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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 2022

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 2022, together with comparative figures for the corresponding period in 2021 as follows:

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

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)
Revenue	3	2,973,645	3,931,313
Other income		13,826	23,481
Selling expenses		(3,049,435)	(3,413,986)
Administrative expenses		(328,760)	(455,102)
Loss allowance on financial assets		(19,918)	(2,671)
Share of results of associates and a joint venture		2,155	3,966
Impairment of goodwill	9	(206,040)	–
Finance costs	4	(27,123)	(29,890)
(Loss)/profit before tax		(641,650)	57,111
Income tax expense	5	(22,225)	(15,173)
<b>(Loss)/profit for the period</b>	6	<b>(663,875)</b>	41,938
<b>Other comprehensive (expense)/income for the period</b>			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		(150,215)	21,665
<b>Total comprehensive (expense)/income for the period</b>		<b>(814,090)</b>	63,603

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

*For the six months ended 30 June 2022*

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$'000</b> <b>(unaudited)</b>	<b>HK\$'000</b> <b>(unaudited)</b>
<b>(Loss)/profit for the period attributable to:</b>			
— Owners of the Company		<b>(487,174)</b>	32,799
— Non-controlling interests		<b>(176,701)</b>	9,139
		<u><b>(663,875)</b></u>	<u>41,938</u>
<b>Total comprehensive (expense)/income for the period attributable to:</b>			
— Owners of the Company		<b>(598,751)</b>	45,690
— Non-controlling interests		<b>(215,339)</b>	17,913
		<u><b>(814,090)</b></u>	<u>63,603</u>
Dividends	7	<u><b>—</b></u>	<u>3,371</u>
<b>(Loss)/earnings per share</b>			
— Basic and diluted	8	<u><b>HK(72.26) cents</b></u>	<u>HK4.87 cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>115,925</b>	138,836
Property, plant and equipment		<b>252,216</b>	324,976
Right-of-use assets		<b>128,338</b>	270,524
Goodwill	9	<b>12,564</b>	218,604
Interests in associates and a joint venture		<b>4,053</b>	40,882
Loan receivables		<b>159,546</b>	84,916
Other receivables and deposits		<b>7,141</b>	18,157
Deferred tax assets		<b>114,536</b>	155,704
		<b>794,319</b>	1,252,599
<b>CURRENT ASSETS</b>			
Accounts receivable	10	<b>782,417</b>	1,204,202
Loan receivables		<b>495,647</b>	560,408
Security deposits		<b>39,311</b>	1,424,063
Other receivables, deposits and prepayments		<b>683,775</b>	787,010
Amount due from a joint venture		<b>16,285</b>	23,499
Financial assets at fair value through profit or loss (“FVTPL”)		<b>8,760</b>	10,425
Pledged bank deposits		<b>10,526</b>	10,976
Bank balances and cash		<b>486,403</b>	1,720,919
		<b>2,523,124</b>	5,741,502
A disposal group classified as held for sale	12	<b>2,784,011</b>	–
		<b>5,307,135</b>	5,741,502

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>CURRENT LIABILITIES</b>			
Payables and accruals	<i>11</i>	<b>289,538</b>	1,123,693
Contract liabilities		<b>26,199</b>	837,505
Lease liabilities		<b>23,822</b>	91,243
Tax liabilities		<b>96,423</b>	87,994
Amount due to an associate		<b>4,678</b>	4,900
Bank and other borrowings		<b>179,146</b>	326,747
		<b>619,806</b>	2,472,082
Liabilities associated with a disposal group classified as held for sale	<i>12</i>	<b>1,834,244</b>	–
		<b>2,454,050</b>	2,472,082
<b>NET CURRENT ASSETS</b>		<b>2,853,085</b>	3,269,420
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,647,404</b>	4,522,019
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>84,928</b>	158,015
Deferred tax liabilities		<b>61,750</b>	62,206
Bank and other borrowings		<b>202,339</b>	189,321
		<b>349,017</b>	409,542
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>6,741</b>	6,741
Share premium and reserves		<b>2,341,181</b>	2,939,932
Equity attributable to owners of the Company		<b>2,347,922</b>	2,946,673
Non-controlling interests		<b>950,465</b>	1,165,804
<b>TOTAL EQUITY</b>		<b>3,298,387</b>	4,112,477
		<b>3,647,404</b>	4,522,019

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2022*

## 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 2022 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2021.

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

Amendments to HKAS 16	Proceeds before Intended use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1 First-time Adoption of International Financial Reporting Standard, HKFRS 9 Financial Instruments, HKFRS 16 Leases, and HKAS 41 Agriculture
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

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 (2021: two) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

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

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

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:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Disaggregation of revenue</b>		
Agency commission*	<u>2,937,664</u>	<u>3,821,157</u>
Finance income		
Interest income from loan receivables	33,259	79,396
Financial services income	<u>2,722</u>	<u>30,760</u>
	<u><u>2,973,645</u></u>	<u><u>3,931,313</u></u>

\* Revenue from contracts with customers within the scope of HKFRS 15

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Timing of revenue recognition</b>		
At a point in time		
Agency commission	2,937,664	3,821,157
Financial services income	2,722	30,760
Over-time		
Interest income from loan receivables	<u>33,259</u>	<u>79,396</u>
	<u><u>2,973,645</u></u>	<u><u>3,931,313</u></u>

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

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

	Six months ended 30 June 2021 (unaudited)		
	Property real estate agency <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
The PRC	3,811,715	110,156	3,921,871
Australia	9,442	–	9,442
	<u>3,821,157</u>	<u>110,156</u>	<u>3,931,313</u>

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

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

	Six months ended 30 June 2021 (unaudited)		
	Property real estate agency <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i> (restated)
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			(40,481)
Loss allowance on financial assets			(2,671)
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			<u>41,938</u>

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.

#### 4. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interests on:		
Bank and other borrowings	<b>16,051</b>	18,209
Lease liabilities	<b>11,072</b>	11,681
	<u><b>27,123</b></u>	<u>29,890</u>

#### 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%.

Under Australian tax law, the tax rate used for the period is 30% (2021: 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 both periods.

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



## 6. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)
(Loss)/profit for the period has been arrived at after charging/(crediting):		
Salaries and other benefit	1,576,736	1,965,876
Retirement benefits scheme contributions	148,263	142,915
Total staff costs	1,724,999	2,108,791
Impairment of goodwill	206,040	–
Depreciation charges		
Property, plant and equipment	21,651	28,492
Right-of-use assets	43,778	37,761
	65,429	66,253
Loss allowance on financial assets		
Allowance on accounts receivable	19,918	6,063
Reversal of allowance on loan receivables	–	(3,392)
	19,918	2,671
Bank interest income	(5,409)	(7,542)
Rental income net of direct expenses of HK\$1,268,000 (2021: HK\$784,000)	(10,256)	(6,732)

## 7. DIVIDENDS

On 26 August 2022, the Board resolved not to declare any interim dividend for the six months ended 30 June 2022 (2021: interim dividend of HK0.5 cents per share in respect of the six months ended 30 June 2021 in an aggregate amount of HK\$3,371,000).

The board did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: final dividend of HK2.5 cents per share in respect of the year ended 31 December 2020 in an aggregate amount of HK\$16,854,000).

## 8. (LOSS)/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:

### (Loss)/earnings

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	(487,174)	32,799

## Number of shares

	Six months ended 30 June	
	2022	2021
	'000	'000
Number of ordinary shares in issue	<u>674,150</u>	<u>674,150</u>

There are no potential dilutive shares in issue during both periods ended 30 June 2022 and 2021.

## 9. GOODWILL

Goodwill has been allocated to two (2021: two) individual cash generating units (“CGUs”), comprising primary real estate services and real estate agency services in the PRC. Goodwill approximately of HK\$206,040,000 arose from the acquisition of Poly Real Estate Investment Consultancy Co., Ltd. and its subsidiaries (“Poly Consultancy Group”) representing the future economic benefits from the provision of real estate agency services in the PRC.

On 31 March 2022, the Company entered into a conditional shareholder cooperation adjustment agreement (the “Agreement”) with Poly Developments and Holdings Group Co., Ltd. (“Poly Developments”) to dispose the entire issued share capital of Poly Consultancy Group. For the details, please refer to the announcement of the Company dated 7 April 2022 and the circular dated 26 May 2022. Based on the assessment of the recoverable amount of the CGU (Poly Consultancy Group) for the six months ended 30 June 2022, given comparatively short recoverable period and the recoverable amount of the CGU is less than the goodwill’s carrying amount, the Group made an impairment loss of approximately HK\$206,040,000 (2021:Nil).

## 10. ACCOUNTS RECEIVABLE

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

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Accounts receivable		
0–30 days	275,512	472,948
31–60 days	25,839	95,016
61–90 days	33,390	74,765
91–120 days	22,359	35,942
121–180 days	32,975	71,500
Over 180 days	<u>392,342</u>	<u>454,031</u>
	<u>782,417</u>	<u>1,204,202</u>

## 11. PAYABLES AND ACCRUALS

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

## 12. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The Company entered into the Agreement dated 31 March 2022 with Poly Developments (the “Purchaser”). The Purchaser has 43.9% equity interest of Hopefluent (China) Real Estate Consultancy Co., Ltd.\* (“Hopefluent China”), a company established under the law of the PRC and an indirect non-wholly-owned subsidiary of the Company. Pursuant to the Agreement, the Company conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the entire issued share capital of Poly Consultancy Group for the consideration of 43.9% equity interest of Hopefluent China (the “Proposed Restructuring”). Upon completion of the Proposed Restructuring, Hopefluent China will become an indirectly wholly-owned subsidiary of the Company and Poly Consultancy Group will cease to be subsidiaries of the Company.

The Company was in view of that the Agreement has not yet been completed and they will provide necessary assistance and cooperation on procedures to complete the Proposed Restructuring.

The following assets and liabilities relating to a disposal group, Poly Consultancy Group, were reclassified as held for sale in the condensed consolidated statement of financial position.

	<i>HK\$'000</i>
Assets classified as held for sale	
Bank balances and cash	848,678
Security deposits	1,099,875
Other receivables, deposits, prepayments and other assets	605,838
Interests in associates	38,922
Investment properties	19,880
Right-of-use assets	118,104
Property, plant and equipment	52,714
	<u>2,784,011</u>
Liabilities associated with assets classified as held for sale	
Payables and accruals	974,202
Contract liabilities	738,535
Lease liabilities	121,507
	<u>1,834,244</u>

Poly Consultancy Group incurred net loss of HK\$191,112,000 during the six months ended 30 June 2022.

The disposal of Poly Consultancy Group did not constitute a discontinued operation as it does not represent a major line of business.

### 13. 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	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Non-controlling interests</b>		
Revenue	3,258	4,144
<b>Related parties of non-controlling interests (note b)</b>		
Revenue	1,509,901	1,475,459
Rental expense	13,528	7,931
Building management fee	8,027	4,221

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

	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
		(restated)
<b>Non-controlling interests (note c)</b>		
— trade in nature	6,604	6,876
— non-trade in nature	678	229
<b>Related parties of non-controlling interests (notes b &amp; c)</b>		
— trade in nature	441,164	296,462
— non-trade in nature	1,131,238	1,408,400

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.

### 14. COMPARATIVES

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

## **BUSINESS REVIEW**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **1. Market Review for the First Half of 2022**

In the first half of the year, the property market in mainland China continued to struggle at a low level. Amid the once-in-a-century pandemic, the reshaping of the global economy and complex changes, the entire industry faced its biggest shift and slump in decades.

From January to June, the sales value of the top 100 property enterprises in mainland China registered a sharp year-on-year decrease of more than 50%. In addition, some listed property enterprises had overdue debt repayments, defaulted on their debts, and subsequently found their working capital interrupted. The property sector and many other sectors are bound together for prosperity and detriment. Such market conditions directly dampened the public's desire to purchase houses, leading to a significant drop in sales in the property market.

Although local authorities across mainland China introduced rescue policies, which enabled certain markets to recover slightly, the property market has still not stabilized. Facing such changes, the Group was inevitably and severely affected. It suffered from rising operating costs and consequently recorded a decline in business performance.

#### **2. Business Review of the Group**

For the six months ended 30 June 2022, the Group recorded a turnover of HK\$2,974 million, representing a decline of approximately 24% against the same period last year (2021: HK\$3,931 million). Loss attributable to shareholders amounted to HK\$487 million (2021: profit attributable to shareholders of HK\$33 million), including the impairment loss on goodwill of approximately HK\$206 million. Basic loss per share was HK72.26 cents (2021: basic earnings per share of HK4.87 cents). The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2022.

During the period, the Group recorded a turnover from its property real estate agency services business of HK\$2,938 million, accounting for 99% of its total turnover. Turnover from the financial services business was approximately HK\$36 million, accounting for 1% of the Group's total turnover. The Group's new home sales for the first half of 2022 amounted to approximately HK\$283 billion while total gross floor area sold at approximately 15 million square meters.

### *Property Real Estate Agency Services Business*

Since the second half of last year, the market environment has deteriorated and the property sector has been hit hard.

The first reason was the resurgence of the pandemic. The lockdowns, the home quarantine measures and the suspension of work and business operations in many cities in mainland China dampened home buyers' desire to purchase. Secondly, due to poor financing and hindered liquidity, developers defaulted on their debts and this presented a difficult business environment for companies in the midstream and downstream markets. Moreover, the government has not really loosened its tight austerity policies, hence no solution has been presented to address the whole market situation. Under such a harsh environment, the Group's property real estate agency services business was inevitably affected and reported a decline in revenue and an increase in total operating expenses as a percentage of revenue, thus resulting in an operating loss.

However, given the Group's years of practice in the market and long-term accumulation of customer resources, it has begun applying internet technology on a grand scale, combining its offline marketing strengths with a digital business model, and vigorously promoting its home-buying platform, "AI house tour," which was invested and cultivated by the Group to further penetrate the key cities where its businesses are located. As a result, the Group managed to maintain its operational capability at the forefront of the industry and continue to secure more property agency projects from developers, thereby laying the foundation for it to overcome this market consolidation period and strengthen its business development capabilities for the future.

During the period, the Group adjusted its cooperation model with Poly Developments in the form of restructuring by taking over its 43.9% equity interest in Hopefluent China. At the same time, the Group will dispose of Poly Consultancy Group to Poly Developments. The Group recorded an impairment of goodwill arising from the acquisition of Poly Real Estate Investment Consulting Co., Ltd. and its subsidiaries in 2018 of approximately HK\$206 million. For the six months ended 30 June 2022, turnover of the Group's property real estate agency services business amounted to HK\$2,938 million, representing a decline of approximately 23% year-on-year (2021: HK\$3,821 million). At present, the Group's property real estate agency services business covers more than 200 large and small cities in mainland China, with more than 1,700 agency projects. Around 310 secondary branches were engaged in running the secondary property real estate agency services business.

### *Financial Services Business*

The continued recurrence of COVID-19 in the first half of the year led to a general decline in consumer sentiment. In addition, the macroeconomic environment in mainland China remained uncertain, and the domestic property market saw the continued risk of default. Hence, the Group adopted more prudent review procedures to screen property enterprises and high net worth individuals with strong investment and financing demand. As the financing channels of interest-bearing liabilities of property companies have been restricted to a certain extent, risk control will be the Group's first priority. The Group will continue to adopt a prudent operational strategy, effectively manage costs and closely monitor changes in the market so as to ensure the steady development of the business.

During the period, the total transaction value of the Group's financial services business amounted to HK\$0.6 billion (2021: HK\$1.6 billion). Turnover was approximately HK\$36 million (2021: HK\$110 million).

### **3. Prospects for the Second Half of 2022**

At present, the global economy remains unclear, and the market continues to face uncertainties. "With lofty ambitions and perseverance to brave the wind and waves, one will grow and succeed when the time comes". The deterioration of the general environment has made the importance of stabilizing the property market to stabilizing the economy be more prominent. Recently, policies implemented by the Chinese government have been increasing, and many national economic development conferences have been convened, all of which have mentioned such topics as stabilizing the property market, promoting people's livelihoods, and promoting the virtuous circle and healthy development of the property sector. From the relaxation of the urban household admission policy in cities and the downward adjustment of housing loan interest rates to the liberalization of purchase restrictions in some cities, it is becoming clear that the government is supporting property development and policy changes.

In this regard, the Group believes that the property sector, as a pillar industry for global economic development, remains very important. With the adjustment of the national policies, the overall restoration of the property market is inevitable. Therefore, it is imperative that the Group keeps abreast of market developments and seizes opportunities. With the Group's strong business foundation and its longstanding, good relations with major property developers, coupled with the help of new digital business procedures, it will continue to enhance the Company's competitiveness and overcome market challenges in order to further unlock the Group's value and bring more promising returns to 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 2022 including the accounting, internal control and financial reporting issues.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2022, 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\$487 million (31 December 2021: HK\$1,721 million) and 2.16 (31 December 2021: 2.32) respectively. Total borrowing amounted to approximately HK\$381 million which are bank loan and other borrowings (31 December 2021: approximately HK\$516 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 6.3% (31 December 2021: 7.4%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 30 June 2022.

## **PLEDGE OF ASSETS**

As at 30 June 2022, the Group pledged its investment properties with an aggregate amount of approximately HK\$23 million to secure bank borrowings (31 December 2021: HK\$35 million).

## **FOREIGN EXCHANGE EXPOSURE**

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

## **EMPLOYEES**

As at 30 June 2022, the Group had approximately 18,600 full time employees. Employees are regarded as the greatest and valuable assets of the Group. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

## **INTERIM DIVIDEND**

The board of Directors resolved not to declare any interim dividend for the six months ended 30 June 2022 (2021: HK0.5 cents per share).



## **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 2022, 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 C.2.1 and C.6.1):

### **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 2022 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 2022

*As at the date of this announcement, 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.*