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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)**

### **(A) PROPOSED RESTRUCTURING INVOLVING VERY SUBSTANTIAL DISPOSAL, MAJOR ACQUISITION AND CONNECTED TRANSACTION**

### **(B) CONTINUING CONNECTED TRANSACTION INVOLVING PROPERTY AGENCY TRANSACTIONS AND RESUMPTION OF TRADING**

#### **THE AGREEMENT**

On 31 March 2022 (after trading hours), the Company entered into the Agreement with, among others, Poly Developments, in relation to the Proposed Restructuring involving the Transformation, Poly Developments' cessation to hold any equity interest in Hopefluent China and the Property Agency Transactions.

#### **Proposed Restructuring**

The operation of the Poly Consultancy Group Businesses will be ceased gradually by fulfilling all outstanding contracts or transferring to a third party to undertake, disposal of assets, personnel arrangement, clearing up creditor's rights and debts and all other necessary actions to be determined by the Parties.

After the Transformation Completion Date, the Hopefluent Parties and the Poly Parties will arrange for Poly Developments to cease to hold its 43.9% equity interest in Hopefluent China by way of transfer of equity interest by Poly Developments to Hopefluent Investment (or other member(s) of the Group) or capital reduction in Hopefluent China.

### ***Release of Non-Compete Undertaking***

The Hopefluent Parties and Poly Parties will no longer be restricted by any terms in relation to the restriction of competition as previously agreed under the 2018 Cooperation Agreement with effect from the Effective Date.

### **Property Agency Transactions**

Poly Developments will enter into first-hand real estate agency business contracts with the Hopefluent Parties or its designated members of the Group for real estate development projects of Poly Developments with a saleable property value of not less than RMB80 billion every 12 months for five years.

## **LISTING RULES IMPLICATIONS**

### **Proposed Restructuring**

As at the date of this announcement, Poly Developments is a shareholder of Hopefluent China directly holding 43.9% of the entire equity interests in Hopefluent China and hence a connected person of the Company.

After completion of the Proposed Restructuring, Hopefluent China will cease to hold any direct or indirect interest in the Poly Consultancy Group or the Poly Consultancy Group Businesses, and Hopefluent Investment will hold 100% equity interest of Hopefluent China, which in turn will hold all the existing equity interests of the Hopefluent China Group. As the highest applicable percentage ratio of the Proposed Restructuring is more than 75%, the Proposed Restructuring amounts to a very substantial disposal under Chapter 14 of the Listing Rules and thus is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules.

With respect to Poly Developments' cessation to hold any equity interest in Hopefluent China, depending on whether such cessation is to be implemented by transfer of equity interest by Poly Developments to Hopefluent Investment (or other member(s) of the Group) or capital reduction in Hopefluent China, such cessation constitutes an acquisition by the Company for the purposes of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of such acquisition is more than 25% but below 100%, such acquisition will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and thus is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules.

## **Property Agency Transactions**

Reference is made to the 2018 Master Agreement. For further details, please refer to the Company's announcement dated 7 August 2018 and the Company's 2020 Annual Report. The Property Agency Transactions fall under the scope of the 2018 Master Agreement.

As Poly Developments is a connected person of the Company at the subsidiary level, pursuant to Rules 14A.101 of the Listing Rules, the Property Agency Transactions are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Despite such exemption and given that the Property Agency Transactions form part of the Proposed Restructuring, the Company will seek Independent Shareholders' approval for the Property Agency Transactions.

The Property Agency Transactions will not be a continuing connected transaction of the Company under Chapter 14A of the Listing Rules after the completion of the Proposed Restructuring.

The Agreement and the transaction contemplated thereunder, including the Proposed Restructuring, the release of the Non-Compete Undertaking, and the Property Agency Transactions, is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules, and the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors (excluding the independent non-executive Directors who will express their view after receiving the recommendation from the Independent Financial Adviser) have confirmed that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, and are on normal commercial terms and in the interests of the Shareholders as a whole.

## **EGM AND DESPATCH OF CIRCULAR**

The Company will hold an EGM for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder (including the Proposed Restructuring and the Property Agency Transactions). A circular including, among other information, (i) a letter from the Board containing further details of the Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing the view of the Independent Board Committee on the Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser advising the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders within 15 business days from the date of this announcement (i.e. on or before 4 May 2022).

**There is no assurance that any forward-looking statements regarding the business development of the Group in this announcement are attainable, will actually occur or will be realized. Shareholders and potential investors should note that completion of the Proposed Restructuring and the Property Agency Transactions are subject to various conditions precedent as stated in the section headed "The Agreement — Effective Date of the Agreement", below and therefore the transactions contemplated thereunder may or may not be completed. As such, potential investors and Shareholders are urged to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 1 April 2022 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 April 2022.

## **THE AGREEMENT**

Reference is made to the Company's announcements dated 9 May 2018 and 19 July 2018, circular dated 22 June 2018 regarding among others, the 2018 Cooperation Agreement and the 2018 Cooperation Restructuring, pursuant to which the Company and Poly Developments agreed to the integration and cooperation of their respective real estate agency businesses through Hopefluent China as the holding platform. Due to the reasons for the Proposed Restructuring as set out in the section headed "REASONS FOR AND BENEFITS OF THE PROPOSED RESTRUCTURING" and after amicable discussion, the Hopefluent Parties and the Poly Parties agreed to adjust the cooperation contemplated under the 2018 Cooperation Agreement.

On 31 March 2022 (after trading hours), the Hopefluent Parties and the Poly Parties entered into the Agreement in relation to the Proposed Restructuring and the Property Agency Transactions.

### **Date**

31 March 2022 (after trading hours)

### **Parties**

1. Poly Developments
2. Poly Consultancy
3. Hopefluent HK
4. Hopefluent Investment
5. Hopefluent China
6. the Company

(each a "**Party**", and collectively the "**Parties**")

## **The Objective**

To adjust the cooperation under the 2018 Cooperation Agreement such that the Poly Parties and the Hopefluent Parties can operate their respective real estate agency business independently. For Poly Parties, they will operate the existing Poly Consultancy Group Business independent from the Hopefluent China platform. Each of the Poly Parties and the Hopefluent Parties will be released from the Non-Compete Undertaking, and will be free to operate their respective real estate agency business, and may cooperate on individual projects in future.

## **PROPOSED RESTRUCTURING**

### **Effective Date of the Agreement**

#### *Conditions precedent*

The obligations of the Hopefluent Parties and Poly Parties under the Agreement is conditional upon the fulfilment of the following conditions precedent and the Parties shall only carry out the Proposed Restructuring after the Effective Date:

- (i) Hopefluent Parties having complied with the requirements under the Listing Rules, all applicable laws, rules and regulations, and all the requirements of regulatory authorities (including but not limited to the Stock Exchange and the SFC) in relation to the Agreement and the transactions contemplated thereunder before the Company convening the EGM;
- (ii) the Independent Shareholders having passed all necessary resolutions at the EGM to approve the Agreement and the transactions contemplated thereunder; and
- (iii) Poly Developments having obtained all necessary consents, approvals, filings or registrations to complete the Agreement and the transactions contemplated thereunder, and all related consents, approvals, filings or registrations remaining complete and valid.

None of the aforesaid conditions precedent under the Agreement can be waived. If any of the aforesaid conditions precedent cannot be fulfilled on or before 30 June 2022 (or such later date as may be agreed in writing by the Parties), all Parties shall revise the aforesaid conditions precedent or otherwise negotiate specific proposals for the transactions stated in the Agreement in compliance with the relevant laws and regulations, in order to facilitate the transactions contemplated under the Agreement.

As at the date of this announcement, none of the aforesaid conditions precedent under the Agreement have been fulfilled.

### *Effective Date*

The Effective Date shall be the date on which all the aforesaid conditions precedent have been fulfilled (or such later date as may be agreed by all Parties).

### **Ownership of the rights and interests of the Poly Consultancy Group and the Hopefluent China Group**

The Hopefluent China Group and the Poly Consultancy Group will be operated and managed by the Hopefluent Parties and the Poly Parties, respectively.

All Parties agree and confirm that since the Effective Date, even if Poly Developments has not yet gone through the procedures for the cessation to hold its 43.9% equity interest in Hopefluent China (hereinafter referred to as the “**Relevant Equity**”), Poly Developments will no longer beneficially hold the Relevant Equity (or any equity interest in Hopefluent China) and any rights and interests thereof. Poly Developments will entrust Hopefluent Investment to manage and exercise all rights and interests (including but not limited to voting rights and income rights) of its Relevant Equity. The entrustment period is from the Effective Date to the date of completion of all the procedures for cessation to hold the Relevant Equity by Poly Developments. During the entrustment period, all affairs of Hopefluent China (including but not limited to financial management, business decision-making and other matters) shall be handled by Hopefluent Investment. From the Effective Date, Hopefluent Investment can exercise other shareholder’s rights except for the equity disposal rights, and enjoy the profits and losses of Hopefluent China in proportion to the entrustment. Poly Developments will no longer effectively own any rights and interests of the Hopefluent China Group, and will not assume any rights and interests and responsibilities and obligations of the Hopefluent China Group, including but not limited to all creditor’s rights and debts and litigation of the Hopefluent China Group.

Correspondingly, all Parties agree and confirm that since the Effective Date, Hopefluent China will no longer beneficially hold any rights and interests of Poly Consultancy. Hopefluent China will entrust Poly Developments to manage and exercise all rights and interests (including but not limited to voting rights and income rights) of Hopefluent China’s equity interest in Poly Consultancy. The entrustment period is from the Effective Date to the date of completion of all the procedures for cessation to hold Hopefluent China’s equity interest in Poly Consultancy. During the entrustment period, all affairs of Poly Consultancy (including but not limited to financial management, business decision-making and other matters) shall be handled by Poly Developments. From the Effective Date, Poly Developments can exercise other shareholder’s rights except for the equity disposal rights, and enjoy the profits and losses of Poly Consultancy in proportion to the entrustment. Hopefluent China will no longer effectively own any rights and interests of the Poly Consultancy Group, and will not assume any rights and interests and responsibilities and obligations of the Poly Consultancy Group, including but not limited to all creditor’s rights and debts and litigation of the Poly Consultancy Group.

Pending the completion of registration at the relevant Administration Bureau for Industry and Commerce in respect of Poly Developments’ cessation as holder of the 43.9% equity interest in Hopefluent China, the profits and losses of Hopefluent China will continue to be attributable to Hopefluent Investment and Poly Developments in proportion to their respective equity interest in Hopefluent China for accounting purpose.

## Transformation of Poly Consultancy Group

For the purpose of the Proposed Restructuring, the Parties will carry out all necessary steps and procedures to be determined by the Poly Parties and the Hopefluent Parties for the purpose of properly and gradually ceasing all business operation of the Poly Consultancy Group Businesses, including by fulfilling all outstanding contracts or transferring to a third party to undertake, disposal of assets, personnel arrangement, clearing up creditor's rights and debts and all other necessary actions to be determined by the Parties.

All taxes, fees and responsibilities arising therefrom shall be borne by Poly Developments. During the Transformation Period, no additional burden and costs in relation to the Transformation shall be created to the Hopefluent China Group.

### *Dividend distribution*

The Parties agree that based on the financial information of the undistributed dividend of Hopefluent China, the dividend of Hopefluent China for the period starting from the Original Restructuring Completion Date will be distributed to Hopefluent Investment and Poly Developments in accordance with the actual profits contributed by the Hopefluent China Group and the Poly Consultancy Group, respectively, to Hopefluent China.

The Parties further agree that all the net profits generated by the Hopefluent China Group and the Poly Consultancy Group during the Transformation Period will be allocated to Hopefluent Investment and Poly Developments respectively.

The table below sets forth unaudited consolidated financial information of the Hopefluent China Group and the Poly Consultancy Group for the years ended 31 December 2019, 2020 and 2021:

|  | <b>For the<br/>year ended<br/>31 December<br/>2019<br/>(Unaudited)<br/>HK\$'000</b> | <b>For the<br/>year ended<br/>31 December<br/>2020<br/>(Unaudited)<br/>HK\$'000</b> | <b>For the<br/>year ended<br/>31 December<br/>2021<br/>(Unaudited)<br/>HK\$'000</b> |
|--|---|---|---|
| Net (loss)/profit after tax — Hopefluent China Group | 153,667   | 192,904   | (397,417)   |
| Net (loss)/profit after tax — Poly Consultancy Group | 259,914   | 152,904   | (153,365)   |

Dividend distribution should be allocated on or after the Effective Date, and sufficient funds should be reserved to pay all (including existing and contingent) debts, taxes and obligations.

### *Brands and registered trademarks*

The Parties agree that, since the Effective Date, the Hopefluent Parties and the Poly Parties shall no longer use the other Party's brand and registered trademarks, and the business that has been used the other Party's brand but has not yet completed before the signing of the

Agreement can continue to use the other Party's brand until such business is fully carried out. If either Party violates the Agreement and damages the brand and reputation of the other Party, it shall be deemed as a breach of the Agreement and shall be liable for breach of the Agreement and compensation for losses to the other Parties.

#### *Release of Non-Compete Undertaking*

Under the 2018 Cooperation Agreement, the Company and Poly Developments agreed to procure that their respective primary and secondary real estate agency businesses would be exclusively operated by Hopefluent China, and the Company and Poly Developments, including entities under their respective control, would not invest in other entities engaged in primary and secondary real estate agency businesses or operate any business similar to that of Hopefluent China unless such businesses are operated by Hopefluent China (the “**Non-Compete Undertaking**”).

The Hopefluent Parties and the Poly Parties agree that after the Effective Date, the Hopefluent Parties and the Poly Parties are entitled to determine their own sales/agent business model according to their business needs and will no longer be restricted by the Non-Compete Undertaking.

The Poly Parties shall fulfill its obligations in relation to the Property Agency Transactions as stipulated in the Agreement.

#### *Valuation*

The net effect of the Proposed Restructuring is that the Company will dispose of the Poly Consultancy Group via the Transformation, and acquire the 43.9% equity interest in Hopefluent China (excluding the Poly Consultancy Group). There is no cash consideration involved in the Proposed Restructuring. For the purpose of determining the classification of the Proposed Restructuring under Rule 14.06 of the Listing Rules, 56.1% of the net asset value of Poly Consultancy is taken to be the consideration for the disposal of the Poly Consultancy Group, and 43.9% of the net asset value of Hopefluent China (excluding the Poly Consultancy Group) is taken to be the consideration for the acquisition of the 43.9% equity interest in Hopefluent China (excluding the Poly Consultancy Group).

Based on the unaudited accounts of the Group for the year ending 31 December 2021, (a) the net asset values of Hopefluent China as at 31 December 2021 was approximately HK\$2,375 million; (b) the net asset values of the Hopefluent China Group as at 31 December 2021 was approximately HK\$1,256 million; and (c) the net asset values of the Poly Consultancy Group as at 31 December 2021 was approximately HK\$1,119 million.

The Company expects to record an unaudited disposal loss (before tax and expenses) of approximately HK\$282 million, which is calculated by deducting from the carrying value of the 43.9% equity interest in Hopefluent China, the impairment of goodwill and the related transaction costs and expenses.

After the date of completion of the Proposed Restructuring, the Company will engage an independent valuer to prepare a valuation report to determine the financial status of the Poly Consultancy Group and the Hopefluent China Group for the period between the Original Restructuring Completion Date and the date of completion of the Proposed Restructuring.



The aforesaid valuation report is prepared solely for the accounting purpose of determining the gain or loss recorded by the Company upon completion of and as a result of the Proposed Restructuring.

### **Poly Developments' cessation to hold any equity interest in Hopefluent China**

After the Transformation Completion Date, the Hopefluent Parties and the Poly Parties will arrange for Poly Developments to cease to hold its 43.9% equity interest in Hopefluent China (the “**Cessation of Interest**”) by way of share transfer or capital reduction. Depending on whether such cessation is to be implemented by transfer of equity interest by Poly Developments to Hopefluent Investment (or other member(s) of the Group) or capital reduction in Hopefluent China, such cessation constitutes an acquisition by the Company for the purposes of the Listing Rules.

Where the Cessation of Interest is performed through share transfer, Hopefluent Investment (or other member(s) of the Group) will enter into a share transfer agreement with Poly Developments, register the equity interest to be acquired with the relevant Administration Bureau for Industry and Commerce and perform all necessary procedures in connection with the Cessation of Interest.

Where the Cessation of Interest is performed through capital reduction, the following procedures will be involved, where the board of directors of Hopefluent China will formulate a capital reduction plan which is subject to approval from the shareholders of Hopefluent China. After the passing of resolution by the shareholders of Hopefluent China approving the capital reduction, Hopefluent China will serve a notice and publish an announcement informing its creditors of the capital reduction. Hopefluent China will then apply for registration of the change of capital reduction if no creditors request Hopefluent China to pay off its debts or provide corresponding guarantees. Such capital reduction will be performed in accordance with all the necessary PRC laws and regulations.

Upon completion of the Proposed Restructuring, Poly Consultancy will cease to be a subsidiary of the Company and Hopefluent China will become an indirectly wholly-owned subsidiary of the Company.

### **Regulatory compliance**

After the Agreement takes effect and during the performance of the Parties' obligation under the Agreement, if a competent regulatory authority (including but not limited to the Stock Exchange and the SFC, the Shanghai Stock Exchange, the China Securities Regulatory Commission and its dispatched agencies, and the state-owned assets regulatory authorities) issues any order, direction and/or requirement to any Party, which results in that Party being unable or delayed to perform any of its obligations under the Agreement due to the need to comply with the said order, direction and/or requirement, the Party shall notify the other Parties as soon as possible (except for the circumstance where disclosure is prohibited by laws and regulations), and negotiate with the other Parties to adjust performance of the Agreement, so as to do its best to facilitate the transactions contemplated under the Agreement.

## **CONTINUING CONNECTED TRANSACTIONS**

### **Property Agency Transactions**

Poly Developments has undertaken to the Hopefluent Parties that after the Effective Date, Poly Developments will enter into first-hand agency business contracts with the Hopefluent Parties or its designated members of the Group for real estate development projects of Poly Developments with a saleable property value of not less than RMB80 billion (subject to the amount of the actual value to be agreed in the relevant sales agency contract between Poly Developments or its designated subsidiary and Hopefluent China or its designated members of the Group) every 12 months for five years. In respect of the Property Agency Transactions, Poly Developments may engage either (i) Hopefluent Parties as the sole agent or (ii) Hopefluent Parties and another agent as joint agents for selling the properties of real estate development projects of Poly Developments. The type of real estate development projects of Poly Developments in relation to the Property Agency Transactions will mainly be residential.

### **Real estate agency fee and other terms**

If the Poly Parties only engage the Hopefluent Parties or its designated members of the Group as the sole property agent for the Property Agency Transactions, the agency fee and other terms specified in the project agency invitation issued by the Poly Parties shall not be lower than the current market practices in the region. If the Poly Parties engage two property agents as joint agents for the Property Agency Transactions, the agency fee and other conditions specified in the project agency invitation issued by the Poly Parties shall not be lower than the terms of Poly Developments' engagement of the other property agent, and if the Poly Parties or its subordinate development company reissues a project agency invitation with better agency fee and terms than the previous issued project agency invitation, then Poly Parties shall also issue such project agency invitation to Hopefluent Parties or its designated members of the Group.

The Hopefluent Parties and the Poly Parties agree that for the purpose of awarding the Property Agency Transactions, Hopefluent Parties shall comply with the regulatory requirements applicable to state-owned enterprises to which Poly Parties are subject and the tender and engagement procedures of specific development project sales agencies.

### **Historical Amounts**

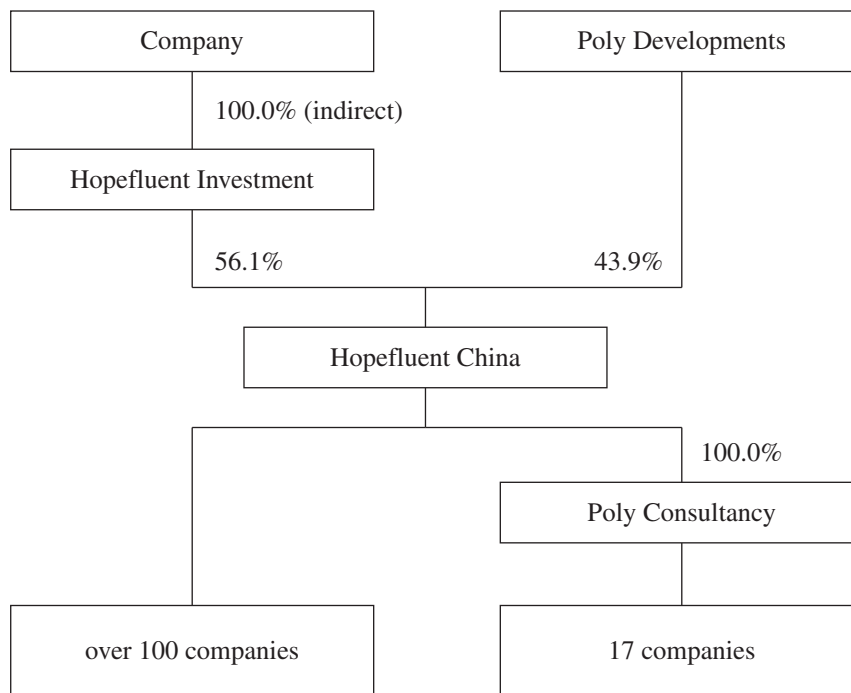
Since the entering into of the Master Agreement, the Group had been providing the real estate agency services to Poly Developments in the ordinary and usual course of business of the Group. The property value transacted from such real estate agency services provided by Hopefluent China Group to Poly Developments were approximately RMB13 billion, RMB11 billion and RMB13 billion for years ended 31 December 2019, 2020 and 2021 respectively.

## SHAREHOLDING STRUCTURES BEFORE AND AFTER COMPLETION OF THE PROPOSED RESTRUCTURING

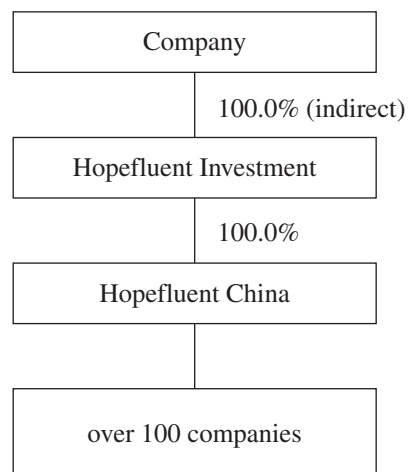
Upon completion of the Proposed Restructuring, Hopefluent China will become an indirectly wholly-owned subsidiary of the Company and members of the Poly Consultancy Group will cease to be subsidiaries of the Company.

The simplified shareholding structures of Hopefluent China and its subsidiaries immediately before and after the completion of the Proposed Restructuring are set out below:

### Immediately before completion of the Proposed Restructuring



### Immediately after completion of the Proposed Restructuring



## **INFORMATION OF THE PARTIES**

### **The Group**

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of primary and secondary real estate agency services and financial services in the PRC.

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

Hopefluent China is an indirect non-wholly owned subsidiary of the Company and is principally engaged in the provision of property real estate agency services. As at the date of this announcement, Hopefluent China is owned as to 56.1% by Hopefluent Investment and as to 43.9% by Poly Developments.

### **Poly Consultancy Group**

Poly Consultancy and its subsidiaries are companies established under the laws of the PRC and are principally engaged in real estate agency and consultancy services. As at the date of this announcement, Poly Consultancy is wholly owned by Hopefluent China.

### **Poly Developments**

Poly Developments is a joint stock company incorporated in the PRC with limited liability and its shares are listed on the Shanghai Stock Exchange (stock code: 600048) and is principally engaged in real estate businesses. Poly Developments is a real estate developer in the PRC with a number of real estate development projects.

## **REASONS FOR AND BENEFITS OF THE PROPOSED RESTRUCTURING**

After the completion of the 2018 Cooperation Restructuring, the Company and Poly Developments have on a best effort worked together to promote the comprehensive integration of Hopefluent China and its subsidiaries (including the Poly Consultancy Group). In carrying out such plans and the management integration work conducted between Hopefluent China Group and Poly Consultancy Group since 2019, the Company and Poly Developments have cooperated closely, thereby generating value for the Company and its shareholders.

However, despite the above and due to the difference in business culture, organisational systems and operating model between the Company and Poly Developments as a subsidiary of a central state-owned enterprise, the Company and Poly Developments were unable to reach full consensus on every aspects of the integration including the business and staff remuneration and management system of the Hopefluent China Group and the Poly Consultancy Group. Given the slow progress of such integration, and despite the amicable continuing cooperation between the parties, the actual day to day operations and management of the Hopefluent China Group and Poly Consultancy Group below the board

level remained relatively separate and largely influenced by culture and systems of the Company and Poly Development respectively similar to the operating model before the 2018 Cooperation Restructuring.

The Board undertakes strategic review of its businesses from time to time with a view to maximising returns to the Shareholders and to align with the business development strategy direction of the Group. In considering the original model of cooperation and the results achieved so far, it is considered that value of such cooperation has largely been gained and that further efforts to integrate would not create additional value nor assist in the long-term strategies of the Group.

On the other hand, through a change in the model of cooperation in the form of the Proposed Restructuring, the full value of the growth experienced between Hopefluent China Group and Poly Consultancy Group can be unlocked and new business synergies can be explored, such as the Property Agency Transactions (please refer to the section headed “CONTINUING CONNECTED TRANSACTIONS” for further details).

Despite the changes as part of the Proposed Restructuring, the Company is confident that it can enhance the core competitiveness of Hopefluent China. Further, the Company expects to benefit from the continued cooperation with Poly Development in the form of the Property Agency Transactions. Accordingly, the Board believes that the Agreement would not have any material adverse impact on the financial position and business operation of the Group.

In view of the above reasons and benefits, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the terms of the Agreement and the transactions contemplated thereunder have been negotiated on an arm’s length basis between the Parties on normal commercial terms, and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## FINANCIAL SUMMARY OF POLY CONSULTANCY GROUP

The table below sets forth unaudited consolidated financial information of Poly Consultancy Group for the years ended 31 December 2019, 2020 and 2021:

|                              | <b>For the<br/>year ended<br/>31 December<br/>2019<br/>(Unaudited)<br/>HK\$000</b> | <b>For the<br/>year ended<br/>31 December<br/>2020<br/>(Unaudited)<br/>HK\$000</b> | <b>For the<br/>year ended<br/>31 December<br/>2021<br/>(Unaudited)<br/>HK\$000</b> |
|------------------------------|--|--|--|
| Revenue                      | 2,517,508  | 3,131,763  | 4,477,454  |
| Net (loss)/profit before tax | 350,269  | 181,692  | (157,786)  |
| Net (loss)/profit after tax  | 259,914  | 152,904  | (153,365)  |

|                   | <b>For the<br/>year ended<br/>31 December<br/>2019<br/>(Unaudited)<br/>HK\$000</b> | <b>For the<br/>year ended<br/>31 December<br/>2020<br/>(Unaudited)<br/>HK\$000</b> | <b>For the<br/>year ended<br/>31 December<br/>2021<br/>(Unaudited)<br/>HK\$000</b> |
|-------------------|--|--|--|
| Total assets      | 1,946,821  | 2,781,285  | 2,897,984  |
| Total liabilities | 942,137  | 1,539,078  | 1,779,252  |
| Net assets        | 1,004,684  | 1,242,207  | 1,118,732  |

An accountants' report of Poly Consultancy for the financial years ended 31 December 2019, 2020 and 2021 will be provided in the circular.

### **EFFECT OF THE PROPOSED RESTRUCTURING**

After completion of the Proposed Restructuring, Hopefluent China will cease to hold any direct or indirect interest in the Poly Consultancy Group or the Poly Consultancy Group Businesses, and Hopefluent Investment will hold 100% equity interest of Hopefluent China (excluding the Poly Consultancy Group), which in turn will hold all the existing equity interests of the Hopefluent China Group. The Proposed Restructuring constitutes a disposal for the purposes of the Listing Rules.

Upon completion of the Proposed Restructuring, Poly Consultancy will cease to be a subsidiary of the Company and Hopefluent China will become an indirectly wholly-owned subsidiary of the Company.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Poly Developments is a shareholder of Hopefluent China directly holding 43.9% of the entire equity interests in Hopefluent China and hence a connected person of the Company.

After completion of the Proposed Restructuring, Hopefluent China will cease to hold any direct or indirect interest in the Poly Consultancy Group or the Poly Consultancy Group Businesses, and Hopefluent Investment will hold 100% equity interest of Hopefluent China, which in turn will hold the existing interest of the Hopefluent China Group. As the highest applicable percentage ratio of the Proposed Restructuring is more than 75%, the Proposed Restructuring amounts to a very substantial disposal and thus is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules.

With respect to Poly Developments' cessation to hold any equity interest in Hopefluent China, depending on whether such cessation is to be implemented by transfer of equity interest by Poly Developments to Hopefluent Investment (or other member(s) of the Group) or capital reduction in Hopefluent China, such cessation constitutes an acquisition by the Company for the purposes of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the such acquisition is more than 25% but below 100%, such acquisition will constitute a major transaction of the Company and

thus is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules.

### **Property Agency Transactions**

Reference is made to the 2018 Master Agreement. For further details, please refer to the Company's announcement dated 7 August 2018 and the Company's 2020 Annual Report. The Property Agency Transactions fall under the scope of the 2018 Master Agreement.

As Poly Developments is a connected person of the Company at the subsidiary level, pursuant to Rules 14A.101 of the Listing Rules, the Property Agency Transactions are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Despite such exemption and given that the Property Agency Transactions form part of the Proposed Restructuring, the Company will seek Independent Shareholders' approval for the Property Agency Transactions.

The Property Agency Transactions will not be a continuing connected transaction of the Company under Chapter 14A of the Listing Rules after the completion of the Proposed Restructuring.

An Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders in relation to, among other things, the Agreement and transactions contemplated thereunder, including the Proposed Restructuring and the Property Agency Transactions, and to advise the Independent Shareholders on how to vote (to the extent applicable), taking into account the recommendation of the Independent Financial Adviser. The Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to, among other things, the Proposed Restructuring.

### **DESPATCH OF THE CIRCULAR AND THE EGM**

The Company will hold an EGM for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder (including the Proposed Restructuring and the Property Agency Transactions). A circular including, among other information, (i) a letter from the Board containing further details of the Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing the view of the Independent Board Committee on the Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser advising the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders within 15 business days from the date of this announcement (i.e. on or before 4 May 2022).

**There is no assurance that any forward-looking statements regarding the business development of the Group in this announcement are attainable, will actually occur or will be realized or are complete or accurate. Shareholders and potential investors should note that completion of the Proposed Restructuring and the Property Agency Transactions are subject to various conditions precedent as stated in the section headed “The Agreement — Effective date of the Agreement”, above and therefore the transactions contemplated thereunder may or may not be completed. As such, investors and Shareholders are urged to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 1 April 2022 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 April 2022.

## **DEFINITIONS**

The following terms are used in this announcement with the meanings set opposite them unless the context requires otherwise:

|                                  |  |
|----------------------------------|--|
| “2018 Cooperation Agreement”     | the cooperation reorganisation agreement (合作重組協議) dated 7 May 2018 entered into between the Company, Hopefluent HK and Poly Developments in relation to, among others, the 2018 Cooperation Restructuring  |
| “2018 Cooperation Restructuring” | the cooperation restructuring of Hopefluent China and Poly Consultancy, pursuant to the 2018 Cooperation Agreement, whereby Poly Developments made a capital contribution to Hopefluent China by way of injecting the entire equity interests of the then Poly Consultancy held by Poly Developments into Hopefluent China and in return obtaining 43.9% of the entire equity interests in Hopefluent China                  |
| “2018 Master Agreement”          | the master agreement dated 27 July 2018 entered into between the Company, Poly Developments, Hopefluent China and Poly Consultancy in relation to the real estate agency business cooperation between the parties, involving, inter alia, the acquisition by Hopefluent China of the Poly Consultancy Group, in consideration for the issue by Hopefluent China of 43.9% of its entire equity interests to Poly Developments |
| “Agreement”                      | a conditional shareholder cooperation adjustment agreement (股東合作調整協議) dated 31 March 2022 entered into between the Company, Hopefluent HK, Hopefluent China, Hopefluent Investment, Poly Consultancy and Poly Developments in relation to the Proposed Restructuring and the Property Agency Transactions  |



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|-------------------------------|---|
| “Board”                       | the board of Directors  |
| “Company”                     | Hopefluent Group Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 733)  |
| “Directors”                   | directors of the Company  |
| “Effective Date”              | the date on which all the conditions precedent under the Agreement have been fulfilled (or such later date as may be agreed by all Parties)   |
| “EGM”                         | the extraordinary general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder, including the Proposed Restructuring, the release of the Non-Compete Undertaking, and the Property Agency Transactions |
| “Group”                       | the Company and its subsidiaries  |
| “Hopefluent China”            | 合富輝煌(中國)房地產顧問有限公司 (Hopefluent (China) Real Estate Consultancy Co., Ltd. <sup>#</sup> ), a company established under the laws of the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company prior completion of the Proposed Restructuring  |
| “Hopefluent China Group”      | Hopefluent China and its subsidiaries, excluding the Poly Consultancy Group   |
| “Hopefluent HK”               | Hopefluent (Hong Kong) Limited (合富輝煌(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company   |
| “Hopefluent Investment”       | 廣州合富輝煌投資諮詢有限公司 (Guangzhou Chun Wui Investment Consulting Co., Ltd. <sup>#</sup> ), a company established under the laws of the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company  |
| “Hopefluent Parties”          | the Company, Hopefluent China, Hopefluent HK, and Hopefluent Investment, being parties to the Agreement   |
| “Independent Board Committee” | an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Lam King Pui, Mr. Ng Keung and Mrs. Wong Law Kwai Wah, Karen  |

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| “Independent Financial Adviser”          | an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder   |
| “Independent Shareholders”               | Shareholders other than Poly Developments and its associates   |
| “Listing Rules”                          | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Original Restructuring Completion Date” | the completion date on which Poly Developments has injected its entire interests in the Poly Consultancy into Hopefluent China as capital contribution under the 2018 Cooperation Agreement (i.e. 3 September 2018)  |
| “Poly Consultancy”                       | 保利地產投資顧問有限公司 (Poly Real Estate Investment Consultancy Co., Ltd. <sup>#</sup> ), a company established under the laws of the PRC and a direct wholly-owned subsidiary of Hopefluent China prior to the Proposed Restructuring   |
| “Poly Consultancy Group”                 | Poly Consultancy and its 17 companies  |
| “Poly Consultancy Group Businesses”      | the business carried on by the Poly Consultancy Group, namely the provision of real estate agency and consultancy services   |
| “Poly Developments”                      | Poly Developments and Holdings Group Co., Ltd. (保利發展控股集團股份有限公司), formerly known as 保利房地產(集團)股份有限公司 (Poly Real Estate Group Co., Ltd. <sup>#</sup> ), a company established under the laws of the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 600048)       |
| “Poly Parties”                           | Poly Developments and Poly Consultancy, being parties to the Agreement   |
| “PRC”                                    | the People’s Republic of China   |
| “Property Agency Transactions”           | first-hand agency business contracts for real estate development projects of Poly Developments with a saleable property value of not less than RMB80 billion to be provided by Poly Developments to Hopefluent Parties or its designated real estate agents every 12 months for five years |
| “Proposed Restructuring”                 | the carrying out of the Transformation and Poly Developments ceasing to be a shareholder of Hopefluent China by way of share transfer or capital reduction of its 43.9% equity interests in Hopefluent China, resulting in the Hopefluent China to be wholly owned by the Company          |

|                                  |  |
|----------------------------------|--|
| “RMB”                            | Renminbi, the lawful currency of the PRC   |
| “SFC”                            | the Securities and Futures Commission of Hong Kong   |
| “Share(s)”                       | ordinary share(s) of HK\$0.01 each in the existing issued share capital of the Company   |
| “Shareholder(s)”                 | holder(s) of the Share(s)  |
| “Stock Exchange”                 | The Stock Exchange of Hong Kong Limited  |
| “subsidiary(ies)”                | has the meaning ascribed thereto under the Listing Rules   |
| “Transformation”                 | the process and procedures for the purpose of properly and gradually ceasing all business operations of the Poly Consultancy Group by fulfilling all outstanding contracts or transferring to a third party to undertake, disposal of assets, personnel arrangement, clearing up creditor’s rights and debts and all other necessary actions |
| “Transformation Completion Date” | the date of completion of the Transformation of the Poly Consultancy Group   |
| “Transformation Period”          | a period between the Effective Date and 31 March 2023  |
| “%”                              | per cent.  |

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

Hong Kong, 7 April 2022

*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.*

# *The English name is for identification purpose only*