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 2008

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 2008, together with comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2008

		Six months ended 30 June	
		2008	2007
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**372,258**	300,687
Other income		**2,612**	2,558
Selling expenses		**(58,968)**	(50,056)
Administrative expenses		**(277,497)**	(188,509)
Finance costs		**(1,037)**	(249)
Profit before taxation		**37,368**	64,431
Income tax expense	*4*	**(5,928)**	(13,534)
Profit for the period	*5*	**31,440**	50,897
Attributable to:			
– Equity holders of the Company		**29,627**	45,495
– Minority interests		**1,813**	5,402
		31,440	50,897
Dividends	*6*	**–**	13,574
Earnings per share	*7*		
– Basic		**HK12.00 cents**	HK18.43 cents

CONDENSED CONSOLIDATED BALANCE SHEET
At 30 June 2008

	Note	**30 June 2008 (unaudited)** *HK$'000*	31 December 2007 (audited) *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**6,964**	6,964
Property, plant and equipment		**293,921**	220,513
Goodwill		**15,355**	15,355
		316,240	242,832
CURRENT ASSETS			
Accounts receivables	*8*	**207,803**	212,045
Other receivables and prepayment		**76,286**	57,687
Bank balances and cash		**178,298**	210,385
		462,387	480,117
CURRENT LIABILITIES			
Other payables and accruals		**65,727**	115,473
Tax liabilities		**33,948**	36,369
Secured bank borrowings – due within one year		**24,432**	7,804
		124,107	159,646
NET CURRENT ASSETS		**338,280**	320,471
		654,520	563,303
CAPITAL AND RESERVES			
Share capital		**2,468**	2,468
Reserves		**562,697**	518,483
Equity attributable to equity holders of the Company		**565,165**	520,951
Minority interests		**29,441**	26,550
		594,606	547,501
NON-CURRENT LIABILITIES			
Secured bank borrowings – due after one year		**43,750**	–
Deferred tax liabilities		**16,164**	15,802
		59,914	15,802
		654,520	563,303

Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 June 2008

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance 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 "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "new HKFRSs"), which are effective for the Group's financial year beginning on 1 January 2007. The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

No analysis of the Group's segmental information by business or geographical segments is presented as less than 10% of the Group's activities and operations are contributable by activities other than property brokering services or from markets outside the People's Republic of China (the "PRC").

4. INCOME TAX EXPENSE

The 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%.

Subject to the approval by the relevant tax authority, certain of the Group's subsidiaries in the PRC are only required to pay the PRC income tax on predetermined tax rate at 2.5% to 6.8% on turnover during the period (six months ended 30 June 2007: 2% to 6.8%). The predetermined tax rate is agreed and determined between such enterprises and the PRC 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 financial statements as the subsidiaries have no assessable profits for both periods.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Depreciation and amortisation	**23,628**	16,115
Impairment on accounts receivables	**1,159**	1,035
Interest income	**(1,155)**	(2,627)
Rental income	**(872)**	(337)

6. DIVIDENDS

On 12 September 2008, the Directors have resolved not to declare any interim dividend for the six months ended 30 June 2008.

Interim dividend of HK5.5 cents per share was paid for the six months ended 30 June 2007.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the profit for the period attributable to equity holders of the Company of approximately HK$29,627,000 (1 January 2007 to 30 June 2007: HK$45,495,000) and on 246,800,000 (1 January 2007 to 30 June 2007: 246,800,000) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30 June 2008 have been presented as there were no potential ordinary shares outstanding during the period.

8. ACCOUNTS RECEIVABLES

The Group allows its customers with credit periods normally ranging from 30 to 120 days.

The aged analysis of accounts receivables at the balance sheet date is as follows:

	2008	2007
	HK$'000	*HK$'000*
Accounts receivables		
0-30 days	**47,063**	102,712
31-60 days	**66,341**	34,984
61-90 days	**35,308**	29,248
91-120 days	**32,652**	27,835
Over 120 days	**26,439**	17,266
	207,803	212,045

BUSINESS REVIEW

The first half of 2008 was a challenging period for the real estate market in China. With the consumer price index rocketing and the government continually enforcing austerity measures on the property market, the sector was sent from the super fast lane on to the slower lane. Consumers have become more conservative and demand for properties has calmed. Furthermore, affected by the sluggish global financial market, stock markets on Mainland China also posed lackluster performance in the first half of the year, which in turn dampened investment sentiment and led to shrinkage of the property market.

For the six months ended 30 June 2008, the Group recorded a turnover of HK$372.3 million, up 24% against HK$300.7 million in the same period last year. Profit attributable to shareholders was HK$29.6 million, a decrease of 35% from HK$45.5 million in the corresponding period last year. Basic earnings per share were HK12.00 cents (2007 corresponding period: HK18.43 cents).

During the review period, the Group's primary and secondary property real estate agency service businesses brought in turnover of HK$198.5 million and HK$159.8 million respectively, accounting for 50% and 41% of the Group total. The remaining 9% or HK$35.7 million was derived from other businesses such as mortgage referral and property management. By geographical segment, Guangzhou contributed about 54% of the total turnover and about 46% of the total turnover came from outside Guangzhou.

Primary Property Real Estate Agency Service

During the review period, although consumer jittery caused demand for properties to greatly decrease, capitalizing on its solid market leadership and extensive industry experience, the Group was able to gain the trust of developers and secured exclusive agency rights for more projects. For the six months ended 30 June 2008, the Group handled primary property transactions of total gross floor area of about 18.7 million square feet and total amount of approximately HK$15 billion, a 15.4% increase against the over HK$13 billion in the corresponding period last year.

The Group strived to secure exclusive agency rights for more projects to consolidate its existing market position and broaden income stream. Currently, the Group holds exclusive agency rights for over 250 projects, of which 196 contributed turnover to the Group during the review period. By geographical segment, Guangzhou accounted for approximately 49% of the total turnover from primary property real estate agency service and the remaining turnover from primary property real estate agency service came from other cities in China.

During the period under review, all the Group's projects open for sale performed stably. Those projects included Everbright Riverside (光大花園), Royal Plaza (君匯世家), China Overseas Jiansha Bay (中海金沙灣) and Evergrande Century Giants (恒大世紀名門) in Guangzhou, Vanke City Golf Garden (萬科城市高爾夫花園) and Dong Jun Palace (東駿豪苑) in Dongguan, Vanke City (萬科城) and Gemdale Kowloon Jade (金地九瓏璧) in Foshan and new projects in Shanghai, Anhui, Wuhan and Hunan. The Group continued to work closely with major property developers and secured exclusive agency rights for more projects.

The Group also offers comprehensive initial project planning services to property developers, covering the entire planning process from giving professional advice on location and market positioning to marketing strategies and sales. During the review period, the Group provided initial project planning services to 63 development projects.

Secondary Property Real Estate Agency Service

According to the target set at the beginning of the year, the Group actively expanded the network of its secondary property real estate agency service business during the period under review. The number of branches increased from 350 at year end 2007 to approximately 420 at end of June 2008, of which approximately 250 were in Guangzhou and approximately 90 in Shanghai. The remaining secondary branches were in other cities including Dongguan, Foshan, Tianjin and Beijing. The Group's turnover from its secondary property real estate agency service business also increased remarkably due to the increase in the number of branches. In the first half of 2008, the Group handled approximately 17,800 secondary property transactions, an increase of 22% when compared to approximately 14,600 transactions in the same period last year and turnover also grew, by 27%, against the same period last year to HK$159.8 million.

However, secondary property real estate agency service business was hit more badly than the primary property real estate agency business by the adverse market environment during the review period. Apart from economic loss caused to consumers by natural disasters, the significant drop of the PRC stock market since the beginning of 2008 also translated into heavy psychological and financial pressure on consumers. Inevitably, the secondary property market was adversely affected, with growth rate and profit margin both compromised when compared with the same period last year. Since most of the branches of the Group in Shanghai were still in early investment stage and the branch network was still too small to reap economies of scale, the Group's overall profit was adversely affected.

Other Businesses

In addition to providing property agency service, the Group also offers other property related value-added services including mortgage referral, property management, property valuation and property auction. These services not only provide an additional income source to the Group, but also help to strengthen its brand image.

The Group's mortgage referral business has been fully developed. With a comprehensive customer network, the Group is able to provide secondary property agency service customers with professional advice and referral services in relation to property mortgage. As for its property management business, the Group provided property management services during the period to over 40 residential and commercial projects and shopping arcades in Guangzhou, Shanghai and Wuhan involving more than 40,000 units of total gross floor area over 40 million square feet.

PROSPECTS

The property industry in China is currently undergoing adjustment after the stage of rapid growth. Affected by uncertain policies and buyer jittery, the industry is cooling down. Nevertheless, in the long run, the demand for high quality properties will far exceed supply, and as a result present enormous development opportunities to the property sector in the future.

With both property prices and transaction volume dropping, the Group will strive to control cost and trim operational expenses to ensure it gets through the industry adjustment period. For the primary property real estate agency service business, drawing on its abundant experience in the industry and close relationship with various developers, the Group will continue to actively explore more exclusive agency rights opportunities, with the aim of spreading risks and stabilising income. To boost economies of scale and to save costs, the Group is considering merging certain offices to the well performing offices.

For the secondary property real estate agency service business, the Group will adjust its strategy to achieve optimum branch deployment, in the hope of making profit in all districts where it has presence. As its secondary property real estate agency service branches in Shanghai have yet to attain economies of scale, to cap preliminary investment and control cost, the Group will slow down its expansion in the Shanghai market, cut advertising expense and reduce the number of sale staff at each branch. The number of secondary branches has been reduced from 420 branches at the end of June 2008 to approximately 350 branches currently. The Group will also look into business conditions in other cities and it does not rule out the possibility of closing still some more branches considering the weak market environment.

Looking ahead, the Group still has full confidence in the long-term prospects of the property market in China. The Group is coping with the current testing market environment cautiously and with optimism. By actively applying different cost control measures and making timely adjustment of strategies, the Group will be able to consolidate its industry leadership and maintain steady business growth. Hopefluent is confident of its ability to make it through the difficult times and bring long-term returns to shareholders.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee"), comprising the three existing independent non-executive directors, which has reviewed the unaudited interim results for the six months ended 30 June 2008 including the accounting, internal control and financial reporting issues.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008, 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$178.3 million (31 December 2007: HK$210.4 million) and 3.73 (31 December 2007: 3.01) respectively. Total borrowings amounted to approximately HK$68.2 million are secured bank loans (31 December 2007: HK$7.8 million). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 8.76% (31 December 2007: 1.08%). The Group's borrowings are primarily denominated in Renminbi and Hong Kong dollars. The Group had no material contingent liabilities as at 30 June 2008.

PLEDGE OF ASSETS

At 30 June 2008, the Group pledged its investment properties and leasehold land and buildings with an aggregate amount of approximately HK$51.4 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 2008, the Group had approximately 8,800 full time employees. Around 7 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.

SHARE OPTION

No option has been granted under the company's share option scheme since its adoption.

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

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not during the six months ended 30 June 2008 in compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except the following deviation (Code Provision A.2.1):

Further Information About 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.

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 2008 and they all confirmed that they have fully complied with the required standard set out in the Model Code.

By Order of the Board of Directors
FU Wai Chung
Chairman

Hong Kong, 12 September 2008

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