

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023

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 2023, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Continuing operations			
Revenue	3	1,294,513	1,516,862
Other income		20,381	23,948
Change in fair value on investment properties		(1,708)	(4,135)
Selling expenses		(1,190,663)	(1,383,509)
Administrative expenses		(404,802)	(488,036)
Other gains and losses, net	7	(2,184)	(4,012)
Allowance (recognised)/reversed on financial assets	7	(259,613)	59,731
Share of results of associates and a joint venture		–	(417)
(Loss)/gain on disposal of investment properties		(4,928)	27
(Loss)/gain on disposal of subsidiaries		(18,914)	842
Loss on disposal of an associate		–	(1,476)
Finance costs	5	(26,242)	(48,657)
Loss before tax		(594,160)	(328,832)
Income tax credit/(expense)	6	64,742	(22,169)
Loss for the year from continuing operations	7	<u>(529,418)</u>	<u>(351,001)</u>
Discontinued operations			
Loss for the period from discontinued operations		–	(397,366)
Loss for the year		<u>(529,418)</u>	<u>(748,367)</u>

	Notes	2023 HK\$'000	2022 HK\$'000
Other comprehensive income/(expense)			
<i>Item that may not be reclassified subsequently to profit or loss:</i>			
Gain on property revaluation, net of tax		10,439	–
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating to presentation currencies		(118,335)	(144,602)
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		(1,011)	–
Exchange differences reclassified to profit or loss upon derecognition of discontinued operations		–	(51,562)
Share of other comprehensive expense of associates and a joint venture		–	(298)
		<u>(108,907)</u>	<u>(196,462)</u>
Total comprehensive expense for the year		<u>(638,325)</u>	<u>(944,829)</u>
Loss for the year attributable to:			
Owners of the Company			
Loss for the year from continuing operations		(530,950)	(246,020)
Loss for the period from discontinued operations		–	(334,357)
		<u>(530,950)</u>	<u>(580,377)</u>
Non-controlling interests			
Profit/(loss) for the year from continuing operations		1,532	(104,981)
Loss for the period from discontinued operations		–	(63,009)
		<u>1,532</u>	<u>(167,990)</u>
		<u>(529,418)</u>	<u>(748,367)</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(639,512)	(718,777)
Non-controlling interests		1,187	(226,052)
		<u>(638,325)</u>	<u>(944,829)</u>
Loss per share			
Loss per share from continuing and discontinued operations			
— Basic and diluted	9	<u>HK(78.8) cents</u>	<u>HK(86.1) cents</u>
Loss per share from continuing operations			
— Basic and diluted	9	<u>HK(78.8) cents</u>	<u>HK(36.5) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
NON-CURRENT ASSETS			
Investment properties		120,377	139,282
Property, plant and equipment		245,676	288,899
Right-of-use assets		66,301	94,966
Goodwill		11,321	11,707
Interest in a joint venture		–	–
Loan receivables		608	531,116
Other receivables and deposits		3,875	7,752
Deferred tax assets		194,296	147,395
		642,454	1,221,117
CURRENT ASSETS			
Accounts receivable	<i>10</i>	577,097	656,951
Loan receivables		295,794	42,585
Other receivables, deposits and prepayments		311,378	710,921
Amount due from a joint venture		15,301	17,980
Financial assets at fair value through profit or loss (“FVTPL”)		4,383	7,500
Bank balances and cash		298,659	393,966
		1,502,612	1,829,903
CURRENT LIABILITIES			
Payables and accruals	<i>11</i>	149,794	310,755
Contract liabilities	<i>12</i>	21,489	25,642
Lease liabilities		19,597	43,037
Tax liabilities		38,721	61,773
Bank and other borrowings		122,857	50,659
		352,458	491,866
NET CURRENT ASSETS		1,150,154	1,338,037
TOTAL ASSETS LESS CURRENT LIABILITIES		1,792,608	2,559,154
NON-CURRENT LIABILITIES			
Lease liabilities		43,387	35,665
Deferred tax liabilities		93,911	108,205
Bank and other borrowings		44,396	181,250
		181,694	325,120
CAPITAL AND RESERVES			
Share capital		6,741	6,741
Share premium and reserves		1,597,148	2,221,155
Equity attributable to owners of the Company		1,603,889	2,227,896
Non-controlling interests		7,025	6,138
TOTAL EQUITY		1,610,914	2,234,034
		1,792,608	2,559,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 following new or amended HKFRSs are mandatory for the first time for the financial year beginning 1 January 2023 and the impacts of the adoption are disclosed below.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
--	-----------------------------------

The amendments to HKAS 1 and HKFRS Practice Statement 2 aim to make accounting policy disclosures more informative by replacing the requirement to disclose ‘significant accounting policies’ with ‘material accounting policy information’. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure. These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Company. The Company has revisited the accounting policy disclosures in the financial statements and removed certain immaterial accounting policy disclosures.

The following new or amended HKFRSs are mandatory for the first time for the financial year beginning 1 January 2023, but have no material effect on the Group’s reported results and financial position for the current and prior accounting periods.

HKFRS 17 and amendments to HKFRS 17	Insurance Contracts and related amendments
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

(b) New or amended HKFRSs that have been issued but are not yet effective

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability 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 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Disaggregation of revenue</i>		
Revenue from contracts with customers within the scope of HKFRS 15		
Agency commission		
— from continuing operations	1,250,506	1,425,835
— from discontinued operations	—	2,792,666
	<u>1,250,506</u>	<u>4,218,501</u>
Revenue from other sources without the scope of HKFRS 15		
Finance income		
— Interest income from loan receivables	38,789	84,804
— Financial services income	5,218	6,223
	<u>1,294,513</u>	<u>4,309,528</u>
<i>Timing of revenue recognition</i>		
At a point in time		
Agency commission		
— from continuing operations	1,250,506	1,425,835
— from discontinued operations	—	2,792,666
Financial services income	5,218	6,223
Over-time		
Interest income from loan receivables	38,789	84,804
	<u>1,294,513</u>	<u>4,309,528</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 2023. 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 and secondary real estate services to property developers, corporates and individuals; and
- 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 2022:

On 31 March 2022, the Company entered into a conditional shareholder cooperation adjustment agreement (the "Agreement") with Poly Developments and Holdings Group Co., Ltd. ("Poly") to dispose the entire issued share capital of Poly Real Estate Investment Consultancy Co., Ltd. and its subsidiaries ("Poly Consultancy Group"). The operation of Poly Consultancy Group representing the provision of property real estate agency services in the PRC was classified as discontinued operations.

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

For the year ended 31 December 2023

	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 real estate agency <i>HK\$'000</i>	
The PRC	<u>1,250,506</u>	<u>44,007</u>	<u>1,294,513</u>	<u>–</u>	<u>1,294,513</u>

For the year ended 31 December 2022

	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 real estate agency <i>HK\$'000</i>	
The PRC	1,419,017	91,027	1,510,044	2,792,666	4,302,710
Australia	<u>6,818</u>	<u>–</u>	<u>6,818</u>	<u>–</u>	<u>6,818</u>
	<u>1,425,835</u>	<u>91,027</u>	<u>1,516,862</u>	<u>2,792,666</u>	<u>4,309,528</u>

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

For the year ended 31 December 2023

	Continuing Operations			Discontinued Operations	Total HK\$'000
	Property real estate agency HK\$'000	Financial services HK\$'000	Sub-total HK\$'000	Property real estate agency HK\$'000	
Segment revenue	1,250,506	44,007	1,294,513	–	1,294,513
Segment loss	(232,509)	(13,111)	(245,620)	–	(245,620)
Other income			20,381	–	20,381
Central administrative costs			(55,332)	–	(55,332)
Other gains and losses, net			(2,184)	–	(2,184)
Allowance recognised on financial assets			(259,613)	–	(259,613)
Loss on disposal of subsidiaries			(18,914)	–	(18,914)
Loss on disposal of investment properties			(4,928)	–	(4,928)
Decrease in fair value of investment properties			(1,708)	–	(1,708)
Finance costs			(26,242)	–	(26,242)
Loss before tax			<u>(594,160)</u>	<u>–</u>	<u>(594,160)</u>

For the year ended 31 December 2022

	Continuing Operations			Discontinued Operations	Total HK\$'000
	Property real estate agency HK\$'000	Financial services HK\$'000	Sub-total HK\$'000	Property real estate agency HK\$'000	
Segment revenue	1,425,835	91,027	1,516,862	2,792,666	4,309,528
Segment (loss)/profit	(312,589)	22,470	(290,119)	(153,870)	(443,989)
Other income			23,948	8,182	32,130
Central administrative costs			(64,564)	–	(64,564)
Other gains and losses, net			(4,012)	322	(3,690)
Allowance reversed/(recognised) on financial assets			59,731	(91)	59,640
Gain on disposal of subsidiaries			842	–	842
Share of results of associates			(417)	2,563	2,146
Gain on disposal of investment properties			27	–	27
Decrease in fair value of investment properties			(4,135)	–	(4,135)
Loss on disposal of an associate			(1,476)	–	(1,476)
Finance costs			(48,657)	(5,145)	(53,802)
Loss before tax			<u>(328,832)</u>	<u>(148,039)</u>	<u>(476,871)</u>

5. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on:		
— Bank borrowings	4,380	6,053
— Other borrowings	12,669	24,507
— Lease liabilities	9,193	18,097
	<u>26,242</u>	<u>48,657</u>

6. INCOME TAX (CREDIT)/EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
— PRC Enterprise Income Tax (“EIT”)	588	8,270
Deferred tax:		
— Deferred tax assets	(52,352)	14,933
— Deferred tax liabilities	(12,978)	(1,034)
	<u>(64,742)</u>	<u>22,169</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.

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 FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year from continuing operations has been arrived at after charging/(crediting):		
Director's remuneration, including retirement benefits scheme contributions and share-based payment expenses	23,141	11,298
Other staff costs	909,459	1,206,443
Share-based payment expenses to employees (excluding directors)	5,523	–
Other retirement benefits scheme contributions	80,926	121,664
	<u>1,019,049</u>	<u>1,339,405</u>
Auditor's remuneration		
— Audit and audit related work	3,400	4,200
— Non-audit work	330	330
	<u>3,730</u>	<u>4,530</u>
Depreciation expense for the year		
— Property, plant and equipment	19,645	25,941
— Right-of-use assets	34,618	56,163
	<u>54,263</u>	<u>82,104</u>
Allowance recognised/(reversed) on financial assets		
— Allowance recognised/(reversed) on accounts receivable	24,240	(26,589)
— Allowance recognised/(reversed) on loan receivables	235,373	(33,142)
	<u>259,613</u>	<u>(59,731)</u>
Gain on disposal of, and written-off property, plant and equipment (included in other gains and losses)	(472)	(1,016)
Loss on fair value changes of financial assets at FVTPL (included in other gains and losses)	2,596	1,921
Loss on disposal of financial assets at FVTPL (included in other gains and losses)	60	3,107
Total other losses, net	<u>2,184</u>	<u>4,012</u>

8. DIVIDENDS

On 28 March 2024, the Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

9. LOSS PER SHARE

(a) Basic

For continuing and discontinued operations

Loss

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	<u>(530,950)</u>	<u>(580,377)</u>

Number of shares

	2023 <i>'000</i>	2022 <i>'000</i>
Weighted average number of ordinary shares in issue	<u>674,150</u>	<u>674,150</u>

For continuing operations

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the purpose of calculation basic loss per share (loss for the year attributable to owners of the Company)	(530,950)	(580,377)
Less: loss for the period from discontinued operations	<u>—</u>	<u>334,357</u>

	<u>(530,950)</u>	<u>(246,020)</u>
--	------------------	------------------

	2023	2022
Basic loss per share (HK cents per share)		
— Continuing and discontinued operations	<u>78.8</u>	<u>86.1</u>
— Continuing operations	<u>78.8</u>	<u>36.5</u>

(b) Diluted

The basic and diluted loss per share are the same for the year ended 31 December 2023 as the effect of share options outstanding were anti-dilutive. The basic and diluted loss per share are the same for the year ended 31 December 2022 as there are no potential dilutive shares in issue during the year ended 31 December 2022.

10. ACCOUNTS RECEIVABLE

The Group allows an average credit period ranging from 30 to 180 days (2022: 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:

	2023	2022
	HK\$'000	HK\$'000
Accounts receivable		
0–30 days	267,925	265,143
31–60 days	25,024	16,254
61–90 days	13,298	13,932
91–120 days	17,391	14,622
121–180 days	14,636	21,695
Over 180 days	238,823	325,305
	<u>577,097</u>	<u>656,951</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:

	2023	2022
	HK\$'000	HK\$'000
Contract liabilities in respect of third parties	<u>21,489</u>	<u>25,642</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.

13. SHARE OPTIONS SCHEME

In order to attract and retain the best quality employees for the development of the Group's businesses and to provide additional incentives or rewards to selected qualifying participants, the Company adopted a share option scheme on 23 May 2023 (the "Scheme"). The eligible participants mainly include employees of the Group, Directors, the directors of any member of the group, the directors and employees (whether full-time or part-time) of the holding companies, fellow subsidiaries or associated companies of Company. The Scheme, unless otherwise cancelled or amended, will remain in force for 10 years since 23 May 2023.

The options may be exercised within the period commencing from the date of grant of the option and expiring on the date following 10 years from the date of grant of the options subject to terms under the Scheme. The vesting period for options shall be determined by the board (the "Board") and in any case, shall not be less than twelve (12) months. A shorter vesting period may be granted at the discretion of the Board in certain circumstances. The Board and/or the remuneration committee may determine in its absolute discretion and set any performance target or impose any condition, restriction or limitation in relation to the vesting of the options.

The subscription price of the share options is determinable by the Directors, but shall be the highest of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheet of the Stock Exchange for the five (5) business days immediately preceding the date of grant; and (iii) the 90% of the average closing price as stated in the daily quotations sheets of the Stock Exchange for the twenty (20) business days immediately preceding the date of grant.

Pursuant to the Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option scheme of the Company must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Scheme (i.e. 67,414,998 shares). Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the limit to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting.

Unless shareholder approval has been obtained, no option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of total number of shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting. Such participant and his associate (as defined in the Listing Rules) have to abstain from voting and/or comply with other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's shares in issue within any 12-month period must be approved in advance by the Company's shareholders.

Subject to the compliance of the requirements under the Scheme, the share options are exercisable only if the eligible participants remain in the service of the Group from the grant date of the share options up to the designated exercise date. On 16 June 2023, the Company granted share options under the share option scheme under which the option holders are entitled to acquire an aggregate of 67,380,000 shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the vesting date for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 70% and 40% of the total number of the share options to Mr. Zhu Rongbin (“Mr. Zhu”) and other grantees respectively, will be vested on 1 July 2024; (ii) 15% and 30% of the total number of the share options to Mr. Zhu and other grantees respectively, will be vested on 1 April 2025; and (iii) 15% and 30% of the total number of the share options to Mr. Zhu and other grantees respectively, will be vested on 1 April 2026. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse upon the expiry of the relevant validity period. All the options under the share option scheme should be exercisable after vesting but before the expiry of 10 years after the grant date at the exercise price of HK\$1.85 per share.

The following tables show the movements in the Company’s share options granted under the Scheme:

The Scheme	Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Held at 1 January 2023	Options granted during the year	Held at 31 December 2023
(A) Employees	16 June 2023	1.85	16 June 2023 to 30 June 2024	1 July 2024 to 15 June 2033	–	10,120,000	10,120,000
			16 June 2023 to 31 March 2025	1 April 2025 to 15 June 2033	–	7,590,000	7,590,000
			16 June 2023 to 31 March 2026	1 April 2026 to 15 June 2033	–	7,590,000	7,590,000
(B) Directors Zhu Rongbin	16 June 2023	1.85	16 June 2023 to 30 June 2024	1 July 2024 to 15 June 2033	–	21,238,000	21,238,000
			16 June 2023 to 31 March 2025	1 April 2025 to 15 June 2033	–	4,551,000	4,551,000
			16 June 2023 to 31 March 2026	1 April 2026 to 15 June 2033	–	4,551,000	4,551,000
Gao Bin	16 June 2023	1.85	16 June 2023 to 30 June 2024	1 July 2024 to 15 June 2033	–	4,696,000	4,696,000
			16 June 2023 to 31 March 2025	1 April 2025 to 15 June 2033	–	3,522,000	3,522,000
			16 June 2023 to 31 March 2026	1 April 2026 to 15 June 2033	–	3,522,000	3,522,000
					–	67,380,000	67,380,000
					–	67,380,000	67,380,000

	Weighted average exercise price <i>HK\$</i>	2023 Number of share options
Outstanding at 1 January	–	–
Granted during the year	1.85	<u>67,380,000</u>
Outstanding at 31 December	1.85	<u><u>67,380,000</u></u>
Exercisable at 31 December	–	<u><u>–</u></u>

The exercise price of options outstanding at 31 December 2023 is HK\$1.85 (2022: nil) and their weighted average remaining contractual life was 9.46 years (2022: nil). None of the share options under Scheme were vested during the year and the remaining 67,380,000 share options (2022: nil) will be vested in 2024, 2025 and 2026, respectively.

The fair value of options granted during the year ended 31 December 2023 under the Scheme determined using the Binomial Option Pricing model was approximately HK\$41,648,000. The significant inputs into the model were share price of HK\$1.85, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility is 41.29%, annual risk-free interest rate of 3.53%. Expected life of options of approximately 10 years and expected dividend yield of 4.26%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 16 June 2013 to 15 June 2023. During the year ended 31 December 2023, approximately HK\$16,433,000 (2022: HK\$nil) were charged to the consolidated statement of profit or loss.

14. COMPARATIVES

Certain comparative amounts has been reclassified to conform with current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

I. Market Review for the 2023 Year

In 2023, the real estate industry continued to undergo major adjustments, and sales of commercial properties plummeted in China. According to data from the National Bureau of Statistics, the sales area of commercial properties in China was 1.12 billion square meters in 2023, down by approximately 17.7% year-on-year, with sales value at RMB11.7 trillion, down by approximately 12.5% year-on-year. To promote the healthy development of the industry, the central and local governments introduced policies to protect the market, both on the supply and demand side. Policies have been gradually relaxed in the pursuit of stability and practicality, hedging the market downturn and bringing stability to the market.

It will nonetheless require time to regain confidence and momentum during the market adjustment stage — a period in which the agency industry has been seriously affected by the general environment, with competition continuing to intensify as well. Despite the challenging operating environment, the Group has remained pragmatic and proactively employed a series of adjustment measures to seize industry opportunities and respond promptly to changes.

II. Business Review of the Group

As at 31 December 2023, the Group's turnover reached approximately HK\$1,295 million (2022: approximately HK\$1,517 million), a decrease of approximately 15% from the same period last year, and loss attributable to shareholders amounted to approximately HK\$531 million (2022: approximately HK\$580 million). Basic loss per share was HK78.8 cents (2022: HK86.1 cents). The Board of Directors have not recommended the payment of a final dividend for the year ended 31 December 2023.

Turnover of the Group's property real estate agency business in 2023 was approximately HK\$1,251 million (2022: approximately HK\$1,426 million), which accounted for approximately 97% of the Group's total turnover, while the turnover of the financial services business was approximately HK\$44 million (2022: approximately HK\$91 million), which accounted for approximately 3% of the Group's total turnover.

For the entire 2023 year, the Group's total value of properties transacted was approximately RMB110 billion. It handled a total of approximately 53,000 transactions with a total gross floor area of approximately 5.5 million square meters.

1. Property Real Estate Agency Business

Turnover from the Group's property real estate agency business fell from approximately HK\$1,426 million in 2022 to approximately HK\$1,251 million. In July 2023, the management put forward the management requirements of "saving cost, increasing income, raising quality and efficiency" and comprehensively implemented management improvements for the Company. Firstly, focusing on the main business as the core, the long-term lease business in Guangzhou and Shenzhen has been transferred, and managed under the "internal marketization" principle. Secondly, the Group has implemented a "comprehensive budget management" approach, guided by a capital plan. This initiative aims to strengthen receivables collection by improving overall staff efficiency through the organization of similar business types, streamlining the empowerment platform, and eliminating inefficient projects. Thirdly, with regard to internal informatization, reform and upgrade were carried out in phases to integrate the "business — manpower — financial" systems in order to improve the efficiency of the internal decision-making process and reduce overall management costs. The fourth area that the Group has targeted is cash flow and profitability. The Group actively reduced inefficient projects in some regions and cities, to increase project efficiency and per capita transaction amount. Although the market was still in a period of in-depth adjustment and periodic risks have yet to be eliminated, the performance of the Group's property real estate agency services reached the Group's pre-established goals in 2023, owing to the implementation of these management measures.

Despite the difficulties, the Group has continued to strive for breakthroughs during the review year. It remained committed to comprehensively developing diversified services centered on real estate transactions, deeply integrating into China's urbanization and urban upgrading development process, and further intensifying development of the real estate internet marketing and new media business. At the same time, the Group has maintained focus on meeting customers' needs and actively consolidating industry resources. By leveraging business digitalization and informatization, the Group provided customers with comprehensive and diversified services, broadened its online customer base, and promoted the growth of its property real estate agency services business.

In response to market developments, the secondary real estate agency business promptly adjusted its structure to leverage its strengths and mitigate its weaknesses. Firstly, it continued to leverage resources and layout advantages of medium and high-end luxury properties in Guangzhou, focusing on targeting projects and customer retention. And secondly, it promptly adjusted the organizational structure, streamlined the proportion of back-office personnel, enhanced the efficiency of back-office services, and optimized the company's operating cost structure.

At present, the Group's property agency business covers more than 50 large and small cities across the country, with more than 900 agency projects and approximately 110 secondary branches.

2. Financial Services Business

Affected by the overall investment environment, the financial services business recorded turnover of approximately HK\$44 million (2022: approximately HK\$91 million).

During the year, the business focused on serving existing high-quality customers, and took a prudent and pragmatic stance in implementing strict risk controls and conducting business operations. It also actively adjusted its positioning and strategies to respond to changes in the market and related regulatory policies in a timely manner.

3. Other value-added services

The valuation research business was actively restructured during 2023. First, various data releases were optimized in terms of pace and data coverage to enhance timeliness and breadth. Additionally, efforts were made to promote the productization of research results, thereby boosting brand influence. Furthermore, new media content was cultivated, and research outcomes were utilized to develop solutions for home-buying customers.

The focus of the asset appraisal business has returned to core service capabilities and expertise, leveraging technology to meet the growing demand for appraising new asset types, transfer and disposal of corporate assets, and various incremental businesses.

III. Prospects for 2024

Since 2023, the Chinese government has actively made efforts to stabilize assets, implementing numerous easing measures. On the regulatory side, the four major first-tier cities simultaneously liberalized loan and purchase restrictions, vigorously stabilizing market expectations. On the monetary side, the market was boosted by extraordinary measures designed to reduce interest rates and RRR, which further highlighted the value of core assets. The 5-year Loan Prime Rate (LPR) fell sharply to 3.95%, with lower interest rates for residential mortgages helping to promote home purchases. On the financing side, the real estate financing coordination mechanism was implemented quickly to resolve project-related issues, helping to stabilize market confidence. The year 2024 will be a time of recovery for the mainland real estate market, with the contradiction between supply and demand expected to further ease. As favorable policies are gradually introduced, home prices are anticipated to slowly stabilize. The prices of homes in first-tier cities will be the first to rebound, and properties with quality improvements will be more sought after by the market.

In 2024, the Group plans to implement the following measures:

1. Strengthen the new housing business. To continue to consolidate the Group's business advantages in Guangzhou and the Greater Bay Area, and further optimize the layout and scale of the new housing business.
2. Improve existing transactions, valuation research and appraisal, and other businesses. In 2024, the Group will continue to strengthen existing businesses and the synergies between its primary and secondary real estate services. At the same time, it will comprehensively upgrade its talent, resources and operation roadmaps to boost its business growth and income generation capability.
3. Seek breakthroughs in new operation models and promote technological development. Cultivate the new media business, actively cooperate with Internet companies and adopt Internet technologies to empower the Group's offline transaction service advantages, and gradually develop multi-channel network (MCN) and other innovative businesses, as well as construct online platforms to expand the scale of resource integration and enhance the Group's across-the-board competitiveness.

Recently, China has introduced a series of systems and measures, proactively implemented monetary policies, fully relaxed property purchase and loan restrictions, and advanced the real estate financing coordination mechanism. The supply and demand disparity in the market will gradually dissipate, and the market is expected to stabilize. As always, the Group will adopt a prudent and pragmatic approach, further improve its service standards, continue to develop innovative businesses, work diligently to achieve a business turnaround as soon as practicable and promote sustainable development.

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 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, 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\$299 million (2022: HK\$394 million) and 4.26 (2022: 3.72) respectively. Total borrowings amounted to approximately HK\$167 million which are secured and unsecured bank loan and other borrowings (2022: approximately HK\$232 million). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 7.8% (2022: 7.6%). The Group's borrowings are denominated in Renminbi. The Group had no material contingent liabilities as at 31 December 2023.

PLEDGE OF ASSETS

As at 31 December 2023, the Group pledged its investment properties and property, plant and equipment with an aggregate amount of approximately HK\$27 million (2022: 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 2023, the Group had approximately 5,300 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 2023, 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 28 March 2024, the Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

There was no interim dividend declared for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 June 2024 (Tuesday) to 14 June 2024 (Friday), both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2024 Annual General Meeting. In order to be eligible to attend and vote at the 2024 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 7 June 2024 (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 2023, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except the following deviations (the Code Provisions C.2.1, C.6.1 and C.1.6):

Chairman and Chief Executive Officer

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period from 1 January 2023 to 23 May 2023, Mr. Fu Wai Chung (“Mr. Fu”) was the chairman of the Company while the Company has no such title as the chief executive officer. Mr. Fu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company. 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 the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting operation of the Company. The Board has been nevertheless reviewing the structure and composition of the Board from time to time in light of prevailing circumstances, in order to maintain a high standard of corporate governance practices of the Company.

Mr. Zhu Rongbin has been appointed as the chairman of the Board and Mr. Gao Bin has been appointed as the president of the Company with effect from 24 May 2023 which separates the roles of the chairman and the chief executive officer of the Company and enables the Company to comply with code provision C.2.1 of the CG Code.

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. The Board is confident that having Mr. Lo Hang Fong as the company secretary is beneficial to the Group’s compliance of the applicable laws, rules and regulations.

Attendance of general meeting

Certain independent non-executive directors and non-executive director of the Company were unavailable to attend the annual general meeting of the Company held on 15 June 2023 due to other business commitments.

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 C3 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 2023 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) in due course and dispatched to shareholders upon request.

2024 ANNUAL GENERAL MEETING

It is proposed that the 2024 Annual General Meeting of the Company will be held on 14 June 2024 (Friday). A notice convening the 2024 Annual General Meeting will be released on the websites of the Stock Exchange and the Company in due course and will be dispatched to the shareholders of the Company upon request.

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
ZHU Rongbin
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the Board of Directors comprises the executive directors Mr. ZHU Rongbin, Mr. GAO Bin, Mr. FU Wai Chung and Mr. LO Yat Fung; the non-executive director Mr. FU Ear Ly; and the independent non-executive directors Mr. LAM King Pui, Mr. CAO Qimeng and Ms. XU Jing.