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## 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 2015

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*

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	<i>Notes</i>	30 June 2015 (unaudited) <i>HK\$'000</i>	31 December 2014 (audited) <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Investment properties		72,000	72,000
Property, plant and equipment		225,798	215,840
Goodwill		16,178	16,178
Interest in an associate		127,564	127,669
		<b>441,540</b>	431,687
<b>CURRENT ASSETS</b>			
Accounts receivables	9	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
		<b>2,464,289</b>	2,407,193
<b>CURRENT LIABILITIES</b>			
Payables and accruals	10	193,070	246,806
Tax liabilities		140,754	116,578
Bank borrowings		51,965	51,572
Convertible notes		187,995	202,372
		<b>573,784</b>	617,328
<b>NET CURRENT ASSETS</b>		<b>1,890,505</b>	1,789,865
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,332,045</b>	2,221,552
<b>CAPITAL AND RESERVES</b>			
Share capital		6,680	6,567
Share premium and reserves		2,246,433	2,138,310
Equity attributable to owners of the Company		<b>2,253,113</b>	2,144,877
Non-controlling interests		22,497	20,372
<b>TOTAL EQUITY</b>		<b>2,275,610</b>	2,165,249
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities		56,435	56,303
		<b>2,332,045</b>	2,221,552

## 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.

	<b>Six months ended 30 June 2015</b>			
	<b>Primary property real estate agency <i>HK\$'000</i></b>	<b>Secondary property real estate agency <i>HK\$'000</i></b>	<b>Property management <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment revenue	<u>855,844</u>	<u>344,459</u>	<u>151,648</u>	<u>1,351,951</u>
Segment profit (loss)	<u>137,179</u>	<u>(5,049)</u>	<u>10,083</u>	<u>142,213</u>
Other income				3,229
Central administrative costs				(13,251)
Share of loss of an associate				(105)
Finance costs				<u>(23,051)</u>
Profit before tax				<u>109,035</u>
Income tax expense				<u>(33,798)</u>
Profit for the period				<u><u>75,237</u></u>
	<b>Six months ended 30 June 2014</b>			
	<b>Primary property real estate agency <i>HK\$'000</i></b>	<b>Secondary property real estate agency <i>HK\$'000</i></b>	<b>Property management <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment revenue	<u>783,688</u>	<u>292,478</u>	<u>122,140</u>	<u>1,198,306</u>
Segment profit (loss)	<u>136,127</u>	<u>(3,104)</u>	<u>3,651</u>	136,674
Other income				8,007
Central administrative costs				(13,586)
Share of loss of an associate				(2,585)
Finance costs				<u>(22,516)</u>
Profit before tax				105,994
Income tax expense				<u>(37,391)</u>
Profit for the period				<u><u>68,603</u></u>

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

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

	<b>Six months ended 30 June</b>	
	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	<b>25,097</b>	30,699
Impairment on accounts receivables	<b>1,676</b>	4,789
Bank interest income	<b>(2,311)</b>	(1,125)
Net rental income in respect of premises, net of negligible outgoings	<b>(2,225)</b>	(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 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<u>73,208</u>	<u>64,614</u>

### Number of shares

	2015 <i>'000</i>	2014 <i>'000</i>
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	<u>—</u>	<u>511</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>659,051</u>	<u>511,142</u>

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. 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 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
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	<u>138,070</u>	<u>94,830</u>
	<u>1,087,383</u>	<u>994,766</u>

## 10. PAYABLES AND ACCRUALS

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

## **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](http://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.

## **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.

## **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 announcement, 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.*