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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF SUBSIDIARIES

SALE AND PURCHASE AGREEMENT

On 10 July 2019, the Vendor (a wholly-owned subsidiary of the Company) as vendor entered into the Sale and Purchase Agreement with the Purchaser as purchaser in relation to the disposal of the Target Group for a consideration of HK\$358,424,550 (subject to adjustments) which will be settled by the Purchaser in cash.

Completion will take place on 31 July 2019. Upon Completion, the Company will no longer hold any interest in the Target Group.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 10 July 2019, the Vendor (a wholly-owned subsidiary of the Company) as vendor entered into the Sale and Purchase Agreement with the Purchaser as purchaser in relation to the disposal of the Target Group for a consideration of HK\$358,424,550 (equivalent to RMB316,350,000, and subject to downward adjustments) which will be settled by the Purchaser in cash.

THE SALE AND PURCHASE AGREEMENT

Date 10 July 2019

Parties to the Sale and Purchase Agreement

- (a) Vendor as vendor; and
- (b) Purchaser as purchaser.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties and are not connected with the Company and its Connected Persons.

The Purchaser is a wholly-owned subsidiary of Country Garden Services Holdings Company Limited, a company whose shares are listed on the Stock Exchange (stock code: 6098) and a property management service provider in the PRC.

Assets to be disposed of

Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the entire issued share capital of the Target Company together with its subsidiaries.

For further information of the Target Group, please refer to the paragraph headed "Information relating to the Target Group" below.

Consideration

The consideration for the Disposal is HK\$358,424,550 (equivalent to RMB316,350,000, and subject to downward adjustments) and comprises (i) a fixed total sum of HK\$250,897,185; and (ii) a sum up to HK\$107,527,365 which may be adjusted based on the adjustment mechanism specified in the paragraph headed "Adjustment mechanism" below.

The consideration for the Disposal will be satisfied by the Purchaser by cash in Hong Kong dollars and in the following manners:

Fixed consideration

- (a) a sum of HK\$71,684,910 will be paid within ten days from the date of the Sale and Purchase Agreement;
- (b) a sum of HK\$107,527,365 will be paid on the Completion Date;
- (c) a sum of HK\$71,684,910 will be paid on or before 15 August 2019, provided that (i) the payment under paragraph (b) above has been fully settled; (ii) the management rights to the projects under management of Asia Asset China have been transferred to the Purchaser (or its nominated subsidiary); and (iii) the filing and registration of the appointments of the new directors, legal representative and other senior management of Asia Asset China have been completed;

Consideration adjustable under the adjustment mechanism

- (d) subject to the adjustment mechanism regarding the Target Group's performance target for 2019, a sum of HK\$35,842,455 will be paid within one month after the end of the 2019 financial year;
- (e) subject to the adjustment mechanism regarding the Target Group's performance target for 2020, a sum of HK\$35,842,455 will be paid within one month after the end of the 2020 financial year; and
- (f) subject to the adjustment mechanism regarding the Target Group's performance target for 2021, a sum of HK\$35,842,455 will be paid within one month after the end of the 2021 financial year.

The consideration was arrived at based on normal commercial terms after arm's length negotiations among the parties to the Sale and Purchase Agreement with reference to (i) the fair value of 100% equity interest in Asia Asset Property (China) Limited as at 30 June 2019 of RMB370,000,000 as set out in the business valuation report issued by an independent valuer engaged by the Company who has used the market approach in arriving at the fair value; (ii) the status of the projects under management of the Target Group; and (iii) the adjustment mechanism based on the performance undertakings as described below.

Adjustment mechanism

The Vendor has undertaken to the Purchaser that for each of the three financial years ending 31 December 2021, the average annual growth rate of the chargeable site area of the projects under the management of the Target Group will not be less than 10%. On the basis that the agreed and confirmed total chargeable site area as at 31 December 2018 was 13,468,200 square metres, the Vendor and the Purchaser have agreed to the following performance targets for the chargeable site area of the projects under management of the Target Group and the targeted net increase in chargeable site area calculated based on the total chargeable site area as at 31 December 2018 for the three years ending 31 December 2021.

Year	Performance target: chargeable site area (’000 square meters)	Targeted net increase in chargeable site area (as compared with 2018) (’000 square meters)
2019	14,815.0	1,346.8
2020	16,296.5	2,828.3
2021	17,926.2	4,458.0

- (a) During any of the 2019–2021 financial years, if the Target Group is unable to achieve 60% of the targeted net increase set for that year, the Purchaser will not be required to pay any consideration for that financial year.

- (b) During any of the 2019–2020 financial years, if the Target Group is able to achieve 60% or above of the targeted net increase set for that year, the amount of consideration payable by the Purchaser will be equivalent to HK\$35,842,455 multiplied by the percentage of actual net increase achieved by the Target Group over the targeted net increase, provided that the amount of consideration payable by the Purchaser will not exceed HK\$35,842,455 for each of the 2019–2020 financial years.
- (c) In the 2021 financial year:
 - (i) if the Target Group is able to achieve 60% or above but less than 100% of the targeted net increase, the amount of consideration payable by the Purchaser will be calculated as provided in paragraph (b) above; and
 - (ii) if the Target Group is able to secure chargeable site area of 17,926,200 square meters or above, the Target Group is deemed to have fully satisfied the performance undertakings for the 2019-2021 financial years and the Purchaser will be required to pay the entire sum of HK\$107,527,365 to the Vendor. That is, the amount of consideration payable by the Purchaser will be equivalent to the difference of HK\$107,527,365 and the total amount already paid by the Purchaser as the fourth and fifth payments for the consideration for the Disposal.

Completion

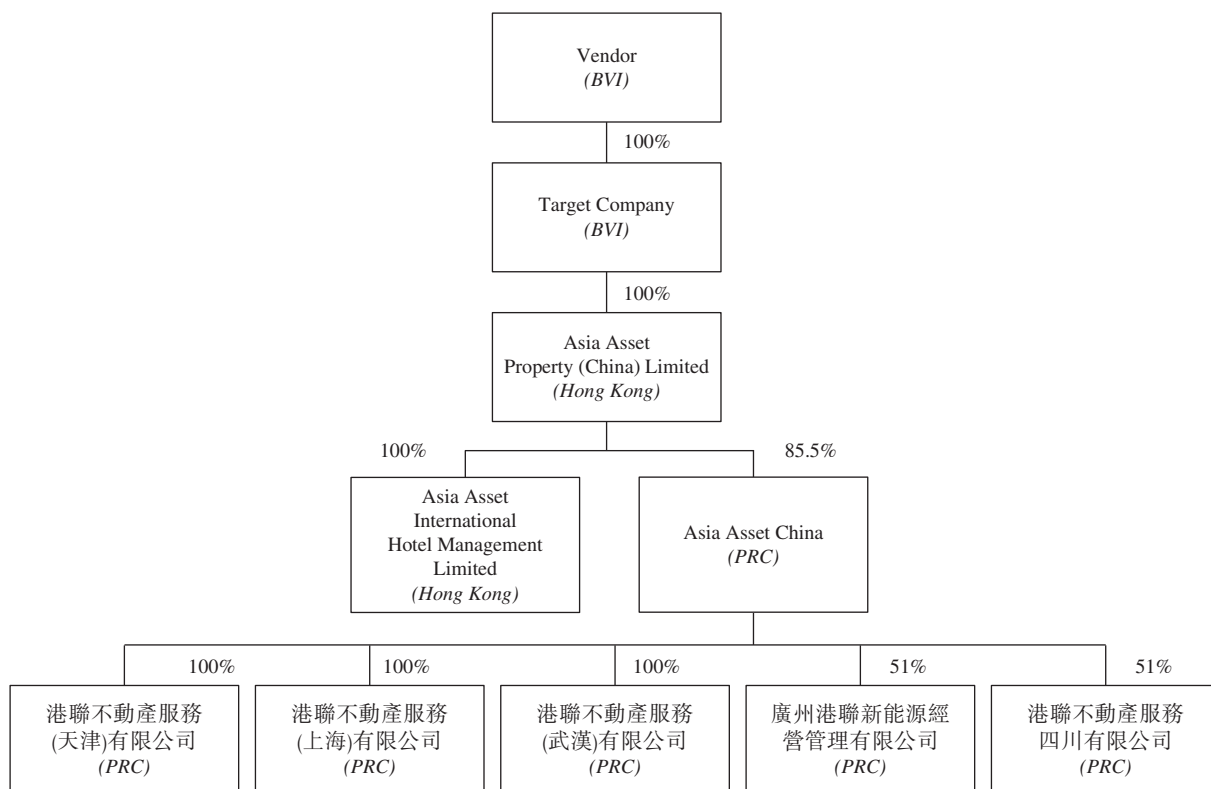
Completion will take place on 31 July 2019 (or such other date to be agreed by the parties to the Sale and Purchase Agreement).

On Completion, the Vendor will transfer the entire issued share capital of the Target Company to the Purchaser. Thereafter, the Company will no longer hold any interest in the Target Group.

INFORMATION RELATING TO THE TARGET GROUP

Corporate structure

Below is the corporate structure of the Target Group:



Corporate information

Name	Date and place of incorporation	Scope of business	Issued/ registered share capital
1. Sino Estate Holdings Limited	6 November 2003, BVI	Investment holding	US\$100
2. Asia Asset Property (China) Limited 港聯物業(中國)有限公司	27 February 1998, Hong Kong	Investment holding	HK\$5,323,000
3. Asia Asset International Hotel Management Limited 港聯國際酒店管理有限公司	19 March 2010, Hong Kong	Investment holding	HK\$10,000
4. Asia Asset Real Estate Services (China) Company Limited* 港聯不動產服務(中國)股份有限公司	5 August 1999, Guangzhou, PRC	Provision of property management services	RMB60,000,000

Name	Date and place of incorporation	Scope of business	Issued/ registered share capital
5. Asia Asset Real Estate Services (Tianjin) Company Limited* 港聯不動產服務(天津)有限公司	15 March 2007, Tianjin, PRC	Provision of property management services	RMB5,000,000
6. Asia Asset Real Estate Services (Shanghai) Company Limited* 港聯不動產服務(上海)有限公司	10 August 1998, Shanghai, PRC	Provision of property management services	US\$630,000
7. Asia Asset Real Estate Services (Wuhan) Company Limited* 港聯不動產服務(武漢)有限公司	26 June 1995, Wuhan, PRC	Provision of property management services	RMB5,205,200
8. Guangzhou Asia Asset New Energy Operation Management Company Limited* 廣州港聯新能源經營管理有限公司	26 May 2017, Guangzhou, PRC	Provision of energy management services	RMB3,000,000
9. Asia Asset Real Estate Services Sichuan Company Limited* 港聯不動產服務四川有限公司	21 February 2018, Sichuan, PRC	Provision of property management services	RMB1,000,000

Business operation

The Target Group is engaged in property management business in the PRC. The Group has provided property management services to residential, office and commercial properties in Guangzhou, Shanghai, Tianjin, Wuhan and Sichuan of the PRC.

Financial information

The aggregate unaudited net asset value of the Target Group as at 30 April 2019 was approximately HK\$179,646,000.

The combined unaudited net profits attributable to the Target Group for the two years ended 31 December 2018 were as follows:

	During the year ended	
	31 December 2017 (unaudited)	31 December 2018 (unaudited)
Net profits before taxation attributable to the Target Group	HK\$57,658,000	HK\$51,264,000
Net profits after taxation attributable to the Target Group	HK\$36,906,000	HK\$32,608,000

REASONS FOR ENTERING INTO THE DISPOSAL

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

The Target Group is engaged in the provision of property management services which contributed approximately 10% of the total turnover of the Group for the year ended 31 December 2018.

Since September 2018, the Group has been operating property real estate agency services business in cooperation with Poly Real Estate Investment Consultancy Co., Ltd, a move that has greatly enhanced the Group's competitiveness. Currently, the Group's existing network of primary and secondary property real estate agency services business covers more than 150 cities in the PRC. Going forward, the Group intends to be developed into a real leader in the property agency services sector. It will also capture opportunities to expand business in different provinces and cities so as to maintain stable income and growth, moving in full speed towards realising the goal of becoming the largest property agency brand in the PRC. The Directors believe that the Disposal coincides with the Group's business strategy to focus on and further develop its real estate agency business and financial services business. Having considered the above, the Board is of the view that the Disposal is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Upon completion of the Disposal, a gain of approximately HK\$205,000,000, being the sale proceeds less the carrying amount of the net assets of the Target Group will arise. Shareholders should note that the actual gain on the Disposal to be recorded by the Group will depend on the net assets of the Target Group as at the date of completion of the Disposal. The cash proceeds of approximately HK\$350,000,000 from the Disposal will be used as to approximately HK\$200,000,000 for the development of the Group's financial services business, as to approximately HK\$90,000,000 for the Group's future dividend distribution and as to approximately HK\$60,000,000 as the working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Asia Asset China”	港聯不動產服務(中國)股份有限公司 (Asia Asset Real Estate Services (China) Company Limited*), a company established under the laws of the PRC and an indirect subsidiary owned as to 85.5% by the Company prior to the completion of the Disposal
“Board”	the board of Directors

“Business Day”	a day (other than Saturdays or Sundays) on which banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“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)
“Completion”	completion of the transfer of the entire issued share capital of the Target Company by the Vendor to the Purchaser
“Completion Date”	31 July 2019 or such other date to be agreed by the Vendor and the Purchaser
“Connected Person(s)”	has the meaning given to that term in the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Target Group by the Vendor as contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	party who is not Connected Person(s) of the Company and who together with its ultimate beneficial owner are independent of the Company and of Connected Persons of the Company and their respective associates (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	United Gain Group Ltd., a company incorporated under the laws of the BVI, the purchaser under the Sale and Purchase Agreement and an Independent Third Party
“PRC”	People’s Republic of China
“Sale and Purchase Agreement”	an unconditional sale and purchase agreement dated 10 July 2019 made between the Vendor as vendor and the Purchaser as purchaser in respect of the sale and purchase of the Target Group
“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
“Target Company”	Sino Estate Holdings Limited, a company incorporated under the laws of the BVI and an indirect wholly-owned subsidiary of the Company prior to the completion of the Disposal
“Target Group”	Sino Estate Holdings Limited and its subsidiaries (including Asia Asset China)
“Vendor”	Hopefluent (BVI) Limited, a company incorporated under the laws of the BVI, a wholly-owned subsidiary of the Company and the vendor under the Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

* For identification purpose only

For illustration purposes only, the exchange rate of RMB1.000 = HK\$1.133 has been adopted for translating RMB into HK\$ in this announcement. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.

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

Hong Kong, 10 July 2019

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.