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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 2021**

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 2021, together with comparative figures as follows:

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

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Revenue	3	<b>7,165,879</b>	6,192,527
Other income		<b>43,035</b>	36,728
Change in fair value on investment properties		<b>1,221</b>	3,207
Selling expenses		<b>(6,631,263)</b>	(4,597,095)
Administrative expenses		<b>(926,352)</b>	(1,096,128)
Other gains and losses		<b>1,992</b>	(5,073)
Loss allowance on financial assets	7	<b>(457,798)</b>	(24,083)
Share of results of associates and a joint venture		<b>10,840</b>	12,508
Gain on disposal of investment properties		–	5,838
Gain on disposal of a subsidiary	14	<b>8,724</b>	–
Finance costs	5	<b>(67,970)</b>	(55,193)
		<hr/>	<hr/>
(Loss)/profit before tax		<b>(851,692)</b>	473,236
Income tax credit/(expense)	6	<b>98,965</b>	(106,863)
		<hr/>	<hr/>
(Loss)/profit for the year	7	<b>(752,727)</b>	366,373
		<hr/> <hr/>	<hr/> <hr/>

<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i> (Restated)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	92,860	137,998
Share of other comprehensive income of associates and a joint venture	<u>3,129</u>	<u>1,216</u>
	<u>95,989</u>	<u>139,214</u>
Total comprehensive (expense)/income for the year	<u><u>(656,738)</u></u>	<u><u>505,587</u></u>
<b>(Loss)/profit for the year attributable to:</b>		
Owners of the Company	(544,799)	183,951
Non-controlling interests	<u>(207,928)</u>	<u>182,422</u>
	<u><u>(752,727)</u></u>	<u><u>366,373</u></u>
<b>Total comprehensive (expense)/income for the year attributable to:</b>		
Owners of the Company	(493,293)	280,693
Non-controlling interests	<u>(163,445)</u>	<u>224,894</u>
	<u><u>(656,738)</u></u>	<u><u>505,587</u></u>
<b>(Loss)/earnings per share</b>		
— Basic and diluted	<u><u>HK(80.8) cents</u></u>	<u><u>HK27.3 cents</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
<b>NON-CURRENT ASSETS</b>			
Investment properties		138,836	133,405
Property, plant and equipment		324,976	259,585
Right-of-use assets		270,524	189,619
Goodwill		218,604	213,399
Interests in associates and a joint venture		40,882	26,606
Loan receivables		84,916	277,707
Other receivables and deposits		18,157	46,815
Deferred tax assets		155,704	21,871
		<b>1,252,599</b>	1,169,007
<b>CURRENT ASSETS</b>			
Accounts receivable	<i>10</i>	1,204,202	1,833,137
Loan receivables		560,408	453,099
Security deposits	<i>11</i>	1,424,063	462,556
Other receivables, deposits and prepayments		787,010	647,097
Amount due from a joint venture		23,499	16,576
Amount due from an associate		–	82
Financial assets at fair value through profit or loss (“FVTPL”)		10,425	12,995
Pledged bank deposits		10,976	–
Bank balances and cash		1,720,919	2,877,029
		<b>5,741,502</b>	6,302,571
<b>CURRENT LIABILITIES</b>			
Payables and accruals	<i>12</i>	1,123,693	708,938
Contract liabilities	<i>13</i>	837,505	1,061,333
Lease liabilities		91,243	43,355
Tax liabilities		87,994	145,392
Amount due to an associate		4,900	–
Bank and other borrowings		326,747	421,546
		<b>2,472,082</b>	2,380,564
<b>NET CURRENT ASSETS</b>		<b>3,269,420</b>	3,922,007
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,522,019</b>	5,091,014
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		158,015	138,394
Deferred tax liabilities		62,206	56,358
Other borrowings		189,321	83,333
		<b>409,542</b>	278,085
<b>CAPITAL AND RESERVES</b>			
Share capital		6,741	6,741
Share premium and reserves		2,939,932	3,472,475
Equity attributable to owners of the Company		<b>2,946,673</b>	3,479,216
Non-controlling interests		1,165,804	1,333,713
<b>TOTAL EQUITY</b>		<b>4,112,477</b>	4,812,929
		<b>4,522,019</b>	5,091,014

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

## 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 amended HKFRSs

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group.

Amendments to HKFRS 9, HKAS 39, HKFRS 7	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior periods.

Amendments to HKAS 1	Classification of liabilities as Current or Non-current, Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
Amendments to HKAS 16	Proceeds before Intended use <sup>1</sup>
Amendments to HKAS 37 HKFRS 17	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup> Insurance Contracts <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1 First-time Adoption of International Financial Reporting Standard, HKFRS 9 Financial Instruments, HKFRS 16 Leases, and HKAS 41 Agriculture <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.
- <sup>2</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>3</sup> Effective for annual periods beginning on or after 1 January 2023.
- <sup>4</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.

The Directors of the Company do not anticipate that the application of the amendments and revision in the future will have significant impacts on the consolidated financial statements.

### 3. REVENUE

Revenue represents agency commission in respect of property 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Agency commission	6,986,136	5,993,957
Finance income		
— Interest income from loan receivables	123,512	124,322
— Financial services income	56,231	74,248
	<u>7,165,879</u>	<u>6,192,527</u>

### 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 operating segments during the year ended 31 December 2021. 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 to corporates and individuals;
- Financial services is the provision of mortgage referral and loan financing services to individuals or companies.

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b><i>Disaggregation of revenue</i></b>		
Revenue from contracts with customers within the scope of HKFRS 15		
— Agency commission	<b>6,986,136</b>	5,993,957
Revenue from other sources		
Finance income		
— Interest income from loan receivables	<b>123,512</b>	124,322
— Financial services income	<b>56,231</b>	74,248
	<b><u>7,165,879</u></b>	<u>6,192,527</u>
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>

***Timing of revenue recognition***

At a point in time		
— Agency commission	<b>6,986,136</b>	5,993,957
— Financial services income	<b>56,231</b>	74,248
Over-time		
— Interest income from loan receivables	<b>123,512</b>	124,322
	<b><u>7,165,879</u></b>	<u>6,192,527</u>

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

**For the year ended 31 December 2021**

	<b>Property real estate agency HK\$'000</b>	<b>Financial services HK\$'000</b>	<b>Total HK\$'000</b>
The PRC	6,956,671	179,743	7,136,414
Australia	<u>29,465</u>	–	<u>29,465</u>
	<u><b>6,986,136</b></u>	<u><b>179,743</b></u>	<u><b>7,165,879</b></u>

For the year ended 31 December 2020

	Property real estate agency HK\$'000	Financial services HK\$'000	Total HK\$'000
The PRC	5,989,349	198,570	6,187,919
Australia	<u>4,608</u>	–	<u>4,608</u>
	<u><b>5,993,957</b></u>	<u><b>198,570</b></u>	<u><b>6,192,527</b></u>

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

**For the year ended 31 December 2021**

	<b>Property real estate agency HK\$'000</b>	<b>Financial services HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue	<b>6,986,136</b>	<b>179,743</b>	<b>7,165,879</b>
Segment (loss)/profit	<b>(353,098)</b>	<b>34,236</b>	<b>(318,862)</b>
Other income			<b>43,035</b>
Central administrative costs			<b>(72,874)</b>
Other gains and losses			<b>1,992</b>
Loss allowance on financial assets			<b>(457,798)</b>
Gain on disposal of a subsidiary			<b>8,724</b>
Share of results of associates and a joint venture			<b>10,840</b>
Increase in fair value of investment properties			<b>1,221</b>
Finance costs			<u><b>(67,970)</b></u>
Loss before tax			<u><b>(851,692)</b></u>

For the year ended 31 December 2020

	Property real estate agency <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
Segment revenue	5,993,957	198,570	6,192,527
Segment profit	477,879	95,378	573,257
Other income			36,728
Central administrative costs			(73,953)
Other gains and losses			(5,073)
Loss allowance on financial assets			(24,083)
Gain on disposal of investment properties			5,838
Share of results of associates and a joint venture			12,508
Increase in fair value of investment properties			3,207
Finance costs			(55,193)
Profit before tax			<u>473,236</u>

#### 5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interests on:		
— Bank borrowings	885	392
— Other borrowings	40,401	40,339
— Lease liabilities	26,684	14,462
	<u>67,970</u>	<u>55,193</u>

#### 6. INCOME TAX (CREDIT)/EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
— PRC Enterprise Income Tax (“EIT”)	27,772	95,930
Deferred tax	(126,737)	10,933
	<u>(98,965)</u>	<u>106,863</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.



Under Australian tax law, the tax rate used for the year is 30% (2020: 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 arising in Australia for either year.

PRC withholding income tax of 10% is 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.

No Hong Kong profits tax has been provided in both years in the consolidated financial statements as the Group has no estimated assessable profits arising in Hong Kong for both years.

## 7. (LOSS)/PROFIT FOR THE YEAR

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
(Loss)/profit for the year from has been arrived at after charging/(crediting):		
Director's remuneration, including retirement benefits scheme contributions	<b>11,257</b>	11,211
Other staff costs	<b>3,928,548</b>	3,532,644
Other retirement benefits scheme contributions	<b>147,294</b>	171,057
	<u><b>4,087,099</b></u>	<u>3,714,912</u>
Total staff costs		
Auditor's remuneration	<b>4,500</b>	4,380
Depreciation charges		
— Property, plant and equipment	<b>54,061</b>	57,381
— Right-of-use assets	<b>94,621</b>	72,428
	<u><b>148,682</b></u>	<u>129,809</u>
Loss allowance on financial assets		
— Allowance for accounts receivable	<b>306,164</b>	19,371
— Allowance for loan receivables	<b>151,634</b>	4,712
	<u><b>457,798</b></u>	<u>24,083</u>
Loss on disposal and written-off property, plant and equipment (included in other gains and losses)	<b>253</b>	211
(Gain)/loss on fair value changes of financial assets at FVTPL (included in other gains and losses)	<b>(228)</b>	3,422
(Gain)/loss on disposal of financial assets at FVTPL (included in other gains and losses)	<b>(2,017)</b>	1,440
	<u><b>(1,992)</b></u>	<u>5,073</u>

## 8. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends approved and paid during the year:		
2021 Interim — HK0.5 cents per share (2020: 2020 Interim — HK2.5 cents per share)	3,371	16,854
2020 Final — HK2.5 cents per share (2020: 2019 Final — HK8 cents per share)	<u>16,854</u>	<u>53,932</u>
	<u>20,225</u>	<u>70,786</u>

On 30 March 2022, the Board did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: final dividend of HK2.5 cents per share in respect of the year ended 31 December 2020 in an aggregate amount of HK\$16,854,000).

## 9. (LOSS)/EARNINGS PER SHARE

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

### (Loss)/earnings

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share ((loss)/profit for the year attributable to owners of the Company)	<u>(544,799)</u>	<u>183,951</u>

### Number of shares

	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares in issue	<u>674,150</u>	<u>674,150</u>

There are no potential dilutive shares in issue during both years ended 31 December 2021 and 2020.

## 10. ACCOUNTS RECEIVABLE

The Group allows an average credit period ranging from 30 to 180 days (2020: 30 to 180 days) to its customers. The aging analysis of accounts receivable net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts receivable		
0–30 days	472,948	560,767
31–60 days	95,016	121,856
61–90 days	74,765	70,696
91–120 days	35,942	133,303
121–180 days	71,500	153,356
Over 180 days	454,031	793,159
	<u>1,204,202</u>	<u>1,833,137</u>

## 11. SECURITY DEPOSITS

The amounts mainly represent security deposits paid by the Group to property developers enabling the Group to carry out the property real estate agency services in the primary market project, which will be released to the Group at the earlier of (i) period agreed in the respective agreements or (ii) upon completion of the respective agreements. Included in security deposits paid to property developers at 31 December 2021, is amounts due from a non-controlling interest and its related parties approximately of HK\$1,402,039,000 (2020: HK\$418,247,000). The Security deposits are interest-free, refundable unsecured and the management of the Group expects all these security deposits to be settled within one year from the end of reporting date.

## 12. PAYABLES AND ACCRUALS

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

## 13. CONTRACT LIABILITIES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract liabilities in respect of third parties	<u>837,505</u>	<u>1,061,333</u>

The contract liabilities of the Group mainly arise from advance payments received from customers which the underlying services are not yet provided. The contract liabilities are recognised as revenue after the Group satisfies its performance obligations to the customers.

#### 14. DISPOSAL OF A SUBSIDIARY

During the year ended 31 December 2021, the Group disposal of its 40% of the entity interest in a subsidiary, Guangdong Hopely Investment Consultancy Co., Ltd. (“Guangdong Hopely Investment”). Guangdong Hopely Investment is engaged in the provision of property real estate financial services and real estate information technology consulting service in the PRC. On 21 December 2021, Guangzhou Hopefluent Capital Management Co., Ltd (“Guangzhou Hopefluent Capital”), a 100% indirectly-owned subsidiary of the Company, entered into an equity transfer agreement with an independent third party, pursuant to which Guangzhou Hopefluent Capital disposed of its 40% of the equity interest in Guangdong Hopely Investment, at a consideration of RMB12,000,000 (approximately of HK\$14,634,000). The disposal was completed subsequently.

The net assets of Guangdong Hopely Investment on the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	904
Other receivables, deposits and prepayments	35,182
Financial assets at FVTPL	17,073
Bank balances and cash	73
Payables and accruals	<u>(38,456)</u>
Net asset value	14,776
40% of net asset value	5,910
Gain on disposal	<u>8,724</u>
Total consideration satisfied by cash	<u><u>14,634</u></u>
Net cash inflow arising on disposal:	14,634
Cash consideration	<u>(73)</u>
Cash and bank balances disposed of:	<u><u>14,561</u></u>

*Note:* Upon disposal, the Group’s remaining 20% of equity interest is of HK\$2,955,000 and is classified as investment in an associate.

#### 15. COMPARATIVES

Certain comparative amounts have been reclassified to conform with current year’s presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### I. Market Review for the Year 2021

2021 was a turbulent year for the property market in China. During the year, the country tightened various control measures and intensified deleveraging and liability reduction efforts, implementing policies such as “pre-sale proceeds supervision”, “purchase restriction”, “credit restriction”, “price restriction” and “guidance on secondary property transaction prices”. The continuous and rapid shift in policy posed severe challenges to the industry in terms of financing and repayment, and a number of property enterprises are facing defaults on debts, further affecting market confidence. Under the influence of a series of policies, the “three highs” development model of high debt, high leverage and high turnover in the property industry came to an end, and the market environment deteriorated sharply in the second half of the year. With property buyers worried about the market outlook, developers’ sales returns have slumped and government revenue from land transactions dropped across the board, affecting all parties involved in the market. As the Group is principally engaged in the property real estate agency services business, the Group’s annual results were inevitably severely affected as a large number of our partners, being major developers, experienced operating difficulties and it became much more difficult for the Group to obtain commissions.

#### II. Business Review of the Group

For the year ended 31 December 2021, the Group generated turnover of HK\$7,166 million, representing an increase of approximately 16% over the same period last year (2020: HK\$6,193 million). Loss attributable to shareholders amounted to HK\$545 million (2020: profit attributable to shareholders: HK\$184 million). Basic loss per share was HK80.8 cents (2020: basic earnings per share: HK27.3 cents). The Board did not recommend the payment of a final dividend for the year ended 31 December 2021.

In 2021, the Group recorded turnover of HK\$6,986 million from its property real estate agency services business, accounting for 97% of its total turnover. Turnover from the financial services business was approximately HK\$180 million, accounting for 3% of the Group’s total turnover. Total new home sales in 2021 amounted to approximately HK\$608 billion, resulting from the completion of around 377,000 transactions with a total gross floor area of around 33 million square meters.

## *1. Property real estate agency services business*

Turnover of the Group's property real estate agency services business increased from HK\$5,994 million in 2020 to HK\$6,986 million in 2021, representing an increase of 17%. The growth was mainly attributable to entrusting of the marketing coordination for some of their projects to subsidiaries of the Group by certain developers in order to accelerate sales. However, the Group had to incur substantial external staff costs in linking various marketing and sales channels. Therefore, this business model could not improve the Group's profitability in the harsh market environment, resulting in an operating loss in the property real estate agency services business. The deterioration in the credit quality of certain developers also hindered the collection of the Group's receivables.

Since the implementation of the "three red lines" policy and the continued tightening of austerity measures, a number of property enterprises in China have experienced financial difficulties and insufficient cash flow. The debt crisis of the subsidiaries of these enterprises has spread to all levels of society. Issues such as the overdue payments associated with wealth management products of the subsidiaries of those enterprises, the suspension of construction works and the delayed delivery of large numbers of units have had a significant impact on the overall economy of China. As a result of the deterioration in credit quality of certain property developer customers in the fourth quarter of 2021, the Group made additional provision for expected credit losses ("ECLs") on outstanding accounts receivable, which affected the Group's overall performance. Therefore, an increase of HK\$306 million was recorded in the provision for ECLs on accounts receivable for the year ended 31 December 2021.

In the face of the sporadic outbreaks of the pandemic and the weakening operating environment of the industry, the Group made certain preparations in advance and adopted an online and offline two-pronged development model to broaden its income sources. However, the Group recorded a loss for the year due to poor market conditions and the unstable market environment. Currently, the Group's property real estate agency services business has a network that covers more than 200 cities in China, with more than 2,100 agency projects and approximately 310 secondary branches.

## 2. *Financial services business*

As the macroeconomic environment was constrained by a number of factors, which were felt especially hard in the mainland property market, the Group's financial services business was inevitably affected and recorded a weaker performance than the same period last year. In view of the challenges, the Group has taken measures timely to streamline its structure and reduce costs, and has closely market changes to adjust the positioning and strategic focus of its financial services. In addition, with risk control being a priority, the Group has leveraged its diversified product portfolio to respond to different customer needs.

As a result of the deterioration in the credit quality of certain customers engaged in property related services in the fourth quarter of 2021, the Group made additional provision for expected credit losses ("ECLs") on outstanding loan receivables, which affected the Group's overall performance. Therefore, an increase of HK\$152 million was recorded in the provision for ECLs on loan receivables for the year ended 31 December 2021.

During the year under review, the total transaction value of the Group's financial services business amounted to HK\$2.5 billion. Turnover was approximately HK\$180 million (2020: HK\$199 million).

### **III. Prospects for 2022**

Mindful of the increasing importance of maintaining economic stability, the Chinese government's regulatory mindset has gradually shifted, placing more emphasis on the positive impact of "market stability" on society. In March 2022, the mainland government clearly stated its plan to "support the commercial housing market to better meet the reasonable needs of buyers and adopt city-specific policies to promote the virtuous circle and healthy development of the property industry". Since the end of 2021, the overly tight financial and local control measures have been gradually adjusted and amended. The central bank also announced interest rate cuts to stabilize the market, which has undoubtedly eased the downward pressure on the industry and helped rebuild market confidence.

As a result of these policies, market confidence has gradually recovered and sales in some cities have already picked up. The Group believes that its business will continue to face challenges going forward, but the ongoing urbanization process and growth in demand for housing improvement can broaden the demand for real estate. At present, the Group is closely monitoring market changes and pressing ahead with its online and offline dual development model which has proven worthy of its R&D efforts and investment, and is focusing on maintaining solid relationships with strong property developers in the market. With the aim of ensuring stable revenue, the Group will continue to develop its business in key regions such as the Guangdong-Hong Kong-Macao Bay Area and the Yangtze River Delta. In the face of the complex and volatile market environment, the Group will also actively seek better ways to respond to market demand and develop better services. Looking ahead, the Group will continue to uphold its prudent and pragmatic approach, “keep a low profile and work hard on improving its innate strengths”, striving to generate long-term and sustainable 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 2021.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2021, the Group maintained a sound financial position where the cash and bank deposits and current ratio, as a ratio of current assets to current liabilities, were approximately HK\$1,721 million (31 December 2020: HK\$2,877 million) and 2.32 (31 December 2020: 2.65) respectively. Total borrowings amounted to approximately HK\$516 million which are secured and unsecured bank loan and other borrowings (31 December 2020: approximately HK\$505 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 7.4% (31 December 2020: 6.8%). The Group’s borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 31 December 2021.

## **PLEDGE OF ASSETS**

As at 31 December 2021, the Group pledged its investment properties and bank deposits with an aggregate amount of approximately HK\$35 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 2021, the Group had approximately 19,300 full time employees. 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 2021, 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**

On 30 March 2022, the Board did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: HK2.5 cents per share).

With an interim dividend of HK0.5 cents per share paid on 13 October 2021, the total dividend for the year ended 31 December 2021 amounted to HK0.5 cents per share (2020: HK5 cents per share).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 30 May 2022 (Monday) to 2 June 2022 (Thursday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2022 Annual General Meeting. In order to be eligible to attend and vote at the 2022 Annual General Meeting, 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 27 May 2022 (Friday).

During the period mentioned 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 2021, 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 (the then 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 2021 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.

## **2022 ANNUAL GENERAL MEETING**

It is proposed that the 2022 Annual General Meeting of the Company will be held on 2 June 2022 (Thursday). A notice convening the 2022 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.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Company proposes to amend its existing articles of association (the “Articles”) to ensure compliance with the latest legal and regulatory requirements under the applicable laws of the Cayman Islands and the Listing Rules (including the core shareholder protection standards set out in the amended Appendix 3 to the Listing Rules with effect from 1 January 2022).

The proposed amendments to the existing Articles (“Proposed Amendments”) are summarised below:

1. to specify that the Company shall hold an annual general meeting within six months after the end of the Company’s financial year;
2. to provide that any person appointed by the Directors, to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment, and shall then be eligible for re-election;
3. to provide that an annual general meeting of the Company must be called by notice in writing of not less than twenty-one (21) clear days while all other general meetings shall be called by notice in writing of not less than fourteen (14) clear days but if permitted by the Listing Rules, a general meeting may be called by shorter notice, subject to the latest Companies Act of the Cayman Islands if it is so agreed under the circumstances set out in the new Articles;

4. to provide that all shareholders shall have the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a shareholder is required, by the Listing Rules, or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration;
5. to clarify that remuneration of auditors of the Company shall be fixed by ordinary resolution in general meeting;
6. to provide that the financial year end of the Company shall be 31 December in each year, unless otherwise determined by the Directors; and
7. to make other necessary amendments for updating the Articles and better aligning with the wording in the applicable laws of Cayman Islands and the Listing Rules.

The Proposed Amendments are subject to the approval of the shareholders by way of a special resolution at the 2022 Annual General Meeting and shall take effect on the date the relevant special resolution is approved at the 2022 Annual General Meeting. The new Articles are written in English and the Chinese translation is for reference only. Should there be any discrepancy, the English version shall prevail.

A circular containing, among other things, further details of the Proposed Amendments and a notice of the 2022 Annual General Meeting will be despatched to the shareholders in due course.

## **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 2022

*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 director Ms. NG Wan; and the independent non-executive directors Mr. LAM King Pui, Mr. NG Keung and Mrs. WONG LAW Kwai Wah, Karen.*