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 2016

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 2016, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Turnover	*3*	**3,965,770**	2,760,202
Other income		**17,103**	14,291
Gain on disposal of subsidiaries		**–**	61,112
Change in fair value of investment properties		**1,419**	2,047
Selling expenses		**(2,798,454)**	(2,033,966)
Administrative expenses		**(698,242)**	(435,634)
Other gains and losses		**(7,084)**	(14,709)
Share of loss of an associate		**–**	(4,634)
Share of loss of a joint venture		**(426)**	–
Finance costs	*5*	**(15,169)**	(30,334)
Profit before tax		**464,917**	318,375
Income tax expense	*6*	**(146,233)**	(91,282)
Profit for the year	*7*	**318,684**	227,093
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation		**(117,954)**	(127,924)
Total comprehensive income for the year		**200,730**	99,169
Profit for the year attributable to:			
Owners of the Company		**302,207**	223,330
Non-controlling interests		**16,477**	3,763
		318,684	227,093
Total comprehensive income attributable to:			
Owners of the Company		**185,447**	96,724
Non-controlling interests		**15,283**	2,445
		200,730	99,169
Earnings per share	*9*		
— Basic		**HK45.2 cents**	HK33.7 cents
— Diluted		**HK45.2 cents**	HK33.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Investment properties		**67,307**	69,787
Property, plant and equipment		**187,799**	184,289
Deposits for acquisition of investment properties		**47,804**	–
Goodwill		**14,370**	15,220
Interest in a joint venture		**22,435**	–
Loan receivables		**142,700**	–
		482,415	269,296
CURRENT ASSETS			
Accounts receivables	*10*	**992,423**	997,808
Loan receivables		**244,024**	253,619
Other receivables and prepayments		**123,879**	267,916
Held for trading investments		**6,247**	29,705
Bank balances and cash		**1,677,281**	1,049,732
		3,043,854	2,598,780
CURRENT LIABILITIES			
Payables and accruals	*11*	**659,359**	405,400
Tax liabilities		**130,822**	116,036
Bank and other borrowings		**251,469**	39,053
		1,041,650	560,489
NET CURRENT ASSETS		**2,002,204**	2,038,291
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,484,619**	2,307,587
CAPITAL AND RESERVES			
Share capital		**6,680**	6,680
Share premium and reserves		**2,379,747**	2,231,608
Equity attributable to owners of the Company		**2,386,427**	2,238,288
Non-controlling interests		**42,434**	18,148
TOTAL EQUITY		**2,428,861**	2,256,436
NON-CURRENT LIABILITY			
Deferred tax liabilities		**55,758**	51,151
		2,484,619	2,307,587

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

Except as described below, the application of the amendments to 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.

Amendments to HKAS 1 Disclosure Initiative

The Group has applied the amendments to HKAS 1 *Disclosure Initiative* for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. The grouping and ordering of certain notes have been revised to give prominence to the areas of the Group's activities that management considers to be the most relevant to an understanding of the Group's financial performance and financial position. Specifically, information to capital risk management and financial instruments were reordered. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses [4]
Amendments to HKFRS	Annual Improvements to HKFRSs 2014–2016 Cycle [5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets and liabilities. The expected credit loss model may result in early provision losses which are not yet incurred in relation to Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company consider that it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modification, amongst others. For the classification of cash flows, the Group currently presents other operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group as lessee has non-cancellable operating lease commitments of HK$473,690,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Other than that, the directors of the Company anticipate that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group.

3. TURNOVER

Turnover represents agency commission in respect of real estate agency services and financial agency services, property management services income and interest income from loan receivables net of business tax and other taxes. An analysis of the Group's revenue for the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
Agency commission	**3,536,099**	2,522,465
Property management services income	**441,491**	371,702
Interest income from loan receivables	**55,460**	31,510
	4,033,050	2,925,677
Less: Business tax and other taxes	**(67,280)**	(165,475)
	3,965,770	2,760,202

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 four business divisions including primary property real estate agency services, secondary property real estate agency services, financial services and property management services which form the Group's four operating segments. The executive directors of the Company consider that the financial services segment is expanding and consider the operating results of financial services segment are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated, the segment is then separately reported on the consolidated financial statements during the year ended 31 December 2016.

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. Financial services is the provision of mortgage referral and loan financing services to individuals or companies. Property management is the provision of building management services to property owners and residents.

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

For the year ended 31 December 2016

	Primary property real estate agency *HK$'000*	**Secondary property real estate agency** *HK$'000*	**Financial services** *HK$'000*	**Property management** *HK$'000*	**Total** *HK$'000*
Segment revenue	**2,477,740**	**943,224**	**112,816**	**431,990**	**3,965,770**
Segment profit	**332,019**	**61,298**	**62,592**	**56,173**	**512,082**
Other income					**17,103**
Central administrative costs					**(50,092)**
Share of loss of a joint venture					**(426)**
Increase in fair value of investment properties					**1,419**
Finance costs					**(15,169)**
Profit before tax					**464,917**

For the year ended 31 December 2015

	Primary property real estate agency *HK$'000*	Secondary property real estate agency *HK$'000*	Financial services *HK$'000*	Property management *HK$'000*	Total *HK$'000*
Segment revenue	1,814,670	545,103	49,911	350,518	2,760,202
Segment profit	255,626	10,094	22,622	51,022	339,364
Other income					14,291
Gain on disposal of subsidiaries					61,112
Central administrative costs					(63,471)
Share of loss of an associate					(4,634)
Increase in fair value of investment properties					2,047
Finance costs					(30,334)
Profit before tax					318,375

5. FINANCE COSTS

	2016 *HK$'000*	2015 *HK$'000*
Interest on:		
Bank and other borrowings	**15,169**	3,691
Effective interest on convertible notes	**–**	26,643
	15,169	30,334

6. INCOME TAX EXPENSE

	2016 *HK$'000*	2015 *HK$'000*
The People's Republic of China (the "PRC") Enterprises Income Tax ("EIT")	**138,554**	93,158
Deferred tax	**7,679**	(1,876)
	146,233	91,282

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% (2015: 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 provision for Hong Kong Profits Tax has been made in the current year in the consolidated financial statements as the Group has no assessable profits in Hong Kong. No tax was payable on the profit for the year arising in Hong Kong since the assessable profit was wholly absorbed by tax losses brought forward for prior year.

7. PROFIT FOR THE YEAR

	2016 *HK$'000*	2015 *HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**51,415**	42,637
Allowances on accounts receivables (included in other gains and losses)	**10,838**	7,209
Reversal of allowances on loan receivables (included in other gains and losses)	**(71)**	(22)
Loss on disposal and write-off of property, plant and equipment (included in other gains and losses)	**271**	533
(Gain) loss on fair value changes of held for trading investments (included in other gains and losses)	**(8,564)**	4,699

8. DIVIDENDS

	2016 *HK$'000*	2015 *HK$'000*
Dividends recognised as distribution and paid during the year:		
2016 Interim — HK3 cents per share (2015: 2015 Interim — HK2.5 cents per share)	**20,040**	16,700
2015 Final — HK5.5 cents per share (2015: 2014 Final — HK3 cents per share)	**36,740**	20,040
	56,780	36,740

Subsequent to the end of reporting period, the final dividend of HK9 cents per share in respect of the year ended 31 December 2016 (2015: final dividend of HK5.5 cents per share in respect of the year ended 31 December 2015), in an aggregate amount of HK$60,120,000 (2015: HK$36,740,000), has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

The final dividend proposed after the end of the reporting period has not been recognised as liabilities in these consolidated financial statements.

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

	2016	2015
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**302,207**	223,330

Number of shares

	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**667,999**	663,562

The computation of diluted earnings per share does not assume the exercise of share options outstanding for both years since the exercise price of those share options was higher than average market price of the shares during both years. In addition, the computation of diluted earnings per share for the year ended 31 December 2015 did 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 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:

	2016	2015
	HK$'000	*HK$'000*
Accounts receivables		
0–30 days	**519,784**	351,937
31–60 days	**157,151**	221,627
61–90 days	**116,958**	191,728
91–120 days	**63,208**	106,569
121–180 days	**135,322**	125,947
	992,423	997,808

11. PAYABLES AND ACCRUALS

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

BUSINESS REVIEW

1. Market Review for Full Year of 2016

In 2016, China's economic performance was at large stable with some progress made. The property market, being an integral part of the economy, remained critical and highly active. As before, the government launched macro austerity measures rather frequently, but more precise this round than in the past. With "Reduction of Inventory" as the major objective of property policies, and local governments implementing their own according to their specific conditions such as providing subsidies for home purchase, lowering mortgage down payment for first time buyers, increasing or reducing land supply, adjusting tax incentives, etc., a new property market landscape surfaced.

Overall, the property market had apparent success in reducing inventory in 2016. The overall inventory volume of the country kept decreasing for 9 consecutive months and growth of investment in residential properties went downward. The growth of property prices in some first-tier cities slowed down with construction of the long-term mechanism of the property market in steady progress.

The Chinese economy has entered a new normal amid adjustment, removing concerns over it having a "hard landing". The importance of the property sector in bracing the national economy is obvious, giving those who wish to understand the essence of the property market in China a very good indicator.

2. Overall Business Review

The Group has stayed at the forefront of the PRC property market over the past years, having a shrewd grasp of government policies and the market trends, as well as customer resources and product data. It has also kept adjusting its business strategies and operational procedures and possess adequate and all-round human resources to support itself in competing in the market. It has grown from a company running traditional businesses into an all-round, online-to-offline, integrated property service operator. In 2016 particularly, we fortified our market share in Guangdong Province and at the same time stepped up development of our business in a number of other provinces and cities, achieving disciplined growth of the scale of our operation.

As at 31 December 2016, the Group recorded turnover of HK$3,966 million, approximately 44% higher than in the previous year (2015: HK$2,760 million). Profit attributable to shareholders was HK$302 million, an increase of approximately 35% as compared with the previous year's (2015: HK$223 million). Basic earnings per share were HK45.2 cents (2015: HK33.7 cents).

The primary and secondary property real estate agency service businesses of the Group registered a turnover of HK$2,478 million and HK$943 million respectively, accounting for 62% and 24% of the Group's total turnover. The turnover from financial services business was HK$113 million, accounting for 3% of the Group total. The remaining 11% or HK$432 million was derived from property management business. By geographical location, Guangzhou business accounted for about 51% of the Group's total turnover, and around 49% came from businesses outside Guangzhou.

Total new home sales for the year amounted to approximately HK$330 billion, from handling around 268,000 transactions, and the total gross floor area sold was about 28 million square meters.

1. *Primary property real estate agency service business performed well and grew steadily*

   Benefiting from the industry consolidation and the Group's leading position and competitive edges, the transaction volume of primary property real estate agency service business kept reaching new record. As at 31 December 2016, turnover of the segment amounted to HK$2,478 million, representing a year-on-year increase of 37%. The Group's nationwide primary property real estate agency service business is supported by the Group's regional management network that spans 20 cities and covers more than 150 cities, handling over 1,000 property projects. The business performed especially well in cities including Guangzhou, Hefei, Foshan, Dongguan, Jinan, Nanning and Wuhan.

2. *Secondary property real estate agency service business scaled up and kept growing*

   The secondary property real estate agency service business performed outstandingly during the year with turnover up by approximately 73% to approximately HK$943 million when compared with last year (2015: HK$545 million), completing around 64,000 secondary property transactions (2015: 43,000), providing strong momentum to the Group's healthy growth. With new regulatory policies implemented, the property market has become more disciplined and buyers could expect their rights to be better protected. This is helpful to encouraging buying interest and as a result the Group's business has grown. To capture such business opportunities, the Group opened timely about 100 more branches during the year, which brought the current number of branches of the Group to around 400.

3. *Property financial services grew rapidly and generated remarkable revenue*

   Since it was launched in September 2015, the Internet financial service platform has been operating smoothly. With the offline micro financing business integrated with the online platform, the Group affords an innovative offer. With financial services as the theme, our financial products target to serve offline points-of-sale, secondary branches, property management community and developers via online and offline channels, and features financial products in small amounts, for diverse targets and controllable risk. Such products not only can bolster the development of the Group's core businesses, but also bring in additional revenue to the Group. As at 31 December 2016, the loan originated from financial services exceeded HK$3 billion and turnover was approximately HK$113 million.

4. *Property management services achieved stable growth and sound development*

   Property management services business made commendable development during the year, bringing in more revenue and at the same time maintaining good interaction with clients, helping to enhance the Group's brand image. In 2016, the segment's revenue increased from HK$351 million in 2015 to approximately HK$432 million. The Group has provided property management services to about 300 residential, office and commercial properties in Guangzhou, Shanghai, Tianjin and Wuhan with total gross floor area of approximately 30 million square meters.

5. *Innovation and solid growth continued for Internet segment*

   To cope with the fast-changing market and constantly boost its ability to innovate and competitiveness, the Group has set up a full-time Internet technology R&D department, championed by a technical team with many professionals. The department designs and promotes various Internet products that match the business needs of the Group. The computer and mobile apps including iHouseKing (www.ihk.cn), 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) (www.hfmoney.com) have proven to be effective means in supporting market development of the Group's agency services and financial services businesses, enabling the Group to rapidly consolidate the online-to-offline operations of all its business segments, helping to raise the Group's brand influence and reinforce its first-mover position in the industry.

3. 2017 Prospects

The property market landscape has started to change rather markedly since 2016. Large property developers have hastened consolidation and acquisition, and the trend of the weak being ousted is taking shape. Nevertheless, Hopefluent's proven business scale, abundant human resources, flexible business strategies and an innovative business model, which all together become the crucial competitive advantages that can support the Group's advance into the future. We have a even clearer picture of the market in 2017. The government's basic political objectives will be to implement different policies according to different cities' needs aiming to reduce inventory and control risk and the related policies would be taken further and deeper. As such, both the price and volume of properties in major markets will come down, whereas those of third-tier and fourth-tier cities are likely to continue on stable trend. Thus, we expect to see a broader market on more solid ground.

Looking forward, Hopefluent will continue to adhere to the business direction of "operating with a proper approach and in abide by law, yet without forgetting about innovation". It will seek strength in its roots in traditional real estate services business and at the same time keep introducing new value-added businesses. On top of optimizing its service platform, it will also explore and strive to establish new and more competitive business models, continuously expand market shares and also unearth greater value from the market. With over two decades of experience, the Group will continue to maintain its leading advantages and create greater value and higher returns for shareholders and investors!

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 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, 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$1,677.3 million (31 December 2015: HK$1,049.7 million) and 2.92 (31 December 2015: 4.64) respectively. Total borrowings amounted to approximately HK$251 million which are collateralised borrowings on loan receivables (31 December 2015: approximately HK$39 million which are secured bank borrowings). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 7.13% (31 December 2015: 1.36%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 31 December 2016.

PLEDGE OF ASSETS

As at 31 December 2016, no investment properties and leasehold land and buildings have been pledged 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 2016, the Group had approximately 20,000 full time employees. Around 8 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 water and encouraging recycle of office supplies.

CAPITAL STRUCTURE

As at 31 December 2016, 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 HK9 cents per share (the "Proposed Final Dividend") (2015: HK5.5 cents per share) for the year ended 31 December 2016. Including the interim dividend of HK3 cents per share paid on 18 October 2016, the total dividend for the year ended 31 December 2016 will amount to HK12 cents per share (2015: HK8 cents per share).

The Proposed Final Dividend will be subject to shareholders' approval at the Company's forthcoming annual general meeting (the "2017 AGM"). The Proposed Final Dividend will be distributed on or about 11 July 2017 (Tuesday) to the shareholders whose names appear on the register of members of the Company on 22 June 2017 (Thursday) ("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 12 June 2017 (Monday) to 15 June 2017 (Thursday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2017 Annual General Meeting. In order to be eligible to attend and vote at the 2017 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch 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 9 June 2017 (Friday); and

(ii) from 21 June 2017 (Wednesday) to 22 June 2017 (Thursday), 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 branch 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 20 June 2017 (Tuesday).

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 2016, 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 Wai Chung ("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 meets 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 2016 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.

2017 ANNUAL GENERAL MEETING

It is proposed that the 2017 Annual General Meeting of the Company will be held on 15 June 2017 (Thursday). A notice convening the 2017 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, 28 March 2017

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.