



Hopefluent Group Holdings Limited

合富輝煌集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 733)

PLACING OF EXISTING SHARES TOP-UP SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING

On 25 October 2006, Fu's Family entered into the Placing Agreement with the Placing Agent and the Subscription Agreement with the Company respectively. Pursuant to the Placing Agreement, Fu's Family agreed to place, through the Placing Agent, 27,500,000 existing Shares to one placee who will be independent professional, institutional and/or individual investor and who and whose ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company at the Placing Price.

Pursuant to the Subscription Agreement, Fu's Family conditionally agreed to subscribe for 27,500,000 new Shares at a price of HK\$2.85 per Share. The subscription price of the new Shares of HK\$2.85 per Share, being equivalent to the Placing Price, was determined after arm's length negotiation between Fu's Family and the Company with reference to the Placing Price. The 27,500,000 new Shares represent approximately 12.54% of the existing issued share capital of the Company and approximately 11.14% of the issued share capital of the Company as enlarged by the Subscription.

The Placing Price was determined after arm's length negotiation between Fu's Family and the Placing Agent and represents (i) the closing price of HK\$2.85 per Share quoted on the Stock Exchange on the Last Trading Date, (ii) a premium of 0.71% over the average closing price of HK\$2.83 per Share on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date, and (iii) a premium of 2.15% over the average closing price of HK\$2.79 per Share on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date.

The Company intends to use the estimated net proceeds of the Subscription of approximately HK\$76,500,000 for the expansion of its secondary real estate agency services, mortgage referral business and also as working capital of the Group for operating activities.

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 10:00 a.m. on Wednesday, 25 October 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 26 October 2006.

PLACING AGREEMENT

The Placing Agreement was made between Fu's Family and the Placing Agent on 25 October 2006 pursuant to which Fu's Family had agreed to place and the Placing Agent had agreed to procure one placee who will be independent professional, institutional and/or individual investor and who and whose ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company to purchase 27,500,000 existing Shares at the Placing Price.

Parties

- (1) Fu's Family (as vendor), a substantial and controlling shareholder of the Company, is owned as to 70% by Mr. Fu, 15% by Ms. Ng and 15% by Ms. Fu. Prior to the Placing, Fu's Family owned 95,440,000 Shares representing 43.52% of the existing issued share capital of the Company. Upon completion of the Placing but before the Subscription, Fu's Family will own 67,940,000 Shares representing approximately 30.98% of the issued share capital of the Company.
- (2) Placing Agent (as placing agent), who will procure one placee to purchase the 27,500,000 existing Shares, will receive a placing commission of 1.5% which will be paid by the Company on the gross proceeds of the placing under the Placing Agreement, which was arrived after arm's length negotiation between the Company and the Placing Agent. To the best knowledge and information of the Directors, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company.

Placee

The placing Shares under the Placing Agreement will be placed by the Placing Agent to one placee who will be independent professional, institutional and/or individual investor and who and whose ultimate beneficial owners (i) are third parties independent of the Company and Connected Persons of the Company (including Fu's Family); and (ii) are not parties acting in concert with Fu's Family or any of its owners at the Placing Price. The Placing Agent had identified one placee, namely, Arisaig Greater China Fund (a fund manager having their headquarters in Singapore), who will become a substantial shareholder of the Company after the Placing and the Subscription.

Placing price

HK\$2.85 per Share. The Placing Price was determined after arm's length negotiation between Fu's Family and the Placing Agent with reference to the market price of the Shares and represents (i) the closing price of HK\$2.85 per Share quoted on the Stock Exchange on the Last Trading Date, (ii) a premium of 0.71% over the average closing price of HK\$2.83 per Share on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date, and (iii) a premium of 2.15% over the average closing price of HK\$2.79 per Share on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date.

Placing shares

27,500,000 existing Shares placed represented approximately 12.54% of the existing issued share capital of the Company and will represent approximately 11.14% of the issued share capital of the Company as enlarged by the Subscription.

Completion of the Placing Agreement

The Placing Agreement is unconditional and will be completed on the date on which this announcement is published in the newspapers and the Shares having resumed trading on the Stock Exchange (or such other time or date as Fu's Family and the Placing Agent shall agree). The Placee is not restricted to dispose of the Shares upon completion of the placing under the Placing Agreement.

SUBSCRIPTION AGREEMENT

The Subscription Agreement was made between Fu's Family and the Company on 25 October 2006 pursuant to which Fu's Family had conditionally agreed to subscribe and the Company had conditionally agreed to allot and issue 27,500,000 new Shares at the price of HK\$2.85 per Share.

Parties

- (1) Fu's Family (as subscriber).
- (2) The Company (as issuer).

Price of the subscription shares

The price of the new Shares of HK\$2.85 per Share, being equivalent to the Placing Price, was determined after arm's length negotiation between Fu's Family and the Company with reference to the Placing Price. The Directors consider that the subscription price of the new Share to be issued by the Company is fair and reasonable.

Subscription shares

27,500,000 new Shares are to be subscribed, representing approximately 12.54% of the existing issued share capital of the Company and approximately 11.14% of the issued share capital of the Company as enlarged by the Subscription. These 27,500,000 new Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of issue and allotment of their issue.

Conditions of the subscription

Completion of the Subscription Agreement is conditional upon:

- completion of the placing of 27,500,000 shares having occurred pursuant to the terms of the Placing Agreement;
- the Listing Committee of the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Subscription Shares (either unconditionally or subject to conditions which are acceptable to the Company); and
- the Securities and Futures Commission having waived any obligation which might arise on the Fu's Family or any party acting in concert with them to make a general offer for the Shares pursuant to Rule 26 of the Takeovers Code on completion of the Subscription (if required).

There is no provision in the Subscription Agreement allowing the parties thereto to waive any of the above conditions.

Completion of the subscription

Completion of the Subscription Agreement shall take place on the business day following the day upon which all the conditions of the Subscription Agreement shall have been satisfied provided that the completion date shall not be later than 8 November 2006 (or such later time and/or date as the Company and Fu's Family may agree in writing).

If completion of the Subscription is extended beyond 14 days after the date of the Placing Agreement, the Subscription will constitute a connected transaction under the Listing Rules which will require the approval of independent shareholders of the Company and steps will be taken by the Company to ensure compliance with the Listing Rules. Further announcement(s) will be made by the Company if completion of the Subscription takes place after 8 November 2006.

APPLICATION FOR LISTING

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

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholdings in the Company before and after the Placing and the Subscription are summarised as follows:

| | Before Placing and Subscription | % | After Placing but before Subscription | % | After Placing and Subscription | % |
|--|---------------------------------------|------------|---|------------|--------------------------------------|------------|
| Fu's Family (Note) | 95,440,000 | 43.52 | 67,940,000 | 30.98 | 95,440,000 | 38.67 |
| Placee (Arisaig Greater China Fund) | 0 | 0 | 27,500,000 | 12.54 | 27,500,000 | 11.14 |
| Other and Public shareholders | 123,860,000 | 56.48 | 123,860,000 | 56.48 | 123,860,000 | 50.19 |
| Total issued share capital | 219,300,000 | 100 | 219,300,000 | 100 | 246,800,000 | 100 |

Note: Fu's Family is owned as to 70% by Mr. Fu, 15% by Ms. Ng and 15% by Ms. Fu.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WAIVER

As there will be changes in the aggregate percentage shareholdings in respect of Fu's Family and parties acting in concert with it from 43.52% to 30.98% after the Placing and from 30.98% to 38.67% after the Subscription (namely an increase in more than 2% from the lowest collective percentage holding of Fu's Family and parties acting in concert with it in a twelve-month period ending on and inclusive of the date of the Subscription), Fu's Family and parties acting in concert with it would be obliged to make a general offer for all the other issued Shares under Rule 26.1 of the Takeovers Code.

Application for waiver under Rule 26 to make a general offer will be made by the Fu's Family to the Securities and Futures Commission.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The gross proceeds from the Subscription are about HK\$78,375,000. The Directors has estimated that the net proceeds from the Subscription are about HK\$76,500,000, of which HK\$50,000,000 will be used for the expansion of the secondary real estate agency services of the Group, HK\$20,000,000 will be used for the expansion of the mortgage referral business of the Group and the remaining HK\$6,500,000 will be used as working capital of the Group for operating activities. The price for each Placing Share is HK\$2.85 and the net proceeds raised per new Share under the Subscription will be about HK\$2.78. Apart from the commission of 1.5%, the Stock Exchange trading fee, the Securities and Futures Commission transaction levy and the relevant professional expenses, there are no other material expenses payable by the Company. Other than the intended use stated above, there is no other specific usage for the net proceeds.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any equity fund raising activity in the past twelve-month period immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Company had noted the increase in demand for properties in the secondary market of the PRC and had decided to make use of such opportunity and to expand the business of the Group, in particular, in the secondary real estate agency services and mortgage referral services. Furthermore, it has always been the Company's strategy to broaden its shareholders base especially when professional investors have been identified. The Directors believe that the placee identified by the Placing Agent is a professional investor who has international background which could improve the reputation of the Group both in Hong Kong and abroad. The Directors have considered such opportunity and concluded that the Placing and the Subscription could broaden the shareholders base and the capital base of the Company and at the same time improve the reputation of the Group.

GENERAL MANDATE

The Company, being an issuer under the Subscription Agreement, will issue 27,500,000 new Shares of nominal value of HK\$0.01 per Share, the aggregate nominal value of HK\$275,000 of the new Shares pursuant to the general mandate granted by the shareholders of the Company to the Directors on 1 June 2006. The said general mandate entitles the Company to issue a total nominal value of not exceeding 20% of the aggregate of the total nominal value of the share capital of the Company in issue as at the date of the grant of the said general mandate, which amounts to 43,860,000 new Shares. As at the date of this announcement, no Shares have been issued by the Company pursuant to the above general mandate.

COMPANY'S PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the provision of comprehensive real estate agency services mainly in various areas of the Guangdong province and other cities in the PRC.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 10:00 a.m. on Wednesday, 25 October 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 26 October 2006.

DIRECTORS OF THE COMPANY

As at the date of this announcement, the executive Directors are Mr. Fu Wai Chung, Ms. Ng Wan, Ms. Fu Man and Mr. Lo Yat Fung and the independent non-executive Directors are Mr. Ng Keung, Mr. Lam King Pui and Mrs. Wong Law Kwai Wah Karen.

DEFINITIONS

In this announcement, unless the context otherwise requires the following terms shall have the following meanings:

| | |
|--------------------------|--|
| "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 |
| "Connected Persons" | as defined in the Listing Rules |
| "Directors" | the directors of the Company; "Director" shall be construed accordingly |
| "Fu's Family" | Fu's Family Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is legally and beneficially owned as to 70% by Mr. Fu, 15% by Ms. Ng and 15% by Ms. Fu |
| "Group" | the Company and its subsidiaries |
| "Hong Kong" | Hong Kong Special Administrative Region of the PRC |
| "Last Trading Date" | 24 October 2006, being the last full trading day for the Shares before the date of the Placing Agreement |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Placing" | the placing of 27,500,000 existing Shares by Fu's Family pursuant to the Placing Agreement |
| "Placing Agent" | UOB Kay Hian (Hong Kong) Limited |
| "Placing Agreement" | the placing agreement dated 25 October 2006 made between Fu's Family and the Placing Agent for the placing of 27,500,000 existing Shares at the Placing Price |
| "Placing Price" | HK\$2.85 per Share |
| "Mr. Fu" | Mr. Fu Wai Chung, the chairman and executive Director |
| "Ms. Fu" | Ms. Fu Man, an executive Director |
| "Ms. Ng" | Ms. Ng Wan, an executive Director |
| "PRC" | The People's Republic of China |
| "Shares" | ordinary shares of HK\$0.01 each in the share capital of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Subscription" | the subscription by Fu's Family for 27,500,000 new Shares pursuant to the Subscription Agreement |
| "Subscription Agreement" | the conditional subscription agreement dated 25 October 2006 made between Fu's Family and the Company for the subscription of 27,500,000 new Shares at HK\$2.85 per Share |
| "Takeovers Code" | the Hong Kong Codes on Takeovers and Mergers |
| "HK\$" / "%" | Hong Kong dollars, the lawful currency of Hong Kong per cent. |

Hong Kong, 25 October 2006

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

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