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If you have sold or transferred all your shares in Hopefluent Group Holdings Limited, you should hand this circular together with the accompanying form of proxy at once 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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HOPEFLUENT GROUP HOLDINGS LIMITED

合富輝煌集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Hong Kong stock code: 733)

(1) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular. A letter from the Board is set out on pages 4 to 16 of this circular.

A notice convening the EGM to be held at Victoria I, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong at 3:00 p.m. on 31 October 2014 (Friday) is set out on pages 39 to 41 of this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you intend 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 Level 22, Hopewell Centre, 183 Queen’s Road East, 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.

7 October 2014

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DEFINITIONS

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

“Announcement”	the announcement dated 12 September 2014 made by the Company in relation to, among others, the China-net Subscription
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“China-net”	China-net Holding Ltd., a company incorporated in the BVI which is 100% owned by Mr. Fu
“China-net Long Stop Date”	31 December 2014
“China-net Subscription”	subscription of China-net Subscription Shares by China-net at the China-net Subscription Price pursuant to the China-net Subscription Agreement
“China-net Subscription Agreement”	the subscription agreement dated 12 September 2014 entered into between the Company and China-net in respect of the China-net Subscription
“China-net Subscription Completion”	completion of the China-net Subscription in accordance with the terms and conditions of the China-net Subscription Agreement
“China-net Subscription Price”	the subscription price of HK\$3.00 per China-net Subscription Share
“China-net Subscription Shares”	42,000,000 new Shares to be allotted and issued by the Company to China-net under the China-net Subscription
“Company”	Hopefluent Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the 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 the specific mandate, the China-net Subscription, and the respective transactions contemplated thereunder

DEFINITIONS

“Framework Agreement”	the framework agreement dated 10 July 2014 entered into between the Company and SouFun Holdings
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent Board committee, comprising all independent non-executive Directors, namely Mr. Lam King Pui, Mr. Ng Keung and Mrs. Wong Law Kwai Wah, Karen, which has been formed to advise the Independent Shareholders in respect of the China-net Subscription and the transactions contemplated thereunder
“Independent Financial Adviser” or “CGI”	China Galaxy International Securities (Hong Kong) Co., Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a licenced corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO
“Independent Shareholders”	Shareholders other than (i) Mr. Fu and his associate; (ii) any parties acting in concert with Mr. Fu; (iii) any party presumed to be acting in concert with Mr. Fu; and (iv) parties involved or interested in the China-net Subscription
“Joint Venture Agreement”	the joint venture agreement dated 12 September 2014 entered into between the Company and SouFun Holdings
“Joint Venture Company”	a joint venture company to be established in the PRC pursuant to the terms and conditions of the Joint Venture Agreement
“Last Trading Day”	12 September 2014, being the date of the China-net Subscription Agreement, the SouFun Subscription Agreement and the Joint Venture Agreement
“Latest Practicable Date”	3 October 2014, being the latest practicable date prior to the publication 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

DEFINITIONS

“Mr. Fu”	Mr. Fu Wai Chung, an executive Director and chairman of the Board, and the controlling Shareholder who is interested (directly and indirectly) in 183,427,467 Shares, representing approximately 35.03% interest in the Company as at the date of this circular
“PRC”	the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SEC”	the Securities and Exchange Commission of the United States
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SouFun Holdings”	SouFun Holdings Limited, a company listed on The New York Stock Exchange (NYSE: SFUN)
“SouFun Long Stop Date”	31 December 2014
“SouFun Subscription”	the subscription of Shares by SouFun Holdings at the SouFun Subscription Price pursuant to the SouFun Subscription Agreement
“SouFun Subscription Agreement”	the agreement dated 12 September 2014 entered into between the Company and SouFun Holdings in respect of the SouFun Subscription
“SouFun Subscription Completion”	completion of the SouFun Subscription in accordance with the terms and conditions of the SouFun Subscription Agreement
“SouFun Subscription Price”	the subscription price of HK\$3.00 per SouFun Subscription Share
“SouFun Subscription Shares”	91,000,000 new Shares to be allotted and issued by the Company to SouFun Holdings under the SouFun Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.



HOPEFLUENT GROUP HOLDINGS LIMITED

合富輝煌集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Hong Kong stock code: 733)

Executive Directors:

FU Wai Chung (*Chairman*)

NG Wan

FU Man

LO Yat Fung

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Cayman Islands

Independent Non-executive Directors:

LAM King Pui

NG Keung

WONG LAW Kwai Wah, Karen

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Hong Kong

7 October 2014

**(1) CONNECTED TRANSACTION INVOLVING
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

To the Shareholders

Dear Sir or Madam,

I. INTRODUCTION

Reference is made to the Announcement and the announcements of the Company dated 10 July 2014 and 12 August 2014. On 12 September 2014, the Company entered into the China-net Subscription Agreement with China-net in respect of the subscription of new Shares by China-net pursuant to which China-net has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 42,000,000 new Shares at the China-net Subscription Price of HK\$3.00 per China-net Subscription Share to China-net. The China-net Subscription Shares represent approximately 8.02% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 6.40% of the issued share capital of the Company as enlarged by the allotment and issue of the SouFun Subscription Shares and the China-net Subscription Shares in aggregate, subject to SouFun Subscription Completion and China-net Subscription Completion and assuming there will be no other changes in the

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issued share capital of the Company between the Latest Practicable Date and the date of China-net Subscription Completion and SouFun Subscription Completion, save for the issue and allotment of the China-net Subscription Shares and the SouFun Subscription Shares.

In addition, as described in the Announcement, the Company entered into the SouFun Subscription Agreement with SouFun Holdings on 12 September 2014 pursuant to which SouFun Holdings has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 91,000,000 new Shares at the SouFun Subscription Price of HK\$3.00 per SouFun Subscription Share. The SouFun Subscription Shares represent approximately 17.38% of the issued share capital of the Company as at the Latest Practicable Date and approximately 13.86% of the issued share capital of the Company as enlarged by the allotment and issue of the SouFun Subscription Shares and the China-net Subscription Shares in aggregate, subject to SouFun Subscription Completion and China-net Subscription Completion and assuming there will be no other changes in the issued share capital of the Company between the Latest Practicable Date and the date of SouFun Subscription Completion and China-net Subscription Completion.

The Company also entered into the Joint Venture Agreement with SouFun Holdings on 12 September 2014, the Joint Venture Company will be owned as to 60% by SouFun Holdings (or its affiliate) and 40% by the Company (or its affiliate). The Company and SouFun Holdings have agreed that the scope of business of the Joint Venture Company will be to engage in real estate financial and internet financial businesses in the PRC, subject to the final approval of relevant governmental authorities. The formation of the Joint Venture Company is conditional upon fulfillment of the condition that the Company and SouFun Holdings has contributed its respective capital contribution to the Joint Venture Company. China-net Subscription Completion or SouFun Subscription Completion is not a condition precedent to the formation of the Joint Venture Company.

The Company intends to, and, to the best knowledge of the Company, China-net and SouFun Holdings would like to complete the transactions contemplated under the China-net Subscription Agreement and the SouFun Subscription Agreement (as the case may be) as soon as possible. However, taking into account the administrative work and relevant completion documents to be signed by relevant parties, the China-net Long Stop Date and the SouFun Long Stop Date were fixed on 31 December 2014 in order to allow sufficient time for the parties to arrange for the necessary board meetings and signing procedures. The China-net Long Stop Date and the SouFun Long Stop Date were arrived at after arm's length negotiation between the Company and each of China-net and SouFun Holdings.

China-net is wholly-owned by Mr. Fu, a controlling Shareholder who is interested, directly and indirectly, in 183,427,467 Shares, representing approximately 35.03% of the issued share capital of the Company as at the Latest Practicable Date. China-net is therefore a connected person of the Company under the Listing Rules and the China-net Subscription constitutes a connected transaction of the Company under the Listing Rules which is subject to the announcement, reporting and independent shareholders' approval requirements. The Company will seek the Independent Shareholders' approval for the China-net Subscription Agreement at the EGM.

LETTER FROM THE BOARD

The purpose of this circular is to provide you, among other things, (i) further details of the China-net Subscription; (ii) a letter of recommendation from the Independent Board Committee in relation to the China-net Subscription and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser in relation to the China-net Subscription and the transactions contemplated thereunder; and (iv) a notice convening the EGM.

II. CHINA-NET SUBSCRIPTION

Date

12 September 2014

Parties

- (a) the Company, as issuer; and
- (b) China-net, as subscriber

China-net is a company incorporated under BVI law with limited liability and is wholly-owned by Mr. Fu, a controlling Shareholder who is interested, directly and indirectly, in 183,427,467 Shares, representing approximately 35.03% of the issued share capital of the Company, as at the Latest Practicable Date. China-net is therefore a connected person of the Company under the Listing Rules.

The China-net Subscription

Pursuant to the China-net Subscription Agreement, China-net has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 42,000,000 new Shares (with an aggregate nominal value of HK\$420,000) at the China-net Subscription Price of HK\$3.00 per China-net Subscription Share to China-net, with an aggregate cash consideration of approximately HK\$126,000,000.

The China-net Subscription Shares represent approximately 8.02% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 6.40% of the issued share capital of the Company as enlarged by the allotment and issue of the SouFun Subscription Shares and the China-net Subscription Shares in aggregate, subject to SouFun Subscription Completion and China-net Subscription Completion and assuming there will be no other changes in the issued share capital of the Company between the Latest Practicable Date and the date of SouFun Subscription Completion and China-net Subscription Completion, save for the issue and allotment of the SouFun Subscription Shares and the China-net Subscription Shares.

The China-net Subscription Shares will, when allotted, issued and fully paid, rank pari passu in all respects to the Shares in issue as at the date of the China-net Subscription Completion together with the rights to all dividends and other rights attached thereto as at that date. The nominal value of each China-net Subscription Share is HK\$0.01.

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Conditions precedent to the China-net Subscription

China-net Subscription Completion is conditional upon fulfillment of the following conditions:

- (a) the Independent Shareholders having approved the China-net Subscription and the related transactions contemplated thereunder by way of poll;
- (b) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the China-net Subscription Shares and such approval and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the China-net Subscription Shares;
- (c) the China-net Subscription Agreement not having been terminated as a result of any material breach of the warranties as set out in the China-net Subscription Agreement prior to China-net Subscription Completion; and
- (d) the simultaneous completion of the SouFun Subscription.

In the event that any of the conditions of the China-net Subscription is not fulfilled on or prior to 31 December 2014 (or such later date as may be agreed between the Company and China-net in writing), the China-net Subscription Agreement will terminate and all obligations of the Company and China-net under the China-net Subscription Agreement shall cease and terminate and neither the Company nor China-net shall have any claim against the other in respect of any matter arising out of or in connection with the China-net Subscription Agreement. Details of the conditions to the SouFun Subscription can be found in the Announcement. One of the conditions precedent to SouFun Subscription Completion is for the existing controlling Shareholder of the Company (i.e. Mr. Fu) to continue to hold not less than 30% of the issued share capital of the Company on a fully diluted basis. That Mr. Fu should continue to remain as a controlling Shareholder was a condition which had first originated as a request by SouFun Holdings to the Company in order to ensure his commitment to the Company and to align his interests to the continued growth and development and profitability of the Company. There is no direct agreement or arrangement between SouFun Holdings and Mr. Fu in connection with the China-net Subscription.

LETTER FROM THE BOARD

In addition to the conditions precedent set out above, the China-net Subscription is subject to the consent of Orchid Asia V, L.P. and Orchid Asia V Co-Investment Limited pursuant to an exchangeable bond subscription agreement dated 1 August 2012 entered into between the Hopefluent Properties Limited, Orchid Asia V, L.P., Orchid Asia V Co-Investment Limited and the Company. Details of such terms of the exchangeable bond subscription agreement can be found in the announcement made by the Company dated 1 August 2012. Such consent has been obtained and has not expired as of the Latest Practicable Date.

China-net Subscription Completion

China-net Subscription Completion will take place on the third business day after the date on which all the conditions of the China-net Subscription are fulfilled (or such other date as may be agreed between the Company and China-net in writing) and shall be simultaneous with SouFun Subscription Completion. For the avoidance of doubt, if the SouFun Subscription fails to complete, the China-net Subscription Agreement shall terminate and no party to the China-net Subscription Agreement will have any further rights or obligations under the China-net Subscription Agreement.

The China-net Subscription Price

The China-net Subscription Price is fixed at HK\$3.00 per China-net Subscription Share, which represents:

- (i) a premium of approximately 27.12% to the closing price of HK\$2.36 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 15.83% to the average closing price of approximately HK\$2.59 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 16.73% to the average closing price of approximately HK\$2.57 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 6.54% to the per Share net asset value attributable to Shareholders of approximately HK\$3.21 based on the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,682.7 million as at 30 June 2014 and the 523,701,909 issued Shares as at the Latest Practicable Date.

The China-net Subscription Price was arrived at after arm's length negotiations between the Company and China-net.

LETTER FROM THE BOARD

III. THE SOUFUN SUBSCRIPTION AGREEMENT

Date

12 September 2014

Parties

- (a) the Company, as issuer; and
- (b) SouFun Holdings, as subscriber

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, SouFun Holdings and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The SouFun Subscription

Pursuant to the SouFun Subscription Agreement, SouFun Holdings has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 91,000,000 new Shares (with an aggregate nominal value of HK\$910,000) at the SouFun Subscription Price of HK\$3.00 per SouFun Subscription Share to SouFun Holdings, with an aggregate cash consideration of approximately HK\$273,000,000.

The SouFun Subscription Shares representing approximately 17.38% of the issued share capital of the Company as at the Latest Practicable Date and approximately 13.86% of the issued share capital of the Company as enlarged by the allotment and issue of the SouFun Subscription Shares and the China-net Subscription Shares in aggregate, subject to SouFun Subscription Completion and China-net Subscription Completion and assuming there will be no other changes in the issued share capital of the Company between the Latest Practicable Date and the date of SouFun Subscription Completion and China-net Subscription Completion.

Conditions precedent to the SouFun Subscription

SouFun Subscription Completion is conditional upon fulfillment of the following conditions:

- (a) the existing controlling Shareholder of the Company continues to hold not less than 30% of the issued share capital of the Company on a fully diluted basis;
- (b) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the SouFun Subscription Shares and such approval and permission not being subsequently revoked prior to the delivery of definitive share certificate(s) representing the SouFun Subscription Shares;

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- (c) all consents and approvals (if any) of the Stock Exchange, the SEC, the SFC and any relevant governmental or regulatory authorities and other relevant third parties which are necessary and essential for the entering into and the implementation of the SouFun Subscription Agreement and all transactions contemplated under the SouFun Subscription Agreement having been obtained;
- (d) the SouFun Subscription Agreement not having been terminated as a result of any material breach of the warranties as set out in the SouFun Subscription Agreement prior to the SouFun Subscription Completion; and
- (e) the relevant consent as required under the terms and conditions of the exchangeable bonds issued by the Company's wholly-owned subsidiary Hopefluent Properties Limited on 1 August 2012 having been obtained and not expired.

In the event that the above conditions are not fulfilled by 31 December 2014 (or such later date as may be agreed between the Company and SouFun Holdings), all obligations and liabilities of the Company and SouFun Holdings in relation to the SouFun Subscription shall cease and terminate immediately thereafter and neither of the parties shall have any claim against the other in respect of the SouFun Subscription save for any antecedent breach and/ or liabilities or obligations which may accrue under the SouFun Subscription Agreement prior to such termination.

The shares to be issued under the SouFun Subscription Agreement will be issued under the general mandate granted by the shareholders on 6 June 2014. As such the SouFun Subscription Completion is not subject to the shareholders' approval to be obtained at the proposed EGM under this circular.

The SouFun Subscription Agreement does not comprise a connected transaction as SouFun Holdings is not a connected person or a deemed connected person of the Company. The terms of the SouFun Subscription was arrived at after arms length discussions with the Company and SouFun Holdings does not have any direct agreement or arrangement with Mr. Fu or his associates in connection with the SouFun Subscription.

SouFun Subscription Completion

SouFun Subscription Completion will take place on the third business day after the date on which all the conditions of the SouFun Subscription has been satisfied (or such other date as the Company and SouFun Holdings may agree in writing) and shall be simultaneous with China-net Subscription Completion. In the event that China-net Subscription Completion does not take place, all rights, obligations and liabilities for the parties in relation to the SouFun Subscription shall cease and terminate and none of the parties shall have any claim against each other in respect of the SouFun Subscription.

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Nomination of Director

Pursuant to the SouFun Subscription Agreement, subject to applicable laws and the articles of association of the Company, SouFun Holdings shall have the right to nominate one representative to be put forward for appointment to the Board as non-executive Director so long as SouFun Holdings holds 10% or more of the issued share capital of the Company provided that such representative fulfils the requirements under applicable laws to be appointed as a director.

Lock-up arrangement for the SouFun Subscription Shares

Pursuant to the SouFun Subscription Agreement, SouFun Holdings undertook that, without the prior written consent of the Company, during a period commencing from and including the date of the SouFun Subscription Completion and ending on and including the date which is 12 months from the date of the SouFun Subscription Completion, SouFun Holdings shall not, and shall procure that none of its associates or companies controlled by it or nominees or trustees holding in trust for it shall sell, transfer or otherwise dispose of (or enter into any agreement to dispose of) any SouFun Subscription Shares held by SouFun Holdings, or any SouFun Subscription Shares held directly or indirectly by SouFun Holdings or its associates, in any company controlled by them which is the beneficial owner of any such SouFun Subscription Shares nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of their direct or indirect interests in such SouFun Subscription Shares.

IV. GENERAL

The Group is principally engaged in real estate agent business for primary and secondary property markets in PRC. The Group provides comprehensive value-added services ranging from planning of marketing programmes to handling of property sales and mortgage arrangements.

China-net is an investment holding company.

1. Specific mandate

The China-net Subscription Shares will be allotted and issued under a specific mandate to allot, issue and deal with Shares by an ordinary resolution to be proposed for passing by the Independent Shareholders at the EGM. The general mandate of the Company will not be used for the issue of the China-net Subscription Shares.

2. Implications of the Listing Rules

China-net is wholly-owned by Mr. Fu, a controlling Shareholder who is interested in 183,427,467 Shares, representing approximately 35.03% of the issued share capital of the Company as at the Latest Practicable Date. China-net is therefore a connected person of the Company under the Listing Rules and the China-net Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the

LETTER FROM THE BOARD

announcement, reporting and independent shareholders' approval requirements thereunder. The Company will seek the Independent Shareholders' approval for the China-net Subscription Agreement and the transactions contemplated thereunder at the EGM.

Upon the China-net Subscription Completion and the SouFun Subscription Completion, the direct and indirect shareholding of Mr. Fu will decrease from approximately 35.03% to approximately 34.33% of the then issued share capital of the Company as enlarged by the allotment and issue of the SouFun Subscription Shares and the China-net Subscription Shares in aggregate.

3. EGM

A notice convening the EGM to be held at Victoria I, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong at 3:00 p.m. on 31 October 2014 (Friday) is set out on pages 39 to 41 of this circular. Ordinary resolutions will be proposed at the EGM to consider and, if thought fit, to approve (i) the China-net Subscription Agreement and the transactions contemplated thereunder; (ii) the specific mandate and the transactions contemplated thereunder by way of poll, the result of which will be announced after the EGM.

In accordance with the Listing Rules, (i) Mr. Fu and his associates (which are interested in 183,427,467 shares, representing approximately 35.03% of the total issued share capital as at the Latest Practicable Date); (ii) any parties acting in concert with Mr. Fu; or (iii) any parties presumed to be acting in concert with Mr. Fu; and (iv) parties involved or interested in the China-net Subscription will be required to abstain from voting on the resolution(s) to approve the China-net Subscription and the transactions contemplated thereunder at the EGM. Save as disclosed, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the China-net Subscription Agreement and will be required to abstain from voting on the resolution(s) to approve the China-net Subscription Agreement and the transactions contemplated thereunder at the EGM.

Mr. Fu, an executive Director, is the ultimate beneficial owner of China-net. Accordingly, Mr. Fu was considered to have a material interest in the transactions contemplated under the China-net Subscription Agreement and had abstained from voting on the board resolution(s) approving the transactions contemplated under the China-net Subscription Agreement.

In order to determine the list of Shareholders who are entitled to attend the EGM, the register of members of the Company will be closed from 30 October 2014 (Thursday) to 31 October 2014 (Friday) (both days inclusive), during which 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 share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 29 October 2014 (Wednesday).

LETTER FROM THE BOARD

4. Application for listing

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

V. REASONS FOR THE CHINA-NET SUBSCRIPTION

The Company has been planning to reinforce its real estate property internet business, in view of the rapid development of the Online-to-Offline sales platform of properties in the PRC and in order to effectively consolidate its leading market position, the Company believes linking up with a top real estate website will enable it to ride on the e-commerce competitive edge, broaden the customer base and improve its various value-added services. The Company considers SouFun Holdings an ideal partner for cooperation in this regard. Hence, the Company has entered into the Framework Agreement to further enhance the Company's ability to provide value-added services to its clients and capture greater business opportunities. The China-net Subscription Agreement, the SouFun Subscription Agreement and the Joint Venture Agreement have been signed to give effect to the terms of the Framework Agreement. While the SouFun Subscription is one of the transactions specifically contemplated under the Framework Agreement, the China-net Subscription is needed to enable the condition that the existing controlling Shareholder of the Company continues to hold not less than 30% of the issued share capital of the Company on a fully diluted basis be met.

Mr. Fu, being the existing controlling Shareholder and currently holding 35.03% equity interest of the Company, is a co-founder, executive Director and chairman of the Group and is responsible for the strategic planning and overall management of the Group. Mr. Fu has nearly 20 years of experience in real estate agency business management and administration in the PRC. The Company believes that Mr. Fu is an important member of the senior management team and that being a co-founder, his continued involvement as the Company's controlling Shareholder would bring stability to the Group's business operations and shareholding structure and is important to the long term development of the Group as a whole. Given the above, we noted that Mr. Fu has co-founded the Group since 1995 and under his leadership, the Group has grown to become a premier real estate agent for the primary and secondary property markets in China. Apart from the strong market presence in Guangzhou, the Group's operations have since expanded to include 25 offices serving more than 150 cities in China. As such, the Company believes that the China-net Subscription demonstrates Mr. Fu's ongoing confidence and commitment in the Company and would be important for the long term business development of the Company.

As set out in the paragraph "EGM" above, Mr. Fu is considered to have a material interest in the China-net Subscription Agreement.

An Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. Lam King Pui, Mr. Ng Keung and Mrs. Wong Law Kwai Wah, Karen, was formed to advise the Independent Shareholders in respect of the China-net Subscription and the transactions contemplated thereunder. CGI (which has been approved by the Independent Board Committee) has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the China-net Subscription. As set out in the "Letter from the Independent Board Committee"

LETTER FROM THE BOARD

immediately after this letter, the Independent Board Committee, having considered the principal factors and reasons considered by the Independent Financial Advisor, consider the China-net Subscription to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Further, the Directors (other than members of the Independent Board Committee) also consider the terms of the China-net Subscription Agreement and the transactions contemplated thereunder to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

It is the intention of China-net that the Company will maintain its existing business. China-net has no intention to introduce any major change to the existing operation of the Company. As at the Latest Practicable Date, China-net and the parties acting in concert with it have no intention to re-deploy the fixed assets, or to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group.

VI. USE OF PROCEEDS

The gross proceeds from the SouFun Subscription and the China-net Subscription are expected to be approximately HK\$399,000,000 in aggregate. After deducting related professional fees and all related expenses which will be borne by the Company, the net proceeds of the SouFun Subscription and the China-net Subscription will amount to approximately HK\$395,000,000. The Company intends to apply the net proceeds from the SouFun Subscription and the China-net Subscription (i) to conduct real estate financial and Internet financial services businesses and (ii) for general working capital of the Group.

VII. FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not raised funds on any issue of equity securities in the past 12 months immediately before the Latest Practicable Date.

LETTER FROM THE BOARD

VIII. CHANGES TO THE SHAREHOLDING AS A RESULT OF THE CHINA-NET SUBSCRIPTION

As at the Latest Practicable Date, the Company has 523,701,909 Shares in issue. Set out below is a table showing the shareholding structure of the Group (i) as at the Latest Practicable Date and (ii) immediately upon the simultaneous SouFun Subscription Completion and China-net Subscription Completion.

	At the Latest Practicable Date		Immediately upon the simultaneous SouFun Subscription Completion and China- net Subscription Completion	
<i>Mr. Fu and his concert parties</i>		<i>%</i>		<i>%</i>
Mr. Fu (<i>note 1</i>)	183,427,467	35.03	183,427,467	27.93
China-net	—	—	42,000,000	6.40
Total	183,427,467	35.03	225,427,467	34.33
Public	340,274,442	64.97	340,274,442	51.81
SouFun Holdings	—	—	91,000,000	13.86
	340,274,442	64.97	431,274,442	65.67
Total	523,701,909	100	656,701,909	100

Note:

- Mr. Fu's interests include 174,184,799 shares held through Fu's Family Limited, 8,410,334 shares held by himself and 832,334 shares held by his spouse, Ms. Ng Wan, who is also a Director.

LETTER FROM THE BOARD

IX. RECOMMENDATION

The Directors (including Independent Board Committee after considering the advice of the Independent Financial Adviser but excluding Mr. Fu who abstained from voting on the relevant board resolutions) consider the China-net Subscription Agreement and the transaction contemplated respectively to be fair and reasonable and in the interests of the Group and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

Your attention is drawn to:

- (a) this letter from the Board;
- (b) a letter of recommendation from the Independent Board Committee set out on pages 17 to 18 of this circular; and
- (c) a letter from CGI, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders set out on pages 19 to 33 of this circular.

X. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the China-net Subscription Agreement and the transactions contemplated thereunder:



HOPEFLUENT GROUP HOLDINGS LIMITED

合富輝煌集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Hong Kong stock code: 733)

7 October 2014

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION INVOLVING
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 7 October 2014 (the “Circular”) to the shareholders of the Company of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the China-net Subscription Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the Circular. CGI, the Independent Financial Advisor, has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice and the principal factors and reasons CGI has taken into consideration in giving such advice, are set out in the “Letter from CGI” in the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendix thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the China-net Subscription Agreement and the transactions contemplated thereunder and the advice of CGI, we are of the opinion that the terms of the China-net Subscription Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders (including the Independent Shareholders) are concerned, on normal commercial terms and in the interests of the Group and the Shareholders as a whole. We, therefore, recommend that you vote in favour of the resolutions to be proposed at the EGM to approve the China-net Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee

Lam King Pui
*Independent non-executive
Director*

Ng Keung
*Independent non-executive
Director*

Wong Law Kwai Wah, Karen
*Independent non-executive
Director*

LETTER FROM CGI

The following is the full text of the letter from China Galaxy International Securities (Hong Kong) Co., Limited which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



Room 3501–3507, 35/F
Cosco Tower, Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

7 October 2014

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

Dear Sirs,

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the China-net Subscription, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular of the Company (the “Circular”) to the Shareholders dated 7 October 2014, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The China-net Subscription

On 12 September 2014, the Company entered into the China-net Subscription Agreement with China-net pursuant to which China-net has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 42,000,000 new Shares at the China-net Subscription Price of HK\$3.00 per China-net Subscription Share to China-net. The issue of the China-net Subscription Shares will be subject to the terms and conditions of the China-net Subscription Agreement and a specific mandate to be approved by the Independent Shareholders at the EGM by way of a poll.

The China-net Subscription Shares represent approximately 8.02% of the existing issued share capital of the Company and approximately 6.40% of the issued share capital of the Company as enlarged by the allotment and issue of the SouFun Subscription Shares and the China-net Subscription Shares in aggregate, subject to SouFun Subscription Completion and China-net Subscription Completion and assuming there will be no other changes in the issued share capital of the Company between the Latest Practicable Date and the date of SouFun Subscription Completion and China-net Subscription Completion, save for the issue and allotment of the SouFun Subscription Shares and the China-net Subscription Shares.

LETTER FROM CGI

Given that the China-net Subscription Agreement is conditional upon, among other things, the simultaneous completion of the SouFun Subscription Agreement (collectively the “Subscriptions”), upon the China-net Subscription Completion and the SouFun Subscription Completion, the direct and indirect shareholding of Mr. Fu will decrease from approximately 35.03% to approximately 34.33% of the then issued share capital of the Company as enlarged by the allotment and issue of the SouFun Subscription Shares and the China-net Subscription Shares in aggregate.

China-net is wholly-owned by Mr. Fu, a controlling Shareholder who is interested in 183,427,467 Shares, representing approximately 35.03% of the issued share capital of the Company as at the Latest Practicable Date. China-net is therefore a connected person of the Company under the Listing Rules and the China-net Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the announcement, reporting and independent shareholders’ approval requirements thereunder. The Company will seek the Independent Shareholders’ approval for the China-net Subscription Agreement and the transactions contemplated thereunder at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Lam King Pui, Mr. Ng Keung and Mrs. Wong Law Kwai Wah, Karen, has been established to advise the Independent Shareholders in respect of the China-net Subscription Agreement and the transactions contemplated thereunder. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the entering into of the China-net Subscription Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION AND RECOMMENDATION

In arriving at our recommendation, we have relied on the statements, information and representations contained or referred to in the Circular and provided to us by the Directors and the management of the Company. We have assumed that such statements, information and representations are true and accurate at the time they were made and will continue to be accurate as at the despatch date of the Circular. We have no reason to doubt the truth, accuracy and completeness of such statements, information and representations.

The Directors collectively and individually 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, such information 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 contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our

LETTER FROM CGI

reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs or the prospects of the Company, the Group or any of their respective associates.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of China Galaxy International is to ensure that such information has been correctly extracted from the relevant sources.

BACKGROUND OF THE SUBSCRIPTION

1. Information on the Group

1.1 Business overview of the Group

As stated in the Letter from the Board, the Group is principally engaged in real estate agent business for primary and secondary property markets in PRC. The Group provides comprehensive value-added services ranging from planning of marketing programmes to handling of property sales and mortgage arrangements. According to the Group's annual report for the year ended 31 December 2013, the Group had also launched a micro financing business in Guangzhou at the end of 2013 to cater for the needs of property buyer in order to increase the income of and upgrade the value-added services offered by the Group.

1.2 Financial results and position of the Group

	For the six months ended 30 June 2014 HK\$'000 (unaudited)	For the year ended 31 December 2013 HK\$'000 (audited)	For the year ended 31 December 2012 HK\$'000 (audited)
Revenue	1,198,306	2,350,527	1,781,635
Profit for the year attributable to the Owners of the Company	64,614	216,089	186,523

LETTER FROM CGI

	As at 30 June 2014	As at 31 December 2013	As at 31 December 2012
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Total assets	2,298,038	2,233,617	1,828,962
Total liabilities	571,064	618,923	530,759
Equity attributable to owners of the Company	1,682,732	1,573,736	1,280,236
Bank balances and cash	540,144	546,080	584,740

During the first half of 2014, affected by the macroeconomic performance, the implementation of more regulatory policies on the property market and the tightening of credit and mortgage lending, property prices in major cities across China have been maintaining at high levels with rising downside pressure. To address the weak economic environment, the central government has launched a series of “mini-stimulus” measures recently, while local governments of certain cities and provinces have rescinded the home-purchase restrictions, which has given an impetus for the clearing out of excess inventory in the property market. Confronted with further consolidation in the property market, the Group has continued to undertake initiatives based on careful analysis of the prevailing conditions. It has actively sought to extend its scope for development in the market while conducting business restructuring and integration internally, so as to capture opportunities to sustain the development of its core business. For the six months ended 30 June 2014, the Group has recorded a turnover of HK\$1,198.3 million (for the six months ended 30 June 2013: HK\$1,021.9 million). Profit attributable to shareholders was HK\$64.6 million (for the six months ended 30 June 2013: HK\$89.3 million).

For the year ended 31 December 2013, the total transaction volume in the property market has remained active under the relatively relaxed credit policy in China during the first half of 2013. The government delivered the message of market regulation again in March and stressed that there would be no change in the original austerity measures. The central government also clearly stated the objective of “making the market a decisive factor in resource deployment” at the Third Plenary Session of the Communist Party of China Central Committee, which has reflected the greater emphasis placed on adjusting effect of the market by the new government. The property market in 2013 was healthier and steadier along with the more stable market environment. In general, the PRC property market was prosperous, both transaction volume and property value increased in the market and the price of properties in core cities continued to rise. However, due to the property purchase restrictions and the change in population age demographics, demand for properties for self-use has become the definite primary driver in the market. Development of and investment in properties maintained its rapid growth and land prices continued to rise. Developers have been aggressively acquiring land throughout the year. The Group

has also been able to actively expand into new regions and new business areas through practical development strategies, which enabled it to record satisfactory results in 2013 as compared to 2012. For the year ended 31 December 2013, the Group's turnover increased by 31.9% from HK\$1,781.6 million in 2012 to HK\$2,350.5 million. Profit attributable to shareholders also rose by 15.9% from HK\$186.5 million in 2012 to HK\$216.1 million.

2. The China-net Subscription

2.1 Background of the China-net Subscription

On 12 September 2014, the Company entered into, among others, the SouFun Subscription Agreement with SouFun Holdings, a leading real estate internet portal in China listed on The New York Stock Exchange (NYSE: SFUN), in which one of the conditions of the SouFun Subscription is that the existing controlling shareholder of the Company, that is, Mr. Fu, would continue to hold not less than 30% of the issued share capital of the Company on a fully diluted basis.

In order to maintain Mr. Fu's controlling stake in the Company, on 12 September 2014, Mr. Fu, through China-net, simultaneously entered into the China-net Subscription Agreement with the Company. Pursuant to the China-net Subscription Agreement, China-net has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 42,000,000 new Shares at the China-net Subscription Price of HK\$3.00 per China-net Subscription Share to China-net. The China-net Subscription Price is the same as that of the SouFun Subscription price of HK\$3.00 per SouFun Subscription Share. The China-net Subscription Shares represent approximately 8.02% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 6.40% of the issued share capital of the Company as enlarged by the allotment and issue of the SouFun Subscription Shares and the China-net Subscription Shares in aggregate.

Upon the simultaneous completion of China-net Subscription and the SouFun Subscription, the direct and indirect shareholding of Mr. Fu will decrease from approximately 35.03% to approximately 34.33% of the then issued share capital of the Company as enlarged by the allotment and issue of the SouFun Subscription Shares and the China-net Subscription Shares in aggregate.

2.2 Reasons for the China-net Subscription

Reference is made to the announcement of the Company on 10 July 2014 when the Group first announced its intention to forge a strategic cooperation with SouFun Holdings, pursuant to which the Framework Agreement was entered into for (i) a proposed subscription of new Shares by SouFun Holdings; and (ii) a proposed establishment of a joint venture company to conduct real estate financial and internet financial services businesses. With this background, the Company has on 12 September 2014 entered into the SouFun Subscription Agreement, the Joint Venture Agreement and the China-net Subscription Agreement.

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As stated in the Letter from the Board, one of the conditions precedent of the SouFun Subscription is that the existing controlling shareholder of the Company continues to hold not less than 30% of the issued share capital of the Company on a fully diluted basis. Primarily for reason of facilitating fulfillment of such condition, the China-net Subscription Agreement was entered into simultaneously with the SouFun Subscription Agreement such that Mr. Fu, the existing controlling shareholder of the Company, would continue to hold not less than 30% of the issued share capital of the Company on a fully diluted basis upon completion of the SouFun Subscription (and correspondingly the China-net Subscription).

The Company considers the Framework Agreement and consequently the SouFun Subscription and the Joint Venture Agreement all serves to provide the Group with a valuable opportunity to establish strategic cooperation with SouFun Holdings given their market leading position in the PRC real estate internet portal industry. Such cooperation would provide the Company the chance to establish a market leading internet infrastructure to support the Company's long term business development in the area of advertising, e-commerce, agency planning, brokerage, secondary leasing, community property management and financial services.

2.3 Use of Proceeds

As stated in the Letter from the Board, the gross proceeds from the SouFun Subscription and the China-net Subscription are expected to be approximately HK\$399,000,000 in aggregate. After deducting related professional fees and all related expenses which will be borne by the Company, the net proceeds of the SouFun Subscription and the China-net Subscription will amount to approximately HK\$395,000,000. The Company intends to apply the net proceeds from the SouFun Subscription and the China-net Subscription (i) to conduct real estate financial and Internet financial services businesses and (ii) for general working capital of the Group.

2.4 China-net Subscription Price

As stated in the Letter from the Board, the China-net Subscription Price is HK\$3.00 per China-net Subscription Share and was determined after arm's length negotiations among the Company and China-net. The China-net Subscription Price of HK\$3.00 represents:

- (i) a premium of approximately 27.12% to the closing price of approximately HK\$2.36 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 15.83% to the average closing price of approximately HK\$2.59 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 16.73% to the average closing price of approximately HK\$2.57 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and

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- (iv) a discount of approximately 6.54% to the per Share net asset value attributable to Shareholders of approximately HK\$3.21 based on the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,682.7 million as at 30 June 2014 and the 523,701,909 issued Shares as at the Latest Practicable Date.

The China-net Subscription Price is also the same as that of the SouFun Subscription Price of HK\$3.00 per SouFun Subscription Share.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in respect of the terms of the China-net Subscription, we have considered the following principal factors and reasons:

A. Controlling Shareholder's commitment to the long term development of the Group

Mr. Fu, being the existing controlling Shareholder and currently holding approximately 35.03% equity interest of the Company, is a co-founder, executive Director and chairman of the Group and is responsible for the strategic planning and overall management of the Group. Mr. Fu has nearly 20 years of experience in real estate agency business management and administration in the PRC. The Company believes that Mr. Fu is an important member of the senior management team and that being a co-founder, his continued involvement as the Company's controlling shareholder would bring stability to the Group business operations and shareholding structure and is important to the long term development of the Group as a whole. Given the above, we noted that Mr. Fu has co-founded the Group since 1995 and under his leadership, the Group has grown to become a premier real estate agent for the primary and secondary property markets in China. Apart from the strong market presence in Guangzhou, the Group's operations have since expanded to include 25 offices serving more than 150 cities in China. As such, we are of the view that the China-net Subscription demonstrates Mr. Fu's ongoing confidence and commitment in the Company and would be important for the long term business development of the Company.

B. Positive financial impact of the Subscriptions

B.1 Cash flow impact

As at 30 June 2014, the balance of the Group's bank balances and cash was approximately HK\$540.1 million. Upon completion of the China-net Subscription and the SouFun Subscription, the liquidity and cash position of the Group will further improve as the net proceeds from the China-net Subscription and the SouFun Subscription is approximately HK\$395 million. Accordingly, the Subscription would bring a positive impact on the cash position and net current assets of the Group.

B.2 Net asset value impact

As at 30 June 2014, the Group's consolidated net asset value attributable to the owners of the Company was approximately HK\$1,682.7 million and its consolidated net asset value attributable to the owners of the Company per Share was approximately HK\$3.21. Based on the estimated net proceeds from the China-net Subscription and the SouFun Subscription of approximately HK\$395 million, the Group's consolidated net asset value attributable to the owners of the Company would increase to approximately HK\$2,077.7 million while its net asset value attributable to the owners of the Company per Share would decrease to HK\$3.16 as a result of the Subscriptions, based on the enlarged share capital.

Based on the above, even though there would be a slight decrease in net asset value attributable to the owners of the Company per Share upon the completion of the China-net Subscription and the SouFun Subscription, we consider that the China-net Subscription will bring an overall positive effect to the Group's financial position in terms of net assets and cash position of the Group.

C. Strategic value of SouFun Subscription

Given (i) the SouFun Subscription is conditional upon, among other things, the existing controlling shareholder of the Company continues to hold not less than 30% of the issued share capital of the Company on a fully diluted basis and the simultaneous completion of the SouFun Subscription and the China-net Subscription and (ii) the China-net Subscription allows for Mr. Fu to continue to be the controlling shareholder of the Company upon completion of the SouFun Subscription with only a slightly reduced percentage shareholding interests of approximately 34.33% (from approximately 35.03%) as a combined result of the SouFun Subscription and the China-net Subscription, we consider that it is important to consider the strategic value of SouFun Holdings as a strategic partner of the Company upon completion of the SouFun Subscription.

SouFun Holdings operates the leading real estate internet portal in China in terms of the number of page views and visitors to its websites in 2013. Through SouFun Holdings' websites, it provides marketing, e-commerce, listing, and other value-added services for China's fast-growing real estate and home-related sectors. SouFun Holdings' internet portal is highly focused on user experience, and supports SouFun Holdings' users in seeking information on the real estate and home-related sectors in China. SouFun Holdings currently maintains about 100 offices to focus on local market needs and its website and database contains real estate related content covering more than 370 cities in China. According to SouFun Holdings, it has been looking for leading offline real estate related players to work together for the industrial upgrade of China's expanding new home and resale market by integrating internet and mobile elements into the offline operations of real estate agencies.

As stated in the Letter from the Board, the Company has been planning to reinforce its real estate property internet business, in view of the rapid development of the Online-to-Offline sales platform of properties in PRC, as such the Group considers it's important that it has access to a sound internet infrastructure to complement its offline business, where it could leverage on the technological and internet expertise of SouFun Holdings in

areas such as advertising, e-commerce, listing service, new home and resale agency, consultancy and property management partnerships in order to better serve its customers. We also noted that other major real estate services companies in China such as Shenzhen World Union Properties Consultancy Co., Ltd. (“World Union”) (stock code: 002285) listed on the Shenzhen Stock Exchange and E-House (“E-House”) (stock code: EJ) listed on the New York Stock Exchange have already established or began to establish internet infrastructure to build their online platforms in order to drive their future growth.

Given SouFun Holdings’ strength in the China real estate and e-commerce sector, we are of the view that the Group is in good position to benefit from any future business cooperation and/or technological transfers between SouFun Holdings and the Company, which could provide alternative avenues for the Company to expand its customer base and to better serve its customers in China.

D. Development potential of the real estate financial and internet financial businesses

As stated in the Letter from the Board, the Company intends to apply the net proceeds from the China-net Subscription and the SouFun Subscription to conduct real estate financial and internet financial services and for general working capital purpose. We noted that as part of its property agency business, the Company provides services spanning from planning of marketing programs to handling of property sales and mortgage arrangements. In 2013, in order to provide more value-added services to their customers, the Company has also set up a micro financing subsidiary in Guangzhou to cater for the needs of property buyers, including a variety of small scale financial products tailored to meet the demand of customers for micro financing. We understand that such practice is generally in line with industry norm where other leading players such as World Union and E-House also provide similar financial products and services to their customers.

According to the People’s Bank of China (“PBOC”), China’s small loan industry grew at a substantial annual growth rate during the period from 2009 to 2013, representing a CAGR of 80.8%. In 2013, the small loan industry extended an aggregate of RMB227 billion of additional loans compared to 2012, with a balance of outstanding loans of RMB819 billion as at the end of 2013. Despite its rapid growth, the small loan industry’s total balance of outstanding loans is still insignificant as a percentage of China’s total outstanding loans. As of the end of 2013, the balance of outstanding loans made by small loan companies accounted for 1.06% of the total balance of the outstanding loans. In terms of property loans, China’s property sector attracted RMB2.34 trillion of new loans in 2013, representing nearly one-third of the total from the banking institutions, according to PBOC. Outstanding RMB-denominated lending to the property sector from both Chinese and foreign financial institutions to the property sector rose 19.1% year-on-year to RMB14.61 trillion by the end of 2013. Total loans outstanding at commercial banks amounted to RMB 71.9 trillion at the end of December 2013, up 14.1% year-on-year and compared with a growth rate of 15.0% in the previous year. Outstanding loans for individual home purchases in 2013 increased by 23% year-on-year to RMB9.8 trillion and reached RMB10.7 trillion as at 30 June 2014 according to PBOC.

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In addition, the PRC government has also announced policies, such as Several Opinions of the State Council on Encouraging and Guiding the Healthy Development of Private Investment (《國務院關於鼓勵和引導民間投資健康發展的若干意見》) and Notice of the Ministry of Finance on the Pilot Project of Rewarding Small Loan Companies Which Realize Growth of Agricultural Loans (《關於開展小額貸款公司涉農貸款增量獎勵試點的通知》) in 2010 and 2012 respectively, which encourage the development of micro-credit companies.

According to a publicly available research report titled “China Internet Finance Sector” issued by Credit Suisse (Hong Kong) Limited (“Credit Suisse”) on 27 August 2014, Credit Suisse expects demographic tailwinds to propel increasing online usage in the real estate segment in the coming years. The usage shift should gradually migrate real estate marketing, sales and consumer spending dollars from offline to online channels.

Based on above, we are of the view that real estate financial and internet financial businesses represent development potential especially for conventional offline real estate agencies seeking to provide more value-added services to their customers. The SouFun Subscription and the China-net Subscription will provide the Company with additional source of funds to support this complementary business development without draining on the Company’s existing cashflow.

E. Fairness and reasonableness of the China-net Subscription Price

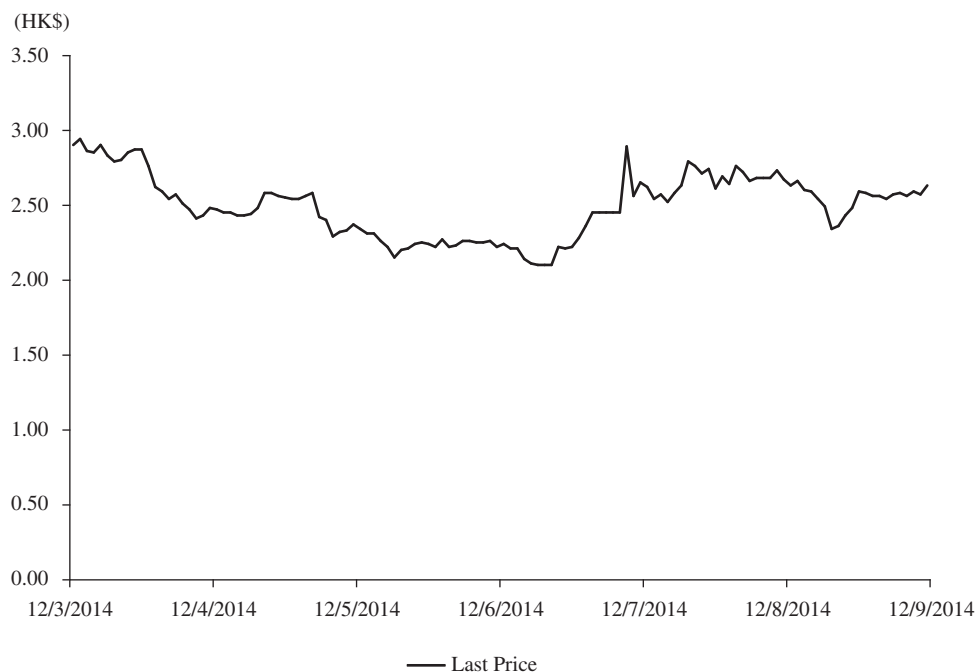
E.1 Historical market price and trading volume of the Shares

As demonstrated in Chart 1, from 12 March 2014 to 12 September 2014 (being the Last Trading Day) (the “Pre-Announcement Period”), we noted that the Shares were traded at a price ranging from HK\$2.10 to HK\$2.94, with an average closing price of HK\$2.49. We consider a 6-month period up to and including the Last Trading Day to be representative and meaningful as it covers different market conditions and sentiments prior to the Announcement while being still recent enough to be relevant to existing Shareholders.

LETTER FROM CGI

The following charts set out the trading price performance of the Shares during the Pre-Announcement Period:

Chart 1: Trading price performance during the Pre-Announcement Period



Source: Bloomberg

On 15 September 2014, being the first trading day after the Announcement, the closing price per Share was HK\$2.64 as quoted on the Stock Exchange, representing an increase of approximately 6.02% as compared to the average closing price of HK\$2.49 during the Pre-Announcement Period. From 15 September 2014 to the Latest Practicable Date (the “Post-Announcement Period”), the Shares traded at a price ranging from HK\$2.25 to HK\$2.64, with an average closing price of HK\$2.47, representing a slight decrease of approximately 0.01% as compared to the average closing price of HK\$2.49 during the Pre-Announcement Period.

E.2 Comparable transactions

Based on the information available from the Stock Exchange’s website, we have identified, after taken reasonable efforts, an exhaustive list of companies (“Comparable Companies”) listed on the Main Board of the Stock Exchange which issued new shares for cash to their respective connected person(s) under specific mandates (the “Comparable Transactions”) that were announced since 1 September 2013 and up to the Latest Practicable Date (the “Review Period”).

We understand the circumstances around Comparable Transactions may differ from those around the China-net Subscription. Our analysis on the Comparable Transactions focuses on the respective subscription prices against the prevailing market prices of Comparable Companies’ shares, but not the underlying asset values

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of such companies. As our analysis covers a relatively long review period of 12 months and given the similar nature of the Comparable Transactions, we consider our analysis of taking into account the Comparable Transactions without limiting to companies that are engaged in the same principal business as the Group to be fair and reasonable and such analysis to be useful for Shareholders' information.

Set out below are the premiums and discounts implied by the Comparable Transactions when compared with the prevailing closing prices of the shares of the Comparable Companies during the Review Period:

Date of announcement	Stock code	Company	Subscription price (HK\$)	Premium/(Discount) of the subscription price over/to the closing share price on the last trading day prior to the date of the corresponding announcement (%)	Premium/(Discount) of the subscription price over/to the average closing price of the last 5 trading days prior to the date of the corresponding announcement (%)	Premium/(Discount) of the subscription price over/to the average closing price of the last 10 trading days prior to the date of the corresponding announcement (%)	Premium/(Discount) of the subscription price over/to the latest net asset value attributable to shareholders per share (%)
22-Aug-14	981	Semiconductor Manufacturing International Corporation	0.60	-17.81%	-18.70%	-17.13%	-3.01%
2-Jul-14	357	Hainan Meilan International Airport Company Limited	RMB5.69	0.14%	0.70%	0.56%	1.43%
25-Jun-14	1363	CT Environmental Group Limited	5.90	2.54%	4.83%	4.81%	628.40%
18-Jun-14	521	Shougang Concord Technology Holdings Limited	0.30	3.33%	3.00%	3.00%	-0.78%
28-Apr-14	997	Chinlink International Holdings Limited	0.55	3.77%	4.56%	2.42%	580.53%
14-Apr-14	397	Jun Yang Solar Power Investments Limited	0.10	17.65%	0.40%	0.10%	-10.71%
4-Apr-14	1522	China City Railway Transportation Technology Holdings Company Limited	1.25	-26.04%	-25.77%	-25.90%	129.20%
12-Feb-14	2319	China Mengniu Dairy Company Limited	42.50	15.30%	17.60%	18.90%	322.70%
29-Jan-14	1428	Bright Smart Securities & Commodities Group Limited	1.30	-18.24%	-18.75%	-19.10%	66.67%
27-Jan-14	96	Yusei Holdings Limited	0.80	-5.88%	-4.76%	-6.98%	-56.76%
2-Jan-14	159	Brockman Mining Limited	0.40	-13.98%	-16.49%	-5.66%	14.29%
28-Oct-13	628	Dore Holdings Limited	0.65	-8.50%	-9.20%	-13.33%	-49.75%
			0.70	-1.40%	-2.20%	-6.67%	-45.89%
			0.75	5.60%	4.70%	0.00%	-42.02%
22-Oct-13	706	Beautiful China Holdings Limited	0.10	-22.48%	-22.72%	-23.43%	38.89%
2-Oct-13	166	New Times Energy Corporation Limited	0.61	1.70%	0.00%	0.20%	-85.00%
30-Sep-13	317	Guangzhou Shipyard International Company Limited	7.29	-5.32%	-5.57%	6.06%	-9.10%
27-Sep-13	3377	Sino-Ocean Land Holdings Limited	4.74	1.72%	1.41%	0.49%	-38.91%
Maximum				17.65%	17.60%	18.90%	628.40%
Minimum				-26.04%	-25.77%	-25.90%	-85.00%
Average				-3.77%	-4.83%	-4.85%	80.01%
Median				-0.63%	-1.10%	0.05%	-1.90%
The Company			3.00	16.73%	15.83%	16.73%	-6.54%

Source: the website of the Stock Exchange (www.hkex.com.hk)

LETTER FROM CGI

As shown in the table above, the subscription prices of the Comparable Transactions represent (i) an average of approximately 3.77% discount to the closing prices of the Comparable Companies as at their respective last trading days with a range from approximately 26.04% discount to approximately 17.65% premium over the closing prices of the Comparable Companies as at their respective last trading days; (ii) an average of 4.83% discount to the average closing prices of the Comparable Companies during the last five trading days up to and including their respective last trading days with a range from approximately 25.77% discount to approximately 17.60% premium over the average closing prices of the Comparable Companies during the last five trading days up to and including their respective last trading days; (iii) an average of 4.54% discount to the average closing prices of the Comparable Companies during the last ten trading days up to and including their respective last trading days with a range from approximately 25.90% discount to approximately 18.90% premium over the average closing prices of the Comparable Companies during the last ten trading days up to and including their respective last trading days; and (iv) an average of 80.01% premium to the net asset value per share of the Comparable Companies.

The China-net Subscription Price represents (i) a premium of approximately 15.83% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day, which is higher than the average discount of the Comparable Transactions of approximately 4.83%, and within range of the Comparable Transactions; (ii) a premium of approximately 16.73% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day, which is higher than the average discount of the Comparable Transactions of approximately 4.54%, and within range of the Comparable Transactions; and (iii) a discount of approximately 6.54% over the Group's unaudited consolidated net asset value attributable to the owners of the Company per Share of HK\$3.21 as at 30 June 2014, which is within the range of discount to NAV of 85.00% to premium of 628.40% for the Comparable Companies.

Conclusion

Having considered the above, in particular (i) the premium of the China-net Subscription Price to the various closing price benchmarks as compared to average discounts noted for the Comparable Transactions; and (ii) despite that the China-net Subscription Price represents a discount of approximately 6.54% over the Group's unaudited consolidated net asset value attributable to the owners of the Company per Share of HK\$3.21 as at 30 June 2014, such discount is within the range noted for the Comparable Transactions and that the Company's share price has also historically traded below such net asset value attributable to the owners of the Company per Share during the Pre-Announcement Period, therefore we are of the view that the China-net Subscription Price is fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

F. Dilutive effect of the Subscriptions

Independent Shareholders should however note that as illustrated in the Letter from the Board, upon completion of the China-net Subscription and SouFun Subscription (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the date of completion of the China-net Subscription Agreement and the SouFun Subscription Agreement), the shareholding of existing public Shareholders would decrease from approximately 64.97% as at the Latest Practicable Date to approximately 51.81% on a fully-diluted basis.

Although there will be dilutive effects to the shareholding interests of the existing public Shareholders as a result of the Subscriptions including the slight decrease in the net asset value attributable to the owners of the Company per Share, having considered the following:

- the China-net Subscription allows Mr. Fu, the existing controlling Shareholder, to maintain his controlling stake in the Company upon the completion of the SouFun Subscription. Mr. Fu, being the co-founder, executive Director and chairman of the Company, has been instrumental to the development of the Group overall and his continued involvement as a controlling Shareholder is viewed by the Company to demonstrate his commitment to the long term future development of the Group;
- the SouFun Subscription which would be completed simultaneously with the China-net Subscription, represents a valuable opportunity for the Group to bring in SouFun Holdings, which is a highly reputable strategic corporate investor which has extensive experience and expertise in e-commerce and the PRC property industry. It is expected that SouFun Holdings can provide valuable resources to the Group's development of its online platform, providing support and synergy to its existing offline operations as it align its business strategy to better compete with leading market players such as E-House and World Union;
- the proceeds from the Subscriptions would provide the Group with significant amount of additional funds for the Company for the development of the Group's business, especially the real estate financial and internet financial businesses, which represent development potential for the Group and general working capital requirement of the Group; and
- as discussed above, we are of the view that the China-net Subscription Price is fair and reasonable so far as the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned especially after considering the premium of the China-net Subscription Price over the various closing price benchmarks of the Company;

We are of the view that the dilution in the shareholding interests of the public Shareholders upon completion of the China-net Subscription and SouFun Subscription is not prejudicial to the interests of the Shareholders as a whole and is therefore acceptable.

LETTER FROM CGI

CONCLUSION

Having considered all factors discussed above, we are of the view that the terms of the China-net Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned. As such, we also consider the grant of the specific mandate to issue the China-net Subscription Shares to be fair and reasonable and in the interests of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the China-net Subscription Agreement (including the grant of the specific mandate for the allotment and issue of the China-net Subscription Shares) and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

China Galaxy International Securities (Hong Kong) Co., Limited

Elain Wong

Managing Director

Investment Banking

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 Group. 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.

DISCLOSURE OF INTERESTS**Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company 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 (i) were required to be 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) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Number of shares			Aggregate interest	Approximate percentage of the issued share capital
	Ordinary shares interest held under personal name	Ordinary shares interests held by controlled corporations	Underlying shares (under equity derivatives of the Company)		
Mr. Fu	8,410,334	174,184,799 <i>(note 1)</i>	—	182,595,133	34.87%
Ms. Ng Wan	832,334	—	—	832,334	0.16%
Ms. Fu Man	—	—	4,400,000	4,400,000	0.84%
Mr. Lo Yat Fung	—	—	3,920,000	3,920,000	0.75%
Mr. Lam King Pui	—	—	296,000	296,000	0.06%

Note:

These 174,184,799 shares are registered in the name of Fu's Family Limited which is held 70% by Mr. Fu, 15% by Ms. Ng Wan and the remaining 15% by Ms. Fu Man.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company were interested in or were deemed to have interests or short positions 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 (i) were required to be 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) were required, pursuant to section 352 of the SFO,

to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Interests of substantial Shareholders

Name of shareholder	Capacity	Number of issued ordinary shares or underlying shares under derivatives	Approximate percentage of the issued share capital of the Company
Mr. Fu	Beneficial owner/Held by controlled corporation/Spouse interests (<i>note 1</i>)	183,427,467	35.03%
Fu's Family Limited	Beneficial owner (<i>note 2</i>)	174,184,799	33.26%
Mutual Fund Populus & Elite	Custodian corporation	43,046,320	8.22%
BNP Paribas Jersey Nominee Company Limited	Nominee (<i>note 3</i>)	35,184,000	6.72%
BNP Paribas Jersey Trust Corporation Limited	Trustee (<i>note 3</i>)	35,184,000	6.72%
Cheah Capital Management Limited	Held by controlled corporation (<i>note 3</i>)	35,184,000	6.72%
Cheah Company Limited	Held by controlled corporation (<i>note 3</i>)	35,184,000	6.72%
Value Partners Group Limited	Held by controlled corporation (<i>note 3</i>)	35,184,000	6.72%
Cheah Cheng Hye ("Mr. Cheah")	Founder of the Trust (<i>note 3</i>)	35,184,000	6.72%
To Hau Yin	Interest of spouse (<i>note 3</i>)	35,184,000	6.72%
Li Gabriel	Held by controlled corporation (<i>note 4</i>)	97,265,514	18.57%
Lam Lai Ming	Held by controlled corporation (<i>note 4</i>)	97,265,514	18.57%
Areo Holdings Limited	Held by controlled corporation (<i>note 4</i>)	97,265,514	18.57%
OAV Holdings, L.P.	Held by controlled corporation (<i>note 4</i>)	96,196,622	18.37%
Orchid Asia V GP, Limited	Held by controlled corporation (<i>note 4</i>)	96,196,622	18.37%
Orchid Asia V Group Management, Limited	Held by controlled corporation (<i>note 4</i>)	96,196,622	18.37%
Orchid Asia V Group, Limited	Held by controlled corporation (<i>note 4</i>)	96,196,622	18.37%
Orchid Asia V, L.P.	Registered holder (<i>note 4</i>)	96,196,622	18.37%

Notes:

- Mr. Fu's interests include 174,184,799 shares held through Fu's Family Limited, 8,410,334 shares held by himself and 832,334 shares held by his spouse, Ms. Ng Wan, who is also the director of the Company.
- These 174,184,799 shares are registered in the name of Fu's Family Limited, the entire issued share capital of which is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan and 15% by Ms. Fu Man. Under the SFO, Mr. Fu is deemed to be interested in all the shares registered in the name of Fu's Family Limited.

3. These shares are held by BNP Paribas Jersey Trust Corporation Limited in its capacity as a trustee and BNP Paribas Jersey Nominee Company Limited as nominee through Value Partners Group Limited, Cheah Company Limited and Cheah Capital Management Limited. Mr. Cheah Cheng Hye is the founder of the family trust and Ms. To Hau Yin as the spouse of Mr. Cheah is deemed to be interested in these shares.
4. The underlying shares in form of exchangeable bonds and the ordinary shares are registered in the name of Orchid Asia V, L.P. which is held by OAV Holdings, L.P. and, indirectly held by Orchid Asia V GP, Limited, Orchid Asia V Group Management, Limited, Orchid Asia V Group, Limited and Areo Holdings Limited. Mr. Li and Ms. Lam who are controllers of Areo Holdings Limited are deemed to be interested in 97,265,514 ordinary shares/underlying shares.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

So far as is known to the Directors, as at the Latest Practicable Date, no other persons (other than the Directors, the chief executive and substantial Shareholders disclosed above) had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained or referred to in this circular:

CGI a licenced corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO

CGI has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, CGI was not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, CGI did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2013 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

MATERIAL ADVERSE CHANGE

Up to the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013 (the date to which the latest published audited consolidated financial statements of the Company were made up).

DIRECTORS' INTERESTS IN ASSETS OF THE GROUP

None of the Directors had any direct or indirect material interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013 (the date to which the latest published audited consolidated financial statements of the Company were made up) up to the Latest Practicable Date.

DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

MISCELLANEOUS

The English version of this circular shall prevail over the Chinese text for the purpose of interpretation.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong up to and including the date of the EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the China-net Subscription Agreement;
- (c) the letter addressed to the Independent Shareholders from the Independent Board Committee, the text of which is set out on pages 17 to 18 of this circular;
- (d) the letter of advice from CGI to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 19 to 33 of this circular; and
- (e) the letter of consent from CGI referred to in the section headed “Expert and Consent” of this appendix.



HOPEFLUENT GROUP HOLDINGS LIMITED

合富輝煌集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Hong Kong stock code: 733)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Hopefluent Group Holdings Limited (the “Company”) will be held at Victoria I, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong at 3:00 p.m. on 31 October 2014 (Friday) for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) (i) subject to and conditional upon the fulfillment of the conditions in the subscription agreement (“China-net Subscription Agreement”) dated 12 September 2014 entered into between the Company as issuer and China-net Holding Ltd. as subscriber in relation to the proposed subscription of 42,000,000 shares of HK\$0.01 each in the share capital of the Company (each a “China-net Subscription Share”, and collectively, the “China-net Subscription Shares”) at the price of HK\$3.00 per China-net Subscription Share (a copy of the China-net Subscription Agreement marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the meeting), the form and substance of the China-net Subscription Agreement and the transactions contemplated thereunder be and is hereby approved, ratified and confirmed and any one director of the Company (“Director”) be and is hereby authorised to approve any changes and amendments thereto as he/she may consider necessary, desirable or appropriate;
- (ii) subject to the fulfillment of the conditions of the China-net Subscription Agreement, any one Director be and are hereby authorised to exercise all the powers of the Company and to take all steps as might in his opinion be desirable or necessary in connection with the China-net Subscription Agreement to, including without limitation, allot and issue the China-net Subscription Shares;

NOTICE OF EGM

- (iii) all other transactions contemplated under the China-net Subscription Agreement be and are hereby approved and any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the China-net Subscription Agreement, the allotment and issue of the China-net Subscription Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole; and
- (b) subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the China-net Subscription Shares; and (ii) the passing of the ordinary resolution no.1(a) as set out in this notice of EGM, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the China-net Subscription Shares pursuant to the China-net Subscription Agreement be and is hereby confirmed and approved.”

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

Hong Kong, 7 October 2014

Notes:

1. A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or if he/she is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the memorandum of association and articles of association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof, should he so wish.
3. Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF EGM

4. As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be decided by way of poll.
5. **The register of members of the Company will be closed from 30 October 2014 (Thursday) to 31 October 2014 (Friday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM. 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 share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 29 October 2014 (Wednesday).**
6. The form of proxy for use at the EGM is enclosed herewith.

As at the date of this notice, 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. Lam King Pui, Mr. Ng Keung and Mrs. Wong Law Kwai Wah, Karen.