period.

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	(151,660)	(487,174)
Weighted average number of ordinary shares in issue (thousand shares)	674,150	674,150
Basic loss per share (HK cents)	(22.50)	(72.26)

#### (b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options.

The basic and diluted loss per share are the same for the six months ended 30 June 2023 and 2022, as the effect of the share options would be anti-dilutive and were not included in the calculation of diluted loss per share.

### 10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months period ended 30 June 2023, the Group had acquired property, plant and equipment amounting to approximately HK\$7,973,000 (2022: HK\$13,147,000).

In addition, during the six months ended 30 June 2023, the Group disposed of property, plant and equipment with a carrying amount of approximately HK\$186,000 (2022: HK\$620,000) for the proceeds of approximately HK\$172,000 (2022: HK\$882,000) resulting in a loss on disposal of approximately HK\$14,000 (2022: gain on disposal of HK\$261,000).

During the six months period ended 30 June 2023, the Group entered into certain new lease agreements for the use of office premises for one to six years (2022: one to four years). The Group is required to make fixed monthly payment during the contract period. On lease commencement, the Group recognised approximately HK\$31,710,000 (2022: HK\$30,462,000) of right-of-use assets and approximately HK\$31,710,000 (2022: HK\$30,462,000) of lease liabilities.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 11. GOODWILL

There is no movement in goodwill in current interim period.

Goodwill has been allocated to one (2022: two) individual cash generating units ("CGUs"), representing primary real estate services in the PRC.

During the six months ended 30 June 2023, the Directors of the Company determine that there is no impairment of the CGU representing the primary real estate agency services segment in the PRC. During the six months ended 30 June 2022, references are made to the announcements of the Company dated 7 April 2022, the circular dated 26 May 2022 and note 6 and note 33 to the 2022 annual financial statements in related to the derecognition of Poly Consultancy Group. Taking into account that Poly Consultancy Group was derecognised and the recoverable amount of that unit cannot be recovered, the amount of goodwill approximately of HK\$206,040,000 associated with Poly Consultancy Group was derecognised together with the derecognition of Poly Consultancy Group.

### 12. ACCOUNTS RECEIVABLE

The Group allows an average credit period ranging from 30 to 180 days (2022: 30 to 180 days) to its customers. The aging analysis of accounts receivable net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Accounts receivable		
0–30 days	148,610	265,143
31–60 days	17,068	16,254
61–90 days	24,506	13,932
91–120 days	7,434	14,622
121–180 days	11,582	21,695
Over 180 days	435,531	325,305
	<b>644,731</b>	<b>656,951</b>

### 13. FINANCIAL ASSETS AT FVTPL

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Financial assets at FVTPL		
— Listed equity securities issued in the PRC	—	2,315
— Listed equity securities issued in Hong Kong	5,475	5,185
	<b>5,475</b>	<b>7,500</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 14. PAYABLES AND ACCRUALS

The payables and accruals mainly comprise accrued operating expenses, accrued staff costs and other sundry creditors.

### 15. SHARE CAPITAL

	Number of shares	Nominal Amounts HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	8,000,000,000	80,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	674,149,989	6,741

### 16. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following material transactions with related parties during the period.

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Non-controlling interests</b>		
Revenue	–	3,258
<b>Related parties of non-controlling interests (note b)</b>		
Revenue	–	1,509,901
Rental expense	–	13,528
Building management fee	–	8,027

Notes:

- (a) These transactions were carried out in accordance with terms and conditions mutually agreed by the parties involved.
- (b) A non-controlling interest has controlled, joint controlled or significant influence over those corporations.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 17. OPERATING LEASES

#### (a) The Group as lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable leases were payable as follows:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Within one year	55,217	129,881

The Group is the lessee in respect of a number of shops with lease term of 12 months or less. The Group applies the "short-term lease" recognition exemptions for these leases and the future minimum lease payments regarding these leases are disclosed as above.

#### (b) The Group as lessor

Operating lease income commitments are mainly for the investment properties of the Group. At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Within one year	5,714	6,997
In the second to fifth year inclusive	7,723	3,499
Over five years	-	3,502
	13,437	13,998

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

## 18. SHARE OPTIONS SCHEME

### (a) Share option scheme of the Company

In order to attract and retain the best quality employees for the development of the Group's businesses and to provide additional incentives or rewards to selected qualifying participants, the Company adopted a share option scheme on 23 May 2023 (the "Scheme"). The eligible participants mainly include employees of the Group, Directors, the directors of any member of the group, the directors and employees (whether full-time or part-time) of the holding companies, fellow subsidiaries or associated companies of Company. The Scheme, unless otherwise cancelled or amended, will remain in force for 10 years since 23 May 2023.

The options may be exercised within the period commencing from the date of grant of the option and expiring on the date following 10 years from the date of grant of the options subject to terms under the Scheme. The vesting period for options shall be determined by the board (the "Board") and in any case, shall not be less than twelve (12) months. A shorter vesting period may be granted at the discretion of the Board in certain circumstances. The Board and/or the remuneration committee may determine in its absolute discretion and set any performance target or impose any condition, restriction or limitation in relation to the vesting of the options.

The subscription price of the share options is determinable by the Directors, but shall be the highest of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheet of the Stock Exchange for the five (5) business days immediately preceding the date of grant; and (iii) the 90% of the average closing price as stated in the daily quotations sheets of the Stock Exchange for the twenty (20) business days immediately preceding the date of grant.

Pursuant to the Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option scheme of the Company must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Scheme (i.e. 67,414,998 shares). Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the limit to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting.

Unless shareholder approval has been obtained, no option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of total number of shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting. Such participant and his associate (as defined in the Listing Rules) have to abstain from voting and/or comply with other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's shares in issue within any 12-month period must be approved in advance by the Company's shareholders.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 18. SHARE OPTIONS SCHEME (Cont'd)

#### (a) Share option scheme of the Company (Cont'd)

Subject to the compliance of the requirements under the Scheme, the share options are exercisable only if the eligible participants remain in the service of the Group from the grant date of the share options up to the designated exercise date.

On 16 June 2023, the Company granted share options under the share option scheme under which the option holders are entitled to acquire an aggregate of 67,380,000 shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions. Among the total 67,380,000 share options, 42,080,000 share options are subject to shareholders' approval.

The options granted to the grantees will be vested based on the following rates on the vesting date for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 70% and 40% of the total number of the share options to Mr. Zhu Rongbin ("Mr. Zhu") and other grantees respectively, will be vested on 1 July 2024; (ii) 15% and 30% of the total number of the share options to Mr. Zhu and other grantees respectively, will be vested on 1 April 2025; and (iii) 15% and 30% of the total number of the share options to Mr. Zhu and other grantees respectively, will be vested on 1 April 2026. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse upon the expiry of the relevant validity period. All the options under the share option scheme should be exercisable after vesting but before the expiry of 10 years after the grant date at the exercise price of HK\$1.85 per share.

	Held at 1 January 2023	Options granted during the period	Options exercised during the period	Options lapsed during the period	Option transferred during the period	Held at 30 June 2023	Exercise price HK\$
<b>The Scheme</b>							
(A) Employees	-	25,300,000	-	-	-	25,300,000	1.85
(B) Directors							
Zhu Rongbin	-	30,340,000	-	-	-	30,340,000	1.85
Gao Bin	-	11,740,000	-	-	-	11,740,000	1.85
	-	67,380,000	-	-	-	67,380,000	1.85

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2023

### 18. SHARE OPTIONS SCHEME (Cont'd)

#### (a) Share option scheme of the Company (Cont'd)

Options outstanding at 30 June 2023 have the following grant date, expiry date, exercise period and exercise prices.

Grant date	Expiry date	Exercise period	Exercise prices per share HK\$	Number of options
16 June 2023	15 June 2033	Vesting date to 15 June 2033	1.85	67,380,000

As at the date of the interim report, the total number of shares of the Company available for issue under the Scheme (including the above options outstanding not yet exercised) was 67,380,000, representing approximately 9.99% of the issued share capital of the Company as of the date thereof. The number of shares available for future grant under the mandate of the share option scheme is 34,998.

The fair value of options granted during the period ended 30 June 2023 under the Scheme determined using the Binomial Option Pricing model was approximately HK\$41,648,000. The significant inputs into the model were share price of HK\$1.85, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility is 41.29%, annual risk-free interest rate of 3.53%. Expected life of options of approximately 10 years and expected dividend yield of 4.26%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 16 June 2013 to 15 June 2023. During the period ended 30 June 2023, approximately HK\$1,180,000 (2022: HK\$nil) were charged to the condensed consolidated statement of profit or loss.

### 19. COMPARATIVES

Certain comparative amounts have been reclassified to conform with current period's presentation.

## BUSINESS REVIEW

### MANAGEMENT DISCUSSION AND ANALYSIS

#### I. Market Review for First Half 2023

In the first half of the year, there was very little optimism to speak of the overall real estate market of Mainland China. About 600 million square meters of housing was sold, down by about 5% against the same period of last year. Despite the market regaining some confidence in the first quarter, transaction volume dropped again after April, and the National Real Estate Climate Index was down in June. Home buyers became more inclined to wait-and-see and market vitality had yet to fully return.

To effectively cope with the fundamental change in demand and supply relation in the real estate market in China, the Group adjusted its management team, improved its business strategies and explored opportunities for breakthroughs, all to the end of keeping its operation stable.

#### II. Business Review of the Group

For the six months ended 30 June 2023, the Group's total value of properties transacted were approximately HK\$69.5 billion, up by about 8% relative to the last corresponding period (2022: HK\$64.5 billion), while total gross floor area sold at approximately 3 million square meters.

In the first half of 2023, the Group's revenue from continuing operations was approximately HK\$699.9 million, approximately 22% less than that of HK\$898 million in the last corresponding period (2022: HK\$2,974 million, of which approximately HK\$898 million from continuing operations and approximately HK\$2,076 million from discontinued operations). The Group's Property Real Estate Agency Services Business, due to COVID-19 containment measures in force in the second half of 2022, its revenue in the first half of 2023 decreased to approximately HK\$673 million, down about 22%, compared with those from continuing operations in the same period of last year (2022: approximately HK\$2,938 million, of which approximately HK\$862 million from continuing operations and approximately HK\$2,076 million from discontinued operations), accounting for 96% of the Group's revenue. Financial Services Business recorded revenue of approximately HK\$27 million, down about 25% against the same period of last year (2022: approximately HK\$36 million), accounting for 4% of the Group total.

During the period, loss attributable to shareholders was approximately HK\$152 million, an approximately 4% decrease, compared with the loss from continuing operations in the last corresponding period (2022: HK\$487 million, of which approximately HK\$159 million from continuing operations and approximately HK\$328 million from discontinued operations). Basic loss per share was HK22.50 cents (2022: HK72.26 cents). The Board of Directors did not recommend payment of an interim dividend for the six months ended 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### II. Business Review of the Group (Cont'd)

#### 1. *Property Real Estate Agency*

In the first quarter of 2023, as the impact of the pandemic subsided, suppressed demand was released and digested, translating into a short recovery in transaction volume. After April, with many economic indicators of the second quarter falling short of expectations, market recovery was hindered and property sales kept trending down, as a result, the Group's property real estate agency business was affected.

The prevailing real estate market slump, the sharp decrease in property transactions, and the tight capital of developers together slowed down payment collection. The Group thus duly adjusted its business layout and part of its agency business and, with enhancing profitability and cash flow in mind, expanded business.

To date, the Group's property real estate agency services business covers 70 large and small cities across mainland China, with over 800 agency projects. The Group has about 140 secondary branches.

#### 2. *Financial Services Business*

With the domestic and global macroeconomic environment restrained by a host of factors, property enterprises were still under great pressure to repay their debts, and people were not keen to buy houses. As such, it was difficult for the segment to start new businesses in the period, and its performance declined compared with the same period of last year. The Group has insisted on having risk control as the core principle of its operations, and has closely monitored changes in the financial environment and the industry, that it may adjust the positioning and strategies of its financial services to ensure steady development of the business.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### III. Prospects of Second Half 2023

From the series of policies launched recently, it is obvious that maintaining the long-term healthy development of the real estate industry is the fundamental wish of the country and the society. It is the expectation of the people that in the second half year, those favorable policies can enhance the confidence of home buyers and stimulate transactions, so that the real estate market will develop and gradually mature on a steady and healthy path. Also, with the real estate supply and demand relationship changed, developers will place greater importance on sales efficiency and service standard, which for the Group represents new opportunities for business development.

The Group will consolidate its strengths and take the following actions to ensure the Group's stable operation. First of all, capitalizing on its business advantages in Guangzhou, the Group will strive to expand its base across the entire Guangdong province so as to enlarge its market share and increase business revenue. Secondly, it will actively seek corporate cooperation opportunities, focusing on bringing in projects and promoting project progress to increase project scale and numbers, and ultimately achieve higher profit. At the same time, it will focus on the cost-effectiveness of projects and, when expanding overseas business, take making profit as its main target to ensure every project can generate considerable economic benefits for the Group. In addition, to better control its financial position, the Group will implement comprehensive budget management and work strictly by the principle of aligning expenses with income. This ensures that expenses are within manageable limits and that income is sufficient to cover expenses, adopting cost-saving and income increasing measures and reducing losses.

The Group will also push to improve management for the sake of raising quality and efficiency, plus further enhancing management standard and business efficiency. First, it will optimize its organizational structure, adjust the Group's management team, and implement measures to bring in talent to ensure that it has the right minds to tackle future challenges. Secondly, the Group will establish an effective operation review mechanism and a complete authorization and approval process to ensure timely and precise decisions are made and in turn improve work efficiency. In addition, the Group will actively promote informatization and raise overall operational efficiency.

On the strategy front, the Group will adopt strategies that can let it stand out in the competition and give its competitive advantages in the future. First, it will formulate clear digitalization strategy and, on the base of platforms such as "AI Hopefluent", develop product models that can meet future needs and also address existing sore spots, to match market changes and customer demands. Secondly, it will make the best use of its resource advantages along the real estate industry chain, upstream and downstream, and integrate them with product models to bolster competitiveness.

The Group believes China's real estate market has strong resilience and, with policy guidance, the real estate sector will gradually return to normal and move into a long-term, stable and mature development stage. The Group will spare no effort to ensure normal operation, strive to achieve breakthroughs with its business makeup and create positive conditions for its operations. The Group sincerely thanks all shareholders for their support and understanding, and promises to do its best to realize better returns to shareholders.



## AUDIT COMMITTEE

The Company established an audit committee, currently comprising the four existing independent non-executive directors, which has reviewed the unaudited interim results for the six months ended 30 June 2023 and this report including the accounting, internal control and financial reporting issues.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group maintained a sound financial position where the cash and bank deposits and current ratio, as a ratio of current assets to current liabilities, were approximately HK\$318 million (31 December 2022: HK\$394 million) and 4.80 (31 December 2022: 3.72) respectively. Total borrowing amounted to approximately HK\$185 million which are secured and unsecured bank loan and other borrowings (31 December 2022: approximately HK\$232 million). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 7.3% (31 December 2022: 7.6%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 30 June 2023.

## PLEDGE OF ASSETS

As at 30 June 2023, the Group pledged its investment properties and property, plant and equipment with an aggregate amount of approximately HK\$33 million to secure bank borrowings (31 December 2022: approximately HK\$35 million).

## FOREIGN EXCHANGE EXPOSURE

Most of the Group's business transactions are denominated in either Hong Kong dollars or Renminbi. As such, the Group had no significant exposure to foreign exchange fluctuations.

## EMPLOYEES

As at 30 June 2023, the Group had approximately 6,600 full time employees. Employees are regarded as the greatest and valuable assets of the Group. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

## INTERIM DIVIDEND

The board of Directors resolved not to declare any interim dividend for the six months ended 30 June 2023 (2022: nil).

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2023, the interests of the directors and their associates in the shares of the Company or its associated corporations (within the meaning as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies (the "Model Code") in the Listing Rules were as follows:

### Long positions

(i) Ordinary share of HK\$0.01 each and underlying shares under equity derivatives of the Company:

Name of Director	Number of shares			Aggregate interest	Approximate percentage of the issued share capital
	Ordinary shares interests held under personal/spouse name	Ordinary shares interests held by controlled corporation/trust	Underlying shares (under equity derivatives of the Company) (Note 3)		
<b>Director</b>					
Mr. Fu Wai Chung ("Mr. Fu")	35,422,668 (Note 1)	160,193,644 (Note 1)	–	195,616,312	29.02%
Mr. Fu Ear Ly	–	78,319,938 (Note 2)	–	78,319,938	11.62%
Mr. Zhu Rongbin ("Mr. Zhu")	–	–	30,340,000	30,340,000	4.50%
Mr. Gao Bin ("Mr. Gao")	–	–	11,740,000	11,740,000	1.74%

Notes:

(1) These 29,431,304 shares are registered in the name of Fu's Family Limited which is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan and the remaining 15% by Ms. Fu Man. 112,418,263 shares are registered in the name of China-net Holding Ltd. which is wholly-owned by Mr. Fu. China-net Holding Ltd. is also interested in 18,344,077 shares through its ownership of Happy Chord Limited which is wholly-owned by China-net Holding Ltd.. 28,024,334 shares are held by himself and 7,398,334 shares held by his spouse, Ms. Ng Wan.

(2) These 78,319,938 shares are registered in the name of Simple Heart Limited which is wholly-owned by Mr. Fu Ear Ly. He is the son of Mr. Fu and Ms. Ng Wan, and the nephew of Ms. Fu Man.

On 12 July 2023, 12,000,000 shares were acquired by Intelligent Youth Limited which is wholly-owned by Mr. Fu Ear Ly.

(3) Details of share options held by directors are shown in the section of "Share Options".

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Cont'd)

### Long positions (Cont'd)

(ii) Ordinary shares of US\$1.00 each in Fu's Family Limited

Name of director	Number of shares interested	Percentage of shareholding
Mr. Fu Wai Chung	70	70%
Ms. Ng Wan	15	15%
Ms. Fu Man	15	15%

(iii) Ordinary shares of US\$1.00 each in China-net Holding Ltd.

Name of director	Number of shares interested	Percentage of shareholding
Mr. Fu Wai Chung	100	100%

### Share Options

On 23 May 2023, the Company adopted a share option scheme (the "Existing Scheme") to replace the share option scheme adopted in year 2014 (the "Old Scheme").

Details of the share options granted under the Existing Scheme during the six months ended 30 June 2023 were as follows:

Name or category of participant	Date of grant	Exercise period	Vesting period & Performance target	Exercise price per share	Number of Shares subject to share options				
					As at 1 January 2023	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period	As at 30 June 2023
<b>Directors</b>									
Mr. Zhu	16 June 2023	Vesting date to 15 June 2033 (Note 1)	(Note 1)	HK\$1.85	-	30,340,000	-	-	30,340,000
Mr. Gao	16 June 2023	Vesting date to 15 June 2033 (Note 1)	(Note 1)	HK\$1.85	-	11,740,000	-	-	11,740,000
Employees	16 June 2023	Vesting date to 15 June 2033 (Note 1)	(Note 1)	HK\$1.85	-	25,300,000	-	-	25,300,000
<b>Total</b>					-	<b>67,380,000</b>	-	-	<b>67,380,000</b>

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Cont'd)

### Long positions (Cont'd)

(iii) *Ordinary shares of US\$1.00 each in China-net Holding Ltd. (Cont'd)*

#### Share Options (Cont'd)

Notes:

- (1) First Tranche: conditional upon (i) the Group having achieved the annual performance set by the Board for the year ended 31 December 2023; and (ii) the relevant Grantees having achieved the individual's annual performance targets set by the Group for the year ended 31 December 2023, then, 70% and 40% of shares granted under the share options to Batch A Grantee and Batch B Grantees (as defined below), respectively, will be vested on 1 July 2024;

Second Tranche: conditional upon (i) the Group having achieved the annual performance set by the Board for the year ended 31 December 2024; and (ii) the relevant grantees having achieved the individual's annual performance targets set by the Group for the year ended 31 December 2024, then, 15% and 30% of shares granted under the share options to Batch A Grantee and Batch B Grantees, respectively, will be vested on 1 April 2025;

Third Tranche: conditional upon (i) the Group having achieved the annual performance set by the Board for the year ended 31 December 2025; and (ii) the relevant grantees having achieved the individual's annual performance targets set by the Group for the year ended 31 December 2025, then, 15% and 30% of shares granted under the share options to Batch A Grantee and Batch B Grantees, respectively, will be vested on 1 April 2026.

"Batch A Grantee" refers Mr. Zhu.

"Batch B Grantees" refers to Mr. Gao and 18 employees of the Group.

- (2) Share options offered to Mr. Zhu and Mr. Gao are subject to approval by the shareholders at a general meeting of the Company and have been approved by the shareholders at the extraordinary general meeting held on 30 August 2023.
- (3) The closing price of the shares immediately before the date on which the options were granted was HK\$1.85.

No share options were cancelled, exercised or lapsed during the period.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At the extraordinary general meeting held on 23 May 2023 ("2023 1st extraordinary general meeting") the Company had adopted the Existing Scheme to replace the Old Scheme. Under the Existing Scheme, the directors of the Company may, at their discretion, invite employees of the Company or any member of the Group, including any executive, non-executive and independent non-executive directors of the Group and the directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company to take up options to subscribe for shares in the Company representing up to a maximum 10% of the shares in issue as at the date of 2023 1st extraordinary general meeting and subject to renewal with shareholders' approval.

The number of options available for grant as at 1 January 2023 under the Old Scheme mandate was 52,370,190 which was terminated on 23 May 2023 and as at 30 June 2023 under the Existing Scheme mandate is 34,998.

The number of shares that may be issued in respect of options granted under the Existing Scheme of the Company during the period is 67,380,000, representing 9.99% of the issued shares of the Company as at the date of the interim report.

Other than the Company's share option scheme as disclosed above, at no time during the period was the Company, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, the interests or short positions of the substantial shareholders in the shares or underlying shares of the Company which have been disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO and have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

### Long positions

Name of shareholder	Capacity	Number of issued ordinary shares or security interests	Approximate percentage of the issued share capital and/or security interest of the Company
Mr. Fu	Beneficial owner/Held by controlled corporation/Spouse interests (note 1)	195,616,312	29.02%
Concrete Win Limited	Held by controlled corporation (note 2)	168,537,497	25.00%
	Held by controlled corporation (security interest) (note 2)	67,414,999	10.00%
Country Garden Property Services HK Holdings Company Limited	Beneficial owner (note 2)	168,537,497	25.00%
	Person having security interest in shares (note 2)	67,414,999	10.00%
Country Garden Services Holdings Company Limited	Held by controlled corporation (note 2)	168,537,497	25.00%
	Held by controlled corporation (security interest) (note 2)	67,414,999	10.00%
United Gain Group Ltd	Held by controlled corporation (note 2)	168,537,497	25.00%
	Held by controlled corporation (security interest) (note 2)	67,414,999	10.00%
YANG Huiyan	Held by controlled corporation (note 2)	168,537,497	25.00%
	Held by controlled corporation (security interest) (note 2)	67,414,999	10.00%
CHEN Chong	Interest of spouse (note 2)	168,537,497	25.00%
	Interest of spouse (security interest) (note 2)	67,414,999	10.00%
China-net Holding Ltd.	Beneficial owner/Held by controlled corporation (note 1)	130,762,340	19.40%
Mr. Fu Ear Ly	Held by controlled corporation (note 3)	78,319,938	11.62%
Simple Heart Limited	Beneficial owner (note 3)	78,319,938	11.62%

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Cont'd)

### Long positions (Cont'd)

Notes:

1. Under the SFO, Mr. Fu is deemed to be interested in the shares held by Fu's Family Limited and China-net Holding Ltd.. Mr. Fu's interests include 29,431,304 shares held through Fu's Family Limited, 28,024,334 shares held by himself and 7,398,334 shares held by his spouse, Ms. Ng Wan. 112,418,263 shares are registered in the name of China-net Holding Ltd. which is wholly-owned by Mr. Fu. China-net Holding Ltd. is also interested in 18,344,077 shares through its ownership of Happy Chord Limited which is wholly-owned by China-net Holding Ltd.. The entire issued share capital of Fu's Family Limited is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan and 15% by Ms. Fu Man, the sister of Mr. Fu. Under the SFO, Mr. Fu is deemed to be interested in all the shares registered in the name of Fu's Family Limited.
2. 168,537,497 shares are registered in the name of Country Garden Property Services HK Holdings Company Limited, a company wholly-owned by United Gain Group Ltd. United Gain Group Ltd is owned as to 100.00% by Country Garden Services Holdings Company Limited, which in turn is owned as to 32.40% by Concrete Win Limited in which Ms. Yang Huiyan beneficially owns the entire issued share capital. Mr. Chen Chong is the husband of Ms. Yang and is deemed to be interested in the shares in which Ms. Yang is interested. There is a charge over 67,414,999 shares of the Company in favour of Country Garden Property Services HK Holdings Company Limited as security for certain indemnification obligations pursuant to an equity transfer agreement dated 9 November 2022.
3. These 78,319,938 shares are registered in the name of Simple Heart Limited which is wholly-owned by Mr. Fu Ear Ly.

On 12 July 2023, 12,000,000 shares were acquired by Intelligent Youth Limited which is wholly-owned by Mr. Fu Ear Ly. He is the son of Mr. Fu and Ms. Ng Wan, and the nephew of Ms. Fu Man.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any person's interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under section 336 of Part XV of the SFO.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Since the Listing Date, the Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares.

## **CORPORATE GOVERNANCE**

During the six months ended 30 June 2023, the Company has complied with the code provisions set out in Part 2 of the corporate governance code ("CG Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited except the following deviations (Code Provisions C.2.1, C.6.1 and C.1.6):

### **Chairman and Chief Executive Officer**

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period from 1 January 2023 to 23 May 2023, Mr. Fu Wai Chung ("Mr. Fu") was the chairman of the Company while the Company has no such title as the chief executive officer. Mr. Fu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company. The daily operation and management of the Company is monitored by the executive directors as well as the senior management. The Board is of the view that the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting operation of the Company. The Board has been nevertheless reviewing the structure and composition of the Board from time to time in light of prevailing circumstances, in order to maintain a high standard of corporate governance practices of the Company.

Mr. Zhu Rongbin has been appointed as the chairman of the Board and Mr. Gao Bin has been appointed as the president of the Company with effect from 24 May 2023 which separates the roles of the chairman and the chief executive officer of the Company and enables the Company to comply with code provision C.2.1 of the CG Code.

### **Company Secretary**

The Company has engaged Mr. Lo Hang Fong, a solicitor practising in Hong Kong, as its company secretary and Mr. Lo Yat Fung, an executive director of the Company, is the person whom the company secretary can contact. The Board is confident that having Mr. Lo Hang Fong as the company secretary is beneficial to the Group's compliance of the applicable laws, rules and regulations.

### **Attendance of General Meeting**

Certain independent non-executive directors and non-executive director of the Company were unavailable to attend the annual general meeting of the Company held on 15 June 2023 due to other business commitments.



## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“MODEL CODE”) OF THE LISTING RULES**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code for the period ended 30 June 2023 and they all confirmed that they have fully complied with the required standards as set out in the Model Code.

By Order of the Board of Directors  
**ZHU Rongbin**  
Chairman

Hong Kong, 30 August 2023

*As at the date of this report, the executive directors of the Company are Mr. ZHU Rongbin, Mr. GAO Bin, Mr. FU Wai Chung and Mr. LO Yat Fung; the non-executive director of the Company is Mr. FU Ear Ly; and the independent non-executive directors of the Company are Mr. LAM King Pui, Mr. NG Keung, Mr. CAO Qimeng and Ms. XU Jing.*