

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Hopefluent Group Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



## **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)**

**(1) CONNECTED TRANSACTION  
IN RELATION TO  
THE SUBSCRIPTION OF NEW SHARES;  
(2) ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE;  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial adviser to the Company**



**Independent Financial Adviser to the Independent Board Committee and  
Independent Shareholders**



**INCU Corporate Finance Limited**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular unless the context otherwise required.

A notice convening the EGM to be held at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong at 3:00 p.m. on Tuesday, 9 January 2024 is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish; and in such event, the form of proxy shall be deemed to be revoked. This circular is published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.hopefluent.com](http://www.hopefluent.com).

15 December 2023

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## DEFINITIONS

*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“2022 Agreements”	the sale and purchase agreement and other ancillary agreements entered into amongst Fu’s Family Limited (as vendor), Mr. Fu (as guarantor) and CGS HK (as purchaser) dated 9 November 2022 in relation to the Previous Acquisition, further details of which are set out in the announcements dated 9 November 2022 published by CGS and the Company respectively
“acting in concert”	has the same meaning ascribed to it in the Takeovers Code
“associate(s)”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“business day(s)”	any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorised by laws to be closed in mainland China and Hong Kong
“CGS”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6098)
“CGS Group”	CGS and its subsidiaries (including CGS HK)
“CGS HK”	Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司), a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of CGS
“China” or “PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company

## DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, 9 January 2024 or any adjournment thereof, notice of the EGM (or any adjournment thereof) is set out on pages EGM-1 to EGM-3 of this circular
“Fu Family Group”	Fu’s Family Limited, Mr. Fu, Ms. Ng Wan, Ms. Fu Man, Mr. Fu Ear Ly, China-net Holding Ltd., Happy Chord Limited, Rainbow Cross Limited and Intelligent Youth Limited
“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 PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Lam King Pui, Mr. Cao Qimeng and Ms. Xu Jing established for the purpose of providing recommendations in respect of (i) the Subscription; and (ii) the Possible Offers, in particular as to whether the terms of the Possible Offers are fair and reasonable and as to acceptance of the Possible Offers pursuant to Rule 2.1 of the Takeovers Code
“Independent Financial Adviser” or “INCU Corporate Finance”	INCU Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Subscription
“Independent Shareholders”	Shareholders, other than the Fu Family Group and CGS HK and their respective associates who are required to abstain from voting at the EGM
“Independent Third Party(ies)”	person(s) or company(s) who/which is/are not connected with the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Last Trading Day”	6 November 2023, being the last trading day of the Shares on the Stock Exchange before the publication of the R3.7 Joint Announcement

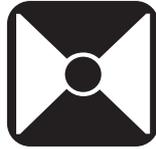
## DEFINITIONS

“Latest Practicable Date”	11 December 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2024, or such other date as CGS HK and the Company may agree in writing
“Mr. Fu”	Mr. Fu Wai Chung, an executive Director and a controlling shareholder of the Company
“Possible Acquisition”	the possible acquisition of 71,640,000 Shares by CGS HK as purchaser and China-net Holding Ltd. as vendor pursuant to the Strategic Cooperation Agreement
“Possible Offers”	if the Possible Acquisition is materialized, the possible general offers to be made by CGS HK for all the issued Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or agreed to be acquired by CGS HK and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code and for the cancellation of all outstanding share options of the Company pursuant to Rule 13 of the Takeovers Code
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Acquisition”	the acquisition of 144,753,495 Shares by CGS HK as purchaser from Fu’s Family Limited as vendor at the consideration of HK\$1.61 per Share pursuant to 2022 Agreements
“R3.7 Joint Announcement”	the announcement jointly published by the CGS, CGS HK and the Company dated 6 November 2023 in relation to, among others, the Strategic Cooperation Agreement and the Subscription
“Sale and Purchase Agreement”	the formal sale and purchase agreement to be entered into, amongst others, China-net Holding Ltd. (as vendor) and CGS HK (as purchaser) in relation to the Possible Acquisition
“Sale Shares”	71,640,000 Shares under the Possible Acquisition

## DEFINITIONS

“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)”	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)
“Specific Mandate”	the specific mandate to be granted to the Directors by the Independent Shareholders to allot and issue the Subscription Shares at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	the strategic cooperation agreement dated 6 November 2023 and entered into amongst Mr. Fu, China-net Holding Ltd., CGS HK and the Company in relation to, among others, the Subscription
“Subscription”	the conditional subscription of the Subscription Shares by CGS HK pursuant to the Strategic Cooperation Agreement
“Subscription Price”	HK\$1.61 per Subscription Share
“Subscription Shares”	26,966,000 new Shares to be subscribed by CGS HK pursuant to the Strategic Cooperation Agreement and to be issued under the Specific Mandate
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

\* *The English translation of Chinese name(s) in this circular, where indicated, is included for information only, and should not be regarded as the official English name(s) of such Chinese name(s).*



**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)**

*Executive Directors:*

Mr. ZHU Rongbin (*Chairman*)

Mr. GAO Bin (*President*)

Mr. FU Wai Chung

Mr. LO Yat Fung

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Non-Executive Director:*

Mr. FU Ear Ly (*Vice Chairman*)

*Principal place of business*

*in Hong Kong:*

Room 3611, 36th Floor

Shun Tak Centre West Tower

200 Connaught Road Central

Hong Kong

*Independent Non-Executive Directors:*

Mr. LAM King Pui

Mr. CAO Qimeng

Ms. XU Jing

15 December 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION  
IN RELATION TO  
THE SUBSCRIPTION OF NEW SHARES;  
(2) ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE;  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the R3.7 Joint Announcement in relation to, among others, the Strategic Cooperation Agreement, the Possible Acquisition and the Subscription. The Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Independent Shareholders at the EGM.

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) further details in relation to the Strategic Cooperation Agreement and the Subscription; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM.

INCU Corporate Finance has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription.

### THE STRATEGIC COOPERATION AGREEMENT

On 6 October 2023, CGS HK (a wholly-owned subsidiary of CGS), Mr. Fu (an executive director and controlling shareholder of the Company), China-net Holding Ltd. (a company wholly-owned by Mr. Fu and a substantial shareholder of the Company) and the Company entered into the Strategic Cooperation Agreement in respect of the Possible Acquisition of the Sale Shares by CGS HK (as potential purchaser) from China-net Holding Ltd. (as potential vendor) and the Subscription for the Subscription Shares by CGS HK (as subscriber) from the Company (as issuer).

The Possible Acquisition is subject to the negotiation of and the entry into a formal sale and purchase agreement between the parties, and the Strategic Cooperation Agreement does not create legally binding obligations on CGS HK or China-net Holding Ltd. to proceed with the Possible Acquisition. For the avoidance of doubt, the Possible Acquisition is not conditional upon or dependent on the Subscription. Notwithstanding the Subscription being approved by the Independent Shareholders, the Possible Acquisition shall proceed and become effective, such that the Company may still proceed with the necessary corporate actions thereunder to complete the Possible Acquisition. As at the Latest Practicable Date, the formal sale and purchase agreement in relation to the Possible Acquisition has not yet been entered into between the parties. Subject to negotiation, CGS HK, Mr. Fu and China-net Holding Ltd. shall enter into the formal sale and purchase agreement for the Possible Acquisition within three (3) days after the EGM or earlier.

The Possible Acquisition, if materializes, may lead to general offers by CGS HK for all the issued Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or agreed to be acquired by CGS HK and parties acting in concert with it) pursuant to Rule 26.1 and Rule 13 of the Takeovers Code. Further announcement(s) will be made by the Company in relation to the Possible Acquisition and the Possible Offers in compliance with the Listing Rules and the Takeovers Code when appropriate.

## LETTER FROM THE BOARD

### THE SUBSCRIPTION

Under the Strategic Cooperation Agreement, the Company has conditionally agreed to issue and CGS HK has conditionally agreed to subscribe, in cash, for 26,966,000 new Shares at a total consideration of HK\$43,415,260 (representing HK\$1.61 per Subscription Share). CGS HK is a substantial shareholder of the Company and is therefore a connected person of the Company.

Principal terms of the Subscription are set out below:

#### The Subscription Shares

As at the Latest Practicable Date, the Company has 674,149,989 Shares in issue. Assuming there will be no change in the total number of issued Shares between the Latest Practicable Date and the issue and allotment of the Subscription Shares, 26,966,000 Subscription Shares represents:

- (i) approximately 4.00% of the total number of issued Shares as at the Latest Practicable Date; and
- (ii) approximately 3.85% of the enlarged issued share capital of the Company assuming there is no other change in its issued share capital between the Latest Practicable Date and completion of the Subscription, other than issue of the Subscription Shares.

The completion of the Subscription (but without taking into account the Possible Acquisition) would result in an increase in shareholding in the Company held by CGS HK from approximately 25.00% to approximately 27.88%.

Based on the par value of HK\$0.01 per Share, the aggregate nominal value of the Subscription Shares is HK\$269,660.

#### Subscription Price

The total consideration for the Subscription Shares is HK\$43,415,260, representing a price of HK\$1.61 per Subscription Share.

The Subscription Price of HK\$1.61 per Subscription Share represents:

- (i) a premium of approximately 46.36% over the closing price of HK\$1.100 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 73.12% over the closing price of HK\$0.930 per Share as quoted on the Stock Exchange on the Last Trading Day;

## LETTER FROM THE BOARD

- (iii) a premium of approximately 75.00% over the average closing price of HK\$0.920 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day;
- (iv) a premium of approximately 74.43% over the average closing price of HK\$0.923 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the Last Trading Day;
- (v) a discount of approximately 51.28% over the Group's audited consolidated net asset value attributable to the Shareholders ("NAV") per Share of approximately HK\$3.305 as at 31 December 2022;
- (vi) a discount of approximately 44.37% over the Group's unaudited NAV per Share of approximately HK\$2.894 as at 30 June 2023; and
- (vii) the same as the acquisition price of HK\$1.61 per Share in the Previous Acquisition.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the acquisition price under the Previous Acquisition were determined at the relevant time after arm's length negotiations, and with reference to factors including but not limited to the: (i) Group's good resource allocation; (ii) Group's reputation; (iii) Group's experience; (iv) Group's past performance; (v) Group's operating conditions; and (vi) valuation, future prospect and development of peer companies in property real estate agency industry. Given that the price HK\$1.61 per Share remains agreeable to CGS HK and represents a significant premium to the recent closing price and average closing price as described above, it was one of the factors used to determine the Subscription Price.

The Subscription Price was determined and negotiated on an arm's length basis between CGS HK and the Company and with reference to factors including but not limited to the market conditions, the prevailing market price of the Shares, the acquisition price of the Previous Acquisition and the intended strategic cooperation between CGS HK and the Company as further described under "Corporate governance and other arrangements — Business cooperation" and "Reasons for and benefits of the subscription and the intended use of proceeds" of this circular. The Directors (including the independent non-executive Directors, whose view has been included in the section headed "Letter from the Independent Board Committee" in this circular) consider that the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

Moreover, the Shares had been traded at a closing price below the NAV per Share over the majority of the trading days during the previous periods. The Subscription Price represents a discount to the NAV per Share as at 30 June 2023 of approximately 44.37% which is lower than the average discounts to the NAV per Share ranging from approximately 53.06% to approximately 65.20% for the period from 28 March 2019, being the date after the publication of the annual results announcement for the year ended 31 December 2018, to the Last Trading Day. This implies that the investors in the stock market may not have valued the Shares primarily based on the NAV per Share of the Company over the past four years. Instead, investors may have consistently emphasized on other fundamentals and future prospects of the Company when deciding the trading price of the Shares. Therefore, the Directors have taken into consideration that the NAV per Share may not adequately reflect the intrinsic value of the Company. As a result, it is not considered to be a significant factor in determining the Subscription Price.

### **Conditions to the Subscription**

Completion of the Subscription is conditional upon satisfaction or waiver (as the case may be) of the following conditions on or before the Long Stop Date:

- (i) the passing of an ordinary resolution at the EGM by the Independent Shareholders to approve the Subscription by way of poll;
- (ii) the listing committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Subscription Shares on the Stock Exchange;
- (iii) the PRC anti-monopoly law enforcement agency having issued the relevant approval documents for the Subscription, if required; and
- (iv) CGS HK having confirmed to the Company in writing that the necessary funds to settle the total consideration for the Subscription Shares are in place.

Neither CGS HK nor the Company may waive any of the conditions (i) and (ii) above, while CGS HK may waive any of the conditions (iii) and (iv) above by written notice to the Company. As at the Latest Practicable Date, none of the above conditions has been satisfied and/or waived.

## **LETTER FROM THE BOARD**

### **Completion of the Subscription**

Completion of the Subscription will take place at 10:00 a.m. (Hong Kong time) on the third business day after all the conditions to the Subscription have been satisfied or such other date as CGS HK and the Company may agree and the CGS HK will make payment of the Subscription amount either by bank transfer or wire transfer or such other methods as CGS HK and the Company may agree.

Subject to entry into and the terms and conditions of a formal sale and purchase agreement in relation to the Possible Acquisition between the parties, it is currently contemplated that completion of the Possible Acquisition shall take place on the same day as completion of the Subscription.

### **Specific Mandate for the issue of the Subscription Shares**

The Subscription is subject to the Independent Shareholders' approval. The Subscription Shares will be issued and allotted under the Specific Mandate to be sought from the Independent Shareholders at the EGM.

### **Application for listing**

Application will be made by the Company to the listing committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

### **Ranking of the Subscription Shares**

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with all other Shares in issue as at the date of allotment and issue of such Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company with a record date falling on or after the date of allotment and issue of such Subscription Shares.

### **LOCK-UP UNDERTAKING**

In respect of the Sale Shares, during the period of two years from the date of completion of the Possible Acquisition, and in respect of the Subscription Shares, during the period of two years from the date of completion of the Subscription, CGS HK has undertaken to the Company that CGS HK will not directly or indirectly transfer any of the Sale Shares and the Subscription Shares to any third party which is not a related party of CGS HK nor create or permit to subsist any encumbrance or third party rights over any such Sale Shares or Subscription Shares held by CGS HK during the respective applicable lock-up period. Further, CGS HK has undertaken that, if CGS HK transfers (with prior written consent obtained from Mr. Fu) the Sale Shares and/or the Subscription Shares to its subsidiary, CGS or any other subsidiary of CGS, the transferee shall comply with the obligations, undertakings or covenants of CGS HK under the Strategic Cooperation Agreement.

## LETTER FROM THE BOARD

### CORPORATE GOVERNANCE AND OTHER ARRANGEMENTS

#### Corporate governance

Subject to the completion of the Possible Acquisition and compliance with the Takeovers Code, the Listing Rules and the internal regulations of the Company (including but not limited to the articles of association, directors' nomination policy and terms of reference of the nomination committee of the Company), each of CGS HK, Mr. Fu and China-net Holding Ltd. agrees that the board of directors of the Company shall, with effect from 30 June 2024, comprise of eight directors, including (i) two directors, acting as executive director(s) or non-executive director(s), to be nominated by Mr. Fu; (ii) three directors, acting as executive director(s) or non-executive director(s), to be nominated by CGS HK; and (iii) three independent non-executive directors, two of whom shall be nominated by CGS HK and one of whom shall be nominated by Mr. Fu. The aforementioned right of CGS HK and Mr. Fu respectively to nominate directors of the Company is subject to, (i) in respect of CGS HK, it and its affiliates (including the CGS Group) together holding not less than 30% shareholding interest in the Company; and (ii) in respect of Mr. Fu, his and his affiliates (including the Fu Family Group) together holding not less than 18% shareholding interest in the Company. In determining whether the percentage shareholding threshold is met, any dilution caused by the issuance of new Shares by the Company to any third party other than CGS HK, Mr. Fu and China-net Holding Ltd. or their respective affiliates shall be ignored, but any dilution caused by the issuance of new Shares by the Company to either the CGS Group or the Fu Family Group shall be taken into account. The Company is not obliged to appoint the directors. The aforementioned arrangement is based on the mutual agreement between CGS HK, Mr. Fu and China-net Holding Ltd. and is not binding on the Company. Nonetheless, the aforementioned arrangement is subject to the internal regulations of the Company, which include the review of composition of the Board by the nomination committee of the Company.

The Company shall be independently operated and managed by the Board from time to time constituted.

#### Business cooperation

For a period of five years after completion of the Possible Acquisition (if materialized), CGS HK shall provide support to the Company to develop an integrated transaction platform covering first-hand sales agency, inventory property sales, asset management and online marketing services, and the Company shall be a core provider of such services within the business eco-system of the CGS Group, with the objective of building up the core competitive advantages and market share of the Company.

To the extent that the anticipated business cooperation between the CGS Group and the Group constitutes connected transaction(s) under Chapter 14A of the Listing Rules, each of CGS HK, Mr. Fu and China-net Holding Ltd. agrees to use their respective reasonable endeavours to cooperate with each other in order to comply with the applicable Listing Rules requirements.

## **LETTER FROM THE BOARD**

### **Funding commitment to support the business development of the Company**

In the event that the Subscription is terminated but the sale and purchase of the Sale Shares have been completed, CGS agrees to provide funding of approximately HK\$43 million to support the business development of the Company within three years after the date of the Strategic Cooperation Agreement, with the preferred manner of funding being one or more rounds of equity financing in the form of subscription for new Shares, which is subject to compliance with the applicable requirements under the Takeovers Code (including, among others, the 2% creeper under Rule 26 of the Takeovers Code, where applicable) and the Listing Rules (including, among others, the connected transaction requirements under Chapter 14A of the Listing Rules and the minimum public float requirement under Rule 8.08 of the Listing Rules, where applicable) and the obtaining of the necessary shareholders' approval by CGS and/or the Company.

### **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE INTENDED USE OF PROCEEDS**

The CGS Group is a leading integrated service provider in the PRC and through CGS HK, it has been the second largest shareholder of the Company after completion of the Previous Acquisition.

By further increasing its interest in the Company through the Subscription and Possible Acquisition and potentially becoming the largest shareholder of the Company after their completion, CGS Group demonstrates a high level of trust in the Group's business and prospects and a commitment to the Company's success. Moreover, the Strategic Cooperation Agreement will deepen the cooperation between CGS Group and the Group, and allow the parties to leverage each other's complementary strengths, resources and expertise to generate mutual benefits and growth and creating long-term value for CGS Group and the Group. In particular, the proposed support to be provided by CGS HK to the Company to develop an integrated transaction platform is expected to increase the Company's service offering and increase customer outreach, which will in turn result in more business leads and business opportunities for the Company. The proceeds from the Subscription or the funding support commitment by CGS HK under the Strategic Cooperation Agreement will further enhance its financial strength and facilitate its business development which is in the interests of the Company and the Shareholders as a whole.

The gross and net aggregate proceeds after deducting all relevant costs and expenses of the Subscription are approximately HK\$43.4 million and HK\$40.0 million, respectively. The net Subscription Price (after deduction of all relevant costs and expenses) is estimated to be approximately HK\$1.48 per Subscription Share.

The Company intends to apply the net proceeds to be raised from the Subscription as general working capital for the business development of the Group, such as (i) staff commissions (being an incentive payment to staff of the Group) and (ii) other operating expenses.

## **LETTER FROM THE BOARD**

### **INFORMATION OF THE GROUP AND THE OTHER PARTIES**

#### **The Group**

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of primary and secondary real estate agency services and financial services in the PRC.

#### **The subscriber and other parties to the Strategic Cooperation Agreement**

CGS is an investment holding company and a leading integrated service provider in the PRC. Its subsidiaries are principally engaged in property management services, community value-added services, value-added services to non-property owners and “Three Supplies and Property Management” businesses (currently including property management services and heat supply business), city services and commercial operational services. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the ultimate controlling shareholder of CGS is Ms. Yang Huiyan, who is interested in approximately 36.44% of the total issued shares of CGS as at the Latest Practicable Date. Save for Ms. Yang Huiyan, her spouse Mr. Chen Chong and entities controlled by them, and Guoqiang Public Welfare Foundation (Hong Kong) Limited (a charitable institution incorporated in Hong Kong) which received a donation of shares in CGS from an entity controlled by Ms. Yang Huiyan in July 2023 (for details, please refer to the announcement of CGS dated 30 July 2023), based on public information available, no other person has interest in 10% or more of the issued share capital of CGS.

CGS HK is an indirect wholly-owned subsidiary of CGS and its subsidiaries are principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and “Three Supplies and Property Management” businesses (currently including property management services and heat supply business), city services and commercial operational services.

Mr. Fu is an executive director of the Company and a controlling shareholder of the Company.

China-net Holding Ltd. is a company incorporated in the British Virgin Islands and principally engaged in investment holding. China-net Holding Ltd. is wholly owned by Mr. Fu.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the Latest Practicable Date.

## LETTER FROM THE BOARD

### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) upon completion of the Subscription and without taking into account the Possible Acquisition, and (iii) upon completion of the Subscription and assuming that the Possible Acquisition is consummated but without taking into account the Possible Offers:

<i>Shareholders</i>	As at the Latest Practicable Date		Immediately upon completion of the Subscription and without taking into account the Possible Acquisition		Immediately upon completion of the Subscription and assuming that the Possible Acquisition is consummated but without taking into account the Possible Offers	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<i>The Fu Family Group</i>						
Fu's Family Limited ( <i>Note 1</i> )	29,431,304	4.36	29,431,304	4.20	29,431,304	4.20
Mr. Fu	28,024,334	4.16	28,024,334	4.00	28,024,334	4.00
Ms. Ng Wan	7,398,334	1.10	7,398,334	1.05	7,398,334	1.05
China-net Holding Ltd. ( <i>Note 2</i> )	112,418,263	16.68	112,418,263	16.03	40,778,263	5.82
Happy Chord Limited ( <i>Note 2</i> )	18,344,077	2.72	18,344,077	2.62	18,344,077	2.62
Rainbow Cross Limited ( <i>Note 3</i> )	78,319,938	11.62	78,319,938	11.17	78,319,938	11.17
Intelligent Youth Limited ( <i>Note 3</i> )	<u>12,000,000</u>	<u>1.78</u>	<u>12,000,000</u>	<u>1.71</u>	<u>12,000,000</u>	<u>1.71</u>
Sub-total of the Fu Family Group	<u>285,936,250</u>	<u>42.42</u>	<u>285,936,250</u>	<u>40.78</u>	<u>214,296,250</u>	<u>30.57</u>
CGS HK	168,537,497	25.00	195,503,497	27.89	267,143,497	38.10
Public shareholders	<u>219,676,242</u>	<u>32.58</u>	<u>219,676,242</u>	<u>31.33</u>	<u>219,676,242</u>	<u>31.33</u>
<b>Total</b>	<u><u>674,149,989</u></u>	<u><u>100</u></u>	<u><u>701,115,989</u></u>	<u><u>100</u></u>	<u><u>701,115,989</u></u>	<u><u>100</u></u>

*Notes:*

1. Fu's Family Limited is owned as to 70% by Mr. Fu, 15% by Ms. Ng Wan (the spouse of Mr. Fu) and 15% by Ms. Fu Man (the sister of Mr. Fu).

## LETTER FROM THE BOARD

2. Each of China-net Holding Ltd. and Happy Chord Limited is wholly owned by Mr. Fu.
3. Each of Rainbow Cross Limited and Intelligent Youth Limited is wholly owned by Mr. Fu Ear Ly (the son of Mr. Fu and Ms. Ng Wan).
4. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

### IMPLICATIONS UNDER THE LISTING RULES

CGS HK is a substantial shareholder of the Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Fu and China-net Holding Ltd. (being wholly owned by Mr. Fu) are parties to the Strategic Cooperation Agreement. Mr. Fu Ear Ly is the son of Mr. Fu. Each of Mr. Zhu Rongbin and Mr. Gao Bin are Directors nominated by CGS HK pursuant to the 2022 Agreements. Accordingly, each of Mr. Fu (an executive Director), Mr. Fu Ear Ly (a non-executive Director), Mr. Zhu Rongbin (an executive Director) and Mr. Gao Bin (an executive Director) has abstained from voting on (and has not been counted in the quorum for) the relevant Board resolutions for approving the Strategic Cooperation Agreement and the Subscription. Save for Mr. Fu, Mr. Fu Ear Ly, Mr. Zhu Rongbin and Mr. Gao Bin, none of the Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Strategic Cooperation Agreement and the Subscription.

The Subscription Shares will be issued and allotted under the Specific Mandate to be sought at the EGM. As Mr. Fu, China-net Holding Ltd. and CGS HK are each considered to be interested in the Strategic Cooperation Agreement and the Subscription, Fu Family Group, CGS HK and their respective associates are required to and will abstain from voting on the resolution to be proposed at the EGM for approving, among others, the Subscription and the grant of the Specific Mandate. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other than Fu Family Group, CGS HK and their respective associates which held 454,473,747 Shares (representing approximately 67.41% of the total issued share capital of the Company), no other Shareholder will be required to abstain from voting on the resolution approving the aforesaid matters at the EGM.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Lam King Pui, Mr. Cao Qimeng and Ms. Xu Jing, has been formed to advise the Independent Shareholders as to whether (i) the Subscription is in the ordinary and usual course of business of the Group; (ii) the terms of the Subscription are on normal commercial terms and are fair and reasonable; (iii) the Subscription is in the interests of the Company and the Shareholders as a whole; and (iv) the voting on the relevant resolution in respect of the Subscription and the transactions contemplated thereunder (including the grant of the Specific

## **LETTER FROM THE BOARD**

Mandate) at the EGM. INCU Corporate Finance has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the entitlement to attend and vote at the EGM, the transfer books and register of members of the Company will be closed from Thursday, 4 January 2024 to Tuesday, 9 January 2024, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 3 January 2024.

### **EXTRAORDINARY GENERAL MEETING**

Set out on pages EGM-1 to EGM-3 of this circular is the notice of EGM at which, among others, resolution in relation to the Strategic Cooperation Agreement, the Subscription and the grant of the Specific Mandate, will be proposed to the Independent Shareholders for consideration and approval.

A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hopefluent.com](http://www.hopefluent.com)). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM shall therefore demand voting on the resolution set out in the notice of EGM be taken by way of poll pursuant to the Articles of Association.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

## LETTER FROM THE BOARD

### RECOMMENDATION

The Board (including all the independent non-executive Directors, but excluding Mr. Fu, Mr. Fu Ear Ly, Mr. Zhu Rongbin and Mr. Gao Bin, who have abstained from voting in respect of such resolutions to approve the Strategic Cooperation Agreement and the Subscription) is of the view that the terms of the Strategic Cooperation Agreement and the Subscription are fair and reasonable and the Strategic Cooperation Agreement and the Subscription are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommends the Shareholders to vote in favour of the ordinary resolution in relation to the Strategic Cooperation Agreement and the Subscription (including the grant of the Specific Mandate) to be proposed at the EGM.

**Given that completion of the Subscription is subject to conditions and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

By order of the Board  
**Hopefluent Group Holdings Limited**  
**ZHU Rongbin**  
*Chairman*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

*The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders which is prepared for the purpose of inclusion in this circular.*



**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)**

15 December 2023

*To the Independent Shareholders,*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION  
IN RELATION TO  
THE SUBSCRIPTION OF NEW SHARES;  
(2) ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE;  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 15 December 2023 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the terms of the Subscription, to advise you as to whether such terms are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole, and to recommend whether or not the Independent Shareholders should approve the Subscription. INCU Corporate Finance has been appointed as the Independent Financial Adviser to advise us and you in this regard.

We wish to draw your attention to the letter from the Board set out on pages 5 to 17 of this Circular and the letter from the Independent Financial Adviser set out on pages 20 to 43 of this Circular which contains its advice to us and Independent Shareholders in respect of the Subscription, and the additional information set out in the appendix to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that although the Subscription is not in the ordinary and usual course of business of the Group, the terms of the Subscription are on normal commercial terms, fair and

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription and the transactions completed thereunder (including the grant of the Specific Mandate).

Yours faithfully,  
Independent Board Committee

**Mr. LAM King Pui**  
*Independent non-executive  
Director*

**Mr. CAO Qimeng**  
*Independent non-executive  
Director*

**Ms. XU Jing**  
*Independent non-executive  
Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Subscription (including the grant of the Specific Mandate).*



**INCU Corporate Finance Limited**  
Unit 1402, 14/F, Winsome House,  
73 Wyndham Street,  
Central, Hong Kong

15 December 2023

*To: The Independent Board Committee and  
the Independent Shareholders of  
Hopefluent Group Holdings Limited*

Dear Sirs and Madams,

### **(1) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF NEW SHARES; AND (2) ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription (including the grant of the Specific Mandate), particulars of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 15 December 2023 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the R3.7 Joint Announcement. On 6 November 2023, CGS HK (a wholly-owned subsidiary of CGS), Mr. Fu (an executive director and controlling shareholder of the Company), China-net Holding Ltd. (a company wholly-owned by Mr. Fu and a substantial shareholder of the Company) and the Company entered into the Strategic Cooperation Agreement in respect of the Possible Acquisition of the Sale Shares by CGS HK (as potential purchaser) from China-net Holding Ltd. (as potential vendor) and the Subscription for the Subscription Shares by CGS HK (as subscriber) from the Company (as issuer). Under the Strategic Cooperation Agreement, the Company has conditionally agreed to issue and CGS HK has conditionally agreed to subscribe, in cash, for 26,966,000 new Shares at a total consideration of HK\$43,415,260 (representing HK\$1.61 per Subscription Share).

CGS HK is a substantial shareholder of the Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. Fu and China-net Holding Ltd. (being wholly owned by Mr. Fu) are parties to the Strategic Cooperation Agreement. Mr. Fu Ear Ly is the son of Mr. Fu. Each of Mr. Zhu Rongbin and Mr. Gao Bin are Directors nominated by CGS HK pursuant to the 2022 Agreements. Accordingly, each of Mr. Fu (an executive Director), Mr. Fu Ear Ly (a non-executive Director), Mr. Zhu Rongbin (an executive Director) and Mr. Gao Bin (an executive Director) has abstained from voting on (and has not been counted in the quorum for) the relevant Board resolutions for approving the Strategic Cooperation Agreement and the Subscription. Save for Mr. Fu, Mr. Fu Ear Ly, Mr. Zhu Rongbin and Mr. Gao Bin, none of the Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Strategic Cooperation Agreement and the Subscription.

The Subscription Shares will be issued and allotted under the Specific Mandate to be sought at the EGM. As Mr. Fu, China-net Holding Ltd. and CGS HK are each considered to be interested in the Strategic Cooperation Agreement and the Subscription, Fu Family Group, CGS HK and their respective associates are required to and will abstain from voting on the resolution to be proposed at the EGM for approving, among others, the Subscription and the grant of the Specific Mandate. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other than Fu Family Group, CGS HK and their respective associates which held 454,473,747 Shares (representing approximately 67.41% of the total issued share capital of the Company), no other Shareholder will be required to abstain from voting on the resolution approving the aforesaid matters at the EGM.

As stated in the Letter from the Board, the Possible Acquisition is not conditional upon or dependent on the Subscription. Notwithstanding the Subscription being approved by the Independent Shareholders, the Possible Acquisition shall proceed and become effective, such that the Company may still proceed with the necessary corporate actions thereunder to complete the Possible Acquisition.

We have not acted as an independent financial adviser and have not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Subscription, and accordingly, are eligible to give independent advice and recommendations on the terms of Subscription. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Subscription.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lam King Pui, Mr. Cao Qimeng and Ms. Xu Jing, has been formed to advise the Independent Shareholders on the reasonableness and fairness in respect of the Subscription and the transactions contemplated thereunder (including the grant of the Specific Mandate).

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of the Listings Rules, our role is to give an independent opinion as to whether the terms of the Subscription are in the interests of the Company and the Independent Shareholders as a whole, being fair and reasonable so far as the Shareholders are concerned.

### BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company and the management of the Group. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld.

Our review and analyses were based upon, among others, (i) the information provided by the Group including the Circular, the Strategic Cooperation Agreement and certain published information from the public domain, including but not limited to, the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report 2022**”) and the interim report of the Company for the six months ended 30 June 2023 (the “**Interim Report 2023**”); and (ii) our discussion with the Directors and the management of the Group with respect to the terms of and the reasons for entering into of the Subscription. We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses or affairs and future prospects of the Group and the subscriber nor have we carried out any independent verification of the information supplied.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinions and recommendations in respect of the Subscription, we have taken into consideration of the following principal factors and reasons:

### **(I) Background of the Subscription**

On 6 November 2023, CGS HK (a wholly-owned subsidiary of CGS), Mr. Fu (an executive director and controlling shareholder of the Company), China-net Holding Ltd. (a company wholly-owned by Mr. Fu and a substantial shareholder of the Company) and the Company entered into the Strategic Cooperation Agreement in respect of the Possible Acquisition of the Sale Shares by CGS HK (as potential purchaser) from China-net Holding Ltd. (as potential vendor) and the Subscription for the Subscription Shares by CGS HK (as subscriber) from the Company (as issuer).

Under the Strategic Cooperation Agreement, the Company has conditionally agreed to issue and CGS HK has conditionally agreed to subscribe, in cash, for 26,966,000 new Shares at a total consideration of HK\$43,415,260 (representing HK\$1.61 per Subscription Share).

### **(II) Background and financial performance of the Group**

#### *Background of the Group*

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of primary and secondary real estate agency services (“**Property Agency Business**”) and financial services (“**Financial Services**”) in the PRC.

#### *Financial performance of the Group*

According to the Annual Report 2022 and the announcement of the Company dated 7 April 2022, on 31 March 2022, the Company entered into a conditional shareholder cooperation adjustment agreement with, among others, Poly Developments and Holdings Group Co., Ltd. (保利發展控股集團股份有限公司) (“**Poly Developments**”), a company established under the laws of the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 600048), in relation to the proposed restructuring (“**Proposed Restructuring**”), which involves the process and procedures for the purpose of properly and gradually ceasing all business operations of Poly Real Estate Investment Consultancy Co., Ltd. (保利地產投資顧問有限公司) (“**Poly Consultancy**”), which was a direct wholly-owned subsidiary of Hopefluent (China) Real Estate Consultancy Co., Ltd. (合富輝煌(中國)房地產顧問有限公司) (“**Hopefluent China**”) prior to the Proposed Restructuring, 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. Prior to the completion of the Proposed Restructuring, Hopefluent China was owned to 56.1% indirectly by the Company and 43.9%

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

directly by Poly Developments. After the completion of the Proposed Restructuring, Hopefluent China will cease to hold any direct or indirect interest in the Poly Consultancy and its subsidiaries and businesses. Guangzhou Chun Wui Investment Consulting Co., Ltd. (廣州合富輝煌投資諮詢有限公司), an indirectly wholly-owned subsidiary of the Company, will hold 100% equity interest of Hopefluent China excluding Poly Consultancy and its subsidiaries. As a result of the Proposed Restructuring, Poly Consultancy and its subsidiaries had ceased to be subsidiaries of the Company and 43.9% equity interest of Hopefluent China held by Poly Developments was derecognised as non-controlling interest on 31 August 2022.

Set out below is the financial information of the Group for the two years ended 31 December 2021 (“FY2021”) and 31 December 2022 (“FY2022”) respectively as extracted from Annual Report 2022 and for the six months ended 30 June 2022 (“HY2022”) and 30 June 2023 (“HY2023”) respectively as extracted from the Interim Report 2023:

### *Consolidated financial performance of the Group*

	<b>For FY2021</b>	<b>For FY2022</b>	<b>For HY2022</b>	<b>For HY2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue from continuing operations</b>				
— Property Agency Business	2,489,400	1,425,835	861,664 <i>(Note 1)</i>	672,573
— Financial Services	179,743	91,027	35,981	27,328
	<b>2,669,143</b>	<b>1,516,862</b>	<b>897,645</b> <i>(Note 1)</i>	<b>699,901</b>
<b>Loss for the year/period from continuing operations attributable to the owners of the Company</b>	<b>(458,558)</b>	<b>(246,020)</b>	<b>(159,174)</b> <i>(Note 2)</i>	<b>(151,660)</b>

#### *Notes:*

1. After excluding the revenue from discontinued operations for HY2022 of approximately HK\$2,076 million as disclosed in the management discussion and analysis in the Interim Report 2023.
2. After excluding the net loss from discontinued operations attributable to the owners of the Company for HY2022 of approximately HK\$328 million as disclosed in the management discussion and analysis in the Interim Report 2023.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Table 1: Summary of the consolidated financial performance of the Group**

*(i) FY2021 vs FY2022*

As set out in above Table 1, the revenue from continuing operations of the Group for FY2022 was approximately HK\$1,516.86 million, representing a decrease of approximately 43.2% as compared with that of approximately HK\$2,669.14 million for FY2021. The decrease in revenue was due to the decrease in revenue of Property Agency Business resulted from severe real estate market condition in the PRC. The net loss from continuing operations attributable to the owners of the Company for FY2022 was approximately HK\$246.02 million, representing a decrease of approximately 46.3% as compared with that of approximately HK\$458.56 million for FY2021. The decrease in net loss was mainly due to the decrease in selling expenses resulted from decrease of revenue as mentioned above.

*(ii) HY2022 vs HY2023*

The revenue of the Group for HY2023 was approximately HK\$699.90 million, representing a decrease of approximately 22.0% as compared with that of approximately HK\$897.65 million for HY2022 after excluding the revenue from discontinued operations for HY2022. Such decrease of revenue was mainly due to the decrease in property transactions and the slow market recovery resulted from tight capital of real estate developers. The net loss attributable to the owners of the Company for HY2023 was approximately HK\$151.66 million, representing a decrease of approximately 4.7% as compared with that of approximately HK\$159.17 million for HY2022 after excluding the net loss from discontinued operations attributable to the owners of the Company for HY2022. The decrease in net loss was mainly due to the adoption of cost-saving measures by the Company.

*Consolidated financial position of the Group*

	<b>As at 31 December 2022</b>	<b>As at 30 June 2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
<b>Non-current assets</b>		
Investment properties	139,282	131,794
Property, plant, equipment	288,899	267,871
Right-of-use assets	94,966	98,143
Goodwill	11,707	11,707
Interest in a joint venture	—	—
Loan receivables	531,116	172,413
Other receivables and deposits	7,752	8,696
Deferred tax assets	147,395	174,718
	1,221,117	865,342

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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	<b>As at 31 December 2022</b>	<b>As at 30 June 2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
<b>Current assets</b>		
Accounts receivable	656,951	644,731
Loan receivables	42,585	253,441
Other receivables, deposits and prepayments	710,921	428,903
Account due from a joint venture	17,980	14,972
Financial assets at fair value through profit or loss	7,500	5,475
Bank balances and cash	<u>393,966</u>	<u>317,980</u>
	1,829,903	1,665,502
<b>Total assets</b>	<b>3,051,020</b>	<b>2,530,844</b>
<b>Current liabilities</b>		
Payables and accruals	310,755	141,170
Contract liabilities	25,642	18,818
Lease liabilities	43,037	15,373
Tax liabilities	61,773	37,531
Bank and other borrowings	<u>50,659</u>	<u>133,957</u>
	491,866	346,849
<b>Non-current liabilities</b>		
Lease liabilities	35,665	67,949
Deferred tax liabilities	108,205	107,648
Bank and other borrowings	<u>181,250</u>	<u>50,968</u>
	325,120	226,565
<b>Total liabilities</b>	<b>816,986</b>	<b>573,414</b>
<b>Net current assets</b>	<b>1,338,037</b>	<b>1,318,653</b>
<b>Net assets</b>	<b>2,234,034</b>	<b>1,957,430</b>

**Table 2: The consolidated financial position of the Group**

*(i) Non-current assets and current assets*

As set out in the above Table 2, the non-current assets of the Group decreased from approximately HK\$1,221.12 million as at 31 December 2022 to approximately HK\$865.34 million as at 30 June 2023, representing a decrease of approximately HK\$355.78 million or 29.1%. The decrease in non-current assets was mainly due to the reclassification of loan receivables from non-current assets to current assets.

As set out in the above Table 2, the current assets of the Group decreased from approximately HK\$1,829.90 million as at 31 December 2022 to approximately HK\$1,665.50 million as at 30 June 2023, representing a decrease of approximately HK\$164.40 million or 9.0%. The slight decrease in current assets of the Group was mainly due to the combined effect of the decrease in other receivables, deposits and prepayment resulted from decrease in deposits for business operation of Property Agency Business as a result of the decrease in revenue and the increase in loan receivables resulted from reclassification from non-current assets to current assets.

*(ii) Non-current liabilities and current liabilities*

As set out in the above Table 2, the non-current liabilities of the Group decrease from approximately HK\$325.12 million as at 31 December 2022 to approximately HK\$226.57 million as at 30 June 2023, representing a decrease of approximately HK\$98.55 million or 30.3%. The decrease in non-current liabilities was mainly due to the reclassification of the bank and other borrowings from non-current liabilities to current liabilities.

As set out in the above Table 2, the current liabilities of the Group decreased from approximately HK\$491.87 million as at 31 December 2022 to approximately HK\$346.85 million as at 30 June 2023, representing a decrease of approximately HK\$145.02 million or 29.5%. The decrease in current liabilities was mainly due to the combined effect of the decrease in payables and accruals, contract liabilities, lease liabilities and tax liabilities, which is resulted from decrease in accrued operating expenses of the Group and the increase in bank and other borrowings resulted from the reclassification as mentioned above.

With reference to the inside information announcement of the Company dated 24 November 2023 (“**Inside Information Announcement**”), based on the recent review of the loan portfolio of the Group, the credit quality of certain customers of the Group worsened in the second half of 2023. Based on the latest available information to the Group, the Group expects loan receivables ranging from HK\$110 million to HK\$140 million may be unable to be settled on time. Furthermore, as a result of the decline in the real estate market in China, certain customers of the Group which are engaged in property related services and property development are experiencing financial instability and facing cash flow difficulties. Based on the latest available information to the Group, the Group expects the possibility of recovering an amount ranging from HK\$100 million to HK\$130 million from the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

accounts receivable and other receivables is low. From our review of the Interim Report 2023, we note that the bank balances and cash as at 30 June 2023 was approximately HK\$317.98 million, which was not sufficient to cover the current liabilities of the Group of approximately HK\$346.85 million. Although it is stated that the Group has sufficient working capital and its businesses are under continuous operation and the above events will not affect the normal operation of the Group in the Inside Information Announcement, after considering (i) the net loss attributable to the owners of the Company for FY2022 and HY2023; and (ii) the bank balances and cash level of the Group as compared with the current liabilities as at 30 June 2023, we concur with the Board's view that the Subscription could serve the purpose of replenishing and strengthening the working capital and financial position of the Group.

### **(III) Intended use of proceeds and reasons for and benefits of the Subscription**

#### ***(i) Intended use of proceeds***

The gross and net proceeds after deducting all relevant costs and expenses of the Subscription are approximately HK\$43.4 million and HK\$40.0 million, respectively. The net Subscription Price (after deduction of all relevant costs and expenses) is estimated to be approximately HK\$1.48 per Subscription Share. According to the Letter from the Board, the Company intends to apply the net proceeds to be raised from the Subscription as general working capital for the business development of the Group, such as staff commissions (being an incentive payment to staff of the Group) and other operating expenses.

#### ***(ii) Reasons for and benefits of entering into the Strategic Cooperation Agreement (including the Subscription)***

According to the Letter from the Board, the CGS Group is a leading integrated service provider in the PRC and through CGS HK, it has been the second largest shareholder of the Company after completion of the Previous Acquisition. By further increasing its interest in the Company through the Subscription and Possible Acquisition and potentially becoming the largest shareholder of the Company after their completion, CGS Group demonstrates a high level of trust in the Group's business and prospects and a commitment to the Company's success. Moreover, the Strategic Cooperation Agreement will deepen the cooperation between CGS Group and the Group, and allow the parties to leverage each other's complementary strengths, resources and expertise to generate mutual benefits and growth and creating long-term value for CGS Group and the Group. In particular, the proposed support to be provided by CGS HK to the Company to develop an integrated transaction platform is expected to increase the Company's service offering and increase customer outreach, which will in turn result in more business leads and business opportunities for the Company. The proceeds from the Subscription or the funding support commitment by CGS HK under the Strategic Cooperation

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Agreement will further enhance its financial strength and facilitate its business development which is in the interests of the Company and the Shareholders as a whole.

According to the interim report of CGS for the six months ended 30 June 2023, the business of CGS Group cover the full range of the value chain in property management, including (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) the “Three Supplies and Property Management” businesses, (v) city services; and (vi) commercial operational services. According to the annual report of CGS for the year ended 31 December 2022 and the interim report of CGS for the six months ended 30 June 2023, the CGS Group recorded revenue of approximately RMB41.37 billion and RMB20.73 billion for the year ended 31 December 2022 and the six months ended 30 June 2023 respectively. The CGS Group also recorded net profit attributable to the owners of CGS of approximately RMB1.94 billion and RMB2.35 billion for the year ended 31 December 2022 and the six months ended 30 June 2023 respectively. As discussed with the management of the Company, based on the sizeable background of CGS Group as mentioned above and CGS Group being the second largest shareholder of the Company as at the Latest Practicable Date, the Company considers that the Subscription and Possible Acquisition represent the confidence and commitment of the CGS Group and the possible business cooperation, including the development of an integrated transaction platform, after the Subscription and Possible Acquisition as stated under the heading of “CORPORATE GOVERNANCE AND OTHER ARRANGEMENTS — Business cooperation” will benefit the Group’s Property Agency Business by sharing the nationwide customer network with CGS Group and enhance the Group’s competitive advantages and market share in the recent severe real estate market condition in the PRC.

As discussed with the management of the Company, although it is stated under the heading of “Funding commitment to support the business development of the Company” in the Letter from the Board that, in the event that the Subscription is terminated but the sale and purchase of the Sale Shares have been completed, CGS agrees to provide funding of approximately HK\$43 million to support the business development of the Company within three years after the date of the Strategic Cooperation Agreement with the preferred manner of funding being one or more rounds of equity financing in the form of subscription for new Shares subject to compliance with the applicable requirements under the Takeovers Code and Listing Rules, the Subscription is preferred as the Group will require general working capital of approximately HK\$110 million per month for its administrative and business operation, including salaries, rental expenses and other administrative expenses, and the Subscription will provide immediate funding to the Group. From our review of the Interim Report 2023, we note that the bank balances and cash level of the Group of approximately HK\$317.98 million as at 30 June 2023. As discussed with the management of the Company, such cash level is for the Company to maintain a healthy cash and bank balance as their working capital and the Group has recorded positive cash inflow from the operating activities for FY2022 and HY2023. However, in light of the difficult business environment of the property market in the

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PRC and the market condition of the capital market, the Company considers that the Subscription will provide additional funding to the Group's general operation without increasing financial burden to the Group's financial position and maintain a healthy liquidity for the Group.

After considering (i) the background of CGS and the synergy between the Group and CGS Group after the Subscription and Possible Acquisition; (ii) the use of net proceeds with reference to the required general working capital of the Group; and (iii) the terms of the Subscription as further discussed in the section headed "(IV) Major terms of the Subscription" in this letter below, we consider that the Subscription, which is interest-free in nature, will provide the additional funding to the Group in light of the difficult business environment of the property market in the PRC and is in the interests of the Company and the Shareholders as a whole.

### *(iii) Fund raising activities of the Company in the past 12 months*

As stated in the Letter from the Board, the Company has not raised fund on any issue of equity securities in the past 12 months immediately before the Latest Practicable Date.

### *(iv) Other financing alternatives*

We have discussed with the management of the Company in respect of the consideration of other ways of fund-raising such as debt financing and other equity fund raising method. The following is the summary of our discussion with the management of the Company:

#### *(a) Debt financing*

The Company has considered that the cost of debt financing may increase together with additional requirements with asset pledging or guarantees to be provided by the Group. From our review of the Interim Report 2023, we note that the Group has pledged its investment properties and property, plant and equipment with an aggregate amount of approximately HK\$33 million as at 30 June 2023 to secure the bank borrowings. After considering that (i) the Group recorded net loss in the last two financial years; (ii) additional finance costs from new borrowings will increase financial burden to the Group and further impact to the financial results of the Group; and (iii) the Subscription is interest-free, we agree with the view of the Company that the debt financing from financial institutions is undesirable to and is not in the interests of the Company and its Shareholders as a whole.

#### *(b) Placing of new Shares*

The Company has considered that, given the Group's recent financial performance, the potential investor(s) may require a placing discount to the trading price of the Shares as compared with the Subscription Price being premium to the closing price on the Last Trading Day and there would be

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higher cost to arrange a placing of new Shares as the placing agent would charge commission with reference to certain percentages of the amount of the fund raising, therefore, the Subscription is more favourable to the placing of new Shares.

*(c) Rights issue or open offer*

With regard to the viability of a rights issue or an open offer, the Company has considered that (i) more documentation is typically required for the rights issue or an open offer than the Subscription; (ii) it generally takes longer time to arrange rights issue or open offer than the Subscription; and (iii) it is more costly and less effective to arrange a rights issue or an open offer than the Subscription and it is expected that the Company would incur higher cost as more professional parties would need to be engaged in a rights issue or an open offer.

Therefore, after our discussion with the management of the Company in respect of the financing alternatives as shown above and after considering that (i) the Subscription is interest-free in nature; and (ii) the Subscription can provide funding to the Group without material dilution to the other Shareholders as further discussed in the section headed “(V) Dilution effect on the shareholding structure of the Company as a result of the Subscription” in this letter below, we concur with the Company’s view that the Subscription is more favourable than other financing alternatives.

### **(IV) Major terms of the Subscription**

Under the Strategic Cooperation Agreement, the Company has conditionally agreed to issue and CGS HK has conditionally agreed to subscribe, in cash, for 26,966,000 new Shares at a total consideration of HK\$43,415,260 (representing HK\$1.61 per Subscription Share). Principal terms of the Subscription are set out below:

- |                     |   |  |
|---------------------|---|--|
| Issuer              | : | The Company  |
| Subscriber          | : | CGS HK   |
| Subscription Shares | : | As at the Latest Practicable Date, the Company has 674,149,989 Shares in issue. Assuming there will be no change in the total number of issued Shares between the Latest Practicable Date and the issue and allotment of the Subscription Shares, 26,966,000 Subscription Shares represents: |
- (i) approximately 4.00% of the total number of issued Shares as at the Latest Practicable Date; and

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- (ii) approximately 3.85% of the enlarged issued share capital of the Company assuming there is no other change in its issued share capital between the Latest Practicable Date and completion of the Subscription, other than issue of the Subscription Shares.

The completion of the Subscription (but without taking into account the Possible Acquisition) would result in an increase in shareholding in the Company held by CGS HK from approximately 25.00% to approximately 27.88%.

Based on the par value of HK\$0.01 per Share, the aggregate nominal value of the Subscription Shares is HK\$269,660.

Subscription Price : The total consideration for the Subscription Shares is HK\$43,415,260, representing a price of HK\$1.61 per Subscription Share.

The Subscription Price of HK\$1.61 per Subscription Share represents:

- (i) a premium of approximately 46.36% over the closing price of HK\$1.100 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 73.12% over the closing price of HK\$0.930 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 75.00% over the average closing price of HK\$0.920 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day;
- (iv) a premium of approximately 74.43% over the average closing price of HK\$0.923 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the Last Trading Day;
- (v) a discount of approximately 51.28% over the Group's audited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$3.305 as at 31 December 2022;

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- (vi) a discount of approximately 44.37% over the Group's unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$2.894 as at 30 June 2023; and
- (vii) the same as the acquisition price of HK\$1.61 per Share in the Previous Acquisition.

The Subscription Price was determined and negotiated on an arm's length basis between CGS HK and the Company and with reference to factors including but not limited to the market conditions, the prevailing market price of the Shares, the acquisition price of the Previous Acquisition and the intended strategic cooperation between CGS HK and the Company as further described under "CORPORATE GOVERNANCE AND OTHER ARRANGEMENTS — Business cooperation" and "REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE INTENDED USE OF PROCEEDS" of the circular.

- Conditions to the Subscription :
- Completion of the Subscription is conditional upon satisfaction or waiver (as the case may be) of the following conditions on or before the Long Stop Date:
- (i) the passing of an ordinary resolution at the EGM by the Independent Shareholders to approve the Subscription by way of poll;
  - (ii) the listing committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Subscription Shares on the Stock Exchange;
  - (iii) the PRC anti-monopoly law enforcement agency having issued the relevant approval documents for the Subscription, if required; and
  - (iv) CGS HK having confirmed to the Company in writing that the necessary funds to settle the total consideration for the Subscription Shares are in place.

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Neither CGS HK nor the Company may waive any of the conditions (i) and (ii) above, while CGS HK may waive any of the conditions (iii) and (iv) above by written notice to the Company. As at the Latest Practicable Date, none of the above conditions has been satisfied and/or waived.

Completion of the Subscription : Completion of the Subscription will take place at 10:00 a.m. (Hong Kong time) on the third business day after all the conditions to the Subscription have been satisfied or such other date as CGS HK and the Company may agree and the CGS HK will make payment of the Subscription amount either by bank transfer or wire transfer or such other methods as CGS HK and the Company may agree.

Subject to entry into and the terms and conditions of a formal sale and purchase agreement in relation to the Possible Acquisition between the parties, it is currently contemplated that completion of the Possible Acquisition shall take place on the same day as completion of the Subscription.

Specific Mandate for the issue of the Subscription Shares : The Subscription is subject to the Independent Shareholders' approval. The Subscription Shares will be issued and allotted under the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Application for listing : Application will be made by the Company to the listing committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

Ranking of the Subscription Shares : The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with all other Shares in issue as at the date of allotment and issue of such Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company with a record date falling on or after the date of allotment and issue of such Subscription Shares.

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In respect of the Sale Shares, during the period of two years from the date of completion of the Possible Acquisition, and in respect of the Subscription Shares, during the period of two years from the date of completion of the Subscription, CGS HK has undertaken to the Company that CGS HK will not directly or indirectly transfer any of the Sale Shares and the Subscription Shares to any third party which is not a related party of CGS HK nor create or permit to subsist any encumbrance or third party rights over any such Sale Shares or Subscription Shares held by CGS HK during the respective applicable lock-up period. Further, CGS HK has undertaken that, if CGS HK transfers (with prior written consent obtained from Mr. Fu) the Sale Shares and/or the Subscription Shares to its subsidiary, CGS or any other subsidiary of CGS, the transferee shall comply with the obligations, undertakings or covenants of CGS HK under the Strategic Cooperation Agreement.

### *Evaluation on the basis of the Subscription Price*

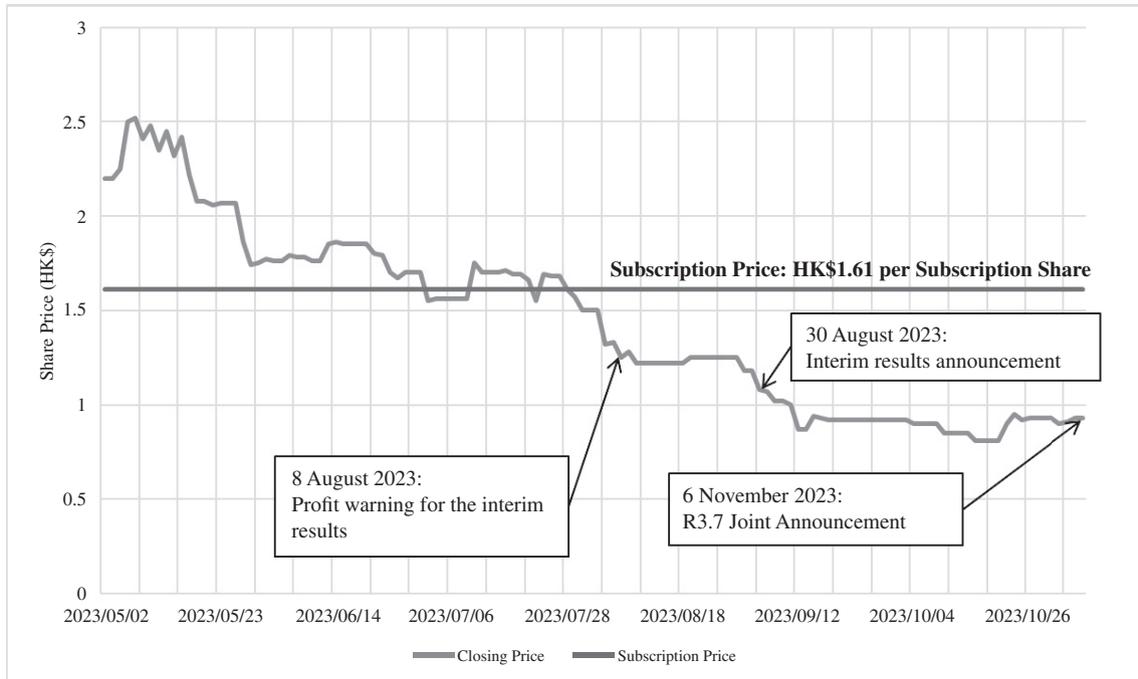
With reference to the announcement of the Company dated 9 November 2022 in respect of the Previous Acquisition and the R3.7 Joint Announcement, we note that the Subscription Price of HK\$1.61 per Subscription Share is same as the acquisition price of the Previous Acquisition and the Possible Acquisition.

In assessing the fairness and reasonableness of the basis of the Subscription Price, we have primarily taken into account (i) the financial performance of the Company as set out in the section headed “(II) Background and financial performance of the Group” above, (ii) the historical Share price performance; and (iii) the market comparables in respect of recent subscription of new shares of listed companies as discussed below.

#### *(i) Review on the historical price of the Shares*

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the chart illustrates the historical daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 2 May 2023 (being the approximately six months prior to the date of R3.7 Joint Announcement) up to and including the Last Trading Day (the “**Review Period**”). We consider that the Review Period is adequate as it represents a reasonable period to reflect a general overview of the recent price movement of the Shares. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

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*Chart 1: Historical Share price performance of the Company during the Review Period*

*Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))*

As noted in the above Chart 1, during the Review Period, the closing price has been experiencing a substantial downward pressure. The daily closing prices of the Shares ranged from the lowest of HK\$0.81 per Share from 16 October 2023 to 19 October 2023, to the highest of HK\$2.52 per Share on 8 May 2023 with an average closing price of HK\$1.44 per Share. The Subscription Price of HK\$1.61 per Subscription Share is within the said price range of the closing price and higher than the average closing price over the Review Period.

Since (i) the Subscription Price is same as the acquisition price of the Previous Acquisition and the Possible Acquisition; (ii) the Subscription Price is within the range of the closing price of the Shares over the Review Period; (iii) the Subscription Price is higher than the average closing price of the Shares over the Review Period; and (iv) the Subscription Price represents a premium over the closing price on the Last Trading Day and the average closing price for the last five (5) consecutive trading days immediately prior to the Last Trading Day, we are of the view that the Subscription Price is fair and reasonable.

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### *(ii) Comparison with recent subscription of new shares of listed companies*

To assess the fairness and reasonable of the Subscription Price, we have identified a list of issue and subscription of new shares as announced by companies listed on the Stock Exchange during the Review Period. We consider that the Review Period is appropriate (i) to reflect the prevailing market conditions and sentiments in the Hong Kong stock market; (ii) to provide a general reference of the recent subscription of new shares being conducted under similar market conditions; and (iii) to generate a reasonable and meaningful number of samples for the purpose of our analysis.

In our assessment, we have searched for the issue and subscription of new shares, which (i) the issuers are listed on the Stock Exchange; (ii) involved issue and subscription of new shares for cash under specific mandate; and (iii) were not inter-conditional with, or pursuant to, placing through placing agent(s), as part of consideration in acquisition, or under share award plan or restricted stock unit scheme, or for emolument, or restructuring scheme; and (iv) excluded issues and subscription of A shares and domestic shares that are not trading on the Stock Exchange. Based on these criteria and the public information available on the Stock Exchange's website, to the best of our endeavours, we have identified an exhaustive list of a total of 16 transactions of subscription of new shares (the "**Comparable Transactions**"). We consider that the Comparable Transactions were determined under similar market conditions and sentiment, and hence represent fair and representative samples and provide a general reference of this type of transaction in the market. Therefore, we consider them to be an appropriate basis to assess the fairness of the Subscription Price.

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Set out below is the Comparable Transactions analysis:

Date of announcement	Stock Code	Name of company	Subscribers are connected person	Percentage of number of subscription shares to the existing issued shares on the respective date of the subscription agreement	Premium/ (discount) of price over/(to) the closing price on the respective date of the subscription agreement	Premium/ (discount) of subscription price over/(to) the average closing price for the last five consecutive trading days prior to the date of the respective subscription agreement	Premium/ (discount) of subscription price over/(to) the net asset value attributable to the shareholders per share (Note 1)
6 November 2023	1452	Denox Environmental & Technology Holdings Limited	Yes	20.00%	(4.00)%	2.56%	(87.91)%
1 November 2023	607	Fullshare Holdings Limited (Note 2)	No	31.41%	7.69%	(5.41)%	(96.47)%
20 October 2023	1520	Virtual Mind Holding Company Limited	Yes	24.68%	8.70%	6.38%	0.79%
19 October 2023	547	Digital Domain Holdings Limited (Note 3)	No	27.99%	5.61%	0.00%	104.85%
10 October 2023	2222	NVC International Holdings Limited	Yes	3.50%	0.00%	2.20%	(88.30)%
1 September 2023	6188	Beijing Digital Telecom Co., Ltd. (Note 4)	No	21.03%	(55.61)% (Note 5 and 6)	(55.61)% (Note 5 and 6)	185.60% (Note 6)
27 August 2023	9977	Shandong Fengxiang Co., Ltd. (Note 7)	No	13.04%	(0.45)% (Note 6)	0.88% (Note 6)	(34.78)% (Note 6)
14 August 2023	708	China Evergrande New Energy Vehicle Group Limited	No	56.96%	(62.96)% (Note 5)	(64.82)% (Note 5)	N/A (Note 8)
30 July 2023	994	CT Vision S.L. (International) Holdings Limited	Yes	11.83%	(11.11)%	(10.31)%	199.66%
26 July 2023	519	Applied Development Holdings Limited	Yes	21.96%	(17.10)%	(19.05)%	(79.00)%
10 July 2023	756	Summi (Group) Holdings Limited	Yes	49.23%	(9.46)%	(9.46)%	N/A (Note 8)
9 July 2023	2222	NVC International Holdings Limited	Yes	20.00%	16.90%	23.90%	(89.83)%
4 July 2023	136	China Ruyi Holdings Limited (Note 9)	Yes (Note 9)	24.99%	(17.53)%	(16.84)%	84.23%
16 June 2023	6190	Bank of Jiujiang Co., Ltd.	No	3.12%	5.27%	2.62%	(39.31)%
19 June 2023	8368	Creative China Holdings Limited	Yes	11.98%	(17.69)%	(17.37)%	0.00%
9 June 2023	515	China Silver Technology Holdings Limited (Note 10)	No	65.73%	(4.76)%	(5.66)%	(16.04)%
<b>Average</b>				<b>25.47%</b>	<b>(2.88)%</b> (Note 5 and 6)	<b>(3.57)%</b> (Note 5 and 6)	<b>(8.94)%</b> (Note 6)
<b>Maximum</b>				<b>65.73%</b>	<b>16.90%</b> (Note 5 and 6)	<b>23.90%</b> (Note 5 and 6)	<b>199.66%</b> (Note 6)
<b>Minimum</b>				<b>3.12%</b>	<b>(17.69)%</b> (Note 5 and 6)	<b>(19.05)%</b> (Note 5 and 6)	<b>(96.47)%</b> (Note 6)
6 November 2023		The Company	Yes	4.00%	73.12%	75.00%	(44.37)%

Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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*Notes:*

- (1) The net asset value attributable to the shareholders per share for each Comparable Transactions was extracted from the respective latest financial reports (interim/annual results) of the Comparable Transactions. The net asset value attributable to the shareholders per share was calculated based on the reported net asset value attributable to the shareholders of the Comparable Transactions divided by the number of their respective issued shares as at the date of the relevant announcement of the Comparable Transactions.
- (2) On 1 November 2023, Fullshare Holdings Limited entered into three separate subscription agreements with three independent third party subscribers. Although the three subscription agreements are not inter-conditional to each other, as the terms of the subscription provided by Fullshare Holdings Limited to three independent third party subscribers are the same, they are considered as one sample in our analysis.
- (3) On 19 October 2023, Digital Domain Holdings Limited entered into three separate subscription agreements with three independent third party subscribers. Although the three subscription agreements are not inter-conditional to each other, as the terms of the subscription provided by Digital Domain Holdings Limited to three independent third party subscribers are the same, they are considered as one sample in our analysis.
- (4) On 1 September 2023, Beijing Digital Telecom Co., Ltd. entered into two separate subscription agreements with two independent third party subscribers. Although the two subscription agreements are not inter-conditional to each other, the terms of the subscription provided by Beijing Digital Telecom Co., Ltd. to two independent third party subscribers are the same, they are considered as one sample in our analysis.
- (5) As the discount of the subscription price over the closing price on the respective date of the subscription agreement and the average closing price for the last five (5) consecutive trading days on the respective date of the subscription of Beijing Digital Telecom Co., Ltd. and China Evergrande New Energy Vehicle Group Limited exceed two standard deviations from the average of those of other Comparable Transactions, we consider that such subscription price are outliers and have excluded them from our analysis.
- (6) As the trading of the shares of Shandong Fengxiang Co., Ltd. and Beijing Digital Telecom Co., Ltd. have been suspended on the respective date of the announcement since 2 February 2023 and 4 June 2021 respectively, we have excluded the subscription price related to Shandong Fengxiang Co., Ltd. and Beijing Digital Telecom Co., Ltd. from our analysis.
- (7) On 27 August 2023, Shandong Fengxiang Co., Ltd. entered into two separate subscription agreements with two independent third party subscribers. Although the two subscription agreements are not inter-conditional to each other, the terms of the subscription provided by Shandong Fengxiang Co., Ltd. to two independent third party subscribers are the same, they are considered as one sample in our analysis.
- (8) Net asset value attributable to the shareholders per share is not available due to the net liabilities position.
- (9) On 4 July 2023, China Ruyi Holdings Limited entered into one subscription agreement with a connected person and four separate subscription agreements with four independent third party subscribers. Although the subscription agreement with the connected person and the subscription agreements with four independent third party subscribers are not inter-conditional to each other, the terms of the subscription provided by China Ruyi Holdings Limited to the connected person and the four independent third party subscribers are the same, they are considered as one sample in our analysis.

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- (10) On 9 June 2023, China Silver Technology Holdings Limited entered into five separate subscription agreements with five independent third party subscribers. Although the five subscription agreements are not inter-conditional to each other, the terms of the subscription provided by China Silver Technology Holdings Limited to five independent third party subscribers are the same, they are considered as one sample.

### **Table 3: The summary of the Comparable Transactions**

As set out in the above Table 3, we note that the premium/(discount) of the subscription price over/to the closing price on the respective date of subscription agreement of the Comparable Transactions (after excluding the outliers) ranged from a discount of approximately 17.69% to a premium of approximately 16.90%, with the average being discount of approximately 2.88%. We also note that the premium/(discount) of the subscription price over/to the average closing price for the respective last five (5) consecutive trading days prior to the date of the respective subscription agreement of the Comparable Transactions (after excluding the outliers) ranged from a discount to approximately 19.05% to a premium of approximately 23.90% with the average being the discount of approximately 3.57%. As the premium of the Subscription Price, which is approximately 73.12% and 75.00% over the closing price of HK\$0.930 per Share as quoted on the Stock Exchange on the Last Trading Day and the average closing price of HK\$0.920 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day respectively, is higher than the maximum premium of the subscription price of the Comparable Transactions over the closing price on the respective date of the subscription agreement and the average closing price for the last five (5) consecutive trading days prior to the date of the respective subscription agreement as set out in the above Table 3, it is considered that the Subscription Price is more favourable than the Comparable Transactions.

We note that the premium/(discount) of the subscription price over/to the consolidated net asset value attributable to the shareholders per share of the Comparable Transactions ranged from a discount of approximately 96.47% to a premium of approximately 199.66%, with the average being discount of approximately 8.94%. The discount of the Subscription Price, which is approximately 44.37%, to the unaudited consolidated net asset value attributable to the Shareholders per Share as at 30 June 2023 is within the range of the Comparable Transactions. As stated in the Letter from the Board, the Shares had been trading at a closing price below the net asset value attributable to the Shareholders per Share. According to the Letter from the Board, the Subscription Price represents a discount to the unaudited consolidated net asset value attributable to the Shareholders per Share as at 30 June 2023 of approximately 44.37%, which is lower than the average discounts to the unaudited consolidated net asset value attributable to the Shareholders per Share as at 30 June 2023 ranging from approximately 53.06% to approximately 65.20% for the period from 28 March 2019, being the date after the publication of the annual results announcement of the Company for the year ended 31 December 2018, to the Last Trading Day. Although the net asset value discount of the Subscription Price is below the average of the Comparable Transactions, when assessing the fairness and reasonable of the Subscription Price, we have discussed

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with the management of the Company and agree with the Company that it would be more appropriate to make reference to the prevailing market price of the Shares, which reflected the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the unaudited consolidated net asset value attributable to the Shareholders per Share as at 30 June 2023.

Having considered the above analysis, including (i) the acquisition price of the Previous Acquisition and Possible Acquisition; (ii) the historical closing price of the Shares; (iii) the maximum premium of the subscription price of the Comparable Transactions; and (iv) the reasons as set out in the section headed “(III) Intended use of proceeds and reasons for and benefits of the Subscription” above in this letter, we are of the view that the terms of the Subscription and the Subscription Price are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms.

### (V) Dilution effect on the shareholding structure of the Company as a result of the Subscription

To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) immediately after completion of the Subscription and without taking into account the Possible Acquisition; and (iii) immediately after completion of the Subscription and assuming that the Possible Acquisition is consummated but without taking into account the Possible Offers:

Shareholders	(i) As at the Latest Practicable Date		(ii) Immediately after completion of the Subscription and without taking into account the Possible Acquisition		(iii) Immediately after completion of the Subscription and assuming that the Possible Acquisition is consummated but without taking into account the Possible Offers	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>The Fu Family Group</b>						
Fu’s Family Limited (Note 1)	29,431,304	4.36	29,431,304	4.20	29,431,304	4.20
Mr. Fu	28,024,334	4.16	28,024,334	4.00	28,024,334	4.00
Ms. Ng Wan	7,398,334	1.10	7,398,334	1.05	7,398,334	1.05
China-net Holding Ltd. (Note 2)	112,418,263	16.68	112,418,263	16.03	40,778,263	5.82
Happy Chord Limited (Note 2)	18,344,077	2.72	18,344,077	2.62	18,344,077	2.62
Rainbow Cross Limited (Note 3)	78,319,938	11.62	78,319,938	11.17	78,319,938	11.17
Intelligent Youth Limited (Note 3)	12,000,000	1.78	12,000,000	1.71	12,000,000	1.71
<b>Sub-total of the Fu Family Group</b>	<b>285,936,250</b>	<b>42.42</b>	<b>285,936,250</b>	<b>40.78</b>	<b>214,296,250</b>	<b>30.57</b>
CGS HK	168,537,497	25.00	195,503,497	27.89	267,143,497	38.10
Public shareholders	219,676,242	32.58	219,676,242	31.33	219,676,242	31.33
<b>Total</b>	<b>674,149,989</b>	<b>100</b>	<b>701,115,989</b>	<b>100</b>	<b>701,115,989</b>	<b>100</b>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Notes:*

- (1) Fu's Family Limited is owned as to 70% by Mr. Fu, 15% by Ms. Ng Wan (the spouse of Mr. Fu) and 15% by Ms. Fu Man (the sister of Mr. Fu).
- (2) Each of China-net Holding Ltd. and Happy Chord Limited is wholly owned by Mr. Fu.
- (3) Each of Rainbow Cross Limited and Intelligent Youth Limited is wholly owned by Mr. Fu Ear Ly (the son of Mr. Fu and Ms. Ng Wan).
- (4) The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

We note that the shareholding of the public shareholders of the Company will be reduced from approximately 32.58% as at the Latest Practicable Date to approximately 31.33% immediately after the completion of the Subscription, which represents a reduction of only approximately 1.25% in the shareholding of the Company. As shown in Table 3 under the paragraph headed “(IV) Major terms of the Subscription — (ii) Comparison with recent subscription of new shares of listed companies” in this letter above, the percentage of number of Subscription Shares to the total number of issued Shares as at the Latest Practicable Date is within the range and below the average of those of the Comparable Transactions, which in turn the dilution effect of the Subscription to the Shareholders is relatively low as compared with the Comparable Transactions. We consider the dilution effect to the shareholding of the public shareholders of the Company is acceptable after considering (i) the reasons as set out in the section headed “(III) Intended use of proceeds and reasons for and benefits of the Subscription” above; (ii) the Subscription Price is premium to the closing price on the Last Trading Day and the average closing price of the Shares for the last five (5) consecutive trading days immediately prior to the Last Trading Day; (iii) the Subscription Price is more favourable than the Comparable Transactions in respect of the premium of the Subscription Price to the market price of the Shares as discussed in the paragraph headed “(IV) Major terms of the Subscription — (ii) Comparison with recent subscription of new shares of listed companies” in this letter above; and (iv) the dilution effect of the Subscription to the Shareholders is relatively low as compared with the Comparable Transactions.

### **(VI) Financial effects as a result of the Subscription**

The financial effects of the Subscription set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group.

*(i) Net asset value and gearing*

It is expected that the net asset value and the gearing of the Group will be improved with the proceeds of the Subscription and the increase in total equity of the Group immediately after the completion of the Subscription.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *(ii) Earnings*

It is expected that the Subscription will have no material effect to the earnings of the Group.

### **RECOMMENDATION**

Having taken into account the principal factors and reasons as discussed above, in particular, (i) the reasons for and benefits of the Subscription; (ii) the Subscription Price being fair and reasonable and more favourable than the Comparable Transactions in respect of the premium of the Subscription Price to the market price of the Shares; and (iii) the minimal dilution effect to the shareholding of the public shareholders of the Company, we are of the view that although the Subscription under the Strategic Cooperation Agreement is not in the ordinary and usual course of business of the Group, the terms of the Subscription are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Subscription (including the grant of the Specific Mandate).

Yours faithfully,  
For and on behalf of  
**INCU Corporate Finance Limited**  
**Gina Leung**  
*Managing Director*

*Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. SHARE CAPITAL

The authorised and issued Shares as at the Latest Practicable Date were, and immediately following the issue of the Subscription Shares (assuming that there will be no change in the issued shares other than the issue of the Subscription Shares) will be, as follows:

### (a) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
8,000,000,000 Shares of HK\$0.01	80,000,000
<i>Issued and fully paid up:</i>	
674,149,989 Shares of HK\$0.01	6,741,499.89

### (b) Immediately following the allotment and issue of the Subscription Shares (assuming that there will be no change in the issued shares other than the issue of the Subscription Shares)

<i>Authorised:</i>	<i>HK\$</i>
8,000,000,000 Shares of HK\$0.01	80,000,000
<i>Issued and fully paid up:</i>	
701,115,989 Shares of HK\$0.01	7,011,159.89

All existing issued Shares rank *pari passu* in all respects, including the rights as to dividend, voting rights and capital.

No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived. As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, there are outstanding share options granted under the share option scheme adopted by the Company on 23 May 2023 entitling the holders thereof to subscribe for an aggregate of 67,380,000 Shares. Save as disclosed above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

### 3. DISCLOSURE OF INTERESTS

#### (a) Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) were as follows:

#### *Long position in the Shares and underlying Shares*

Name of Director	Number of Shares				
	Shares held personally or by spouse	Shares held by controlled corporation/trust	Underlying Shares (under equity derivatives of the Company) <i>(Note 3)</i>	Aggregate interest	Approximate percentage of the issued share capital <i>(%)</i>
Mr. Fu	35,422,668 <i>(Note 1)</i>	160,193,644 <i>(Note 1)</i>	—	195,616,312	29.02
Mr. Fu Ear Ly	—	90,319,938 <i>(Note 2)</i>	—	90,319,938	13.40
Mr. Zhu Rongbin (“ <b>Mr. Zhu</b> ”)	—	—	30,340,000	30,340,000	4.50
Mr. Gao Bin (“ <b>Mr. Gao</b> ”)	—	—	11,740,000	11,740,000	1.74

*Notes:*

1. Under the SFO, Mr. Fu is deemed to be interested in the Shares which Fu's Family Limited, China-net Holding Ltd. and Ms. Ng Wan (his spouse) are interested. Mr. Fu's interests include 29,431,304 Shares held through Fu's Family Limited, 28,024,334 Shares held by himself and 7,398,334 Shares held by Ms. Ng Wan. In addition, 112,418,263 Shares are registered in the name of China-net Holding Ltd. which is wholly-owned by Mr. Fu. China-net Holding Ltd. is also interested in 18,344,077 Shares through its ownership of Happy Chord Limited which is wholly-owned by China-net Holding Ltd. The entire issued share capital of Fu's Family Limited is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan and 15% by Ms. Fu Man, the sister of Mr. Fu.
2. Under the SFO, Mr. Fu Ear Ly is deemed to be interested in the shares held by Rainbow Cross Limited and Intelligent Youth Limited, which are both wholly-owned by Mr. Fu Ear Ly. Mr. Fu Ear Ly's interests include 78,319,938 Shares held through Rainbow Cross Limited and 12,000,000 Shares held through Intelligent Youth Limited.
3. Mr. Zhu and Mr. Gao was interested in 30,340,000 Shares and 11,740,000 Shares, respectively, being the underlying shares of the share options granted to Mr. Zhu and Mr. Gao pursuant to the share option scheme of the Company. For further details, please refer to the circular of the Company dated 8 August 2023.
4. The aggregate of the percentage figures in the table above may not add up to the relevant sub total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company that had an interest or short position in the shares and underlying shares that would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(b) Substantial Shareholders' interests and short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, the persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

*Long position in the Shares and underlying Shares*

Name of substantial shareholder	Capacity	Number of issued ordinary shares or security interests of the Company	Approximate percentage of the issued share capital and/or security interest of the Company (%)
Ms. Ng Wan	Beneficial owner/spouse interests ( <i>Note 1</i> )	195,616,312	29.02
Concrete Win Limited	Held by controlled corporation ( <i>Note 2</i> )	168,537,497	25.00
	Held by controlled corporation (security interest) ( <i>Note 2</i> )	67,414,999	10.00
CGS HK	Beneficial owner ( <i>Note 2</i> )	168,537,497	25.00
	Person having security interest in shares ( <i>Note 2</i> )	67,414,999	10.00
CGS	Held by controlled corporation ( <i>Note 2</i> )	168,537,497	25.00
	Held by controlled corporation (security interest) ( <i>Note 2</i> )	67,414,999	10.00
United Gain Group Ltd	Held by controlled corporation ( <i>Note 2</i> )	168,537,497	25.00
	Held by controlled corporation (security interest) ( <i>Note 2</i> )	67,414,999	10.00
Ms. Yang Huiyan ("Ms. Yang")	Held by controlled corporation ( <i>Note 2</i> )	168,537,497	25.00
	Held by controlled corporation (security interest) ( <i>Note 2</i> )	67,414,999	10.00

Name of substantial shareholder	Capacity	Number of issued ordinary shares or security interests of the Company	Approximate percentage of the issued share capital and/or security interest of the Company (%)
Mr. Chen Chong	Interest of spouse ( <i>Note 2</i> )	168,537,497	25.00
	Interest of spouse (security interest) ( <i>Note 2</i> )	67,414,999	10.00
China-net Holding Ltd	Beneficial owner/held by controlled corporation ( <i>Note 3</i> )	130,762,340	19.40
Ms. Chan Tok Yu	Interest of spouse ( <i>Note 4</i> )	90,319,938	13.40
Rainbow Cross Limited	Beneficial owner ( <i>Note 4</i> )	78,319,938	11.62

*Notes:*

- Under the SFO, Ms. Ng Wan is deemed to be interested in the Shares in which Mr. Fu, her spouse, is interested. Ms. Ng Wan's interests include 7,398,334 Shares held by herself and the other 188,217,978 Shares in which Mr. Fu is interested.
- 168,537,497 Shares are registered in the name of CGS HK, a company wholly-owned by United Gain Group Ltd. United Gain Group Ltd is owned as to 100.00% by CGS, which in turn is owned as to 32.40% by Concrete Win Limited in which Ms. Yang beneficially owns the entire issued share capital. Mr. Chen Chong is the husband of Ms. Yang and is deemed to be interested in the Shares in which Ms. Yang is interested. There is a charge over 67,414,999 Shares in favour of CGS HK as security for certain indemnification obligations pursuant to an equity transfer agreement dated 9 November 2022.
- 112,418,263 Shares are registered in the name of China-net Holding Ltd. which is wholly-owned by Mr. Fu. China-net Holding Ltd. is also interested in 18,344,077 Shares through its ownership of Happy Chord Limited which is wholly-owned by China-net Holding Ltd.
- Under the SFO, Ms. Chan Tok Yu is deemed to be interested in the Shares in which Mr. Fu Ear Ly, her spouse, is interested. Rainbow Cross Limited is wholly-owned by Mr. Fu Ear Ly.
- The aggregate of the percentage figures in the table above may not add up to the relevant sub total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

Other than as disclosed above, so far as is known to the Directors and chief executives of the Company, as at the Latest Practicable Date, no person (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which did not expire or was not determinable by the relevant member of the Group within one year without payment of any compensation (other than statutory compensation).

#### **5. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

#### **6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or any of their respective close associates had an interest in a business that competes or is likely to compete, either directly or indirectly with the business of the Group.

#### **7. MATERIAL ADVERSE CHANGE**

As disclosed in the interim results announcement for the six months ended 30 June 2023 of the Company dated 30 August 2023, the loss attributable to shareholders was approximately HK\$152 million, an approximately 4% decrease, compared with the loss from continuing operations in the last corresponding period (2022: HK\$487 million, of which approximately HK\$159 million from continuing operations and approximately HK\$328 million from discontinued operations). As disclosed in the profit warning announcement of the Company dated 18 August 2023, the loss attributable to shareholders during the period was mainly attributable to (i) the provision of additional loss allowance on expected credit loss of the Group's outstanding loan receivables from certain customers engaged in property related services and property development whose credit quality in the second quarter of 2023 has worsened and (ii) the operating loss as a result of the overall downturn in the real estate market and tough competition in the property real estate agency industry during the period.

As disclosed in the inside information announcement of the Company dated 24 November 2023, based on the latest available information to the Group, the Group expects (i) loan receivables ranging from HK\$110 million to HK\$140 million may be unable to be settled on time; and (ii) the possibility of recovering an amount ranging from HK\$100 million to HK\$130 million from the accounts receivable and other receivables is low.

Save as the above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up.

## 8. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company or any of its subsidiaries which are or may be material:

- (a) a conditional shareholder cooperation adjustment agreement (股東合作調整協議) dated 31 March 2022 entered into between the Company, Hopefluent (Hong Kong) Limited, 合富輝煌(中國)房地產顧問有限公司 (Hopefluent (China) Real Estate Consultancy Co., Ltd.\*), 廣州合富輝煌投資諮詢有限公司 (Guangzhou Chun Wui Investment Consulting Co., Ltd.\*), 保利地產投資顧問有限公司 (Poly Real Estate Investment Consultancy Co., Ltd.\*) and 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.\*) in relation to the a restructuring and the property agency transactions (details of which are set out in the circular of the Company dated 26 May 2022); and
- (b) the Strategic Cooperation Agreement.

## 9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
INCU Corporate Finance Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

The letter and recommendation given by INCU Corporate Finance is given as of the date of this circular for incorporation herein.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group, nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, the expert named above did not have any direct or indirect interest in any assets which had since 31 December 2022, being the date to which the

latest published audited accounts of the Group were made up, been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

## 10. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Room 3611, 36th Floor, Shun Tak Centre West Tower, 200 Connaught Road Central, Hong Kong.
- (c) The company secretary of the Company is Mr. Lo Hang Fong, solicitor, Hong Kong.
- (d) The principal share registrar and transfer office of the Company is Suntera (Cayman) Limited at 3rd Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110 Cayman Islands.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (f) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.
- (g) As at the Latest Practicable Date, none of the Directors was materially interested in any contract, save for service contracts and the Strategic Cooperation Agreement, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.
- (h) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

## 11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hopefluent.com](http://www.hopefluent.com)) for a period of 14 days from the date of this circular:

- (a) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;

- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” of this circular;
- (c) the written consent letter as referred to in the section headed “Qualification and Consent of Expert” in this Appendix;
- (d) the Strategic Cooperation Agreement; and
- (e) this circular.

# NOTICE OF EXTRAORDINARY GENERAL MEETING



## 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)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Hopefluent Group Holdings Limited (the “**Company**”) will be held at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 9 January 2024, at 3:00 p.m. for the purpose of considering and, if thought fit, pass the following resolution with or without amendments as an ordinary resolution of the Company. Capitalised terms defined in the circular dated 15 December 2023 issued by the Company (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified:

### ORDINARY RESOLUTION

1. “**THAT**

- (a) the conditional Strategic Cooperation Agreement (a copy of which is tabled at the EGM and marked “A” and signed by the chairman of the EGM for identification purpose) in relation to the Subscription pursuant to which the Company has conditionally agreed to allot and issue, and CGS HK has conditionally agreed to subscribe for 26,966,000 new Shares at the Subscription Price of HK\$1.61 per Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to and conditional upon the listing committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares, the Directors be and are hereby granted with the Specific Mandate which shall entitle the Directors to exercise all the powers of the Company to allot and issue the Subscription Shares to CGS HK, on and subject to the terms and conditions of the Subscription, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution; and
- (c) any one Director be and is hereby authorised to, on behalf of the Company, do all such acts and things, to sign and execute all such documents or agreements or deeds and take all such actions as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription or any transactions contemplated thereunder and all other matters incidental thereto or in

## NOTICE OF EXTRAORDINARY GENERAL MEETING

connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interest of the Company and the shareholders of the Company as a whole.”

Yours faithfully,  
On behalf of the Board  
**Hopefluent Group Holdings Limited**  
**ZHU Rongbin**  
*Chairman*

Hong Kong, 15 December 2023

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

Room 3611, 36th Floor  
Shun Tak Centre West Tower  
200 Connaught Road Central  
Hong Kong

*Notes:*

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (if such member is the holder of two or more shares) to attend and to vote instead of them. A proxy need not be a member of the Company.
2. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
3. A form of proxy for use at the meeting is enclosed.
4. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting (i.e. before 3:00 p.m. on Sunday, 7 January 2024) or any adjourned meeting. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or adjourned meeting.
5. For the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 4 January 2024 to Tuesday, 9 January 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office 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 Wednesday, 3 January 2024.
6. According to Rule 13.39(4) of the Listing Rules, the voting at the EGM will be taken by poll.
7. The Chinese translation of this notice (including the contents of the proposed resolution set out herein) is for reference only. In case of inconsistency, the English Version shall prevail.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

8. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions after super typhoons” announced by the Hong Kong Government is/are in effect any time after 8:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify the Company’s shareholders of the date, time and place of the rescheduled meeting.

*As at the date of this notice, the Board 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.*