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 2019

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 2019, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000* (Restated)
Continuing operations			
Revenue	*3*	**6,076,198**	4,878,161
Other income		**31,647**	26,871
Change in fair value of investment properties		**(1,537)**	9,502
Selling expenses		**(4,355,791)**	(3,386,398)
Administrative expenses		**(1,011,364)**	(869,226)
Other gains and losses		**(43,940)**	(31,436)
Share of results of associates and joint ventures		**6,342**	1,893
Gain/(loss) on disposal of investment properties		**217**	(1,303)
Finance costs	*5*	**(60,979)**	(36,142)
Profit before tax		**640,793**	591,922
Income tax expense	*6*	**(177,266)**	(166,704)
Profit for the year from continuing operations	*7*	**463,527**	425,218
Discontinued operations			
Profit for the period/year from discontinued operations		**236,558**	28,352
Profit for the year		**700,085**	453,570

	Notes	2019 HK$'000	2018 HK$'000 (Restated)
Other comprehensive expense			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(145,836)**	(111,657)
Reclassification of exchange difference in respect of disposal of discontinued operations		**3,698**	–
Share of other comprehensive income of associates		**(370)**	–
Total comprehensive income for the year		**557,577**	341,913
Profit for the year attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**251,832**	303,148
Profit for the period/year from discontinued operations		**232,489**	23,851
Profit for the year attributable to owners of the Company		**484,321**	326,999
Non-controlling interests			
Profit for the year from continuing operations		**211,695**	122,070
Profit for the period/year from discontinued operations		**4,069**	4,501
Profit for the year attributable to non-controlling interests		**215,764**	126,571
		700,085	453,570
Total comprehensive income for the year attributable to:			
Owners of the Company		**391,605**	216,698
Non-controlling interests		**165,972**	125,215
		557,577	341,913
Earnings per share			
Earnings per share from continuing and discontinued operations — Basic and diluted		**HK72.3 cents**	HK49.0 cents
Earnings per share from continuing operations — Basic and diluted		**HK37.6 cents**	HK45.4 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**150,291**	163,448
Property, plant and equipment		**243,698**	275,230
Right-of-use assets		**191,906**	–
Deposits for acquisition of investment properties		**700**	56,065
Goodwill		**200,285**	209,378
Interests in associates and joint ventures		**12,882**	12,934
Loan receivables		**201,494**	423,047
Other receivables and deposits		**79,807**	–
Deferred tax assets		**33,890**	29,609
		1,114,953	1,169,711
CURRENT ASSETS			
Accounts receivables	*10*	**1,630,534**	1,789,776
Loan receivables		**579,743**	508,358
Other receivables and prepayments		**872,594**	624,567
Amount due from a joint venture		**12,764**	38,874
Amount due from an associate		**64**	18
Financial assets at fair value through profit or loss ("FVTPL")		**5,646**	7,395
Pledged bank deposits		**–**	11,494
Bank balances and cash		**2,163,397**	1,723,391
		5,264,742	4,703,873
CURRENT LIABILITIES			
Payables and accruals	*11*	**498,900**	518,746
Contract liabilities	*12*	**469,661**	430,489
Lease liabilities		**68,696**	–
Amount due to a joint venture		**–**	2,851
Tax liabilities		**269,721**	234,390
Bank and other borrowings		**482,745**	646,004
		1,789,723	1,832,480
NET CURRENT ASSETS		**3,475,019**	2,871,393
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,589,972**	4,041,104
CAPITAL AND RESERVES			
Share capital		**6,741**	6,680
Share premium and reserves		**3,262,568**	2,930,817
Equity attributable to owners of the Company		**3,269,309**	2,937,497
Non-controlling interests		**1,103,269**	989,498
TOTAL EQUITY		**4,372,578**	3,926,995
NON-CURRENT LIABILITIES			
Lease liabilities		**128,183**	–
Deferred tax liabilities		**55,691**	69,511
Other borrowings		**33,520**	44,598
		217,394	114,109
		4,589,972	4,041,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL

Hopefluent Group Holdings Limited (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 its 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 2019

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements to HKFRSs 2015–2017 cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

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

HKFRS 16 Lease

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17. Since the Group recognised the right-of-use assets at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments, there was no impact to the retained earnings.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property and equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g. laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 January 2019. The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	HK$'000
Assets	
Increase in right-of-use assets	243,265
Increase in total assets	243,265
Liabilities	
Increase in lease liabilities	243,265
Increase in total liabilities	243,265

The reconciliation of operating lease commitment to lease liabilities as at 1 January 2019 is set out below:

	HK$'000
Operating lease commitment at 31 December 2018	776,679
Weighted average incremental borrowing rate as at 1 January 2019	5%
Discounted using the incremental borrowing rate at 1 January 2019	738,082
Less: Recognition exemption for leases which are less than 12 months of lease term at transition	(494,817)
Lease liabilities as at 1 January 2019	243,265

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for investment properties.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the consolidated financial statements

The movements of carrying amounts of the Group's right-of-use assets and lease liabilities during the year are set out below:

	Right-of-use assets	**Lease liabilities**
	HK$'000	*HK$'000*
As at 1 January 2019	243,265	243,265
Exchange adjustment	(5,790)	(5,905)
Additions	20,238	20,238
Depreciation expense	(63,275)	–
Disposal of discontinued operations *(note 14)*	(2,532)	(2,957)
Interest expense	–	12,351
Payments	–	(70,113)
As at 31 December 2019	191,906	196,879

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

Amendments to HKAS 19 — Plan Amendment, Curtailment or Settlement

Past service cost (or the gain or loss on settlement)

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

HKAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

Current service cost and net interest on the net defined benefit liability (asset)

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under HKAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

Transition and effective date

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to HKAS 19 are first applied. The amendments to HKAS 19 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12 “Income Taxes” by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

The initial adoption of this interpretation has no significant impact on the Group’s financial statements.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarify that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition-date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition-date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 12, Income Taxes

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 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 23, Borrowing Costs

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 23 which clarify that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

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.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. 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 (discontinued), financial 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:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Agency commission	**5,861,299**	4,704,918
Finance income		
— Interest income from loan receivables	**146,537**	169,369
— Financial services income	**68,362**	3,874
	6,076,198	4,878,161
Discontinued operations *(note)*		
Property management services income *(note 13)*	**341,790**	571,461

Note: The comparative revenue and related segment notes have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period.

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 has the following continuing operating segments during the year ended 31 December 2019. These segments are managed separately. No operating segments have been aggregated to the following 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.

The Group was involved in the following segment which was discontinued during the year ended 31 December 2019.

- Property management is the provision of building management services to property owners and residents.

Disaggregation of revenue

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Revenue from contracts with customers within the scope of HKFRS 15		
— Agency commission	**5,861,299**	4,704,918
— Property management services income (discontinued)	**341,790**	571,461
	6,203,089	5,276,379
Revenue from other sources		
Finance income		
— Interest income from loan receivables	**146,537**	169,369
— Financial services income	**68,362**	3,874
	6,417,988	5,449,622

Timing of revenue recognition

At a point in time		
— Agency commission	**5,861,299**	4,704,918
— Financial services income	**68,362**	3,874
Over-time		
— Interest income from loan receivables	**146,537**	169,369
— Property management services income (discontinued)	**341,790**	571,461
	6,417,988	5,449,622

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

For the year ended 31 December 2019

	Continuing Operations			Discontinued Operations	
	Property real estate agency *HK$'000*	**Financial services** *HK$'000*	**Sub-total** *HK$'000*	**Property management** *HK$'000*	**Total** *HK$'000*
The PRC	**5,853,423**	**214,899**	**6,068,322**	**341,790**	**6,410,112**
Australia	**7,876**	**–**	**7,876**	**–**	**7,876**
	5,861,299	**214,899**	**6,076,198**	**341,790**	**6,417,988**

For the year ended 31 December 2018

	Continuing Operations			Discontinued Operations	
	Property real estate agency *HK$'000* (Restated)	Financial services *HK$'000* (Restated)	Sub-total *HK$'000*	Property management *HK$'000* (Restated)	Total *HK$'000* (Restated)
The PRC	4,697,880	173,243	4,871,123	571,461	5,442,584
Australia	7,038	—	7,038	—	7,038
	4,704,918	173,243	4,878,161	571,461	5,449,622

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

For the year ended 31 December 2019

	Continuing Operations			**Discontinued Operations**	
	Property real estate agency	**Financial services**	**Sub-total**	**Property management**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue	**5,861,299**	**214,899**	**6,076,198**	**341,790**	**6,417,988**
Segment profit	**684,701**	**116,658**	**801,359**	**27,776**	**829,135**
Other income			**31,647**	**2,502**	**34,149**
Central administrative costs			**(92,316)**	**(4,160)**	**(96,476)**
Others gains and losses			**(43,940)**	**5,193**	**(38,747)**
Gain on disposal of investment properties			**217**	**–**	**217**
Gain on disposal of discontinued operations			**–**	**212,684**	**212,684**
Share of results of associates and joint ventures			**6,342**	**–**	**6,342**
Decrease in fair value of investment properties			**(1,537)**	**–**	**(1,537)**
Finance costs			**(60,979)**	**(122)**	**(61,101)**
Profit before tax			**640,793**	**243,873**	**884,666**

For the year ended 31 December 2018

	Continuing Operations			Discontinued Operations	
	Property real estate agency	Financial services	Sub-total	Property management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)		(Restated)	
Segment revenue	4,704,918	173,243	4,878,161	571,461	5,449,622
Segment profit	618,745	92,621	711,366	38,329	749,695
Other income			26,871	2,067	28,938
Central administrative costs			(88,829)	(1,891)	(90,720)
Others gains and losses			(31,436)	—	(31,436)
Loss on disposal of investment properties			(1,303)	—	(1,303)
Share of results of associates and joint ventures			1,893	—	1,893
Increase in fair value of investment properties			9,502	—	9,502
Finance costs			(36,142)	(1)	(36,143)
Profit before tax			591,922	38,504	630,426

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interests on:		
Bank borrowings	**2,752**	3,632
Other borrowings	**45,998**	32,510
Lease liabilities	**12,229**	–
	60,979	36,142

6. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Current tax:		
PRC Enterprises Income Tax ("EIT")	**191,157**	185,273
Withholding income tax on distribution of profit of PRC subsidiaries	**270**	497
Deferred tax	**(14,161)**	(19,066)
	177,266	166,704

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% (2018: 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% (2018: 30%) 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%.

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

	2019 *HK$'000*	2018 *HK$'000* (Restated)
Profit for the year from continuing operations has been arrived at after charging/(crediting):		
Depreciation charges		
— Property, plant and equipment	**43,310**	53,367
— Right-of-use assets included within *(note)*	**61,632**	–
	104,942	53,367
Allowances on accounts receivables (included in other gains and losses)	**21,152**	19,098
Provision/(reversal) of allowances on loan receivables (included in other gains and losses)	**17,488**	(1,568)
Loss on disposal and written-off of property, plant and equipment (included in other gains and losses)	**519**	555
Loss on fair value changes of financial assets at FVTPL (included in other gains and losses)	**303**	903
Loss on disposal of financial assets at FVTPL (included in other gains and losses)	**4,478**	5,944
Gain on disposal of investment in a joint venture (included in other gains and losses)	**–**	(7,089)

Note: The Group has initially applied HKFRS 16 at 1 January 2019. The Group used the modified retrospective approach when initially applying HKFRS 16. Under this approach, comparative information is not restated. In applying HKFRS 16, in relation to the leases that were classified as operating leases, the Group recognises depreciation and interest cost, instead of operating lease expense. During the year ended 31 December 2019, in relation to those leases, the Group recognised approximately HK$61,632,000 of depreciation charges and HK$12,229,000 of additional interest costs from leases.

8. DIVIDENDS

	2019 *HK$'000*	2018 *HK$'000*
Dividends recognised as distribution and paid during the year:		
2019 Interim — HK4.5 cents per share (2018: 2018 Interim — HK4.5 cents per share)	**30,336**	30,060
2018 Final — HK6.5 cents per share (2018: 2017 Final — HK9.5 cents per share)	**43,420**	63,460
	73,756	93,520

Subsequent to the end of reporting period, a final dividend of HK8 cents per share in respect of the year ended 31 December 2019 (2018: final dividend of HK6.5 cents per share in respect of the year ended 31 December 2018), in an aggregate amount of HK$53,932,000 (2018: HK$43,420,000), has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

During the year, share dividend alternatives were offered in respect of the 2018 final dividends. These share dividend alternatives were accepted by some of the ordinary shareholders, as follows:

	2019	2018
	Interim	Final
	HK$'000	*HK$'000*
Dividends		
Cash	**30,336**	29,457
Ordinary share alternatives	**–**	13,963
	30,336	43,420

9. EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2019	2018
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**484,321**	326,999

Number of shares

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares in issue	**670,105**	667,999

There are no potential dilutive shares in issue during both years ended 31 December 2019 and 2018.

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

For continuing operations

	2019	2018
	HK'000	*HK'000*
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**484,321**	326,999
Less: Profit for the year from discontinued operations	**(232,489)**	(23,851)
Earnings for the purpose of per share from continuing operations	**251,832**	303,148

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

For discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK34.7 cents per share (2018: HK3.6 cents per share, based on the profit for the year from discontinued operations of HK$232,489,000 (2018: HK$23,851,000) and the denominators detailed above for the both basic and diluted earnings per share.

10. ACCOUNTS RECEIVABLES

The Group allows an average credit period ranging from 30 to 180 days (2018: 30 to 180 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:

	2019	2018
	HK$'000	*HK$'000*
Accounts receivables		
0–30 days	**599,618**	761,887
31–60 days	**74,831**	119,162
61–90 days	**102,920**	81,442
91–120 days	**115,093**	78,930
121–180 days	**110,329**	86,705
Over 180 days	**627,743**	661,650
	1,630,534	1,789,776

11. PAYABLES AND ACCRUALS

The payables and accruals mainly comprise accrued staff costs and other sundry creditors.

12. CONTRACT LIABILITIES

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

	31 December 2019	31 December 2018
	HK$'000	*HK$'000*
Contract liabilities for third parties	**469,661**	430,489

The contract liabilities of the Group mainly arise from the advance payments received from customers which the underlying services are yet to be provided. The contract liabilities are recognised as revenue after the Group satisfies its performance obligations to the customers.

13. DISCONTINUED OPERATIONS

On 10 July 2019, the Vendor (a wholly-owned subsidiary of the Group) entered into the Sale and Purchase Agreement (the "SPA") pursuant to which the Group has agreed to sell the entire issued share capital of Sino Estate Holdings Limited, a wholly-owned subsidiary, and its subsidiaries (together the "Target Group"), to an independent third party, for a consideration of HK$358,424,000. The principal activity of the Target Group is provision of property management services.

The transaction was completed on 31 July 2019 (the "Date of Disposal"). The carrying amounts of assets and liabilities of the Target Group at the Date of Disposal are disclosed in note 14.

The results of the discontinued operations for the relevant period, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 January 2019 to 31 July 2019 (the Date of Disposal)	1 January 2018 to 31 December 2018
	HK$'000	*HK$'000*
Revenue	**341,790**	571,461
Other income	**2,502**	2,067
Selling expenses	**(284,448)**	(474,732)
Administrative expenses	**(33,726)**	(60,291)
Other gains and losses	**5,193**	–
Finance costs	**(122)**	(1)
Profit before tax	**31,189**	38,504
Income tax expense	**(7,315)**	(10,152)
Profit for the period/year from discontinued operations	**23,874**	28,352
Gain on disposal of discontinued operations, net of tax *(note 14)*	**212,684**	–
	236,558	28,352
Profit attributable to owners of the Company from discontinued operations	**232,489**	23,851
Profit attributable to non-controlling interests of the Company from discontinued operations	**4,069**	4,501
	236,558	28,352

	2019	2018
	HK'000	*HK'000*
Profit for the period/year from discontinued operations has been arrived at after charging:		
Depreciation of property, plant and equipment	**949**	1,714
Depreciation of right-of-use assets	**1,643**	–
Allowances on accounts receivables	**–**	1,601
Loss on disposal and written-off of property, plant and equipment	**–**	62
Cash flow from discontinued operations		
Net cash generated from operating activities	**269**	29,869
Net cash used in investing activities	**(2,981)**	(1,370)
Net cash used in financing activities	**(17,600)**	(800)
Net cash (decrease)/increase in cash and cash equivalents	**(20,312)**	27,699
Effect of foreign exchange rate changes	**(8,894)**	(15,751)
Net cash (outflow)/inflow	**(29,206)**	11,948

For the purpose of presenting the above discontinued operations, the comparative consolidated statement of profit or loss and other comprehensive income and the related notes have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period.

14. DISPOSAL OF DISCONTINUED OPERATIONS

On 31 July 2019, the Group completed the disposal of the Target Group, which is regarded as the discontinued operations (note 13). The net assets of the Target Group at the Date of Disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	9,527
Right-of-use assets	2,532
Goodwill	2,924
Investment properties	34,182
Interests in an associate and a joint venture	3,630
Accounts and other receivables	157,311
Bank balances and cash	245,352
Accruals, payables and other liabilities	(405,685)
	49,773
Gain on disposal of discontinued operations:	
Consideration received and receivable	358,424
Net assets disposed of	(49,773)
Cumulative exchange differences in respect of the net assets of the discontinued operations	(3,698)
Tax expenses	(92,269)
	212,684
Consideration:	
Cash	250,897
Contingent consideration receivables *(note)*	107,527
	358,424
Net cash inflow arising on disposal:	
Cash received	250,897
Less: bank balance and cash equivalents disposed of	(245,352)
Net cash inflow	5,545

Note:

Pursuant to the SPA, total cash consideration is HK$358,424,000 (equivalent to RMB316,350,000) in which the first to third consideration payments of HK$250,897,000 have been received on 15 August 2019, and the fourth to sixth consideration payments will be subject to the adjustment mechanism regarding the Target Group's performance target for Years 2019 to 2021.

The fourth to sixth consideration payments would be adjusted if certain condition precedents cannot be achieved by the Target Group. For more details, please refer to the announcement of the Company dated 10 July 2019.

At the year end date, since the directors of the Company are of the opinion that the Target Group would satisfy the condition precedents of Years 2019 to 2021's performance target by reference to the 2019 actual performance of the Target Group, no adjustment was made to the fair value of the contingent consideration receivables.

15. EVENT AFTER THE REPORTING DATE

After the Novel Coronavirus ("COVID-19") outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented. The Group has paid close attention to the development of the COVID-19 outbreak and kept evaluating its impact on the financial position, cash flows and operating results of the Group. The outbreak is a non-adjusting post-balance sheet event. We do not consider that this has any material impacts on the carrying value of assets or liabilities at 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. Market Review for the Year 2019

In 2019, the increased economic downward pressure and the effects of the Sino-US trade war on the economy and industries in China continued to be clearly visible. To stabilise the property market in the short, medium and long-term, the central government and local governments had a clearer division and coordination of works in the implementation of austerity measures in the property market. With the stress on "houses are for living in, not for speculation" throughout the year, the central government continued to strengthen its management and control measures on the property and financial markets, and further shifted the focus of property market stability policy on a "different cities, different places, different policies" approach. As a result, local governments were more flexible in the implementation of austerity measures. Some policies in relation to the restriction on transactions in the property market were adjusted. However, due to rapid changes of the economic conditions, the transactions in the market were weaker when compared with previous years and the property market faced greater pressure on both capital and operations.

II. Overall Business Review

During the reporting period, by leveraging its outstanding professional sales team, many years of rich experience, extensive business network and internet integration strategy, Hopefluent continued to achieve solid results.

For the year ended 31 December 2019, the Group's turnover was HK$6,076 million, representing a year-on-year increase of approximately 25% (2018: HK$4,878 million). Profit attributable to shareholders amounted to HK$484 million, including profit from continuing operations amounting to HK$252 million and profit from discontinued operations amounting to HK$232 million (2018: HK$327 million, including profit from continuing operations amounting to HK$303 million and profit from discontinued operations amounting to HK$24 million). Basic earnings per share from continuing and discontinued operations were HK72.3 cents (2018: HK49.0 cents). The Board proposed to recommend the payment of a final dividend of HK8 cents per share. Together with the interim dividend of HK4.5 cents per share, dividend for the year was HK12.5 cents per share (2018: HK11.0 cents).

The Group has recorded a turnover of the property real estate agency services business of HK$5,861 million in 2019, accounting for 96% of its total turnover. Turnover of the financial services business was approximately HK$215 million, accounting for 4% of the Group's total turnover. By region, Guangzhou accounted for approximately 44% of the Group's total turnover, while around 56% came from the business outside Guangzhou. Total new home sales for 2019 amounted to HK$535.1 billion, from handling about 378,900 transactions, with a total gross floor area sold of about 35.1 million square metres.

1. *Property real estate agency services business steadily advances amidst challenges*

With more than 20 years of experience in the property market in China, Hopefluent has established footholds in Guangdong province, Hong Kong, Macau, the Yangtze River Delta, central and western China. Meanwhile, it has kept abreast of the times by implementing an internet integration strategy, continuously increasing investment in online operation and actively promoting the resources interaction and cooperation with new media platforms. Through online promotion and marketing as well as offline transactions, it has captured business opportunities to accelerate monetisation of data. In addition, the property real estate agency services business jointly operated by the Group and Poly Developments and Holdings Group Co., Ltd ("Poly Developments") continued to create synergies. Continued optimisation was made to the scope of services, business scale and operating efficiency of the property real estate agency services, with the aim of further enhancing its profit stability, so that the Group could move forward in the highly competitive business environment.

Turnover of the property real estate agency services business amounted to HK$5,861 million for the year ended 31 December 2019, an increase of approximately 25% (2018: HK$4,705 million). Currently, Hopefluent's existing network of its property real estate agency services business covers more than 200 cities in China and it is the agent of approximately 2,000 projects. There are around 390 branches for running the secondary property real estate agency services business.

2. *Financial services business progresses well, actively developing asset management service*

To cope with the market environment and demand, the Group's financial services platform has timely adjusted the positioning and strategic focus of its financial services. It offers a diversified product portfolio to meet the different needs of customers and successfully captured and secured sufficient customers resources. It focuses on serving property enterprises with investment and financing needs and high net worth individuals by providing property-related financial services to meet their needs. The Group has launched asset management services in 2019 to provide a superior financial planning service to the customers with ample assets. It plans to actively expand this business in the coming year in order to eventually become a business growth driver of the Group. Total transaction value of the Group's financial services business for the year amounted to HK$3.3 billion. Turnover was approximately HK$215 million, an increase of around 24% year-on-year (2018: HK$173 million).

3. *Disposal of property management services business to align with overall business development strategy*

The Group's property management services for residential, office and shopping mall projects in Guangzhou, Shanghai, Tianjin and Wuhan generated a turnover of HK$342 million during the year under review.

To align with the overall business development strategy and cope with the market environment and its own development needs, the Group has adjusted its strategy and disposed of its property management services business in a timely fashion in July 2019. Details of which are included in the announcement of the Company dated 10 July 2019. The Group will focus on further developing its property real estate agency services and financial services businesses in the future.

III. Prospects for 2020

The outbreak of the Novel Coronavirus epidemic in early 2020 has put more downward pressure on the economy and brought about severe challenges to all industries and inevitably affected the Group's businesses. The central government has implemented a series of measures in order to fuel economic recovery in the aspects of finance, taxation, infrastructure and specific assistance for enterprises. Under the policy of "different cities, different places, different policies", market stabilisation policies have been launched in different cities across China to maintain stable development of the property market, involving industry capital, land supply, introduction of talents and government subsidies, etc. In the macroeconomy and the property market alike, the government policies will promote and realise market recovery after the conclusion of the epidemic.

With the mode of property sales diversifying, the application of internet mobile communications technology can allow home buyers to make online enquiries for information, followed by setting up appointments for offline visits to the showroom flats and then proceeding to actual transactions. The Group has a professional team to develop and design different internet programs which meet the needs of the market and its own requirements, so as to maintain its business leadership. Meanwhile, the joint venture between the Group and Poly Developments will help to expand the Group's business presence significantly, in particular in the Greater Bay Area with greater market potential, thereby further reinforcing its leadership in the property real estate agency industry. The Group will continue to integrate its new and existing businesses and grasp development opportunities, with the aim of creating growth momentum in all aspects of its business.

The Group expects that its businesses in the first half of 2020 will be more affected by the epidemic, but we strongly believe that the Chinese economy will continue to maintain a long-term upward development trend. Besides, against the backdrop of continued development of the economy and accelerating urbanisation in the future, the demand for properties will remain huge. It is believed that the property market will sustain a positive development trend after the epidemic. Through their concerted efforts, the staff of Hopefluent will devise solutions in a timely fashion to cope with the market changes and consistently transform threats into opportunities, continue its efforts with the aim of generating satisfactory returns to the Group and 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 2019.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, 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$2,163.4 million (31 December 2018: HK$1,723.4 million) and 2.94 (31 December 2018: 2.57) respectively. Total borrowings amounted to approximately HK$516 million which are secured bank loan and other borrowings (31 December 2018: approximately HK$691 million which are secured bank loan, unsecured bank loan and other borrowings). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 8.1% (31 December 2018: 11.8%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 31 December 2019.

PLEDGE OF ASSETS

As at 31 December 2019, the Group pledged its investment properties and leasehold land and buildings with an aggregate amount of approximately HK$44 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 2019, the Group had approximately 23,000 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 2019, the total number of shares (the "Shares") of HK$0.01 each in the capital of the Company in issue was 674,149,989.

DIVIDEND

The Board has decided to recommend the payment of a final dividend of HK8 cents per share (the "Proposed Final Dividend") (2018: HK6.5 cents per share) for the year ended 31 December 2019. Including the interim dividend of HK4.5 cents per share paid on 18 October 2019, the total dividend for the year ended 31 December 2019 will amount to HK12.5 cents per share (2018: HK11 cents per share).

The Proposed Final Dividend will be subject to shareholders' approval at the Company's forthcoming annual general meeting (the "2020 AGM"). The Proposed Final Dividend will be distributed on or about 30 July 2020 (Thursday) to the shareholders whose names appear on the register of members of the Company on 10 July 2020 (Friday).

CLOSURE OF REGISTER OF MEMBERS

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

(i) from 22 June 2020 (Monday) to 26 June 2020 (Friday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2020 AGM. In order to be eligible to attend and vote at the 2020 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 19 June 2020 (Friday); and

(ii) from 9 July 2020 (Thursday) to 10 July 2020 (Friday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to the Proposed Final Dividend. In order to establish entitlements to the Proposed Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 8 July 2020 (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 2019, 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 2019 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.

2020 ANNUAL GENERAL MEETING

It is proposed that the 2020 Annual General Meeting of the Company will be held on 26 June 2020 (Friday). A notice convening the 2020 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, 30 March 2020

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.