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 RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 the "Group") for the six months ended 30 June 2011, together with comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**749,136**	563,907
Other income		**2,978**	3,354
Selling expenses		**(150,095)**	(128,480)
Administrative expenses		**(498,583)**	(359,125)
Share of loss of associates		**(638)**	—
Finance costs		**(1,023)**	(1,025)
Profit before tax		**101,775**	78,631
Income tax expense	*4*	**(23,683)**	(18,780)
Profit for the period	*5*	**78,092**	59,851
Attributable to:			
— Owners of the Company		**75,535**	59,547
— Non-controlling interests		**2,557**	304
		78,092	59,851
Dividends	*6*	**16,077**	11,920
Earnings per share	*7*		(restated)
— Basic		**HK16.48 cents**	HK15.23 cents
— Diluted		**HK16.28 cents**	HK15.23 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period	**78,092**	59,851
Other comprehensive income		
Exchange differences arising on translation	**12,167**	8,328
Total comprehensive income for the period	**90,259**	68,179
Total comprehensive income attributable to:		
— Owners of the Company	**86,767**	67,875
— Non-controlling interests	**3,492**	304
	90,259	68,179

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Note	**30 June 2011 (unaudited) *HK$'000***	31 December 2010 (audited) *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**33,021**	33,021
Property, plant and equipment		**285,709**	252,767
Goodwill		**15,608**	15,608
Interest in associates		**136,592**	137,230
		470,930	438,626
CURRENT ASSETS			
Accounts receivables	*8*	**377,428**	307,298
Other receivables and prepayment		**78,599**	66,658
Held for trading investments		**703**	1,234
Bank balances and cash		**290,795**	396,508
		747,525	771,698
CURRENT LIABILITIES			
Payables and accruals		**95,143**	134,808
Tax liabilities		**51,375**	64,497
Bank borrowings		**45,952**	40,235
		192,470	239,540
NET CURRENT ASSETS		**555,055**	532,158
		1,025,985	970,784
CAPITAL AND RESERVES			
Share capital		**4,593**	3,805
Share premium and reserves		**968,994**	919,759
Equity attributable to owners of the Company		**973,587**	923,564
Non-controlling interests		**30,543**	25,573
		1,004,130	949,137
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**21,855**	21,647
		1,025,985	970,784

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 (HKAS 34), Interim Financial Reporting.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied for the first time, a number of new or revised Standards and Interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 July 2012

The five new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements in accordance with their effective dates and the potential impact is described below:

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgment. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. The directors of the Company is currently assessing the impact of adoption on its consolidated financial statements.

Other than disclosed above, the directors of the Company anticipate that the application of these new or revised standards and interpretations will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

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

The Group is organized into three business divisions including primary property real estate agency services, secondary property real estate agency services and property management services which form the Group's three operating segments.

The following is an analysis of the Group's revenue and results by operating segments for the period under review:

	Six months ended 30 June 2011			
	Primary property real estate agency	**Secondary property real estate agency**	**Property management**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenues	**440,385**	**246,795**	**61,956**	**749,136**
Segment profit	**105,117**	**6,575**	**203**	**111,895**
Other income				**2,978**
Central administrative costs				**(11,437)**
Share of loss of associates				**(638)**
Finance costs				**(1,023)**
Profit before tax				**101,775**

	Six months ended 30 June 2010			
	Primary property real estate agency	Secondary property real estate agency	Property management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues	330,303	187,071	46,533	563,907
Segment profit/(loss)	78,340	12,400	(3,232)	87,508
Other income				3,354
Central administrative costs				(11,206)
Finance costs				(1,025)
Profit before tax				78,631

Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administrative costs including directors' salaries, other income and finance costs. This is the measure reported to the Group's executive directors for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

The charges for both periods represent 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%.

Certain of the Group's subsidiaries in the PRC are only required to pay the PRC income tax on predetermined tax rate at 2.5% to 6.8% on turnover during the period (six months ended 30 June 2010: 2.5% to 6.8%). The predetermined tax rate is agreed and determined between such enterprises and the PRC tax bureau of local government and is subject to annual review and renewal.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profits in Hong Kong for both periods.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**22,921**	21,783
Impairment on accounts receivables	**3,222**	2,406
Bank interest income	**(689)**	(578)
Net rental income in respect of premises, net of negligible outgoings	**(877)**	(580)

6. DIVIDENDS

On 16 August 2011, the Directors have resolved to declare an interim dividend of HK3.5 cents per share for the six months ended 30 June 2011. The interim dividend will be payable to shareholders whose names appear on the register of members of the Company on 15 September 2011.

An interim dividend of HK4 cents per share was paid for the six months ended 30 June 2010.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK$75,535,000 (1 January 2010 to 30 June 2010: HK$59,547,000) and on 458,435,430 (1 January 2010 to 30 June 2010 restated: 390,967,956) weighted average number of ordinary shares in issue during the period.

Diluted earnings per share for the six months ended 30 June 2010 does not assume the exercise of the Company's share options because the exercise price of the Company's options was higher than the average market price of shares for the six months ended 30 June 2010.

8. ACCOUNTS RECEIVABLES

The Group allows its customers with credit periods normally ranging from 30 to 120 days.

The aged analysis of accounts receivables at the end of the reporting period is as follows:

	2011	2010
	HK$'000	*HK$'000*
Accounts receivables		
0–30 days	**111,504**	129,478
31–60 days	**150,823**	64,159
61–90 days	**55,901**	64,625
91–120 days	**43,589**	35,095
Over 120 days	**15,611**	13,941
	377,428	307,298

BUSINESS REVIEW

In the first half of 2011, the Central Government has launched a series of austerity measures to stabilise the property market in the PRC aimed at fending off speculation and suppressing overheating property prices. The most noteworthy of these measures were property purchase limits and restricting bank mortgage conditions. As such, transaction volume in some first tier cities has dropped noticeably and the property market began to show signs of cooling down under the resulting pressure. However, based on our steady expansion strategy, we have established our solid foundation in first-tier cities. At the same time, we have been expanding property real estate agency service business in second- and third-tier cities years ago to meet market demand and leverage project development, the Group managed to capture the growth opportunities and achieve continuous steady growth in results.

For the six months ended 30 June 2011, the Group recorded a turnover of HK$749.1 million, up by 33% against HK$563.9 million in the corresponding period last year. Profit attributable to shareholders rose from HK$59.5 million to HK$75.5 million, a year-on-year increase of 27%. Basic earnings per share were HK16.48 cents (2010 restated: HK15.23 cents).

During the period under review, the primary and secondary property real estate agency service businesses of the Group registered a turnover of HK$440.4 million and HK$246.8 million respectively, accounting for 59% and 33% of the Group's total turnover. The remaining 8% or HK$61.9 million was derived from the property management business. Geographically, Guangzhou contributed about 46% of the total turnover and about 54% came from outside Guangzhou.

Primary Property Real Estate Agency and Consultancy Services

For the six months ended 30 June 2011, the Group handled approximately 47,900 primary property transactions involving a total gross floor area of about 5 million square meters with a total transaction value of about HK$41.6 billion, a rise of around 44% compared to HK$28.9 billion in corresponding period last year. During the period, the Group was an exclusive agent for around 430 projects with 362 of them contributed turnover to the Group during the period, as compared to 320 projects in the last corresponding period.

During the period under review, urbanisation in second- and third-tier cities has been accelerating with more comprehensive community facilities and transportation networks. These cities include Foshan, Zhongshan and Zhuhai in Guangdong Province, Hefei and Huainan in Anhui Province, Changsha and Xiangtan in Hunan Province, Xinyang and Xinxiang in Henan Province, as well as non-provincial capital cities in other provinces such as Jiangsu and Shandong. The Group has collaborated closely with major developers to promote large projects such as Evergrande Metropolis in Danyang, Rhine Town in Tianjin, Vanke Crystal City in Foshan and Gemdale Eton in Zhuhai to match the market demand. These projects have been well received in the market. The cooperation has not only enlarged the Group's market share in these areas, but has also reflected the high recognition by developers and customers of its professional service and strong sales capability.

Riding on the continuous growth of the PRC economy and the rises in the income level of Chinese citizens and their demand for better quality of life, developers have placed greater importance in initial project planning. During the period under review, the Group has provided comprehensive initial planning services to 75 projects from professional advice on location and market positioning to marketing strategies and sales support. The Group has made these services available to developers in more than 50 cities across the country. It also has more than 20 offices serving markets including Guangzhou, Shenzhen, Zhuhai, Dongguan, Foshan, Zhongshan, Tianjin, Shanghai, Beijing, Henan, Anhui, Jiangsu, Hubei, Hunan, Shandong, Shannxi, Guangxi, Guizhou and Yunnan Provinces. By geographical location, Guangzhou accounted for about 32% of the Group's total turnover from primary property real estate agency service business, while the percentage from outside Guangzhou accounted for 68%.

In view of the persistent rise of property prices in Mainland China, the introduction of austerity measures by the Central Government mainly targets overheated first-tier cities such as Shenzhen, Beijing and Shanghai. The Group has been focusing on the Guangzhou market, a first-tier city, which actually is self-use buyer market and has lower property prices than other first-tier cities such as Beijing and Shanghai, together with the Group's persistent high market share there, the effect of these measures on the primary property real estate agency service business has been minimal. Capturing an increasing number of agency contracts in the second- and third-tier cities, the management has taken the initiative to develop these regions many years ago. Apart from leveraging its knowledge of the local property market conditions, setting up branches and recruiting professionals, the Group has also strived to secure more exclusive agency contracts. This has helped the Group maintain growth in its primary property real estate agency service business.

Secondary Property Real Estate Agency Service

The austerity measures have had a relatively greater impact on the secondary property market. Due to most of the secondary property owners have changed to a wait-and-see attitude towards the property market and are more prudent in selling their properties, this has led to limited property supply in the market with the overall transaction volume of secondary properties affected accordingly.

With this decline in the transaction volume of secondary residential properties, the Group has shifted the focus of its services to lease and commercial projects which were less affected by the austerity measures. These services included trading and lease of offices and shops in order to increase commission income. On the other hand, the industry consolidation has also eliminated medium-to-small size property agencies which could not keep up with the pace of market development. The resulting consolidation has enabled the Group to enlarge its market share of the secondary property real estate agency services business and achieve satisfactory results. As at 30 June 2011, the Group handled approximately 22,400 secondary property transactions (2010: 19,500 transactions). Turnover from this segment increased by about 32% to approximately HK$246.8 million as compared to the last corresponding period. In response to the market development trends, the Group steadily expanded the number of branches and opened a total of 40 branches during the period under review. Currently, the Group has about 390 branches in operation.

In addition to providing property agency services, the Group was able to launch a wider range of value-added services including mortgage referral services, property valuations and property auctions. These services not only provide additional income sources to the Group, but also help to strengthen its brand image. The Group's mortgage referral business is fully developed. Through our comprehensive customer network, the Group was able to offer professional advice and referral services in relation to guaranteed mortgages along with the provision of secondary property real estate agency service to customers.

Property Management Service

The Group has provided property management services during the period under review to about 100 residential and commercial projects and shopping arcades in Guangzhou, Shanghai, Tianjin and Wuhan involving more than 120,000 units with a total gross floor area covering more than 10 million square meters. The property management services have generated a stable income and a large customer base for the Group, which would also support the Group's business development in the future.

PROSPECTS

Looking into the second half of the year, the Group believes the PRC market will be affected by the changes in the global economic environment and the Central Government will maintain its austerity measures to the property market. Nevertheless, with the vigorous Chinese economy and rising living standard of Chinese citizens, together with the rapid ongoing urbanisation, the Group remains positive about the long-term development prospects of the PRC property market.

For its primary property real estate agency service business, the Group intends to secure more exclusive agency contracts to ensure a stable income in the year ahead by leveraging its good reputation, abundant industry experience and expertise as well as its close partnership with major developers. The Group is providing agency services for a number of renowned developers and property projects including Vanke, Evergrande, Poly, Gemdale, Star River, Citic, Agile Property, KWG Property, New World China Land, Sun Hung Kai Properties, Favorview Palace and Asian Games City. At the same time, the Group is also striving to enhance its sales networks in second and third-tier cities to expand its geographical coverage and market share.

In the secondary property real estate agency service business, the Group plans to steadily expand the number of branches while closely monitoring market conditions. Meanwhile, it is enlisting more experienced sales professionals to bolster the Group's overall competitiveness so as to expand its business network and seize the secondary property market opportunity as it develops.

Moving forward, the Group is continuously striving to provide our clients with professional and superior property real estate agency and consulting services through its firm business foundation as well as a prudent and pragmatic business approach. At the same time, we plan to actively expand the Group's real estate-related value-added services businesses. We strongly believe with our brand, professionalism in service and strategic location of our business presence, the Group can optimise the upcoming opportunities in the market, bringing satisfactory returns to our shareholders.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee"), comprising the three existing independent non-executive directors, which has reviewed the unaudited interim results for the six months ended 30 June 2011 including the accounting, internal control and financial reporting issues.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, 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$290.8 million (31 December 2010: HK$396.5 million) and 3.88 (31 December 2010: 3.22) respectively. Total borrowings amounted to approximately HK$46.0 million which are secured bank borrowings (31 December 2010: approximately HK$40.2 million). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 3.80% (31 December 2010: 3.32%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 30 June 2011.

PLEDGE OF ASSETS

At 30 June 2011, the Group pledged its investment properties and leasehold land and buildings with an aggregate amount of approximately HK$80.3 million to banks to secure bank borrowings of the Group.

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 2011, the Group had approximately 12,420 full time employees. Around 8 staff were based in Hong Kong and the rest were employed in China. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

INTERIM DIVIDEND

On 16 August 2011, the board of Directors (the "Board") have resolved to declare an interim dividend of HK3.5 cents per share of the Company (the "Share(s)") for the six months ended 30 June 2011 (the "Interim Dividend") payable to shareholders of the Company whose names are on the register of members on 15 September 2011. It is expected that the dividend warrants will be posted on 3 October 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 September 2011 (Wednesday) to 15 September 2011 (Thursday), both days inclusive, during which period no transfer of Shares shall be effected. In order to be qualified for the Interim Dividend, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 12 September 2011 (Monday).

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

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not during the six months ended 30 June 2011 in compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules except the following deviation (Code Provision A.2.1):

Further Information About Chairman and Chief Executive Officer

Mr. Fu is the chairman of the Company and co-founder of the Company. Mr. Fu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company.

The Company has no such title as the chief executive officer and therefore 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 although there is no chief executive officer, 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.

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 2011 and they all confirmed that they have fully complied with the required standard set out in the Model Code.

By Order of the Board of Directors
FU Wai Chung
Chairman

Hong Kong, 16 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. FU Wai Chung, Ms. NG Wan, Ms. FU Man and Mr. LO Yat Fung and the independent non-executive directors are Mr. LAM King Pui, Mr. NG Keung and Mrs. WONG LAW Kwai Wah, Karen.