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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING AGREEMENT

On 26 July 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 130,568,000 Placing Shares to not less than six Placées at the Placing Price of HK\$2.40 per Placing Share.

Placing Shares

Assuming the Placing is completed in full, the maximum number of 130,568,000 Placing Shares represent (i) approximately 19.37% of the existing issued share capital of the Company of 674,149,989 Shares as at the date of this announcement; and (ii) approximately 16.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares). The Placing Shares will be allotted and issued pursuant to the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Placing Shares.

Placing Price

The Placing Price of HK\$2.40 per Placing Share represents (a) a discount of approximately 17.24% to the closing price of HK\$2.90 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a discount of approximately 19.52% to the average closing price of HK\$2.982 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

Use of proceeds from the Placing

Assuming all the Placing Shares have been successfully placed, the gross and net proceeds from the Placing are estimated to be approximately HK\$313.4 million and approximately HK\$309.4 million respectively. The Company intends to apply the net proceeds from the Placing for (i) enhancing online and offline real estate agency service capabilities, (ii) real property asset management and investment, and (iii) general working capital.

Since completion of the Placing is subject to the fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

After the trading hours on 26 July 2021, the Company entered into the Placing Agreement with the Placing Agent for the placing of an aggregate of 130,568,000 Placing Shares at the Placing Price of HK\$2.40 per Placing Share on a best effort basis and subject to the terms and conditions set out in the Placing Agreement. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

26 July 2021 (after trading hours)

Parties

(1) the Company (as issuer); and

(2) UBS AG Hong Kong Branch (as the Placing Agent).

Placing Agent

UBS AG Hong Kong Branch has agreed to act as the placing agent of the Company to procure not less than six Placees on a best effort basis to purchase an aggregate of 130,568,000 Placing Shares at the Placing Price of HK\$2.40 per Placing Share.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placees

Pursuant to the Placing Agreement, the Placing Shares are expected to be placed to not less than six (6) Placees, who are professional, institutional and/or other investors. It is expected that the Placees and their ultimate beneficial owners (if applicable) will be independent third parties who are not connected persons of the Company within the meaning of the Listing Rules, and not acting in concert (as defined under the Takeovers Code) with any of them. It is not expected that any of the Placees will become a substantial Shareholder after completion of the Placing. If any of the Placees will become a substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

As at the date of this announcement, the Company has 674,149,989 Shares in issue. Assuming there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares, the maximum number of 130,568,000 Placing Shares represent (i) approximately 19.37% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$1,305,680.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$2.40 per Placing Share represents:

- (a) a discount of approximately 17.24% to the closing price of HK\$2.90 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 19.52% to the average closing price of HK\$2.982 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the market condition and the prevailing market price of the Shares.

Placing Commission

The Placing Agent will receive an aggregate placing commission of 1% of the gross proceeds from the Placing. The commission rate was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other things, the prevailing commission rate charged by other placing agents, the existing financial position of the Group and the price performance of the Shares.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions and Termination of the Placing Agreement

Completion of the Placing is conditional upon:

- (a) there not having occurred at any time prior to completion of the Placing (i) any breach of, or any event rendering untrue, incorrect or breached in any material respect, any of the representations, warranties or undertakings referred to in this Agreement or (ii) any breach of, or failure to perform, any of the other obligations of the Company which are required to be performed at or before completion of the Placing;
- (b) there not having occurred:
 - (i) any event, or series of events beyond the reasonable control of the Placing Agent (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, terrorism, outbreak or escalation of hostilities (whether local, national or international), act of war and act of God);
 - (ii) any change, or development (whether or not permanent) involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group as a whole, whether or not arising in the ordinary course of business;
 - (iii) any change (whether or not permanent) or any development (whether or not permanent) involving a prospective change or any crisis in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets and conditions with respect to interest rates in Hong

Kong or otherwise) or foreign exchange controls in or affecting Hong Kong or any occurrence of a combination of any such changes or developments or crises or any deterioration of any such conditions;

- (iv) the introduction of any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority;
- (v) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the Cayman Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the European Economic Area (the “**Relevant Jurisdictions**”) of a national emergency or war or other calamity or crisis; or
- (vi) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in the Relevant Jurisdictions or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

which individually or together, in the sole and reasonable opinion of the Placing Agent, prejudices or is likely to prejudice materially the success of the Placing or dealings in the Placing Shares in the secondary market or makes it impracticable or inadvisable or inexpedient to proceed with the offer, sale, distribution or delivery of the Placing Shares on the terms and in the manner contemplated in the Placing Agreement; and

- (c) there not having occurred at any time prior to completion of the Placing (i) the imposition of any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, or in any securities of the Company on any stock exchange or over the counter market or (ii) any material disruption in securities settlement, payment or clearance services in Hong Kong or the PRC, the United Kingdom or the United States or (iii) the imposition of any moratorium on commercial banking activities by the authorities in Hong Kong or the PRC or the United Kingdom or the United States Federal or New York State authorities.

If any of the above conditions shall not have been fulfilled or waived by the Placing Agent by the scheduled time for completion, the Placing Agent may terminate the Placing Agreement and neither the Company nor the Placing Agent shall be under any liability to the other in relation thereto save for antecedent breaches of the provisions under the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

Completion of the Placing will take place on the Closing Date.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate granted to the Directors to allot, issue and deal with Shares by ordinary resolutions of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company of 674,149,989 Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 134,829,997 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING OF PLACING SHARES

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in property real estate agency businesses. The Group mainly operates through two segments. The property real estate agency segment is engaged in the provision of first-hand real estate services to property developers and secondary real estate services. The financial services segment is engaged in the provision of mortgage referral and loan financing services to individuals or companies.

To accelerate the transformation and upgrade of the Group's property real estate agency segment and gradually achieve seamless integration of online and offline sales operations with limited impact on the resources intended for the Group's existing business needs, the Group would have to deploy additional resources from fundraising. After evaluating a number of financing options, the Board considers that the Placing is a suitable financing option to raise capital in a relatively quick manner at relatively low costs when compared with other means of fundraising, and also allowing enlargement of shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

Assuming all the Placing Shares have been successfully placed, the gross proceeds from the Placing will be approximately HK\$313.4 million and the net proceeds will be approximately HK\$309.4 million (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$2.37 per Placing Share.

The Company intends to apply the entire net proceeds from the Placing in the following manner (assuming maximum net proceeds):

- (a) approximately HK\$185.7 million, representing approximately 60% of the net proceeds from the Placing, will be utilised for enhancing online and offline real estate agency service capabilities through upgrading online platform and data system and expanding offline service network;
- (b) approximately HK\$92.8 million, representing approximately 30% of the net proceeds from the Placing, will be utilised for real property asset management and investment; and

- (c) approximately HK\$30.9 million, representing approximately 10% of the net proceeds from the Placing, will be utilised for its general working capital.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming all the Placing Shares are placed in full and there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares):

| | As at the date of this announcement | | Immediately after completion of the Placing | |
|---|-------------------------------------|---------------|---|---------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % |
| Fu's Family Limited (<i>Note 1</i>) | 174,184,799 | 25.84 | 174,184,799 | 21.65 |
| Mr. Fu Wai Chung (<i>Note 1</i>) | 28,024,334 | 4.16 | 28,024,334 | 3.48 |
| Ms. Ng Wan (<i>Note 1</i>) | 7,398,334 | 1.10 | 7,398,334 | 0.92 |
| China-net Holding Ltd. (<i>Note 2</i>) | 112,418,263 | 16.68 | 112,418,263 | 13.97 |
| Happy Chord Limited (<i>Note 2</i>) | 18,344,077 | 2.71 | 18,344,077 | 2.28 |
| Intelligent Youth Limited (<i>Note 3</i>) | 78,319,938 | 11.62 | 78,319,938 | 9.73 |
| Sub-total of the parties acting in concert (<i>Note 4</i>) | 418,689,745 | 62.11 | 418,689,745 | 52.03 |
| Placees | — | — | 130,568,000 | 16.23 |
| Other independent shareholders | 255,460,244 | 37.89 | 255,460,244 | 31.74 |
| Total | <u>674,149,989</u> | <u>100.00</u> | <u>804,717,989</u> | <u>100.00</u> |

Notes:

- Fu's Family Limited is owned as to 70% by Mr. Fu Wai Chung, 15% by Ms. Ng Wan and 15% by Ms. Fu Man. Mr. Fu Wai Chung is the chairman of the Company and an executive Director. Ms. Ng Wan is a non-executive Director and the spouse of Mr. Fu Wai Chung. Ms. Fu Man is an executive Director and the sister of Mr. Fu Wai Chung.
- China-net Holding Ltd. is wholly-owned by Mr. Fu Wai Chung. Happy Chord Limited is wholly-owned by China-net Holding Ltd.
- Intelligent Youth Limited is wholly-owned by Mr. Fu Ear Ly, an executive Director. Mr. Fu Ear Ly is the son of Mr. Fu Wai Chung and Ms. Ng Wan.

4. Mr. Fu Wai Chung, Ms. Ng Wan, Mr. Fu Ear Ly, Fu's Family Limited, China-net Holding Ltd., Happy Chord Limited and Intelligent Youth Limited are parties acting in concert (as defined in the Takeovers Code).
5. The above percentage figures are subject to rounding adjustments.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

| | |
|-----------------------|---|
| “AGM” | the annual general meeting of the Company held on 25 June 2021 at which, among other things, the General Mandate was granted by the Shareholders to the Directors |
| “Board” | the board of Directors |
| “Closing Date” | 3 August 2021, or such other date as the Company and the Placing Agent may agree |
| “Company” | Hopefluent Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 733) |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “General Mandate” | the general mandate granted by the Shareholders to the Directors at the AGM to issue, allot and deal with the additional shares of the Company not exceeding 20% of the total number of issued shares of the Company at the date of the AGM |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People's Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Placee(s)” | any professional, institutional or other investor(s) subscribing for the Placing Shares as a result of the Placing |

| | |
|---------------------------|--|
| “Placing” | the offer by way of placing of the Placing Shares by or on behalf of the Placing Agent to the Placees upon the terms and conditions set out in the Placing Agreement |
| “Placing Agent” | UBS AG Hong Kong Branch (UBS AG is incorporated in Switzerland with limited liability) |
| “Placing Agreement” | the conditional placing agreement entered into between the Company and the Placing Agent dated 26 July 2021 in relation to the Placing under the General Mandate |
| “Placing Price” | HK\$2.40 per Placing Share |
| “Placing Shares” | up to 130,568,000 new Shares to be allotted and issued by the Company and placed pursuant to the Placing Agreement and each, a “Placing Share” |
| “PRC” | the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | the ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning ascribed thereto in the Listing Rules |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers and Share Buy-backs |
| “%” | per cent. |

By order of the Board
Hopefluent Group Holdings Limited
Fu Wai Chung
Chairman

Hong Kong, 26 July 2021

As at the date of this announcement, the executive directors of the Company are Mr. FU Wai Chung, Ms. FU Man, Mr. LO Yat Fung and Mr. FU Ear Ly; the non-executive director of the Company is Ms. NG Wan; and the independent non-executive directors of the Company are Mr. LAM King Pui, Mr. NG Keung and Mrs. WONG LAW Kwai Wah, Karen.