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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 2017

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 2017, together with comparative figures as follows:

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

For the year ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Turnover	3	4,671,795	3,965,770
Other income		24,889	17,103
Change in fair value of investment properties		1,733	1,419
Selling expenses		(3,304,304)	(2,798,454)
Administrative expenses		(832,347)	(698,242)
Other gains and losses		(28,358)	(7,084)
Share of result of a joint venture		4	(426)
Loss on disposal of investment properties		(3,701)	–
Finance costs	5	(38,480)	(15,169)
Profit before tax		491,231	464,917
Income tax expense	6	(149,196)	(146,233)
Profit for the year	7	342,035	318,684
<b>Other comprehensive income (expense)</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		179,643	(110,284)
Total comprehensive income for the year		521,678	208,400
Profit for the year attributable to:			
Owners of the Company		336,794	302,207
Non-controlling interests		5,241	16,477
		342,035	318,684
Total comprehensive income attributable to:			
Owners of the Company		515,462	193,117
Non-controlling interests		6,216	15,283
		521,678	208,400
Earnings per share	9		
— Basic		HK50.4 cents	HK45.2 cents
— Diluted		N/A	HK45.2 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>94,060</b>	67,307
Property, plant and equipment		<b>246,306</b>	187,799
Deposits for acquisition of investment properties		<b>51,239</b>	47,804
Goodwill		<b>15,403</b>	14,370
Interest in a joint venture		<b>611</b>	22,435
Loan receivables		<b>408,243</b>	142,700
		<b>815,862</b>	482,415
<b>CURRENT ASSETS</b>			
Accounts receivables	<i>10</i>	<b>1,259,339</b>	992,423
Loan receivables		<b>716,461</b>	244,024
Other receivables and prepayments		<b>257,235</b>	123,879
Amount due from a joint venture		<b>4,874</b>	–
Held for trading investments		<b>6,849</b>	6,247
Bank balances and cash		<b>1,331,323</b>	1,677,281
		<b>3,576,081</b>	3,043,854
Assets classified as held for sale		<b>24,051</b>	–
		<b>3,600,132</b>	3,043,854
<b>CURRENT LIABILITIES</b>			
Payables and accruals	<i>11</i>	<b>519,322</b>	659,359
Tax liabilities		<b>111,889</b>	130,822
Bank and other borrowings		<b>589,454</b>	251,469
		<b>1,220,665</b>	1,041,650
<b>NET CURRENT ASSETS</b>		<b>2,379,467</b>	2,002,204
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,195,329</b>	2,484,619
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>6,680</b>	6,680
Share premium and reserves		<b>2,825,096</b>	2,379,747
Equity attributable to owners of the Company		<b>2,831,776</b>	2,386,427
Non-controlling interests		<b>26,528</b>	42,434
<b>TOTAL EQUITY</b>		<b>2,858,304</b>	2,428,861
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>62,774</b>	55,758
Other borrowings		<b>274,251</b>	–
		<b>337,025</b>	55,758
		<b>3,195,329</b>	2,484,619

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 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”)

### Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

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.

### New and revised HKFRSs in issue but not yet effective

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 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021

### 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:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Agency commission	<b>4,053,243</b>	3,536,099
Property management services income	<b>524,339</b>	441,491
Interest income from loan receivables	<b>122,335</b>	55,460
	<hr/>	<hr/>
	<b>4,699,917</b>	4,033,050
<i>Less: Business tax and other taxes</i>	<b>(28,122)</b>	(67,280)
	<hr/>	<hr/>
	<b>4,671,795</b>	3,965,770
	<hr/> <hr/>	<hr/> <hr/>

### 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.

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 operating and reportable segment.

**For the year ended 31 December 2017**

	Primary property real estate agency <i>HK\$'000</i>	Secondary property real estate agency <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>2,928,414</u>	<u>1,075,266</u>	<u>146,227</u>	<u>521,888</u>	<u>4,671,795</u>
Segment profit	<u>386,299</u>	<u>71,960</u>	<u>71,671</u>	<u>67,750</u>	597,680
Other income					24,889
Central administrative costs					(62,536)
Other gains and losses					(28,358)
Loss on disposal of investment properties					(3,701)
Share of profit of a joint venture					4
Increase in fair value of investment properties					1,733
Finance costs					<u>(38,480)</u>
Profit before tax					<u>491,231</u>

**For the year ended 31 December 2016**

	Primary property real estate agency <i>HK\$'000</i>	Secondary property real estate agency <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>2,477,740</u>	<u>943,224</u>	<u>112,816</u>	<u>431,990</u>	<u>3,965,770</u>
Segment profit	<u>332,019</u>	<u>61,298</u>	<u>62,592</u>	<u>56,173</u>	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					<u>(15,169)</u>
Profit before tax					<u>464,917</u>

## 5. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interests on:		
Bank borrowings	2,628	–
Other borrowings	35,852	15,169
	<u>38,480</u>	<u>15,169</u>

## 6. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax:		
The People's Republic of China (the "PRC")		
Enterprises Income Tax ("EIT")	136,622	138,554
Withholding income tax on distributed profits	9,618	–
Deferred tax	2,956	7,679
	<u>149,196</u>	<u>146,233</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. Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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% (2016: 2.5%) 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.

Under Australian tax law, the tax rate used for the year is 30% (2016: N/A) on taxable profits on Australian incorporated entities. No tax provision has been made in the consolidated financial statements as there is no assessable profit arises in Australia for both years.

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008.

No provision for Hong Kong Profits Tax has been made in both years in the consolidated financial statements as the Group has no assessable profits in Hong Kong for both years.

## 7. PROFIT FOR THE YEAR

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	48,652	51,415
Allowances on accounts receivables (included in other gains and losses)	13,878	12,748
Provision of allowances on loan receivables (included in other gains and losses)	4,796	123
Loss on disposal and write-off of property, plant and equipment (included in other gains and losses)	1,049	271
Loss on fair value changes of held for trading investments (included in other gains and losses)	548	2,289
Loss (gain) on disposal of held for trading investments (included in other gains and losses)	8,087	(10,853)
	<u>8,087</u>	<u>(10,853)</u>

## 8. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividends recognised as distribution and paid during the year:		
2017 Interim — HK4.5 cents per share (2016: 2016 Interim — HK3 cents per share)	30,060	20,040
2016 Final — HK9 cents per share (2016: 2015 Final — HK5.5 cents per share)	60,120	36,740
	<u>90,180</u>	<u>56,780</u>

Subsequent to the end of reporting period, the final dividend of HK9.5 cents per share in respect of the year ended 31 December 2017 (2016: final dividend of HK9 cents per share in respect of the year ended 31 December 2016), in an aggregate amount of HK\$63,460,000 (2016: HK\$60,120,000), 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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<u>336,794</u>	<u>302,207</u>

## Number of shares

	<b>2017</b> <b>'000</b>	2016 <b>'000</b>
Number of ordinary shares for the purpose of basic earnings per share	<b><u>667,999</u></b>	<u>667,999</u>

There are no potential dilutive shares in issue during the year ended 31 December 2017.

The computation of diluted earnings per share for the year ended 31 December 2016 does not assume the exercise of share options outstanding for the year ended 31 December 2016 since the exercise price of those share options was higher than average market price of the shares during the year.

## 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:

	<b>2017</b> <b>HK\$'000</b>	2016 <b>HK\$'000</b>
Accounts receivables		
0–30 days	<b>635,399</b>	519,784
31–60 days	<b>202,359</b>	157,151
61–90 days	<b>128,790</b>	116,958
91–120 days	<b>115,116</b>	63,208
121–180 days	<b><u>177,675</u></b>	<u>135,322</u>
	<b><u>1,259,339</u></b>	<u>992,423</u>

## 11. PAYABLES AND ACCRUALS

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



## **BUSINESS REVIEW**

### **I. MARKET REVIEW FOR FULL YEAR OF 2017**

The Chinese Government has strengthened its austerity policies for the property market in 2017. The policy focus has shifted from “reduction of inventory” last year to “deleveraging and repression of speculation” and the austerity policies nationwide were further tightened. Meanwhile, the Government has further continued the deleveraging process in the real estate finance sector and implemented a strict restriction on lending, with the aim of preventing excessive flow of capital into the property market. In the second half of the year, the Government quickly started the development of a rental housing programme. The trends and changes in 2017 are all in line with the basic policy objective of “houses are for residence, not for speculation”. This reflected that the property market in China is on a steady path of progress to an optimally healthy performance and a mature level.

The property market in China has entered into a year of reform. The Group, as an industry leader, endeavoured to move its business forward by turning the challenges into opportunities for progress. Consequently, it further expanded its market share during the year and reported steady growth in all business segments, thus clearly demonstrating that Hopefluent is truly a favoured and trusted quality property real estate agency brand for consumers.

### **II. OVERALL BUSINESS REVIEW**

During the year under review, based on a solid business foundation, extensive industry experience and sensitive market sense coupled with its flexible strategic management model, the Group has reported satisfactory growth in its overall business amidst the rapid-changing economic development and property industry landscape. The integrated property services and innovative value-added services such as the financial services and Internet businesses have seen a steady and orderly development. The Group has realised that maintaining its current position and even standing out itself amidst intensified market competition requires flexible and timely adjustments to its strategy. These adjustments have enabled it to seize the development opportunities in the industry, keep up closely with the fast pace of economic development and manage to encounter the industry landscape.

For the year ended 31 December 2017, the Group recorded a turnover of HK\$4,672 million, approximately 18% higher than last year (2016: HK\$3,966 million). Profit attributable to shareholders increased by approximately 11% year-on-year to HK\$337 million (2016: HK\$302 million). Basic earnings per share were HK50.4 cents (2016: HK45.2 cents).

The primary and secondary property real estate agency service businesses of the Group registered a turnover of HK\$2,929 million and HK\$1,075 million respectively, accounting for 63% and 23% of its total turnover. The turnover from the financial services business was HK\$146 million, accounting for 3% of the total turnover. The remaining 11% or HK\$522 million was derived from property management business and other businesses. By geographical location, Guangzhou business accounted for about 49% of the Group's total turnover, while around 51% came from businesses outside Guangzhou. Total new home sales for 2017 amounted to approximately HK\$360 billion, from handling around 300,000 new home sales transactions. Total gross floor area sold was about 30 million square meters.

### **1. Synergies in Primary Property Real Estate Agency Services Business and Internet Business Boosts Selling Price and Sales Volume**

Resting on its solid market leadership, professional and quality services team and market insights, the Group's turnover from the primary property real estate agency service business reached HK\$2,929 million (2016: HK\$2,478 million) as at 31 December 2017, an increase of approximately 18%, despite the challenging business environment. Expanding market share through actively building a nationwide business presence has always been the key development strategy of the Group's primary property real estate agency service business. Currently, its business network covers more than 150 cities in China and the Group is the agent of more than 1,000 projects. Significant growth was shown in the business performance of core cities of its operation such as Guangzhou, Foshan, Dongguan, Hefei and Jinan. The Group flexibly allocated its sales teams of primary and secondary property real estate agency businesses in the past year to accelerate the business development in the second- and third-tier cities and such efforts have brought remarkable result.

To further realise its diversification strategy and optimise the process of the entire property real estate agency service business, the Group has continuously designed and promoted a range of Internet products, including computer and mobile apps such as iHouseKing (房王網) ([www.ihk.cn](http://www.ihk.cn)), He Ji Mai Lou (合記買樓) and HFmoney (合富金融) ([www.hfmoney.com](http://www.hfmoney.com)), which have received high praise from customers. This success demonstrates that these Internet products not only have effectively satisfied customers but have also positively reinforced Hopefluent's brand image as an innovative industry leader.

### **2. Secondary Property Real Estate Agency Services Business Accelerated Expansion of Business Scale with a Remarkable Performance**

The secondary property real estate agency service business has achieved an outstanding performance in the year. Turnover increased by about 14% to approximately HK\$1,075 million as compared with the corresponding period last year (2016: HK\$943 million) from managing around 69,000 secondary property transactions (2016: 64,000). This arm's core competitiveness is its quality and reliable services and nationwide business network, which enables the Group to sail against the current and perform brilliantly even as the Government has repeatedly implemented increasingly restrictive policies on the property market.

### **3. Financial Services are the Group's Growth Highlight and Gained Customer Acceptance**

In 2017, the Government has tightened regulation of the financial sector, however, the Group believes that further regulation and standardisation is principally designed to optimise loan structure and reduce credit risk, and subsequently strengthen confidence of services users in operators, which would in the long run help to achieve healthy development of the overall financial industry. This segment of the Group's business mainly provides inclusive and consumer financial services for urban residents including salaried staff and self-employed people with capital demand, so as to satisfy the diverse needs spanning consumer spending, community service, wealth management, family financial management, etc. It also provides professional and trustworthy investment services with a low threshold for different customers with idle funds, and offers asset allocation services and wealth management consulting services for high net worth and high income individuals. Therefore, this arm has huge room for development in the future.

The financial services platform launched nearly two-and-a-half years ago has brought steady contributions to the Group's overall revenue and has become its growth highlight. As at 31 December 2017, the total transaction value of its financial services reached HK\$3.7 billion and turnover was approximately HK\$146 million (2016: HK\$113 million). Capitalising on its quality and reliable services and strong reputation of the Group, it has earned the trust of customers and major renowned financial institutions and partners, and has laid a solid foundation for satisfactory growth of this segment. The Group's financial services segment has a well-defined positioning, namely small amounts, diverse targets, short cycles and controllable risk. The features of these premium products have made its financial services a preferred choice for a wide customer base.

### **4. Property Management Services Achieved Stable Growth and Built Strong Brand and Reputation**

The property management business grew in a stable pace during the year. Turnover from this segment totaled approximately HK\$522 million, which was 21% higher than the approximately HK\$432 million in 2016. The Group's quality, professional and reliable services have made a favourable impression on customers, thus building a solid trustworthy relationship with them. For years, the Group has provided property management services to over 300 residential, office and commercial properties in Guangzhou, Shanghai, Tianjin and Wuhan with a total gross floor area exceeding 30 million square metres.

## **III. PROSPECTS FOR 2018**

Looking into 2018, the overall China economy is expected to be stable. The macro-control policy on domestic property market and ongoing tight credit environment will create a certain degree of resistance and challenges for the future development of the property industry. In order to cope, the property market will optimise its structure, enabling it to make great strides and more strongly develop as the prevailing control policy continues for the foreseeable future.

As such, to better and fully seize the huge business opportunities emerging from industry consolidation, Hopefluent has decided to sign a framework agreement with Poly Real Estate Group Co., Ltd. (保利房地產(集團)股份有限公司) (“Poly Real Estate”) (SHA: 600048) based in China to form a proposed joint venture including their respective primary and secondary real estate agency services businesses. Capitalising on the rich industry experience of both parties, top national qualifications for primary property development and precise product positioning and sales strategy, the Group believes that this cooperation can strengthen the reputation, recognition and reach of its brand, thus enhancing its competitive edge in various cities and provinces. With a broader business scope, it can continue generating stable income and growth, as it advances steadily towards its goal of becoming the largest real estate agency brand in China.

In addition, the Guangdong-Hong Kong-Macau Greater Bay Area, one of the Group’s business focuses, is a recently launched regional cross-city strategic initiative. More details of the development plan for this area are to be unveiled soon. The objective of the initiative is to more effectively consolidate the resources within the area. Towards this end, the opening of the Hong Kong-Zhuhai-Macau Bridge is pending, which will facilitate Guangdong Province, Hong Kong and Macau to further complement each other’s advantages and achieve all-win development. Therefore, the Group will strive to optimise its business flow, reserve sufficient resources to create strong synergies among different segments, and actively capture the available growth opportunities to open an exciting new chapter in its development history.

### **Post Balance Sheet Event**

On 29 January 2018, the Company entered into a framework agreement (the “Framework Agreement”) with Poly Real Estate in relation to a proposed joint venture between the Company and Poly Real Estate for their respective primary and secondary real estate agency service businesses.

Each of the Group and a wholly-owned subsidiary of Poly Real Estate will transfer its entire primary and secondary real estate agency service businesses to a joint venture company which is expected to be owned as to 55–60% by the Group and as to 40–45% by Poly Real Estate (or its wholly-owned subsidiary). The final shareholding structure of the joint venture company will be subject to further negotiations between the parties.

Details of the Framework Agreement has been disclosed in the announcement dated 29 January 2018. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

### **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 2017.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2017, 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\$1,331.3 million (31 December 2016: HK\$1,677.3 million) and 2.95 (31 December 2016: 2.92) respectively. Total borrowings amounted to approximately HK\$864 million which are secured bank loan, other borrowings and collateralised borrowings on loan receivables (31 December 2016: approximately HK\$251 million which are collateralised borrowings on loan receivables). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 19.6% (31 December 2016: 7.13%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 31 December 2017.

## **PLEDGE OF ASSETS**

As at 31 December 2017, the Group pledged its investment properties and leasehold land and buildings with an aggregate amount of approximately HK\$63 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 2017, the Group had approximately 22,000 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 2017, 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 HK9.5 cents per share (the “Proposed Final Dividend”) (2016: HK9 cents per share) for the year ended 31 December 2017. Including the interim dividend of HK4.5 cents per share paid on 20 October 2017, the total dividend for the year ended 31 December 2017 will amount to HK14 cents per share (2016: HK12 cents per share).

The Proposed Final Dividend will be subject to shareholders’ approval at the Company’s forthcoming annual general meeting (the “2018 AGM”). The Proposed Final Dividend will be distributed on or about 26 July 2018 (Thursday) to the shareholders whose names appear on the register of members of the Company on 6 July 2018 (Friday) (“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 19 June 2018 (Tuesday) to 22 June 2018 (Friday), both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2018 Annual General Meeting. In order to be eligible to attend and vote at the 2018 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 15 June 2018 (Friday); and
- (ii) from 5 July 2018 (Thursday) to 6 July 2018 (Friday), 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 4 July 2018 (Wednesday).

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 2017, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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 (the “Chairman”) 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 except that Mr. Mo Tianquan has dealt in the shares of the Company from September 2017 to October 2017 without notifying the Chairman nor the board of directors before his dealings. He has been reminded to comply with the Model Code before any dealings in the future.

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

The 2017 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.

## **2018 ANNUAL GENERAL MEETING**

It is proposed that the 2018 Annual General Meeting of the Company will be held on 22 June 2018 (Friday). A notice convening the 2018 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 2018

*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.*