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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)

### ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the “Directors” or “Board”) of Hopefluent Group Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015, together with comparative figures as follows:

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

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Turnover	3	2,760,202	2,466,784
Other income		14,291	10,619
Gain on disposal of subsidiaries	11	61,112	–
Change in fair value of investment properties		2,047	(5,445)
Selling expenses		(2,033,966)	(1,759,783)
Administrative expenses		(435,634)	(417,722)
Other expenses		(14,709)	(10,358)
Share of losses of an associate		(4,634)	(6,253)
Finance costs	5	(30,334)	(42,353)
Profit before tax		318,375	235,489
Income tax expense	6	(91,282)	(83,344)
Profit for the year	7	227,093	152,145
<b>Other comprehensive expense</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation		(127,924)	(8,470)
Total comprehensive income for the year		99,169	143,675
Profit for the year attributable to:			
Owners of the Company		223,330	147,121
Non-controlling interests		3,763	5,024
		227,093	152,145
Total comprehensive income attributable to:			
Owners of the Company		96,724	138,839
Non-controlling interests		2,445	4,836
		99,169	143,675
Earnings per share	9		
— Basic		HK33.7 cents	HK27.5 cents
— Diluted		HK33.7 cents	HK27.5 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>69,787</b>	72,000
Property, plant and equipment		<b>184,289</b>	215,840
Goodwill		<b>15,220</b>	16,178
Interest in an associate		–	127,669
		<u><b>269,296</b></u>	<u>431,687</u>
<b>CURRENT ASSETS</b>			
Accounts receivables	<i>10</i>	<b>997,808</b>	994,766
Loan receivables		<b>253,619</b>	229,022
Other receivables and prepayments		<b>267,916</b>	77,998
Held for trading investments		<b>29,705</b>	5,006
Bank balances and cash		<b>1,049,732</b>	1,100,401
		<u><b>2,598,780</b></u>	<u>2,407,193</u>
<b>CURRENT LIABILITIES</b>			
Payables and accruals	<i>12</i>	<b>405,400</b>	246,806
Tax liabilities		<b>116,036</b>	116,578
Bank borrowings		<b>39,053</b>	51,572
Convertible notes		–	202,372
		<u><b>560,489</b></u>	<u>617,328</u>
<b>NET CURRENT ASSETS</b>		<u><b>2,038,291</b></u>	<u>1,789,865</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>2,307,587</b></u>	<u>2,221,552</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>6,680</b>	6,567
Share premium and reserves		<b>2,231,608</b>	2,138,310
Equity attributable to owners of the Company		<b>2,238,288</b>	2,144,877
Non-controlling interests		<b>18,148</b>	20,372
<b>TOTAL EQUITY</b>		<u><b>2,256,436</b></u>	<u>2,165,249</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities		<b>51,151</b>	56,303
		<u><b>2,307,587</b></u>	<u>2,221,552</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 1. GENERAL

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is Renminbi (“RMB”). The directors selected Hong Kong dollars as the presentation currency because the shares of the Company are listed on the Stock Exchange.

The Company is an investment holding company.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>3</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>3</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>3</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

### ***HKFRS 15 Revenue from Contracts with Customers***

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect of HKFRS 15 until the Group performs a detailed review.

Except those mentioned above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

### **3. TURNOVER**

Turnover represents agency commission and services income received and receivable from outside customers for the sales of properties in the People’s Republic of China (the “PRC”) net of business tax and other taxes. An analysis of the Group’s revenue for the year is as follows:

	<b>2015</b>	2014
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Agency commission	<b>2,553,975</b>	2,296,120
Services income	<b>371,702</b>	316,832
	<b>2,925,677</b>	2,612,952
<i>Less: Business tax and other taxes</i>	<b>(165,475)</b>	(146,168)
	<b><u>2,760,202</u></b>	<u>2,466,784</u>

#### 4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group is organised into three business divisions including primary property real estate agency services, secondary property real estate agency services and property management services which form the Group's three operating segments. Primary property real estate agency is the provision of first hand real estate services to property developers. Secondary property real estate agency is the provision of secondary real estate services, mortgage referral and loan financing services to individuals or companies. Property management is the provision of building management services to property owners.

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

##### For the year ended 31 December 2015

	Primary property real estate agency <i>HK\$'000</i>	Secondary property real estate agency <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>1,814,670</u>	<u>595,014</u>	<u>350,518</u>	<u>2,760,202</u>
Segment profit	<u>255,626</u>	<u>32,716</u>	<u>51,022</u>	339,364
Other income				14,291
Gain on disposal of subsidiaries				61,112
Central administrative costs				(63,471)
Share of losses of an associate				(4,634)
Increase in fair value of investment properties				2,047
Finance costs				<u>(30,334)</u>
Profit before tax				<u>318,375</u>

##### For the year ended 31 December 2014

	Primary property real estate agency <i>HK\$'000</i>	Secondary property real estate agency <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>1,595,921</u>	<u>578,742</u>	<u>292,121</u>	<u>2,466,784</u>
Segment profit	<u>274,556</u>	<u>32,936</u>	<u>20,104</u>	327,596
Other income				10,619
Central administrative costs				(48,675)
Share of losses of an associate				(6,253)
Decrease in fair value of investment properties				(5,445)
Finance costs				<u>(42,353)</u>
Profit before tax				<u>235,489</u>

## 5. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on:		
Bank loans wholly repayable within five years	3,691	1,581
Effective interest on convertible notes	26,643	40,772
	<u>30,334</u>	<u>42,353</u>

## 6. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PRC Enterprises Income Tax ("EIT")	93,158	75,266
Deferred tax	(1,876)	8,078
	<u>91,282</u>	<u>83,344</u>

Under the Law of the PRC on EIT and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Certain of the Group's subsidiaries operating in the PRC are required to pay the PRC income tax on a deemed profit basis at a predetermined tax rate of 3.25% (2014: 2.5% to 3.25%) on turnover during the current year. The predetermined tax rate is agreed and determined between each PRC subsidiary and respective tax bureau of local government and is subject to annual review and renewal.

No tax is payable on the profit for the year arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward for current year. No provision for Hong Kong Profits Tax had been made in prior year in the consolidated financial statements as the Group had no assessable profits in Hong Kong in prior year.

## 7. PROFIT FOR THE YEAR

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	42,637	55,392
Allowances on accounts receivables (included in other expenses)	7,209	7,898
(Reversal of) allowances on loan receivables (included in other expenses)	(22)	1,049
Loss on disposal and write-off of property, plant and equipment (included in other expenses)	533	551
Loss on fair value change of held for trading investments (included in other expenses)	4,067	303
Loss on disposal of held for trading investments (included in other expenses)	632	414
	<u>632</u>	<u>414</u>

## 8. DIVIDENDS

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2015 Interim — HK2.5 cents per share (2014: 2014 Interim — HK1 cent per share)	<b>16,700</b>	5,237
2014 Final — HK3 cents per share (2014: 2013 Final — HK4 cents per share)	<b>20,040</b>	20,948
	<u><b>36,740</b></u>	<u>26,185</u>

The final dividend of HK5.5 cents per share in respect of the year ended 31 December 2015 (2014: final dividend of HK3 cents per share in respect of the year ended 31 December 2014) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

### Earnings

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	<b>223,330</b>	147,121

### Number of shares

	<b>2015</b> <i>'000</i>	2014 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>663,562</b>	535,439
Effect of dilutive potential ordinary shares — Share options	<u>—</u>	<u>41</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>663,562</b></u>	<u>535,480</u>

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in an increase in earnings per share for both years. In addition, the computation of diluted earnings per share for the year ended 31 December 2015 does not assume the exercise of share options outstanding for the year ended 31 December 2015 since the adjusted exercise price of those share options was higher than average market price of the shares during the year ended 31 December 2015.

## 10. ACCOUNTS RECEIVABLES

The Group allows an average credit period ranging from 30 to 120 days to its customers. The aged analysis of accounts receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts receivables		
0–30 days	351,937	361,895
31–60 days	221,627	207,304
61–90 days	191,728	153,966
91–120 days	106,569	176,771
121–180 days	125,947	94,830
	<u>997,808</u>	<u>994,766</u>

## 11. DISPOSAL OF SUBSIDIARIES

On 15 December 2015, the Group disposed of its 100% equity interest in its subsidiary, Firstnet Group Ltd. (“Firstnet”), together with its wholly-owned subsidiary, Top Trade International Investment Ltd. (“Top Trade”), and its associate, Guangzhou Bao Lai Recycle Technology Company Limited (“Bao Lai Recycle”), to an independent third party for a consideration of HK\$180,000,000, with HK\$144,000,000 included in other receivables and prepayments. Firstnet and Top Trade were both engaged in investment holding. Bao Lai Recycle holds effectively 13.3% interest in Guangzhou Hong Sheng Estate Company Ltd., which was engaged in property development and investment.

The above transaction is accounted for as disposal of subsidiaries. Details of the net assets disposed of in respect of the above transaction is summarised below:

	<i>HK\$'000</i>
Consideration satisfied by:	
Cash	36,000
Consideration receivable due within one year included in other receivables and prepayments	<u>144,000</u>
	<u>180,000</u>
Analysis of assets and liabilities over which control was lost:	
Interest in an associate	116,780
Other receivables and prepayments	2,193
Bank balances and cash	770
Other payables	<u>(855)</u>
Net assets disposed of	<u>118,888</u>
Gain on disposal of subsidiaries:	
Consideration received and receivable	180,000
Net assets disposed of	<u>(118,888)</u>
Gain on disposal	<u>61,112</u>

## 12. PAYABLES AND ACCRUALS

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



## **BUSINESS REVIEW**

### **I. Property market environment of the PRC in 2015**

#### *Market improved rapidly under less restrictive property and financial policies.*

In 2015, as economic growth sharply slowed down in the PRC, the Central Government remained committed to the policies of increasing demand and reducing inventory. Relaxed policies were launched at both supply and demand ends, which helped to enhance the property market prices and transactions stably. During the year, interest rates and the reserve ratio of banks were lowered five and four times respectively, as the first installment requirement and taxation requirements were loosened. All these measures have boosted the demand and revitalized the property market. The government also adjusted the scale of land supply and structure, and also increased the funds allocated for affordable housing, which have positively improved the market environment.

#### *Rising inventory and intensified city divisions.*

According to the National Bureau of Statistics, the total nationwide inventory remained at a high level of nearly 700 million square meters as at the end of 2015. Across the different tiers of cities, first-tier cities recorded rising transactions and prices, with total gross floor area notably increased on a year-on-year basis. As for second-tier cities, inventory pressure has been noticeably dropped, in contrast to third-tier and fourth-tier cities which still suffered relatively stronger pressure from excess inventory. Reduction of inventory in some cities slowed down in the later part of the year, thus necessitating further policy support.

#### *Property companies sought to transform as the property industry further developed vertically and horizontally.*

Developers seemed to return to first-tier and second-tier cities in 2015, which has intensified market competition in those cities. While the big property developers embarked on diversification, financialization and internationalization, as the structure of the overall economy is adjusting, property companies were also pressingly seeking to transform themselves. As a result, further changes in the property industry, both on a micro and macro level, have become evident.

### **II. Overall business review**

As the property industry has entered the “New Normal” stage, the Company has monitored the property market closely and explored opportunities proactively, not only consolidating the existing business, but also launching new business initiatives. After dedicated efforts over a year, we have applied internet technology along the entire service chain while we have created a more diverse business profile for the company.

As at 31 December 2015, the Group recorded a turnover of HK\$2,760 million (2014: HK\$2,467 million), 12% higher than the previous year, and profit attributable to shareholders of HK\$223 million (2014: HK\$147 million), 52% higher than the previous year. Basic earnings per share were HK33.7 cents (2014: HK27.5 cents). The notable increase in profit attributable to shareholders was mainly due to the record of about HK\$61 million from disposal of subsidiaries during the year.

The primary and secondary property real estate agency businesses of the Group registered a turnover of HK\$1,815 million and HK\$595 million respectively, accounting for 66% and 22% of the total turnover. The remaining 12% or HK\$350 million was derived from the property management business and other businesses. By geographic location, Guangzhou contributed about 51% of the Group's total turnover while around 49% came from outside Guangzhou.

### ***Primary property real estate agency and internet segment***

#### *(a) Primary property real estate agency business rose steadily*

For the year ended 31 December 2015, the Group handled approximately 180,000 primary property transactions, a historical high for this arm. Total gross floor area was about 20 million square meters with a total transaction value of approximately HK\$215.2 billion, a rise of about 12% compared to approximately HK\$192.1 billion last year, contributing turnover of HK\$1,815 million, a gain of 13.7% from HK\$1,596 million from the previous year. The Group was the agent for more than 900 projects with around 850 of them contributing turnover in 2015. The Group now serves in 150 core and emerging cities.

The Group has worked closely with major property developers and has launched many quality projects for them, not only creating market focus for the developers, but also achieved remarkable transaction volume. All these demonstrates the ability of the Group's primary property real estate team in providing professional services as well as its strong sales capability, attaining a win-win situation.

#### *(b) Internet+*

Traditional property service industry will not easily be replaced by the internet, nonetheless the internet is widely recognized as a helpful tool for its operation. On top of the entire property service chain encompassing the primary and secondary property real estate agency, and financial and property management services, the Group identified the market needs in the areas of property transaction and living services for property owners, so it has adopted internet technology in its traditional businesses. The Group further pioneered the fast-moving industry and built a new digital property service system that comprises the website iHouseKing ([www.ihk.cn](http://www.ihk.cn)), as well as mobile applications such as Fang Wang Jia (房王加), Fang Zhuan Jia (房專家), He Ji Mai Lou (合記買樓) and HFmoney (合富金融), and also Wechat accounts Hopefluent, iHouseKing and HFmoney.

### ***Secondary property real estate agency and property financial services***

#### *(a) The secondary property real estate agency segment*

During the year, the secondary property real estate agency business had an outstanding performance from handling around 43,000 secondary property transactions (2014: 39,000). Turnover for the year was HK\$595 million (2014: HK\$579 million). Business improved along with the market atmosphere. The Group has opened more branches to extend its reach in this area. Currently, the Group has around 310 branches.

*(b) Property financial services has started to shine*

HFmoney has entered the property financial service sector in the capacity as the financial intermediation service provider, working closely with financial institutions including renowned banks. Its online investment and financing platform was launched in September 2015 and is currently providing micro lending service, renovation loans, household loans, P2P financing platforms, etc. When Hopefluent's extensive expertise and resources accumulated from operating in property market in China for 20 years integrated with the offline sales sites, secondary property branches and community resources, the property financial O2O closed-loop transaction chain has been established. Major features of its micro lending products are: small amounts, diverse targets, short cycles and controllable risks.

In 2015, loans originated of the financial services was more than HK\$800 million and contributed revenue of approximately HK\$51 million. We are optimistic about the development prospects of the Group's financial services based on its solid business foundation.

*Property management services have shown strong momentum for future growth*

Progress of the Group's property management services business was satisfactory during the year, as it has generated sustainable income, broadened the customer base and increasingly enhanced its brand image. In 2015, revenue from the property management business increased from HK\$292 million in 2014 to about HK\$350 million, representing a growth of about 19.9%. The Group has provided property management services to about 300 residential, office and commercial properties in Guangzhou, Shanghai, Tianjin and Wuhan. The total gross floor area of these units exceeded 30 million square meters.

### **III. 2016 Prospects**

Relaxation of the government's financial and property purchase austerity measures will continue in 2016. It is expected that a stable recovery of the overall market will continue and reduction in inventory will be the major industry trend. Administrative measures to reduce inventory will also be gradually initiated. These actions plus notable city divisions, the ongoing extensive transformation of property companies and the divisions in structure, have combined to form the surviving principle that "the stronger players get stronger" in the property industry.

Looking ahead, the property market will remain as the sector with the highest domestic demand in China. Divisions in cities, products and property buyers will become the norm. The trends of reduction in inventory and quick turnover will continue to strengthen. The Group will seize the available market opportunity promptly and ride on its quality service system and innovative full service chain to build an ecosphere comprising property services, trading and investment so as to satisfy the diverse demand for property services. The Group will also further enlarge its market share, enhance competitiveness of its core businesses and continue to launch new innovative value-added services in order to increase the level of profitability and generate higher returns for shareholders.

## **AUDIT COMMITTEE**

The Audit Committee of the Company, comprising the three existing independent non-executive directors, has reviewed the audited financial statements for the year ended 31 December 2015 including the accounting, internal controls and financial reporting issues.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2015, the Group maintained a sound financial position where the cash and bank deposits and current ratio, as a ratio of current assets to current liabilities, were approximately HK\$1,049.7 million (31 December 2014: HK\$1,100.4 million) and 4.64 (31 December 2014: 3.90) respectively. Total borrowings amounted to approximately HK\$39 million which are secured bank borrowings (31 December 2014: approximately HK\$222 million which are secured bank borrowings and convertible notes). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 1.36% (31 December 2014: 7.82%). The Group's secured bank borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 31 December 2015.

## **CONVERTIBLE NOTES**

In August 2012, a subsidiary of the Company issued 5.39% exchangeable bonds in an aggregate principal amount of HK\$218,400,000 due 2015. During the year under review, an aggregate principal amount of exchangeable bonds of HK\$24,000,000 were converted into ordinary shares at HK\$2.2057 per share, resulting in the issue of 10,880,899 ordinary shares. On 28 August 2015, the exchangeable bonds in the aggregate principal amount of HK\$146,400,000 were redeemed. Upon redemption of such exchangeable bonds, all the exchangeable bonds have been fully redeemed and cancelled. For further information, please refer to the Company's announcement dated 28 August 2015.

## **PLEDGE OF ASSETS**

As at 31 December 2015, the Group pledged its investment properties and, leasehold land and buildings with an aggregate amount of approximately HK\$73 million to banks to secure bank borrowings of the Group.

## **FOREIGN EXCHANGE EXPOSURE**

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

## **EMPLOYEES**

As at 31 December 2015, the Group had approximately 17,100 full time employees. Around 10 staff were based in Hong Kong and the rest were employed in China. 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.

## **ENVIRONMENTAL POLICY**

The Group is committed to building an environmental friendly working environment that conserves natural resources. The Group strives to minimize the environmental impact by saving electricity and encouraging recycle of office supplies.

## **CAPITAL STRUCTURE**

As at 31 December 2015, the total number of shares (the “Shares”) of HK\$0.01 each in the capital of the Company in issue was 667,998,808.

## **DIVIDEND**

The Board has decided to recommend the payment of a final dividend of HK5.5 cents per share (the “Proposed Final Dividend”) (2014: HK3 cents per share) for the year ended 31 December 2015. Including the interim dividend of HK2.5 cent per share paid on 15 October 2015, the total dividend for the year ended 31 December 2015 will amount to HK8.0 cents per share (2014: HK4 cents per share).

The Proposed Final Dividend will be subject to shareholders’ approval at the Company’s forthcoming annual general meeting (the “2016 AGM”). The Proposed Final Dividend will be distributed on or about 20 July 2016 (Wednesday) to the shareholders whose names appear on the register of members of the Company on 29 June 2016 (Wednesday) (“the Record Date for Dividend”).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed during the following periods:

- (i) from 14 June 2016 (Tuesday) to 16 June 2016 (Thursday), both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2016 Annual General Meeting. In order to be eligible to attend and vote at the 2016 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 13 June 2016 (Monday); and

- (ii) from 27 June 2016 (Monday) to 29 June 2016 (Wednesday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to the Proposed Final Dividend. In order to establish entitlements to the Proposed Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 24 June 2016 (Friday).

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

## **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 year ended 31 December 2015, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following deviations (Code Provisions A.2.1 and F.1.1):

### **Chairman and Chief Executive Officer**

Mr. Fu is the chairman of the Company and co-founder of the Company. Mr. Fu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company.

The Company has no such title as the chief executive officer and therefore the daily operation and management of the Company is monitored by the executive directors as well as the senior management.

The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting operation of the Company.

### **Company Secretary**

The Company has engaged Mr. Lo Hang Fong, a solicitor practising in Hong Kong, as its company secretary and Mr. Lo Yat Fung, an executive director of the Company, is the person whom the company secretary can contact.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“MODEL CODE”) OF THE LISTING RULES**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year under review and they all confirmed that they have fully complied with the required standard set out in the Model Code.

## **PUBLICATION OF DETAILED ANNUAL RESULTS ON STOCK EXCHANGE’S WEBSITE**

The 2015 annual report containing all the information required by the Listing Rules will be released on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hopefluent.com](http://www.hopefluent.com)) and dispatched to shareholders in due course.

## **2016 ANNUAL GENERAL MEETING**

It is proposed that the 2016 Annual General Meeting of the Company will be held on 16 June 2016 (Thursday). A notice convening the 2016 Annual General Meeting will be released on the websites of the Stock Exchange and the Company and will be dispatched to the shareholders of the Company accordingly.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation for the support of our customers and shareholders. Thanks also to the staff members of the Group for their commitment and dedicated services throughout the year.

By Order of the Board of Directors  
**FU Wai Chung**  
*Chairman*

Hong Kong, 24 March 2016

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