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## **HOPE LIFE INTERNATIONAL HOLDINGS LIMITED**

**曠逸國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1683)

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Hope Life International Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred hereafter as the “**Group**”) for the six months ended 30 June 2020, together with the comparative figures for the six months ended 30 June 2019 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2020*

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2020</b>	2019
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing Operations</b>			
Revenue	4	42,410	48,082
Cost of sales		<u>(26,939)</u>	<u>(33,476)</u>
Gross profit		15,471	14,606
Other revenue and other gains	5	752	1,046
Other operating expenses		(57)	(610)
Administrative expenses		(12,379)	(15,879)
Finance costs	6	<u>(71)</u>	<u>(77)</u>
Profit/(Loss) before taxation			
from continuing operations	7	3,716	(914)
Taxation	8	<u>(62)</u>	<u>(689)</u>
<b>Profit/(Loss) for the period</b>			
<b>from continuing operations</b>		<u>3,654</u>	<u>(1,603)</u>
<b>Discontinued Operation</b>			
Profit for the period from a discontinued operation		<u>–</u>	<u>12,361</u>
<b>Profit for the period</b>		<u><u>3,654</u></u>	<u><u>10,758</u></u>
<b>Profit/(Loss) for period attributable to:</b>			
Owners of the Company			
– from continuing operations		3,654	(1,603)
– from discontinued operation		<u>–</u>	<u>12,361</u>
		<u><u>3,654</u></u>	<u><u>10,758</u></u>
<b>Earnings/(Loss) per share attributable to the owners of the Company</b>			
Basic and diluted (HK cents)	10		
– from continuing operations		0.73	(0.32)
– from discontinued operation		<u>–</u>	<u>2.47</u>
– from continuing and discontinued operations		<u><u>0.73</u></u>	<u><u>2.15</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>3,654</u>	<u>10,758</u>
<b>Other comprehensive income for the period, net of income tax:</b>		
<i>Items that may be classified subsequently to profit or loss:</i>		
Exchange differences on translating of financial statements of foreign operations	<u>3</u>	<u>–</u>
<b>Other comprehensive income for the period</b>	<u>3</u>	<u>–</u>
<b>Total comprehensive income for the period</b>	<u>3,657</u>	<u>10,758</u>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	3,657	10,758
Non-controlling interests	<u>–</u>	<u>–</u>
	<u>3,657</u>	<u>10,758</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		739	1,431
Right-of-use assets		<u>3,241</u>	<u>5,142</u>
		<u><b>3,980</b></u>	<u>6,573</u>
<b>Current assets</b>			
Inventories		1,587	2,471
Loans receivables	11	83,375	86,129
Trade receivables	12	25,855	15,992
Contract assets		10,770	2,415
Deposits, prepayments and other receivables	13	15,361	7,544
Income tax recoverable		1,220	178
Cash and bank balances		<u>28,034</u>	<u>33,158</u>
		<u><b>166,202</b></u>	<u>147,887</u>
<b>Current liabilities</b>			
Trade payables	14	14,904	3,584
Contract liabilities		4,900	432
Lease liabilities		3,206	3,821
Accrued expenses and other payables	15	4,494	5,947
Amount due to related party		–	90
Amount due to a director		–	282
		<u>27,504</u>	<u>14,156</u>
<b>Net current assets</b>		<u><b>138,698</b></u>	<u>133,731</u>
<b>Total assets less current liabilities</b>		<u><b>142,678</b></u>	<u>140,304</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u>101</u>	<u>1,381</u>
		<u><b>101</b></u>	<u>1,381</u>
<b>Net assets</b>		<u><b>142,577</b></u>	<u>138,923</u>
<b>Capital and reserves</b>			
Share capital		5,000	5,000
Reserves		<u>137,577</u>	<u>133,923</u>
<b>Total equity</b>		<u><b>142,577</b></u>	<u>138,923</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2020*

## 1. GENERAL INFORMATION

Hope Life International Holdings Limited (the “Company”) was incorporated in Cayman Islands on 19 January 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Flat 1703, 17th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Hong Kong.

The Company had its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 September 2015.

The Company is an investment company. The Company and its subsidiaries (collectively referred hereafter as the “Group”) are principally engaged in construction and ancillary services which include design, fitting-out, decoration, alteration and addition, construction and other related businesses, financial services and health business.

The condensed consolidated financial statements for the six months ended 30 June 2020 are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard 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 (the “Listing Rules”).

The condensed consolidated financial statements for the six months ended 30 June 2020 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019.

### 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

Other than the amendment to HKFRS 16, the group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision-makers, review the Group's internal reporting in order to assess performance and allocate resources. Information reported to the chief operating decision marker, for the purpose of resources allocation and performance assessment, focuses on the types of goods or services delivered or provided.

The Group has three reportable segments under HKFRS 8 are as follows:

- (a) Construction and ancillary services – design, fitting-out, decoration, alteration and addition, construction and other related businesses.
- (b) Financial services – money lending business.
- (c) Health business – provision of health related services and products.

An analysis of revenue is as follows:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Construction and ancillary services	<b>37,403</b>	46,190
Financial service	<b>3,421</b>	1,558
Health business	<b>1,586</b>	334
	<b>42,410</b>	48,082
	<b>42,410</b>	48,082
Timing of revenue recognition:		
Over time	<b>40,824</b>	47,748
At a point in time	<b>1,586</b>	334
	<b>42,410</b>	48,082
	<b>42,410</b>	48,082

## Segment revenue and results

	Construction and ancillary services <i>HK\$'000</i> (Unaudited)	Financial Services <i>HK\$'000</i> (Unaudited)	Health business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 30 June 2020				
Segment revenue	<u>37,403</u>	<u>3,421</u>	<u>1,586</u>	<u>42,410</u>
Segment Result from continuing operations	5,006	1,466	(442)	6,030
Unallocated corporate income				164
Unallocated corporate expense				<u>(3,299)</u>
Gain before taxation from continuing operations				2,895
Taxation				<u>(62)</u>
Gain for the period from continuing operations				<u><u>2,833</u></u>

	Construction and ancillary services <i>HK\$'000</i> (Unaudited)	Financial Services <i>HK\$'000</i> (Unaudited)	Health business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 30 June 2019				
Segment revenue	<u>46,190</u>	<u>1,558</u>	<u>334</u>	<u>48,082</u>
Segment Result from continuing operations	4,838	(1,362)	11	3,487
Unallocated corporate income				322
Unallocated corporate expense				<u>(4,723)</u>
Loss before taxation from continuing operations				(914)
Taxation				<u>(689)</u>
Loss for the period from continuing operations				<u><u>(1,603)</u></u>

Segment results represent the profit earned by or loss from each segment without allocation of unallocated corporate income and unallocated corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period.

## Geographical information

The Group's operations are located in Hong Kong and People's Republic of China (the "PRC").

The Group's geographical segments are classified according to the location of customers. There are two customer-based geographical segments. Segment revenue from external customers by the location of customer during the period is as follows:

### *Revenue from external customers*

	Six months ended 30 June	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Hong Kong	38,456	43,592
PRC	3,954	4,490
	<u>42,410</u>	<u>48,082</u>

The Group's geographical segments are also classified by the location of assets, information about its non-current assets from continuing operations by geographical location are detailed below:

### *Non-current assets*

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
	Hong Kong	<u>3,980</u>

### Information about major customers

Revenue from customers of the corresponding periods contributing top five of the total revenue of the Group from continuing operations are as follows:

	Six months ended 30 June	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Customer A	27,482	42,072
Customer B	4,673	16,117
Customer C*	3,954	5,863
Customer D*	1,295	836
Customer E*	1,242	–

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

### 5. OTHER REVENUE AND OTHER GAINS

	Six months ended 30 June	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
<b>Other revenue</b>		
Bank interest income	25	390
Other operating income	724	361
Sundry income	–	96
	<u>749</u>	<u>847</u>
<b>Other gains</b>		
Net exchange gain	3	–
Reversal of allowance for expected credit losses	–	199
	<u>3</u>	<u>199</u>
<b>Total</b>	<u><u>752</u></u>	<u><u>1,046</u></u>

## 6. FINANCE COST

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	<u>71</u>	<u>77</u>
	<u>71</u>	<u>77</u>

## 7. PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(Loss) before taxation from continuing operations has been arrived at after charging/(crediting):		
Directors' emoluments	1,372	3,140
Salaries, wages and other benefits (excluding directors' emoluments)	5,331	5,353
Pension scheme contributions (excluding directors' emoluments)	<u>125</u>	<u>122</u>
	<u>5,456</u>	<u>5,475</u>
Depreciation of property, plant and equipment	692	1,169
Depreciation of right-of-use assets	1,901	1,422
Loss on disposal of subsidiaries	–	14
Minimum lease payments under operating leases in respect of office premises ( <i>Note</i> )	–	1,809
Net exchange gain	<u>(3)</u>	<u>–</u>

*Note:* Minimum lease payments under operating leases are payments for short-term leases which are not required to be capitalised under HKFRS 16.

## 8. TAXATION

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong		
Provision for the period	<u>62</u>	<u>689</u>
Current tax expense	<u><u>62</u></u>	<u><u>689</u></u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entities will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

The Group considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 30 June 2019: 16.5%) on the estimated assessable profits for the period.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI during the period.

The subsidiary of the Group established in the PRC is subject to PRC Enterprise Income Tax on its taxable income tax at an income tax rate of 25% (six months ended 30 June 2019: 25%).

## 9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## 10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to the owners of the Company and the weighted average number of ordinary shares in issue of 500,000,000 (six month ended 30 June 2019: 500,000,000).

The calculation of basic and diluted earnings/(loss) per share amounts are based on:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Profit/(loss)</b>		
Profit/(loss) attributable to the owners of the Company, used in the basic and diluted earnings/(loss) per share calculation		
From continuing operations	3,654	(1,603)
From a discontinued operation	—	12,361
	<u>3,654</u>	<u>10,758</u>

Diluted earnings/(loss) per share for the six months ended 30 June 2019 and 2020 were the same as the basic earnings/(loss) per share as there were no potential dilutive ordinary shares in existence during the periods.

## 11. LOANS RECEIVABLES

	As at	As at
	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Loans receivables	<u>83,375</u>	<u>86,129</u>

The Group's loan receivables which arise from the money lending business of provision of loans in Hong Kong, are denominated in Hong Kong dollars.

Loans are unsecured and certain of which are accompanied by personal guarantee. The loans bear interest rate arranging from 6% to 10% per annum and are repayable within fixed terms agreed with the customers.

## 12. TRADE RECEIVABLES

	As at <b>30 June</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Trade receivables	25,857	16,000
Less: Allowance for expected credit losses	<u>(2)</u>	<u>(8)</u>
	<b><u>25,855</u></b>	<b><u>15,992</u></b>

The Group's credit term with its customers is, in general, 7 to 45 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The aging analysis of the trade receivables, net of allowance for expected credit losses, based on the invoice date, are as follows:

	As at <b>30 June</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Current to 30 days	21,281	11,789
31 – 60 days	171	970
61 – 90 days	419	2,790
Over 90 days	<u>3,986</u>	<u>451</u>
	<b><u>25,857</u></b>	<b><u>16,000</u></b>

## 13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at <b>30 June</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Deposits	5,524	5,530
Prepayments	748	1,890
Interest receivables	4	3
Other receivables	<u>9,086</u>	<u>130</u>
	<b>15,362</b>	<b>7,553</b>
Less: Allowance for expected credit losses	<u>(1)</u>	<u>(9)</u>
	<b><u>15,361</u></b>	<b><u>7,544</u></b>

#### 14. TRADE PAYABLES

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Trade payables	<u>14,904</u>	<u>3,584</u>

The aging analysis of trade payables, based on the invoice date are as follows:

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Current to 30 days	6,354	733
31 – 60 days	–	109
61 – 90 days	7,974	34
Over 90 days	<u>576</u>	<u>2,708</u>
	<u>14,904</u>	<u>3,584</u>

The credit period on purchases of certain goods and services is within 7 to 90 days.

#### 15. ACCRUED EXPENSES AND OTHER PAYABLES

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Accrued expenses	1,894	942
Other payables	<u>2,600</u>	<u>5,005</u>
	<u>4,494</u>	<u>5,947</u>

#### 16. EVENTS AFTER THE REPORTING PERIOD

As of the approval date on this unaudited condensed consolidated financial statements, the Group had no significant events after the reporting period which need to be disclosed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

During the six months ended 30 June 2020 (the “**Period**”), the revenue of the Group from continuing operations decreased by 11.8% to HK\$42.4 million (six months ended 30 June 2019: HK\$48.1 million) and the overall gross profit of the Group from continuing operations increased by 5.9% to HK\$15.5 million (six months ended 30 June 2019: HK\$14.6 million). The Group recorded a profit for the Period of approximately HK\$3.7 million, as compared to a gain of approximately HK\$10.8 million for the six months ended 30 June 2019 was mainly attributable to the gain of HK\$12.4 million from the disposal of the Smart Empire Global Limited and its subsidiaries in last period.

### BUSINESS REVIEW

The Group’s business segments include three major segments, namely construction and ancillary services, financial services and health business.

A breakdown of the revenue was listed below:

	<b>Six months ended</b>		<b>Six months ended</b>	
	<b>30 June 2020</b>		<b>30 June 2019</b>	
	<i>HK\$’000</i>	<i>%</i>	<i>HK\$’000</i>	<i>%</i>
Construction and ancillary services	<b>37,403</b>	<b>88.2</b>	46,190	96.1
Financial Services	<b>3,421</b>	<b>8.1</b>	1,558	3.2
Health business	<b>1,586</b>	<b>3.7</b>	334	0.7
Revenue	<b>42,410</b>	<b>100</b>	48,082	100

## **CONSTRUCTION AND ANCILLARY SERVICES**

Construction and ancillary services which include design, fitting out, decoration, alteration and addition, construction and other related business were the focus of our business in the Period. During the Period, the revenue from construction and ancillary services decreased by 19.0% to HK\$37.4 million (six months ended 30 June 2019: HK\$46.2 million). The decrease in revenue from this segment mainly due to the decrease in revenue contributed from the construction and ancillary services of non-residential projects.

## **FINANCIAL SERVICES**

The Group holds a money lenders licence in Hong Kong and provides loan facilities to prospective customers including enterprises and individuals.

Revenue from money lending business amounted to HK\$3.4 million (six months ended 30 June 2019: HK\$1.6 million). As at 30 June 2020, the gross loans and interest receivable amounted to HK\$83.4 million (31 December 2019: HK\$86.1 million).

On 18 February 2020, the Group and a borrower entered into the loan agreement pursuant to which the Group has agreed to grant the loan in the amount of HK\$35,000,000 to the borrower for a term of twelve months from the effective date. For details of the loan agreement, please refer to the announcement dated 18 February 2020.

## **HEALTH BUSINESS**

Health business include provision of health related services and products to customers. During the Period, revenue from the health business amounted to HK\$1.6 million (six months ended 30 June 2019: HK\$0.3 million).

## **Administrative expenses**

The administrative expenses decreased by HK\$3.5 million from HK\$15.9 million for the six months ended 30 June 2019 to HK\$12.4 million for the six months ended 30 June 2020. This was mainly attributable to the decrease in the operating expenses for the Period.

## **Profit for the Period**

The Group recorded the profit of HK\$3.7 million for the Period as compared to the gain of HK\$10.8 million for the six months ended 30 June 2019 mainly due to the gain of HK\$12.4 million from the disposal of the Smart Empire Global Limited in the last period.

## **PROSPECT**

In the first half of 2020, Hong Kong property market was negatively affected by trade war between United States of America and China and COVID-19 in Hong Kong. Uncertainty in Hong Kong property market may affect the demand from the property developers for our construction and ancillary services. The Group has started to explore other business opportunities in order to reduce our reliance on Hong Kong property markets. The Group is exploring business opportunities in the health industry, financial services and other businesses to broaden the revenue and profit base of the Group.

## **HUMAN RESOURCES AND REMUNERATION POLICIES**

As at 30 June 2020, the Group had 26 employees (31 December 2019: 26) in Hong Kong and the PRC. The total remuneration paid by the Group to its employees (including directors) for the current financial period was HK\$6.7 million (six months ended 30 June 2019: HK\$8.6 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), the following factors are considered:

- workload, responsibility and job complexity;
- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- market rates and changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

In addition to salaries, provident fund scheme and medical insurance coverage and discretionary bonuses are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

## **MATERIAL EVENTS**

On 18 February 2020, Greater Bay Finance Limited (“**Greater Bay Finance**”), an indirect wholly-owned subsidiary of the Company and a borrower entered into the loan agreement pursuant to which Greater Bay Finance has agreed to grant the loan in the amount of HK\$35,000,000 to the borrower for a term of twelve months from the effective date. For details of the loan agreement, please refer to the announcement of the Company dated 18 February 2020.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2020, the Group had total cash and bank balances of HK\$28.0 million (31 December 2019: HK\$33.2 million) mainly denominated in Hong Kong dollars.

The Group continued to maintain a healthy liquidity position. At as 30 June 2020, the Group had net current assets of HK\$138.7 million (31 December 2019: HK\$133.7 million). The Group had current ratio of approximately 6.04 times as at 30 June 2020 compared to that of approximately 10.45 times as at 31 December 2019.

The gearing ratio of the Group is defined as a percentage of interest-bearing liabilities divided by total equity. As at 30 June 2020, the Group did not have any borrowing (31 December 2019: Nil). Hence, as at 30 June 2020, the gearing ratio was Nil (31 December 2019: Nil). The Group’s working capital requirements were mainly financed by internal resources.

## **FOREIGN EXCHANGE EXPOSURE**

The Group mainly earns revenue in Hong Kong dollars and Renminbi and also incurs cost in Hong Kong dollars and Renminbi. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group’s performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any foreign currency hedging policy.

## **PLEDGE OF ASSETS**

There was no pledged asset as at 30 June 2020 (31 December 2019: Nil).

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

## **CAPITAL COMMITMENTS**

The Group had no significant outstanding capital commitment as at 30 June 2020 (31 December 2019: Nil).

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises two executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (“**CG Code**”) set out in Appendix 14 to the Listing Rules. During the year ended 30 June 2020 and up to the date of this announcement, the Company has complied with the code provisions under the CG Code, except for the following deviation:

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

On 1 April 2020, Mr. REN Huiyong was appointed as the chairman (the “**Chairman**”) of the Board and Ms. SHEN Jie remained the chief executive officer (the “**CEO**”) of the Company, the roles of the Chairman and the CEO of the Company has been segregated as required by code provision A.2.1 of the CG Code.

The Company periodically reviews its corporate governance practices to ensure that it continues to meet the requirements under the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Directors have adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in dealing in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code for the six months ended 30 June 2020.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2020.

## **AUDIT COMMITTEE**

The audit committee (the "**Audit Committee**") of the Board was established on 13 August 2015. The Audit Committee comprises three independent non-executive Directors, namely Mr. LU Zhuohui, Ms. FU Ling and Ms. XIE Yanbin.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020. The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 were approved and authorised for issue by the Directors on 28 August 2020.

By Order of the Board  
**Hope Life International Holdings Limited**  
**REN Huiyong**  
*Chairman*

Hong Kong, 28 August 2020

*As at the date of this announcement, the Board comprises Mr. REN Huiyong and Ms. SHEN Jie as executive Directors; and Mr. LU Zhuohui, Ms. XIE Yanbin and Ms. FU Ling as independent non-executive Directors.*