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## **HOPEFLUENT GROUP HOLDINGS LIMITED**

**( 合富輝煌集團控股有限公司 )**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 733)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020, together with comparative figures as follows:

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

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	3	<b>6,192,527</b>	6,076,198
Other income		<b>36,728</b>	31,647
Change in fair value of investment properties		<b>3,207</b>	(1,537)
Selling expenses		<b>(4,597,095)</b>	(4,355,791)
Administrative expenses		<b>(1,096,128)</b>	(1,011,364)
Other gains and losses		<b>(29,156)</b>	(43,940)
Share of results of associates and a joint venture		<b>12,508</b>	6,342
Gain on disposal of investment properties		<b>5,838</b>	217
Finance costs	5	<b>(55,193)</b>	(60,979)
Profit before tax		<b>473,236</b>	640,793
Income tax expense	6	<b>(106,863)</b>	(177,266)
Profit for the year from continuing operations	7	<b><u>366,373</u></b>	<u>463,527</u>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations		<b>–</b>	236,558
Profit for the year		<b><u>366,373</u></b>	<u>700,085</u>

<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Other comprehensive income/(expense)</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	<b>137,998</b>	(145,836)
Reclassification of exchange difference in respect of disposal of discontinued operations	–	3,698
Share of other comprehensive income of associates and a joint venture	<b>1,216</b>	(370)
	<b>139,214</b>	(142,508)
Total comprehensive income for the year	<b>505,587</b>	557,577
<b>Profit for the year attributable to:</b>		
<b>Owners of the Company</b>		
Profit for the year from continuing operations	<b>183,951</b>	251,832
Profit for the period from discontinued operations	–	232,489
Profit for the year attributable to owners of the Company	<b>183,951</b>	484,321
<b>Non-controlling interests</b>		
Profit for the year from continuing operations	<b>182,422</b>	211,695
Profit for the period from discontinued operations	–	4,069
Profit for the year attributable to non-controlling interests	<b>182,422</b>	215,764
	<b>366,373</b>	700,085
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Company	<b>280,693</b>	391,605
Non-controlling interests	<b>224,894</b>	165,972
	<b>505,587</b>	557,577
<b>Earnings per share</b>		
Earnings per share from continuing and discontinued operations — Basic and diluted	<b>HK27.3 cents</b>	HK72.3 cents
Earnings per share from continuing operations — Basic and diluted	<b>HK27.3 cents</b>	HK37.6 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>133,405</b>	150,291
Property, plant and equipment		<b>259,585</b>	243,698
Right-of-use assets		<b>189,619</b>	191,906
Deposits for acquisition of investment properties		–	700
Goodwill		<b>213,399</b>	200,285
Interests in associates and a joint venture		<b>26,606</b>	12,882
Loan receivables		<b>277,707</b>	201,494
Deposits and other receivables		<b>46,815</b>	79,807
Deferred tax assets		<b>21,871</b>	33,890
		<b>1,169,007</b>	1,114,953
<b>CURRENT ASSETS</b>			
Accounts receivables	<i>10</i>	<b>1,833,137</b>	1,630,534
Loan receivables		<b>453,099</b>	579,743
Deposits, other receivables and prepayments		<b>1,109,653</b>	872,594
Amount due from a joint venture		<b>16,576</b>	12,764
Amount due from an associate		<b>82</b>	64
Financial assets at fair value through profit or loss (“FVTPL”)		<b>12,995</b>	5,646
Bank balances and cash		<b>2,877,029</b>	2,163,397
		<b>6,302,571</b>	5,264,742
<b>CURRENT LIABILITIES</b>			
Payables and accruals	<i>11</i>	<b>708,938</b>	498,900
Contract liabilities	<i>12</i>	<b>1,061,333</b>	469,661
Lease liabilities		<b>43,355</b>	68,696
Tax liabilities		<b>145,392</b>	269,721
Bank and other borrowings		<b>421,546</b>	482,745
		<b>2,380,564</b>	1,789,723
<b>NET CURRENT ASSETS</b>		<b>3,922,007</b>	3,475,019
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,091,014</b>	4,589,972
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>6,741</b>	6,741
Share premium and reserves		<b>3,472,475</b>	3,262,568
Equity attributable to owners of the Company		<b>3,479,216</b>	3,269,309
Non-controlling interests		<b>1,333,713</b>	1,103,269
<b>TOTAL EQUITY</b>		<b>4,812,929</b>	4,372,578
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>138,394</b>	128,183
Deferred tax liabilities		<b>56,358</b>	55,691
Other borrowings		<b>83,333</b>	33,520
		<b>278,085</b>	217,394
		<b>5,091,014</b>	4,589,972

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 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 2020

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period except for the amendments to HKFRS 16, COVID-19-Related Rent Concessions. Impact on the applications of these amended HKFRSs are summarised below.

#### *Amendments to HKFRS 3, Definition of a Business*

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combination.

#### *Amendment to HKFRS 16, COVID-19-Related Rent Concessions*

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 January 2020 on initial application of the amendment.

The Group elects to adopt the practical expedient to account for the COVID-19 pandemic related rent concession as negative variance lease payments and the impact of this adoption is immaterial to the Group's consolidated financial statements.

#### **Amendments to HKAS 1 and HKAS 8, Definition of Material**

The amendments to HKAS 1 and HKAS 8 provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

#### **Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform**

The amendments to HKAS 39, HKFRS 7 and HKFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments are irrelevant to the preparation of the Group's consolidated financial statements as it does not have any interest rate hedge relationships.

The adoption of amendments and interpretations to standards does not have any significant impact to the results and financial position of the Group.

### *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 consolidated 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 HKAS 1	Classification of Liabilities as Current or Non-current <sup>4</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 <sup>1</sup>
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1 First-time Adoption of International Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS 16 Lease, and HKAS 41 Agriculture <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>5</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

### **3. REVENUE**

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

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<b>Continuing operations</b>		
Agency commission	<b>5,993,957</b>	5,861,299
Finance income		
— Interest income from loan receivables	<b>124,322</b>	146,537
— Financial services income	<b>74,248</b>	68,362
	<b>6,192,527</b>	6,076,198
<b>Discontinued operations</b>		
Property management services income ( <i>note 13</i> )	—	341,790

#### 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 2020. 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 and disposed during the year ended 31 December 2019.

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

##### Disaggregation of revenue

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
— Agency commission	<b>5,993,957</b>	5,861,299
— Property management services income (discontinued)	—	341,790
	<b>5,993,957</b>	6,203,089
Revenue from other sources		
Finance income		
— Interest income from loan receivables	<b>124,322</b>	146,537
— Financial services income	<b>74,248</b>	68,362
	<b>6,192,527</b>	6,417,988

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Timing of revenue recognition</b>		
At a point in time		
— Agency commission	<b>5,993,957</b>	5,861,299
— Financial services income	<b>74,248</b>	68,362
Over-time		
— Interest income from loan receivables	<b>124,322</b>	146,537
— Property management services income (discontinued)	—	341,790
	<b>6,192,527</b>	<b>6,417,988</b>

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

**For the year ended 31 December 2020**

	Continuing Operations			Discontinued Operations	Total <i>HK\$'000</i>
	Property real estate agency <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Property management <i>HK\$'000</i>	
The PRC	5,989,349	198,570	6,187,919	—	6,187,919
Australia	4,608	—	4,608	—	4,608
	<b>5,993,957</b>	<b>198,570</b>	<b>6,192,527</b>	<b>—</b>	<b>6,192,527</b>

For the year ended 31 December 2019

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



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

**For the year ended 31 December 2020**

	Continuing Operations			Discontinued Operations	Total HK\$'000
	Property real estate agency HK\$'000	Financial services HK\$'000	Sub-total HK\$'000	Property management HK\$'000	
Segment revenue	5,993,957	198,570	6,192,527	–	6,192,527
Segment profit	477,879	95,378	573,257	–	573,257
Other income			36,728	–	36,728
Central administrative costs			(73,953)	–	(73,953)
Other gains and losses			(29,156)	–	(29,156)
Gain on disposal of investment properties			5,838	–	5,838
Share of results of associates and a joint venture			12,508	–	12,508
Increase in fair value of investment properties			3,207	–	3,207
Finance costs			(55,193)	–	(55,193)
Profit before tax			<u>473,236</u>	<u>–</u>	<u>473,236</u>

For the year ended 31 December 2019

	Continuing Operations			Discontinued Operations	Total HK\$'000
	Property real estate agency HK\$'000	Financial services HK\$'000	Sub-total HK\$'000	Property management 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)
Other 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			<u>640,793</u>	<u>243,873</u>	<u>884,666</u>

## 5. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interests on:		
— Bank borrowings	392	2,752
— Other borrowings	40,339	45,998
— Lease liabilities	14,462	12,229
	<u>55,193</u>	<u>60,979</u>

## 6. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>		
Current tax:		
— PRC Enterprises Income Tax (“EIT”)	95,930	191,157
— Withholding income tax on distribution of profit of PRC subsidiaries	–	270
Deferred tax	10,933	(14,161)
	<u>106,863</u>	<u>177,266</u>

Under the Law of the PRC on EIT and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Certain of the Group’s subsidiaries operating in the PRC are required to pay the PRC income tax on a deemed profit basis at a predetermined tax rate of 2.5% (2019: 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% (2019: 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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year from continuing operations has been arrived at after charging:		
Depreciation charges		
— Property, plant and equipment	<b>57,381</b>	43,310
— Right-of-use assets	<b>72,428</b>	61,632
	<b>129,809</b>	104,942
Allowances on accounts receivables (included in other gains and losses)	<b>19,371</b>	21,152
Allowances on loan receivables (included in other gains and losses)	<b>4,712</b>	17,488
Loss on disposal and written-off of property, plant and equipment (included in other gains and losses)	<b>211</b>	519
Loss on fair value changes of financial assets at FVTPL (included in other gains and losses)	<b>3,422</b>	303
Loss on disposal of financial assets at FVTPL (included in other gains and losses)	<b>1,440</b>	4,478

## 8. DIVIDENDS

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends recognised as distribution and paid during the year:		
2020 Interim — HK2.5 cents per share (2019: 2019 Interim — HK4.5 cents per share)	<b>16,854</b>	30,336
2019 Final — HK8 cents per share (2019: 2018 Final — HK6.5 cents per share)	<b>53,932</b>	43,420
	<b>70,786</b>	73,756

Subsequent to the end of reporting period, a final dividend of HK2.5 cents per share in respect of the year ended 31 December 2020 (2019: final dividend of HK8 cents per share in respect of the year ended 31 December 2019), in an aggregate amount of HK\$16,854,000 (2019: HK\$53,932,000), 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

### 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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<u><b>183,951</b></u>	<u>484,321</u>

#### Number of shares

	<b>2020</b> <i>'000</i>	2019 <i>'000</i>
Weighted average number of ordinary shares in issue	<u><b>674,150</b></u>	<u>670,105</u>

There are no potential dilutive shares in issue during both years ended 31 December 2020 and 2019.

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

	<b>2020</b> <i>HK'000</i>	2019 <i>HK'000</i>
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<b>183,951</b>	484,321
Less: Profit for the period from discontinued operations	<u>–</u>	<u>(232,489)</u>
Earnings for the purpose of per share from continuing operations	<u><b>183,951</b></u>	<u>251,832</u>

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 HK\$nil per share (2019: HK34.7 cents per share, based on the profit for the year from discontinued operations of HK\$nil (2019: HK\$232,489,000) 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 (2019: 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:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accounts receivables		
0–30 days	<b>560,767</b>	599,618
31–60 days	<b>121,856</b>	74,831
61–90 days	<b>70,696</b>	102,920
91–120 days	<b>133,303</b>	115,093
121–180 days	<b>153,356</b>	110,329
Over 180 days	<b>793,159</b>	627,743
	<u><b>1,833,137</b></u>	<u>1,630,534</u>

## 11. PAYABLES AND ACCRUALS

The payables and accruals mainly comprise accrued other taxation, operating expenses, staffs costs and other sundry creditors.

## 12. CONTRACT LIABILITIES

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

	<b>31 December</b> <b>2020</b> <i>HK\$'000</i>	31 December 2019 <i>HK\$'000</i>
Contract liabilities for third parties	<u><b>1,061,333</b></u>	<u>469,661</u>

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:

	For the period from 1 January 2019 to 31 July 2019 (the Date of Disposal) HK\$'000
Revenue	341,790
Other income	2,502
Selling expenses	(284,448)
Administrative expenses	(33,726)
Other gains and losses	5,193
Finance costs	(122)
	<hr/>
Profit before tax	31,189
Income tax expense	(7,315)
	<hr/>
Profit for the period from discontinued operations	23,874
Gain on disposal of discontinued operations, net of tax ( <i>note 14</i> )	212,684
	<hr/>
	236,558
	<hr/> <hr/>
Profit attributable to owners of the Company from discontinued operations	232,489
Profit attributable to non-controlling interests of the Company from discontinued operations	4,069
	<hr/>
	236,558
	<hr/> <hr/>

For the  
period from  
1 January 2019  
to 31 July 2019  
(the Date of  
Disposal)  
*HK'000*

Profit for the period from discontinued operations has been arrived at after charging:

Depreciation of property, plant and equipment	949
Depreciation of right-of-use assets	<u>1,643</u>
Cash flow from discontinued operations	
Net cash generated from operating activities	269
Net cash used in investing activities	(2,981)
Net cash used in financing activities	<u>(17,600)</u>
Net cash decrease in cash and cash equivalents	(20,312)
Effect of foreign exchange rate changes	<u>(8,894)</u>
Net cash outflow	<u><u>(29,206)</u></u>

#### 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:

	<i>HK\$'000</i>
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 and other liabilities	<u>(405,685)</u>
	49,773
<b>Gain on disposal of discontinued operations:</b>	
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	<u>(92,269)</u>
	<u>212,684</u>
Consideration:	
Cash	250,897
Contingent consideration receivables ( <i>note</i> )	<u>107,527</u>
	<u>358,424</u>
Net cash inflow arising on disposal:	
Cash received	250,897
Less: bank balance and cash equivalents disposed of	<u>(245,352)</u>
Net cash inflow	<u>5,545</u>

*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 and 2020 actual performance of the Target Group, no adjustment was made to the fair value of the contingent consideration receivables.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### 1. Market review for the Year 2020

In 2020, the property market showed a slight decline in the first half due to the impact of the COVID-19 outbreak, but the market gradually recovered and stabilized afterwards. China's Government continued to implement austerity measures that targeted the property industry and emphasized its policy stance of "houses are for living in, not for speculation" even as it also made its strategy of "adopting different policies in different cities" more flexible. In the first half, local governments introduced property market-related support policies to alleviate disruptions to the industry that were brought about by the COVID-19 prevention and control measures. With the national macroeconomic conditions and the property market in key cities becoming increasingly stable since the second half, the country's liquidity policy gradually returned to normal and the "leverage stabilization" concept was proposed to strengthen fund management and control of the property industry. The Chinese Government has also changed the approach of its "different cities, different places, different policies" strategy from "unanimous relaxation" back to "optimal elasticity", resulting in greater divergence in policies among different regions. Some cities (mainly first- and second-tier) have also reinforced their "restrictive measures".

#### 2. Overall business review

With the help of a professional sales team and drawing on the Group's extensive operation experience and with its vast business network and internet integration strategy, Hopefluent continued to see healthy business growth during the year under review.

During the year ended 31 December 2020, the Group generated turnover of HK\$6,193 million, representing an increase of approximately 2% as compared to last year (2019: HK\$6,076 million). Profit attributable to shareholders amounted to HK\$184 million, 62% lower than that of last year and 27% lower than the profit from continuing operations of last year (2019: HK\$484 million, including profit from continuing operations of HK\$252 million and profit from discontinued operations of HK\$232 million). Basic earnings per share were HK27.3 cents (earnings per share from continuing and discontinued operations in 2019: HK72.3 cents). The Board has proposed payment of a final dividend of HK2.5 cents per share. Together with the interim dividend of HK2.5 cents per share, dividend for the year amounted to HK5 cents per share (2019: HK12.5 cents).

In 2020, the Group recorded turnover from its property real estate agency services business of HK\$5,994 million, accounting for 97% of its total turnover. Turnover from the financial services business was approximately HK\$199 million, accounting for 3% of the Group's total turnover. By region, Guangzhou accounted for approximately 36% of the Group's total turnover, while around 64% came from business outside Guangzhou. Total new home sales in 2020 was HK\$560 billion from the handling of about 383,000 transactions. Total gross floor area sold was about 34.8 million square meters.

1. *Seamless integration of property real estate agency services business and the internet continued to promote online and offline dual development*

The development model in the industry has been changing at a faster pace in recent years. The “pandemic economy” has accelerated the emergence of the “online property sales model” and the “online supporting offline property sales” model has become the mainstream trend. Keeping abreast of the times, the Group has invested resources to upgrade the technology of its online platforms and drive business development even as it also deepened its interaction and cooperation with major emerging internet media to continue promoting the online and offline dual operation model and further expanded its property real estate agency services business. For example, customers could view property units and even ask about trading details of properties online via the Group’s home-buying platform “AI house tour (AI看房)”. The Group would also organize property linkage live broadcast activities irregularly to present more effectively its diversified products to customers and maintain customer base. The online platform operation not only enabled the Group to provide attentive and convenient services to customers, but it also allowed the Group to make effective resources deployment. During the year under review, turnover from the property real estate agency services business amounted to HK\$5,994 million, representing an increase of 2% as compared to last year (2019: HK\$5,861 million).

During the year ended 31 December 2020, Hopefluent’s property real estate agency services business network covered more than 200 cities in China and the Group was the agent of over 2,000 projects. There were around 360 branches engaged in running the secondary property real estate agency services business. The Group’s expanded service scope and business scale have helped it attract target customers, enhance profit stability in the long run and move forward in a highly-competitive and uncertain operation environment.

2. *The financial services business focused on meeting quality financing needs as it aims to expand the customer base and deepen asset management*

The development of financial services has promoted and deepened in various industries. Over the years, the Group has strived to develop its property-related financial services business and it actively responded to the strong financing demand from the market and from customers. During the year, the Group focused on providing targeted property financial services and products to property enterprises and high net worth individuals with strong investment and financing demand. This has enabled the Group to explore opportunities despite a volatile market with its prudent audit procedures and also to screen privileged customers and provide them with superior asset management services. The Group could also expand its business scale in terms of depth and breadth, and promote and grow its financial services business in an orderly manner and in compliance with the Central Government’s related financial policies so as to make the business the Group’s principal growth driver.

During the year under review, the total transaction value of the Group’s financial services business amounted to HK\$3.2 billion. Turnover was approximately HK\$199 million (2019: HK\$215 million).

### **3. Prospects for 2021**

Looking ahead to 2021, China's competitive advantages over other major economies will become more prominent as the local pandemic has come under control. However, global economic recovery will continue to be affected by uncertainties. Guided by the objective of "stabilizing land prices, housing prices and expectation", the property industry will continue showing stable and orderly development during the 14th Five-Year Plan period, lending stronger support to China's implementation of the "domestic circulation" economic strategy. The country's prudent property financial management policy will also have a considerable impact on the profit margin of the industry. The accelerated change in the industry's operation model (including online property sales) will also pose new challenges to the Group. But as challenges often bring opportunities, the Group will base on the development trend in the industry and allocate more resources to expand the application of internet technology and broaden room for business development by adopting the professional and digital online marketing model. It will also continue embarking on business diversification and utilize its "full-service chain" business advantage created from marketing planning, property real estate agency services, financial services and online/offline service synergies to maintain excellent talent pool and training, enabling the Group to capture first-mover advantage, consolidate and enhance its business advantages amid intense industry competition. The Group's strong operation and financing capability will also help it seize development opportunities in the two major business segments, specifically property real estate agency services and financial services, hence enabling it to diversify its income sources as well as achieve sustainable business development. As always, the Group will remain pragmatic and will constantly strive to solidify its leading position in the Guangdong-Hong Kong-Macao Greater Bay Area. It will also explore more opportunities in the ever-changing market and create long-term returns for 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 2020.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2020, 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\$2,877.0 million (31 December 2019: HK\$2,163.4 million) and 2.65 (31 December 2019: 2.94) respectively. Total borrowings amounted to approximately HK\$505 million which are secured bank loan and other borrowings (31 December 2019: approximately HK\$516 million which are secured bank loan and other borrowings). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 6.8% (31 December 2019: 8.1%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 31 December 2020.

## **PLEDGE OF ASSETS**

As at 31 December 2020, the Group pledged its investment properties with an aggregate amount of approximately HK\$12 million to banks to secure bank borrowings of the Group.

## **FOREIGN EXCHANGE EXPOSURE**

Most of the Group's business transactions were denominated in either Hong Kong dollars or Renminbi. As such, the Group had no significant exposure to foreign exchange fluctuations.

## **EMPLOYEES**

As at 31 December 2020, the Group had approximately 22,400 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 2020, 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 HK2.5 cents per share (the "Proposed Final Dividend") (2019: HK8 cents per share) for the year ended 31 December 2020. Including the interim dividend of HK2.5 cents per share paid on 15 October 2020, the total dividend for the year ended 31 December 2020 will amount to HK5 cents per share (2019: HK12.5 cents per share).

The Proposed Final Dividend will be subject to shareholders' approval at the Company's forthcoming annual general meeting (the "2021 AGM"). The Proposed Final Dividend will be distributed on or about 30 July 2021 (Friday) to the shareholders whose names appear on the register of members of the Company on 9 July 2021 (Friday).

## **CLOSURE OF REGISTER OF MEMBERS**

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

- (i) from 22 June 2021 (Tuesday) to 25 June 2021 (Friday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2021 AGM. In order to be eligible to attend and vote at the 2021 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 21 June 2021 (Monday); and
- (ii) from 8 July 2021 (Thursday) to 9 July 2021 (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 7 July 2021 (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 2020, 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 2020 annual report containing all the information required by the Listing Rules will be released on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hopefluent.com](http://www.hopefluent.com)) and dispatched to shareholders in due course.

## **2021 ANNUAL GENERAL MEETING**

It is proposed that the 2021 Annual General Meeting of the Company will be held on 25 June 2021 (Friday). A notice convening the 2021 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, 29 March 2021

*As at the date of this announcement, the Board of Directors comprises the executive directors Mr. FU Wai Chung, Ms. FU Man, Mr. LO Yat Fung and Mr. FU Ear Ly; the non-executive directors Ms. NG Wan and Mr. MO Tianquan; and the independent non-executive directors Mr. LAM King Pui, Mr. NG Keung and Mrs. WONG LAW Kwai Wah, Karen.*