



2015

Interim Report

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





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 2015, together with comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015



	Notes	Six months ended 30 June	
		2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Turnover	3	1,351,951	1,198,306
Other income		3,229	8,007
Selling expenses		(966,215)	(859,045)
Administrative expenses		(256,774)	(216,173)
Share of loss of an associate		(105)	(2,585)
Finance costs	4	(23,051)	(22,516)
Profit before tax		109,035	105,994
Income tax expense	5	(33,798)	(37,391)
Profit for the period	6	75,237	68,603
Attributable to:			
— Owners of the Company		73,208	64,614
— Non-controlling interests		2,029	3,989
		75,237	68,603
Dividends	7	16,700	5,237
Earnings per share	8		
— Basic		HK11.11 cents	HK12.65 cents
— Diluted		HK11.11 cents	HK12.64 cents



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Profit for the period	75,237	68,603
Other comprehensive income (expense) for the period		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences arising on translation	4,144	(10,185)
Total comprehensive income for the period	79,381	58,418
Total comprehensive income attributable to:		
— Owners of the Company	77,256	55,134
— Non-controlling interests	2,125	3,284
	79,381	58,418

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	30 June 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
NON-CURRENT ASSETS			
Investment properties		72,000	72,000
Property, plant and equipment	9	225,798	215,840
Goodwill		16,178	16,178
Interest in an associate		127,564	127,669
		441,540	431,687
CURRENT ASSETS			
Accounts receivables	10	1,087,383	994,766
Loan receivables		245,274	229,022
Other receivables and prepayments		87,108	77,998
Held for trading investments		37,002	5,006
Bank balances and cash		1,007,522	1,100,401
		2,464,289	2,407,193
CURRENT LIABILITIES			
Payables and accruals	11	193,070	246,806
Tax liabilities		140,754	116,578
Bank borrowings		51,965	51,572
Convertible notes	12	187,995	202,372
		573,784	617,328
NET CURRENT ASSETS		1,890,505	1,789,865
TOTAL ASSETS LESS CURRENT LIABILITIES		2,332,045	2,221,552
CAPITAL AND RESERVES			
Share capital	13	6,680	6,567
Share premium and reserves		2,246,433	2,138,310
Equity attributable to owners of the Company		2,253,113	2,144,877
Non-controlling interests		22,497	20,372
TOTAL EQUITY		2,275,610	2,165,249
NON-CURRENT LIABILITY			
Deferred tax liabilities		56,435	56,303
		2,332,045	2,221,552

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Convertible notes equity reserve HK\$'000	Special reserve HK\$'000	Statutory surplus reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2014 (audited)	5,010	377,447	38,242	5,760	68,197	151,453	10,104	11,649	905,874	1,573,736	40,958	1,614,694
Other comprehensive expense for the period	-	-	-	-	-	(9,480)	-	-	-	(9,480)	(705)	(10,185)
Profit for the period	-	-	-	-	-	-	-	-	64,614	64,614	3,989	68,603
Total comprehensive (expense) income for the period	-	-	-	-	-	(9,480)	-	-	64,614	55,134	3,284	58,418
Shares issued due to conversion of convertible notes by a noteholder	213	57,432	(7,282)	-	-	-	-	-	-	50,363	-	50,363
Exercise of share options	14	4,412	-	-	-	-	(927)	-	-	3,499	-	3,499
At 30 June 2014 (unaudited)	5,237	439,291	30,960	5,760	68,197	141,973	9,177	11,649	970,488	1,682,732	44,242	1,726,974
Other comprehensive income for the period	-	-	-	-	-	1,198	-	-	-	1,198	517	1,715
Profit for the period	-	-	-	-	-	-	-	-	82,507	82,507	1,035	83,542
Total comprehensive income for the period	-	-	-	-	-	1,198	-	-	82,507	83,705	1,552	85,257
Dividends recognised as distribution	-	(26,185)	-	-	-	-	-	-	-	(26,185)	-	(26,185)
Issue of new ordinary shares	1,330	397,670	-	-	-	-	-	-	-	399,000	-	399,000
Expenses incurred in connection with issue of new shares	-	(1,550)	-	-	-	-	-	-	-	(1,550)	-	(1,550)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	1,537	1,537	(25,422)	(23,885)
Release upon disposal of investment properties	-	-	-	-	-	-	-	(6,122)	11,760	5,638	-	5,638
Transfer upon forfeiture of share options granted by the Company	-	-	-	-	-	-	(1,487)	-	1,487	-	-	-
Transfer	-	-	-	-	8,311	-	-	-	(8,311)	-	-	-
At 31 December 2014 (audited)	6,567	809,226	30,960	5,760	76,508	143,171	7,690	5,527	1,059,468	2,144,877	20,372	2,165,249
Other comprehensive income for the period	-	-	-	-	-	4,048	-	-	-	4,048	96	4,144
Profit for the period	-	-	-	-	-	-	-	-	73,208	73,208	2,029	75,237
Total comprehensive income for the period	-	-	-	-	-	4,048	-	-	73,208	77,256	2,125	79,381
Shares issued due to conversion of convertible notes by a noteholder	109	34,161	(4,350)	-	-	-	-	-	-	29,920	-	29,920
Exercise of share options	4	1,335	-	-	-	-	(279)	-	-	1,060	-	1,060
At 30 June 2015 (unaudited)	6,680	844,722	26,610	5,760	76,508	147,219	7,411	5,527	1,132,676	2,253,113	22,497	2,275,610



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Net cash (used in) from operating activities	(40,415)	59,786
Net cash used in investing activities	(48,727)	(10,119)
Net cash used in financing activities	(5,547)	(52,560)
Net decrease in cash and cash equivalents	(94,689)	(2,893)
Cash and cash equivalents at beginning of the period	1,100,401	546,080
Effect of foreign exchange rate changes	1,810	(3,043)
Cash and cash equivalents at end of the period, represented by bank balances and cash	1,007,522	540,144

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 (the "Listing Rules").

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, 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 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements of HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements of HKFRSs 2011–2013 Cycle

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

3. 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 is organised 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. Primary property real estate agency is the provision of first hand real estate services to property developers. Secondary property real estate agency is the provision of secondary real estate services, mortgage referral and loan financing services to individuals or companies. Property management is the provision of building management services to property owners.

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

	Six months ended 30 June 2015			
	Primary property real estate agency HK\$'000	Secondary property real estate agency HK\$'000	Property management HK\$'000	Total HK\$'000
Segment revenue	855,844	344,459	151,648	1,351,951
Segment profit (loss)	137,179	(5,049)	10,083	142,213
Other income				3,229
Central administrative costs				(13,251)
Share of loss of an associate				(105)
Finance costs				(23,051)
Profit before tax				109,035
Income tax expense				(33,798)
Profit for the period				75,237

	Six months ended 30 June 2014			
	Primary property real estate agency HK\$'000	Secondary property real estate agency HK\$'000	Property management HK\$'000	Total HK\$'000
Segment revenue	783,688	292,478	122,140	1,198,306
Segment profit (loss)	136,127	(3,104)	3,651	136,674
Other income				8,007
Central administrative costs				(13,586)
Share of loss of an associate				(2,585)
Finance costs				(22,516)
Profit before tax				105,994
Income tax expense				(37,391)
Profit for the period				68,603

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of other income, central administrative costs including directors' emoluments, share of loss of an associate and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

4. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on:		
Bank loans wholly repayable within five years	2,645	1,488
Effective interest of convertible notes	20,406	21,028
	23,051	22,516

5. INCOME TAX EXPENSE

The tax charges for both periods represent the People's Republic of China (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% to 3.25% (six months ended 30 June 2014: 2.5% to 7.25%) 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.

No tax is payable on the profit for the period arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward for current period. No provision for Hong Kong Profits Tax had been made in prior period in the consolidated financial statements as the Group had no assessable profits in Hong Kong in prior period.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	25,097	30,699
Impairment on accounts receivables	1,676	4,789
Bank interest income	(2,311)	(1,125)
Net rental income in respect of premises, net of negligible outgoings	(2,225)	(2,173)

7. DIVIDENDS

On 26 August 2015, the Directors have resolved to declare an interim dividend of HK2.5 cents per share for the six months ended 30 June 2015. The interim dividend will be payable to shareholders whose names appear on the register of members of the Company on 24 September 2015.

An interim dividend of HK1 cent per share was paid for the six months ended 30 June 2014.

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

	2015 HK\$'000	2014 HK\$'000
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	73,208	64,614

Number of shares

	2015 '000	2014 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	659,051	510,631
Effect of dilutive potential ordinary shares — Share options	—	511
Weighted average number of ordinary shares for the purpose of diluted earnings per share	659,051	511,142

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of the Company's share options was higher than the average market price of shares for the six months ended 30 June 2015.

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in an increase in earnings per share for the six months ended 30 June 2015.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group spent approximately HK\$34.8 million, mainly on leasehold improvement, equipment of offices and branches and vehicles.

10. ACCOUNTS RECEIVABLES

The Group allows an average credit period ranging from 30 to 120 days to its customers. The aged 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:

	2015 HK\$'000	2014 HK\$'000
Accounts receivables		
0–30 days	341,158	361,895
31–60 days	298,427	207,304
61–90 days	183,700	153,966
91–120 days	126,028	176,771
More than 120 days	138,070	94,830
	1,087,383	994,766

11. PAYABLES AND ACCRUALS

The payables and accruals mainly comprise deposits received, receipts in advance, accrued salary and other sundry creditors.

12. CONVERTIBLE NOTES

On 29 August 2012, a subsidiary of the Company, having Hong Kong dollar as its functional currency, issued Hong Kong dollar denominated convertible notes with an aggregate principal amount of HK\$218,400,000 due in 2015 bearing interest at the rate of 2.695% per 6-month period payable in arrear. Each note entitles the holder to convert to one ordinary share of the Company at a conversion price of HK\$2.40 per share (subject to anti-dilutive adjustments). During the period, an aggregate principal amount of convertible notes of HK\$24,000,000 were converted into ordinary shares at HK\$2.2057 per share, resulting in the issue of 10,880,899 ordinary shares. During the year ended 31 December 2014, an aggregate principal amount of convertible notes of HK\$48,000,000 were converted into ordinary shares at HK\$2.2454 per share, resulting in the issue of 21,377,037 ordinary shares.

The convertible notes contain two components, including debt and conversion option (details of the terms are set out in the announcement dated 1 August 2012). The conversion option component, which will be settled by the exchange of a fixed amount of cash in Hong Kong dollar for a fixed number of the Company's shares, is presented in equity heading "convertible notes equity reserve". The effective interest rate of the debt component is 22.38% per annum.

	HK\$'000
Proceeds of issue	218,400
Debt component at date of issue	(180,158)
Equity component	38,242

Movement of convertible notes is as follows:

	Debt Component HK\$'000
At 1 January 2014	222,788
Interest charge calculated at an effective rate of 22.38%	40,772
Interest paid	(10,825)
Conversion during the year	(50,363)
At 31 December 2014	202,372
Interest charge calculated at an effective rate of 22.38%	20,406
Interest paid	(4,863)
Conversion during the period	(29,920)
At 30 June 2015	187,995

Movement of equity component is as follows:

	Equity Component HK\$'000
At 1 January 2014	38,242
Conversion during the year	(7,282)
At 30 June 2014 and 31 December 2014	30,960
Conversion during the period	(4,350)
At 30 June 2015	26,610

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each Authorised: At 1 January 2014, 31 December 2014 and 30 June 2015	8,000,000,000	80,000
Issued and fully paid:		
At 1 January 2014	500,952,872	5,010
Exercise of share options	1,372,000	14
Shares issued due to conversion of convertible notes by a noteholder	21,377,037	213
Issue of new ordinary shares	133,000,000	1,330
At 31 December 2014	656,701,909	6,567
Exercise of share options	416,000	4
Shares issued due to conversion of convertible notes by a noteholder	10,880,899	109
At 30 June 2015	667,998,808	6,680

14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2015 HK\$'000	31 December 2014 HK\$'000		
Equity securities listed in the PRC classified as held for trading investments	29,344	–	Level 1	Quoted bid prices in an active market
Equity securities listed in Hong Kong classified as held for trading investments	7,658	5,006	Level 1	Quoted bid prices in an active market

The directors of the Company consider that the carrying amounts of the Group's financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their corresponding fair values.



BUSINESS REVIEW

According to the National Bureau of Statistics, the sales amount of commodity housing grew by 10% year-on-year to RMB3,430 billion during the period under review. This was mainly attributable to a series of new policies on the property industry and easing monetary policy implemented by the Central Government, including the cancellation of home-purchase restrictions and several rounds of reduction in interest rate and required reserve ratio. These policies have not only revitalised the property market and the confidence of buyers, but have also stimulated the notable increase in price and transaction volume of properties, the property market has gradually improved in the first half of 2015.

The Group has actively sought to extend its scope for development in the market while keeping abreast of the market and overall environment changes as well as adjusting business strategies flexibly so as to sustain the steady development of its core business. For the six months ended 30 June 2015, the Group has recorded a turnover of HK\$1,351.9 million, up by 12.8% as compared to corresponding period last year (2014: HK\$1,198.3 million). Profit attributable to shareholders was HK\$73.2 million, up by 13.3% as compared to corresponding period last year (2014: HK\$64.6 million). Basic earnings per share were HK11.11 cents (2014: HK12.65 cents).

The primary and secondary property real estate agency service businesses of the Group registered a turnover of HK\$855.8 million and HK\$344.5 million respectively, accounting for 63% and 26% of the total turnover. The remaining 11% or HK\$151.6 million was derived from the property management business and other businesses. By geographic location, Guangzhou contributed about 55% of the Group's total turnover while around 45% came from outside Guangzhou.

Primary Property Real Estate Agency Services

At the beginning of the year, the goals of maintaining the stable development in the property market was clearly conveyed at the "Two Sessions" of the Chinese People's Political Consultative Conference and the National People's Congress earlier this year. The Central Government as well as local governments have also launched a number of stimulus measures to improve the market environment and drive rigid demand in the property sector, leading to a substantial increase in the transaction volume of various types of housing. Although the collection of the Group's agency commission during the period was slower than in the past due to various factors, it was able to maintain stable growth in its primary property real estate agency services due to matching up of the developers' marketing strategies and the Group's extensive experience in the business.

For the six months ended 30 June 2015, the Group handled approximately 79,000 primary property transactions involving a total gross floor area of about 8.70 million square meters with a total transaction value of approximately HK\$91.0 billion, a rise of about 13% compared to HK\$80.3 billion during the corresponding period last year. The Group was the agent for over 850 projects with 790 of them contributing turnover during the period, as compared to 700 projects during the corresponding period last year.

The Group's market share has been growing over the past few years. In fact, the Group's target has been extending its business coverage nationwide in order to enlarge its business territory. Currently, the Group's business network covers more than 150 cities in China. Business performance in core cities such as Guangzhou, Shenzhen, Foshan, Dongguan and Hefei has been satisfactory and the Group has maintained its leadership position in these cities. It has also actively expanded into second- and third-tier cities including Nanjing, Zhengzhou, Jinan, Guiyang, Nanning, Zhongshan and Zhuhai to capture higher market share. By geographic location, Guangzhou contributed 43% of the Group's total turnover from the primary real estate agency business while 57% came from outside Guangzhou.

During the period under review, the Group has worked closely with major developers to launch a number of new property projects and has achieved a satisfactory sales performance. Highlights of these projects include Vanke Donghui Town, The Bayview by Kingold Group, Agile Cambridgeshire, Citic Lake, R&F Dongshan Xintiandi and Star River Peninsula in Guangzhou; Times King City in Foshan, Hefei Evergrande Central Square, Dongguan Poly Mansion and Henan Evergrande Metropolis. This extensive portfolio clearly demonstrates the recognition and trust from a wide range of developers in the Group's outstanding sales capability and professional property real estate agency services.

The booming development of the "Internet+" in China has increasingly facilitated the integration of traditional property services and mobile Internet technology, which offers a competitive advantage during the process of purchase and sale of properties. The Group's "iHouseKing" (www.ihk.cn) features WeChat smart flat searching, selling and payment functions and value-added services. This operation mode has combined online and offline property sales services, which has been well received and recognised by the market. The innovative business model of "iHouseKing" has not only benefitted the marketing of the Group's primary property real estate agency services, but also facilitated its business diversification as well as property sales, thereby generating promising income for the Group.

Secondary Property Real Estate Agency Services, Mortgage Referral and Financial Service Related Businesses

In the first half of the year, the Central Government has introduced new policies such as reduction of down payment for second properties, change of property ownership from five years to two years for eligibility for business tax exemption was welcomed by the market. The market in general believes that these measures could lead to the stock of secondary properties in the first-tier cities be released to the market again and boost the consumption sentiment of the home buyers looking for better housing and further spur housing demand, thus driving the secondary property real estate agency service market. The Group's secondary property real estate agency business recorded a good performance in the first half of the year with turnover increasing to approximately HK\$326.5 million from the same period last year (2014: HK\$271.5 million). During the period, the Group handled approximately 20,700 secondary property transactions (2014: 18,400).

In addition to providing property agency services, the Group also offers other property-related value-added services to customers including mortgage referral, loan financing services, property valuation and property auction. Operating income from mortgage referral and loan financing services amounted to approximately HK\$18 million.



Property Management Services

Property management services have generated both a stable income and an extensive customer base for the Group during the period, which has also reinforced its brand image. During the period under review, the Group provided property management services to approximately 200 residential, office and commercial properties in Guangzhou, Shanghai, Tianjin and Wuhan, involving more than 300,000 units covering a total gross floor area of more than 30 million square meters. Starting from 2013, the Group has launched a mobile Internet platform for property management services in a number of communities, which has gained widespread support and it is believed that this will be beneficial to the long-term development of the Group's property management services.

Prospects

The Group remains optimistic about the development of the property market in the second half of 2015, because as expected by the market, more policies that are favourable to the property market will be launched by the Central Government, including reduction in interest rate and required reserve ratio in the financial sector which will benefit the ongoing development of the property market. The relatively relaxed monetary policy enables potential home buyers with sufficient capital to purchase properties, which will ultimately benefit the industry as well. Besides, the property market will be supported by rigid demand in the second half of the year, which is believed to bring along business opportunities to the Group.

With a solid foundation, Hopefluent will continue to provide the quality primary and secondary real estate agency services for customers for which it is renowned. Currently, the Group has established close partnerships with more than 200 renowned developers including Vanke, Evergrande, Poly, Gemdale, China Resources Property, Citic, Kingold, China Merchants Property Development, R&F Properties, Agile Property, KWG Property, Star River, Guangzhou Pearl River Industrial and Sun Hung Kai Properties. In the future, the Group will strive to secure more agency projects for top quality properties in order to expand its market share.

The Chinese property industry has entered the "Internet+" era. To keep abreast with the times, the offline business of the property agency industry has gradually integrated with online operation. The Group has anticipated this trend by further developing its "iHouseKing" website into a highly efficient platform in order to consolidate its leading presence in the property industry with the "Internet+" operating mode, thus achieving a thorough integration of its online and offline operations. In addition, the operation of the Internet point-to-point property financial service successfully developed by the Group is now at the initial stage, the management has confidence that this can expand its business reach and customer base, and ultimately increase its income streams.

The Group's trustworthy brand, quality service and strong sales capability lay a solid foundation for its long-term development. In addition, the Group has continued to optimise its business model and strategic business deployment, as it leverages the rich experience that it has accumulated over the years in the domestic primary and secondary real estate agency services industry. With all these, the Group is very confident in capturing more projects with strong potential in the future, eventually generating sustainable returns for its shareholders.

AUDIT COMMITTEE

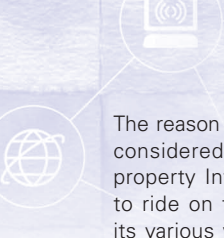
The Company established an audit committee, comprising the three existing independent non-executive directors, which has reviewed the unaudited interim results for the six months ended 30 June 2015 including the accounting, internal control and financial reporting issues.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, 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\$1,007.5 million (31 December 2014: HK\$1,100.4 million) and 4.29 (31 December 2014: 3.90) respectively. Total borrowing amounted to HK\$198.4 million which are secured bank borrowings and convertible notes (31 December 2014: approximately HK\$222.0 million which are secured bank borrowings and convertible notes). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 6.83% (31 December 2014: 7.82%). The Group's secured bank borrowings and convertible notes are denominated in Renminbi and Hong Kong dollars respectively. The Group had no material contingent liabilities as at 30 June 2015.

On 12 November 2014, 42,000,000 ordinary shares (with an aggregate nominal value of HK\$420,000) and 91,000,000 ordinary shares (with an aggregate nominal value of HK\$910,000) of the Company (the "Share(s)") were issued to China-net Holding Ltd. ("China-net") and SouFun Holdings Limited ("SouFun") respectively at a subscription price of HK\$3.00 per Share in accordance with the respective subscription agreements dated 12 September 2014 (the "Subscription Agreements"). The subscription price of HK\$3.00 per Share represented: (i) a premium of approximately 14.07% to the closing price of HK\$2.63 per Share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 September 2014, being the date on which the terms of the subscription were fixed and the Subscription Agreements were signed; (ii) a premium of approximately 15.83% to the average closing price of approximately HK\$2.59 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 September 2014; and (iii) a premium of approximately 16.73% to the average closing price of approximately HK\$2.57 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 12 September 2014. The net subscription price for the subscription was approximately HK\$2.97 per Share.

The net proceeds of the above subscription was approximately HK\$395,000,000. As at 30 June 2015, approximately HK\$60,000,000 of the net proceeds had been utilised to conduct real estate financial and Internet financial services business and approximately HK\$35,000,000 as general working capital of the Group. As previously disclosed, the remaining proceeds of approximately HK\$300,000,000 will be utilised to conduct the said financial services business and as general working capital.



The reason for entering into the subscription agreement with SouFun was that the Company considered SouFun an ideal partner for cooperation in order to reinforce its real estate property Internet business through linking up with a top real estate website to enable it to ride on the e-commerce competitive edge, broaden the customer base and improve its various value added services. The reason for entering into the subscription agreement with China-net, which was one of the conditions precedent to the completion of SouFun's subscription agreement, was to enable the condition that the existing controlling shareholder of the Company would continue to hold not less than 30% of the issued share capital of the Company on a fully diluted basis be met.

Details of the above can be found in the announcements of the Company dated 10 July 2014, 12 August 2014, 12 September 2014 and 31 October 2014 and the circular dated 7 October 2014.

CONVERTIBLE NOTES

In August 2012, a subsidiary of the Company issued 5.39% exchangeable bonds in an aggregate principal amount of HK\$218,400,000 due 2015. During the period, an aggregate principal amount of exchangeable bonds of HK\$24,000,000 were converted into ordinary shares at HK\$2.2057 per share, resulting in the issue of 10,880,899 ordinary shares.

PLEDGE OF ASSETS

As at 30 June 2015, the Group pledged its investment properties and, leasehold land and buildings with an aggregate amount of approximately HK\$42 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 2015, the Group had approximately 16,000 full time employees. Around 10 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.

Apart from those set out above, the current information in other management discussion and analysis has not changed materially from those information disclosed in the last published 2014 annual report.

INTERIM DIVIDEND

On 26 August 2015, the board of Directors (the "Board") have resolved to declare an interim dividend of HK2.5 cents per share of the Company (the "Share(s)") for the six months ended 30 June 2015 (the "Interim Dividend") payable to shareholders of the Company whose names are on the register of members on 24 September 2015. It is expected that the Interim Dividend will be paid on 15 October 2015.

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 2015, 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) (Note 2)		
Director					
Mr. Fu Wai Chung ("Mr. Fu")	11,036,334	219,184,799 (Note 1)	-	230,221,133	34.46%
Ms. Ng Wan	832,334	-	-	832,334	0.12%
Ms. Fu Man	-	-	3,984,000	3,984,000	0.60%
Mr. Lo Yat Fung	-	-	3,920,000	3,920,000	0.59%
Mr. Lam King Pui	-	-	296,000	296,000	0.04%
Mr. Mo Tianquan	-	111,935,037 (Note 3)	-	111,935,037	16.76%

Notes:

- (1) These 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. The remaining 45,000,000 shares are registered in the name of China-net Holding Ltd. which is wholly-owned by Mr. Fu.
- (2) Details of share options held by directors are shown in the section of "Share Options".
- (3) These shares are held by SouFun Holdings Limited as registered holder of shares. Caldstone Enterprises Limited, Seletar Limited and Serangoon Limited are trustees. Next Decade Investments Limited and Media Partner Technology Limited are controlling shareholders of SouFun Holdings Limited. Mr. Mo Tianquan is the founder of the trust who is deemed to be interested in these shares.

(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

On 24 June 2004, the Company adopted a share option scheme (the "Old Scheme").

Movements of the share options during the six months ended 30 June 2015 were as follows:

	Number of share options					Date of grant	Exercise period	Exercise price per share HK\$	Closing price of share immediate before date of grant HK\$
	As at 1 January 2015	Granted during the period	Lapsed/ Cancelled during the period	Exercised during the period	As at 30 June 2015				
Directors									
Mr. Fu Wai Chung	-	-	-	-	-	2 July 2013	15 July 2013 to 31 December 2016	2.55	2.48
Ms. Ng Wan	-	-	-	-	-	2 July 2013	15 July 2013 to 31 December 2016	2.55	2.48
Ms. Fu Man	4,400,000	-	-	(416,000)	3,984,000	2 July 2013	15 July 2013 to 31 December 2016	2.55	2.48
Mr. Lo Yat Fung	3,920,000	-	-	-	3,920,000	2 July 2013	15 July 2013 to 31 December 2016	2.55	2.48
Mr. Lam King Pui	296,000	-	-	-	296,000	2 July 2013	15 July 2013 to 31 December 2016	2.55	2.48
Mr. Ng Keung	-	-	-	-	-	2 July 2013	15 July 2013 to 31 December 2016	2.55	2.48
Mrs. Wong Law Kwai Wah, Karen	-	-	-	-	-	2 July 2013	15 July 2013 to 31 December 2016	2.55	2.48
Others									
Employees	2,856,000	-	-	-	2,856,000	2 July 2013	15 July 2013 to 31 December 2016	2.55	2.48
Total	11,472,000	-	-	(416,000)	11,056,000				

The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$2.72.

Save as disclosed above, as at 30 June 2015, 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 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 2015, 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)	231,053,467	34.59%
Fu's Family Limited (Note 2)	174,184,799	26.08%
China-net Holding Ltd. (Note 1)	45,000,000	6.74%
SouFun Holdings Limited (Note 3)	111,935,037	16.76%
Media Partner Technology Limited (Note 3)	111,935,037	16.76%
Next Decade Investments Limited (Note 3)	111,935,037	16.76%
Mo Tianquan (Note 3)	111,935,037	16.76%
Caldstone Enterprises Limited (Note 3)	111,935,037	16.76%
Seletar Limited (Note 3)	111,935,037	16.76%
Serangoon Limited (Note 3)	111,935,037	16.76%
Mutual Fund Elite (Note 4)	50,986,320	7.63%
Value Partners Group Limited	39,296,000	5.88%
Li Gabriel (Note 5)	97,265,514	14.56%
Lam Lai Ming (Note 5)	97,265,514	14.56%
Areo Holdings Limited (Note 5)	97,265,514	14.56%
OAV Holdings, L.P. (Note 5)	96,196,662	14.40%
Orchid Asia V GP, Limited (Note 5)	96,196,662	14.40%
Orchid Asia V Group Management, Limited (Note 5)	96,196,662	14.40%
Orchid Asia V Group, Limited (Note 5)	96,196,662	14.40%
Orchid Asia V, L.P. (Note 5)	96,196,662	14.40%

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, 11,036,334 shares held by himself and 832,334 shares held by his spouse, Ms. Ng Wan, who is also a director of the Company. The remaining 45,000,000 shares are registered in the name of China-net Holding Ltd. which is wholly-owned by 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.
- These shares are held by SouFun Holdings Limited as registered holder of shares. Caldstone Enterprises Limited, Seletar Limited and Serangoon Limited are trustees. Next Decade Investments Limited and Media Partner Technology Limited are controlling shareholders of SouFun Holdings Limited. Mr. Mo Tianquan is the founder of the trust who is deemed to be interested in these shares.
- The name of Mutual Fund Elite has been changed to PYN Elite Fund with effect from 1 August 2015.
- The underlying shares in form of exchangeable bonds and the ordinary shares are registered in the name of Orchid Asia V, L.P. which is held by OAV Holdings, L.P. and, indirectly held by Orchid Asia V GP, Limited, Orchid Asia V Group Management, Limited, Orchid Asia V Group, Limited and Areo Holdings Limited. Mr. Li and Ms. Lam who are controllers of Areo Holdings Limited are deemed to be interested in 97,265,514 ordinary shares/underlying shares.

All the interests in shares stated above represent long position.

Save as disclosed above, as at 30 June 2015, 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 2015 (Wednesday) to 24 September 2015 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 22 September 2015 (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 2015, 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 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 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.



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 2015 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, 26 August 2015

As at the date of this report, the Board of Directors comprises the executive directors Mr. FU Wai Chung, Ms. NG Wan, Ms. FU Man and Mr. LO Yat Fung; the non-executive director Mr. MO Tianquan and the independent non-executive directors Mr. LAM King Pui, Mr. NG Keung and Mrs. WONG LAW Kwai Wah, Karen.