



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

2021 INTERIM REPORT



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 2021, together with comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	3,931,313	2,608,328
Other income		23,481	12,125
Selling expenses		(3,413,986)	(2,019,883)
Administrative expenses		(457,773)	(359,021)
Share of results of associates and a joint venture		3,966	4,004
Finance costs	4	(29,890)	(31,138)
Profit before tax		57,111	214,415
Income tax expense	5	(15,173)	(53,860)
Profit for the period	6	41,938	160,555
Other comprehensive income/(expense) for the period			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		21,665	(79,924)
Total comprehensive income for the period		63,603	80,631

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

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit for the period attributable to:			
— Owners of the Company		32,799	72,351
— Non-controlling interests		9,139	88,204
		41,938	160,555
Total comprehensive income for the period attributable to:			
— Owners of the Company		45,690	24,637
— Non-controlling interests		17,913	55,994
		63,603	80,631
Dividends	7	3,371	16,854
Earnings per share	8		
— Basic and diluted		HK4.87 cents	HK10.73 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
NON-CURRENT ASSETS			
Investment properties		125,445	133,405
Property, plant and equipment	9	260,974	259,585
Right-of-use assets	9	243,423	189,619
Goodwill	10	213,399	213,399
Interests in associates and a joint venture		27,676	26,606
Loan receivables		184,136	277,707
Deposits and other receivables		–	46,815
Deferred tax assets		19,202	21,871
		1,074,255	1,169,007
CURRENT ASSETS			
Accounts receivables	11	1,990,953	1,833,137
Loan receivables		657,584	453,099
Deposits, other receivables and prepayments		952,930	1,109,653
Amount due from a joint venture		16,675	16,576
Amount due from an associate		82	82
Financial assets at fair value through profit or loss ("FVTPL")	12	13,222	12,995
Bank balances and cash		2,973,056	2,877,029
		6,604,502	6,302,571
CURRENT LIABILITIES			
Payables and accruals	13	1,062,182	708,938
Contract liabilities		923,810	1,061,333
Lease liabilities		60,288	43,355
Tax liabilities		136,088	145,392
Bank and other borrowings		212,420	421,546
		2,394,788	2,380,564
NET CURRENT ASSETS		4,209,714	3,922,007
TOTAL ASSETS LESS CURRENT LIABILITIES		5,283,969	5,091,014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

At 30 June 2021

	Notes	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
CAPITAL AND RESERVES			
Share capital	14	6,741	6,741
Share premium and reserves		3,518,165	3,472,475
Equity attributable to owners of the Company		3,524,906	3,479,216
Non-controlling interests		1,351,626	1,333,713
TOTAL EQUITY		4,876,532	4,812,929
NON-CURRENT LIABILITIES			
Lease liabilities		177,838	138,394
Deferred tax liabilities		56,424	56,358
Other borrowings		173,175	83,333
		407,437	278,085
		5,283,969	5,091,014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory surplus 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 2020 (audited)	6,741	507,648	29,315	122,477	(121,031)	5,527	2,718,632	3,269,309	1,103,269	4,372,578
Other comprehensive expense for the period	-	-	-	-	(47,714)	-	-	(47,714)	(32,210)	(79,924)
Profit for the period	-	-	-	-	-	-	72,351	72,351	88,204	160,555
Total comprehensive (expense) income for the period	-	-	-	-	(47,714)	-	72,351	24,637	55,994	80,631
At 30 June 2020 (unaudited)	6,741	507,648	29,315	122,477	(168,745)	5,527	2,790,983	3,293,946	1,159,263	4,453,209
Other comprehensive income for the period	-	-	-	-	144,456	-	-	144,456	74,682	219,138
Profit for the period	-	-	-	-	-	-	111,600	111,600	94,218	205,818
Total comprehensive income for the period	-	-	-	-	144,456	-	111,600	256,056	168,900	424,956
Dividends recognised as distribution	-	(70,786)	-	-	-	-	-	(70,786)	-	(70,786)
Capital contributed from non-controlling interests	-	-	-	-	-	-	-	-	5,550	5,550
Transfer	-	-	-	10,221	-	-	(10,221)	-	-	-
At 31 December 2020 (audited)	6,741	436,862	29,315	132,698	(24,289)	5,527	2,892,362	3,479,216	1,333,713	4,812,929
Other comprehensive income for the period	-	-	-	-	12,891	-	-	12,891	8,774	21,665
Profit for the period	-	-	-	-	-	-	32,799	32,799	9,139	41,938
Total comprehensive income for the period	-	-	-	-	12,891	-	32,799	45,690	17,913	63,603
At 30 June 2021 (unaudited)	6,741	436,862	29,315	132,698	(11,398)	5,527	2,925,161	3,524,906	1,351,626	4,876,532

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash generated from operating activities	277,091	632,651
Net cash used in investing activities	(11,280)	(13,593)
Net cash used in financing activities	(184,362)	(222,413)
Net increase in cash and cash equivalents	81,449	396,645
Cash and cash equivalents at beginning of the period	2,877,029	2,163,397
Effect of foreign exchange rate changes	14,578	(46,420)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	2,973,056	2,513,622



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. 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 2021 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2020.

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 HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform-Phase 2
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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.

3. 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 (2020: 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 to property developers and secondary real estate services; 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 2021

3. 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Disaggregation of revenue		
Revenue from contracts with customers within the scope of HKFRS 15		
Agency commission	3,821,157	2,520,806
Revenue from other sources		
Finance income		
Interest income from loan receivables	79,396	64,104
Financial services income	30,760	23,418
	3,931,313	2,608,328

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Timing of revenue recognition		
At a point in time		
Agency commission	3,821,157	2,520,806
Financial services income	30,760	23,418
Over-time		
Interest income from loan receivables	79,396	64,104
	3,931,313	2,608,328

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

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

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

	Six months ended 30 June 2021 (unaudited)		
	Property real estate agency HK\$'000	Financial services HK\$'000	Total HK\$'000
The People's Republic of China ("PRC")	3,811,715	110,156	3,921,871
Australia	9,442	–	9,442
	3,821,157	110,156	3,931,313

	Six months ended 30 June 2020 (unaudited)		
	Property real estate agency HK\$'000	Financial services HK\$'000	Total HK\$'000
The PRC	2,519,051	87,522	2,606,573
Australia	1,755	–	1,755
	2,520,806	87,522	2,608,328

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

For the six months ended 30 June 2021

3. 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 2021 (unaudited)		
	Property real estate agency HK\$'000	Financial services HK\$'000	Total HK\$'000
Segment revenue	3,821,157	110,156	3,931,313
Segment profit	53,476	49,230	102,706
Other income			23,481
Central administrative costs			(43,152)
Share of results of associates and a joint venture			3,966
Finance costs			(29,890)
Profit before tax			57,111
Income tax expense			(15,173)
Profit for the period			41,938

	Six months ended 30 June 2020 (unaudited)		
	Property real estate agency HK\$'000	Financial services HK\$'000	Total HK\$'000
Segment revenue	2,520,806	87,522	2,608,328
Segment profit	229,728	38,771	268,499
Other income			12,125
Central administrative costs			(39,075)
Share of results of associates and a joint venture			4,004
Finance costs			(31,138)
Profit before tax			214,415
Income tax expense			(53,860)
Profit for the period			160,555

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 2021

4. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interests on:		
Bank and other borrowings	18,209	23,743
Lease liabilities	11,681	7,395
	29,890	31,138

5. INCOME TAX 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%.

Certain of the Group's subsidiaries operating in the PRC are required to pay the PRC income tax on a deemed profit basis at a predetermined tax rate of 2.5% (six months ended 30 June 2020: 2.5%) on turnover during the current period. The predetermined tax rate is agreed and determined between each PRC subsidiary and respective tax bureau of local government and is subject to annual review and renewal.

Under Australian tax law, the tax rate used for the period is 30% (six months ended 30 June 2020: 30%) on taxable profits on Australian incorporated entities. No tax provision has been made in the consolidated financial statements as there is no assessable profits arising in Australia for six months ended 30 June 2021 and 2020.

The provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

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 2021

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Salaries and other benefits	1,965,876	1,363,738
Retirement benefits scheme contributions	142,915	78,973
Employee costs	2,108,791	1,442,711
Depreciation charges		
Property, plant and equipment	28,492	32,263
Right-of-use assets	37,761	32,873
Impairment on accounts receivables	66,253	65,136
Bank interest income	6,063	10,967
Rental income net of direct expenses of HK\$784,000 (2020: HK\$745,000)	(7,542)	(5,947)
	(6,732)	(6,007)

7. DIVIDENDS

An interim dividend of HK0.5 cents per share in respect of the six months ended 30 June 2021 (2020: HK2.5 cents per share) was declared by the board of directors of the Company on 30 August 2021. This interim dividend, amounting to HK\$3,371,000 (2020: HK\$16,854,000), has not been recognised as a liability in these condensed consolidated financial statements. The interim dividend will be payable to shareholders whose names appear on the register of members of the Company on 24 September 2021.

A final dividend of HK2.5 cents per share in respect of the year ended 31 December 2020 (2019: HK8 cents per share in respect of the year ended 31 December 2019) were proposed and approved by the shareholders in the annual general meeting held on 25 June 2021 and was distributed on 30 July 2021.

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

For the six months ended 30 June 2021

8. EARNINGS PER SHARE

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

Earnings

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	32,799	72,351

Number of shares

	Six months ended 30 June	
	2021 '000 (unaudited)	2020 '000 (unaudited)
Number of ordinary shares in issue	674,150	674,150

There are no potential dilutive shares in issue during both periods ended 30 June 2021 and 2020.

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months period ended 30 June 2021, the Group had acquired property, plant and equipment amounting to approximately HK\$30,525,000.

During the six months period ended 30 June 2021, the Group entered into certain new lease agreements for the use of office premises for one to four years. The Group is required to make fixed monthly payment during the contract period. On lease commencement, the Group recognised HK\$89,779,000 of right-of-use assets and HK\$89,779,000 of lease liabilities.

10. GOODWILL

There are no movement in goodwill in current interim period.

Goodwill has been allocated to two (as at 31 December 2020: two) individual cash generating units ("CGUs"), comprising primary real estate agency services segment and real estate agency services segment in the PRC. During the six months ended 30 June 2021 and 2020, the directors of the Company determine that there is no impairment of the CGUs represented by the primary real estate agency services segment and real estate agency services segment.

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

For the six months ended 30 June 2021

11. ACCOUNTS RECEIVABLES

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

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Accounts receivables		
0–30 days	584,470	560,767
31–60 days	212,560	121,856
61–90 days	160,906	70,696
91–120 days	57,276	133,303
121–180 days	100,118	153,356
Over 180 days	875,623	793,159
	1,990,953	1,833,137

12. FINANCIAL ASSETS AT FVTPL

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Financial assets at FVTPL		
— Listed equity securities issued in the PRC	3,619	2,742
— Listed equity securities issued in Hong Kong	9,603	10,253
	13,222	12,995

13. PAYABLES AND ACCRUALS

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

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

For the six months ended 30 June 2021

14. SHARE CAPITAL

	Number of shares	Nominal Amounts HK\$'000
Ordinary shares of HK\$0.01 each Authorised: At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	8,000,000,000	80,000
Issued and fully paid: At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	674,149,989	6,741

15. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Non-controlling interests		
Revenue	4,144	3,319
Rental expense	–	3,093
Related parties of non-controlling interests (note b)		
Revenue	1,475,459	927,428
Rental expense	7,931	2,523
Building management fee	4,221	1,548

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

For the six months ended 30 June 2021

15. RELATED PARTY TRANSACTIONS (Cont'd)

The following balances were outstanding as at the end of reporting periods:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Non-controlling interests (note c)		
— trade in nature	6,778	7,693
— non-trade in nature	695	3,540
Related parties of non-controlling interests (notes b & c)		
— trade in nature	331,951	160,188
— non-trade in nature	252,608	445,095

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.
- (c) The amounts due are unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amounts are expected to be recovered within twelve months from the end of the reporting period.

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

For the six months ended 30 June 2021

16. 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 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within one year	83,132	131,879

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 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within one year	7,032	7,673
In the second to fifth year inclusive	6,638	5,928
Over five years	–	52
	13,670	13,653

BUSINESS REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

I. Market Review for the First Half of 2021

In the first half of 2021, as the COVID-19 pandemic in China remained under control, the economy was on a steady recovery path and the demand for properties continued to be released. At the same time, in comparison with the low base last year, the national real estate development investment and the sales area of commercial housings increased by 15% and 27.7% respectively. However, global liquidity and global inflation expectations have also intensified the property investment boom in parts of the country, and property prices in key cities significantly increased. With the emphasis on its policy stance such as “houses are for living, not for speculation” and “stabilizing land prices, housing prices and expectations”, the Central Government imposed notably stricter regulations and all areas introduced austerity measures on property transactions. Moreover, the financial measures, which are representative of the Government’s approach such as the “three red lines” policy, has had a lasting and far-reaching effect on the development of the industry. The Group has also promptly adjusted its business strategies and strived to keep pace with market changes in order to ensure the business competitiveness of the Company.

II. Business Review of the Group

For the six months ended 30 June 2021, the Group generated a turnover of HK\$3,931.3 million, approximately 51% higher than the same period last year (2020: HK\$2,608.3 million). Profit attributable to shareholders decreased by approximately 55% from the corresponding period last year to HK\$32.8 million (2020: HK\$72.4 million). Basic earnings per share were HK4.87 cents (2020: HK10.73 cents). The Board has declared the payment of an interim dividend per share of HK0.5 cents for the six months ended 30 June 2021 (2020: HK2.5 cents).

During the period, the Group recorded a turnover from its property real estate agency services business of HK\$3,821.2 million, accounting for 97% of its total turnover. Turnover from the financial services business was approximately HK\$110.1 million, accounting for 3% of the Group’s total turnover. By region, business in Guangzhou accounted for around 35% of the Group’s total turnover, while around 65% came from the business generated outside of Guangzhou. The Group’s total new home sales for the first half of 2021 amounted to approximately HK\$300.5 billion while total gross floor area sold was about 17.03 million square metres.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

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

Technology deployment underpins stable development of property real estate agency services business

In May and June 2021, COVID-19 outbreaks reappeared in many places in Guangdong Province, which had an impact on sales of regional markets and thus affected the Group's business performance. At the same time, in the face of increasingly intensified competition in the property real estate agency services industry, capitalizing on its nationwide business layout and applying real estate e-commerce sales platform, the business of the Group sustained a growth with an increase in the staff costs and distribution costs shown under the Group's sales and administrative expenses, resulting in a decrease in profit margin and profit attributable to shareholders as compared with the same period last year. Nevertheless, property prices remained stable and the rigid demand for housing in the market maintained healthy growth. The Group also kept pace with the events and put into place a long-term strategic layout before the pandemic. It appropriately deployed technology within the traditional property industry to ride the "PropTech" trend. One of the notable examples was the use of its home-buying platform "AI house tour" in the promotion of housing units to attract different types of customers through online live viewing of flats and virtual reality (VR) viewing technologies. Next, the Group will continue to focus on advancing its digital marketing business and, based on traditional marketing and channel sales, realizing online property marketing in the aspects of customer prospecting and acquisition, consultation and at sales site. In this way, it can further expand its business scale and efficiently facilitate the close of transactions, thereby enhancing its operating efficiency. For the six months ended 30 June 2021, turnover of the Group's property real estate agency services business amounted to HK\$3,821.2 million, approximately 52% higher than the same period last year (2020: HK\$2,520.8 million). Currently, the property real estate agency services business of Hopefluent covers more than 200 cities in China and the Group was the agent for more than 1,800 projects. Around 330 branches were engaged in running the secondary property real estate agency services business.

Financial services business enters harvest period delivered by appropriate strategy

The Group consistently focuses on providing targeted property financial services and products to property enterprises and high net worth individuals with strong investment and financing demand. In this regard, it has adopted prudent review procedures to screen qualified customers, providing them with superior asset management services. As a result, the performance of the Group's financial services business remained satisfactory despite the continued tough market environment. During the period under review, total transaction value of the Group's financial services business amounted to HK\$1.6 billion. Turnover was approximately HK\$110.1 million, a growth of approximately 26% when compared with the same period last year (2020: HK\$87.5 million). Under the influence of the "third-lines and fourth-tiers" financing management rules and the real estate loan centralized management system, the financing channels of interest-bearing liabilities of real estate companies have been restricted to a certain extent. Meanwhile, the Group has adopted a prudent operational strategy considering the actual market needs, thereby assuring steady development of its financial and asset management business. In the future, the Group will explore more aspects of financial services businesses, select more high-quality projects for cooperation and create more personalized products in order to build its core competitiveness and create better returns on investment.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

III. Prospects for the Second Half of 2021

With new outbreaks in the ongoing COVID-19 pandemic and the uncertainties brought by other domestic and foreign factors to the business environment, in particular, the impact from the promotion and advocacy of “houses are for living, not for speculation” and the restrictions on housing prices in the mainland property market, it is believed that the property industry will undergo strategic adjustments. Besides, the market demand and the implementation of the “three-child” policy will also influence the trends of the property market. Hence, the Group will actively keep pace with policy changes, adjust its strategy and business development layout in a timely manner, strive to more aggressively penetrate key cities in the country with strong business development potentials, and continue to promote the digitalization of property real estate agency services. Meanwhile, it will also optimize multiple aspects of the financial services business, further raise the proportion of financial and asset management businesses within the overall business of the Group, aiming to bring growth momentum to its business and continuously consolidate its position as a leading enterprise.

“Applying essential parts of extensive knowledge acquired to achieve goals. Accumulating strengths to prepare to seize the right emerging opportunities”. The Group will continue to adhere to a pragmatic and conscientious approach to pursue better results and strengthen its business, while maintaining safe and sound financial management and control procedures to enhance overall operating efficiency, so as to face the competition in the industry and address the challenges posed by the uncertain external environment. With its strong business foundation and good long-term relationships with major developers, the Group believes it can capture industry opportunities in a timely manner and steadily expand by leveraging its advantages in the Guangdong-Hong Kong-Macao Greater Bay Area in order to generate enduring and sustainable returns for shareholders.

AUDIT COMMITTEE

The Company established an audit committee, comprising the three existing independent non-executive directors, which has reviewed the unaudited interim results for the six months ended 30 June 2021 and this report including the accounting, internal control and financial reporting issues.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, 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\$2,973.1 million (31 December 2020: HK\$2,877.0 million) and 2.70 (31 December 2020: 2.65) respectively. Total borrowing amounted to approximately HK\$386 million which are bank loan and other borrowings (31 December 2020: approximately HK\$505 million which are secured bank loan and other borrowings). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 5.0% (31 December 2020: 6.8%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 30 June 2021.



PLEDGE OF ASSETS

As at 30 June 2021, the Group did not pledge its assets to secure bank and other borrowings (31 December 2020: the Group pledged its investment properties with an aggregate amount of approximately HK\$12 million to secure bank borrowings).

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 2021, the Group had approximately 22,500 full time employees. Around 11 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 30 August 2021, the board of Directors (the "Board") have resolved to declare an interim dividend of HK0.5 cents per share of the Company (the "Share(s)") for the six months ended 30 June 2021 (the "Interim Dividend") payable to shareholders of the Company whose names are on the register of members on 24 September 2021. It is expected that the Interim Dividend will be paid on 13 October 2021.

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 2021, the interests of the directors, chief executives and their associates in the share capital 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:

(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 name	Ordinary shares interests held by controlled corporation/trust	Underlying shares (under equity derivatives of the Company)		
Director					
Mr. Fu Wai Chung ("Mr. Fu")	28,024,334	304,947,139 (Note 1)	-	332,971,473	49.39%
Mr. Fu Ear Ly	-	78,319,938 (Note 2)	-	78,319,938	11.62%
Ms. Ng Wan	7,398,334	-	-	7,398,334	1.10%
Mr. Mo Tianquan (Note 4)	-	33,565,687 (Note 3)	-	33,565,687	4.98%

Notes:

- (1) 174,184,799 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.. Ms. Ng Wan is a non-executive Director and the spouse of Mr. Fu. Ms. Fu Man is an executive Director and the sister of Mr. Fu.
- (2) These 78,319,938 shares are registered in the name of 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.
- (3) These Shares are held by Fang Holdings Limited (formerly known as SouFun Holdings Limited) an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the New York Stock Exchange. Next Decade Investments Limited and Media Partner Technology Limited are its controlling shareholders. The shares of Next Decade Investments Limited and Media Partner Technology Limited are held in discretionary trust. The trustees are Caldstone Enterprises Limited, Seletar Limited and Serangoon Limited. The founder of the trust is Mr. Mo Tianquan.
- (4) Mr. Mo Tianquan has resigned as a non-executive director of the Company with effect from 9 July 2021. Details of which have been disclosed in the announcement dated 8 July 2021.

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

Name of director	Number of shares interested	Percentage of shareholding
Fu Wai Chung	70	70%

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

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

Share Options

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

Save as disclosed above, as at 30 June 2021, 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.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At the annual general meeting held on 6 June 2014 ("2014 annual general meeting") the Company had adopted a new share option scheme (the "Scheme") to replace the old scheme. Under the 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 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 2014 annual general meeting and subject to renewal with shareholders' approval.

During the period, no share options were granted, cancelled, exercised or lapsed.

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the directors and chief executives of the Company or their associates to acquire benefits by means of the acquisition of shares and/or debt securities, including 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 2021, 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 have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Number of shares interested	Percentage of shareholding
Mr. Fu (Note 1)	340,369,807	50.49%
Fu's Family Limited (Note 2)	174,184,799	25.84%
China-net Holding Ltd. (Note 1)	130,762,340	19.40%
Mr. Fu Ear Ly (Note 3)	78,319,938	11.62%
Intelligent Youth Limited (Note 3)	78,319,938	11.62%

Notes:

- 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 174,184,799 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, who is also a director of the Company. 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.. Ms. Ng Wan is a non-executive Director and the spouse of Mr. Fu. Ms. Fu Man is an executive Director and the sister of Mr. Fu.
- These 174,184,799 shares are registered in the name of Fu's Family Limited, the entire issued share capital of which is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan and 15% by Ms. Fu Man. Under the SFO, Mr. Fu is deemed to be interested in all the shares registered in the name of Fu's Family Limited.
- Under the SFO, Mr. Fu Ear Ly is deemed to be interested in the shares held by Intelligent Youth Limited which is wholly-owned by himself. He is the son of Mr. Fu and Ms. Ng Wan, and the nephew of Ms. Fu Man.

All the interests in shares stated above represent long position.

Save as disclosed above, as at 30 June 2021, 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.



CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 September 2021 (Thursday) to 24 September 2021 (Friday), 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 21 September 2021 (Tuesday).

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 2021, the Company has complied with the code provisions set out in the Corporate Governance 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 A.2.1 and F.1.1):

Chairman and Chief Executive Officer

Mr. Fu Wai Chung ("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.

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.

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 2021 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
FU Wai Chung
Chairman

Hong Kong, 30 August 2021

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