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 2013

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 2013, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	3	**2,350,527**	1,781,635
Other income		**15,922**	8,508
Increase in fair value of investment properties		**30,695**	–
Selling expenses		**(1,617,752)**	(1,144,395)
Administrative expenses		**(391,102)**	(349,332)
Other expenses		**(9,194)**	(5,908)
Share of losses of an associate		**(6,721)**	(5,172)
Finance costs	5	**(46,441)**	(17,180)
Profit before tax		**325,934**	268,156
Income tax expense	6	**(107,356)**	(82,498)
Profit for the year	7	**218,578**	185,658
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation		**41,311**	6,093
Surplus on revaluation of properties upon transfer to investment properties		**20,222**	–
Income tax relating to item that will not be reclassified		**(8,573)**	–
Other comprehensive income for the year, net of income tax		**52,960**	6,093
Total comprehensive income for the year		**271,538**	191,751
Profit for the year attributable to:			
Owners of the Company		**216,089**	186,523
Non-controlling interests		**2,489**	(865)
		218,578	185,658
Total comprehensive income attributable to:			
Owners of the Company		**269,034**	192,481
Non-controlling interests		**2,504**	(730)
		271,538	191,751
Earnings per share	9		
— Basic		**HK44.5 cents**	HK40.1 cents
— Diluted		**HK44.4 cents**	HK40.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Investment properties		**102,215**	35,582
Property, plant and equipment		**228,655**	271,846
Goodwill		**16,280**	15,858
Interest in an associate		**134,774**	137,675
		481,924	460,961
CURRENT ASSETS			
Accounts receivables	10	**883,094**	696,409
Loan receivables		**241,422**	–
Other receivables and prepayments		**71,377**	56,484
Held for trading investments		**9,720**	5,584
Pledged bank deposits		**–**	24,784
Bank balances and cash		**546,080**	584,740
		1,751,693	1,368,001
CURRENT LIABILITIES			
Payables and accruals	11	**193,914**	130,460
Tax liabilities		**99,008**	85,449
Bank borrowings		**49,118**	93,243
Convertible notes		**48,964**	–
		391,004	309,152
NET CURRENT ASSETS		**1,360,689**	1,058,849
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,842,613**	1,519,810
CAPITAL AND RESERVES			
Share capital		**5,010**	4,785
Share premium and reserves		**1,568,726**	1,275,451
Equity attributable to owners of the Company		**1,573,736**	1,280,236
Non-controlling interests		**40,958**	17,967
TOTAL EQUITY		**1,614,694**	1,298,203
NON-CURRENT LIABILITIES			
Convertible notes		**173,824**	192,951
Deferred tax liabilities		**54,095**	28,656
		227,919	221,607
		1,842,613	1,519,810

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

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

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

The Company is an investment holding company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

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

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation — Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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 2010–2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures to the consolidated financial statement of the Group.

Annual Improvements to HKFRSs 2010–2012 Cycle

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

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

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

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.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

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

3. TURNOVER

Turnover represents agency commission and services income received and receivable from outside customers for the sales of properties in the PRC net of business tax and other taxes. An analysis of the Group's revenue for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Agency commission	**2,251,800**	1,720,774
Service income	**232,758**	169,171
	2,484,558	1,889,945
Less: Business tax and other taxes	**(134,031)**	(108,310)
	2,350,527	1,781,635

4. SEGMENT INFORMATION

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

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

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

For the year ended 31 December 2013

	Primary property real estate agency *HK$'000*	**Secondary property real estate agency** *HK$'000*	**Property management** *HK$'000*	**Total** *HK$'000*
Segment revenue	**1,435,450**	**695,340**	**219,737**	**2,350,527**
Segment profit	**327,977**	**37,126**	**4,442**	**369,545**
Other income				**15,922**
Central administrative costs				**(37,066)**
Share of losses of an associate				**(6,721)**
Increase in fair value of investment properties				**30,695**
Finance costs				**(46,441)**
Profit before tax				**325,934**
Income tax expense				**(107,356)**
Profit for the year				**218,578**

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

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**4,768**	4,387
Effective interest on convertible notes	**41,673**	12,793
	46,441	17,180

6. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
PRC Enterprises Income Tax ("EIT")	**91,495**	78,161
Deferred tax	**15,861**	4,337
	107,356	82,498

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% (2012: 2.5% to 7.25%) on turnover during the current year. The predetermined tax rate is agreed and determined between each PRC subsidiary and respective tax bureau of local government and is subject to annual review and renewal.

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

7. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	**66,424**	81,643
Allowances on accounts receivables (included in other expenses)	**5,490**	4,145
Allowances on loan receivables (included in other expenses)	**2,439**	–
Loss on disposal and write-off of property, plant and equipment (included in other expenses)	**1,265**	–

8. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2013 Interim — HK2.5 cents per share (2012: 2012 Interim — HK3.5 cents per share)	**12,231**	16,378
2012 Final — HK9 cents per share (2012: 2011 Final — HK5.5 cents per share)	**42,655**	25,264
	54,886	41,642

The final dividend of HK4 cents per share in respect of the year ended 31 December 2013 (2012: final dividend of HK9 cents per share in respect of the year ended 31 December 2012) 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

	2013	2012
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**216,089**	186,523

Number of shares

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**485,059**	464,905
Effect of dilutive potential ordinary shares — Share options	**1,384**	139
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**486,443**	465,044

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 2013 and 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:

	2013	2012
	HK$'000	*HK$'000*
Accounts receivables		
0–30 days	**278,652**	349,123
31–60 days	**234,017**	198,484
61–90 days	**194,541**	92,800
91–120 days	**84,268**	41,397
121–180 days	**91,616**	14,605
	883,094	696,409

11. PAYABLES AND ACCRUALS

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

BUSINESS REVIEW

During the first half of 2013, the total transaction volume in the property market has remained active under the relatively relaxed credit policy in China. The Government delivered the message of market regulation again in March and stressed that there would be no change in the original austerity measures. The Central Government also clearly stated the objective of "making the market a decisive factor in resource deployment" at the Third Plenary Session of the Communist Party of China Central Committee, which has reflected the greater emphasis placed on adjusting effect of the market by the new Government. This also implied that the development direction of the property market would be towards building a long term and healthy market mechanism. The market anticipated that the direct intervention and over-regulation by the Government on the property market would also be gradually reduced.

The property market in 2013 was healthier and steadier along with the more stable market environment. In general, the Mainland property market was prosperous, both transaction volume and property value increased in the market and the price of properties in core cities continued to rise. However, due to the property purchase restrictions and the change in population age demographics, demand for properties for self-use has become the definite primary driver in the market. Development of and investment in properties maintained its rapid growth and land prices continued to rise. Developers have been aggressively acquiring land throughout the year.

The Group has adhered to the stable yet active operating strategy and carefully evaluated the austerity measures so as to precisely capture the rising trends in the market. It has also been able to actively expand into new regions and new business areas through practical development strategies, which enabled it to record satisfactory results. For the year ended 31 December 2013, the Group's turnover increased by 31.9% from HK$1,781 million in 2012 to HK$2,350 million. Profit attributable to shareholders also rose by 15.9% from HK$186.5 million in 2012 to HK$216.1 million. Basic earnings per share were HK44.5 cents (2012: HK40.1 cents). The Board recommended the payment of a final dividend of HK4 cents per share for the year ended 31 December 2013 (2012: HK9 cents). Together with an interim dividend of HK2.5 cents per share already paid, the total dividend for the year is HK6.5 cents (2012: HK12.5 cents).

During the year under review, the Group's primary and secondary property real estate agency service businesses brought in a turnover of HK$1,435 million and HK$695 million respectively, accounting for 61% and 30% of the Group's total turnover. The remaining 9% or HK$220 million was derived from the property management business. Geographically, Guangzhou contributed 48% of the Group's total turnover and 52% came from outside Guangzhou.

Primary Property Real Estate Agency and Consultancy Services

With the overall transaction volume in Chinese property market becoming more active, the Group handled approximately 157,000 primary property transactions involving a total gross floor area of about 16 million square meters with a total transaction value of about HK$189 billion during the year. It maintained its leadership position in the primary property real estate agency market during the year through its outstanding results in transaction value and number of transactions. The Group was agent for more than 700 projects and about 660 of them contributed turnover to the Group for the year amounting to approximately HK$1,435 million, a 31% rise when compared with that in 2012.

Hopefluent has been actively expanding its business coverage in order to capture the potential opportunities in various cities. Apart from further developing cities in core regions, the Group has also actively and stably pushed on strategic deployment in other cities. It has already penetrated more than 150 second, third and fourth-tier cities, including Foshan, Dongguan, Hefei, Jinan, Zhengzhou, Zhongshan, Zhuhai, Shaoguan, Huainan, Xiangtan, Xinyang, Nanchang and Danyang and its market share is gradually increasing. Benefitting from the momentum in Chinese property market, the development of the primary property real estate agency market in Guangzhou and areas outside Guangzhou was satisfactory. Turnover from Guangzhou and areas elsewhere contributed approximately 36% and 64% of the turnover of the Group's primary property real estate agency business respectively.

The Group's professional services, integration capability and operating strategy continued to gain the trust and recognition from large developers. In 2013, thanks to the close collaboration with major developers, a number of new projects again recorded excellent performance. Noteworthy here are The Riviera in Guangzhou co-developed by Sun Hung Kai Properties, R&F Properties and KWG Property, The Central Park-view by New World China Land, The Bayview by Kingold Group, Vanke Opalus, Poly Zephyr City, The Legend by CITIC, Greenland Financial Center, Hefei Evergrande Royal Scenic Bay, Foshan Vanke Crystal City, Times Mall, Dongguan Poly Red Coral, Shenzhen CR Land's Park Lane Harbour, Hunan Evergrande Oasis, Evergrande City in Guiyang, Shandong Lushang The Lake and Gardens and Tianjin CRCC International City. Meanwhile, the Group has continued to offer comprehensive initial project consultancy services to property developers spanning the project development process, from professional advice on location and market positioning to marketing strategies and sales.

Secondary Property Real Estate Agency, Mortgage Referral and Related Services

In recent years, the Group's strategy had been corresponding with the Central Government's regulations on the property market as it had adjusted its operating strategy to develop the secondary property real estate agency business. It has focused on expanding new project business, and sales and lease of commercial properties such as offices and shops. These services had recorded a satisfactory performance during the year. This plus the flexible use of customer resources in various business segments had increased the commission income as well as further expanded the Group's income stream and market share.

Turnover from the secondary property real estate agency service business increased 32% from HK$527 million in 2012 to approximately HK$695 million. Transactions from Guangzhou contributed around 72% of this segment's total turnover while 28% came from outside of Guangzhou. The Group handled approximately 41,000 secondary property transactions during the year. Currently, the Group has around 308 secondary branches.

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

Property Management Service

During the year under review, the Group has provided property management services for approximately 150 residential, offices and commercial projects in Guangzhou, Shanghai, Tianjin and Wuhan, involving more than 200,000 units covering a total gross floor area of more than 20 million square meters. These services have generated both a stable income and an extensive customer base for the Group, which would also support its future expansion. Apart from the outstanding business performance, the Group's property management service has also earned prestigious industry recognition. In the China Property Management Industry Development Report released by China Property Management Institute in October 2013, Asia Asset Property (China) was ranked No. 36 in China's TOP 200 enterprises in terms of integrated competencies and No. 15 in terms of management scale.

Particularly noteworthy is the Group's constant pursuit of innovation in property management services. In 2013, the Group has launched the "Property Robot" (a mobile internet platform for property management services). The platform had been rolled out in a number of projects under the Group's management and well-received by property owners. By utilizing the mobile internet, Internet of Things and cloud computing, the "Property Robot" had been used to upgrade quality of life in the community. Apart from offering highly efficient and convenient basic property management services to residents, it also provides resources for retail services across a wide range covering dining, housing, transportation, entertainment, shopping and travelling in peripheral areas. The seamless combination of online and offline resources has created mini central business units within 1 km distance in the community. The Group plans to deploy the "Property Robot" to boost product optimization, strengthen resources consolidation and enhance customer retention in a view to improve its service quality and to boost its competitive edge.

Prospects

The year 2014 will be the first year that the market plays a critical role in resources allocation within the Chinese economy which is expected to become more prosperous and see greater growth momentum. The proposal of a renewed urbanization system, undoubtedly will create an environment that presents enormous opportunities to the property market. Driven by long-term austerity mechanisms, the normalization and stabilization of differences between regional austerity policies will help to facilitate a rational and healthy development of the property sector. It is believed that the conditions of future property market will be ideal for all parties.

Hopefluent strongly believes that the property market in China should experience steady and healthy growth. Currently, the Group has become the close partner of renowned developers such as Sun Hung Kai Properties, Vanke, Evergrande, Poly, China Resources Property, Citic, Kingold, China Merchants Property Development, R&F Properties, Agile Property, KWG Property, Star River, Gemdale and New World China Land. The Group is continuing its efforts to expand its customer base and services and secure more agency projects in different regions, reinforcing its leading position in China's property service market.

In addition, as the financial market in China gradually liberalizes, Hopefluent is also actively exploring new business segments. In 2013, the Group has commenced a micro financing business to cater for the needs of property buyers. It has introduced a variety of small scale financial products tailored to meet the demand of customers for micro financing. In the future, the Group will continue to enhance the development of this business while exploring other investment opportunities with the aim to improve its business performance by using available capital.

In 2014, the property agency services will continue to be the core business of the Group. The Group will formulate a business strategy aimed at proactively addressing the volatilities and changes of the market. On the other hand, considering the surging costs such as social welfare and income of employees, the Group will continuously adhere to its sound development strategy, ensuring it to maintain its business scale and prevent over-expansion.

Given the prevalence of internet technology, the Group plans to integrate a mobile network service with its traditional service in 2014 so as to improve the operational mode of the industry and create room for sustainable development, thus ultimately providing more comprehensive services to customers.

Looking ahead, the development trend of the property market in China is determined by factors such as the Mainland's overall economic development, monetary policy, credit lending policy, taxation policy and international political and economical conditions. As a property agency market leader with rich industry experience and a good reputation, Hopefluent will continue to consolidate and reinforce its complete industry chain and bring greater value and returns to its shareholders.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising the three existing independent non-executive directors, has reviewed the audited financial statements for the year ended 31 December 2013 including the accounting, internal controls and financial reporting issues.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, 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$546.1 million (31 December 2012: HK$609.5 million) and 4.48 (31 December 2012: 4.43) respectively. Total borrowings amounted to approximately HK$267.5 million which are secured bank borrowings and convertible notes (31 December 2012: approximately HK$311.6 million). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 11.98% (31 December 2012: 17.04%). 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 2013.

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 2013, the Group pledged its investment properties and, leasehold land and buildings with an aggregate amount of approximately HK$74 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 2013, the Group had approximately 15,000 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 2013, the total number of shares (the "Shares") of HK$0.01 each in the capital of the Company in issue was 500,952,872.

DIVIDEND

The Board has decided to recommend the payment of a final dividend of HK4 cents per share (the "Proposed Final Dividend") (2012: HK9 cents per share) for the year ended 31 December 2013. Including the interim dividend of HK2.5 cents per share paid on 4 October 2013, the total dividend for the year ended 31 December 2013 will amount to HK6.5 cents per share (2012: HK12.5 cents per share).

The Proposed Final Dividend will be subject to shareholders' approval at the Company's forthcoming annual general meeting (the "2014 AGM"). The Proposed Final Dividend will be distributed on or about 9 July 2014 (Wednesday) to the shareholders whose names appear on the register of members of the Company on 13 June 2014 (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 4 June 2014 (Wednesday) to 6 June 2014 (Friday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2014 Annual General Meeting. In order to be eligible to attend and vote at the 2014 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 3 June 2014 (Tuesday); and

(ii) from 12 June 2014 (Thursday) to 13 June 2014 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 11 June 2014 (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 2013, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following deviations (Code Provisions A.2.1 and F.1.1):

Chairman and Chief Executive Officer

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

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

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

Company Secretary

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE") OF THE LISTING RULES

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

PUBLICATION OF DETAILED ANNUAL RESULTS ON STOCK EXCHANGE'S WEBSITE

The 2013 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.

2014 ANNUAL GENERAL MEETING

It is proposed that the 2014 Annual General Meeting of the Company will be held on 6 June 2014 (Friday). A notice convening the 2014 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.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

The Board of the Company hereby announces that with effect from 31 March 2014, the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited (the "Branch Share Registrar"), will change its address to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

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, 27 March 2014

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.