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## **HOPEFLUENT GROUP HOLDINGS LIMITED**

**合富輝煌集團控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 733)**

### **CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS**

#### **MASTER AGREEMENT**

The Company is pleased to announce that on 27 July 2018 (after trading hours), the Company entered into the Master Agreement with, among others, Poly Real Estate in relation to a proposed connected transaction and certain proposed continuing connected transactions between the Enlarged Group and the Poly Real Estate Group after completion of the Cooperation Restructuring.

#### **LISTING RULES IMPLICATIONS**

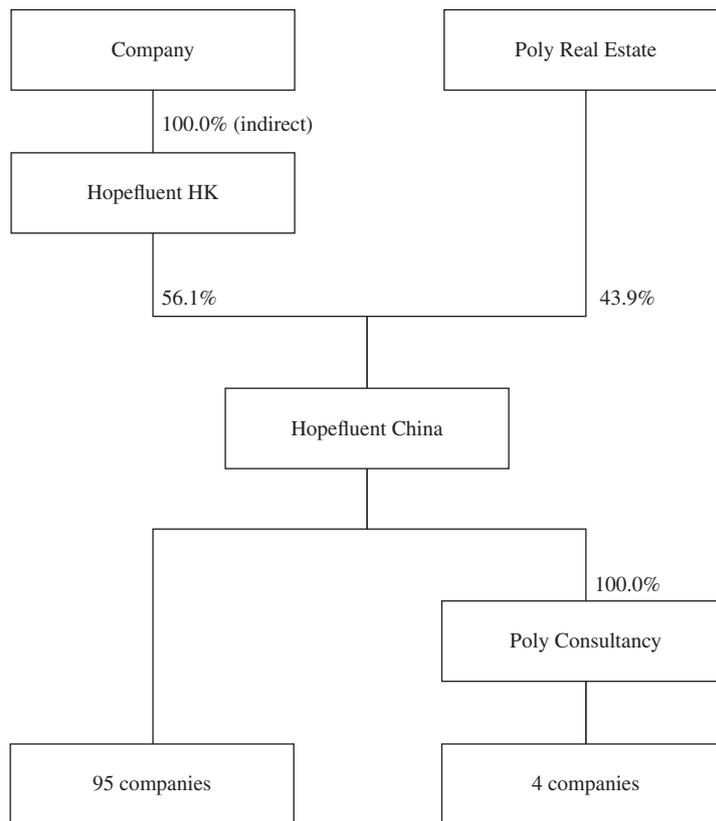
Upon completion of the Cooperation Restructuring, Poly Real Estate will own 43.9% of the entire equity interests in Hopefluent China, an indirect non-wholly owned subsidiary of the Company, and thereby will become a connected person of the Company. In the circumstances, the transactions between the Enlarged Group and the Poly Real Estate Group as contemplated under the Master Agreement constitute a connected transaction and continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the connected transaction and the continuing connected transactions (on the aggregate basis) contemplated under the Master Agreement exceed 5% and HK\$10 million, such transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Reference is made to the Company's announcement dated 9 May 2018, circular dated 22 June 2018 and announcement dated 19 July 2018 regarding, among others, a cooperation restructuring involving a major acquisition and a major deemed disposal.

Upon completion of the Cooperation Restructuring, Poly Real Estate will own 43.9% of the entire equity interests in Hopefluent China, an indirect non-wholly owned subsidiary of the Company, and thereby will become a connected person of the Company. Any transaction between (i) the Enlarged Group; and (ii) the Poly Real Estate Group, will become a connected transaction of the Company.

The corporate structure of Hopefluent China immediately after completion of the Cooperation Restructuring will be as follows:



## **MASTER AGREEMENT**

The Company is pleased to announce that on 27 July 2018 (after trading hours), the Company entered into the Master Agreement with, among others, Poly Real Estate in relation to a proposed connected transaction and several proposed continuing connected transactions between the Enlarged Group and the Poly Real Estate Group after completion of the Cooperation Restructuring. The principal terms of the Master Agreement are as follows:

### **Date**

27 July 2018

### **Parties**

1. Poly Real Estate
2. Poly Consultancy
3. Hopefluent China
4. The Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Master Agreement, each of Poly Real Estate and Poly Consultancy and its ultimate beneficial owners is an Independent Third Party. Upon completion of the Cooperation Restructuring, Poly Real Estate will become a connected person of the Company and Poly Consultancy will become a non-wholly owned subsidiary of the Company.

### **Conditions and term**

The Master Agreement is conditional on the completion of the following matters:

- (a) the Company, having convened an extraordinary general meeting at which resolutions shall have been duly passed by the Independent Shareholders to approve the Master Agreement and the transactions contemplated thereunder;
- (b) Poly Real Estate, having convened a general meeting at which resolutions shall have been duly passed by its shareholders to approve the Master Agreement and the transactions contemplated thereunder; and
- (c) completion of the Cooperation Restructuring.

The Master Agreement, if approved, will become effective on the Capital Contribution Completion Date and end on 31 December 2020.

### **Connected transaction — amount due from the Poly Real Estate Group**

As at 31 December 2017, a total amount of approximately RMB730.02 million was due from the Poly Real Estate Group to the Poly Consultancy Group. As at 30 June 2018, the total amount due from the Poly Real Estate Group to the Poly Consultancy Group was

approximately RMB723.35 million. Such amount, comprising mainly the real estate agency fee payable by the Poly Real Estate Group to the Poly Consultancy Group, is unsecured, interest-free and repayable on demand.

The parties have agreed that upon completion of the Cooperation Restructuring, the Poly Real Estate Group would settle the abovementioned outstanding amount by instalments. It was further agreed that by 31 December 2018, the total amount due from the Poly Real Estate Group would not exceed RMB320.00 million; by 31 December 2019, the said total amount due from the Poly Real Estate Group would not exceed RMB120.00 million and by 31 December 2020, the said total amount due from the Poly Real Estate Group would be fully settled (for the avoidance of doubt, the abovementioned amount due from the Poly Real Estate Group excludes the amount due from the Poly Real Estate Group which may arise under the continuing connected transaction as disclosed under the paragraph headed “Master Agreement — Continuing connected transactions — Real estate agency fee” in this announcement).

### **Continuing connected transactions**

#### *Real estate agency fee*

Poly Real Estate has undertaken to the Group under the Cooperation Agreement that after completion of the Cooperation Restructuring, for those property development projects effectively controlled by Poly Real Estate, Poly Real Estate will continue to primarily engage real estate agents for selling the properties thereof, and the Poly Consultancy Group and the Hopefluent China Group will have the preferential rights to be engaged as real estate agents for such property development projects on the same commercial terms.

Under the Master Agreement, the parties have further agreed that the terms of the engagement (including commission rates and credit terms) would be agreed on an arm’s length basis between the parties with reference to the industry practice and market rates for similar services, and would be no less favourable to the Enlarged Group than the terms of engagement of other third party real estate agents engaged or tendered in the same property development project.

In particular, the commission fee to be charged by the Enlarged Group for a particular property development project of Poly Real Estate Group would be calculated based on, among others, the property value transacted by the Enlarged Group multiplied by the commission rate to be determined between the parties on arm’s length basis with reference to (i) the industry practice; (ii) the market rates for similar services; (iii) the market demand for properties in general; and (iv) the size and scope of services required for the particular project. Generally, the commission fees charged by the Enlarged Group may vary from project to project, and shall be determined between the relevant parties for each property development project on a case-by-case basis.

It is proposed that the annual caps for the real estate agency fee payable by the Poly Real Estate Group to the Enlarged Group will be RMB784.00 million (equivalent to approximately HK\$922.35 million), RMB2,409.00 million (equivalent to approximately HK\$2,834.12 million) and RMB3,344.00 million (equivalent to approximately HK\$3,934.12 million).

million) for the five months ending 31 December 2018 and the two years ending 31 December 2019 and 2020, respectively. When estimating the above annual caps, the Directors have taken into account the following:

- (i) the real estate agency fee receivable or received by the Poly Consultancy Group from the Poly Real Estate Group of RMB590.83 million and RMB797.04 million for the two years ended 31 December 2016 and 2017, respectively, and the real estate agency fee receivable or received by the Hopefluent China Group from the Poly Real Estate Group of RMB56.07 million and RMB54.40 million for the two years ended 31 December 2016 and 2017, respectively;
- (ii) the total gross floor area of property development projects of the Poly Real Estate Group sold through the Poly Consultancy Group and the Hopefluent China Group during the year ended 31 December 2017;
- (iii) the expected annual growth in sales of the Enlarged Group with the Poly Real Estate Group in 2018, 2019 and 2020, taking into account of the expected growth in total gross floor area to be sold through the Poly Consultancy Group for the property development projects of the Poly Real Estate Group of approximately 28% and 33% in 2019 and 2020, respectively; and
- (iv) the expected growth of the real estate agency business of the Enlarged Group after the completion of the Cooperation Restructuring, taking into account the preferential right of Poly Consultancy Group and the Hopefluent China Group to be engaged as real estate agents for the property development projects effectively controlled by Poly Real Estate pursuant to the Cooperation Agreement.

### ***Amount payable by the Group***

#### ***1. Rental payment***

The Poly Consultancy Group has rented various premises at various cities of the PRC which the Poly Consultancy Group uses as offices. These premises are owned by the Poly Real Estate Group. Poly Real Estate agrees that upon completion of the Cooperation Restructuring, the Enlarged Group could continue to rent the said premises. In addition, in line with the future development of the business of the Enlarged Group, the Enlarged Group will rent more office premises from the Poly Real Estate Group. The Poly Consultancy Group expected to rent various premises (including the premises of Poly Real Estate Group currently rented by the Poly Consultancy Group) with a total gross floor area of approximately 11,000 square meters in 2018 and with a total monthly rental of approximately RMB1.25 million.

The monthly rental of each of the premises of the Poly Real Estate Group being rented or to be rented by the Enlarged Group was and will continue to be agreed after arm's length negotiations between the parties with reference to the then prevailing market rates for comparable properties.

BMI Appraisals Limited, an independent property valuer, confirmed that, having reviewed certain lease agreements entered into between the Poly Consultancy Group and the Poly Real Estate Group representing a substantial portion of the total rental and

gross floor area of the premises of the Poly Real Estate Group rented by the Poly Consultancy Group, the monthly rental currently being paid by the Poly Consultancy Group pursuant to the aforesaid lease agreements is comparable to the current market rates, and the lengths of terms of the said lease agreements are also comparable to the current market practice.

It is proposed that the annual caps for the rental to be paid by the Enlarged Group to the Poly Real Estate Group for the office premises being rented and to be rented by the Enlarged Group will be RMB7.00 million (equivalent to approximately HK\$8.24 million), RMB22.00 million (equivalent to approximately HK\$25.88 million) and RMB30.00 million (equivalent to approximately HK\$35.29 million) for the five months ending 31 December 2018 and the two years ending 31 December 2019 and 2020, respectively. When estimating the above annual caps, our Directors have taken into account: (i) the total monthly rental of approximately RMB1.25 million; and (ii) the additional premises expected to be rented by the Enlarged Group based on the estimated annual growth of business of the Enlarged Group as described above.

## 2. *Management fee payment*

Some of the premises rented by the Poly Consultancy Group are managed by the Poly Real Estate Group. To the best knowledge of the Directors, the monthly management fee paid by the Poly Consultancy Group to the Poly Real Estate Group was agreed after arm's length negotiations between the relevant parties with reference to the then market rates, comparable to the current market rates and was generally in line with the management fee payable by other tenants of properties comparable to the premises of the Poly Consultancy Group being rented by the Poly Real Estate Group.

As disclosed above, the Enlarged Group could continue to rent the premises being rented by the Poly Consultancy Group from the Poly Real Estate Group after completion of the Cooperation Restructuring and will rent more premises from the Poly Real Estate Group in line with the future development of the business of the Enlarged Group. The Enlarged Group will continue to pay management fee to the Poly Real Estate Group for the premises rented or to be rented by the Enlarged Group and managed by the Poly Real Estate Group, which will continue to be agreed after arm's length negotiations between the relevant parties with reference to the market rates. The rate of management fee to be paid by the Enlarged Group to the Poly Real Estate Group would not exceed the rate to be charged by the Poly Real Estate Group to other third party tenants.

It is proposed that the annual caps for the management fee payable by the Enlarged Group to the Poly Real Estate Group for the premises being rented and to be rented by the Enlarged Group will be RMB1.50 million (equivalent to approximately HK\$1.76 million), RMB4.70 million (equivalent to approximately HK\$5.53 million) and RMB6.40 million (equivalent to approximately HK\$7.53 million) for the five months ending 31 December 2018 and the two years ending 31 December 2019 and 2020, respectively. When estimating the above annual caps, our Directors have taken into account: (i) the expected total monthly management fee of approximately RMB0.30 million to be paid by the Poly Consultancy Group to the Poly Real Estate Group in

August 2018; and (ii) the additional gross floor area of premises expected to be rented by the Enlarged Group based on the estimated annual growth of business of the Enlarged Group as described above.

## **REASONS FOR AND BENEFITS OF THE MASTER AGREEMENT**

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of primary and secondary real estate agency services, financial services and property management services in the PRC. The Group mainly operates through four segments. The primary real estate agency segment of the Group is engaged in the provision of first-hand property services to property developers. The secondary real estate agency segment of the Group is engaged in the provision of secondary property services. The financial services segment of the Group is engaged in the provision of mortgage referral and loan financing services to individuals or companies. The property management segment of the Group is engaged in the provision of building management services to property owners and residents.

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

In respect of the connected transaction (amount due from the Poly Real Estate Group) contemplated under the Master Agreement, taking into account, among others, (i) the Cooperation Restructuring would allow the Company and Poly Real Estate to cooperate to enhance the core competitiveness of Hopefluent China by contributing their respective quality resources and establish Hopefluent China as a leading enterprise in the real estate agency service sector of the PRC; (ii) the benefits to be brought to the Enlarged Group by the preferential rights of Hopefluent China to be engaged as the real estate agent for the property development projects effectively controlled by Poly Real Estate as contemplated under the Cooperation Agreement; (iii) the exclusive operation of the real estate agency business of the Company and Poly Real Estate through the Hopefluent China Group and the Poly Consultancy Group would prevent future competition between the two parties in the real estate agency business; and (iv) the amount due from the Poly Real Estate Group and the schedule for settling such amount by the Poly Real Estate Group as contemplated under the Master Agreement, the Board is of the view that it is fair and reasonable and in the interest of the Company and the Shareholders as a whole not to request the Poly Real Estate Group to settle the entire amount due from the Poly Real Estate Group prior to completion of the Cooperation Restructuring and allow the Poly Real Estate Group to settle such amount progressively as contemplated under the Master Agreement.

The continuing connected transactions (in respect of the real estate agency fee, rental payment and management fee payment) contemplated under the Master Agreement are expected to occur on a regular and continuing basis in the ordinary and usual course of business of the Enlarged Group. Upon completion of the Cooperation Restructuring, the primary and secondary real estate agency businesses of the Company and Poly Real Estate will be exclusively operated by the Hopefluent China Group and the Poly Consultancy Group, which will also enjoy preferential rights to be engaged as the real estate agent for the property development projects effectively controlled by Poly Real Estate. The Board

believes that the Master Agreement will allow the Enlarged Group to take advantage of such preferential rights and thereby improving the operating and financial performance and position of the Enlarged Group.

The Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the Master Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group, and have been negotiated on an arm's length basis between the parties on normal commercial terms, and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Reference is made to the Company's announcement dated 9 May 2018, circular dated 22 June 2018 and announcement dated 19 July 2018 regarding, among others, a cooperation restructuring involving a major acquisition and a major deemed disposal.

Upon completion of the Cooperation Restructuring, Poly Real Estate will own 43.9% of the entire equity interests in Hopefluent China, an indirect non-wholly owned subsidiary of the Company, and thereby will become a connected person of the Company. In the circumstances, the transactions between the Enlarged Group and the Poly Real Estate Group as contemplated under the Master Agreement constitute a connected transaction (in respect of the amount due from the Poly Real Estate Group) and continuing connected transactions (in respect of the real estate agency fee, rental payment and management fee payment) of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the connected transaction and the continuing connected transactions (on the aggregate basis) contemplated under the Master Agreement exceed 5% and HK\$10 million, such transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Poly Real Estate and its associates will be required to abstain from voting at the EGM on the resolutions to be proposed in relation to the Master Agreement.

The Independent Board Committee will be established to advise the Independent Shareholders in respect of the transaction under the Master Agreement. The Independent Financial Adviser has been appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders on the transactions under the Master Agreement.

A circular containing, inter alia, (i) further details of the Master Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Master Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Master Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM, will be despatched to the Shareholders in accordance with the Listing Rules. Based on the information currently available, the Directors expected that the circular will be

despatched on or before 24 August 2018 as the Company will require more than 15 business days (as defined under the Listing Rules) to prepare the relevant information to be included in the circular.

## DEFINITIONS

“Annual Caps”	the proposed annual caps of the transactions as contemplated under the Master Agreement
“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Contribution Completion Date”	the date of issuance of the new business license of Hopefluent China after completing the procedures for business registration in relation to the increase in registered capital and the commerce and industry registrations in response to the capital increase
“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)
“Cooperation Agreement”	a cooperation reorganisation agreement (合作重組協議) dated 7 May 2018 entered into by the Company, Hopefluent HK and Poly Real Estate regarding, among others, the Cooperation Restructuring
“Cooperation Restructuring”	the cooperation restructuring of Hopefluent China and Poly Consultancy where Poly Real Estate will make a capital contribution to Hopefluent China by way of injecting the entire equity interests of Poly Consultancy held by it and in return obtaining 43.9% of the entire equity interests in Hopefluent China as contemplated under the Cooperation Agreement
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, <i>inter alia</i> , the Master Agreement and the Annual Caps
“Enlarged Group”	the Group and the Poly Consultancy Group
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Hopefluent China”	合富輝煌(中國)房地產顧問有限公司 (in English, for identification purpose only, Hopefluent (China) Real Estate Consultancy Co., Ltd.), a company established under the laws of the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company prior to the completion of the Cooperation Restructuring
“Hopefluent China Group”	Hopefluent China and its 95 companies after the internal corporate reorganisation being conducted by Hopefluent China for the purpose of the Cooperation Restructuring
“Hopefluent HK”	Hopefluent (Hong Kong) Limited (合富輝煌(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Lam King Pui, Mr. Ng Keung and Mrs. Wong Law Kwai Wah, Karen
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Master Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Poly Real Estate and its associate
“Independent Third Party”	a party who is not connected person (as defined in the Listing Rules) of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	an agreement dated 27 July 2018 entered into by Poly Real Estate, Poly Consultancy, Hopefluent China and the Company in relation to the proposed connected transaction and continuing connected transactions between the Enlarged Group (including the Hopefluent China Group and the Poly Consultancy Group) and the Poly Real Estate Group after completion of the Cooperation Restructuring

“Poly Consultancy”	保利地產投資顧問有限公司 (in English, for identification purpose only, Poly Real Estate Investment Consultancy Co., Ltd.), a company established under the laws of the PRC and a direct wholly-owned subsidiary of Poly Real Estate prior to the Cooperation Restructuring
“Poly Consultancy Group”	Poly Consultancy and its 4 companies after the internal corporate reorganisation being conducted by Poly Consultancy for the purpose of the Cooperation Restructuring
“Poly Real Estate”	Poly Real Estate Group Co., Ltd. (保利房地產(集團)股份有限公司), a company established under the laws of the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 600048)
“Poly Real Estate Group”	Poly Real Estate and its subsidiaries and associated companies (excluding the Poly Consultancy Group)
“PRC”	People’s Republic of China
“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 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*For the purpose of this announcement, the exchange rate of RMB0.85 = HK\$1.00 has been adopted. No representation is made as to whether any amount in RMB or HK\$ can or could have been converted at the above rate or any other rate at all.*

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

Hong Kong, 27 July 2018

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