

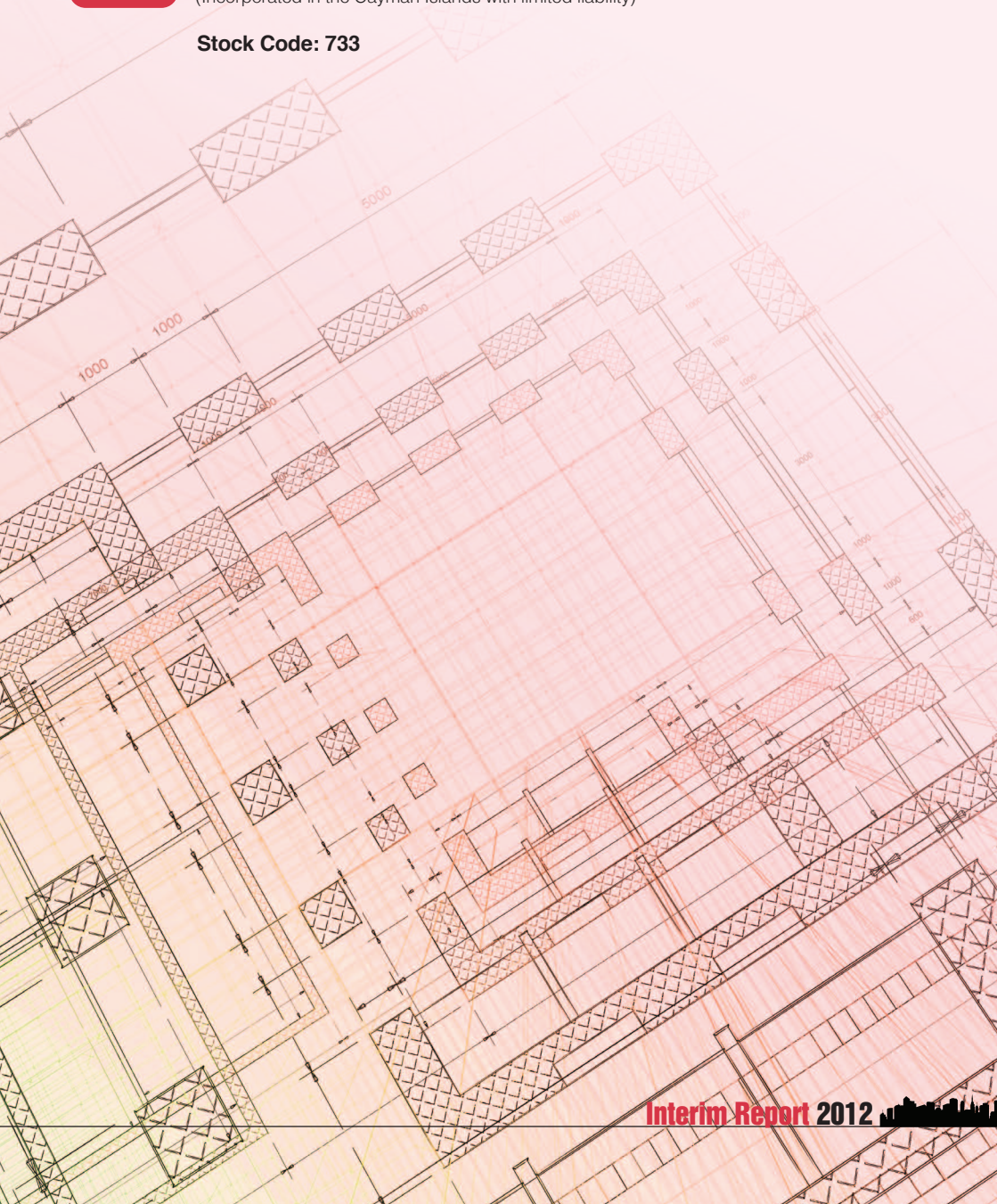


# Hopefluent Group Holdings Limited

## 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 2012, together with comparative figures for the corresponding period in 2011 as follows:

## **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2012*

	Notes	<b>Six months ended 30 June</b>	
		<b>2012 (unaudited) HK\$'000</b>	2011 (unaudited) HK\$'000
Turnover	3	<b>791,082</b>	749,136
Other income		<b>1,933</b>	2,978
Selling expenses		<b>(520,486)</b>	(479,580)
Administrative expenses		<b>(153,912)</b>	(169,098)
Share of loss of an associate		<b>(1,491)</b>	(638)
Finance costs		<b>(1,642)</b>	(1,023)
Profit before tax		<b>115,484</b>	101,775
Income tax expense	4	<b>(32,948)</b>	(23,683)
Profit for the period	5	<b>82,536</b>	78,092
Attributable to:			
— Owners of the Company		<b>82,236</b>	75,535
— Non-controlling interests		<b>300</b>	2,557
		<b>82,536</b>	78,092
Earnings per share	7		
— Basic		<b>HK17.93 cents</b>	HK16.48 cents
— Diluted		<b>HK17.93 cents</b>	HK16.28 cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Unaudited Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
<b>Profit for the period</b>	<b>82,536</b>	78,092
<b>Other comprehensive income</b>		
Exchange differences arising on translation	—	12,167
<b>Total comprehensive income for the period</b>	<b>82,536</b>	90,259
Total comprehensive income attributable to:		
— Owners of the Company	<b>82,236</b>	86,767
— Non-controlling interests	<b>300</b>	3,492
	<b>82,536</b>	90,259

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	30 June 2012 (unaudited) HK\$'000	31 December 2011 (audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>34,439</b>	34,439
Property, plant and equipment	8	<b>306,775</b>	299,209
Goodwill		<b>15,781</b>	15,781
Interest in an associate		<b>140,335</b>	141,825
		<b>497,330</b>	491,254
<b>CURRENT ASSETS</b>			
Accounts receivables	9	<b>530,141</b>	467,535
Other receivables and prepayment		<b>69,937</b>	50,833
Held for trading investments		<b>301</b>	453
Bank balances and cash		<b>292,372</b>	329,875
		<b>892,751</b>	848,696
<b>CURRENT LIABILITIES</b>			
Payables and accruals		<b>94,866</b>	127,188
Tax liabilities		<b>77,381</b>	63,569
Bank borrowings		<b>48,405</b>	53,457
		<b>220,652</b>	244,214
<b>NET CURRENT ASSETS</b>		<b>672,099</b>	604,482
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,169,429</b>	1,095,736
<b>CAPITAL AND RESERVES</b>			
Share capital	10	<b>4,679</b>	4,593
Share premium and reserves		<b>1,111,522</b>	1,038,189
Equity attributable to owners of the Company		<b>1,116,201</b>	1,042,782
Non-controlling interests		<b>29,065</b>	28,765
<b>TOTAL EQUITY</b>		<b>1,145,266</b>	1,071,547
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities		<b>24,163</b>	24,189
		<b>1,169,429</b>	1,095,736

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory surplus reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2011	3,805	412,388	5,760	54,822	67,411	9,096	370,282	923,564	25,573	949,137
Exchange differences arising on translation	—	—	—	—	11,232	—	—	11,232	935	12,167
Profit for the period	—	—	—	—	—	—	75,535	75,535	2,557	78,092
Total comprehensive income for the period	—	—	—	—	11,232	—	75,535	86,767	3,492	90,259
Bonus issue of shares	764	(764)	—	—	—	—	—	—	—	—
Issue of shares due to exercise of share options	24	7,122	—	—	—	(1,852)	—	5,294	—	5,294
Dividends recognised as distribution	—	(42,038)	—	—	—	—	—	(42,038)	—	(42,038)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	1,478	1,478
At 30 June 2011 (unaudited)	4,593	376,708	5,760	54,822	78,643	7,244	445,817	973,587	30,543	1,004,130
Exchange differences arising on translation	—	—	—	—	25,556	—	—	25,556	(403)	25,153
Profit for the period	—	—	—	—	—	—	58,739	58,739	(2,036)	56,703
Total comprehensive income for the period	—	—	—	—	25,556	—	58,739	84,295	(2,439)	81,856
Dividends recognised as distribution	—	(16,077)	—	—	—	—	—	(16,077)	—	(16,077)
Acquisition of additional interest in subsidiary	—	—	—	—	—	—	977	977	(1,088)	(111)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	1,749	1,749
Transfer	—	—	—	3,108	—	—	(3,108)	—	—	—
At 31 December 2011 (audited)	4,593	360,631	5,760	57,930	104,199	7,244	502,425	1,042,782	28,765	1,071,547
Profit and total comprehensive income for the period	—	—	—	—	—	—	82,236	82,236	300	82,536
Shares issued pursuant to scrip dividend scheme	86	16,361	—	—	—	—	—	16,447	—	16,447
Dividends recognised as distribution	—	(25,264)	—	—	—	—	—	(25,264)	—	(25,264)
At 30 June 2012 (unaudited)	4,679	351,728	5,760	57,930	104,199	7,244	584,661	1,116,201	29,065	1,145,266

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Net cash from (used in) operating activities	<b>12,278</b>	(29,858)
Net cash used in investing activities	<b>(35,912)</b>	(49,232)
Net cash used in financing activities	<b>(13,869)</b>	(30,420)
Net decrease in cash and cash equivalents	<b>(37,503)</b>	(109,510)
Cash and cash equivalents at beginning of the period	<b>329,875</b>	396,508
Effect of foreign exchange rate changes	—	3,797
Cash and cash equivalents at end of the period, represented by bank balances and cash	<b>292,372</b>	290,795

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“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. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements 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 real estate 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 2012</b>			
	<b>Primary property real estate agency HK\$'000</b>	<b>Secondary property real estate agency HK\$'000</b>	<b>Property management HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue	496,473	231,083	63,526	791,082
Segment profit/(loss)	127,379	(3,031)	1,223	125,571
Other income				1,933
Central administrative costs				(8,887)
Share of loss of an associate				(1,491)
Finance costs				(1,642)
Profit before tax				115,484

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

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

#### **4. INCOME TAX EXPENSE**

The tax charges for both periods represent PRC Enterprises Income Tax ("EIT") for those periods.

EIT is provided on the estimated assessable profits of the Group's subsidiaries in the PRC in accordance with the laws and regulations in the PRC at 25%.

Certain of the Group's subsidiaries in the PRC are required to pay the PRC income tax on a deemed profit basis at a predetermined tax rate of 2.5% to 5% (six months ended 30 June 2011: 2.5% to 6.8%) 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 provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profits in Hong Kong for both periods.



## 5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	29,033	22,921
Impairment on accounts receivables	2,967	3,222
Bank interest income	(687)	(689)
Net rental income in respect of premises, net of negligible outgoings	(1,585)	(877)

## 6. DIVIDENDS

On 24 August 2012, the Directors have resolved to declare an interim dividend of HK3.5 cents per share for the six months ended 30 June 2012. The interim dividend will be payable to shareholders whose names appear on the register of members of the Company on 14 September 2012.

During the six months ended 30 June 2012, scrip alternative was offered in respect of the 2011 final dividend. This scrip alternative was accepted by certain shareholders, as follows:

	2012 HK\$'000
2011 final dividend:	
Cash	8,817
Scrip	16,447
	25,264

An interim dividend of HK3.5 cents per share was paid for the six months ended 30 June 2011.

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$82,236,000 (1 January 2011 to 30 June 2011: HK\$75,535,000) and on 458,530,578 (1 January 2011 to 30 June 2011: 458,435,430) weighted average number of ordinary shares in issue during the period.

Diluted earnings per share for the six months ended 30 June 2012 does not assume the exercise of the Company's share options because the exercise price of the Company's options was higher than the average market price of shares for the six months ended 30 June 2012.

For the six months ended 30 June 2011, the calculation of the diluted earnings per share attributable to the owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$75,535,000 and on 463,842,927 weighted average number of ordinary shares in issue during the period.

## 8. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 June 2012, the Group spent approximately HK\$36.6 million, mainly on leasehold improvement and equipment of offices and branches.

## 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:

	2012 HK\$'000	2011 HK\$'000
Accounts receivables		
0–30 days	192,589	195,445
31–60 days	160,141	154,234
61–90 days	112,763	74,543
91–120 days	44,759	29,542
121–180 days	19,889	13,771
	530,141	467,535

## 10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2011, 31 December 2011 and 30 June 2012	8,000,000,000	80,000
Issued and fully paid:		
At 1 January 2011	380,540,000	3,805
Exercise of share options	2,365,200	24
Bonus issue of shares	76,433,200	764
At 31 December 2011	459,338,400	4,593
Shares issued pursuant to scrip dividend scheme	8,610,865	86
At 30 June 2012	467,949,265	4,679

## 11. PLEDGE OF ASSETS

At 30 June 2012, the Group pledged its investment properties and leasehold land and buildings with an aggregate amount of approximately HK\$82 million for the banking facilities granted to the Group.

## 12. SUBSEQUENT EVENT

On 1 August 2012, the Group entered into a conditional subscription agreement in relation to the issue of exchangeable bonds in an aggregate principal amount of HK\$218,400,000 in which the Group shall use the proceeds from the issue for business expansion including the Group's mortgage referral and its related business, and the further expansion of the marketing business of its real estate online services and general working capital.



## BUSINESS REVIEW

During the review period, due to ongoing global economic instability and a slowdown in China's economic growth, the Central Government has made a timely adjustment to a number of economic policies to maintain economic growth. It is believed that the worst situation in the property market is over and that the Mainland property market will gradually improve. Riding on its quality brand, a full range of property agency services and strategic business development plans, the Group has weathered the rough period in China's property market and further developed its business through capitalising on the opportunities brought by a turnaround in the property market and achieve continuous steady growth in results.

For the six months ended 30 June 2012, the Group recorded a turnover of HK\$791.1 million, up by 6% against HK\$749.1 million in the corresponding period last year. Profit attributable to shareholders rose from HK\$75.5 million to HK\$82.2 million, a year-on-year increase of 9%. Basic earnings per share were HK17.93 cents (2011: HK16.48 cents).

The primary and secondary property real estate agency service businesses of the Group registered a turnover of HK\$496.5 million and HK\$231.1 million respectively, accounting for 63% and 29% of the Group's total turnover. The remaining 8% or HK\$63.5 million was derived from the property management business. Geographically, Guangzhou contributed about 49% of the total turnover and around 51% came from outside Guangzhou.

### **Primary Property Real Estate Agency and Consultancy Services**

Benefited from sales promotions and price reductions by some of the major developers and home starter favorable policies by the Central Government, such as the interest and tax concessions, these measures have improved buying sentiment and facilitated more transactions which have been conducive to the development of the Group's primary property real estate agency business.

For the six months ended 30 June 2012, the Group handled approximately 54,000 primary property transactions involving a total gross floor area of about 5.6 million square meters with a total value of about HK\$52 billion, a rise of around 25% compared to HK\$41.6 billion during the corresponding period last year. During the period, the Group was an exclusive agent for around 500 projects with 435 of them contributing turnover to the Group during the period, as compared to 362 projects during the last corresponding period.

As the increasing transaction volume of residential properties in Guangzhou, Shanghai, Shenzhen and other first-tier cities, in addition to the Group's rapid business development in second- and third-tier cities such as Foshan, Dongguan, Zhongshan, Zhuhai, Shaoguan, Hefei, Huainan, Changsha, Xiangtan, Xinyang, Guiyang, Jiangsu and Shandong provinces, the Group's turnover has recorded a growth. During the review period, the Group worked closely with major developers and has successfully launched more new projects including Citic Legend in Guangzhou, The Apex in Shanghai, China Railway International City in Tianjin, Evergrande City in Shaoguan. The Group's business now covers major cities in China bolstering its competitiveness. Supported by strong market demand, all new projects recorded satisfactory sales, which generated growth in overall commission income compared to the same period last year. Guangzhou, as the core market for the Group's business development, contributing about 37% of the Group's total turnover from primary property real estate agency business while 63% came from outside Guangzhou.

### **Secondary Property Real Estate Agency and Mortgage Referral Services**

Compared to the primary property segment, the secondary property real estate agency service business had a greater impact by the austerity measures during the review period. In particular, the introduction of property purchase restrictions by the Central Government discouraged the active investors in the real estate market and caused the overall sales volume of the secondary property real estate market to shrink dramatically. The Group has taken a more active role in commercial property sales such as office and shopping space and leasing services to increase commission income and further broaden its revenue sources.

In the first half of 2012, the Group's real estate agencies have handled about 17,600 secondary property transactions (2011: 22,400 transactions), resulting in a drop of 6% in turnover to approximately HK\$231,100,000 (2011: HK\$246,800,000). To complement the market trend, the Group has been operating the secondary property real estate agency service business steadily. Currently, there are around 350 secondary real estate branches.

In addition to providing property agency services, the Group also offers other property related value-added services to customers including mortgage referral service, property valuation and property auction. These services not only provide an additional income stream to the Group, but also help to strengthen its brand image, exposing it to wider market segments. Capitalising on its comprehensive customer network, the Group's mortgage referral business is fully developed and able to offer professional advice on mortgage and referral services in relation to guaranteed mortgages to customers.

### **Property Management Service**

The Group has provided property management services during the period under review to over 110 residential and commercial projects and shopping arcades in Guangzhou, Shanghai, Tianjin and Wuhan involving more than 160,000 units with a total gross floor area covering more than 14,000,000 square meters. These services have generated both a stable income and a large customer base for the Group, which would also support its business development in the future.

## PROSPECTS

Looking at the second half of 2012, the Group believes the worst conditions of the property market in China have passed. Favorable factors such as the People's Bank of China's announcement to cut RMB benchmark deposit and loan interest rates and the reduction of property prices to reasonable levels have driven the transaction volume to rebound from its lows. Overall, the management is confident about the development of Hopefluent's business in the second half of the year.

The Group's professional services and sales performance in the primary property real estate agency service business has been widely recognised by property developers and its customers alike. To date, the Group has confirmed partnerships and signed project planning and marketing agreements with renowned developers including Vanke, Kingold, Evergrande, Poly, Gemdale, Citic, China Merchants Property Development, China Resources Property, Agile Property, KWG Property, Star River, New World China Land, Sun Hung Kai Properties and Shui On China Central Properties. The Group intends to secure more exclusive agency businesses and expands its market share in China.

For its secondary property real estate agency business, the Group plans to steadily and prudently operate the business in order to meet the market demand. At the same time, the Group will expand the scope of business to provide the secondary property buyers and sellers a more comprehensive mortgage referral service. As such, the Group will be able to enlarge its market share in the secondary property market and to gain a greater return.

Moving forward, the Group is continuously striving to provide its customers with superior property real estate agency and consulting services through its prudent and pragmatic business approach. At the same time, the Group intends to grasp upcoming opportunities in the property market in order to expand the core businesses and related value-added services to further strengthen its industry leadership position and bring satisfactory 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 2012 including the accounting, internal control and financial reporting issues.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, 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\$292.4 million (31 December 2011: HK\$329.9 million) and 4.05 (31 December 2011: 3.48) respectively. Total borrowings amounted to approximately HK\$48.4 million which are secured bank borrowings (31 December 2011: approximately HK\$53.5 million). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 3.48% (31 December 2011: 3.99%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 30 June 2012.

## **PLEDGE OF ASSETS**

At 30 June 2012, the Group pledged its investment properties and leasehold land and buildings with an aggregate amount of approximately HK\$82 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 2012, the Group had approximately 11,200 full time employees. Around 8 staff were based in Hong Kong and the rest were employed in China. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

Apart from those set out above, the current information in other management and discussion analysis has not changed materially from those information disclosed in the last published 2011 annual report.

## **INTERIM DIVIDEND**

On 24 August 2012, the board of directors (the "Board") have resolved to declare an interim dividend of HK3.5 cents per share of the Company (the "Share(s)") for the six months ended 30 June 2012 (the "Interim Dividend") payable to shareholders of the Company whose names are on the register of members on 14 September 2012. It is expected that the dividend warrants will be posted on 26 September 2012.

## 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 2012, 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	Underlying shares (under equity derivatives of the Company) (Note 2)		
<b>Director</b>					
Mr. Fu Wai Chung ("Mr. Fu")	380,242	164,959,180 (Note 1)	—	165,339,422	35.33%
Ms. Ng Wan	380,242	—	—	380,242	0.08%
Ms. Fu Man	—	—	3,120,000	3,120,000	0.67%
Mr. Lo Yat Fung	—	—	3,696,000	3,696,000	0.79%
Mr. Lam King Pui	—	—	237,600	237,600	0.05%
Mr. Ng Keung	—	—	237,600	237,600	0.05%
Mrs. Wong Law Kwai Wah, Karen	—	—	237,600	237,600	0.05%

Notes:

- These 164,959,180 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.
- Details of share options held by the directors are shown in the section of "Share Options".

(ii) **Ordinary shares of US\$1.00 each in Fu's Family Limited, the associated corporation of the Company**

<b>Name of director</b>	<b>Number of shares interested</b>	<b>Percentage of shareholding</b>
Fu Wai Chung	70	70%

*Share Options*


On 24 June 2004, the Company adopted a share option scheme (the "Scheme"). Movements of the share options during the six months ended 30 June 2012 were as follows:

	Number of share options			Date of grant	Exercise period	Exercise price per share HK\$ (Note 1)
	As at 1 January 2012	Exercised during the period	As at 30 June 2012			
<b>Directors</b>						
Mr. Fu Wai Chung	—	—	—	16 December 2009	16 December 2009 to 15 December 2012	1.97
Ms. Ng Wan	—	—	—	16 December 2009	16 December 2009 to 15 December 2012	1.97
Ms. Fu Man	3,120,000	—	3,120,000	16 December 2009	16 December 2009 to 15 December 2012	1.97
Mr. Lo Yat Fung	3,696,000	—	3,696,000	16 December 2009	16 December 2009 to 15 December 2012	1.97
Mr. Lam King Pui	237,600	—	237,600	16 December 2009	16 December 2009 to 15 December 2012	1.97
Mr. Ng Keung	237,600	—	237,600	16 December 2009	16 December 2009 to 15 December 2012	1.97
Mrs. Wong Law Kwai Wah, Karen	237,600	—	237,600	16 December 2009	16 December 2009 to 15 December 2012	1.97
<b>Others</b>						
Employees	3,040,800	—	3,040,800	16 December 2009	16 December 2009 to 15 December 2012	1.97
Total	10,569,600	—	10,569,600			

Note:

- Upon completion of the bonus issue which was approved by the shareholders in an annual general meeting held on 9 June 2011, the exercise price of the share options granted under the Scheme and the number of shares to be allotted and issued upon full exercise of the subscription right attaching to the outstanding share options were adjusted in accordance with the terms of the Scheme and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 relating to adjustments to share options.





Save as disclosed above, as at 30 June 2012, 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**

Pursuant to the written resolutions passed by the then shareholders on 24 June 2004 the Company had adopted the Scheme. Under the Scheme, the directors of the Company may, at their discretion, invite full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive and independent non-executive directors, advisors, consultants of the Group to take up options to subscribe for shares in the Company representing up to a maximum 10% (i.e. 18,000,000 shares) of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange and subject to renewal with shareholders' approval.

Options carrying rights to subscribe for 18,000,000 shares were fully granted in accordance with the Scheme on 16 December 2009. On 9 June 2010, the Company's shareholders passed an ordinary resolution to refresh the 10% general limit under the Scheme in order to enable the Company to grant further options up to a maximum of 29,600,000 shares based on the then 296,000,000 issued shares.

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 2012, 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:

<b>Name</b>	<b>Number of shares interested</b>	<b>Percentage of shareholding</b>
Mr. Fu (Note 1)	165,719,664	35.41%
Fu's Family Limited (Note 2)	164,959,180	35.25%
Mutual Fund Populus	36,268,320	7.75%

Notes:

1. Under the SFO, Mr. Fu is deemed to be interested in the shares held by Fu's Family Limited. Mr. Fu's interests include 164,959,180 shares held through Fu's Family Limited, 380,242 shares held by himself and 380,242 shares held by his spouse, Ms. Ng Wan, who is also a director of the Company.
2. These 164,959,180 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.

All the interests in shares stated above represent long position.

Save as disclosed above, as at 30 June 2012, 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 13 September 2012 (Thursday) to 14 September 2012 (Friday), both days inclusive, during which period no transfer of Shares shall be effected. In order to be qualified for the Interim Dividend, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 12 September 2012 (Wednesday).

## **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 2012, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) 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 2012 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

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

Hong Kong, 24 August 2012