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 2012

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 2012, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Turnover	*3*	**1,781,635**	1,611,013
Other income		**8,508**	6,691
Selling expenses		**(1,144,395)**	(1,073,235)
Administrative expenses		**(349,332)**	(350,613)
Other expenses		**(5,908)**	(4,368)
Share of losses of an associate		**(5,172)**	(1,298)
Finance costs	*5*	**(17,180)**	(3,091)
Profit before tax		**268,156**	185,099
Income tax expense	*6*	**(82,498)**	(50,304)
Profit for the year	*7*	**185,658**	134,795
Other comprehensive income			
Exchange differences arising on translation		**6,093**	37,320
Total comprehensive income for the year		**191,751**	172,115
Profit for the year attributable to:			
Owners of the Company		**186,523**	134,274
Non-controlling interests		**(865)**	521
		185,658	134,795
Total comprehensive income attributable to:			
Owners of the Company		**192,481**	171,062
Non-controlling interests		**(730)**	1,053
		191,751	172,115
Earnings per share	*9*		
— Basic		**HK40.1 cents**	HK29.3 cents
— Diluted		**HK40.1 cents**	HK29.0 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	**2012** **HK$'000**	2011 *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**35,582**	34,439
Property, plant and equipment		**271,846**	299,209
Goodwill		**15,858**	15,781
Interest in an associate		**137,675**	141,825
		460,961	491,254
CURRENT ASSETS			
Accounts receivables	*10*	**696,409**	467,535
Other receivables and prepayments		**56,484**	50,833
Held for trading investments		**5,584**	453
Pledged bank deposits		**24,784**	–
Bank balances and cash		**584,740**	329,875
		1,368,001	848,696
CURRENT LIABILITIES			
Payables and accruals	*11*	**130,460**	127,188
Tax liabilities		**85,449**	63,569
Bank borrowings		**93,243**	53,457
		309,152	244,214
NET CURRENT ASSETS		**1,058,849**	604,482
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,519,810**	1,095,736
CAPITAL AND RESERVES			
Share capital		**4,785**	4,593
Share premium and reserves		**1,275,451**	1,038,189
Equity attributable to owners of the Company		**1,280,236**	1,042,782
Non-controlling interests		**17,967**	28,765
TOTAL EQUITY		**1,298,203**	1,071,547
NON-CURRENT LIABILITIES			
Convertible notes		**192,951**	–
Deferred tax liabilities		**28,656**	24,189
		221,607	24,189
		1,519,810	1,095,736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2012

1. GENERAL

The Company is a limited 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 the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants:

Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instrument: Disclosures — Transfers of Financial Assets

Except as described below, the application of 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 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties located in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to HKAS 12 is not rebutted. However, there have been no significant changes in fair value since acquisition. As a result, the application of amendments to HKAS 12 has 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:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10 HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10 HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Instruments[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2014
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 July 2012

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors anticipate that HKFRS 9 will be adopted by the Group for annual period beginning on 1 January 2015 and that the adoption of HKFRS 9 in the future is unlikely to have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June, 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of HKFRS 10 and HKFRS 12 are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC)–Int 12 *Consolidation — Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time. These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. Except for HKFRS 12 which resulted in more extensive disclosures, the directors anticipate that the adoption of the remaining standards in the future will not have significant impact to the Group.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that HKFRS 13 will be adopted by the Group for the annual period beginning on 1 January 2013 and that the application of the new standard is not expected to have material impact on the amounts reported in the consolidated financial statements but would result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 also require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual period beginning 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied.

Except those mentioned above, the directors of the Company anticipate that the application of other new and revised standard, amendments and interpretation 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 PRC net of business tax and other taxes. An analysis of the Group's revenue for the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Agency commission	**1,720,774**	1,567,669
Service income	**169,171**	142,061
Less: Business tax and other taxes	**(108,310)**	(98,717)
	1,781,635	1,611,013

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 real estate 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 2012

	Primary property real estate agency *HK$'000*	**Secondary property real estate agency** *HK$'000*	**Property management** *HK$'000*	**Total** *HK$'000*
Segment revenue	**1,095,340**	**526,695**	**159,600**	**1,781,635**
Segment profit	**283,315**	**10,474**	**4,922**	**298,711**
Other income				**8,508**
Central administrative costs				**(16,711)**
Share of losses of an associate				**(5,172)**
Finance costs				**(17,180)**
Profit before tax				**268,156**
Income tax expense				**(82,498)**
Profit for the year				**185,658**

For the year ended 31 December 2011

	Primary property real estate agency *HK$'000*	Secondary property real estate agency *HK$'000*	Property management *HK$'000*	Total *HK$'000*
Segment revenue	966,195	510,625	134,193	1,611,013
Segment profit	194,400	14,662	2,188	211,250
Other income				6,691
Central administrative costs				(28,453)
Share of losses of an associate				(1,298)
Finance costs				(3,091)
Profit before tax				185,099
Income tax expense				(50,304)
Profit for the year				134,795

5. FINANCE COSTS

	2012 *HK$'000*	2011 *HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**4,387**	3,091
Effective interest on convertible notes	**12,793**	–
	17,180	3,091

6. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
PRC Enterprises Income Tax ("EIT")	**78,161**	49,297
Deferred tax	**4,337**	1,007
	82,498	50,304

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 7.25% (2011: 2.5% to 5.0%) 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 consolidated financial statements as the Group has no assessable profits in Hong Kong for both years.

7. PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**81,643**	61,487
Impairment on accounts receivables (included in other expenses)	**4,145**	439
(Gain) loss on fair value changes of held for trading investments (included in other income/other expenses)	**(75)**	667
(Gain) loss on disposal and write-off of property, plant and equipment (included in other income/other expenses)	**(367)**	782

8. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2012 Interim — HK3.5 cents per share (2011: 2011 Interim — HK3.5 cents per share)	**16,378**	16,077
2011 Final — HK5.5 cents per share (2011: 2010 Final — HK11 cents per share)	**25,264**	42,038
	41,642	58,115

During the year ended 31 December 2012, scrip alternative was offered in respect of 2011 final dividend. The scrip dividend alternative of HK$16,447,000 was accepted by certain shareholders of the Company. The remaining dividend had been distributed in form of cash.

The final dividend of HK9 cents per share in respect of the year ended 31 December 2012 (2011: final dividend of HK5.5 cents per share in respect of the year ended 31 December 2011) 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

	2012	2011
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**186,523**	134,274

Number of shares

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**464,905**	458,891
Effect of dilutive potential ordinary shares — Share options	**139**	3,566
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**465,044**	462,457

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2011 had been adjusted for the bonus issues.

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 year ended 31 December 2012.

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:

	2012	2011
	HK$'000	*HK$'000*
Accounts receivables		
0–30 days	**349,123**	195,445
31–60 days	**198,484**	154,234
61–90 days	**92,800**	74,543
91–120 days	**41,397**	29,542
121–180 days	**14,605**	13,771
	696,409	467,535

11. PAYABLES AND ACCRUALS

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

BUSINESS REVIEW

The year 2012 was a year full of challenges and opportunities. Affected by the continuous macroeconomic and monetary policies imposed by the Central Government, the domestic property market is developing towards a healthy and rational direction. As the austerity measures were gradually digested and the domestic economy continued to grow rapidly, a strong pent-up demand which has been repressed for a period of time was gradually released and the market began to warm up with a steady increase in transaction volume. The Group accurately grasped the market trend, fully utilized the extended customers' resources as well as our comprehensive information system, the primary property real estate projects were outperformed, and thus was able to deliver a satisfactory growth.

For the year ended 31 December 2012, the Group's turnover increased by 11% from HK$1,611 million in 2011 to HK$1,781 million. Profit attributable to shareholders also rose by 38.9% from HK$134.3 million in 2011 to HK$186.5 million. Basic earnings per share were HK40.1 cents (2011: HK29.3 cents). The Board recommended the payment of a final dividend of HK9 cents per share for the year ended 31 December 2012 (2011: HK5.5 cents). Together with an interim dividend of HK3.5 cents per share already paid, the total dividend for the year is HK12.5 cents (2011: HK9 cents).

During the year under review, the Group's primary and secondary property real estate agency service businesses brought in turnover of HK$1,095 million and HK$527 million respectively, accounting for 61% and 30% of the Group's total turnover. The remaining 9% or HK$159 million was derived from the property management business. By geographic location, Guangzhou contributed 48% of the Group's total turnover and 52% came from outside Guangzhou.

Primary Property Real Estate Agency and Consultancy Services

During the year under review, the Group handled approximately 111,000 primary property transactions involving a total gross floor area of about 12 million square meters with a total transaction value of about HK$126.0 billion, an increase of around 33% (2011: HK$94.5 billion). The Group was agent for more than 550 projects and about 502 of them contributed turnover to the Group for the year under review amounting to approximately HK$1,095 million, a 13% rise when compared to HK$966 million in 2011.

Currently, Hopefluent occupies the leading position in the primary property real estate agency market in China, and its total transaction value and number also far exceeded those of other peers. The business in Guangzhou generated a substantial profit to the Group in 2012, accounting for around 38% of the total turnover of primary property segments. After years of efforts to expand its business coverage, the Group has established 25 offices in second and third-tier cities such as Foshan, Dongguan, Hefei, Nanjing and Zhengzhou, successfully bringing its business to more than 100 third and fourth-tier cities. This strategic direction has enabled it to tap areas with strong potential including Zhongshan, Zhuhai, Shaoguan, Huainan, Xiangtan, Xinyang, Nanchang and Changshu. By capturing the opportunities available in these locations it has expanded its market share. During the year, specific offices including Foshan, Shenzhen, Hefei, Zhengzhou and Guizhou have registered outstanding performances. As such, turnover from districts outside Guangzhou contributed approximately 62% of the primary property real estate agency business.

During the year under review, its professional service, comprehensive sales strategy and outstanding sales track record have reinforced the trust and recognition of large developers who have worked closely with the Group for years. The number of exclusive agency projects continued to pick up, occupying around 95% of our total projects on hand. Of these Sun Hung Kai Properties, R&F Properties and KWG Property co-developed-Riviera, New World Central Park-view, Poly Zephyr City in Huadu, Evergrande Royal Scenic Bay in Hefei, Vanke King Metropolis, Evergrande City in Guiyang and Pudong Star River in Shanghai have delivered good sales performances.

Another strength of the Group is its comprehensive initial project consultancy services to property developers spanning the entire planning process from professional advice on location and market positioning to marketing strategies and sales. During the year under review, the Group provided initial project planning services for more than 30 development projects in many cities across China.

Secondary Property Real Estate Agency and Mortgage Referral Services

In 2012, the austerity measures launched by the Central Government have had a great impact on overall secondary property market. Major measures such as the introduction of property purchase restrictions and tighter mortgages for second property have discouraged property investors, shrinking the overall sales volume. Riding on extensive industry experience and shrewd market insight, the Group is able to quickly adjust its operating strategies for the secondary property real estate agency business. While reducing staff and number of branches in line with market conditions, it has also shifted its business focus to new property projects and commercial property sales such as office and shopping space and leasing services to increase commission income and expand its customer resources. Currently, there are around 300 branches, of which, approximately 240 branches are located in Guangzhou which is the Group's focus city, while the remaining 60 are located in Foshan, Dongguan, Shanghai and Hangzhou. Due to the efforts the Group has proactively spent on setting up a business unit to engage in the sales of some primary property projects, business performance of the secondary property real estate agency business was maintained at a similar standard to that of last year.

The Group handled approximately 39,000 secondary property transactions during the year (2011: 51,200 transactions). Turnover from the secondary property real estate agency service business increased 3% from HK$511 million in 2011 to approximately HK$527 million. Transactions from Guangzhou contributed around 82% of the total turnover from this segment while 18% came from of outside Guangzhou.

In addition to providing property agency services, the Group also offers other property related value-added services to customers including mortgage referral service, property valuation and property auction. These services not only provide an additional income stream to the Group, but also help to strengthen its brand image and create synergies with its current businesses.

Property Management Service

The Group has provided property management services during the year under review to more than 120 residential, office and commercial projects in Guangzhou, Shanghai, Tianjin and Wuhan involving more than 150,000 units with a total gross floor area covering more than 20 million square meters. These services have generated both a stable income and a large customer base for the Group, which would also support its future expansion.

Prospects

In early March of 2013, the Central Government sets the economic and social development targets for this year. These targets include pursuing annual GDP growth at about 7.5% and an annual consumer price index increase of 3.5%, as well as proposing the urbanization of villages as a major economic growth driver, which establish the continuous development space for the real estate industry. Also, along with the strong demand from first-time buyers and those who want to improve living standard, the Group is optimistic about the prospects of the property market in China and will continue to foster its business development steadily.

The primary property real estate agency business remains as the Group's development focus in 2013. Led by an experienced management team, the Group has strategically implemented sales plans in cities with growth potential in order to achieve sustainable business growth. At the same time, the Group has established close partnerships with renowned developers including Vanke, Evergrande, Poly, Gemdale, Citic, Kingold, China Merchants Property Development, China Resources Property, R&F Properties, Agile Property, KWG Property, Star River, Sun Hung Kai Properties and New World China Land. As part of this collaboration, it has become the designated property sales agent of new property projects launched by these developers in 2013. Projects on hand would also continue its growth momentum. The Group is also striving to secure more agency projects in different regions to consolidate its leadership position in China's property market.

Despite the "Five National Regulations on the Property Market" announced by the Central Government in early March of 2013, its aim is to discourage the soaring property price and speculative property investment. Notice should also be given to the Central Government's impetus to the urbanization plan, bringing out the messages of improving citizen's livelihood, increasing the housing demand and developing a healthy property market. The Group will maintain its primary property real estate service business in all cities in the PRC, aiming to form a solid foundation for the Group, thereby driving prudent business development and maintaining stable growth.

Moving forward, the Group is continuously striving to provide its customers with superior property real estate agency and consulting services, as well as actively expanding its real estate-related value-added services businesses. As for the domestic property market, the management believes that market demand for housing will remain strong. Together with the sales strategy of major developers to "sell more properties at a lower price" and the Central Government's sustainable economic development policies, the Group is confident of generating a satisfactory return for shareholders through a pragmatic business approach, proactive and timely strategy adjustment and highest quality of service.

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 2012 including the accounting, internal controls and financial reporting issues.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, 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$609.5 million (31 December 2011: HK$329.9 million) and 4.43 (31 December 2011: 3.48) respectively. Total borrowings amounted to approximately HK$311.6 million which are secured bank borrowings and convertible notes (31 December 2011: secured bank borrowings approximately HK$53.5 million). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 17.04% (31 December 2011: 3.99%). 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 2012.

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. Details of the exchangeable bonds are set out in an announcement dated 1 August 2012 and no exchangeable bonds have been converted into shares during the review year.

PLEDGE OF ASSETS

As at 31 December 2012, the Group pledged its investment properties and, leasehold land and buildings with an aggregate amount of approximately HK$88.6 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 2012, the Group had approximately 11,790 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

As at 31 December 2012, the total number of shares (the "Shares") of HK$0.01 each in the capital of the Company in issue was 478,518,865.

DIVIDEND

The Board of Directors has decided to recommend the payment of a final dividend of HK9 cents per share (the "Proposed Final Dividend") (2011: HK5.5 cents per share) for the year ended 31 December 2012. Including the interim dividend of HK3.5 cents per share paid on 26 September 2012, the total dividend for the year ended 31 December 2012 will amount to HK12.5 cents per share (2011: HK9 cents per share).

The Proposed Final Dividend will be paid in the form of a scrip dividend with shareholders of the Company (the "Shareholders") being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the Company's forthcoming annual general meeting (the "2013 AGM"); and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. The Proposed Final Dividend will be distributed, and the share certificates issued under the Scrip Dividend Scheme will be sent on or about 15 July 2013 (Monday) to the Shareholders whose names appear on the register of members of the Company on 31 May 2013 (Friday) ("the Record Date for Dividend").

On condition that the Proposed Final Dividend is approved by the Shareholders at the 2013 AGM, a circular containing details of the Scrip Dividend Scheme and the relevant election form will be despatched to the Shareholders of the Company as soon as practicable after 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 21 May 2013 (Tuesday) to 23 May 2013 (Thursday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2013 Annual General Meeting. In order to be eligible to attend and vote at the 2013 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 20 May 2013 (Monday); and

(ii) from 29 May 2013 (Wednesday) to 31 May 2013 (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 share registrars in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 28 May 2013 (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 2012, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) 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.

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.

PUBLICATION OF DETAILED ANNUAL RESULTS ON STOCK EXCHANGE'S WEBSITE

The 2012 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.

2013 ANNUAL GENERAL MEETING

It is proposed that the 2013 Annual General Meeting of the Company will be held on 23 May 2013 (Thursday). A notice convening the 2013 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.

By Order of the Board of Directors
FU Wai Chung
Chairman

Hong Kong, 21 March 2013

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.