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 2018

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 2018, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	*3*	**5,449,622**	4,671,795
Other income		**28,938**	24,889
Change in fair value of investment properties		**9,502**	1,733
Selling expenses		**(3,861,130)**	(3,304,304)
Administrative expenses		**(929,517)**	(832,347)
Other gains and losses		**(31,436)**	(28,358)
Share of results of associates and joint ventures/ a joint venture		**1,893**	4
Loss on disposal of investment properties		**(1,303)**	(3,701)
Finance costs	*5*	**(36,143)**	(38,480)
Profit before tax		**630,426**	491,231
Income tax expense	*6*	**(176,856)**	(149,196)
Profit for the year	*7*	**453,570**	342,035
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(111,657)**	179,643
Total comprehensive income for the year		**341,913**	521,678
Profit for the year attributable to:			
Owners of the Company		**326,999**	336,794
Non-controlling interests		**126,571**	5,241
		453,570	342,035
Total comprehensive income for the year attributable to:			
Owners of the Company		**216,698**	515,462
Non-controlling interests		**125,215**	6,216
		341,913	521,678
Earnings per share	*9*		
— Basic		**HK49.0 cents**	HK50.4 cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Investment properties		**163,448**	94,060
Property, plant and equipment		**275,230**	246,306
Deposits for acquisition of investment properties		**56,065**	51,239
Goodwill		**209,378**	15,403
Interests in associates and joint ventures/ a joint venture		**12,934**	611
Loan receivables		**423,047**	408,243
Deferred tax assets		**29,609**	–
		1,169,711	815,862
CURRENT ASSETS			
Accounts receivables	*10*	**1,789,776**	1,259,339
Loan receivables		**508,358**	716,461
Other receivables and prepayments		**624,567**	257,235
Amount due from a joint venture		**38,874**	4,874
Amount due from an associate		**18**	–
Financial assets at fair value through profit or loss		**7,395**	–
Held for trading investments		**–**	6,849
Pledged bank deposits		**11,494**	–
Bank balances and cash		**1,723,391**	1,331,323
		4,703,873	3,576,081
Assets classified as held for sale		**–**	24,051
		4,703,873	3,600,132
CURRENT LIABILITIES			
Payables and accruals	*11*	**518,746**	519,322
Contract liabilities	*12*	**430,489**	–
Amount due to a joint venture		**2,851**	–
Tax liabilities		**234,390**	111,889
Bank and other borrowings		**646,004**	589,454
		1,832,480	1,220,665
NET CURRENT ASSETS		**2,871,393**	2,379,467
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,041,104**	3,195,329
CAPITAL AND RESERVES			
Share capital		**6,680**	6,680
Share premium and reserves		**2,930,817**	2,825,096
Equity attributable to owners of the Company		**2,937,497**	2,831,776
Non-controlling interests		**989,498**	26,528
TOTAL EQUITY		**3,926,995**	2,858,304
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**69,511**	62,774
Other borrowings		**44,598**	274,251
		114,109	337,025
		4,041,104	3,195,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands and 9–10/F, One Bravo, 1 Jinsui Road, Zhujiang New Town, Tianhe District, Guangzhou, People's Republic of China ("PRC"), respectively.

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. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs — effective 1 January 2018

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarification to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of new and 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.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

A. HKFRS 9 Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings as of 1 January 2018 as follows:

	HK$'000
Retained earnings	
Retained earnings as at 31 December 2017	1,924,619
Increase in expected credit losses ("ECLs") in loan receivables *(note 2A(iii)(II) below)*	(16,262)
Restated retained earnings as at 1 January 2018	1,908,357

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) financial assets at FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt instruments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity instruments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

As of 1 January 2018, certain unlisted equity investments were reclassified from available-for-sale investments at cost to financial assets at FVTPL. These unlisted equity instruments have no quoted price in an active market. The Group intends to hold these unlisted equity investments for long term strategic purposes. In addition, the Group has designated such unlisted equity investments at the date of initial application as measured at FVTPL. The fair value of the unlisted equity investments are determined based on transaction price and factors or events that have occurred after acquisition date. Since there is no significant change in the performance and operation of the investees, the directors of the Company considered the fair value of the unlisted equity investments are approximately the transaction price.

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 January 2018 under HKFRS 9** *HK$'000*
Listed equity investments	Held for trading	FVTPL	6,849	6,849
Accounts receivables	Loans and receivables	Amortised cost	1,259,339	1,259,339
Loan receivables *(note)*	Loans and receivables	Amortised cost	1,124,704	1,108,442
Other receivables and prepayments	Loans and receivables	Amortised cost	257,235	257,235
Amount due from a joint venture	Loans and receivables	Amortised cost	4,874	4,874
Cash and cash equivalents	Loans and receivables	Amortised cost	1,331,323	1,331,323

Note: The balance as at 1 January 2018 included those amounts that the Group did not transfer the significant risks and rewards relating to these receivables and recognised full amount, therefore, the management's account policy assess based on the accounting treatment and classified it in amortised cost.

(ii) Reconciliation of statement of financial position balances from HKAS 39 to HKFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flows characteristics.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with HKAS 39 to their new measurement categories upon transition to HKFRS 9 on 1 January 2018.

	HKAS 39 carrying amount 31 December 2017 *HK$'000*	**Reclassifications**	**Remeasurements**	**HKFRS 9 carrying amount 1 January 2018** *HK$'000*
Amortised cost				
Account receivables	1,259,339	–	–	1,259,339
Loan receivables	1,124,704	–	(16,262)	1,108,442
Other receivables and prepayments	257,235	–	–	257,235
Amount due from a joint venture	4,874	–	–	4,874
Bank balances and cash	1,331,323	–	–	1,331,323
Listed equity investments — FVTPL				
Held for trading investments	6,849	(6,849)	–	–
Financial assets — FVTPL				
Investments in equity instrument	–	6,849	–	6,849

(iii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the ECLs model. HKFRS 9 requires the Group to recognise ECL for accounts and loan receivables and financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for accounts receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 151 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, with recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 365 days past due.

As at 31 December 2018, no financial asset is unlikely to be repaid in full or more than 365 days past due. For all financial assets with objective evidence of impairment, and therefore considered to be in default or otherwise credit-impaired, a lifetime ECL is recognised and interest revenue is calculated on the net carrying amount.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

(I) Impairment of accounts receivables

The Group applies the HKFRS 9 simplified approach to measure ECLs which recognises lifetime ECLs for all accounts receivables. To measure the ECLs, accounts receivables have been grouped based on shared credit risk characteristics and the aged analysis.

As at 31 December 2017, loss allowance for accounts receivables was HK$62,376,000, in the opinion of the directors of the Company, the application of ECL model to identify the impairment loss of accounts receivables was immaterial as the default risk of counter parties is low under HKFRS 9.

(II) Impairment of loan receivables

The loan receivables recorded in each stage have the following characteristics:

Stage 1: Unimpaired and without significant increase in credit risk on which a 12-month allowance for ECL is recognised.

Stage 2: A significant increase in credit risk has been experienced since initial recognition on which a lifetime ECL is recognised.

Stage 3: Objective evidence of impairment, and are therefore considered to be in default or otherwise credit-impaired on which a lifetime ECL is recognised.

Loan receivables

1 January 2018	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount *(HK'000)*	1,125,077	389	7,759	1,133,225
Expected credit loss rate *(%)*	1.5	38.2	100	
Allowance for ECL *(HK$'000)*	16,876	148	7,759	24,783

Unless identified at an earlier stage, the management considered loan receivables are deemed to have suffered a significant increase in credit risk when they are 30 days past due and are transferred from stage 1 to stage 2. For loan receivables past due over 151 days, they are considered to be credit-impaired and are transferred from stage 2 to stage 3.

The increase in loss allowance for loan receivables upon the transition to HKFRS 9 as of 1 January 2018 was HK$16,262,000. The loss allowances decreased for HK$1,958,000 for loan receivables during the year ended 31 December 2018.

(III) Impairment of other receivables

All the Group's deposits and other receivables are considered to have low credit risk and the loss allowance was limited to 12 months ECLs. In the opinion of the directors of the Company, the identified impairment loss of deposits and other receivables was immaterial as the default risk is low under HKFRS 9.

(IV) Bank balances

Bank balances were placed in the financial institutions in Hong Kong and China. Financial institutions in Hong Kong and China are governed by Hong Kong Monetary Authority and China Banking Regulatory Commission, respectively. In view of the stable bank system in Hong Kong and China, the ECL is expected to be very minimal and close to zero. In the opinion of the directors of the Company, the overall impact of ECL allowance is very minimal, without undue cost.

As a result of the above changes, the impact of the new HKFRS 9 impairment model results in additional impairment allowance as follow:

	HK$'000
Loss allowance as at 31 December 2017 under HKAS 39	70,897
Additional impairment recognised for loan receivables	16,262
Loss allowance as at 1 January 2018 under HKFRS 9	87,159

The management considered the additional impairment allowance after adopting the new HKFRS 9 impairment model on accounts receivables, other receivables and bank balances are immaterial.

(V) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9:

- The determination of the business model within which a financial asset is held; and

- The designation and revocation of previous designations of certain financial assets as measured at FVTPL.

B. HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations.

HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which any entity expects to be entitled in exchange for transferring the control of goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

The Group has changed the presentation of certain amounts in the consolidated statement of financial position to reflect the terminology of HKFRS 15:

Contract liabilities in relation to the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customer were previously presented as receipts in advance included in payables and accruals.

In summary, the following adjustments were made to the amounts recognised in the opening consolidated statement of financial position on 1 January 2018:

	HKAS 18 31 December 2017	**Reclassification**	**HKFRS 15 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
CURRENT LIABILITIES			
Payables and accruals	519,322	(182,309)	337,013
Contract liabilities	–	182,309	182,309

The amount by each financial statements line items affected in the current period and period to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that were previously in effect before the adoption of HKFRS 15 is as follows:

	As at 31 December 2018		
	Amounts without the adoption of HKFRS 15	**Effects of the adoption of HKFRS 15**	**Amounts as reported**
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of financial position (extract)			
Payables and accruals	949,235	(430,489)	518,746
Contract liabilities	–	430,489	430,489

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below:

Note	Service	Nature of the services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 January 2018
(i)	Provision of real estate agency services	Revenue from real estate agency services is recognised at a point of time when the service is rendered and (a) the property buyer has executed the sales and purchase agreement and made the required down-payment or (b) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions stated in different agency contracts. Based on terms and conditions in agency contracts and customary industry practice, real estate agency service income is not required to return to property sellers when the property buyers have made the required payments which became non-refundable. Under HKFRS 15, the Group is required to estimate the total consideration, including an estimate of variable consideration, received in exchange for the services rendered. The Group's variable considerations include the progressive commission rates and performance bonus based on pre-agreed sales targets. For progressive commission rates, before the Group met the agreed sales target, the Group recognises revenue based on the lower commission rate. Until the sales target is met, the Group recognises incremental revenue at the higher commission rate for the performance obligations satisfied previously. Similarly the Group recognises the performance bonus as incremental revenue when the sales target is met. The Group considers that it is highly probable that significant reversal in the accumulated revenue recognised will not occur in future period as the uncertainty related to the variable considerations is able to resolve subsequently. When uncertainty is raised, the Group reassesses the estimates of the transaction price until it is resolved. In addition, few property developer customers may retain a minor portion of the amounts due for a short period. Management of the Group considered that such retainage is to ensure the Group continues to provide agency service until the project is completed. The practice has no impact on the revenue recognition as the performance obligation is satisfied at execution of legal and binding sale agreement. Accordingly, management concluded that these contracts do not contain a significant financing component as the contracts require the amount to be retained for reasons other than the provision of financing.	HKFRS 15 did not result in significant impact on the Group's accounting policies. However, upon the adoption of HKFRS 15, the Group has to made reclassification from receipt in advance to contract liabilities.

Note	Service	Nature of the services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 January 2018
(ii)	Provision of market development and planning consultancy service	Revenue from marketing, development and planning consultancy is recognised at a point in time when the service is rendered and the customers has received and endorsed the consultancy report, since only by that time the Group has a present right to payment for the services performed.	HKFRS 15 did not result in significant impact on the Group's accounting policies.
(iii)	Provision of property management service	The Group is primarily responsible for fulfilling the promise to provide the management service; and has discretion in establishing the price for the property management. The right on establishing price indicates that the Group has the ability to direct the use of that service and obtain substantially all of the remaining benefits. As the staff, the service provider, who provides management service are directly hired by the Group. The Group has direct control over the service through linkage with the service providers. Therefore, the Group acts as a principal in provision of property management. Revenue from provision of property management services is recognised over time because the customer simultaneously receives and consumes the benefits of property management services provided by the Group. It is recognised based on monthly statement issued by the Group.	HKFRS 15 did not result in significant impact on the Group's accounting policies.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

Amendments to HKAS 40, Investment Property — Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred. The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

The adoption of these amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously assessed transfers.

HK(IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration

The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Group is required to determine the date of transaction for each payment or receipt of advance consideration. The interpretation does not have any impact on the Group's consolidated financial statements.

The adoption of these amendments has no impact on these financial statements as the Group has not paid or received advance consideration in a foreign currency.

Impacts on opening consolidated statement of financial position arising from the application of all new standards amendments and interpretation

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited)	Effect of changes		1 January 2018 (Restated)
		HKFRS 9	HKFRS 15	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Investment properties	94,060	–	–	94,060
Property, plant and equipment	246,306	–	–	246,306
Deposits for acquisition of investment properties	51,239	–	–	51,239
Goodwill	15,403	–	–	15,403
Interest in a joint venture	611	–	–	611
Loan receivables	408,243	(6,124)	–	402,119
	815,862	(6,124)	–	809,738
CURRENT ASSETS				
Accounts receivables	1,259,339	–	–	1,259,339
Loan receivables	716,461	(10,138)	–	706,323
Other receivables and prepayments	257,235	–	–	257,235
Amount due from a joint venture	4,874	–	–	4,874
Held for trading investments	6,849	(6,849)	–	–
Financial assets at FVTPL	–	6,849	–	6,849
Bank balances and cash	1,331,323	–	–	1,331,323
	3,576,081	(10,138)	–	3,565,943
Assets classified as held for sale	24,051	–	–	24,051
	3,600,132	(10,138)	–	3,589,994
CURRENT LIABILITIES				
Payables and accruals	519,322	–	(182,309)	337,013
Contract liabilities	–	–	182,309	182,309
Tax liabilities	111,889	–	–	111,889
Bank and other borrowings	589,454	–	–	589,454
	1,220,665	–	–	1,220,665

	31 December 2017 (Audited)	Effect of changes HKFRS 9	HKFRS 15	1 January 2018 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NET CURRENT ASSETS	2,379,467	(10,138)	–	2,369,329
TOTAL ASSETS LESS CURRENT LIABILITIES	3,195,329	(16,262)	–	3,179,067
CAPITAL AND RESERVES				
Share capital	6,680	–	–	6,680
Share premium and reserves	2,825,096	(16,262)	–	2,808,834
Equity attributable to owners of the Company	2,831,776	(16,262)	–	2,815,514
Non-controlling interests	26,528	–	–	26,528
TOTAL EQUITY	2,858,304	(16,262)	–	2,842,042
NON-CURRENT LIABILITIES				
Deferred tax liabilities	62,774	–	–	62,774
Other borrowings	274,251	–	–	274,251
	337,025	–	–	337,025
	3,195,329	(16,262)	–	3,179,067

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening statement of financial position as at 1 January 2018 as disclosed above.

New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date had now been deferred/removed. Early application of the amendments continue to be permitted.

3. REVENUE

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

	2018	2017
	HK$'000	*HK$'000*
Agency commission	**4,738,189**	4,053,243
Property management services income	**574,572**	524,339
Revenue from contracts with customer within the scope of HKFRS 15	**5,312,761**	4,577,582
Finance income		
— Interest income from loan receivables	**171,065**	122,335
— Financial services income	**3,913**	–
	5,487,739	4,699,917
Less: Business tax and other tax	**(38,117)**	(28,122)
	5,449,622	4,671,795

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11.

4. SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities.

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items. Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate portions of expenses and assets mainly comprise corporate administrative and financing expenses and corporate financial assets respectively.

The Group is organised into three business divisions including property real estate agency services, financial services and property management services which form the Group's three operating segments. The following summary describes the operations in each of the Group's reportable segments:

- Property real estate agency is the provision of first hand real estate services to property developers and secondary real estate services;
- Financial services is the provision of mortgage referral and loan financing services to individuals or companies; and
- Property management is the provision of building management services to property owners and residents.

Disaggregation of revenue:

	2018	2017
	HK$'000	*HK$'000*
Timing of revenue recognition		
At a point of time		
— Agency commission	**4,738,189**	4,053,243
— Financial services income	**3,913**	–
Over-time		
— Interest income from loan receivables	**171,065**	122,335
— Property management services income	**574,572**	524,339
	5,487,739	4,699,917
Less: Business tax and other tax	**(38,117)**	(28,122)
	5,449,622	4,671,795

The following is an analysis of the Group's revenue and results by geographical markets.

For the year ended 31 December 2018

	Property real estate agency	**Financial services**	**Property management**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
The PRC	**4,731,151**	**174,978**	**574,572**	**5,480,701**
Australia	**7,038**	**–**	**–**	**7,038**
	4,738,189	**174,978**	**574,572**	**5,487,739**
Less: Business and other tax				**(38,117)**
				5,449,622

For the year ended 31 December 2017

	Property real estate agency	Financial services	Property management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The PRC	4,053,243	122,335	524,339	4,699,917
Less: Business and other tax				(28,122)
				4,671,795

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

For the year ended 31 December 2018

	Property real estate agency *HK$'000*	**Financial services** *HK$'000*	**Property management** *HK$'000*	**Total** *HK$'000*
Segment revenue	**4,722,552**	**182,650**	**544,420**	**5,449,622**
Segment profit	**618,745**	**92,621**	**38,329**	**749,695**
Other income				**28,938**
Central administrative costs				**(90,720)**
Other gains and losses				**(31,436)**
Loss on disposal of investment properties				**(1,303)**
Share of results of associates and joint ventures				**1,893**
Increase in fair value of investment properties				**9,502**
Finance costs				**(36,143)**
Profit before tax				**630,426**

For the year ended 31 December 2017

	Property real estate agency *HK$'000* (Restated)	Financial services *HK$'000*	Property management *HK$'000*	Total *HK$'000*
Segment revenue	4,003,680	146,227	521,888	4,671,795
Segment profit	458,259	71,671	67,750	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				(38,480)
Profit before tax				491,231

5. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings	**3,632**	2,628
Other borrowings	**32,511**	35,852
	36,143	38,480

6. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprises Income Tax ("EIT")	**195,480**	136,622
Withholding income tax on distribution of profit of PRC subsidiaries	**497**	9,618
Deferred tax	**(19,121)**	2,956
	176,856	149,196

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% (2017: 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% (2017: 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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**55,081**	48,652
Allowances on accounts receivables (included in other gains and losses)	**20,699**	13,878
(Reversal)/provision of allowances on loan receivables (included in other gains and losses)	**(1,568)**	4,796
Loss on disposal and written-off of property, plant and equipment (included in other gains and losses)	**617**	1,049
Loss on fair value changes of financial assets at FVTPL (included in other gains and losses)	**903**	–
Loss on fair value changes of held for trading investments (included in other gains and losses)	**–**	548
Loss on disposal of investments in equity at FVTPL/held for trading investments (included in other gains and losses)	**13,535**	8,087
Gain on disposal of investment in a joint venture (included in other gains and losses)	**(7,089)**	–

8. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Dividends recognised as distribution and paid during the year:		
2018 Interim — HK4.5 cents per share (2017: 2017 Interim — HK4.5 cents per share)	**30,060**	30,060
2017 Final — HK9.5 cents per share (2017: 2016 Final — HK9 cents per share)	**63,460**	60,120
	93,520	90,180

Subsequent to the end of reporting period, the final dividend of HK6.5 cents per share in respect of the year ended 31 December 2018 (2017: final dividend of HK9.5 cents per share in respect of the year ended 31 December 2017), in an aggregate amount of HK$43,420,000 (2017: HK$63,460,000), 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

	2018	2017
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**326,999**	336,794

Number of shares

	2018	2017
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings per share	**667,999**	667,999

There are no potential dilutive shares in issue during both years ended 31 December 2018 and 2017.

10. ACCOUNTS RECEIVABLES

The Group allows an average credit period ranging from 30 to 180 days (2017: 30 to 120 days) to its customers. The aging 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:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Accounts receivables		
0–30 days	**761,887**	442,957
31–60 days	**119,162**	94,222
61–90 days	**81,442**	64,397
91–120 days	**78,930**	66,682
121–180 days	**86,705**	65,130
181 days or above	**661,650**	525,951
	1,789,776	1,259,339

11. PAYABLES AND ACCRUALS

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

12. CONTRACT LIABILITIES

The Group has recognised the following revenue – related contract liabilities:

	31 December 2018	1 January 2018	31 December 2017
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities for third parties	**430,489**	182,309	–

Contract liabilities of the Group mainly arise from the advance payments received from customers which the underlying services are yet to be provided.

13. ACQUISITION OF BUSINESS

On 7 May 2018, the Company signed a cooperation reorganisation agreement with Poly Developments and Holdings Group Co., Ltd. (formerly known as Poly Real Estate Group Co., Ltd.) ("Poly Real Estate") ("Cooperation Agreement"). According to the Cooperation Agreement, Poly Real Estate injected the entire equity interests in Poly Real Estate Investment Consultancy Co., Ltd. ("Poly Consultancy") and its subsidiaries (collectively referred to as "Poly Consultancy Group") into Hopefluent (China) Real Estate Consultancy Co., Ltd. ("Hopefluent China"), an indirect wholly-owned subsidiaries of the Company and its subsidiaries ("Hopefluent China Group"), and in return obtaining 43.9% of the entire equity interests in Hopefluent China as contemplated.

On 4 September 2018 (the "date of acquisition"), the Company has completed the acquisition of the Poly Consultancy Group in consideration of the transfer of 43.9% of its equity interests in Hopefluent China to Poly Real Estate, which is regarded as a deemed disposal of the Company's interests in a subsidiary of the Company. The Company retained 56.1% of equity interests of Hopefluent China.

Poly Consultancy Group is engaged in the provision of real estate agency services and real estate information technology consulting services in the PRC. Poly Consultancy Group was acquired so as to maintain and expand the Group's market share in real estate agency service business in the PRC.

In accordance with Hong Kong Financial Reporting Standard 3 "Business Combination" ("HKFRS 3"), the fair value of the identifiable assets acquired and liabilities assumed of Poly Consultancy Group and Hopefluent China Group as at the date of acquisition are approximately HK$643,780,000 and HK$1,264,547,000 respectively.

Goodwill is determined as the excess of the fair value of consideration paid by Hopefluent China, i.e. fair value of 43.9% equity interest of Hopefluent China Group and the fair value of 56.1% of equity interest of Poly Consultancy Group.

The goodwill is analysed as follows:

	HK'000
Consideration for acquisition of the 56.1% of effective equity interests in Poly Consultancy Group settled by 43.9% equity interest of Hopefluent China Group	555,136
Add: Non-controlling interest of 43.9% of effective equity interests held by Poly Real Estate	282,619
Less: Fair value of the net identifiable assets acquired and liabilities of Poly Consultancy Group	(643,780)
Goodwill arising on acquisition	193,975

The significant non-controlling interest arose from the acquisition is as follows:

	HK'000
Deemed disposal of 43.9% equity interest of Hopefluent China Group as the consideration	555,136
Add: 43.9% of effective equity interests of Poly Consultancy Group held by Poly Real Estate	282,619
	837,755

The fair value of Poly Consultancy Group's net assets and Hopefluent China Group's net assets have been arrived at on the basis of a valuation carried out on the date of acquisition by BMI Appraisals Limited.

Goodwill arose in the acquisition of Poly Consultancy Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Poly Consultancy Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

BUSINESS REVIEW

I. Market Review for 2018

The property market in China had another extraordinary year in 2018. Starting early in the year, with the emphasis of "houses are for living in, not for speculation", the Chinese Government stepped up austerity policies and measures to suppress surging property prices and the overheated land market. With all parties concerned working hard and embracing the "different cities, different places, different polices" approach, the property market maintained stable growth. Entering the fourth quarter, there were signs of government austerity policies letting up, with cities like Guangzhou, Foshan and Nanning got loosen price restrictions to certain extent and some first-tier cities even narrowed the magnitude of growth in mortgage rate, suggesting that the macroeconomic control policies have had positive impacts on the property market.

Overall, the Group is of the view that the property market in China had gone through a year of change and made progress in 2018. The austerity measures were apparently effective with both buyers and sellers becoming more rational and the overall market has been developing stably and healthily. The Group believes that the government, property market players and the public were happy to see the more benign market.

II. Overall Business Review

In the past year, property market players in China at large faced great downward pressure. However, for Hopefluent, with a sound business foundation and extensive industry experience, it was able to turn challenges into strength and achieve satisfactory growth in results. The Company has agreed with Poly Developments and Holdings Group Co., Ltd. (stock code: 600048)on cooperative operation on the primary and secondary property real estate agency services business, and proceeded company restructuring which symbolized a good start, leading to encouraging performance particularly delivered by its primary property real estate agency services business.

For the year ended 31 December 2018, the Group recorded turnover of HK$5,450 million, approximately 17% more than that of last year (2017: HK$4,672 million). Profit for the year was HK$454 million (2017: HK$342 million), which represented a year-on-year growth of around 33%. Profit attributable to shareholders was HK$327 million (2017: HK$337 million). Basic earnings per share were HK49.0 cents (2017: HK50.4 cents). The Group proposed a final dividend payment of HK6.5 cents per share. Together with the interim dividend of HK4.5 cents per share already paid, dividend for the year was HK11.0 cents per share.

The Group has recorded a turnover of the property real estate agency services business of HK$4,723 million, accounting for 87% of the Group's total turnover. Turnover from the property management business was HK$544 million, accounting for 10% of the Group total. The remaining 3%, or HK$183 million, was derived from the financial services business. By region, Guangzhou accounted for about 47% of the Group's total turnover, while around 53% came from businesses outside Guangzhou. Total new home sales for 2018 amounted to approximately HK$398 billion, from handling about 306,000 transactions, with total gross floor area sold about 31 million square meters.

1. *Complementary advantages with Poly Consultancy helped primary property real estate agency services business thrive despite market adversities; Secondary property real estate agency services business maintained presence across Southern China*

Although up against unfavorable factors including overall slowdown of the property market and purchase restrictions, the Group's primary property real estate agency services business was able to beat the odds thanks to the Group's market leadership and experienced sales team. During the year, the Group was able to expand its share in the primary property real estate agency services market. It also secured dealership for more property projects at the hard work of the sales team. In addition to core cities such as Guangzhou and other cities in the Pearl River Delta, Anhui, Shandong, Jiangsu, Shaanxi, Guangxi, Hubei and Guizhou also had outstanding performances. Also, since September 2018, the Group has been operating property real estate agency services business in cooperation with Poly Real Estate Investment Consultancy Co., Ltd. ("Poly Consultancy"), a move that has greatly enhanced the Group's competitiveness. Currently, the Group's existing network of primary property real estate agency services business covers more than 150 cities in China and it is the agent of more than 1,700 projects.

To optimize processes of its property real estate agency services business which has been thriving, the Group has continued to develop and launch Internet products, which are critical to helping marketing of the agency business. The Group has been using Internet technology to align online products with offline promotion for maximum complementary result, helping it seize market opportunities, as such the Group has seen its market share increased.

In 2018, the secondary property real estate agency services business operated in a challenging environment due to the austerity measures imposed by the government. In fact, transaction volumes of secondary properties dropped across the country during the year, with first-tier cities faced the hardest hit. Despite facing a gloomy market, the Group can apply its acute market insights in deploying human resources and implementing cost control measures at suitable time and with flexibility. There are now 480 branches for running secondary property real estate agency services business, which handled around 50,400 secondary property transactions in 2018 (2017: 69,000 transactions).

Turnover of the property real estate agency services business amounted to HK$4,723 million for the year ended 31 December 2018, an increase of approximately 18%. Turnover from the primary offices was HK$3,703 million and turnover from secondary branches reached HK$1,020 million.

2. *Strategically adjusted financial services business to prepare for higher growth in the future*

   The Group's financial services platform, which was launched about three years ago, provides diverse products and services that satisfy unique customer demands effectively enhancing the Group competitive advantages. For the year ended 31 December 2018, the total transaction value of the business amounted to HK$4.4 billion and turnover was approximately HK$183 million (2017: HK$146 million).

   After careful consideration, the Group is of the view that, affected by changes in the external operating environment, peer-to-peer (P2P) lending business possessed limited growth potential and is expected to face challenges and uncertainties, thus it has strategically adjusted the positioning and development focus of the financial services business. It decided to focus resources on developing micro-credit financing and asset management business so as to tap the huge opportunities in the expanding asset management industry in China, with high net worth and high income individuals as target customers. The Group hopes the pursuit will give its financial services business segment a strong growth impetus.

3. *Property management service recorded stable growth winning acclaims for high quality and reliable services*

   Property management business recorded stable growth during the year, recorded turnover of approximately HK$544 million, an increase of approximately 4% when compared with 2017. The Group provided property management services to residential, office and commercial properties of total gross floor area of around 30 million square meters in Guangzhou, Shanghai, Tianjin and Wuhan. In addition to contributing stable income and abundant customer resources to the Group, the business priding high quality and reliable services over the years, has earned for Hopefluent good word-of-mouth and the trust of customers.

III. Prospects for 2019

The structure of the property market in China has greatly improved as a result of rounds of government intervention. Looking at 2019, control on the market is expected to ease as shown by certain local governments launching policies in favor of development of the property market since the beginning of the year. Relevant statistics also showed that mortgage rates are trending down. The Group believes that the efforts of the Central Government has brought discipline back into the property market successfully, and thus 2019 will be a year full of opportunities. The Group will execute its development plans with prudence and in good time and make deployment carefully to support its various businesses in achieving long term development.

It is noteworthy that development of the Guangdong-Hong Kong-Macau Bay Area ("Bay Area") will include comprehensive infrastructure and transportation networks, bringing cities within the area much closer together. Having on hand the most primary property projects in Guangzhou, Foshan, Dongguan, Shenzhen, Zhongshan and Zhuhai, Hopefluent is sure to benefit from opportunities raised from the fast emerging city clusters in the Bay Area, which the country is vigorously developing. With resources reserved to support it in seizing relevant growth opportunities, the Group hopes to advance into a flourishing new era alongside the Bay Area.

Furthermore, as a result of the close cooperation in the past few months between the Group and Poly Consultancy, the Group secured a larger market share during the year. Looking ahead, the enterprise with operations merged and restructured will embrace the mission of "letting more people share the value of a city" and develop into a real leader in the property agency services sector. It will also capture opportunities to expand business in different provinces and cities so as to maintain stable income and growth, moving in full speed towards realizing the goal of becoming the largest property agency brand in China.

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 2018.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, 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$1,723.4 million (31 December 2017: HK$1,331.3 million) and 2.57 (31 December 2017: 2.95) respectively. Total borrowings amounted to approximately HK$691 million which are secured bank loan, other borrowings and collateralised borrowings on loan receivables (31 December 2017: approximately HK$864 million which are secured bank loan, other borrowings and collateralised borrowings on loan receivables). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 11.8% (31 December 2017: 19.6%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 31 December 2018.

PLEDGE OF ASSETS

As at 31 December 2018, the Group pledged its investment properties, leasehold land and buildings and pledged bank deposits with an aggregate amount of approximately HK$45 million to banks to secure bank and other 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 2018, the Group had approximately 27,000 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 2018, 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 HK6.5 cents per share (the "Proposed Final Dividend") (2017: HK9.5 cents per share) for the year ended 31 December 2018. Including the interim dividend of HK4.5 cents per share paid on 23 October 2018, the total dividend for the year ended 31 December 2018 will amount to HK11 cents per share (2017: HK14 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 "2019 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 distributed on or about 28 August 2019 (Wednesday) to the Shareholders whose names appear on the register of members of the Company on 10 July 2019 (Wednesday) ("the Record Date for Dividend").

On condition that the Proposed Final Dividend is approved by the Shareholders at the 2019 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 but not later than the end of July 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) from 21 June 2019 (Friday) to 26 June 2019 (Wednesday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2019 AGM. In order to be eligible to attend and vote at the 2019 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 20 June 2019 (Thursday); and

(ii) from 9 July 2019 (Tuesday) to 10 July 2019 (Wednesday), 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 8 July 2019 (Monday).

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 2018, 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.

PUBLICATION OF DETAILED ANNUAL RESULTS ON STOCK EXCHANGE'S WEBSITE

The 2018 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.

2019 ANNUAL GENERAL MEETING

It is proposed that the 2019 Annual General Meeting of the Company will be held on 26 June 2019 (Wednesday). A notice convening the 2019 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 2019

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.