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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 2014

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 2014, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Turnover	3	2,466,784	2,350,527
Other income		10,619	15,922
Change in fair value of investment properties		(5,445)	30,695
Selling expenses		(1,759,783)	(1,617,752)
Administrative expenses		(417,722)	(391,102)
Other expenses		(10,358)	(9,194)
Share of losses of an associate		(6,253)	(6,721)
Finance costs	5	(42,353)	(46,441)
Profit before tax		235,489	325,934
Income tax expense	6	(83,344)	(107,356)
Profit for the year	7	152,145	218,578
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation		(8,470)	41,311
Surplus on revaluation of properties upon transfer to investment properties		–	20,222
Income tax relating to item that will not be reclassified		–	(8,573)
Other comprehensive (expense) income for the year, net of income tax		(8,470)	52,960
Total comprehensive income for the year		143,675	271,538
Profit for the year attributable to:			
Owners of the Company		147,121	216,089
Non-controlling interests		5,024	2,489
		152,145	218,578
Total comprehensive income attributable to:			
Owners of the Company		138,839	269,034
Non-controlling interests		4,836	2,504
		143,675	271,538
Earnings per share	9		
— Basic		HK27.5 cents	HK44.5 cents
— Diluted		HK27.5 cents	HK44.4 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		72,000	102,215
Property, plant and equipment		215,840	228,655
Goodwill		16,178	16,280
Interest in an associate		127,669	134,774
		431,687	481,924
CURRENT ASSETS			
Accounts receivables	<i>10</i>	994,766	883,094
Loan receivables		229,022	241,422
Other receivables and prepayments		77,998	71,377
Held for trading investments		5,006	9,720
Bank balances and cash		1,100,401	546,080
		2,407,193	1,751,693
CURRENT LIABILITIES			
Payables and accruals	<i>11</i>	246,806	193,914
Tax liabilities		116,578	99,008
Bank borrowings		51,572	49,118
Convertible notes		202,372	48,964
		617,328	391,004
NET CURRENT ASSETS		1,789,865	1,360,689
TOTAL ASSETS LESS CURRENT LIABILITIES		2,221,552	1,842,613
CAPITAL AND RESERVES			
Share capital		6,567	5,010
Share premium and reserves		2,138,310	1,568,726
Equity attributable to owners of the Company		2,144,877	1,573,736
Non-controlling interests		20,372	40,958
TOTAL EQUITY		2,165,249	1,614,694
NON-CURRENT LIABILITIES			
Convertible notes		–	173,824
Deferred tax liabilities		56,303	54,095
		56,303	227,919
		2,221,552	1,842,613

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 (“HKICPA”):

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

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 ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 10, HKFRS12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ⁵

- ¹ Effective for annual periods beginning on or after 1 January 2018.
- ² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
- ³ Effective for annual periods beginning on or after 1 January 2017.
- ⁴ Effective for annual periods beginning on or after 1 July 2014.
- ⁵ Effective for annual periods beginning on or after 1 January 2016.
- ⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 *Revenue from Contracts with Customers* 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.

Annual Improvements to HKFRSs 2010–2012 Cycle

The *Annual Improvements to HKFRSs 2010–2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of “vesting condition” and “market condition”; and (ii) add definitions for “performance condition” and “service condition” which were previously included within the definition of “vesting condition”. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010–2012 Cycle* will have a material effect on the Group’s consolidated financial statements.

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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Agency commission	2,296,120	2,251,800
Services income	316,832	232,758
	<u>2,612,952</u>	<u>2,484,558</u>
<i>Less: Business tax and other taxes</i>	<u>(146,168)</u>	<u>(134,031)</u>
	<u>2,466,784</u>	<u>2,350,527</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 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>

For the year ended 31 December 2013

	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>1,435,450</u>	<u>695,340</u>	<u>219,737</u>	<u>2,350,527</u>
Segment profit	<u>327,977</u>	<u>37,126</u>	<u>4,442</u>	369,545
Other income				15,922
Central administrative costs				(37,066)
Share of losses of an associate				(6,721)
Increase in fair value of investment properties				30,695
Finance costs				<u>(46,441)</u>
Profit before tax				<u>325,934</u>

5. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on:		
Bank loans wholly repayable within five years	1,581	4,768
Effective interest on convertible notes	40,772	41,673
	<u>42,353</u>	<u>46,441</u>

6. INCOME TAX EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
PRC Enterprises Income Tax ("EIT")	75,266	91,495
Deferred tax	8,078	15,861
	<u>83,344</u>	<u>107,356</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 2.5% to 3.25% (2013: 2.5% to 7.25%) 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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	55,392	66,424
Allowances on accounts receivables (included in other expenses)	7,898	5,490
Allowances on loan receivables (included in other expenses)	1,049	2,439
Loss on disposal and write-off of property, plant and equipment (included in other expenses)	551	1,265
Loss (gain) on disposal of held for trading investments	414	(1,096)
Loss (gain) on fair value change of held for trading investments	303	(64)
	<u>55,392</u>	<u>66,424</u>

8. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2014 Interim — HK1 cent per share (2013: 2013 Interim — HK2.5 cents per share)	5,237	12,231
2013 Final — HK4 cents per share (2013: 2012 Final — HK9 cents per share)	20,948	42,655
	<u>26,185</u>	<u>54,886</u>

The final dividend of HK3 cents per share in respect of the year ended 31 December 2014 (2013: final dividend of HK4 cents per share in respect of the year ended 31 December 2013) 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

	2014 <i>HK\$'000</i>	2013 <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)	<u>147,121</u>	<u>216,089</u>

Number of shares

	2014 <i>'000</i>	2013 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	535,439	485,059
Effect of dilutive potential ordinary shares — Share options	<u>41</u>	<u>1,384</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>535,480</u>	<u>486,443</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 the years ended 31 December 2014 and 2013.

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:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivables		
0–30 days	361,895	278,652
31–60 days	207,304	234,017
61–90 days	153,966	194,541
91–120 days	176,771	84,268
121–180 days	94,830	91,616
	<u>994,766</u>	<u>883,094</u>

11. PAYABLES AND ACCRUALS

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

BUSINESS REVIEW

Characterized by further consolidation in China's domestic property market, 2014 has been a year full of challenges for Hopefluent. In the first half of 2014, affected by the macroeconomic slowdown, the continuous implementation of regulatory policies on the property market and the tightening of credit and mortgage lending, there are various degrees of fluctuations in the property industry. Nevertheless, the Central Government launched a series of "mini-stimulus" measures in the second half of the year and home-purchase restrictions were gradually rescinded in different cities and provinces, plus the positive influence from greater relaxation of housing mortgage requirements and declining interest rates contributed to the market warming up with the gradual release of purchasing power. Although the market keeps changing, the Group's real estate service philosophy has remained constant. Based on a well-established business foundation, strong brand reputation and pragmatic business development approach, our close-to-market strategy has continued to deliver satisfactory results.

For the year ended 31 December 2014, the Group recorded a turnover of HK\$2,467 million, representing an increase of 5% from HK\$2,350 million in 2013. Profit attributable to shareholders dropped by 32% from HK\$216.1 million in 2013 to HK\$147.1 million. Excluding the decrease in fair value of investment properties, profit attributable to shareholders would have been HK\$152.6 million in 2014, 18% lower than HK\$185.4 million in 2013 after deducting the increase in fair value of investment properties. Basic earnings per share were HK27.5 cents (2013: HK 44.5 cents). The Board resolved to declare a final dividend of HK3 cents per share for the year ended 31 December 2014 (2013: HK 4 cents). Together with the interim dividend of HK 1 cent per share that had been paid, total dividend for the year amounted to HK4 cents per share (2013: HK 6.5 cents).

During the year under review, the total transaction value of new home sales exceeded HK\$200 billion. The Group's primary and secondary property real estate agency service businesses brought in turnover of HK\$1,596 million and HK\$579 million respectively, accounting for 65% and 23% of the Group's total turnover. The remaining 12% or HK\$292 million was derived from the property management business. By geographic location, Guangzhou contributed 54% of the Group's total turnover while 46% came from outside Guangzhou.

Primary Property Real Estate Agency Service

During the year under review, although the property sector was still undergoing consolidation, the Group handled around 166,000 primary property transactions involving a total gross floor area of about 18 million square meters buttressed by rigid demand and the needs from improving the living environment. The Group retained its leading position in the primary property real estate agency sector through more than 900 agency projects with around 800 of them contributing turnover in 2014 amounting to approximately HK\$1,596 million, 11% higher than the previous year.

On top of reinforcing its leading position in Guangzhou in recent years, the Group is also developing markets strategically in second-tier and third-tier cities with strong potential in a progressive pace, in order to establish a nationwide presence and extend the Group's business coverage. With strong brand recognition and a reputable quality property real estate agency service, the Group now serves in more than 150 cities in China.

The Group has worked closely with major property developers to launch new property projects during the year and achieved a satisfactory sales performance. Highlights of these are Top Plaza, a property in Guangzhou co-developed by Sun Hung Kai Properties, R&F Properties and KWG Property, The Bayview by Kingold Group, Vanke Opalus, Poly Zephyr City, The Legend by CITIC, KWG The Summit, Asian Games City, R&F Dongshan Xintiandi, Foshan Glorious City by China Overseas, Hefei Evergrande Central Square, Hanlin Metro in Nanning, Evergrande City in Guiyang and Shandong Lushang The Lake and Gardens. This extensive portfolio clearly demonstrates the recognition and trust of a wide range of developers in the Group's professional services, integration capability and operational strategy.

To seize the business opportunities from the Internet, the Group has developed an online property transaction platform "iHouseKing" (www.ihk.cn). Through the adaptation of mobile application technology, the Group has also developed "iHouseKing super WeChat" (房王超級微信), which can realize the business model of flat searching and expanding the customer base online, while implementing the business transaction offline. This innovative business approach combines online and offline resources effectively and has gained widespread support in the market, bringing our online applications into a new development stage. In 2014, the e-commerce business through iHouseKing generated promising income for the Group. Management believes the combination of "iHouseKing" with our traditional service model will significantly strengthen the competitiveness of our businesses.

Secondary Property Real Estate Agency, Mortgage Referral and Financial Service Related Businesses

Under the purchase and mortgage restrictions, the secondary property market remained quiet in 2014. However, major developers seized the rigid demand and the increasing customer requirements for improving the living environment to accelerate the launch of property projects and reduction of inventory. The Group has made a timely adjustment to its operational strategy within this segment, flexibly allocated its resources and promoted new projects and secondary properties at the same time. These efforts have brought a stable commission income to the Group.

The Group's turnover from the secondary property real estate agency service in 2014 was HK\$579 million, dropped by 17% when compared to the HK\$695 million last year. The Group handled approximately 39,000 secondary property transactions in 2014. Currently, the Group has around 290 secondary branches.

In addition to providing property agency services, the Group also offers other property related value-added services to customers including mortgage referral, loan financing services and property valuation. These services continued to generate additional income for the Group during the year.

During the year, the Group established a strategic partnership with SouFun Holdings Limited (“SouFun” NYSE: SFUN) to explore a brand new segment in the real estate and Internet financial services sector. Application for relevant licences and approval of the business and the joint venture have been submitted to the relevant Government authority. The strategic partnership enables “Fang.com” and the Group to leverage the respective leading online and offline businesses of the two parties, share resources and deepen cooperation, thus providing a comprehensive property service platform to developers, property buyers and financial institutions. This strategic partnership will enable the Group’s existing financial service to step into a new level, thus creating a wide room for business and provides a solid foundation for developing more value-added services in the future.

Property Management Service

In terms of property management service, the Group continued to provide services for around 150 residential, office and commercial properties in Guangzhou, Shanghai, Tianjin and Wuhan, involving more than 200,000 units covering a total gross floor area of more than 20 million square meters. These services have generated both a stable income and an extensive customer base for the Group during the year, which would also reinforce our branding and facilitate our long-term development. Besides, the Group has launched the “Property Robot” (a mobile Internet platform for property management service) in a number of communities last year, which has gained widespread popularity and word-of-mouth. This segment has performed well with turnover amounted to approximately HK\$292 million in 2014, up by 33% when compared to the HK\$220 million in 2013.

Prospects

After a series of policy adjustments, the Chinese property market has started to stabilize. Although the macro-economy is still subject to downward pressure, certain favorable factors in the property market such as continued relaxation of macroeconomic policies, together with interest rate reductions, further loosening of mortgage restrictions and monetary easing, are expected to inject positive momentum into the market. The ongoing urbanization in the country will also boost demand for property purchase, so the management believes that such an environment facilitates growth momentum and provides room for the long-term development of the property industry.

Looking ahead, Hopefluent will strive to provide quality primary and secondary property real estate agency services based on our well-established foundation. We have built a close partnership with many leading developers including Vanke, Evergrande, Poly, Gemdale, China Resources Property, Citic, Kingold, China Merchants Property Development, R&F Properties, Agile Property, KWG Property, Star River, Guangzhou Pearl River Industrial and Sun Hung Kai Properties. In the future, the Group will continue to actively expand its customer base to secure more agency projects in order to increase its market share.

In response to the continuous development of Internet applications, the Group will strive to push forward the combination of online and offline property transactions and Internet financial services. On the one hand, enhancing the strategic cooperation with SouFun to realize greater synergies; on the other hand, developing more new Internet products that match the needs for property services in order to capture more business opportunities.

Being an experienced, renowned and leading property agent in China, Hopefluent will closely follow the market trends to optimize its business model and network deployment, with the aim to steadily expand its business. We will also keep an eye on any market changes. Through our efforts to enhance our overall strengths, we will explore more value-added services on our solid foundation of traditional businesses, so as to deliver sustainable returns to our 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 2014 including the accounting, internal controls and financial reporting issues.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, 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\$1,100.4 million (31 December 2013: HK\$546.1 million) and 3.90 (31 December 2013: 4.48) respectively. Total borrowings amounted to approximately HK\$222.0 million which are secured bank borrowings and convertible notes (31 December 2013: approximately HK\$267.5 million). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 7.82% (31 December 2013: 11.98%). The Group's secured bank borrowings and convertible notes are denominated in Renminbi and Hong Kong dollars respectively. The Group had no material contingent liabilities as at 31 December 2014.

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\$48,000,000 were converted into ordinary shares at HK\$2.2454 per share, resulting in the issue of 21,377,037 ordinary shares.

PLEDGE OF ASSETS

As at 31 December 2014, the Group pledged its investment properties and, leasehold land and buildings with an aggregate amount of approximately HK\$42 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 2014, the Group had approximately 16,700 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.

CAPITAL STRUCTURE

During the year, 42,000,000 shares and 91,000,000 shares of the Company have been issued to China-net Holding Ltd. and SouFun Holdings Limited respectively at the subscription price of HK\$3.00 per share.

As at 31 December 2014, the total number of shares (the “Shares”) of HK\$0.01 each in the capital of the Company in issue was 656,701,909.

DIVIDEND

The Board has decided to recommend the payment of a final dividend of HK3 cents per share (the “Proposed Final Dividend”) (2013: HK4 cents per share) for the year ended 31 December 2014. Including the interim dividend of HK1 cent per share paid on 29 September 2014, the total dividend for the year ended 31 December 2014 will amount to HK4 cents per share (2013: HK6.5 cents per share).

The Proposed Final Dividend will be subject to shareholders’ approval at the Company’s forthcoming annual general meeting (the “2015 AGM”). The Proposed Final Dividend will be distributed on or about 22 July 2015 (Wednesday) to the shareholders whose names appear on the register of members of the Company on 7 July 2015 (Tuesday) (“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 23 June 2015 (Tuesday) to 25 June 2015 (Thursday), both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2015 Annual General Meeting. In order to be eligible to attend and vote at the 2015 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 22 June 2015 (Monday); and
- (ii) from 6 July 2015 (Monday) to 7 July 2015 (Tuesday), 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 3 July 2015 (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 2014, 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 2014 annual report containing all the information required by the Listing Rules will be released on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hopefluent.com) and dispatched to shareholders in due course.

2015 ANNUAL GENERAL MEETING

It is proposed that the 2015 Annual General Meeting of the Company will be held on 25 June 2015 (Thursday). A notice convening the 2015 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, 30 March 2015

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.